



COLIN'S CORNER

EOFY focus

This June 2026 *NFP risk and compliance* newsletter highlights key governance, reporting, workforce, ethical and regulatory developments affecting not-for-profits.

Major themes include the need for stronger strategic planning, disciplined governance, improved cyber readiness, careful use of AI, and tighter financial controls.

The newsletter also notes significant wage-underpayment cases involving major charities, upcoming pay-day super requirements, and the new national minimum wage.

On the financial reporting front, we cover ASIC's 30 June financial-reporting focus areas, and the arrival of the new Tier 3 reporting standard for smaller NFPs.

ACNC updates cover investment guidance, terrorism-financing risk management, governing-document reviews, safeguarding policies, charity-registration summaries and sector-wide findings from the latest Australian Charities Report.

Other updates address expanded NDIS enforcement powers, NSW fundraising changes, increased giving-fund distribution requirements.

GAAP Consulting welcomes Lara Gaede as team leader for its new Sustainability Implementation service, which supports clients with training, risk management, strategy, governance, KPIs, and reporting and assurance readiness.

Lara brings more than 30 years' experience across financial services, regulation, and professional services, helping organisations manage climate risk, sustainability strategy, regulatory change, and effective reporting.

We look forward to helping you with EOFY financial and sustainability reporting, auditing, and ethical challenges

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GOVERNANCE

Insights into NFPs' strategic planning

Not-for-profit leaders are navigating one of the most challenging operating environments the sector has faced in years. Funding uncertainty, workforce shortages, and rising demand for services are intensifying pressure on already constrained resources.

At the same time, expectations around governance, technology, risk management, and organisational resilience continue to grow.

These pressures are forcing leaders and boards to make difficult strategic choices: where to focus, where to invest, what capabilities to strengthen and, just as importantly, what activities to stop, defer or redesign. In this environment, clear priorities, disciplined execution, and effective strategic planning are critical to long-term sustainability and impact.

Not for Profit Leaders Report: Strategic Planning by HLB Mann Judd (NSW) examines how not-for-profit organisations are responding to these pressures. The report explores the practical challenges of strategy execution, leadership capacity, technology investment and governance, and considers how these factors are shaping organisational priorities and long-term resilience.

For boards and senior leaders, the message is clear: effective strategic planning is no longer simply about setting long-term objectives. It requires disciplined prioritisation, realistic assessment of organisational capacity, stronger governance oversight, and the ability to adapt as operating conditions change.

Key findings are:

- Most organisations remain confident that their strategy is still relevant, underpinned by recent refreshing
- Nearly two-thirds of organisations (65 per cent) have made difficult strategic choices in the past year
- The most difficult strategic trade-offs are balancing demand and capacity and growth versus sustainability
- Financial limitations and external factors present the strongest barriers to achieving strategy

- The greatest people-related strategic risk is workforce capacity
- Technology is widely seen as essential to strategy, 82 per cent of leaders rating it as critical or mission-critical
- The strategic challenge with technology is whether organisations have the capability, investment discipline, and leadership focus to realise its potential
- Succession planning remains an issue, only 24 percent of organisations having plans
- Most organisations use data to inform strategy, but visibility, consistency, and timeliness are inconsistent, and
- Cyber preparedness is improving, but levels of readiness still vary across organisations.

The report contains much thoughtful advice on governance.

Directors fined for DIN non-compliance

Two New South Wales directors have been convicted and fined \$10,000 each for failing to comply with director-identification obligations.

Failing to have a director identification number is a strict liability offence, meaning liability arises regardless of intent. The \$10,000 fines reflect the seriousness of the offence and serve as a deterrent.

The Australian Securities & Investments Commission has prosecuted 11 directors for failing to comply with DIN requirements, resulting in more than \$40,000 in fines. Obtaining a DIN is a mandatory legal requirement.

Five eyes on AI and cyber security

AI is here. It lowers barriers for malicious actors, accelerates attacks, and narrows the window between vulnerability and exploitation. It also offers powerful tools to strengthen defence.

The Five Eyes cyber-security agencies here and in New Zealand, Canada, the UK, and US urge leaders to:

- Understand and assess risk, readiness, and accountability
- Prioritise foundational cyber-security practices and controls
- Empower cyber leaders with authority and resources, and
- Stay actively engaged as threats and guidance evolve.

Success depends on getting the basics right, acting quickly, and making cyber security part of core business strategies. Those who delay face growing operational and strategic disadvantage.

Five Eyes has identified five actions. They are not new, but are urgent and aim to reduce not only technical risk, but also operational, financial, and reputational exposure:

- **Reduce your attack surface:** Limit unnecessary system access and external connectivity. Challenge whether systems need to be exposed at all and isolate those that do not
- **Accelerate patching processes:** AI is shortening the time between vulnerability, discovery, and exploitation. Delays in patching increase risk, especially for operational systems with long update cycles. Prioritise security updates accordingly to manage risks
- **Address legacy systems:** Unsupported systems are easy targets. They are not just technical debt, they are strategic liabilities
- **Review and strengthen identity and access controls:** Limit who can access critical systems. Enforce strong authentication and regularly review permissions, and
- **Prepare for incidents before they happen:** Test response plans, train and prepare teams, and assume breaches will occur. Focus on fast containment and recovery.



