

# THE VICTORIAN COMMUNITY SECTOR'S ACCESS TO ACCOUNTING SKILLS

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## Abstract

Accounting skills are important for the continued viability and growth of organisations. However, many organisations in the community sector are faced with problems unique to the sector making the acquisition of accounting skills particularly difficult. This paper explores the issues faced by Community Organisations (CO) to gain access to appropriate accounting skills.

The study is centred upon answering three questions: 1) What are the accounting skills required by community organisations? 2) What level of understanding of accounting is there in the Victorian community sector? 3) How accessible are accounting skills to the community sector?

The answers to these questions were obtained through interviews with people involved with the community sector either as managers of intermediate organisations or community organisations.

The findings of this research show that access to accounting skills in the sector is uneven. The evidence also suggests that the uneven access is the result of a number of barriers including: a lack of funding; a lack of time; limited availability of appropriate accounting courses; a lack of awareness by volunteer and paid staff, and board members of the need for basic accounting knowledge. Recommendations to overcome these barriers are also made\*.

**Keywords:** Community Organisation, Accounting Skills, Capacity, Viability

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## 1 Introduction

The purpose of this study is to gauge the extent to which the Community Sector, also known as the third sector or the not-for-profit sector, in the State of Victoria, Australia, has access to accounting, in particular the ability to read and interpret financial statements and use accounting information in decision making. These skills are important for the continued viability and growth of third sector organisations. While the non-profit literature has explored the importance of capacity building for third sector organizations to be able to pursue their mission, and while the importance of an understanding of accounting to capacity building is accepted, there has been little discussion of how community organizations (COs) are meant to access accounting. Many organisations in the community sector are faced with problems, unique to the sector, that make the acquisition of accounting skills and knowledge particularly difficult.

According to Lyons and Passey (2006) the Cross Cutting Review of the voluntary and community sector in the UK found that while the sector was playing an increasingly important role in delivering public services the UK government did not provide parallel support for the sector to develop its infrastructure and

management capacity. This has, according to Lyons and Passey resulted in the erosion of core financial and management capacity of many voluntary and community organisations in the UK. This observations made by Lyons and Passey illustrates the importance of access to accounting skills (AS) for the continued viability of third sector organisations.

For the purposes of this paper access to AS includes: the ability to acquire AS from outside the community organisation (CO) either on a fee-for-service basis or pro-bono; employees and/or volunteers undertaking appropriate accounting training; employees and/or volunteers being able to undertake appropriate accounting courses. In this paper AS include:

- a) Having a basic understanding of the accrual accounting system;
- b) Having the ability to read and understand a COs financial statements;
- c) Having the ability to analyse a COs financial statements;
- d) Having the ability to use the information gained through the analysis of the financial statements in decision making.

The skills listed above are considered to be important for the continued viability and good governance of Victorian CO. The introduction of the

National Disability Insurance Scheme (NDIS) will mean that community support groups, working in the disability sector, will be required to tender for the provision of services, in competition with for-profit service providers, requiring the COs to have basic AS.

## 2 The third sector and accounting skills

According to Helmig, Jegers and Lapsley (2004) accounting and auditing are not seen as being important by Non-profit organizations (NPO) nor by NPO researchers. One reason for this lack of interest in financial matters is the difference in culture between the for-profit and non-profit sectors (Feeney, 1997). Simsa (2003) argues that third sector organizations have different logics than business organisations. For example Kluvers and Tippet (2011) have argued that stewardship theory is more applicable to NPOs rather than agency theory, which is the accepted basis upon which businesses operate. Third sector organizations have different aims to those of business, and are confronted by resource constraint on the one hand and almost unlimited demand for their services on the other. These factors may explain why there is a reluctance to take on business values and practices by third sector organizations (Panozzo and Zan, 1995).

Another reason for the limited interest in AS by NPOs is their emphasis on program delivery. According to Rivenbark and Menter (2006) third sector organisations prefer to use their limited resources to develop and operate programs rather than develop organizational capacity. In a study of the role of intermediary organizations in the capacity building, of local NGOs, Sanyal (2006) found that many local NGOs lacked financial and human resources and were concerned about financial sustainability. The ability of local NGOs to run programs was compromised by a lack of resources indicating the importance of the organization's ability to manage its finances, and therefore the importance of AS.

