

REPORT 3
March
2009

Charitable Purposes and Tax Compliance Systems Programme

RISK AND AUDIT REPORT 30 MARCH 2009

1. Risk Profile, Systems, Policies and Audit Model;
2. Risk Mitigations to ensure consistency and compliance with the charitable purposes framework.

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Contents

Introductory Section	3
Introductory Section	4
Purpose	4
Format	4
Disclaimer	5
Limitation	5
Methodology	6
Diagram 1: Report 3 Methodology	7
Definitions	8
Acknowledgements	9
Forward Programme and Outputs	10
Executive Summary	11
Executive Summary	12
Section Format	12
Context	12
Methodology	13
Summary of Risk Profile	14
Summary of Risk Mitigations	15
Conclusions	15
Opportunities for Pilot Organisations to benefit from Risk and Audit Phase	16
Section One: Risk Assessment Model Methodology	18
Section One: Risk Assessment Model Methodology	19
Section One Format	19
1.1 Policy Audit and Questionnaire	19
1.2 Risk Assessment Model	21
Section Two: Policy Audit and Risk Profile findings and Risk Mitigations	23
Section Two: Policy Audit and Risk Profile findings and Risk Mitigations	24
Format of Section Two	24
2.1 Policy Audit Findings	24
2.1.1 Legal Compliance Policy Audit	25
2.1.2 Governance Policy Audit	27
2.1.3 Financial Management Policy Audit	29
2.1.4 Information Management Policy Audit	31
2.1.5 Operations Policy Audit	33
2.1.6 Personnel Policy Audit	35
2.1.7 Summary of Policy Audit	37
2.2 Risk Profile Findings	38
2.3 Risk Mitigations to ensure consistency and compliance with charitable purposes framework	41
2.3.1 Operating outside “charitable purposes” as per Constitution	42
2.3.2 Misappropriation of Trust funds	43
2.3.3 Misapplication of Trust funds	44
2.3.4 Penalties applied by IRD for failure to comply with Charitable Purposes	45
2.3.5 De-registration by the Charities Commission;	46
2.3.6 Loss of tax exemption	46
2.3.7 Loss of reputation	47
2.3.8 Legal Action against Trustees/Directors	48
2.3.9 Specific Obligations under the Charities Act 2005:	49
2.3.10 Risk Mitigations and Standards for Risk Management and Compliance	50
Section Three - Pilot Organisation feedback and Conclusion	51
Section Three - Pilot Organisation feedback and Conclusion	52
3.1 Pilot Organisation Feedback	52
3.2 Conclusion and Lessons for next phase	53
Diagram 2: ‘Charitable Purposes’ Assurance Process Diagram	56
Appendices	57
Appendix 1: Policy Checklist for Māori Pilot Entities	57
Appendix 2: Charities Commission Registration Update	62
Bibliography and Information Sources	63

Risk & Audit
Report
Introduction

Charitable Purposes and Tax Compliance Systems Programme

Introductory Section

Prepared by FOMANA CAPITAL LIMITED for Te Puni Kōkiri



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Introductory Section

Purpose

The purpose of this Risk and Audit report is to fulfil the requirements of Outputs 6 and 7 in the Investment Agreement (“Agreement”) dated 1 May 2008 between Te Puni Kokiri and FOMANA Capital Ltd. Schedule C of that Agreement sets out the reporting requirements for this Report:

Short Term Outcome	Outputs 6 and 7	Due Date
Increased awareness of the requirements of the new charity and tax compliance framework.	Report completed on risk profile and systems, policies, audit model completed.	30 March 2009 ¹
	Report completed recommending risk mitigations to ensure consistency and compliance with the charities / tax regime.	30 March 2009

Format

The report is presented in the following format:

<i>Introductory Section</i>	Including purpose, format, methodology, definitions, acknowledgments
<i>Executive Summary</i>	Summary of key information
<i>Section One</i>	Risk Assessment Model methodology
<i>Section Two</i>	Policy Audit and Risk Profile findings and Risk Mitigations
<i>Section Three</i>	Pilot Organisation feedback and Conclusions
<i>Appendices and Bibliography</i>	

¹ Delivery date renegotiated to 30 March 2009 (originally 20 Feb 2009) in order to deliver a comprehensive report.

Disclaimer

This report presents the Risk Assessment Model; the methodology, the inputs, and the outputs in terms of Risk Profiles and Risk Mitigations. It is prepared for Te Puni Kokiri only. It does not purport to provide specific legal advice for any entity on their legal obligations under or relating to the Charities Act 2005, the Income Tax Acts and or any other relevant legislation and or case law. It should not be relied upon by any entity accordingly.

Limitation

This report is limited to providing Te Puni Kokiri with an overview and should be seen as one of a series of reports that are being developed over two-years. This report does not provide in any detail the monitoring regime of the Charities Commission, the auditing role of the Inland Revenue Department, or detailed statistics on Māori charitable entities.

Methodology

The methodology for this report is based on the research and eight key risk areas that were identified in the previous two FOMANA Capital reports for this programme:

<p>Report 1 31 May 2008</p>	<p>Preliminary research on the legal framework affecting Māori Charitable Entities under the Charities Act 2005 and the Income Tax Acts.</p>
<p>Report 2 30 September 2008</p>	<p>Research Report, Charitable Purposes and Tax Compliance Systems Programme.</p>

A Risk Assessment Model (IT based tool) was developed and applied using data inputs (Policy checklist and Questionnaire) to produce the outputs for this Report, these being the Risk Profile and the Risk Mitigations for each of the eight risk factors that were identified in Research Report 2. For completeness, those factors are listed below:

1. Operating outside “charitable purposes” as per Constitution
2. Misappropriation of Trust funds
3. Misapplication of Trust funds
4. Penalties applied by IRD for failure to comply with Charitable Purposes
5. De-registration by the Charities Commission
6. Loss of tax exemption status
7. Loss of reputation
8. Legal Action against Trustees/Directors

The methodology for this Report is illustrated in the following diagram:

Diagram 1: Report 3 Methodology



Definitions

For the purposes of this report, the following working terms and definitions are used:

Term	Definition
Board	Includes boards of directors, trustees, or other governance entity
Charities Act 2005	Referred to as the Charities Act 2005 or the Act
Charities Commission	Referred to as the Charities Commission or Commission
Constitution	Governing documents such as the organisation deed, constitution or charter
Control	An existing process, policy, device, practice or other action that acts to minimize negative risk or enhance positive opportunities NOTE: The word 'control' may also be applied to a process designed to provide reasonable assurance regarding the achievement of objectives.
IRD	Referred to in the report as IRD or Inland Revenue
Māori charitable entities	Legal entities that are registered or eligible for registration with the Charities Commission and which are majority owned by Māori or whose members or beneficiaries, the majority of which are of Māori descent.
Plan	A proposed or intended method of getting from one set of circumstances to another. It is often used to move from the present situation, towards the achievement of one or more objectives or goals.
Policy	A deliberate plan of action to guide decisions and achieve a rational outcome(s).
Procedure	A series of prescribed steps followed in a definite regular order which ensure adherence to the guidelines set forth in the Policy to which the Procedure applies.

Term	Definition
Risk	The chance of something occurring that will, should the event occur, have an impact on the achievement of organisational objectives. It is measured in terms of the likelihood of something happening and the consequences if it happens.
Reputation Risk	The risk of damage to the organisation's credibility and reputation.
Compliance Risk	The risk of failing to meet government laws, regulations and standards.
Risk Management	A systematic and logical process of identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process in a way that will enable an organisation to minimise losses and maximise opportunities.
Stakeholders	Those individuals, groups, institutions etc (either internal or external to the organisation) who are or perceive themselves to be affected by a decision or activity.

Acknowledgements

FOMANA would like to acknowledge Te Puni Kokiri for supporting the overall Charitable Purposes and Tax Compliance Systems Pilot Programme.

For this Risk and Audit phase of the pilot programme we gratefully acknowledge the work of consultants Tui Ora Ltd, in particular Rangimahora Reddy and Paul Tooley, whose respective financial risk management and IT skills were invaluable in the development of the Risk Assessment Model.

We wish to thank Peter Doolin and Paul Morgan for conducting the peer review and for providing quality control, particularly in terms of legal and strategic oversight.