WAGES UNDERPAYMENT

Pay-day super begins on 1 July

From 1 July, employers will be required to deposit employees' super into accounts within seven business days of payday. The Australian Taxation Office estimates that \$6.25 billion worth of super went unpaid in the most recent financial year.

The new law will:

- Require employers to ensure super contributions are received by the employee's fund within seven business days of payday or they will be liable for the superannuation-guarantee charge
- Help the ATO enforce the law and more quickly identify employers not making contributions, and
- Redesign the superannuation-guarantee charge to be fit for purpose and make Payday Super work.

The ATO will monitor compliance for 12 months after the change. Its approach will differentiate between low and high-risk employers.

Employers that are trying to pay contributions in line with pay cycles can fall into a low-risk category.

The federal government has published regulations supporting the implementation of Payday Super reforms.

The *Treasury Laws Amendment Payday Superannuation Regulations 2026* confirm the kinds of payments that do not attract super and the consequences of an employer voluntarily disclosing any missed payments.

They provide a reduced three day timeframe for superannuation funds to approve or reject contributions. This aims to ensure that contributions are allocated to a member correctly and earlier, including the resolution of errors.

The taxation office's first year transitional approach *Practical Compliance Guideline 2026/1* has been published. In 2026–27, employers will not be penalised if they are doing what they can to obey the new regulations as system and software upgrades are rolled out.

New national minimum wage

The national minimum wage applies to employees who aren't covered by an award or enterprise agreement.

From 1 July, it will be \$1004.90 per week, or \$26.44 per hour. The new amounts will apply from the first full pay period on or after 1 July.

RSPCA QLD underpayments total \$4.3 million

RSPCA QLD has rectified approximately \$4.3 million in underpayments, including interest and superannuation, to 1008 staff as part of an enforceable undertaking with the Fair Work Ombudsman.

Underpaid workers included current and former veterinary, administrative, retail and café staff. Staff employed on a casual, full-time, and part-time basis were affected.

RSPCA QLD's underpayments were caused by the employer incorrectly applying undertakings and clauses in two of its enterprise agreements. Under these agreements, work periods and contracted hours were not applied correctly with respect to minimum-hours entitlements, penalty and overtime rates, and allowances. Clerical workers were incorrectly paid under an award rather than the agreement.

Provisions set out under two relevant awards were applied incorrectly, short-changing employees' overtime and penalty rates and failing to meet the requirements around minimum engagement. Annual-leave entitlements were not met.

Employees were underpaid minimum rates, allowances, overtime and penalty rates, leave payments, including loading, and minimum engagement obligations for shifts performed.

After a change in payroll staff prompted a review, the charity self-reported its non-compliance to the FWO September 2023. The underpayments span February 2017 to October 2024.

Under the EU, RSPCA QLD:

- The board must monitor compliance with workplace laws. It must also consult regularly on the topic of wage compliance with employees and their union
- Commission an independent audit, at its own cost, to check its compliance with workplace laws and rectify any further breaches
- Ensure payroll staff have the right training
- Encourage staff to speak up about concerns regarding pay and conditions through a hotline
- Notify former and current employees about the underpayments, and

- Tell the FWO about new systems and processes it is implementing to ensure future compliance with the current enterprise agreement, modern awards, and future industrial instruments.

Fair Work Ombudsman Anna Booth said that the matter showed employers must check their systems are fit-for-purpose and meeting obligations to pay employees 'all their correct pay and entitlements'.

The Smith Family back-pays \$5.9m

The Smith Family has completed back-payments of more than \$5.9 million, including interest and superannuation, for 784 underpaid workers as part of an enforceable undertaking with the FWO.

The Smith Family underpaid workers at its head office in Sydney and across all states and territories over an eight-year period. Workers in many categories were underpaid, including education-program staff, managers, engagement advisors, and professionals such as marketing, accounting, and HR staff.

In its investigation, the FWO found that The Smith Family had failed to have adequate systems in place to ensure that it understood which industrial instruments, such as an award or agreement, applied to its employees.

A failure to conduct regular reviews resulted in the underpayments persisting for several years.

The charity also breached workplace laws by failing to keep workers' proper employment records.

It identified underpayments during an internal review and in 2023 self-reported its non-compliance to the FWO.

Under the EU, The Smith Family has committed to a range of measures to ensure future compliance, including:

- Commissioning an independent audit to assess its compliance with workplace laws
- Establishing an internal forum that allows for consultation with employees on pay and conditions
- Providing six-monthly reports to the FWO on regular internal monitoring of workplace-relations compliance by its internal committees, and
- Implementing an automated time-and-attendance system.

Southern Cross Care (WA) back-pays \$5.4m

Southern Cross Care (WA) Inc will rectify about \$5.4 million in underpayments, including interest and superannuation, to nearly 2000 staff as part of an enforceable undertaking with the FWO. The underpayments identified occurred between January 2017 and November last year.