The importance of accounting to the continued viability of COs is further emphasised by Greenlee and Trussel (2000). The authors argue that by analysing their financial statements, using financial ratios, CO can monitor their viability. The ability of COs to analyse their financial status is important to their continued operation given that most COs operate under conditions of severe resource constraint. Greenlee and Trussel (2000) concede that the findings of research into the use of financial ratios in the business sector may not be directly applicable to the third sector given the difference in purpose of the two sectors and therefore underscores the need for the development financial ratios NPO. However, the ability to undertake ratio analysis, as suggested by Greenlee and Trussel assumes a degree of accounting knowledge that may not exist in many COs.

The fundamental differences between business organizations and CO extend to the operation of accountability. In business the basis upon which accountability operates would appear to be agency (Helmig Jegers and Lapsley, 2004), while in the third sector the basis for the operation of accountability is more likely to be stewardship (Kluvers and Tippet, 2011).

This means that within COs accountability relationships extend beyond the one-way agency relationship between management and staff member that predominates in business to three-way accountability between staff, staff and management and between the NPO and its stakeholders.

The importance of accountability to the operation of COs is argued by Ebrahim (2003) who posits five dimensions of accountability in third sector organizations: reports and disclosure statements; performance assessments; participation; internal-external accountability and functional-strategic accountability. The 'downward', 'internal' and strategic aspects of accountability describe the NFP's accountability to clients, supporters, staff, and the wider community. Flack and Ryan (2006) support Ebrahim's position by concluding that the not-for-profit sector should engage in long-term capacity building by developing downward and internal accountability. According to Buckmaster (1999) the development of the internal, downward and strategic dimension of accountability should enhance the governance and effectiveness of NFP organisations.

However, the development of a multi-faceted accountability is underscored by having access to AS. The development of the accountability advocated by Ebrahim (2003), Flack and Ryan (2006) and Buckmaster (1999) requires an understanding of accounting on the part of paid staff, management, volunteers and board members. If, as is argued in this paper, NPO operate on the basis of stewardship then it is important that all those involved in the operation of the organization have the AS required to be able to read, understand and analyse the financial reports and be able to make decisions that will enhance the continued viability their organization.

## 3 The importance of accounting skills to the community sector

The importance of AS to the viability and development of community organisations has been argued in the NFP literature by, Finkler (2010), Holland and Ritvo (2008), Zietlow, Hankin and Seidner (2007) and Anthony and Young (2003). Also Fredericksen and London (2000) contend that internal organizational capacity enables organizations to implement programs and achieve goals and is derived from various elements within the organization. They propose that there are four elements of organizational capacity: 1) Leadership and Vision, 2) Management and Planning, 3) Fiscal Planning and Practice and 4)

Operational Support. The AS listed at the beginning of this paper are significant component of elements 2, 3 and 4. The ability to manage and plan in a resource constrained and changing environment is essential to the survival of NFP organizations. While fiscal planning enables a NFP organization to support and develop programs with adequate and predictable financial resources. While day-to-day operations are dependent upon the existence of an accounting system.

Fredericksen and London (2000) go on to argue that capacity is centred upon the existence and use of a formal fiscal systems incorporating fundraising, financial tracking systems and financial reporting systems. A formal fiscal system provides important information for planning as well as evidence of accountability. The elements of capacity operate interdependently with other organizational components such as the existence of a budget and the process of developing the budget both indicating the ability of an organization to adapt to its environment (Fredericksen and London (2000).

Arguing in a similar vein, Ritchie and Kolodinsky (2003), state that capacity building is supported by management skills, particularly financial management skills. They argue that the ability to use financial analysis by NFP managers is important for ensuring sound financial management of NFP organizations and enabling the organization to fulfil its objectives. However, the position taken by Cuthill and Fien (2005), that capacity building is not just about financial sustainability, must be kept in mind. However, the potential for AS to underscore capacity building in COs, enabling the delivery of programs and continued viability has been established in the discussion above.

This brief examination of the literature highlights the importance of AS to the community sector and underscores the importance of the sector having access to those skills. However, the provision in many countries of sector specific education as described by Mirabella et al (2007) is by comparison minimal in Australia. While the *Stronger Community Organisations Project Steering Committee Report* (2007) recognises the need for the sector to build capacity the report says little about how this is to be achieved. The report does not provide a working definition or an explanation of capacity building and therefore it is unable to provide specific recommendations for developing capacity in the sector. The literature has highlighted the importance of AS for building capacity in COs, however to date little has been done by the Victorian State Government to assist the sector to access AS. As a consequence the acquisition and development of AS within the community sector has been left to umbrella organisations or individual CO.