Finally, we extend our sincere thanks and mihi to the eight pilot Māori charitable entities who obligingly, and often at short notice, provided information to develop the Risk Assessment Model. We value your insightful and practical feedback on the accessibility and benefits of the Risk Profile and potential improvements to the methodology.

The next phase of the pilot programme is to work with your organisations to develop case studies that will form part of the toolkit for the training phase in the second half of 2009, as outlined in the forward programme below.

Tenei te mihi nui a koutou.

- Ngati Rarua Atiawa Iwi Trust Board
- Taranaki Iwi Trust
- Taranaki PHO Ltd
- Te Aroha Medcare Ltd
- Te Atiawa Ki Te Upoko O Te Ika A Maui Potiki Trust
- Te Kaahui o Rauru
- Te Rau Pani Māori Mental Health Trust
- Tui Ora Ltd

Forward Programme and Outputs

The following table outlines the outputs for the next three reports.

Short Term Outcome	Outputs 8, 9 and 10	Due Date
Increased knowledge by Māori pilot entities and their beneficiaries of the policy, processes and requirements of the Charities Act 2005 and tax regime.	Report of case studies completed and generic compliance and audit model developed.	30 June 2009
	Training developed and provided to Māori entity team on application of compliance/audit model.	28 August 2009
	Training delivered to beneficiaries of each pilot entity on compliance and audit model.	15 December 2009

Risk & Audit
Report
Executive
Summary

Charitable Purposes and Tax Compliance Systems Programme

Executive Summary Section

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Executive Summary

Section Format

- Context
- Methodology
- Summary of Risk Profile
- Summary of Risk Mitigations
- Conclusions
- Diagram 2: Charitable Purposes Assurance Process

Context

This report is the third in a series of reports for the Charitable Purposes and Tax Compliance Systems Pilot Programme and it is important to read this document in the context of the previous reports.²

FOMANA acknowledges the commitment made to this programme by each of the eight pilot Māori charitable entities (organisations). An 'assurance of confidentiality' was provided to all participating organisations and we have collated the data for this report so that it does not specifically identify individual organisations, which are reported only as Organisation 1, 2 etc. We further acknowledge that all eight organisations indicated an openness and willingness to further improve their own systems and knowledge, conducting in essence, a self assessment programme.

There are three key sections covered by the report:

<i>Section One</i>	Risk Assessment Model methodology
<i>Section Two</i>	Policy Audit and Risk Profile findings and Risk Mitigations
<i>Section Three</i>	Pilot Organisation feedback and Conclusions

² See Methodology section page 6 for details of Report 1 and Report 2.

Methodology

A Risk Assessment Model (IT based tool) was developed and applied using data inputs (Policy checklist and Questionnaire) to produce the two key outputs for this Report, the Risk Profile and Risk Mitigations relative to each of the eight risk factors listed:

1. Operating outside “charitable purposes” as per Constitution
2. Misappropriation of Trust funds
3. Misapplication of Trust funds
4. Penalties applied by IRD for failure to comply with Charitable Purposes
5. De-registration by the Charities Commission
6. Loss of tax exemption status
7. Loss of reputation
8. Legal Action against Trustees/Directors

The Methodology is illustrated by this Diagram.







Summary of Risk Profile

Risk Profile

A “traffic lights” system was developed to convey the risk profile, with red being an indicator of a “high risk profile”, amber a “medium risk profile”, and green a “low risk profile” (see Table 1 below). Two organisations had very low levels of risk. These two organisations illustrated sound business practice, with solid governance and management and a strong focus on compliance systems. Two other organisations also have low risk levels. However, four organisations have the opportunity to considerably improve their systems. It is noted that one organisation was ranked with the very highest risk profile.

The organisations with the highest risk profile are new organisations (less than 5 years old) with a small resource base, yet with similar compliance obligations and costs as the larger, more mature organisations which have higher levels of resourcing and financial sustainability. As smaller organisations, they do not have full time personnel to provide operational management or to put in place risk management systems, policies and controls. These organisations mitigate risks by limiting payments to third parties and sometimes by relying on unpaid assistance provided by individual members with the requisite professional skills.

Table 1: Consolidated Risk Profile Results

TABLE 1	Org 1	Org 2	Org 3	Org 4	Org 5	Org 6	Org 7	Org 8
Consolidated Risk Profile Results								
Score (%)	24%	8%	10%	23%	55%	90%	42%	38%
Ranking	4	1	2	3	7	8	6	5

Summary of Risk Mitigations

The Risk Mitigations section highlighted the following as key mitigations for assisting organisations to maintain registration:

- Ensuring clearly communicated and easily accessible policies and systems to minimize the risk of non-compliance (see Opportunities section and Diagram 1 on following pages);
- Providing information to beneficiaries on the Charities Act 2005; and
- Raising awareness and understanding of the impact of non-compliance with charitable purposes on the organisation, its staff, the board and beneficiaries; and
- Training of governors / officers, leaders, and staff of Māori charitable entities on their obligations in relation to the charitable purposes and maintenance of charitable status for tax compliance.

Conclusions

Feedback from Pilot Organisations

Most of the pilot participants spoken to said that their organisation had benefited from the Risk and Audit process and that their risk profile was not unexpected. The consolidated risk profile enabled them to easily determine where they were placed in the group and to understand their individual organisational risk profile. The use of the traffic lights system was seen as a positive means for conveying risk.

Other commented about the process and suggested room for improvement in these areas:

- Closer timing between completion of the questionnaire and the policy checklist;
- More time to complete the policy checklist;
- Maintaining a clear link between charitable registration and the risk profile.

Participant feedback indicated the preferred methods for delivery of training as:

- Customized to organisation needs;
- Targeted at two different levels being governance and management;
- Use of Case Studies in illustrating concepts; and
- Face to Face training.

Opportunities for Pilot Organisations to benefit from Risk and Audit Phase

1. There is an opportunity for the pilot organisations to build on the results of this report by communicating clearly to stakeholders (including beneficiaries) what it means to operate as a charitable entity. The fundamental starting point is that the governors / officers must know 'what and why' their organisation exists. In short, charitable entities exist for their charitable purposes.

2. Governors / Officers should as a minimum:
 - a. Know exactly how to operate their organisation within the parameters of the Constitution, and in particular, the charitable purposes.

 - b. Communicate the charitable purposes and requirements of the Constitution to their stakeholders in an unambiguous manner so as to set framework for engagement.

 - c. Establish criteria, processes and controls so that stakeholders are absolutely clear on the reporting requirements and accountability obligations for any funds or distributions made to them by the organisation.

 - d. Establish internal administration checks and accounting systems to ensure any application for funds complies with the Constitution and its charitable purposes.

