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Guidance for Board on ACNC Version 1.1



1. Overview

Registration with the Australian Charities & Not for Profit Commission places additional obligations on board members as 'Responsible members' of the Charity. Those obligations are set out in the ACNC 's guide for charity board members. (attached for reference).

2. Board responsibilities

The Board is responsible for providing leadership and direction to a charity. It also bears ultimate legal responsibility. Generally, boards delegate some of their responsibilities to staff or volunteers. However, there are some things that are usually reserved for the board such as appointing the most senior staff members (for example, the Chief Executive Officer, if the charity has one), developing (or at least approving) a strategic plan, considering how organisational risks should be managed and calling meetings of the charity's members (if any).

There are some responsibilities that are common to most boards:

- Accountability – making sure the charity meets its obligations, manages its finances and operates transparently
- Strategy – setting the charity's long-term goals and making sure it pursues its charitable purposes
- Resourcing – securing funding and other resources to support the work of the charity
- Advocacy – representing the charity to the community and to its members and stakeholders (with a Chief Executive Officer and staff, if any)
- Monitoring – making sure the charity is run as required under its governing

3. Board committees

A board committee is a group that is set up for a particular focus. Board committees can be set up because it can be hard to organise all board members to meet (at least with enough time to consider matters in detail), or perhaps because it wants to draw on the expertise of people not on the board for certain matters. Sometimes these are called sub-committees, standing committees or ad-hoc committees.

Committees may make recommendations to the board, but they generally do not make decisions for the charity on their own behalf.

4. Governing Rules

A charity's governing document sets out many of the charity's powers, objects and processes. The governing document helps you make sure your charity is run well and on track. All charities have rules of some kind, whether they are written in a formal document or are verbal agreements between members. They should be part of every charity's life. When written, a governing document is often called a constitution, a charter, articles, rules or rulebooks.

Rules are important because they help give some certainty about how your charity is run and establish procedures that everyone involved can rely on. Rules bind you (as a board member), the charity and its members.

The ACNC will look at your charity's rules to see if they show your charity's charitable purposes. This can be part of the evidence the ACNC needs to see to make sure your charity is entitled to be registered. The public will be able to view the rules of registered charities on the online ACNC Charity Register.

A charity's rules will generally set out:

- that it is a not-for-profit
- its charitable purpose
- the powers of its board

- how to become a member and the rights and obligations of members
- how members of the board (and any office bearers such as a president or treasurer) are elected or appointed
- how meetings of members and meetings of the board are called and held
- how authority is delegated to the board, staff or volunteers, and
- what will happen if it needs to be wound up.

It is important that your charity's rules accurately reflect how it operates. If the rules are not followed, the charity will not be able to rely on them when there is uncertainty. Which is when you need them most.

For an organisation to be considered a charity, it must be a not-for-profit. Generally, your organisation is a not-for-profit if it does not operate for the profit, personal gain or other benefit of particular people, such as its members, the people who run it or their friends or relatives. This applies both while the organisation is operating and if it winds up.

Your organisation's rules are a good place to show that it is a not-for-profit. They will contain clauses that prevent it from providing any private benefit to its members.

5. Governance Standards

To be registered with the ACNC, all charities must comply with the 5 Governance Standards. These are a set of core minimum requirements for the governance of charities, summarised below:

Standard	Requirement
Purposes and not-for-profit nature of a registered entity	Registered charities must be not-for-profit and work towards their charitable purpose. A charity must be able to demonstrate this to the ACNC and provide information about its purpose to the public (for example, by having a copy of its rules on the ACNC Charity Register).
Accountability to members	Charities must take reasonable steps to be accountable to their members and provide their members adequate opportunity to raise concerns about how the charity is governed. This standard only applies to charities that have members.
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 civil penalty of at least 60 penalty units.
Suitability of board members ('Responsible Persons')	Charities must take reasonable steps to ensure that their board members are not disqualified from managing a corporation (under the Corporations Act) or currently disqualified from being a board member for a registered charity by the ACNC Commissioner. Charities must take reasonable steps to remove board members who do not meet these requirements.
Duties of board members ('Responsible Persons')	Charities must take reasonable steps to make sure that their board understands and carries out the duties set out in this standard.

6. Document Governance

Document Owner	David McGowan
Document Author	David McGowan
Approver	PVV Board
Approval Date	4 November 2020
Last Review Date	4 November 2020
Next Review Date	4 November 2022

7. Version Control

Version No	Prepared by	Release Date	Key Changes
1.0	David McGowan	4 November 2020	Initial document
1.1	Jim Hilliard	28 June 2022	Rebranding only