

What Really Counts

The contribution of Chartered Accountants Australia and New Zealand members to the Charitable and Not-for-Profit sector



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Summary

In May 2016 Chartered Accountants Australia and New Zealand started a research programme to collect and compile information on the contribution of our members to the Not-for-Profit (NFP) and Charitable sector.

To date, little has been known about the nature and extent of members' pro bono and skills-based volunteering.

Online surveys of members in Australia and New Zealand were held between May and July 2016. Two surveys were conducted: an individual member survey and one for Chartered Accountant (CA) firms.

The surveys have given us hard data on members' and CA firms' contributions during the 2015 calendar year, and provide a solid basis on which we can consider ways to support members.

What members are saying...

Respondents to the survey donated over 40,000 days in support of Not-for-Profit organisations in 2015.

This averaged 3.2 hours of time and skills donated per survey respondent per week

These contributions were long term, with many members reporting they had maintained a relationship with a particular NFP for over a decade.

The nature of the support given extended beyond traditional accounting services to mentoring, governance and risk management.

The types of organisations our members supported were across the NFP sector, but sporting and cultural organisations dominated.

Members' contributions had been increasing over the previous couple of years and they intended to continue this into 2016.

What CA firms are saying...

The primary motivation driving involvement in the NFP sector was altruistic; the vast majority simply want to assist community organisations and feel they have a professional obligation to provide pro bono services.

Firms cited a lack of time as the main obstacle preventing them from doing pro bono work.

Australian and New Zealand CA firms identified a number of ways we, as their membership body, could help them contribute more to the NFP sector.

Summary of survey findings

Members want us to:

- provide a location-based volunteer-matching service
- advocate for efficient and effective accounting standards, regulations and guidelines
- maintain an up-to-date and resource-rich website
- improve channels of communication
- provide, via the website, short and focused webinars or materials relating to specific issues that can be readily absorbed
- offer cost-effective and relevant training
- consider skilled volunteer work as a way to meet Continuing Professional Development (CPD) requirements.

What CA firms want from us:

- develop resources to support mentoring skills
- provide support for NFP governance, NFP board skills development and NFP financial management
- provide free or cost-effective training for firms offering pro bono services.

This report is divided into two sections, each dealing with the responses and findings of the two surveys:

- individual member survey
- CA firms' surveys.

Introduction

Keep up the good work

In my travels as president I'm constantly impressed by the amount of volunteering and pro bono work undertaken by my fellow members, supporting the good causes that help bind our communities.

This volunteering ranges from serving a local charity or sports club through to being on the boards of national charities, often utilising their accounting and governance skills. I've been involved in charity work for many years, with a school, a community football and netball association and a few health Not-for-Profit organisations. I find it incredibly rewarding and I know it helps.

Till now we've only had anecdotal evidence of the extent of, and motivations for, these often invaluable activities.

The What Really Counts survey fills that gap.

It shows our members contribute a great deal of time to NFP organisations – an average of more than three hours a week, based on the survey.

And they do it because they just want to help – to do their bit.

In What Really Counts, members also told us how Chartered Accountants Australia and New Zealand can help them to better help NFPs and other organisations in the Charitable sector.



During 2017 we will be rolling out resources to improve on the already excellent work members are doing in their communities.

Volunteering is a commitment of your time, but it is a rewarding one. Keep up the good work.

And if you are not already involved with an NFP, have a look.

Darren Scammell

President, Chartered Accountants Australia and New Zealand

About Chartered Accountants ANZ

Chartered Accountants Australia and New Zealand is a professional body comprising over 117,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-

looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact on the economy, and domestic and international capital markets.

Overview

The Not-for-Profit and Charitable sector is an important part of our community. It has long been recognised that our members generously give their time and skills to support these sectors.

CA firms are increasingly being acknowledged for similar contributions. A small percentage of members work directly for NFP organisations and in the Charitable sector.

Recently we increased our support, including policy work, for members providing services to NFPs.

Anecdotal evidence suggests many Australian and New Zealand NFP organisations rely heavily on the voluntary work of our members. However, little is actually known about the nature and extent of this pro bono and skills-based volunteering. In 2015, we set up a Charity and Not-for-profit Advisory Committee to support our members to drive sustainable social impact. They decided early on that a survey was needed to capture information about members' contributions and activities in the NFP sector.

The Australian Graduate School of Management, the Curtin University Not-for-Profit Initiative and Victoria University of Wellington were appointed to conduct this research programme. The authors would like to thank Dr Jeff Coulton (AGSM) and Penny Knight (Curtin Not-for-Profit Initiative) for their significant assistance in completing this project.

Chartered Accountants ANZ would also like to thank PWC, Deloitte, KPMG and EY for their additional help with the survey.

This inaugural research programme is intended as the start of ongoing collection and compilation of information on the participation of our members and CA firms in the NFP and Charitable sector. The findings in this report provide the first general picture of the types and amount, of the pro bono and voluntary work our members do in the community. The programme will also be a conduit for members and CA firms to let us know how we can assist them to build and improve their long-standing and ongoing contribution to the NFP and Charitable sector.

“I feel accountants are always in demand to sit on committees, boards or provide treasury-related roles within non-profit organisations (as well as for-profit businesses) especially now where corporate governance has become a ‘hot’ topic. Providing some level of resources would be very beneficial, especially to sole practitioners (in a regional area) like myself that have just started becoming involved on committees in a voluntary capacity.”

Survey Respondent

About this report

This research programme has two aims-to:

- determine the level of contribution made by members and CA firms to the NFPs operating in their communities
- find out what we at Chartered Accountants ANZ can do to support and build this contribution.

The findings are based on two online surveys sent to all current Australian and New Zealand members:

- individual members (the Individual Survey) and
- CA firms (the Pro Bono Survey).

The surveys were promoted to members by email, advertisements in newsletters and our member magazine *Acuity*. The surveys were administered online via Qualtrics survey software.



The contribution of members

Respondents reported that they donated over 40,000 days in support of NFPs in the 2015 calendar year. Traditional financial and accounting services dominate the support offered. Many members have also established long-term relationships with NFPs.