Southern Cross Care (WA) reported that the root causes of the non-compliance arose from its time-and-attendance and payroll systems being incorrectly configured, and from the misinterpretation of enterprise-agreement provisions.

Employees were underpaid base rates as owed under awards underpinning applicable enterprise agreements.

The organisation identified the underpayments following an internal review after investigating employee and union queries about pay and conditions. It self-reported its non-compliance to the FWO in December 2024.

Under the EU, Southern Cross Care (WA) must:

- Commission two independent audits, at its own cost, to check its compliance with workplace laws
- Give FWO quarterly updates on the implementation of its new human-resource-management information system
- Provide training to relevant employees on workplace relations, including enterprise agreement entitlements, and
- Regularly report to its board about compliance and flag any potential breaches.

The EU commits Southern Cross Care (WA) to establishing several ways for employees to raise their views, including a quarterly Worker Voice Forum to which union representatives will be invited.

Feedback from employees will be sought through surveys, and a hotline will run for six months. Current and former employees may use it to raise issues confidentially.

FWO begins court action over improper pay

The FWO has begun legal action against Agape Reablement and Support Services Pty Ltd, a Queensland-based disability support-services company.

The regulator investigated after receiving requests for assistance from an international student that Agape had employed as a disability care worker on a casual basis between December 2024 and June last year.

A FWO inspector issued a compliance notice to the company in July 2025 after forming a belief that it had underpaid the worker's minimum wages and penalty rates for weekend and public-holiday work.

The FWO alleges that Agape Reablement, without a reasonable excuse, failed to fully comply with the compliance notice, which required it to calculate and back-pay the worker's entitlements.

FWO Anna Booth said the regulator would continue to enforce workplace laws and take businesses to court where lawful requests are not complied with.



FINANCIAL-REPORTING INSIGHTS

ASIC's 30 June focus areas

In keeping with ASIC's enduring financial-reporting focus areas (see Appendix 1: *ASIC's 'enduring' focus areas for financial reporting adapted for NFPs*), the commission will monitor financial-report preparers' major judgements. They are predominantly in revenue recognition, assessment of asset impairment, and recognition and measurement of financial instruments.

Refreshing 30 June valuations is a must-do. ASIC expects professionals to challenge assumptions and refresh valuations to ensure that they are based on realistic and supportable inputs. They should ensure that financial reporting, audit, and assurance practices support 30 June valuations.

Appropriate experience and expertise should be applied in reporting, particularly in more difficult and complex areas, such as asset valuations, provisions, revenue arising from contracts with customers, capitalisation of

expenditure, expected credit losses and other estimates, the impact of post-balance-date events, and disclosure.

The basis and circumstances related to management's judgements on accounting estimates and forward-looking information should be documented at the time and disclosed in financial reports.

GAAPinar No.14 on 11 June addressed *Getting into the zone for 30 June reporters*, with Carmen Ridley and Colin Parker.

Bulky Tier 3 standard arrives

AASB 1061 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities* focuses on information that 'matters most to users of smaller NFP financial statements, cutting unnecessary complexity'.

The result is a better proportioned general-purpose reporting option that helps smaller NFPs prepare financial statements more efficiently, freeing up time and resources to stay focused on mission and service delivery.

The package also includes AASB 2026-2, which amends Australian standards to extend the application of the *Conceptual Framework* and limit the ability of NFP entities to prepare special-purpose financial statements. It contains amendments to more than 30 standards and interpretations.

The new standards will be effective for annual reporting periods beginning on or after 1 July 2029, early application permitted.

The AASB will continue working with regulators, legislative bodies, and relevant government agencies to support consistent and effective implementation across the NFP sector.



ETHICS

Apply ethics when using AI

A recent Accounting Professional and Ethical Standards Board technical alert, *The ethical use of artificial intelligence by professional accountants*, reminds accountants of their ethical responsibilities when using AI. The alert is especially relevant during EOFY preparations and audits.

When using AI, members must continue to comply with their ethical obligations under APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

New principles-based technology provisions in the code took effect on 1 January last year. The amendments help ensure that the code continues to guide members' responsible use of technology, including AI tools, while upholding fundamental principles such as integrity, professional competence and due care, and confidentiality.

Following the code's ethical principles may help to reduce risks associated with AI use.

Members must apply an inquiring mind to assess critically and verify information used and produced in professional activities, including AI-generated information.

Members should also disclose their use of AI tools when delivering professional activities, consistent with the principles of integrity, professional competence and due care, and professional behaviour.

GAAPinar No.6 on 30 April addressed *AI – ethical, governance, and audit risks*, with Carmen Ridley and Colin Parker.

Ethics Q&As on using technology

The International Ethics Standards Board for Accountants has issued *Snapshots Ethics and Independence Approach to the Use of Technology* to provide short, non-technical overviews to seven Q&As.

The snapshot is relevant here as APES

110 *Code of Ethics for Professional Accountants (including Independence Standards)* is based on the *International Code of Ethics for Professional Accountants* issued by IESBA.