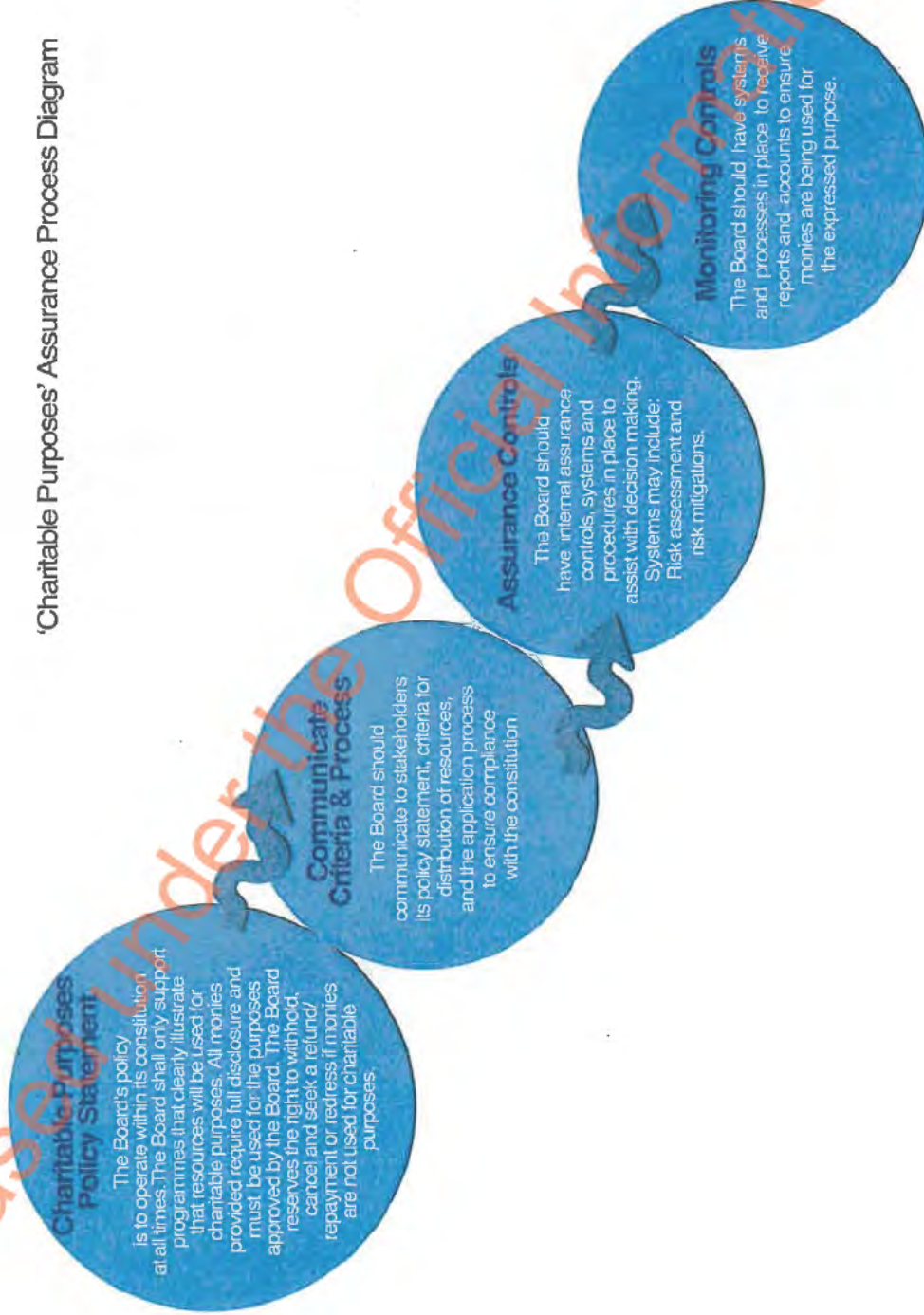
 - e. Use internal decision making tools to assist with decision making, including a 'charitable purpose' risk assessment of the application for funds and what specific mitigations will be required, including for example, reports and invoices.³

These 'assurance controls' will help the organisation to mitigate risk, and to maintain its tax exemption status. The diagram on the following page illustrates this Assurance Process.

³ Refer to Section Three of the Report for extensive list of Risk Mitigations.

Diagram : 'Charitable Purposes' Assurance Process Diagram

'Charitable Purposes' Assurance Process Diagram



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Risk & Audit
Report
Section One

Charitable Purposes and Tax Compliance Systems Programme

Section One

Risk Assessment Model Methodology

- Policy Audit and Questionnaire
- Risk Assessment Model

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Section One: Risk Assessment Model Methodology

Section One outlines the inputs and methodology used to develop the Risk Assessment Model, those inputs being, the Policy checklist data and the Questionnaire data.

Section One Format

1.1 Policy Audit and Questionnaire

1.2 Risk Assessment Model

1.1 Policy Audit and Questionnaire

A Policy Checklist formed the basis of the policy audit. The checklist identified one hundred individual policies these were split up into the following six sections:

Section One: Legal Compliance
 Section Two: Governance
 Section Three: Financial Management
 Section Four: Information Management
 Section Five: Operations
 Section Six: Personnel

Responses given by pilot participants using the policy checklist tool were either Yes or No, with the following explanations ticked if there was no approved policy in place:

- A. Considered but not relevant to organisation;
- B. Under consideration but not yet approved;
- C. Never considered but intend to do so in future;
- D. Insufficient information or resources to develop policy; and
- E. Other reason(s).

Other Reasons generated by the pilot participants were recorded as follows:

- CE. Issue was not addressed in the form of a separate policy but was covered elsewhere eg. Constitution or another policy; and
- NYA. Policy was in draft but had not been approved at the time of completing the checklist.

The policy checklist was distributed by email with a two week timeframe taken to respond. The intention of the checklist was to augment the data already collected so that a Risk Profile for each of the eight pilot entities could be determined. Due to the timeframe and differing stages of development across the participating entities only seven of the eight were able to furnish completed checklists.

The intention of the policy checklist was to augment the data already collected so that a Risk Profile for each of the eight pilot organisations could be determined. In the development of the risk profiling and risk mitigation tools the following Standards Australia publications have been consulted:

- Australian/New Zealand Standard (AS/NZS) 4360:2004 Risk management;
- HB 436, Risk Management Guidelines—Companion to AS/NZS 4360:2004;
- Australian Standard (AS) 3806-2006 Compliance Programs;
- Proposed ISO 31000

As with the previous questionnaire conducted during the research phase of this programme, an ‘assurance of confidentiality’ was provided to the eight pilot organisations that all information received in the policy audit would remain confidential to the project. All reports have therefore been written in a generic manner and will not identify any particular organisation or individual.

All completed policy checklists have been securely stored in an electronic database.

Questionnaire

The second input tool used to develop the Risk Assessment Model was the data questionnaire, comprising a series of fifty five questions split up into seven sections as follows:

1. Understanding role & functions of the Charities Commission
2. Understanding role & functions of Inland Revenue Department
3. Organisation’s Constitution and its Requirements
4. Organisation’s Activities and Maintaining Tax Exempt Status
5. Risk Understanding, Identification, Management, and Mitigation
6. Other Organisation Data
7. Participant Feedback

There were two main types of questions used in this tool, they were:

- a. Multiple choice questions - where one of many answers needed to be selected (noting that a maximum of four choices instead of five were used); and
- b. Comment box questions - where comment boxes allowed for information to be entered.

The Questionnaire provided the focus of a two to three hour semi-structured interview with each participant. The interviews were held over a period of three weeks and participants were provided the questionnaire in advance along with the FOMANA report dated 31 May 2008: Preliminary research on the legal framework affecting Māori Charitable Entities under the Charities Act 2005 and the Income Tax Act.




1.2 Risk Assessment Model

A questionnaire and a policy checklist were the input tools used to gather information from pilot participants to develop a risk assessment model.

The risk assessment model was then applied to determine the risk profile of each pilot. This risk profile is intended to be a positive approach to identifying opportunities for action rather than a negative punitive approach. Important to note that the risk profile of an organisation will change as changes in the organisation occur (staff, activities etc) hence the risk profile identified here is only a snapshot of the organisation at a certain point in time.

The risk assessment model focuses on the responses by participants to closed ended questions within both the questionnaire and policy checklist. Numerical values were assigned to the response for each of the closed ended questions included in the model. The general theme behind the values was the lower the value scored by an organisation the lower the risk.

The “traffic lights” system has been used as a mode for indicating organisation risk profile:

GREEN “low risk profile”	AMBER “medium risk profile”	RED “high risk profile”
		

It should be noted that this tool is an indicator only based on organisations responses to set questions within a limited timeframe. As mentioned earlier it is intended to be a positive approach to identifying opportunities to address risk.

Risk profiles were provided for each organisation on the basis of:

- Questionnaire responses;
- Policy Checklist responses (overall and by each section); and
- Consolidated responses to the above two.

An “assurance of confidentiality” was provided to all participating organisations. All information received in the course of the interviews, the completed questionnaires and policy checklists will remain confidential to the project. In addition all reports are written in a generic manner and will not identify any particular organisation or person. As a result the groups in the presentation of findings back to the pilot have been labelled Org 1, 2 etc to maintain anonymity.

Further information on the questionnaire and policy checklist tools used to gather information from pilot participants to develop a risk assessment model for the eight pilot Māori charitable entities is presented below.

Charitable Purposes and Tax Compliance Systems Programme

Section Two

Policy Audit and Risk Profile findings
and Risk Mitigations

- Policy Audit findings
- Risk Profile findings
- Risk Mitigations to ensure consistency and compliance with charitable purposes framework.