Figure 1 Total number of hours donated by survey respondents (n=1,961)

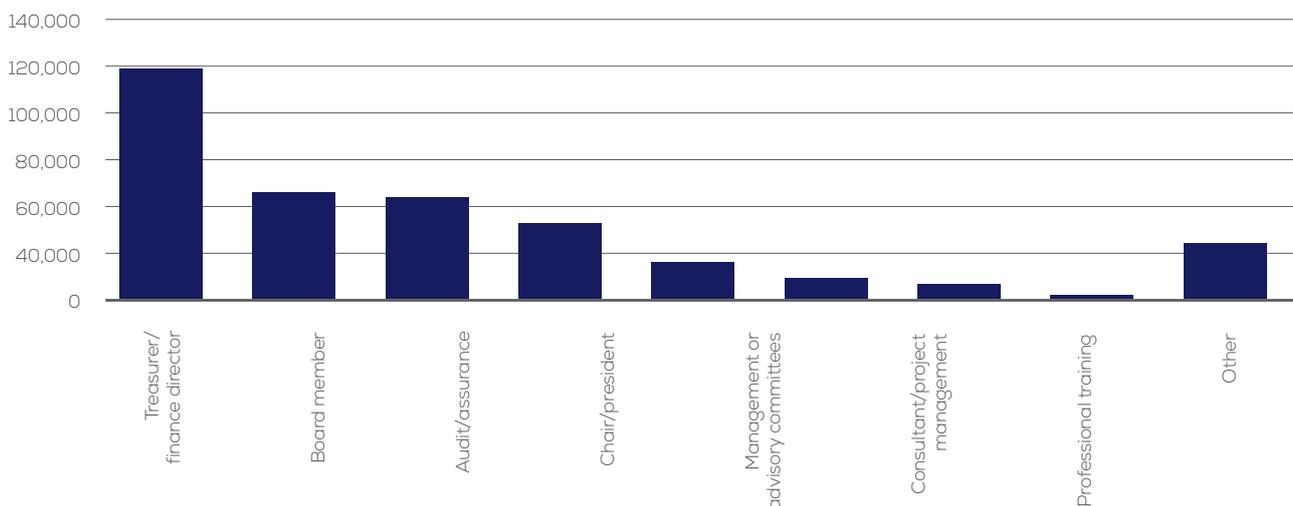
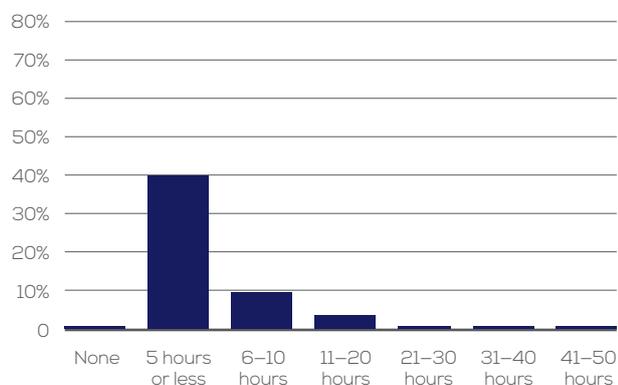


Figure 2 Average hours volunteering per week (n = 1,976)



Nearly nine out of ten (88%) respondents provided services to an NFP organisation in 2015. In total they provided 327,000 hours or just over 40,800 days of service (see figure 1). Most volunteers (71%) provided up to five hours of pro bono professional services each week.

Just over a third of this time (36%) was filling the roles of treasurer or finance director, 17% in audit/assurance services and 16% as a chair or president of an NFP. The other areas included acting as the bank during fundraising events, providing tax advice and providing strategic planning support.

Overall, nearly 70% of donated hours were spent providing services related to the financial management and governance of NFPs. Just 14% of donated hours related to non-financial support including IT, project management and community relations.

Sixty per cent of respondents reported having more than one role, 30% reported having two roles, 16% three roles and 14% four or more. These could be for one or more NFPs (see figure 3). On average, members donated 165.6 hours per year, or three hours per week (see figure 2).

Figure 3 Number of NFPs individual members are volunteering with

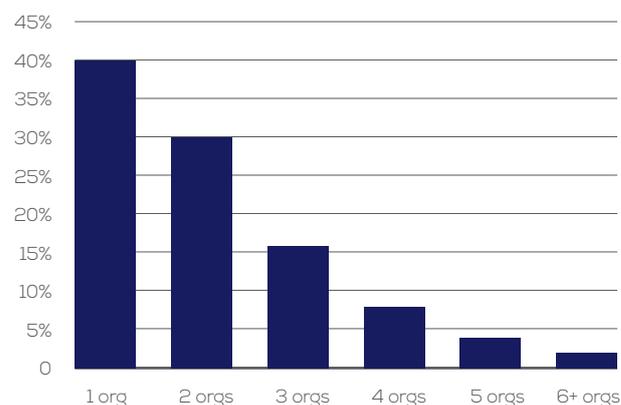
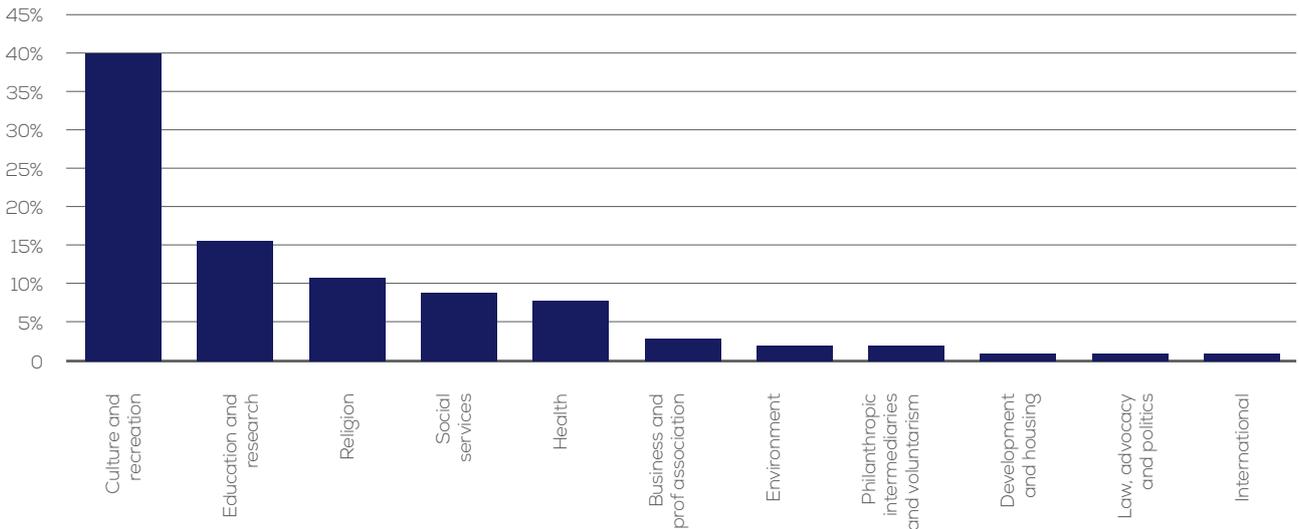