The response to Q4 'What were the 2023 technology-related revisions to the Code?' is particularly noteworthy in the context of AI use by preparers and auditors. Key changes affected were:

Area	Affect
Professional competence and due care	Understand, be able to explain, and evaluate the technology you use, including keeping pace with technology-related developments relevant to your professional activities. Relying on opaque or unexplained outputs is not acceptable.
Inquiring mind	A prerequisite to understanding the source and relevance of inputs, and the sufficiency of technology outputs for the intended purpose. It applies to all professional accountants regardless of the activity undertaken.
Use of technology outputs	Applies whenever a professional accountant uses technology outputs whether internally developed, purchased, or third-party. Accountants must assess fitness for purpose, understand limitations and assumptions, evaluate data quality and potential bias, and determine the appropriate extent of reliance.
Automation bias	Automation bias is the tendency to favour outputs generated by technology even when contradictory information raises questions about their reliability. It is now explicitly named in the code as a bias that can impair objectivity and the proper exercise of professional judgment. The code requires accountants to be alert to this and other biases, and professional responsibility cannot be delegated to a machine.
Complex circumstances	The code includes guidance on managing complexity – defined as arising from the compounding effect of interactions among uncertain elements and interdependent variables and assumptions. Rapid digitalisation has made such circumstances more prevalent, and professional accountants must communicate inherent uncertainties to their organisation, firm, and users of their professional activities and remain alert to changes in facts and circumstances.
Confidentiality	Confidentiality obligations have been extended to cover the full data lifecycle: collection, use, transfer, storage, dissemination, and lawful destruction. The use of client data for purposes such as AI training requires proper authorisation with clear boundaries around consent.
Independence	The independence standards have been reinforced to address risks specific to technology-enabled services: self-review threats, the risk of assuming management responsibility, and commercial dependencies that can arise when technology is used to deliver professional services to audit and assurance clients.



FRAUD

It might happen to you

Assuming 'it won't happen to us' increases an NFP's internal fraud risk. Straightforward measures may be taken to protect NFPs, says the Australian Taxation Office.

Maintaining clear responsibilities, strengthening financial controls, updating records, and doing regular reviews can reduce risk, safeguard funding, and stay focused on purposes.

Strengthening financial controls is one of the most effective ways to reduce risk. Practical steps to reduce opportunities for misuse include:

- Setting up dual authorisation for payments in your bank account settings so no single person controls the NFP's spendings
- Separating responsibilities for approving, processing, and reconciling financial transactions

- Verifying supplier bank details by calling suppliers direct, and
- Regular committee meetings with documented minutes of decisions made for approving significant spending.

Grant funding is vital, but strict acquittal and reporting obligations often apply. Poor record keeping, weak financial controls, budget inaccuracies, and late reporting may affect future grant opportunities.

Having clear responsibilities and consistent processes helps with timely and accurate acquittals and strengthens the confidence of NFP funders.

Directors and committee members are a critical part of ensuring an NFP runs smoothly.

Strong oversight, good record-keeping, and clear processes help protect both an NFP and its responsible persons.

Once appointed, responsible persons should review the NFP's governing documents to ensure that they understand an organisation's purpose and meet their responsibilities. They need to oversee the proper use of funds and an organisation's financial position.

Keeping an authorised Australian business number and up-to-date contacts is both a legal requirement and critical to ensure that only current representatives can access

sensitive tax information and manage obligations.

Having outdated authorised contacts can lead to former employees and volunteers exploiting access to an ATO account, resulting in fraudulent activity.

NFPs should be regularly reviewed to see that they can prevent fraud. It includes ensuring that accounts, transactions, and permissions are clear.



ACNC ACTIVITIES

ACNC guides charities on investing

The Australian Charities and Not-for-profits Commission has released new guidance to help charities wanting to invest cash.

Investing charity money for financial return outlines important steps charities should consider if looking to invest funds, including decision-making, record-keeping, risk management, and developing an investment policy.

When making investment decisions, charities must ensure that they comply with the commission's governance standards, and, if applicable, their external counterpart (see Appendix 2: *Adhering to ACNC's governance and external-conduct standards*).

The commission does not specifically prescribe what a charity must do to comply with the standards, and each charity must decide the appropriate measures to take based on its circumstances.

The guidance is general in nature and does not account for individual charities' financial situations, objectives, and needs. Charities should consider obtaining professional financial advice suitable for their needs.

Responsible People should carefully consider if investing funds is the right decision for their charity, as well as their approach to investing.

These actions are part of Responsible People's stewardship of their charity's resources and are an important part of their roles in managing their charity's financial affairs responsibly and diligently, and in ensuring their charity stays on mission – requirements detailed in ACNC Governance Standard 5.

They should also have a proper understanding of the opportunities and risks associated with investing and should carefully consider them when making decisions about a charity's assets.

To ensure that they are sufficiently informed before they make decisions, responsible people should seek independent expert advice where they do not have the necessary skills and experience.