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Section Two: Policy Audit and Risk Profile findings and Risk Mitigations

Format of Section Two

- 2.1 Policy Audit findings
- 2.2 Risk Profile findings
- 2.3 Risk Mitigations to ensure consistency and compliance with charitable purposes framework

2.1 Policy Audit Findings

The findings of the policy audit will be presented using two column graphs and a summary narrative for each of the six policy sections the policy checklist, as follows:

- 2.1.1 Legal Compliance Policy Audit
- 2.1.2 Governance Policy Audit
- 2.1.3 Financial Management Policy Audit
- 2.1.4 Information Management Policy Audit
- 2.1.5 Operations Policy Audit
- 2.1.6 Personnel Policy Audit
- 2.1.7 Summary of Policy Audit

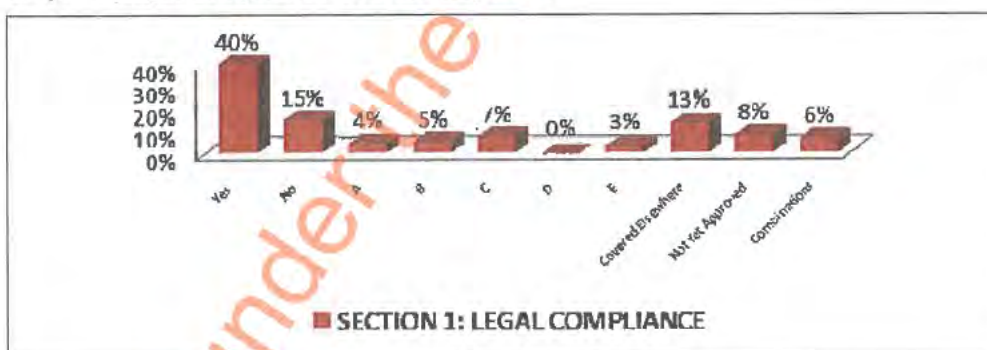
Explanation for interpreting Graph One

The first graph shows overall responses for policies in each section and provides an insight into the number (by percentage) of organisations that have approved policies in place and provides a rationale for those that do not. The responses provided in the first graph for each section indicate the following:

Yes	Policy to address the area exists and has been approved
No	Used where no other response has been identified
A	Considered but not relevant to organisation
B	Under consideration but not yet approved
C	Never considered but intend to do so in future
D	Insufficient information or resources to develop policy
E	Other reason (s)
CE	Issue covered elsewhere in another document/policy
NYA	Policy drafted but not yet approved
Combinations	A response that includes any two of the above except Yes and No (eg. CE & D)

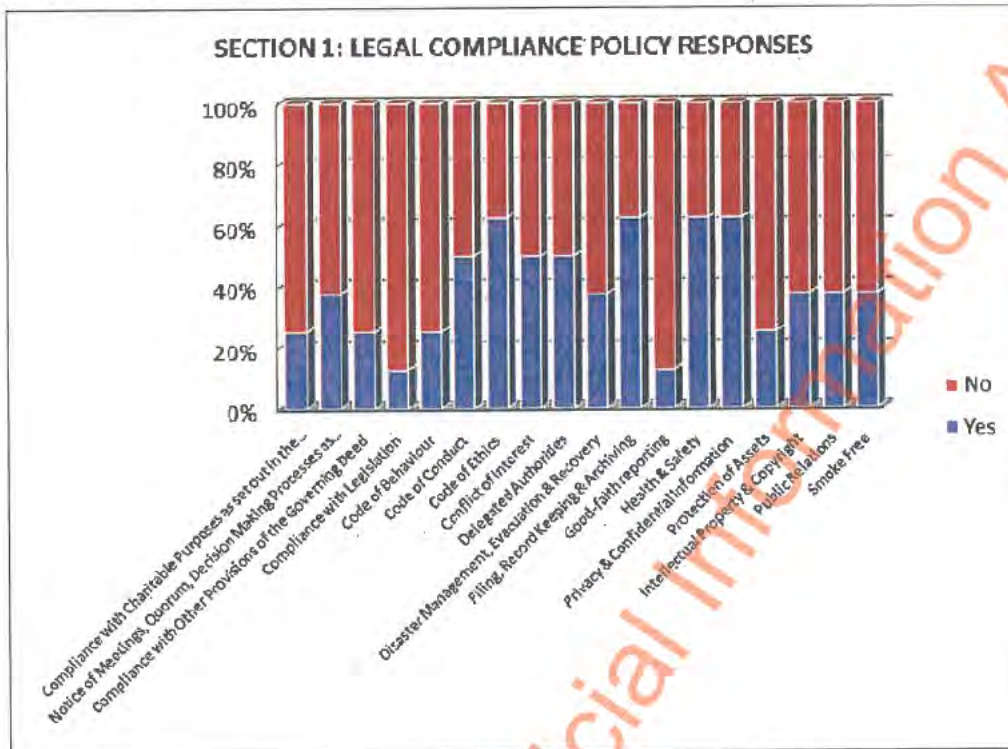
2.1.1 Legal Compliance Policy Audit

Graph 1: Legal Compliance Overall Responses



Graph 1 indicates that whilst only 40% of organisations have approved policies, 13% indicate policies in this area are covered elsewhere in other documents or policies with a further 8% of responses indicating the policies are in place but are yet to be approved. A point to note is that across the entire checklist this area had the highest number of 'Covered Elsewhere' responses.

Graph 2: Legal Compliance Policy - Individual Policy Responses



Graph 2 identifies the most popular policies approved and in place as the Code of Ethics, Filing, Record Keeping & Archiving, Health & Safety as well as Privacy & Confidential Information.

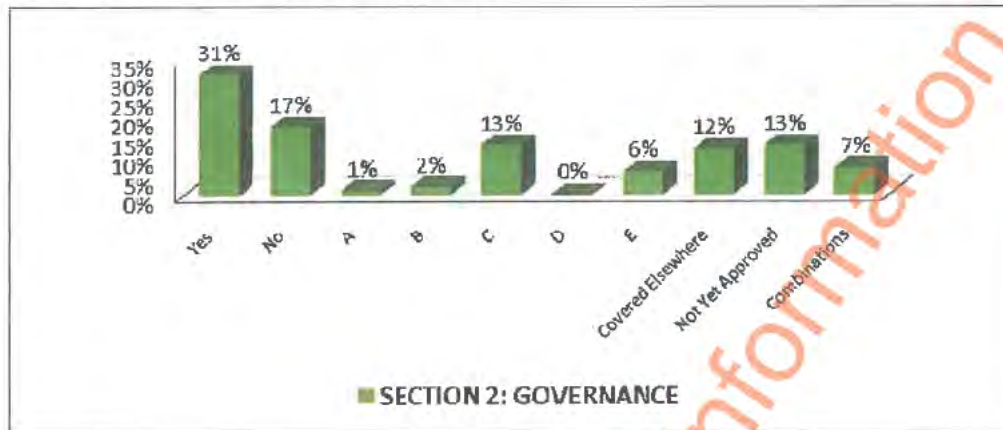
The areas for which there were very few single dedicated approved policies in place were Compliance with Legislation and Good faith reporting.

Summary of Legal Compliance Policy Audit

Legal compliance is one of the three critical factors identified by the Panel on the Nonprofit Sector Report (US) "Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations", October 2007. The presence of elements that address legal compliance within an organisation will assist charitable entities in complying with their relevant legal obligations. However, the absence of such will naturally pose a possible risk for non-compliance as well as potentially support a need for education/training packages.

2.1.2 Governance Policy Audit

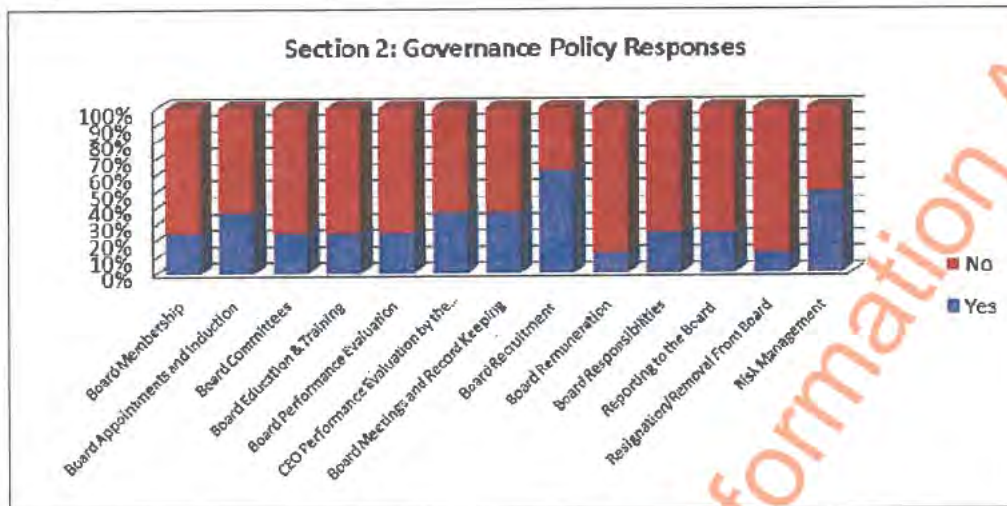
Graph 1: Governance Overall Responses



Graph 1 indicates that whilst only 31% of organisations have approved policies, 12% indicate that policies in this area are covered elsewhere in other documents or policies with a further 13% of responses indicating the policies are in place but are yet to be approved.