Figure 4 NFP sub-sectors supported by Chartered Accountants ANZ members



Finance and accounting skills in demand

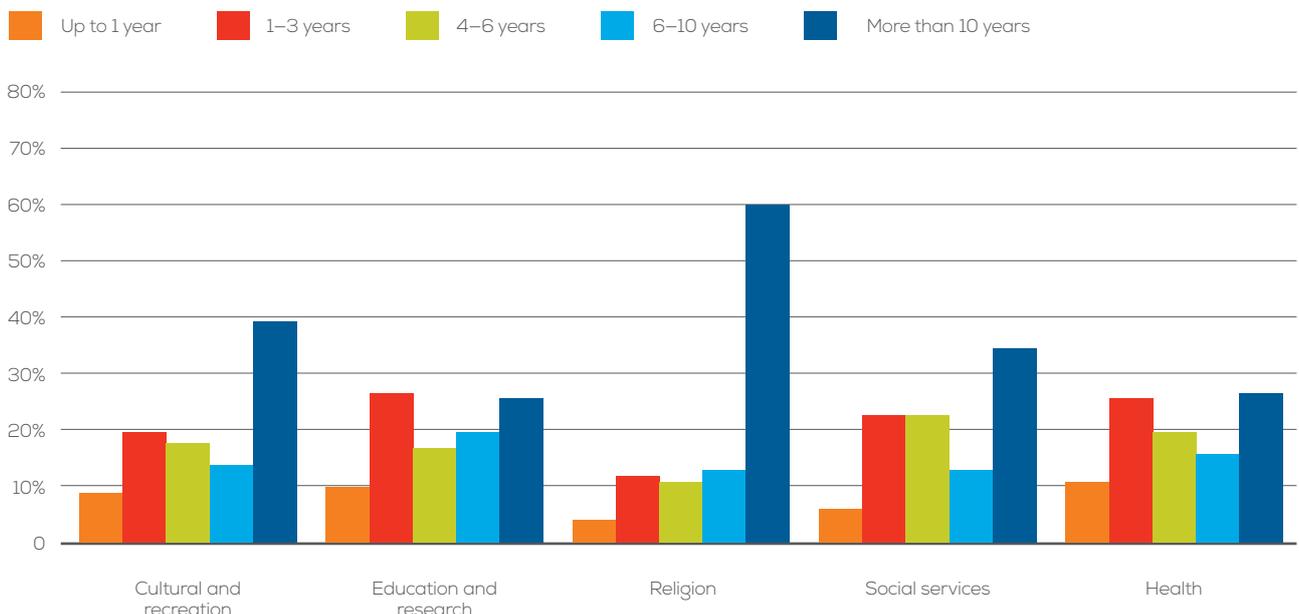
Two-thirds of respondents relied on their financial and management skills when providing services, while 91% placed these skills in the top three. A myriad of other skills were provided, including training, mentoring and risk management, reflecting the diversity of our members and their skills.

The sub-sectors supported by respondents are many and varied (see figure 4). Respondents reported that, in 2015, they donated most time to NFPs operating in the cultural and recreation sub-sector, spending 40% of their volunteer hours with these NFPs. The other main areas of focus were education and research, religion,

social services and health which, together, made up a further 28%. These statistics highlight the community focus of members, with only 3% of volunteer activity in professional and business associations.

Respondents also reported long involvements with the sub-sectors they supported. Figure 5 highlights the periods of service given by respondents to each sub-sector. It can be seen that a considerable proportion of service was undertaken continuously for over a decade. Overall, 47% of those responding to this question reported that they had volunteered for in excess of six years to social service organisations.

Figure 5 Number of years involved in each sub-sector (n = 1,506)



Why volunteer?

Over half of respondents reported that they began volunteering because they were asked (see figure 6). This is an important finding as it shows the most effective method of increasing volunteering is a direct personal approach by those already connected with an organisation, rather than through advertising or promotion. Thirty per cent reported that they had actively sought a volunteer role. Only 2% of respondents said that they volunteer as a result of their employer's community activities.

Members want to help

Members reported that they volunteer because they want to help community organisations and because it brings personal satisfaction. Only a small percentage mentioned that their main reason for volunteering is to bring in paid work (9%) or to build their public profile (19%) (see figure 7).

When asked to rank the top three motivations for volunteering, 98% ranked the desire to help the community in their top three. However, volunteering is a two-way street and 91% also ranked personal satisfaction in their top three. This is useful for NFPs looking for volunteers, as meaningful and useful work will be most likely to retain volunteers' interest.

Employer support for volunteering

Figure 8 shows that half of respondents, when asked about employer support, undertook volunteer work during working hours, and 85% said their employer did not set a limit to the number of volunteering hours. This could also indicate that their employers do not have an explicit policy in regard to pro bono work. However, it is likely that performance management is used to set parameters on the ability of employees to volunteer.

Where formal limits on volunteering were set, the hours were restricted by setting ceilings on time spent volunteering by week (40%), month (12%) or year (33%). A third of respondents reported that they were allowed to undertake two hours of volunteer work per week and approximately one-quarter could do three to five hours. One in five respondents were allowed to spend more than five hours a week on volunteer work. This question only related to volunteering in company time. Members also gave their time outside of work hours.

Member commitment

Respondents plan to continue or increase their current levels of contribution in the next year (see figure 9). One in four respondents increased the amount of time spent volunteering in the 2015 year compared with 2014, and a quarter (24%) expect to increase volunteer time in 2016. However, a third (38%) said they had turned down an opportunity to volunteer in 2015.

Figure 6 How they first started volunteering (n = 2,195)

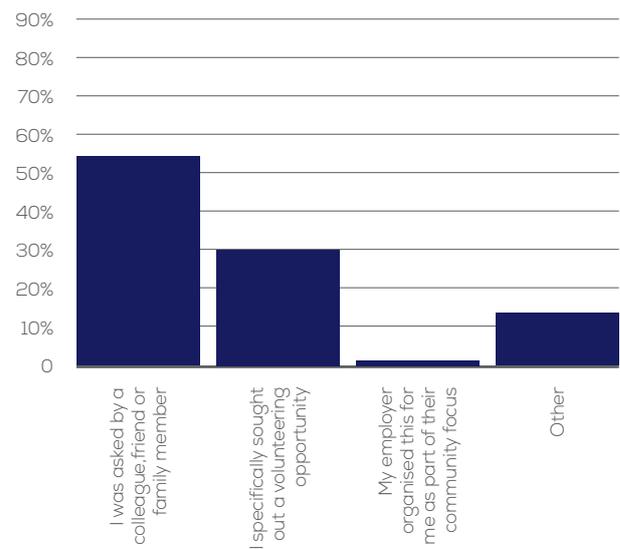


Figure 7 Top motivations for volunteering

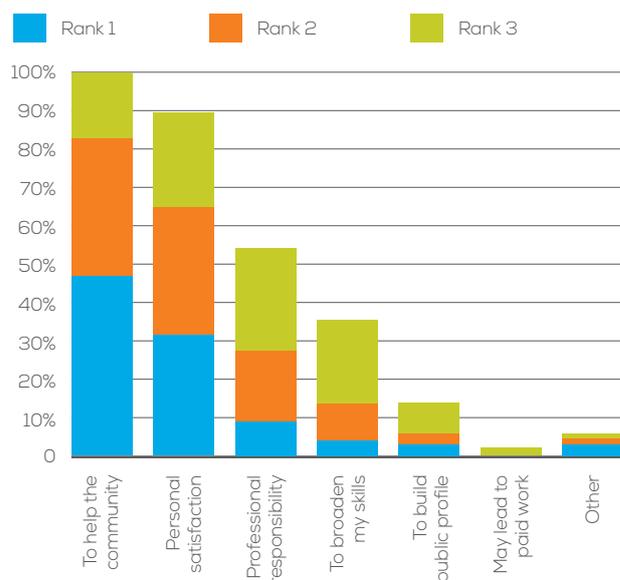


Figure 8 Permitted number of volunteer hours per week (n = 57)