Overarching considerations before making specific investment decisions include:

- Checking if the charity's governing document and any funding contract allows or limits the power to invest charity money
- Checking that there are no other issues preventing charity money being invested, such as restricted reserves and donor requirements, and
- Complying with obligations to other regulators, and with laws that may apply. These may include laws relating to taxation or to a charity's legal structure, to regulations applying to anti-money-laundering, counter-terrorism financing, slavery, and regulatory and legislative restrictions.

A charity must shape its investment strategy with reasonable care and diligence. It must ensure that investment decisions will be made in the charity's best interests and towards carrying out its charitable purposes. Decisions must be supported by good record-keeping.

Risks associated with private benefit and related-party transactions need to be considered.

With knowledge, risk-mitigation strategies and a realistic plan, prudent investments can diversify a charity's income stream while maintaining good practice in financial management.

The guidance defines common investment terms and outlines key considerations for charities when investing funds.

How charities manage terrorism-financing risks

Focusing on small charities that operate overseas, the ACNC has examined how they protect funds and assets in line with obligations set out in External Conduct Standard 1.

ACNC Commissioner Sue Woodward said it was pleasing that most charities had some governance measures in place to manage the risks of terrorism financing.

'The majority understood the seriousness of the issue and demonstrated a willingness to comply with Australian and international laws. Importantly, they supported their board and staff to develop strong financial literacy skills and had strong risk management procedures in place.'

Charities with strong governance:

- Had a specific counter-terrorism policy or embedded counter-terrorism measures within a financial-management policy
- Checked partners and personnel against the listed terrorist organisations under the criminal code and the Department of Foreign Affairs and Trade's consolidated list of individuals and entities subject to Australian sanctions, including targeted financial sanctions and travel bans
- Conducted due diligence before working with overseas partners
- Had documented agreements with overseas partners and monitored service delivery against agreed expectations
- Identified risks related to their activities and the countries they operated in
- Maintained a risk register and undertook periodic risk assessments of projects
- Had a skilled board and employees or volunteers with financial expertise
- Transferred funds from the charity account via bank-to-bank transfers or used established remittance service providers

- Kept records, including project reports to acquit the use of transferred funds, and
- Were aware of relevant legal obligations.

Charities with less effective governance were generally familiar with the risks of terrorism financing but assumed that risks were low or negligible where they operated overseas.

Other governance issues identified included charities:

- Lacking key documents, such as formal financial-management and counter-terrorism policies, formal agreements with overseas partners, and an incident-response plan
- Not understanding relevant laws, particularly those related to terrorism-financing, money-laundering, and other criminal activities
- Having processes based on trust and personal relationships with overseas partners, rather than formal vetting and documentation, and
- Transferring funds via personal bank accounts and conducting transactions using cash.

Review governing document, says ACNC

As the new financial year begins, the ACNC is encouraging charities to review their governing document to make sure that it still reflects their purpose and activities.

A governing document (such as a constitution, rules, or trust deed) sets out a charity's purpose and how it operates. Designated responsible people and staff should be familiar with it and make sure their charity complies with it.

Activities might change as a charity grows. Regularly reviewing governing documents helps confirm a charity's purpose and remains eligible for registration.

Charities need to notify the ACNC of any changes to their governing document. They may do it through the ACNC portal.

Making a charity's governing document available on the ACNC register helps the public to understand a charity's governing and purpose. This supports transparency and helps build trust in the sector.

The register was searched more than two million times in the past financial year and information on it must be accurate and up-to-date.

Review protection policies, says ACNC

The ACNC is encouraging charities to review regularly policies and procedures that protect people from harm.

Charities are responsible for protecting the welfare and human rights of people connected to their organisation and its work, especially if they are vulnerable and at risk of abuse, neglect, and exploitation.

Ineffective safeguards can result in an increased risk of harm to vulnerable people, including children, seniors, and people with impaired intellectual or physical functioning.

The ACNC has resources to help charities meet their safeguarding obligations, including a template and incident-response plan. The commission also provides detailed safeguarding guidance covering obligations, risks, and practical steps to take – see ACNC *Governance Toolkit: Safeguarding vulnerable people*.

A charity's responsible people, paid staff and volunteers might be required under state and territory legislations to be checked before working.

The checks might include reviews of police records, working-with-children files, and a 'blue-card' check.

Those connected with charities should complete the checks even if they aren't legally required to do so.

The Australian Criminal Intelligence Commission has information about requirements across Australia for working-with-children checks.

ACNC releases charity-registration summaries

The ACNC has published two summaries that show how charity-registration decisions are made.

Decision summaries are drawn from charity-registration applications previously assessed by the ACNC. Names are deleted to protect applicants' privacy.

The summaries aim to provide insights into charity registration as well as information the ACNC requests and the ways it works with applicants.

The two newest summaries focus on:

- ACNC governance and external-conduct standards and how they relate to conflicts of interest, and
- The link between registration with the subtype 'health promotion charity' and its principal activities.

Twelfth edition of Australian Charities Report released

The *Australian Charities Report* provides a comprehensive annual analysis of information submitted by registered charities in annual information statements.

Now in its 12th edition, the report offers important insights into the size, structure, activities, and financial positions of Australia's charity sector.