A point to note is that across the entire checklist this area had the lowest number of responses indicating the policy was approved and in place, the highest number of responses with no policies in place and no explanation and the second highest number of responses indicating the policy was covered elsewhere.

Graph 2: Governance Policy - Individual Policy Responses



Graph 2 identifies the most popular policies approved and in place as Board Recruitment and Risk Management. The areas for which there were very few single dedicated approved policies in place were Board Remuneration and Resignation/Removal from the Board.

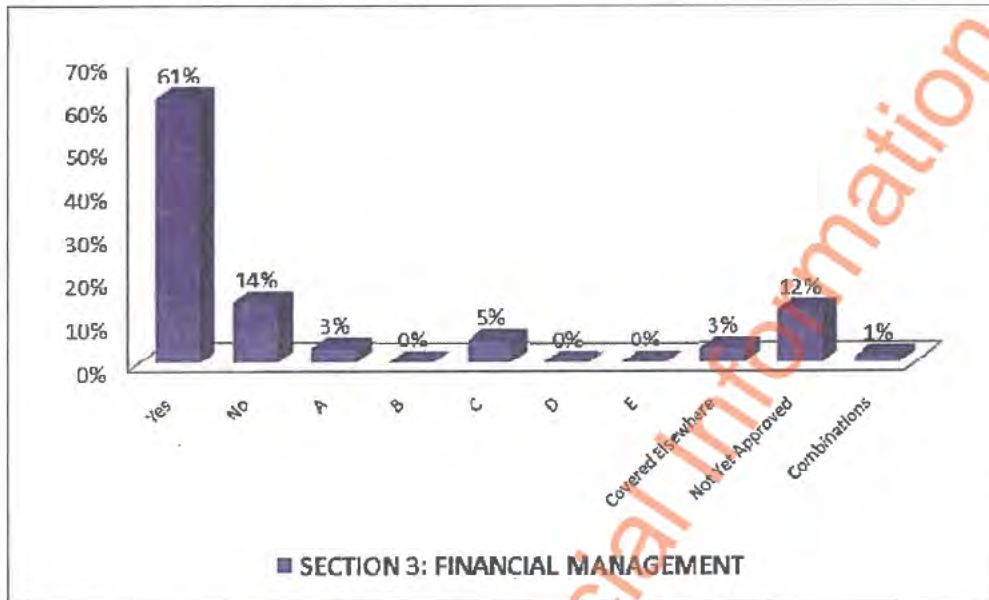
Summary of Governance Policy Audit

Governance is another one of the three critical factors identified by the Panel on the Nonprofit Sector Report (US) "Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations", October 2007.

The presence of elements that address governance will assist the board in fulfilling its supervision and governance responsibilities effectively. However, the absence of such will naturally identify areas of possible risk of non-compliance as well as potential areas of development needed via education/training packages.

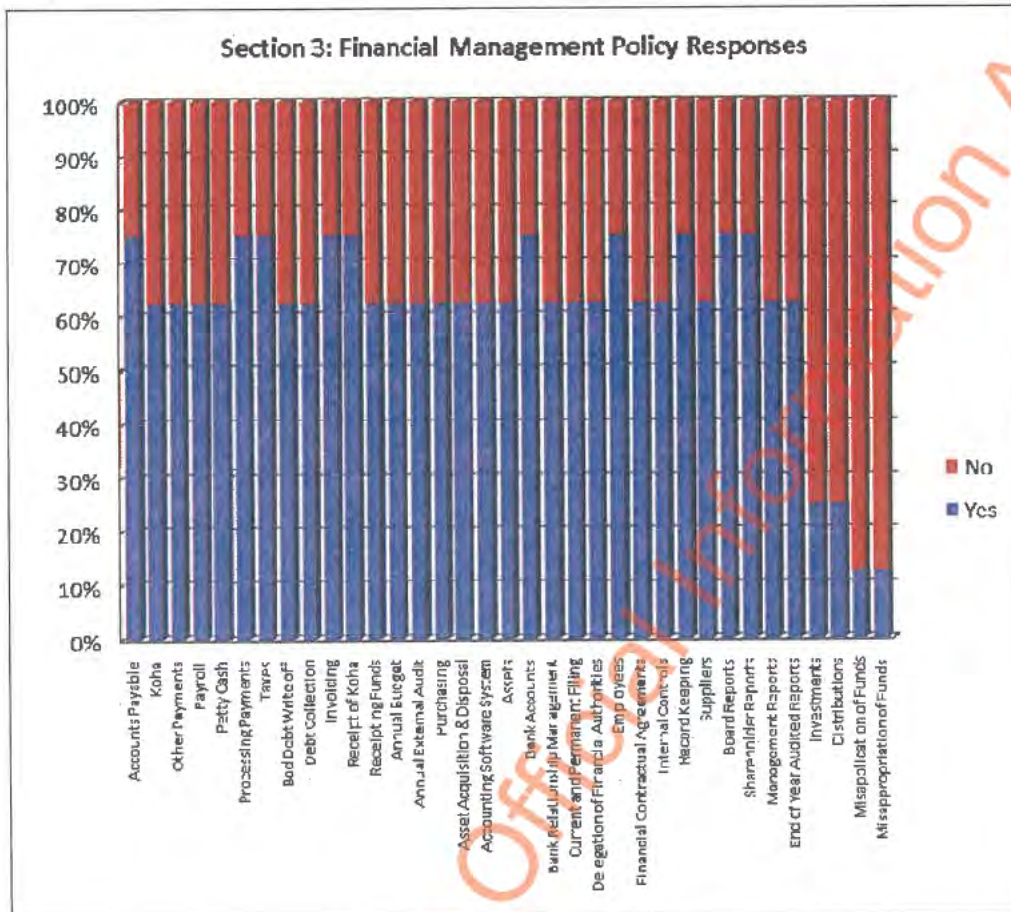
2.1.3 Financial Management Policy Audit

Graph 1: Financial Management Overall Responses



Graph 1 indicates that 63% of organisations have approved policies, the highest result across all of the policy areas. A further 12% of responses indicated that the policies are drafted but are yet to be approved.

Graph 2: Financial Management - Individual Policy Responses



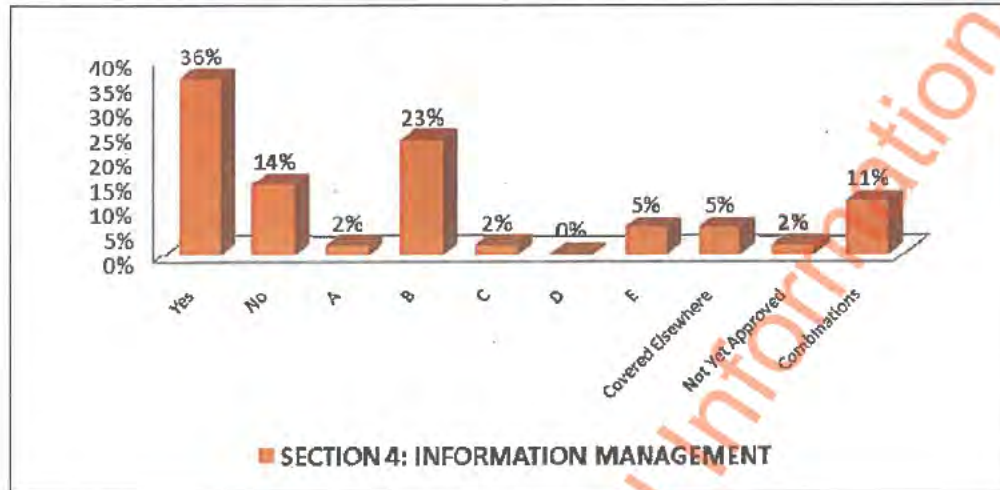
Graph 2 identifies a number of popular policies approved and in place with Misapplication of Funds and Misappropriation of Funds highlighted as areas of need.