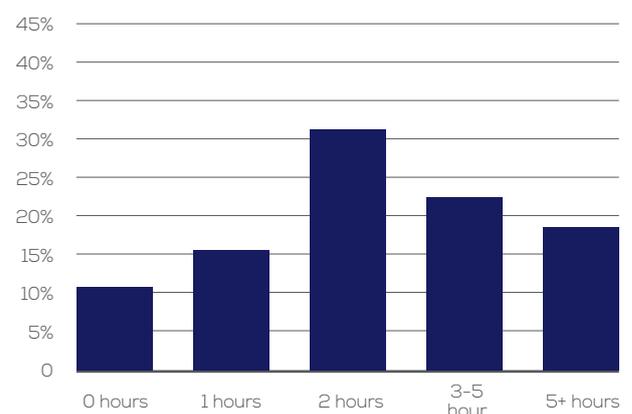


Figure 9 Increase in volunteering in the last year and intentions for the next year (n = 2,065)

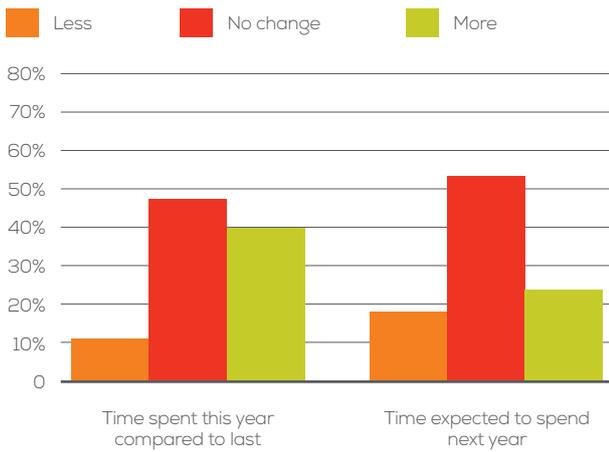
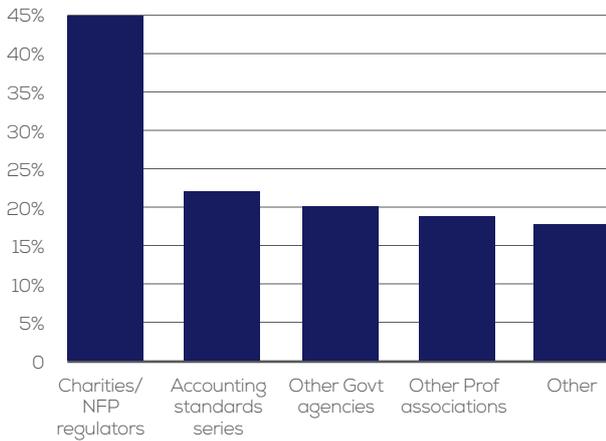


Figure 10 Main sources of support for NFP work (n = 820+)



Member support and information

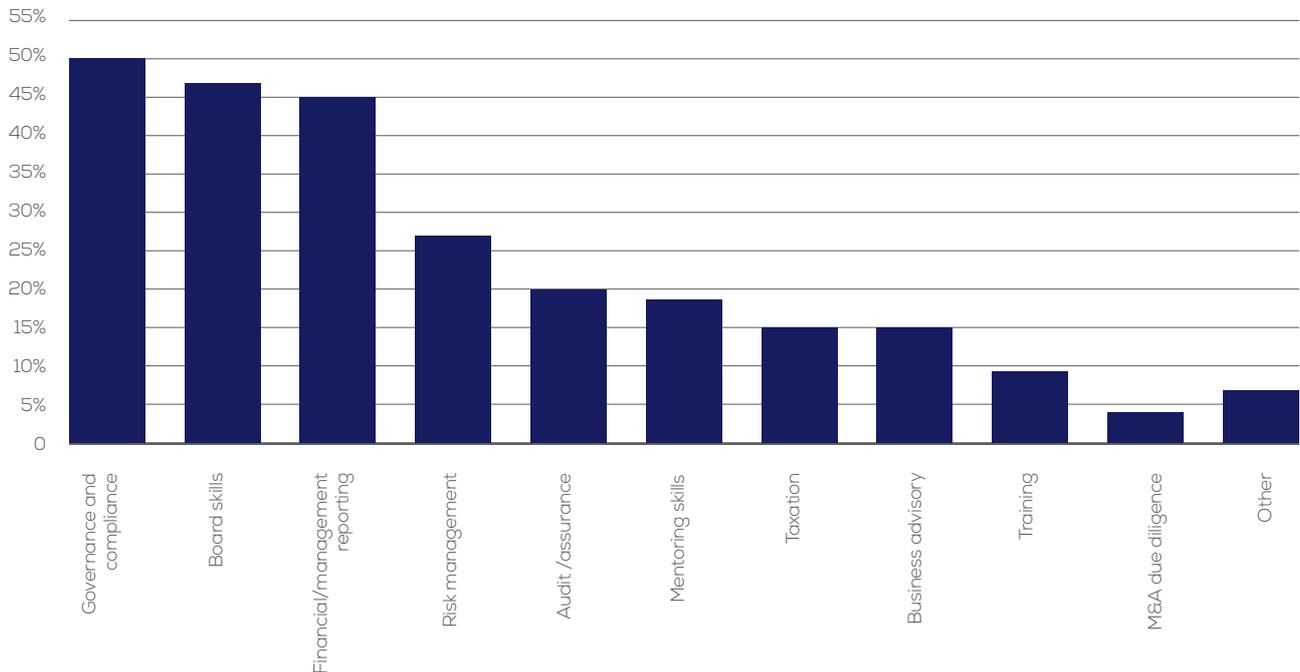
We asked who members look to for support and information to assist them with their work for NFPs. Nearly half said they contact the charity/NFP regulator (the Australian Charities and Not-for-profits Commission or New Zealand's Charities Services). They also refer to the accounting standards, relevant government agencies, other than the charity-specific agencies, and other professional associations (see figure 10).

When asked for more information about the support they use, 129 respondents (71%) said that the most helpful source of information is the accounting standards. This is in line with the findings that much work done by volunteering members relates to financial management.

A relatively small proportion of respondents identified a lack of training as an issue, while mentoring skills and taxation were areas where there appears to be some skills deficiency (see figure 11). While there is much discussion within the broad Not-for-Profit sector relating to mergers and acquisitions,¹ due diligence in this area was poorly represented.

¹ For instance, see Morris, S., "Not-for-profit Mergers Offer Help Where Needed", *The West Australian*, 2016

Figure 11 Specific areas of assistance required (n = 1,164)



What are the obstacles to volunteering?

The single largest barrier to providing more volunteer support was a lack of time. A third of respondents were also concerned about professional risk. Approximately one in five felt they did not have enough information on how to find volunteering opportunities. One in five were not interested in volunteering.

