

Mel Yates:

A key responsibility for those governing a charity is to ensure the charity has the finances or other resources to do its work, as well as to ensure that these resources are protected from abuse and used appropriately. A charity's Responsible Persons must have a level of financial understanding that will enable them to make informed decisions about their charity's finances.

While many boards appoint treasurers and board members with financial expertise, every board member must be able to read and understand a charity's financial information. You can participate in training to improve your understanding of finances, as part of your role on the governing body.

You must be appropriately informed about the matters on which you may make a decision. Charity board members have duties under the ACNC Governance Standards. There are other short courses about these. Governance Standard 5 has specific duties for Responsible Persons and those related to finance include ensuring that the financial affairs of the charity are managed responsibly and, not to allow the charity to operate while it is insolvent.

Insolvency refers to a situation where an entity is unable to pay its debts. Regularly reviewing your charity's financial position, including its ability to pay for upcoming debts, will make sure your charity has access to money when it needs it and is not operating while insolvent.

If you are familiar with your charity's finances, such as how much money it has, where it comes from and what it is being spent on, this will allow you to respond to any trouble quickly and effectively. Acting early gives you more options and could help you prevent your charity from closing down.

The ACNC requires registered charities to submit an Annual Information Statement, which is known as an AIS, to the ACNC each year via the Charity Portal. Medium and large charities must also submit a financial report. That's optional for small charities.

Reminder letters are sent to charities prior to their due dates. If charities do not submit on time, the ACNC will send warning letters once the due dates have passed. If a charity fails to submit for two or more years, the ACNC will move towards revoking charity registration.