



FOCUS GROUP 3 – NARRATIVE REPORTING

Background

ED1 for Section 35 *Narrative reporting* and its Invitation to Comment acknowledged that, in rare cases, mandatory narrative reporting disclosures could pose a risk of harm to NPO staff, volunteers, the public, and service recipients. Both ED1 and subsequent drafts of the authoritative guidance for Section 35 allowed for the non-disclosure of certain mandatory requirements if an NPO is involved in sensitive activities. This approach was also supported by the Implementation Guidance.

Responses to ED1 and feedback from the focus group highlighted a wide range of perspectives. These ranged from the need for effective reporting of the categories required by Section 35 for users of NPO general purpose financial reports, to concerns that meeting these requirements could risk exposing sensitive information or hinder the NPO's ability to fulfil its mission.

Considering the strength of individual views, the INPAS Secretariat is concerned that the guidance developed to meet the concerns of respondents might not meet its original intention. More prescriptive guidance may be more problematic for NPOs that have sensitive information, than seeking to meet information requirements based on principles.

Given the challenges outlined above, the INPAS Secretariat is now proposing to remove the exception for sensitive information in the Section 35 authoritative guidance. Instead, the reporting of sensitive information will be addressed Implementation Guidance for the section.

FOCUS GROUP DISCUSSION

The Secretariat seeks focus group members views on the following extracted draft Implementation Guidance for sensitive information.

Discussion Question

Does the Draft Implementation Guidance balance the need for transparency for the users of general purpose financial reports offered by effective narrative reporting with the risk that meeting those requirements might be sensitive or prejudice the ability of the NPO to deliver its mission?

EXTRACT DRAFT IMPLEMENTATION GUIDANCE

What is meant by sensitive information or information that could prejudice the ability of the NPO to deliver its mission?

- IG35.1 Sensitive information will arise when the mandatory reporting requirements of Section 35 would compromise the safety or wellbeing of individuals working/volunteering for the NPO, or those to whom it provides goods and services, because the information is sensitive and/or could prejudice the ability of the NPO to deliver its mission.
- IG35.2 An NPO should present the narrative reporting information required by Section 35 related to those operations and activities that does not result in sensitive information. An NPO should not provide any information that would have the effect of highlighting the nature or substance of sensitive information.
- IG35.3 It is not possible to provide an exhaustive list of types of sensitive information or circumstances which could prejudice the ability of an NPO to deliver its mission. The following are therefore provided to be illustrative of the possible consequences of disclosing information that would qualify as sensitive:
- risk of personal harm, either physical or otherwise, to employees or members of their close family;
 - risk of persecution, harassment, social exclusion or displacement of service beneficiaries;
 - disruption to services, for example, by risk of damage to buildings, other assets or equipment or logistical difficulties in delivering services to service recipients;
 - release of personal information about service recipients or beneficiaries, for example, patient details.
- IG35.4 The guidance in paragraphs IG35.1 to IG35.3 should not be used by NPOs as a way of hiding poor performance or financial problems that may have arisen with aspects of its operations.
- IG35.5 When sensitive information as described in paragraph IG35.1 has not been reported an NPO should consider whether any disclosures can be made in the narrative report about the information excluded. For example, an NPO providing healthcare support may decide not to report certain information related to the services it provides to patients to avoid reporting personal or confidential information. The NPO's narrative report may include commentary to explain that personal and confidential information has been excluded and to indicate what information it has therefore been able to provide.
- IG35.6 An NPO will remain in compliance with the requirements of INPAS in circumstances where sensitive information has been excluded from the narrative report as long as the exclusion of information arises from risks to safety or wellbeing and prejudice to the as described in paragraph IG35.1 and IG35.3 Nothing in the Implementation Guidance on sensitive information in narrative reporting or grant expenses will prevent an NPO from complying with its legal responsibilities or any of the professional or fiduciary responsibilities of any of its officers.