It examines key trends in revenue, expenses, assets, liabilities, employment, volunteering, and the people and communities supported by charities.

Key findings were:

- Cost-of-living pressures are taking a toll on charities and the communities they serve
- Charities generated \$239 billion in revenue – a 7.5 per cent increase that outpaced growth in the wider economy
- Expenses rose by 8.6 per cent to \$231 billion, outpacing revenue growth
- Charities employed 1.6 million staff, or 11 per cent of Australia's workforce, a rise from 10.7 per cent, and
- Registered charities reported that they engaged 3.9 million volunteers – the highest registered-charity volunteer count ever reported.

The report also highlights changes across different charity sizes, purposes, and locations. By presenting sector-wide data and emerging trends, it provides a valuable resource for charities, policymakers, regulators, researchers, and the broader community in understanding the sector's scale, diversity, and contribution.



NDIS

New NDIS powers to deliver tougher penalties

Federal parliament has passed significant legislative reforms to strengthen the safety, quality, and integrity of the National Disability Insurance Scheme.

The *National Disability Insurance Scheme Amendment (Integrity and Safeguarding) Bill 2025* delivers tougher penalties for serious misconduct and unsafe practices, and stronger powers for the NDIS Quality and Safeguards Commission to protect participants from abuse, neglect, exploitation, and fraud.

NDIS Quality and Safeguards Commissioner Louise Glanville welcomed the reform, saying it would support the national regulator to take more effective action to prevent harm and improve quality across the sector.

Key measures of the legislation include:

- Tougher civil penalties for providers that increase from a maximum of \$412,500 to more than \$15 million when a participant is hurt or injured under the provider's care
- New criminal offences – attracting up to five years' imprisonment – to address behaviour that demonstrates continual and intentional disregard of regulatory arrangements that protect participant safety and failing to comply with a banning order; and
- Stronger regulatory powers for the NDIS Commission that strengthen monitoring,

compliance and enforcement powers, expanded orders to ban auditors and consultants, and anti-promotion orders to restrict unscrupulous providers and others from promoting products and services that undermine the integrity of the NDIS.

Commission bans Monique Jeremiah of Diversity Models

The NDIS Quality and Safeguards Commission has banned Monique Jeremiah of Diversity Models from providing support and services to people with disabilities under the National Disability Insurance Scheme.

Further, the NDIS Commission has revoked the registration of Mon Cheri Gifts Pty Ltd, trading as Diversity Models. The revocation means that Diversity Models will no longer be registered to provide services to NDIS participants that have funding managed by the National Disability Insurance Agency.

This compliance action follows an investigation into Monique Jeremiah and Diversity Models that uncovered serious and systemic breaches of the NDIS code of conduct. The investigation uncovered instances on social media of bullying, privacy breaches, and lack of participant choice and control.



FUNDRAISING

NSW 'authority' to raise funds changed

From 1 April, ACNC-registered charities no longer needed to apply for or renew a NSW charitable-fundraising authority. Registered

charities are automatically taken to hold a 'deemed authority' in NSW once they notify the ACNC that they intend to fundraise in NSW.

Fundraising authority holders in NSW must

comply with national fundraising principles and standard conditions.

The state's charitable fundraising guidelines have been updated to reflect the changes.



GIVING FUNDS

Government boosts funds' distribution rate

The federal government has announced that it will improve support for Australian charities by increasing the distribution rate for 'giving' funds and expanding the number of organisations that can seek endorsement under the community charities deductible-gift-recipient category.

'Public and private ancillary funds' will become 'giving funds'.

The minimum distribution for PPG funds will increase to six per cent per year. Currently, the funds are required to distribute four and five per cent of their net assets each year as grants to eligible entities (that is, to charities that are DGRs).

Giving funds will be allowed to 'smooth' their distributions over a three-year period.

The new rate will apply from the first financial year following amendments to giving-fund guidelines. Existing giving funds will not need to meet the new distribution rate for two years.



INSIDE GAAP CONSULTING

Welcome Lara Gaede, our new team leader in – sustainability implementation

It's my pleasure to welcome Lara Gaede to the *GAAP Consulting* team to help meet your sustainability needs.

Under Lara's leadership, we're offering a new service that we've called 'sustainability implementation'.

It will deliver training and advice in risk management, strategy, governance, KPIs, reporting, and assurance readiness.

Lara is a sustainability expert with more than 30 years of experience spanning financial services, regulation, and professional services.

She has built and led high-performing sustainability practices across leading global firms, combining deep technical expertise in sustainability, financial reporting, securities regulation, and governance with practical commercial advice.

Her work focuses on helping firms and organisations navigate the complexities of climate risk, sustainability strategy, regulatory change, and effective reporting.

She is a fellow of Chartered Accountants (Canada), a Chartered Financial Analyst, and a holder of governance designations from both Australia and Canada.

Updated litigation and risk-management service offering

GAAP Consulting has updated its service offering for litigation and risk-management engagement briefs.

Led by Colin Parker, the service draws on 25 years' experience providing independent and consulting expert support in complex matters involving financial reporting, auditing, professional ethics, fraud and alleged professional negligence.