#### **4 Accounting skills and the Victorian community sector**

The environment in which Victorian COs operate and the sector's structure make the acquisition of AS difficult, while, at the same time, important to the continued viability of CO. The Victorian community sector is diverse in terms of size, location, income and the activities undertaken. The "Stronger Community Organisations Project Steering Committee Report" of 2007 points out the numerous activities undertaken by community organisations and the importance of those activities to the broader Victorian community. According to the report there were in excess 120,000 third sector organisations in Victoria. The report also quotes from a 2004 Consumer Affairs survey that found that most associations had a small membership i.e. 25% > 20 members and approximately 50% having > 50 members. The survey also found that approximately 50% of associations were located in regional Victoria. Only 18.6% of rural associations employed staff while 26.2% associations located in Melbourne and 27% of those located in regional centres employed staff. It is reasonable to assume that the level financial managements skills and access to financial management skills training will be affected by that diversity.

Most of the community groups are small and most will not have the resources to employ an accountant and will find the cost of accounting services prohibitive. Many community groups employ bookkeepers ensuring the basic maintenance of the organisation's accounting system. However, bookkeepers may not have the skills to undertake an analysis of the organisation's financial results or be able to use the results of the analysis in decision making. In addition, many community groups are staffed by volunteers who do not have the time or the inclination to become involved in the financial management of their organisation.

Many COs, particularly those in rural areas, are limited in their ability to acquire financial management skills because the nearest provider may be many kilometres away. Access to courses is also limited by the time commitment required to undertake a formal course and the time the course is running. In addition, there are very few courses available that specifically deal with the financial management of not-for-profit organisations. Having insufficient resources would also limit the access to AS training or the ability to pay for accounting services.

#### **5 The research issues and method**

The literature has argued that access to AS by the Community Sector is important for the continuing viability and development of COs, however, our understanding of the sector's needs and the issues surrounding appropriate AS are not widely understood. COs are fundamentally different from business

organisations; their purpose is different, the basis upon which they operate is different, but despite these differences AS are important for capacity building and good governance of COs.

However, the differences between the third and business sectors mean that there are barriers to COs acquiring AS. First, the relevance and importance of accounting is not questioned in the business sector; this is not necessarily the case in COs where the mission of the organization is of prime importance. Second, generally there is a greater degree of financial literacy within the business sector than in third sector. Third, while access to business accounting and book-keeping knowledge can be easily obtained through courses or the accounting profession access to AS specific to COs is problematic. In addition, the resource constrained conditions under which most COs operate may discourage the acquisition of AS.

The purpose of the research reported in this paper was to gain a greater understanding of the issues surrounding the development of AS in the community sector by answering three questions:

1. What are the financial management skills required by community organisations?
2. What level of understanding of financial management skills is there in the Victorian community sector?
3. How accessible are financial management skills to the community sector?

The answers to these questions will provide an indication of the degree and depth of AS within the community sector in the State of Victoria and the ability of COs to acquire AS.

Interviews were conducted with the management of three large Not-For-Profit (NFP) organisations. All three organisations have been in existence for a considerable time and are financially strong. Interviews were also held with the management of three intermediary organisations. Two of the organisations provided finance to the community sector and one provided training and consultation services to the sector. The three organisations have been in a position to observe the level of financial management skills in the community sector for a number of years.

The interviews centred on the three questions. The interviewees were each sent a list of the proposed questions before the interview. Each interviewee was asked if they wished to add or delete questions and if they agreed to have the interview recorded. All interviews were undertaken in just over an hour. The interview material presented in this paper has not been edited.

## 6 Financial management skills required by community organisations

The opinions gathered in the interviews supported the position established in the literature that the acquisition and development of AS are important to

the viability of community organisations. The CEO of one of the intermediate organisations stated that:

*In the training that I do with non-profit managers and decision makers I tell them that they need to be able to read three reports. They need to be able to read the Profit and Loss to Budget, so they need to be able to work out and prepare a budget and then sign it off and then seek performance to that budget monthly, they need to be able to read and understand a balance sheet, they also need to understand cash flow reporting.*

The ability to be able to read and understand the three financial statements was considered to be an essential skill for the managers (and by implication board members) of COs. In addition the ability to understand an organisation's financial statements was linked to the preparation and monitoring of the budget. The CEO also stated:

*I think most people who have served boards of some description in their past have sat in front of a balance sheet and had a look at their P&L, but the key is the interpretation, as far as really understand most of them would say, yes I have financial management skills, but maybe the lack of understanding and the way you should interpret that information is really the key for boards and management,.... It's very significant for an organisation that only has \$2,000 in the bank. So I think that while there are many organisations that do say they understand finances, the way in which they are using those skills or do they have enough skills to use them to interpret their position is a very different thing.*

The ability to read financial statements was considered by the interviewee to be a minimal requirement for board members. However, the ability to interpret the financial statements was seen as essential but a skill that was underdeveloped in the sector.

