



Australian
Council of
Social Service

Introduction of a national standard chart of accounts

ACOSS analysis and implications for social and community services

This analysis has been prepared for the benefit of national and affiliate members of ACOSS, for the Councils of Social Service in each state and territory and for their members. It is intended to provide an overview of, and invite comments on the standard chart of accounts (SCoA) that has been developed by the Business, Regulation and Competition Working Group as part of the COAG National Reform Agenda.

The standard chart of accounts and supporting material can be found at:
<https://wiki.qut.edu.au/display/CPNS/Standard+Chart+of+Accounts>

What is the standard chart of accounts?

The SCoA is a tool to be used in the management of financial information. It will define the way government funders ask for financial information from not-for-profit organisations. The SCoA sets out account numbers, names and definitions for the line items on which social services and community organisations might be required to report on funding from governments at the Commonwealth, state and territory levels.

Why has it been introduced?

It has been widely recognised that not-for-profit organisations spend far too much time on overly cumbersome financial reporting requirements and often have to devote considerable resources to reporting at different times and in different ways on the funding they receive.

In March 2009 the Council of Australian Governments (COAG) made a commitment to reducing red tape for the non-profit sector. The first step in that process was to introduce a standard chart of accounts that would provide a nationally consistent approach to raising funds.

The SCoA has been developed by the Australian Centre for Philanthropy and Nonprofit Studies at Queensland University of Technology. It is based on standard charts of accounts already in use in Queensland, New South Wales and Victoria.

How will it be implemented?

The SCoA will be introduced from 1 July 2010. It will be compulsory for all government departments at Commonwealth, state and territory levels. It will not be compulsory for not-for-profit organisations. While government departments will be using it to inform their financial reporting requirements, social service organisations must decide for themselves whether or not they will adopt it and when.

The SCoA will apply to all new grants starting on or after 1 July 2010. For current grants, organisations can continue reporting as they have been accustomed to, even if the information reported differs from the SCoA. For organisations that adopt the SCoA and want to use it for existing grants, government agencies should accept that too.



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What support is available for organisations wanting to adopt the SCoA?

The SCoA is guided by a number of commercially available accounting packages, including MYOB. This means that the reporting fields can be downloaded and data migration should be automated.

There are a range of infrastructural and other supports available to organisations wanting to adopt the SCoA. These will vary across jurisdictions but may include telephone helplines, resource kits and written materials including training manuals.

The first variation of the SCoA takes account of jurisdictional differences in fundraising and gaming laws. These will be resolved in a 2012 version of the SCoA. There may be other changes over time as the SCoA is improved or refined and to take account of other key developments. A mechanism will be put in place to ensure updates are available to incorporate these for agencies and organisations.

What does it mean for the sector?

The key question is whether the SCoA will improve your reporting processes and reduce the time and effort you spend on them. If you have an efficient and effective reporting system that works for you, you may decide not to adopt the SCoA; or not immediately. Some organisations have already devoted considerable resources to developing their own charts of accounts and may be unwilling to allocate additional resources to adopt the standard model.

However, the SCoA has been designed with the objective of achieving greater consistency and less time spent on financial reporting for sector organisations. In the states where the SCoA has already been introduced, sector feedback on the model has been positive. This does not mean there will be no work involved for organisations to adopt the SCoA – there will be. The question is whether the resources you devote to adopting the SCoA initially will reduce the financial reporting burden on you in the long-term.

Have your say

The Better Regulation Office in the NSW Department of Premier and Cabinet is coordinating national consultation on the standard chart of accounts and has invited feedback from the not-for-profit sector on the model of the standard chart of accounts and its implementation.

ACOSS wants to hear from sector organisations about the SCoA.

- i. Do you have concerns about the design and content of the standard chart of accounts?
- ii. Do you have concerns about the SCoA's implementation?
- iii. If you are already using it, what has been your experience of it?
- iv. Do you plan to adopt it?
- v. If you do not plan to adopt it, why not?

Please provide your comments to ACOSS no later than Friday 5 March, 2010

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