

External Conduct Standards FAQ

1. What are the External Conduct Standards?

The External Conduct Standards seek to provide assurance that entities registered with the Australian Charities and Not-for-profits Commission (ACNC) meet appropriate standards of transparency, accountability and behaviour – especially towards the protection of vulnerable people – when operating outside of Australia or supporting activities undertaken outside of Australia.

There are four standards:

1. a standard on the activities and control of resources
2. a standard on the annual review of overseas activities and record-keeping
3. a standard on anti-fraud and anti-corruption
4. a standard on the protection of vulnerable individuals

2. What does it mean to be 'operating outside of Australia'?

These standards cover a wide range of activities undertaken or supported by entities overseas, including, but not necessarily limited to:

- the sending of funds or other resources overseas from Australia
- sending staff, volunteers, members and beneficiaries overseas
- buying goods and services from overseas suppliers
- working with overseas organisations and individuals

3. Do these standards apply to my congregation/parish/organisation?

Yes, these standards will apply to you if you are registered with the ACNC and you are operating overseas or are supporting overseas partners who conduct activities in their country.

For example, if your congregation has a direct relationship with a partner congregation overseas and you send funds to support them, your congregation is subject to these standards.

Note: if the money is raised and sent to LCA's International Mission or ALWS to support a project overseas, these organisations are responsible to meet the standards.

You will need to comply with these standards to be registered with the ACNC. There are no exemptions.

For further information, please visit www.acnc.gov.au/ecsapply

4. When do the standards come into effect?

The External Conduct Standards came into effect on 23 July 2019.

5. How do I ensure I'm meeting the standards?

The standards have been designed as principles-based minimum standards, rather than mandated and prescribed procedures and requirements.

The standards are based around taking 'reasonable steps' or having in place 'reasonable procedures'. What is reasonable will depend on your specific circumstances.

For example, what is reasonable needs to be considered based on the size of your overseas involvement, the location and nature of the operation (eg some areas will be riskier than others), and who is being supported (what is their capacity to meet the requirements in order to fulfil your obligations?).

Keeping good, up-to-date documentation of your activities is a key thing to remember.

The following questions address each standard.

6. What does Standard 1 mean for us?

The focus of Standard 1 is to ensure you and the resources you're providing are being used in a way that is consistent with your objects, are being used for the purposes for which they were given, and are undertaken in a manner that meets laws applying to Australians both in Australia and while operating outside of Australia.

Some reasonable steps that can be taken to help meet this standard include:

- Make sure you have processes in place to carefully assess and approve any proposals to support activities overseas.
- Undertake appropriate checks of your proposed partners or suppliers.
- Monitor your work and/or the work of your partners to satisfy yourselves that the activities are being undertaken as planned.
- Have suitable written agreements with your partners.
- Implement policies and procedures that establish the standards that guide the work.
- Implement procedures to detect and report wrongdoing.

For further information about this standard, please visit www.acnc.gov.au/ecs1

7. What will I need to do to meet Standard 2?

The requirement here is to ensure that you have the capacity to provide timely and accurate information about your overseas-related activities. This means obtaining and keeping the necessary records to prepare a summary of these activities and expenditure outside Australia on a country-by-country basis.

There is no need to report (annually), but you must be able to provide the information about your activities when asked, which could be at short notice. Well documented processes and evidence of due diligence will help you meet this standard.

The type of information you must keep includes the kind of activities undertaken, details of expenditure, details of procedures and processes to monitor these activities, and the names of the overseas partners that you assisted.

It is important this information is prepared and kept for a minimum of seven years because the ACNC may request that it be provided as part of the Annual Information Statement, or may require that a summary be submitted separately to the statement.

For further information about this statement, visit www.acnc.gov.au/ecs2

8. What is required to meet Standard 3?

This standard recognises that it is not possible to eliminate the risk of things going wrong. However, there is an expectation that reasonable steps are taken to minimise the risk of corruption, fraud, bribery, or other financial impropriety by you, your overseas partner and the staff and volunteers working for both.

Knowing where and to whom the funds, goods and services are being provided is essential.

Some reasonable steps include, but are not limited to:

- Identify potential risks and have a plan to manage them.
- Put in place financial management policies and controls.
- Have suitable recruitment and supervision processes and systems for staff and volunteers.
- Make sure you and your local partners are operating legally.

Included under this standard is a requirement to manage actual and perceived conflicts of interests. The standard acknowledges that conflicts can arise, especially in small communities, but the point is you must be able to identify them, address them and report on them.

As with all four standards, what you need to do will depend on your particular context. For example, for small projects, some basic systems and documentation outlining your approach to legal compliance, integrity and ethical conduct are required. However, doing nothing is not an option.

For further information about this standard, visit www.acnc.gov.au/ecs3

9. How can I meet Standard 4?

The object of this standard is to ensure that whatever you do or support overseas is done in a manner that minimises the risk of exploitation or abuse to vulnerable individuals. In other words, the standards we apply here in Australia should not be lowered when involved in activities overseas.

A vulnerable individual is defined as a child or other individual who is, or may be, unable to care for themselves or is unable to protect themselves, for any reason, against harm and exploitation.

For example, an individual may be unable to take care of themselves because of their age, an illness, trauma, disability or some other disadvantage. A child means a person under 18 years of age.

The standard not only applies to the people you are seeking to assist, but also to staff and volunteers. It is important that their working and living conditions are suitable and do not make them vulnerable by exposure to potential risks.

The [LCA's Child Protection Policy and procedures](#) and [Professional Standards training](#) provides a starting point towards meeting this standard.

For example, an Australian individual travelling overseas to serve as a volunteer working with children must have the appropriate working with children check from their state or territory (and must comply with similar requirements, if any, in the country the volunteer will be serving in).

For further information about this standard, visit www.acnc.gov.au/ecs4

10. What do I need to do now?

It is highly recommended that you undertake a review of the activities you are involved with overseas or are planning to support to ensure you can meet these standards.

Please also refer to the ACNC website (as referenced above) and the information it provides about the external conduct standards.

As these standards are new, it will be important that you refer regularly to the ACNC website for further information and guidance about implementing the standards.

The ACNC advised that a self-assessment tool will be available on its website in the near future to assist organisations to review their compliance against the standards.