A quarter of respondents felt they were either under-qualified to provide the service required or that there was insufficient support available in building the skills necessary to apply their commercial skills to the NFP sector. This finding matches responses reported in the next section where members see the cost of training as a block both from their employer's perspective and from their own as volunteers.

Twelve per cent of respondents cited their employer's lack of support as an obstacle, suggesting that some respondents who want to volunteer also believe their contribution should be supported by their employer. This may manifest as a direct contribution (for example, a donation) or an indirect contribution (for instance, allowing an employee time off to volunteer). It was also identified that some respondents were able to volunteer during work hours, in some cases where employers saw this work as being in the interests of the practice.

The major obstacles experienced by respondents in the Individual Survey are reported in figure 12.

Figure 12 Obstacles to volunteering (n = 1,841)

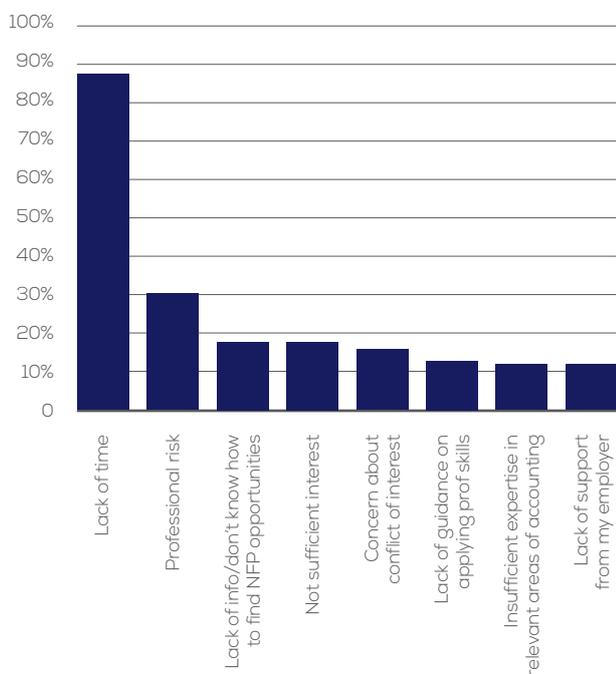
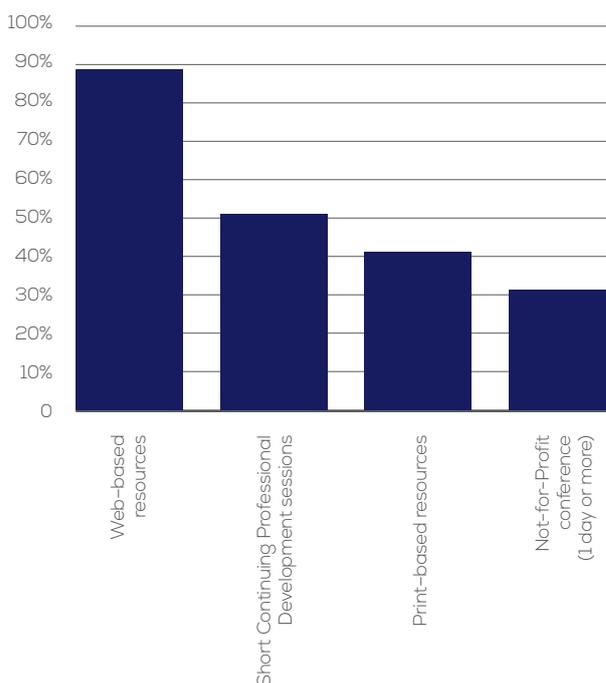


Figure 13 Preferred way of accessing assistance from Chartered Accountants ANZ (n = 1,340)



What can Chartered Accountants Australia and New Zealand do?

As a professional organisation, we want to provide members with the necessary tools to undertake their work. This work is extremely varied and relates to all facets of organisational and commercial management.

Overall, respondents felt that the organisation should consider enhancing its support of members by:

- maintaining an up-to-date and resource-rich website
- providing short and focused webinars or web materials relating to specific issues that can be readily absorbed
- offering cost-effective and impactful training
- providing a location-based volunteer-matching service
- recognising member participation as a volunteer in the CPD requirements.

Respondents were also keen to provide their individual thoughts in relation to this area of the questionnaire. They show a preference for meaningful support including cutting red-tape and industry-specific Accounting Standards. Additionally, some of the feedback suggests that not all communications regarding NFPs are effective. A number of comments indicated more could be done to raise members' knowledge relating to the resources and supports already provided.

Who responded to this survey?

This section provides context to the responses discussed above by reporting on the demographic profile of Individual Survey respondents.

Figure 14 highlights that 41% of respondents to this questionnaire were women and 59% were men. This reflects our current membership mix.

It was expected that senior and retired members would be more highly represented in the survey. To some extent, this is the case. Figure 15 shows that, of the 1,625 people who responded to the demographic questions, 20% were over 60 years of age, while a further 28% were over 51 years of age.

Figure 14 Gender (n = 1,625)

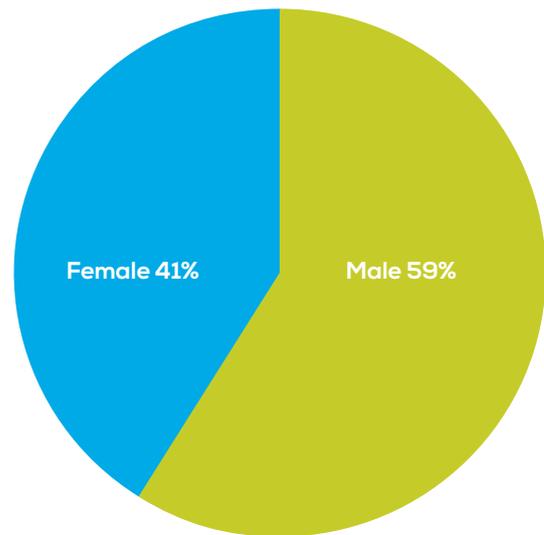
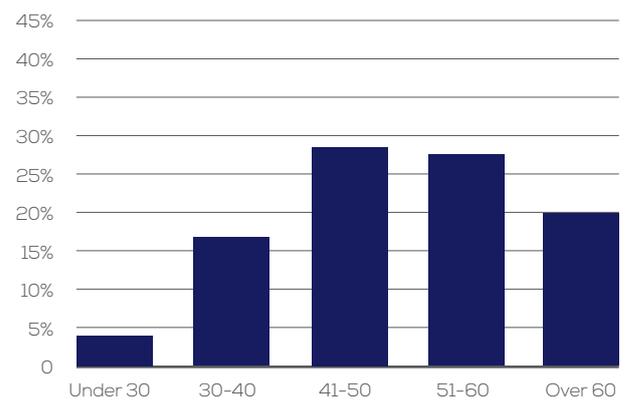


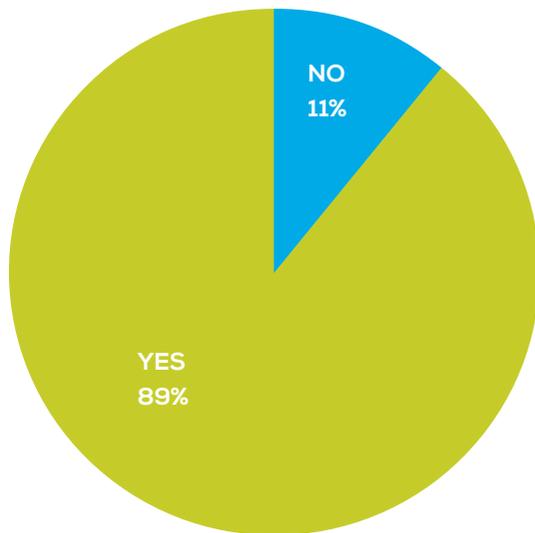
Figure 15 Age (n = 1,625)



The contribution of CA firms

A significant number of CA firms provide pro bono services or support their staff in doing so, but more could be done.