Summary of Financial Management Policy Audit

The third key component identified by the Panel on the Nonprofit Sector Report is to recognize if the organisation can demonstrate robust financial stewardship of resources through systems, policies and/or processes. Financial Management is also particularly relevant given the results of a study acknowledged in Report 2 that identified weak financial systems and processing as the highest ranking factor for non-compliance by registered charities. The absence of these elements from an entity’s operations will give rise to possible risk/s of non-compliance as well as potential areas of development needed via additional capacity and/or education/training packages.

2.1.4 Information Management Policy Audit

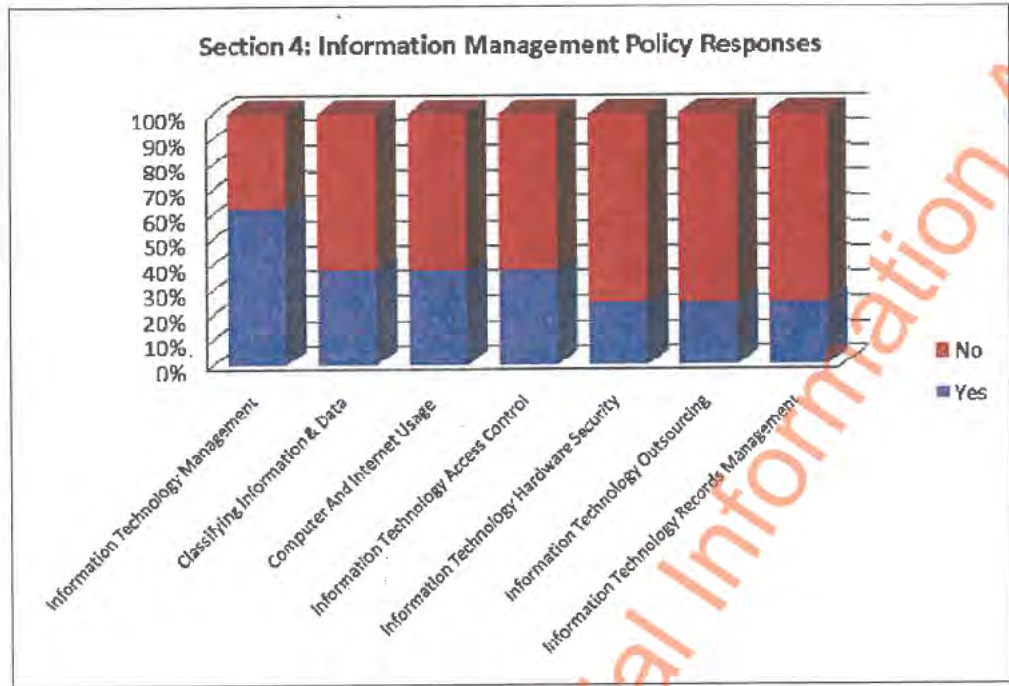
Graph 1: Information Management Overall Responses



Graph 1 indicates that only 36% of organisations have approved policies, with 5% indicate policies in this area are covered elsewhere in other documents or policies and a further 2% of responses indicating the policies are in place but are yet to be approved.

A point to note is that across the entire checklist this area had the highest number of responses indicating "B" the policy was under consideration but not yet approved.

Graph 2: Information Management Policy - Individual Policy Responses



Graph 2 identifies the most popular policy approved and in place as Information Technology Management. The areas for which there were very few single dedicated approved policies in place were Information Technology Hardware Security, Outsourcing and Records Management.

Summary of Information Management Policy Audit

Information Management is vital for good governance and the efficient management and operation of any organisation. Poor information management has serious implications and risk to the security of records/information, access issues and the ability to operate effectively. This in turn poses a possible risk for non-compliance as well as potentially supports a need for education/training packages.

2.1.5 Operations Policy Audit

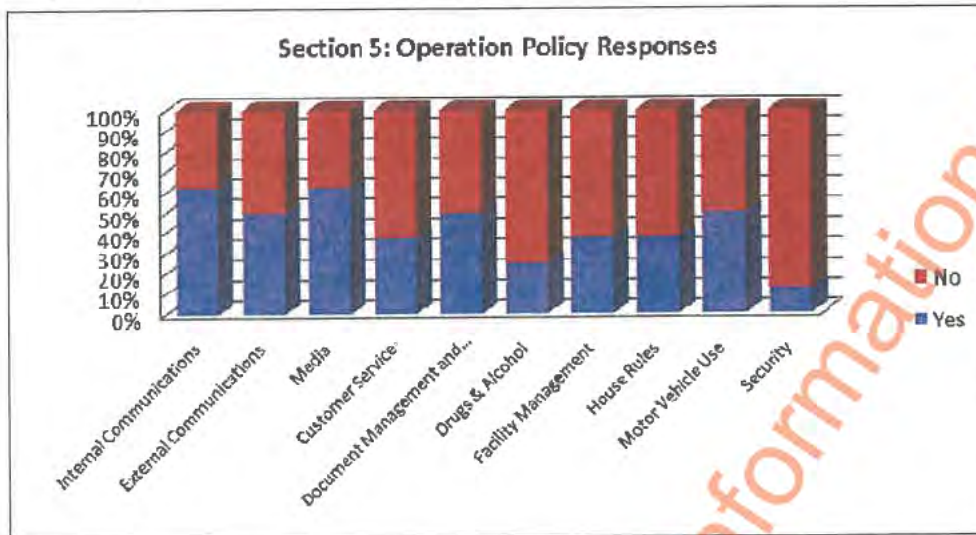
Graph 1: Operations Overall Responses



Graph 1 indicates that whilst only 43% of organisations have approved policies, with 9% indicating that policies in this area are covered elsewhere in other documents or policies and a further 4% of responses indicating the policies are in place but are yet to be approved.

A point to note is that across the entire checklist this area had the highest number of responses indicating "C", the policy was never considered, but the organisation intends to do so in the future.

Graph 2: Operations - Individual Policy Responses



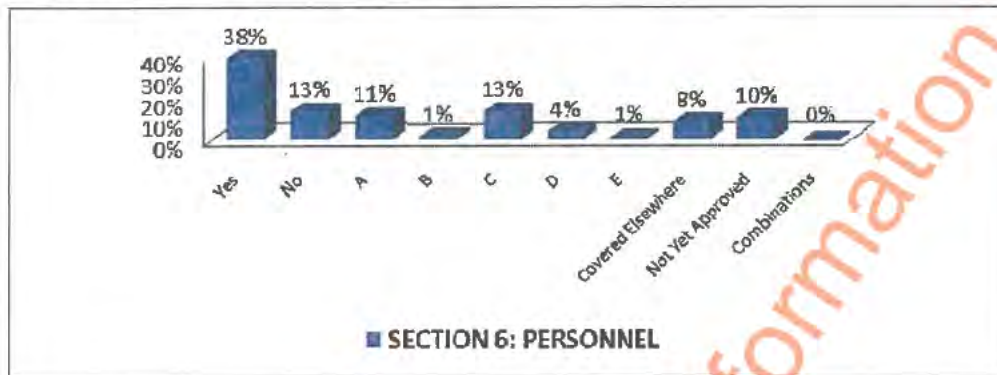
Graph 2 identifies the most popular policies approved and in place as Media and Internal Communications. The area for which a need is apparent is Security.

Summary of Operations Policy Audit

This section includes policies that are important in supporting the organisation and its operations but that are not covered under any of the other sections.