A manager of an intermediary providing finance to the sector argued that:

*You've got to have good financial analysis to help set the direction for the future, and the sustainability. Well, they're running a small business, or it might even be a large business. They're running a business as a verb and they've got to be able to do the business and understand what it is that they're working with, and what they're working with is other people's money, invariably, it could be donors' money, grant money, they could be borrowing money, they need to pay people and pay them for their salaries and their time and they have to pay for things and they have to pay to get programs run and then there's the facilities that they pay for, so that's all around money, and the financial management of that is, it's critical for success. You've got to know where it is, where it's coming from, where it's going.*

The importance of being able to understand analyse financial statements was reinforced by the quotes above. Again the ability to undertake analysis was linked to the ability to plan and monitor. The link

between being able to undertake financial analysis and planning was reinforced by the following quote. The interviewee expressed the concern that viability of community organisations would be undermined by the inability to analyse and plan.

The CFO of a large not-for-profit organisation reinforced the concerns of the previous interviewee by pointing out that:

*You're really lurching from pillar to post, watching to see if you're going to get the next grant, award or sponsorship deal. It's very difficult to project into the future under those circumstances, particularly for not-for-profit boards where their heads are not in the business all the time, it's more of a reactive scenario. So for you to be able to even predict, and even quite often that sort of scenario comes hand in hand with maybe a lack of strategy, so if there's no strategy or no costing of that strategy which is a business plan, you're lurching from pillar to post, it's very difficult to predict into the future and think about where you might be next year, let alone at the end of our strategic funding period, maybe four years down the track. So I do think it's very limiting not being able to project even where we're going to be at the end of a six month period. And so being able to demonstrate that they can interpret their position and use that then to their advantage, is really important.*

The above quote reinforces the contention of Finkler (2010), Holland and Ritvo (2008), Zietlow, Hankin and Seidner (2007) Anthony and Young (2003 and Fredericksen and London (2000)

In addition the CEO of the intermediate organisation previously quoted stressed the importance of basic AS in order to reduce the possibility of fraud.

*So managing for fraud or mismanagement is just as important for the small organisations. They don't need a very complex system but they do need to understand how to read those financial reports to understand those risks.*

The opinions gathered in the interviews substantially support the opinions expressed in the literature and supports the contention that the ability to read and understand an organisation's financial statements is essential for the continued viability of a CO. In particular being able to analyse the financial statements supports the ability to plan and budget, and is essential to good governance.

## **7 The level of understanding of financial management skills in the community sector**

While the literature and the above quotations argue strongly that community organisations should have AS the opinions gathered in the interviews point to the uneven development of these skills among the community sector in Victoria.

*In general terms, there's probably not a really good skill set out there, because it takes a lot of leadership to make sure we're enabling all of the*

*board to take responsibility for managing the finances of the organisation. I think a lot of boards are quite happy to leave to one person who's their accountant or treasurer and again that leads to a high level of risk for an organisation. So I don't think there are adequate skills out there across the board and an adequate understanding of what the responsibilities are.*

In the opinion of the CEO of the intermediate organisation the understanding of financial matters is poor among community organisations. In addition boards appear willing to designate the responsibility for the oversight of the organisation's finances to one person therefore limiting their oversight of their CO. The lack of AS in smaller organisations also reduces their capacity for strategic development.

*I think that's the risk factor for small organisations that they don't have that use of finance knowledge for strategic development and using it strategically.*

Larger organisations are able to employ people with financial skills or pay for accounting services. However, smaller organisations lack the resources to acquire those skills. According to the interviewee quoted below (a manager in an intermediate organisation) the inability of organisations to acquire financial skills is compounded by their approach to the funding of programs, insisting that each dollar received for a program being spent on the program without setting aside an amount for capacity building. This in keeping with Wagner (2003) who points out that building capacity utilizes resources that NFP management would prefer to use on programs.