Figure 16 Percentage of accounting practices with staff undertaking pro bono work (n = 266)



Of the 266 CA firms taking part in the Pro Bono Survey, 89% indicated that they had staff undertaking pro bono work. (see figure 16)

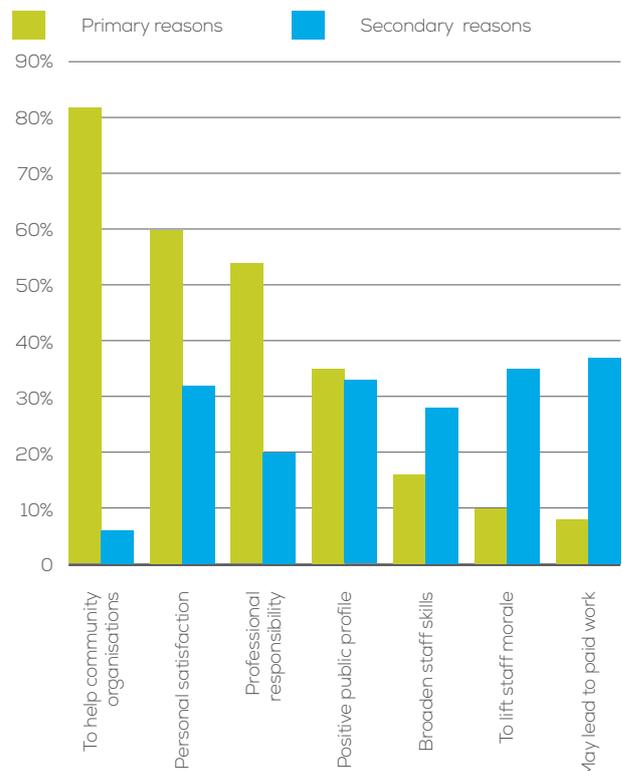
A significant proportion of relationships between firms providing pro bono services and NFPs are ongoing. On average, 65% of pro bono services are ongoing compared to 20% new or one-off engagements.

Why were these firms involved in pro bono work?

Figure 17 highlights the primary and secondary reasons firms gave for providing pro bono services in the first place. Similar to the individual survey, the primary reasons are helping community organisations and achieving personal satisfaction. Respondents also said they are motivated through a sense of professional responsibility.

However, higher numbers of firms than individuals offered the secondary reason, that it “may lead to paid work”, reflecting the impact of multiple stakeholders on decision making compared to individual member decisions. This desire for reciprocal benefits is to be expected, as partners of firms have significantly more responsibility toward their colleagues and employees than individual accountants. As such, they must make resource allocation decisions in the interests of the firm rather than simply their own.

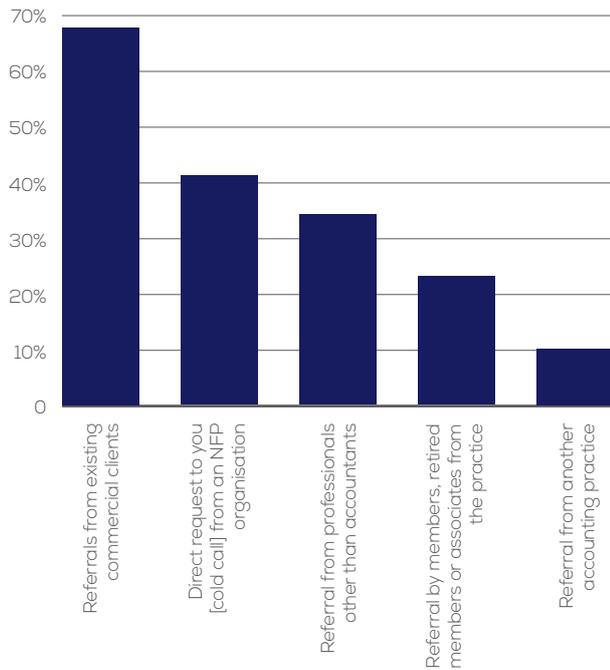
Figure 17 Reasons for volunteering (n = 2,195)



Sources of referral for pro bono work

Similar to the results reported in the individual survey it appears that the main way respondents began volunteering was because someone they knew asked them. A direct request (cold call) is the second largest source of referrals behind those from existing clients. (see figure 18)

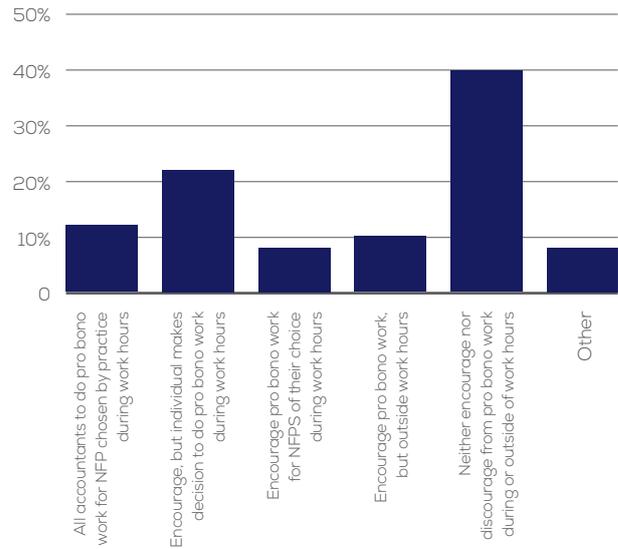
Figure 18 Sources of referral of pro bono work (n = 157)



Interestingly, as can be seen in figure 18, the fifth-most likely source of referral is other firms. This indicates that the referring firms do not undertake pro bono work, they do not have the skills or capacity to support the particular need, or they are too busy to take on the extra work. Comments provided by respondents indicate that there is likely to be far greater demand for the pro bono services of firms than there is capacity to provide it. Firms make decisions regarding whether or not to take on additional pro bono assignments based on a number of factors:

- their current workloads
- the commercial advantages that may arise as a result
- the sector that the NFP comes from (on the basis that building knowledge of one sector is more efficient than trying to provide pro bono services to multiple sectors)
- whether the firm (or accountant) has a personal affiliation with the cause or the people involved.