2:1.6 Personnel Policy Audit

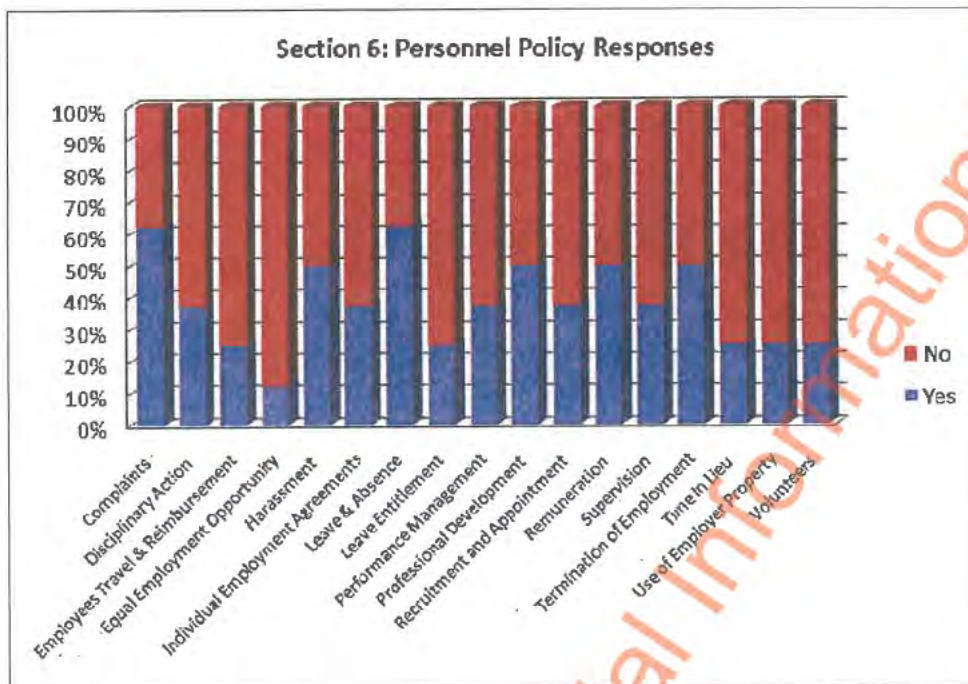
Graph 1: Personnel Overall Responses



Graph 1 indicates that whilst only 38% of organisations have approved policies, with 8% indicating that policies in this area are covered elsewhere in other documents or policies and a further 10% of responses indicating the policies are in place but are yet to be approved.

Points to note are that across the entire checklist this area had the highest number of responses indicating "A", the policy was considered but is not relevant for the organisation and the second highest number of responses indicating "C", the policy was never considered but the organisation intends to do so in the future. This fits with the general findings that the smaller and less resourced organisations do not have paid personnel but may do so in future subject to increased resourcing.

Graph 2: Personnel Policy - Individual Policy Responses



Graph 2 identifies the most popular policies approved and in place as the Complaints and Leave & Absence.

The areas for which there were very few single dedicated approved policies were Equal Employment Opportunity, Employees Travel & Reimbursement, Leave Entitlement, Time in Lieu, Use of Employers Property, and Volunteers.

Summary of Personnel Policy Audit

Personnel are a key component to any organisation. Apart from providing the skill base, personality and operational capacity of an organisation, they can greatly assist compliance with charitable purposes.

2.1.7 Summary of Policy Audit

The table below summarises the overall responses by Explanation:

Explanation for Policy approved or not	Policy Area with Highest Response
YES: Policy approved	Financial Management 63%
A: Considered but not relevant to organisation	Personnel 11%
B: Under consideration but not yet approved	Information Management 23%
C: Never considered but intend to do so in future	Operations 19%
D: Insufficient information or resources to develop policy	Personnel 4%
E: Other reason (s)	
CE: Issue covered elsewhere in another document/policy	Legal Compliance 13%
NYA: Policy drafted but not yet approved	Governance 13%
Combination: A response that includes any two of the above except Yes and No (eg. CE & D)	Information Management 11%

The policy audit results above indicate that most of the pilot organisations have understood the importance of having financial management policies. However, there are significant gaps in the other policy areas and this raises the risk to compliance with charitable purposes.

In particular, it would appear that support is needed in the Governance policy area, with only 31% of organisations having approved governance policies. While this is a small sample of organisations, it is likely that the situation would be similar, if not worse, for the many of hundreds of Maori charitable entities that were identified in Report 1.

Policies and associated procedures are but one means to mitigate risk. Other mitigations are detailed in section 2.3 Risk Mitigations.

2. 2 Risk Profile Findings

This section indicates the risk profile according to overall achievement (combines the policy and questionnaire responses).

The risk profile is identified using:

- traffic light indicators;
- the score achieved by the organisation as a percentage (of the total score achievable - noting the lower score the lower the risk);
- rankings (where the organisation ranks in relation to the rest of the pilot group); and
- a radar chart was used as a quick visual for indicating individual risk profile, as well as where an organisation lay in relation to other entities in the pilot (noting the closer to the centre an organisations risk profile lay the lower the risk profile).

An “assurance of confidentiality” was provided to all participating organisations as a result the groups have been labelled Org 1, 2 etc to maintain anonymity in this report.

Consolidated Risk Profile

Table 1: Consolidated Risk Profiles









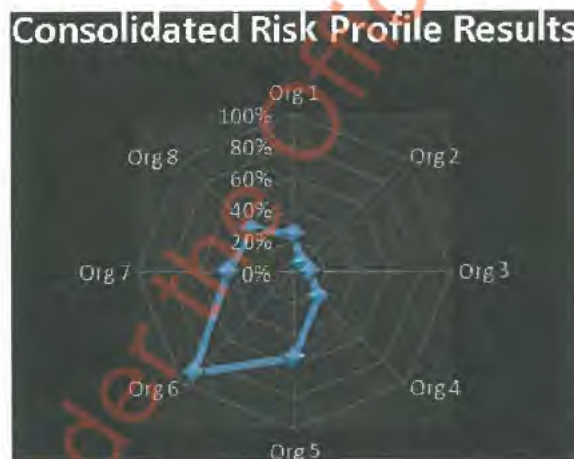
TABLE 1	Org 1	Org 2	Org 3	Org 4	Org 5	Org 6	Org 7	Org 8
Consolidated Risk Profile Results								
Score (%)	24%	8%	10%	23%	55%	90%	42%	38%
Ranking	4	1	2	3	7	8	6	5

Table 1 provides the means for displaying the risk profile for each organisation in the pilot. The organisation ranked 1st with the lowest risk profile overall in the pilot is Org 2 with Org 6 having the highest risk profile. There are a number of reasons for this difference in risk profile but a key factor is the availability of resources (personnel etc), length of time in operation and size.

Radar Graph: Consolidated Risk Profile Results



The Radar Graph above visually reinforces the results presented in Table 1. It permits easy identification of those that do, and do not, gravitate towards the centre (noting the closer to the centre an organisation's risk profile is, the lower the risk profile). It also gives a good overall indication of the where the group sits in terms of risk profile.

Summary of Risk Profile Findings

By consolidating the two data inputs (policy audit and questionnaire), some observations and conclusions can be made, for example:

- There is a high level of understanding of obligations for maintaining registration as well as understanding of six of the eight risk factors.
- Areas where more information is needed to enhance the level of understanding are:
 - the role of the Inland Revenue
 - Operating outside “charitable purposes” as per Constitution (risk factor 1)
 - De-registration by the Charities Commission (risk factor 5)
- Investment Advisors were identified as the least used advisors. This is not surprising given the relatively small size and resource base of some of the pilot organisations.
- All pilot organisations used Lawyers, Accountants and Auditors.
- Whilst half of the pilot organisations review their Constitution annually or continuously, the other half have not conducted a review. This is not surprising as 50% of the pilot organisations have only been operating for up to five years.
- Although all organisations have a minimum of one paid staff member, more than half the organisations have unpaid staff or governors /officers. This last factor has definitely contributed to four of the eight pilot organisations receiving a medium - high risk profile.

2.3 Risk Mitigations to ensure consistency and compliance with charitable purposes framework

The Risk Mitigations presented in the following tables are aligned to the eight risk factors and are presented in the following format:

Potential Risk Factor	
Potential Impact	Steps to Mitigate Risk

- 2.3.1 Operating outside “charitable purposes” as per Constitution
- 2.3.2 Misappropriation of Trust funds
- 2.3.3 Misapplication of Trust funds
- 2.3.4 Penalties applied by IRD for failure to comply with Charitable Purposes
- 2.3.5 De-registration by the Charities Commission
- 2.3.6 Loss of tax exemption status
- 2.3.7 Loss of reputation
- 2.3.8 Legal Action against Trustees/ Directors

Section 2.3.9 outlines specific obligations under the Charities Act 2005 and key strategies to meet those obligations:

- ensure their officers remain qualified (as per the Act and the entity’s Constitution) throughout their period of service to the entity;
- ensure the Commission are notified of any changes to the Constitution or officers (section 40 of the Act);
- ensure an annual return is submitted to the Commission within the appropriate timeframe (sections 41 & 42 of the Act); and
- where applicable telephone or internet collectors for the entity must disclose its charitable registration number on request (section 39 of the Act).