*So I think certainly that financial management systems are critically important in the not for-profit sector, especially for organisations who don't have, oh for all organisations, but especially for a number of organisations who have minimal financial income*

Further, the interviewee also implied the importance of being able to manage an organisation's costs to enable to run programs and at the same time to build capacity. The ability to manage both requires an understanding of the organisation's financial position and the capacity to plan. Fundamental to these two abilities are AS.

*What's not funded, and what might not be done very well in that application is the element of the cost of the core business. The cost to keep the doors open of the organisation so they do a percentage allocation potentially for the costs of the management team, the electricity, the photocopier, the IT requirements, the amount of effort that goes into governance and policy making and all the rest of it that holds an organisation together, that's the bit that needs to be properly accounted for,*

The two quotes immediately below point out that many COs rely on one person, who has basic AS, therefore limiting the ability of other members of the CO to make informed decisions.

*You have a mix of what I would call well-meaning community organisations who may have on their board no one with any real financial expertise and you may have someone doing the finances who is more of a bookkeeper, you know – dollar in and dollar out, than a strategic manager of funds. I think financial literacy in Australia is quite low.*

*I think it often depends on the size of the agency, whether – within smaller agencies everyone takes on lots of roles, and you'll have someone who will have more management financial smarts than others. But in larger organisations where you can afford to have a business manager, for example. I think that most organisations then rely on him for input, or her, for management and information*

The opinions expressed by the interviewees suggest that knowledge of accounting is uneven in the community sector; both in extent and in degree. Larger organisations are thought to be able to acquire the required financial skills, while smaller organisations lack the resources and appear reluctant to develop AS.

## **8 Accessibility to financial management skills by the Victorian community sector**

The lack of AS in smaller COs could be overcome by programs providing appropriate skills and knowledge as described by Mirabella, Gemelli, Malcom and Berger, (2007). The CEO of an intermediate organisation stated that:

*Apart from accounting firms or peak bodies who provide information and training, there's not a lot of information about where you can access the kind of skills that our organisation offers. So I think the barriers are; where do we get the information from, and who would understand our business?*

The accessibility and appropriateness of the training available was questioned by a manager of a Non-profit-organisation.

*A lot of the training is inaccessible because it is patronising, particularly to the women who run most of the organisations. I think it is not presented in a way that is accessible for people who don't have accounting training, and in some cases don't even have tertiary education.*

Issues of appropriateness were also raised by the interviewee (a manager of a non-profit-organisation) quoted below, and in addition the issues of affordability, the time and the duration of the presentation. Smaller organisations can often not afford the cost of training. In addition, volunteers may be unwilling to spend time on financial skills training as this was not the purpose for which they volunteered.

*So they need to have relevance to the sector, they need to be non-patronising, they need to use non-accounting language, and it needs to be affordable. Also because board members are volunteers, it needs to be presented in a time, at a duration, that is accessible to them.*

The interviewee quoted below pointed out that there was little incentive for training providers to develop and deliver not-for-profit financial management training because there are few organisations in the sector that can afford to pay for the training.

*There are resources out there through TAFE\* systems and various training organisations that do accounting for dummies, bookkeeping for dummies, that kind of thing. I think however it might not necessarily be specific to non-profits and what the challenges they meet and we often bemoan the fact that capacity building intermediaries, there are very few around largely because it's not a place to go and earn money. So if you're going to be in the training and development market you don't necessarily specialise in non-profit because they just won't be – there's just not the capacity there for them to pay to come to training.*

The consequence of the lack of AS training was made clear by the CFO of a large not-for-profit organisation in the quote below.

*Treasurers and their volunteers and so forth to do all the reporting and things like that. And in my experience, they struggle. We often get phone calls from smaller agencies from the treasurer who's doing it for their, because they're on the board and so forth, and they struggle around having a time and even understanding some of the complexities sometimes. They don't have the time to put into it to get their head around all the work, and things like that, so it's a critical thing.*

The financial management of many community organisations is left to the treasurer, who may only have minimal skills and little time to understand the financial management of a CO.

The most significant issues appear to be those of time to acquire skills and the understanding of what is required to manage a CO. Again, the lack of resources was seen as a significant barrier to COs acquiring AS. According to the CFO previously quoted many COs are limited in their ability to increase their funds available for capacity building because of their reluctance to increase fee income while government funding and contracts tend to emphasise program delivery with little scope for organisational capacity building.