Figure 19 Philosophies regarding pro bono work (n = 159)



What mechanisms do firms use to manage their contribution?

The importance firms attach to pro bono work impacts on the extent to which their staff become involved in such activities. Figure 19 shows the broad perspectives taken by respondents regarding whether they promote the value of pro bono work in their firms. More than half (52%) reported that they encourage staff to undertake pro bono work in some way, whether during or outside of work time.

Forty per cent of respondents reported that their firms don't actively encourage or discourage their staff participation in pro bono work.

Only 7% of firms reported that they had a policy relating to pro bono work undertaken during 2015. Additionally, 15% reported that their firm has an informal policy, while 2% consider that they are on the path towards establishing a policy. Three-quarters of respondents reported that they did not have a policy in place at all and did not indicate whether such a policy was a priority. This is consistent with the fact that only 9% of respondents reported that they had a mechanism for allocating pro bono work within the firm. It would seem larger firms are more likely to have such policies in place.

What mechanisms do firms use to manage their contribution? (continued)

Responses provided by some firms indicated that they have developed an objective for their pro bono work over and above the benefits described. They take a firm-wide view of their pro bono activities and set goals in relation to the outcomes and impact they seek to achieve. This approach would seem to have merits in the context of staff skills and experience as well as measuring outcomes and accountability within the firm and to the recipients of the firm's pro bono work.

In terms of the supervision of pro bono work, in every instance – and as might be expected – a partner was involved. Twelve per cent of respondents also indicated that the practice had a pro bono and/or volunteering coordinator, reinforcing the importance of this area of activity to these firms. No respondent answered that no one was responsible for this area of activity.

What are the obstacles to undertaking pro bono work?

As with the Individual Survey, firms reported that lack of time restricted their capacity to undertake pro bono work. Thirty-eight per cent of the 181 respondents reported they turned away requests for pro bono work in 2015.

Professional risk and concerns around conflict of interest were also major obstacles to undertaking pro bono work.

They also saw us, Chartered Accountants ANZ, as a source of support when lack of guidance, insufficient expertise and a perceived lack of external practice support were obstacles for pro bono work. This also matches responses identified in the Individual Survey.

Seven per cent of respondents said a lack of information regarding how to contact NFPs prevented them from undertaking pro bono work. This finding is useful in highlighting the opportunity for us to create connections between firms and the NFP sector in need of the firms' expertise.

Figure 20 Obstacles to undertaking pro bono work (n = 147)

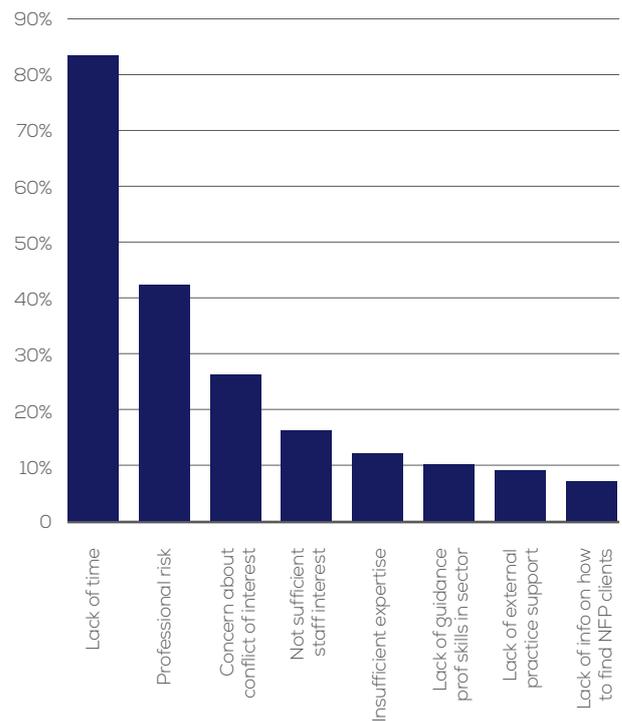
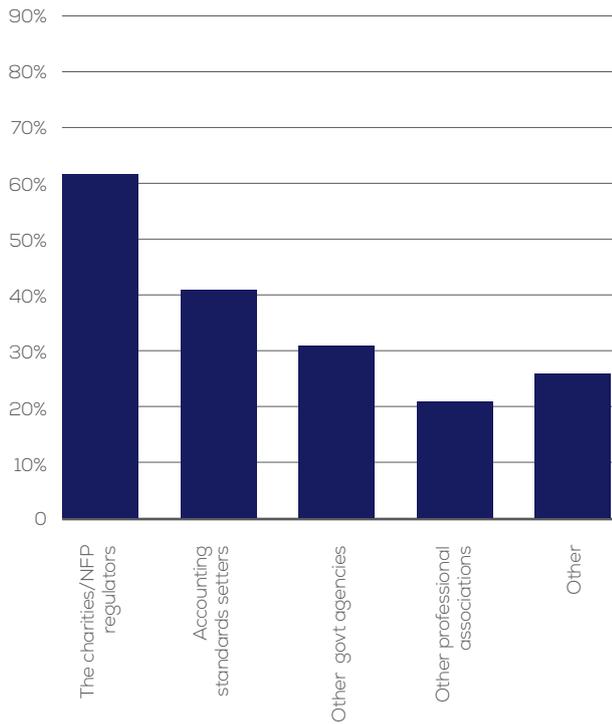


Figure 21 Sources of support (n = 141)



What are the main sources of support?

As with individual members, national charities regulators are seen as the primary source of guidance for respondents.

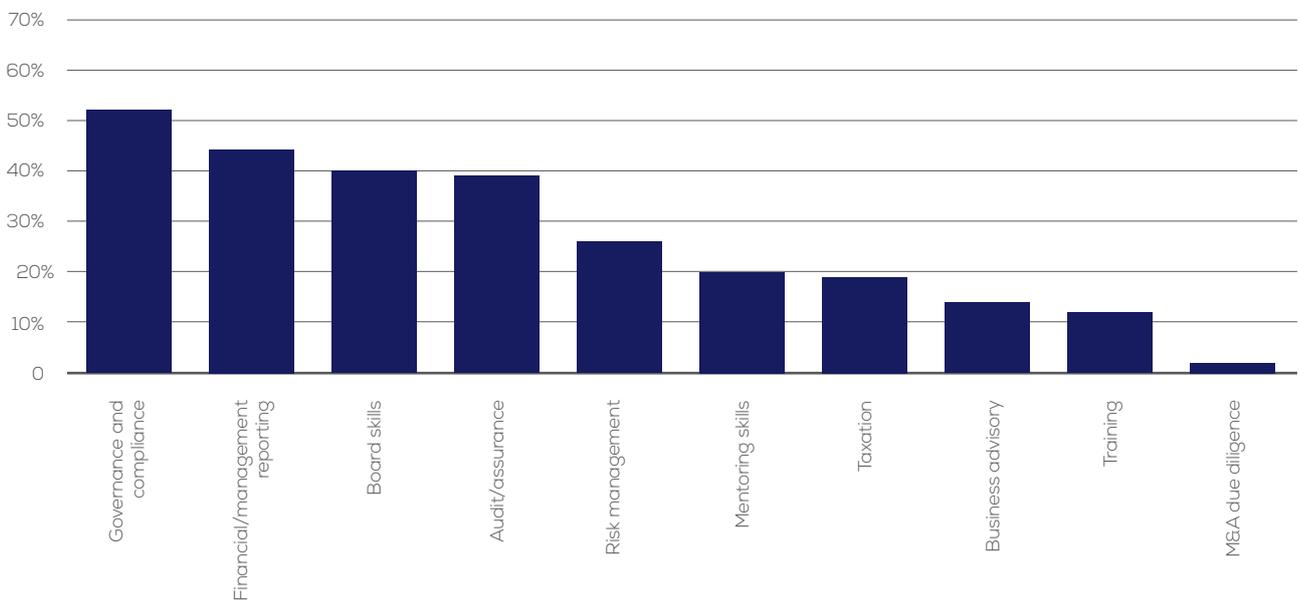
The accounting standards setters are also identified as a primary source of support, while other professional associations and government agencies are also valued. (see figure 21).

