

At the Australia and New Zealand Third Sector Research Conference (held at AUT 24-26th November, 2008) a workshop session was run on the upcoming changes in financial reporting for third sector organisations. The three PowerPoint presentations are attached.

Those present at the workshop were invited to spend a few moments discussing the issues raised and were provided with paper to give feedback on their thoughts. Responses from the groups to the questions posed in the presentations are provided as follows.

- Is financial reporting a burden or an opportunity to communicate with those who support the sector?

Financial reporting is an opportunity but there needs to be good systems and controls. It depends on the capability and availability of people.

Financial reporting is both a burden (because it is a mandated requirement) and an opportunity. The statements should be understandable but often this opportunity is not taken up.

Australian research shows us that the 'paper trail' is a charade (e.g. government departments ask for financial reports but they do not use the information provided in them). Is NZ any different?

Financial reporting can hinder communication

- What minimum requirements are appropriate?

There are different reporting needs for members, government, funders and the governance group of the organisation. Reporting should be appropriate to the audience. There is myth or mystique around the readability of information.

Financial reports should satisfy the public and member interest in the activities of not-for-profit organisations and its use of funds

Both an income and expenditure statement and an asset and liability statement are necessary. These are important for the organisation as well as external users.

- It a monetary threshold too simplistic?
- Should projects and organisations be treated the same?
- Any minimum requirement should be developed by the sector itself!

The problems should be addressed e.g. restricted accounting, bequests, costing of volunteers and the cost/benefit tradeoff of reporting such issues

Reviews are more manageable than audits for many organisations – especially useful for smaller organisation and for smaller grants.

- How can we all encourage best practice?

Need to develop a framework for reporting of key performance indicators (objectives, outputs and outcomes). There should be clear communication and dialogue from NZICA in developing a core set of common procedures.

Training of governing body and having appropriate staff are essential requirements for sound financial management