Colin has advised on more than 50 litigation and risk-management matters, acting for both plaintiffs and defendants.

Supported by the *GAAP Consulting* team, the offering provides law firms, regulators, auditors and clients with technically rigorous, independent and practical support across complex and high-stakes disputes.

Want to know more? Please contact me.

GAAPinars series 1 recordings available

GAAP Training's current 14-session program has concluded. Recordings of the sessions are available at the *GAAP Training* website.

Our 12-session second series starts on 5 November.

Questions about the *GAAPinars* and tailored training are answered by Andrew at andrew@gaaptraining.com.au.

More training riches on demand

Looking for contemporary training in financial reporting, business risks, ethics, SMSE, and auditing? Want to hear from the experts – Carmen Ridley, Chanelle Pienaar, Jessica-Anne Saayman, Shelley Banton, and Colin Parker?

Check out the 'on-demand' sessions in *GAAP Training's* extensive library of more than 180 topics.

The library includes the most recent sessions. More than 280 CPD hours are just a mouse-click away at www.gaaptraining.com.au. Use the *GAAPinars* as a refresher and to bring new members up to speed.

How we can help

GAAP Consulting can help you with:

Financial and sustainability reporting – advice and implementation of new and revised standards, preparation of accounting policy position papers, pre-issuance review of financial and sustainability statements, and financial statement preparation

Sustainability implementation – risk management, strategy, governance, KPIs, reporting and assurance readiness

Risk management – as either an independent or consulting expert, help with enquiries from regulators and accounting bodies, and with managing litigation risks

Audit quality – advice on auditing and ethical standards, ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* systems' compliance, audit file inspections, root cause analysis, and ASQM 2 *Engagement Quality Reviews*

Training – face-to-face and web-based (*GAAPinars*) training on standards, legislative developments, and business risks as well as client briefings on contemporary issues (www.gaaptraining.com.au), and

Information services – 'white-label' use of proprietary content from *GAAP Alert* and *NFP Risks* newsletters to enhance brand awareness and expertise to existing and potential clients. We can also help with better communication in tenders, client communications, and internal manuals, and

Improving communication skills – we can help you to communicate better, editing and rewriting professionally your tenders, client communications, and internal manuals.

They'll be clearer, simpler, more powerful, and easier to read and to understand. We can also help you to prepare formal and informal talks, speeches, and seminars.

ASIC has made repeated references to the importance of position papers to support key accounting decisions. Help is coming with our publication *Why and How of Accounting Policy Position* by lead author Rob Mackay. To obtain a copy please contact Colin 0421-088-611 or colin@gaap.com.au.

The *GAAP Consulting* members and their areas of expertise and locations are:

- **Colin Parker**, aka the 'gate-keeper' (financial reporting, audit, ethics, risk management, and host of the *GAAPinar* training series) – Canberra (contact Colin 0421-088-611 or colin@gaap.com.au)
- **Carmen Ridley** (financial and sustainability reporting and ethics) – Melbourne
- **Robert Mackay** (financial and sustainability reporting) – Melbourne
- **Lara Gaede** (sustainability – risk management, strategy, governance, KPIs, reporting and assurance readiness) – Sydney
- **Stephen La Greca** (financial reporting, audit, and risk management) – Sydney
- **Chanelle Pienaar** (audit and risk management) – Brisbane
- **Jessica-Anne Saayman** (audit and risk management) – Brisbane
- **Shelley Banton** (self-managed superannuation funds) – Newcastle
- **Andrew Parker** (training, marketing, and event management) – Melbourne, and
- **Stephen Downes** (client communications) – Melbourne

We use the services of **Stephen Newman**, corporate lawyer, Hope Earle, Melbourne, when matters have a legal aspect.



Colin Parker
GAAP Consulting

Contact Us

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This communication provides general information current at the time of release. It is not intended that the information provide advice and should not be relied on as such. Professional advice should be sought prior to actions on any of the information contained herein.



APPENDIX

Appendix 1: ASIC's 'enduring' focus areas for financial reporting adapted for NFPs