What do these firms do for NFPs?

Unfortunately the questions relating to service types were not completed by most respondents. This means that this report cannot categorically set out findings relating to the types of services provided by firms in their pro bono work. However, anecdotal evidence, combined with responses provided by firms and the support needs expressed, give a reasonable picture of the kind of services sought by NFPs from pro bono service providers. These include:

- financial management services
- governance services and support, including acting as treasurer and chair of NFP boards
- audit services
- mentoring.

Figure 22 Support required (n = 143)



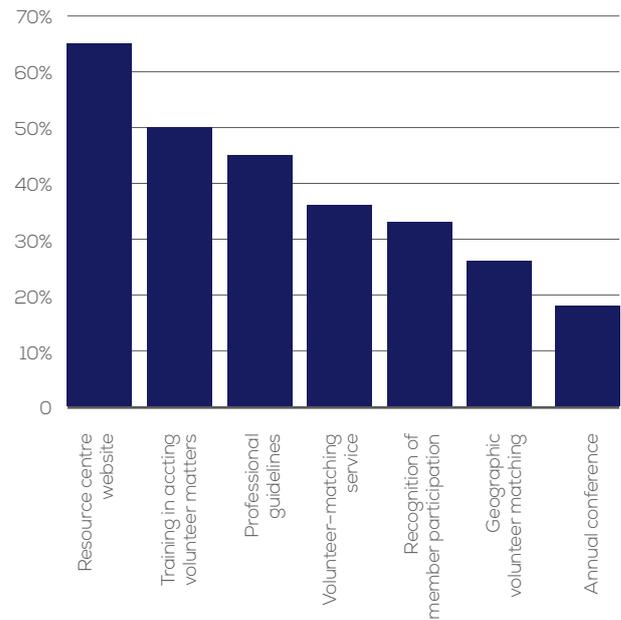
What support can Chartered Accountants ANZ provide?

The respondents were very clear about the things they thought we as an organisation could offer to support member firms in their pro bono activities. (see figure 22). These are readily identifiable as typically financial and accounting services. However, mentoring skills development, training skills development and mergers and acquisition advisory skills were all sought by the firms as well.

Comments also suggested a need for pro forma accounts for small NFP entities, more support required for the NFP discussion groups, and cheap or free training for firms actively involved in pro bono work.

Additionally, figure 23 points to the kinds of initiatives respondents consider the organisation could pursue to support firms undertaking pro bono work. As with most responses reported in this section, these initiatives are the same as those for the Individual Survey.

Figure 23 Initiatives that Chartered Accountants ANZ could undertake (n = 129)



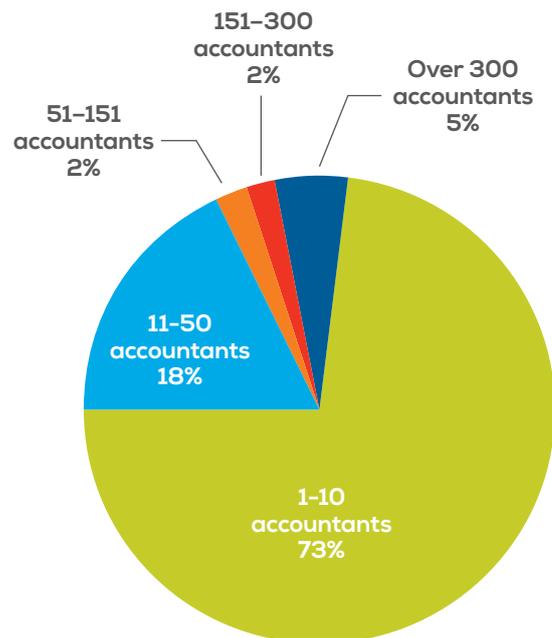
Who responded to this survey?

In total, 266 accounting firms responded to the Pro Bono Survey. Of these, 58% are sole practitioners, 31% have two to five partners, 6% have six to 50 partners and 5% have over 50 partners. Nearly three-quarters were small firms with fewer than 10 accountants, and 18% had 11 to 50 accountants.

This broadly reflects the distribution of member firms in Australia and New Zealand.

Figure 24 provides a breakdown of the respondents by numbers of accountants employed in the firm. Not all of these employees were necessarily members. Clearly, the vast bulk of respondent employees are employed in small firms, indicating an area of need for our ongoing support to members who donate their time to NFPs.

Figure 24 Employment profile of the firms in the sample (n = 163)



Document data

About the surveys

The Individual Survey was emailed to all members in May 2016 and was open until July 2016. It consisted of 31 questions, including an option to provide free text answers to some questions.

The survey excluded elements such as monetary donations, non-accounting work and travel time.

The survey was completed by 1,633 members. In this report, the results include an indication of the number of responses counted (n). The data was cleaned and a small number of amendments were made by removing obviously erroneous outliers...² All data collected related to the 2015 calendar year.

Pro Bono Survey

Sole practitioners were asked to complete the Pro Bono Survey rather than the Individual Survey.

One hundred and seventy-two respondents completed all questions.

In the survey Pro bono and skills-based volunteering involvement were defined as providing professional services for free, or at a substantially reduced fee, to Not-for-Profit organisations. Not included were:

- professional services provided under a grant received from a government funding agency
- any services provided under a contingency fee arrangement
- the sponsorship of cultural and sporting events
- work undertaken for business development and other marketing opportunities.

Caution

In interpreting this data and using this report, readers should take the following into account:

² For instance, one respondent reported that they had spent over 5,000 hours volunteering in 2015 – or over 100 hours per week.

- The respondents to both surveys were self-selecting. Therefore it is unlikely that the findings identified in this report can be extrapolated to the entire population of members or firms.
- Not all data gathered has been included in this report. Due to the number of data points collected, we were unable to report on all elements and so selected the key elements we believe reflect the key findings relevant to the research purpose. The unreported data may be examined at some point in the future.
- The findings reported here constitute foundation data only.

The study was subject to the ethics requirements of the universities involved.

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