

Sending Funds Overseas

A brief guide for Australian Baptist Churches

What resources do we send overseas and why?

Australian Baptists generously provide both monetary and non-monetary resources locally and globally, as stewards of the gifts God has given them and as a faithful response to the Gospel. As a movement of churches, we have a long history of supporting global mission causes and faithfully partnering with individuals, organisations and local communities across the world.

Today, as local churches partner in mission, they need to be aware of and meet increasing compliance requirements. All activities churches want to send people or resources to overseas have to be evaluated for authenticity and risks.

(For the purpose of this document, the focus is on tangible and intangible resources from organisations distributed overseas.)

Organisations (including Churches) and individuals have differing compliance requirements for sending resources overseas, set by the Australia Tax Office (ATO), Australian Charities and Not-for-profit Commission (ACNC), and the Department of Foreign Affairs and Trade. This document focuses on church compliance requirements.

Where churches and other organisations are registered with ACNC as a charity and/or religious charity[1], in order to send resources (including funds) overseas they are expected to be responsible for compliance with ACNC's External Conduct Standards (ECS)[2].

In summary, the ACNC External Conduct Standards are a set of standards that govern how a registered charity must manage its activities and resources outside Australia. **The standards require charities to take reasonable steps to ensure appropriate standards of behaviour, governance and oversight when undertaking activities or providing funding overseas.**

The External Conduct Standards were introduced to promote transparency as well as provide the Australian community with greater confidence that the sector will ensure that resources sent – or services provided – overseas reach legitimate beneficiaries and are used for legitimate charitable purposes. The standards also seek to protect vulnerable people overseas.

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[1] https://www.acnc.gov.au/manage-my-charity-type/basic-religious-charities

[2] https://www.acnc.gov.au/for-charities/manage-your-charity/governance-hub/acnc-external-conduct-standards

What are we responsible for?

Compliance matters:

For those registered under ACNC, there are four areas of compliance applicable to sending resources overseas:

1. *Activities and control*

   This standard covers the way a charity manages its activities overseas and how it is required to control its finances and other resources.

2. *Overseas activities*

   This standard covers the requirements for a charity to obtain and keep sufficient records for its overseas activities on a country-by-country basis.

3. *Anti-fraud and anti-corruption*

   This standard covers the requirements for a charity to have processes and procedures that work to combat fraud and corruption and identify and document any actual, potential or perceived conflicts of interests in its overseas operations.

4. *Child protection*

   This standard covers the requirement for a charity to protect the vulnerable people that it works with when conducting its overseas operations.

All Australian organisations, regardless of ACNC registration, are also required to comply with the Australian legislation around money laundering, taxation, criminal law and sanctions. ACNC provide a self-assessment document to support this process[3].

If you are unsure of your registration with ACNC, this can be searched here: https://www.acnc.gov.au/charity/charities.

It is important that local churches and other related organisations have in place processes to ensure robust due diligence checks on prospective and existing overseas partners, reviewing and documenting the four key areas outlined above. One way to establish this is through **a partnership agreement**. The nature of the partnership will determine the degree of information required.

Ministry matters:

When a partnership agreement has been established, as well as meeting compliance requirements, local churches and organisations also have a responsibility to consider the **holistic merits of a project** they are intending to support. Key issues to consider include:

- The capacity of the organisation/local partner to effectively deliver appropriate ministry outcomes and agree to appropriate and robust accountability for funds provided
- The benefit of the project to the local community [while also considering any ways the project could hinder local people] and the level of consultation undertaken in assessing these
- The missiological and development approach underlying the project
- The project's commitment to localisation
- The potential sustainability of the project

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[3] https://www.acnc.gov.au/for-charities/manage-your-charity/governance-hub/acnc-external-conduct-standards/self-evaluation



How do we ensure good stewardship and meet ACNC's ECS compliance?

Stewardship of resources and coming alongside communities in local contexts overseas starts by making sure you have good processes in place to meet and manage legal requirements as outlined above. This applies to all money, goods or people going overseas (funding, participating in or sending people to an activity overseas).

A key first step is doing ***due diligence*** to ensure the proposed partner organisation:

- Aligns with your church's strategic mission priorities
- Is a registered organisation that can appropriately receive funds and meet reporting/ accountability requirements
- Has policies and practices in place to ensure child safety and appropriate money use
- Meets your expectations on the holistic merits of the project being supported (as above)
- Signs off on a partnership agreement
- Demonstrates that they can not just appropriately receive but can also acquit funds for the intended purpose and in accordance with the partnership agreement
- Demonstrates that they have a system of governance in place to ensure accountability in accordance with the partnership agreement i.e. a board or similar

These robust checks should be completed before sending funds. And, despite the merits of a partnership or project, where accountability and compliance are difficult to assess, sending people or financial assistance may not be appropriate.

Churches and other organisations should use ***a reputable money transfer platform or bank to send funds***. These platforms monitor what funds are sent and why. To do this, evidence of purpose is required when setting up a financial account and when sending money. The transfer platform or financial institution will advise what information is required.

What are the consequences of not meeting compliance requirements?

While the ACNC prefers to work collaboratively with charities that show the willingness and capacity to improve, there are a ***range of penalties*** that can be applied. Failure to meet ECS can trigger a range of consequences including regulatory interventions, fines, fundraising bans, disqualification of personnel, loss of tax benefits and ultimately the revoking of charitable registration[4].

[4] https://www.acnc.gov.au/about/corporate-information/corporate-policies/commissioners-policy-statement-compliance-and-enforcement

Breaches of the External Conduct Standards (including but not limited to a misuse of funds or failing to protect the vulnerable) also risk ***significant public reputational damage*** for a local church or organisation. This damage impacts our Baptist movement as a whole and our credible public witness. And so, all churches and organisations across our movement that are sending resources overseas have a responsibility to ensure they take all possible steps to meet legal and regulatory requirements.

There are several organisations, including Baptist agencies, that have the ability to set up projects and partnerships as well as offer tax deductible receipting for approved activities that provide humanitarian aid and relief or sustainable and long-term community development.

These agencies, including Baptist Mission Australia or Baptist World Aid Australia, have extensive experience in meeting compliance requirements.

If you'd like support in this area, or would like to explore partnership opportunities, you can contact Baptist Mission Australia, Baptist World Aid or your local State Association.

Baptist Mission Australia: info@baptistmissionaustralia.org - 1800 329 165

Baptist World Aid: hello@baptistworldaid.org.au - 1300 789 991

If you are a client of Christian Finance Australia Ltd and have questions regarding their requirements for overseas payments please contact their client services team at clients@christianfinance.org.au - 1300 650 542

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