Area	Consideration
Revenue	Directors and auditors should review an entity's revenue recognition policies to ensure that: - Revenue and deferred revenue are recognised in accordance with the substance of the underlying transactions and the satisfaction of performance obligations - Judgements and assumptions used in revenue models are appropriate and reasonable, and - Disclosure of revenue policies is not boilerplate and is appropriate for each material revenue stream.
Impairment of non-financial assets	Goodwill, indefinite useful life intangible assets, and intangible assets not yet available for use must be tested annually for impairment. Entities adversely impacted in the current environment may have new or continuing indicators of impairment that require testing for other non-financial assets. The valuation method used for impairment testing should be appropriate, use reasonable and supportable assumptions, and be cross-checked for reliability using other relevant methods. Disclosure of estimation uncertainties, changing key assumptions, and sensitivity analysis or information on probability-weighted scenarios must be sufficiently detailed for users to understand the judgements applied.
Values of property	Factors that could adversely affect property values should be considered, such as changes in office-space requirements of tenants, future economic or industry impacts on tenants, and the financial condition of tenants. The lease-accounting requirements and the impairment of lessee right-of-use assets.
Expected credit losses on loans and receivables	Whether key assumptions used in determining expected credit losses are reasonable and supportable. Any need for more reliable and up-to-date information about the circumstances of borrowers and debtors. Short-term liquidity issues, financial condition and earning capacity of borrowers and debtors. Ensuring the accuracy of ageing of receivables. Using forward-looking assumptions and not assuming recent debts will all be collectible. The extent to which history of credit losses remains relevant in assessing ECLs. Whether possible future losses have been adequately factored in, using probability-weighted scenarios, as necessary. Disclosure of estimation uncertainties and key assumptions.
Financial-asset classification	Financial assets are appropriately measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss. Criteria for using amortised cost include whether both: - Assets are held in a business model whose objective is to hold the assets to collect contractual cash flows, and - Contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding.
Value of other assets	The net realisable value of inventories, including whether all estimated costs of completion and necessary to make the sale have been considered in determining net realisable value. The value of investments in unlisted entities.
Provisions	The need for and adequacy of provisions for matters such as onerous contracts, leased property make-good, financial guarantees given and restructuring.
Subsequent events	Events should be reviewed as to whether they affect assets, liabilities, income, or expenses at year-end or relate to new conditions requiring disclosure.
Disclosure – general considerations	Directors and preparers should put themselves in the shoes of users of financial statements and consider what information users would want to know. Disclosures should be specific to the circumstances of the entity and its businesses, assets, financial position, and performance. Changes from the previous period should be considered and disclosed.
Disclosures in the financial report	Uncertainties may lead to a wider range of valid judgements on asset values and estimates. The financial report should disclose uncertainties, changing key assumptions and sensitivities. This will assist users in understanding the approach taken, understanding potential future impacts and making comparisons among NFPs. The appropriate classification of assets and liabilities between current and non-current categories on the statement of financial position should be considered. This may have regard to matters such as maturity dates, payment terms, and compliance with debt covenants.

Appendix 2: Adhering to ACNC's governance external-conduct standards

The ACNC's governance standards are core principles dealing with how a charity should be run.

Charities must meet the standards to be – and remain – registered. The principles do not apply to basic religious charities.

They require charities to remain charitable, operate lawfully, and be run in an accountable and responsible way. They help to maintain public trust in charities' work.

The principles are high-level, imprecise rules, and charities must determine what they need to do to comply with them.

Standard	Explanation
1 Purposes and not-for-profit nature	A charity must be not-for-profit and work towards its charitable purpose. It must be able to demonstrate this and provide information to the public about its purposes.
2 Accountability to members	A charity that has members must take reasonable steps to be accountable to its members and provide them with adequate opportunities to raise concerns about how the charity is governed.
3 Compliance with Australian laws	A charity must not commit a serious offence (such as fraud) under any Australian law or breach a law that may result in a penalty of sixty penalty units or more. The value of a penalty unit is \$330.
4 Suitability of responsible people	A charity must take reasonable steps to: • Be satisfied that its responsible people (such as board or committee members or trustees) are not disqualified from managing a corporation under the <i>Corporations Act 2001</i> or disqualified from being a responsible person of a registered charity by the ACNC commissioner, and • Remove any responsible person who does not meet these requirements.
5 Duties of responsible people	A charity must take reasonable steps to make sure that its responsible people are subject to, understand, and perform the duties set out in standard 5.
6 Maintaining and enhancing public trust and confidence in the Australian not-for-profit sector	A charity must take reasonable steps to become a participating non-government institution if the charity is, or is likely to be, identified as being involved in the abuse of a person either: • In an application for redress made under section 19 of the <i>National Redress Scheme for Institutional Child Sexual Abuse Act 2018</i>, or • In information given in response to a request from the National Redress Scheme Operator (secretary of the Department of Social Services) under section 24 or 25 of the <i>Redress Act</i>.

An ACNC self-evaluation tool aims to help charities assess if they are meeting their obligations. It also helps to identify issues that might prevent them from doing so.

It poses questions and prompts charities to describe both the practical steps they are taking to meet their obligations and to list relevant policies and procedures.

A charity that conducts activities overseas – including sending funds overseas from Australia – must also comply with external-conduct and governance standards.

Four external-conduct standards cover certain aspects of a charity's overseas operations.

Standard	Explanation
1 Activities and control of resources (including funds)	The way a charity manages its activities overseas and how it is required to control the finances and other resources it uses overseas.
2 Annual review of overseas activities and record-keeping	The requirements for a charity to obtain and keep sufficient records of its overseas activities.
3 Anti-fraud and anti-corruption	The requirements for a charity to have processes and procedures that work to combat fraud and corruption in its overseas operations.
4 Protection of vulnerable individuals	The requirement for a charity to protect the vulnerable people that it works with when conducting its overseas operations.

An ACNC self-evaluation tool for charities operating overseas aims to help charities assess if they are meeting their obligations and identify issues that might prevent them from doing so.

The tool poses questions and prompts charities to describe the practical steps they are taking to meet their obligations.