



Education

Non-Government Schools Not-For-Profit Advisory Committee Newsletter 2021

Issued on 25 November 2021

Welcome to the first edition of the revised Non-Government Schools Not-For-Profit Advisory Committee's (Advisory Committee) newsletter.

The newsletter is designed to provide NSW non-government schools information and advice needed to comply with the legislative requirements to operate not-for-profit (NFP).

The Advisory Committee recognises that it has been a tumultuous period for schools with the COVID-19 related restrictions. The tremendous effort to quickly pivot to home schooling and back to a classroom setting with significant adjustments in place has not gone unnoticed by the Advisory Committee.

To receive funding from the NSW Government, a non-government school **must** operate NFP as defined under Section 83C of the *Education Act 1990 (NSW)* (the Act). An important part of the Advisory Committee's work is reaching out to all non-government schools in NSW to explain what we do and what it means for a school to operate NFP.

The aim of the NFP requirements is to ensure all school income and assets are directed to the education of students and the operation of

the school. Meeting these requirements gives school communities a greater confidence that all resources are being directed towards enhancing outcomes for students.

We encourage schools, and their proprietors, to take a proactive approach to managing their NFP compliance. The Advisory Committee have developed resources to assist schools to understand and implement NFP compliant approaches. Details of resources are provided in this newsletter and are available on the department's website.

Through this newsletter, we will share important information and relevant updates to support schools in making improvements to school governance and accountability that ensure NFP requirements are met.

Working together, we can strengthen the sector and best support school communities. We welcome your feedback via ngs-compliance@det.nsw.edu.au.

Ms Carolyn Walsh
Chair

What does 'for-profit' mean?

'For-profit' has a specific definition in the Act. A school is considered to operate for-profit if it:

- Uses any part of the school's or proprietor's assets (that relate to the school) or the proprietor's incomes (that arises from the operation of the school) for any purpose other than for the operation of the school.
- Makes any payment/s to a related entity or other person or body for property, goods or services that is:
 - at more than the reasonable market value
 - not required for the operation of the school
 - or in any other way unreasonable.

- Pays board members for their role on the board. This does not include reimbursement for reasonable (and fully documented) expenses incurred as a necessary part of conducting school business.

What's new

Good Governance Principles

The Advisory Committee has released the [Non-Government Schools Not-For-Profit Good Governance Principles Series](#). This outlines best practices in governance to assist schools to meet NFP requirements and includes case studies. It builds on the 10 good governance principles released by the Advisory Committee in 2020. Individual information sheets for each principle are also available.

The 10 principles are:

- [Act ethically, responsibly and in the best interest of the school \(PDF 104 KB\)](#)
- [Compliance with the law and governing documents \(PDF 106 KB\)](#)
- [Board structure and suitability of board members \(PDF 108 KB\)](#)
- [Timely and full disclosures of conflicts of interest and related entities \(PDF 123 KB\)](#)
- [Clear processes for management and oversight \(PDF 106 KB\)](#)
- [Integrity in reporting \(PDF 112 KB\)](#)
- [Assessment of board performance \(PDF 110 KB\)](#)
- [Manage risk \(PDF 107 KB\)](#)
- [Responsible management of finances \(PDF 116 KB\)](#)
- [Accountability to stakeholders \(PDF 109 KB\)](#)

Helpful Templates

To assist schools in implementing the good governance principles, the department has developed some templates that could be adapted by schools for their own needs.

- [Conflict of interest register](#)

- Related party transaction register
- Risk register
- Responsible person training register
- Board skills assessment table
- Compliance action plan

Useful resources

There are a range of resources to assist schools with NFP compliance.

Guidelines

The [Not-for-Profit Guidelines for Non-Government Schools \(PDF 500 KB\)](#) help schools understand their obligations under the Act.

Self-check tool

The [Not-for-Profit Self Check Tool \(NFP Tool\) \(PDF 974 KB\)](#) assists non-government school proprietors to assess their governance arrangements for NFP compliance.

Information sheets

[Not-for-profit compliance process \(PDF 180 KB\)](#)

This information sheet provides an overview of the NFP compliance process.

[Investigations \(PDF 82KB\)](#)

If there is reasonable suspicion of for-profit or non-compliant activity then the Minister may request an investigation under section 83H of the Act. This information sheet explains the investigation process.

[Non-compliance declarations and conditions on financial assistance \(PDF 125 KB\)](#)

If a school is found to be non-compliant with Section 83C of the Act, there will be a number of actions they will need to take. This information sheet explains the declaration and conditions process.

[For-profit declarations \(PDF 533 KB\)](#)

This information sheet explains for-profit activity and its consequences.

Key organisations and contacts

There are a number of sources of information available to schools to assist with NFP compliance and good governance arrangements.

- NSW Department of Education: email NGS-Compliance@det.nsw.edu.au
- NSW Education Standards Authority (NESA): email schoolrego@nesa.nsw.edu.au; phone (02) 9367 8866
- Association of Independent Schools NSW (AISNSW): [General enquiries](#); phone (02) 9299 2845
- Catholic Schools NSW (CSNSW): [contact](#); phone (02) 9287 1555.
- Australian Charities and Not-for-profit Commission (ACNC): [contact us](#); phone 13 22 62

Legislation

- [Education Act, 1990 \(NSW\)](#)
- [Australian Education Act, 2013 \(Cwlth\)](#)

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Previous newsletters

- [Term 3 2020 - Shared Service Agreements \(PDF 197 KB\)](#)
- [Term 2 2020 - Gifts and Honorariums \(PDF 167 KB\)](#)
- [Term 4 2019 - Redress Scheme Payments \(PDF 107 KB\)](#)
- [Term 3 2019 - Shared and Community use of School Facilities and Onsite Ancillary Services \(PDF 166 KB\)](#)
- [Term 2 2019 - Related Entity Transactions \(PDF 119 KB\)](#)
- [Term 3 2018 - Monetary Loans, Donations, Use of School Income, Good Procurement Practices and P&F Associations \(PDF 817 KB\)](#)

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We acknowledge the homelands of all Aboriginal people and pay our respects to Country.