*We don't actually have the discretion to put our prices up because things are a bit lean. Because of government funding coming in, with no margin or no – at least not enough to cover the fixed costs component, we are going to face trouble. And that's what from my experience where organisations really struggle because they – nobody likes doing their books and they don't have the resources necessarily to invest in a decent accountant and then they get themselves into big trouble*

## 9 Discussion

The interviews reported in this study have highlighted the general inadequacy of AS in the Victorian community sector. The interviews have confirmed the opinion expressed in the literature of the need for COs to have access to AS. The level of the AS, within the sector, has also been questioned by the interviewees. While the ability to report the financial position of an organisation is important the ability to analyse the information being reported is a critical step for informed decision making. However, the ability to analyse and inform decision making appears to be an uncommon skill. The interviewees also pointed to the barriers many community organisations face limiting their access to AS.

The interviews revealed that, generally, the AS, as defined in this paper, appeared to be applicable across the sector. There was also a consensus amongst interviewees that these skills included:

1. Having a basic understanding of the accrual accounting system;
2. Having the ability to read and understand a community group's financial statements;
3. Having the ability to analyse a community group's financial statements
4. Having the ability to use the information gained through the analysis of the financial statements in decision making.

These are skills were considered necessary to maintain the viability of any organisation. The financial management skills listed above are also important for the strategic development of any organisation. Organisations in the business sector are also very diverse in terms of size, structure and operations however, the financial management requirements are similar across the business sector. It is therefore valid to assume that the AS listed above are applicable across the community sector.

However, the interviewees also outlined the problems faced by COs in their attempts to acquire AS including:

1. A lack of financial resources;
2. A lack of time;
3. Limited availability of appropriate AS courses for the community sector.

The interviewees confirmed that a lack of resources was a barrier to the acquisition of AS by COs. The initial cost of the training may be prohibitive, particularly for smaller organisations. In addition replacement staff may be required while training is being undertaken and travel expenses may also have to be met. Large organisations are able to afford well trained accounting staff whereas smaller organisations may be limited to a less skilled bookkeeper. Additionally, the interviews highlighted the issue of funding the development of AS. Many COs depend upon government funding, that is predominantly restricted to program costs, and rarely allows for staff training. The interviewees agreed that

most COs are 'time poor' and find it difficult to set aside time for training. The lack of financial resources and time makes the training of paid staff problematic. While volunteer staff and board members join COs to participate and support the programs of the organisation and may not be inclined to use their time for AS training.

The general lack of financial resources and time in the sector underscores the importance of relevant AS training being made accessible to COs. There are very few AS courses for COs available in Victoria. Availability is even more difficult for COs in rural and regional Victoria. Finally, a number of interviewees commented that in many COs financial management was left to one person indicating a reluctance of people in the community sector to become engaged with the financial management of their organisations.

## 10 Conclusions

The purpose of this study was to gauge the extent to which the Victorian Community Sector had access to AS. The lack of training inhibits the development of the capacity of COs by limiting their ability to deliver on their goals and impeding the development of good governance. Having AS empowers members of COs, without accounting qualifications, to participate more fully in decision making. However, the provision of business oriented AS may lead to the domination of business logics in the third sector and will be ignored the boards, management, staff and volunteers of COs. Any proposed AS training must be sensitive the culture of the third sector. The evidence gathered for this paper suggests that access to AS was uneven. The evidence also suggests that the uneven access resulted from a number of barriers including:

1. A lack of funding;
2. A lack of time;
3. Limited availability of appropriate financial management courses;
4. A lack of awareness by volunteers, paid staff, and board members of the need for AS

Any action to encourage the acquisition of AS must overcome the barriers listed above. Criteria for suitable AS training must therefore include:

1. Being affordable for COs;
2. Being of short duration;
3. Provided at a time suitable for staff and volunteers;
4. Being available throughout the State of Victoria, and not just major metropolitan centres;
5. The content being appropriate to the community sector taking into consideration the cultural differences between the business and community sectors;
6. Being able to engage volunteers and staff of COs and enhance understanding of AS.

Unless programs of AS development can meet the above criteria their success for enhancing organisational capacity building will be limited. The

research reported in this paper was undertaken in the State of Victoria, Australia and reflects the conditions under which COs currently operate. Therefore the findings and conclusions drawn from this research may not be generalizable to other jurisdictions. It is hoped that further research into AS in the third sector will be encouraged by this paper.

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