Section 2.3.10 places Risk Mitigations within the context of Australian/New Zealand Standards for Risk Management and Compliance.

2.3.1 Operating outside “charitable purposes” as per Constitution

Potential Impact	Steps to Mitigate Risk
<ul style="list-style-type: none"> • Financial challenge (loss of cashflow) • Loss of contracts (as a result of funders excluding on the basis no longer “not for profit”) • Loss of tax exemption • Pay back taxes, possibly penalties, interest and then subject to payment of tax thereafter • Reputation risk-several levels, personal, professional etc • Adverse media attention 	<ul style="list-style-type: none"> • Compliance monitoring and reporting • Educate all Trustees of charities requirements • Ensure all staff and all other important stakeholders are aware of the charitable purposes and that this information is readily accessible • Ensure the Constitution is reviewed by the organisation regularly • Ensure all business planning documents align to the charitable purposes of the organisation • Ensuring robust processes and policies are implemented, are up to date and followed • Ensuring the Commission are notified of any changes to the rules, deed or constitution or officers • Mechanism for reviewing all new activities against Constitution, and contractual obligations • Operating within core activities as identified in the Constitution

2.3.2 Misappropriation of Trust funds

Potential Impact	Steps to Mitigate Risk
<ul style="list-style-type: none"> • Potential for organisation insolvency • May not be able to meet contractual obligations • Impact on providers (related entities) and their services • Staff obligations unable to be met • Backlash from beneficiaries • Legal action against governance entity • Adverse media attention 	<ul style="list-style-type: none"> • Annual external audit • Audit & Risk Committee • Board with business acumen & skill levels • Clear lines of Delegated Authorities • Ensuring an annual return is submitted to the Commission within the appropriate timeframe • Ensuring officers remain qualified (as per the Act and the Constitution) throughout their period of service to the entity • Ensuring robust financial processes and policies are implemented, are up to date and followed • Financial planning, reporting and monitoring done on a regular and timely basis • Good internal financial controls eg. Separation of duties, dual signatories, documented transactions etc • Proactive communication mechanisms for dealing with relevant entities eg. beneficiaries, funders etc • Where applicable telephone or internet collectors for the entity must disclose its charitable registration number on request

2.3.3 Misapplication of Trust funds

Potential Impact	Steps to Mitigate Risk
<ul style="list-style-type: none"> • Backlash from beneficiaries • De-registration (loss of charitable status) • Loss of tax exemption • Loss of contracts (funding) • Loss of reputation • Legal action against governance entity 	<ul style="list-style-type: none"> • Having a clear and comprehensive understanding of what is allowed within the charitable purposes framework • Checking the credentials of organisations that are sub-contracted • Ensuring an annual return is submitted to the Commission within the appropriate timeframe; and • Ensuring robust distribution processes and policies are implemented, kept up to date and followed eg. Signed acceptance of terms by recipient, payments on invoice to third parties only etc • Proactive communication mechanisms for dealing with relevant entities eg. beneficiaries, funders etc • Training of beneficiaries • Where applicable telephone or internet collectors for the entity must disclose its charitable registration number on request.

2.3.4 Penalties applied by IRD for failure to comply with Charitable Purposes

Potential Impact	Steps to Mitigate Risk
<ul style="list-style-type: none"> • Backlash from beneficiaries • Financial challenge (loss of cashflow) • Loss of contracts (as a result of funders not preferring a non "not for profit") • Pay back taxes, possibly penalties, interest and then subject to payment of tax thereafter • Reputation risk-several levels, personal, professional etc • Legal action against governance entity • Adverse media attention 	<ul style="list-style-type: none"> • Compliance monitoring and reporting • Educate all Trustees of charities requirements • Ensuring robust processes and policies are implemented, kept up to date and followed • External control measures • Financial planning, reporting and monitoring done on a regular and timely basis • Mechanism for reviewing all new activities against Constitution, and contractual obligations • Operating within core activities as identified in the Constitution • Proactive communication and relationship management strategies with relevant groups • Staff responsibility for compliance clearly identified with appropriate resources allocated

2.3.5 De-registration by the Charities Commission;

2.3.6 Loss of tax exemption

Potential Impact	Steps to Mitigate Risk
<ul style="list-style-type: none"> • Financial challenge (loss of cashflow) • Loss of Mana • Long-term stigma of de-registration • Pay back taxes and then subject to tax thereafter • Reputation Loss • Reputation risk-several levels, personal, professional etc • Legal action against governance entity 	<ul style="list-style-type: none"> • Annual external audit • Board of Governors / Officers appointed or elected with high levels of business acumen • Compliance monitoring and reporting • Educate all Trustees, beneficiaries and staff of charities requirements • Ensuring an annual return is submitted to the Commission within the appropriate timeframe; and • Ensuring officers remain qualified (as per the Act and the entity's Constitution) throughout their period of service to the entity; • Ensuring robust processes and policies are implemented, kept up to date and followed • Ensuring the Commission are notified of any changes to the Constitution; • Financial reporting and monitoring • Good Internal and external controls • Mechanism for reviewing all new activities against Constitution, and contractual obligations • Operating within core activities as identified in the Constitution • Proactive communication and relationship management strategies with relevant groups • Staff responsibility for compliance clearly identified with appropriate resources allocated • Where applicable telephone or internet collectors for the entity must disclose its charitable registration number on request.

2.3.7 Loss of reputation

Potential Impact	Steps to Mitigate Risk
<ul style="list-style-type: none"> • Weakened financial viability and sustainability • Loss of mana • May lose affiliated providers/entities • May lose contracts, staff, board members • May lose professional & personal integrity 	<ul style="list-style-type: none"> • Audit & Risk Committee • Ensuring an annual return is submitted to the Commission within the appropriate timeframe • Ensuring officers remain qualified (as per the Act and the Constitution) throughout their period of service to the entity; • Ensuring robust processes and policies are implemented, kept up to date and followed • Ensuring the Commission are notified of any changes to the Constitution or officers; • External Audit • Financial reporting and monitoring • Financial viability assessment • Proactive communication and feedback mechanism with relevant groups • Skills/Competency appraisal for staff and board to ensure a sound mix is present • Use of Professional Advisors/External expertise eg media, legal, tax, human resources etc

2.3.8 Legal Action against Trustees/Directors

Potential Impact	Steps to Mitigate Risk
<ul style="list-style-type: none"> • Difficulty in securing other governance & staff • Financial consequences for individuals • Financial viability and sustainability • Loss of governance (board) & staff • Loss of mana 	<ul style="list-style-type: none"> • Educate all Governors / Officers on charitable purposes obligations • Ensure all organisation planning aligns with the Constitution • Ensuring an annual return is submitted to the Commission within the appropriate timeframe; and • Ensuring officers remain qualified (as per the Act and the entity's Constitution) throughout their period of service to the entity; • Ensuring robust governance processes and policies are implemented, kept up to date and followed Eg. board induction, meetings, conflicts of interest etc • Ensuring the Commission are notified of any changes to the rules, deed or constitution or officers; • Financial reporting and monitoring • Financial viability assessment • Insurance (Public Liability, Directors etc) • Use of Professional Advisors/External expertise eg media, legal, tax, human resources etc • Where applicable telephone or internet collectors for the entity must disclose its charitable registration number on request.

2.3.9 Specific Obligations under the Charities Act 2005:

Charities Act obligations	Strategies to ensure compliance with Charities Act obligations
<p>Governors / Officers remain qualified (as per the Act and the entity's Constitution) throughout their period of service to the entity;</p>	<ul style="list-style-type: none"> • Ensure robust governance policies, processes and practices eg. Conflicts of interest, Annual declaration of being qualified as outlined in the Act, Good-faith reporting (Whistle blowing) • Training for board members
<p>The Commission are notified of any changes to the rules, deed or constitution or officers (section 40 of the Act);</p>	<ul style="list-style-type: none"> • Sound recruitment and induction processes for trustees • An identified staff member is made responsible for compliance programs
<p>An annual return is submitted to the Commission within the appropriate timeframe (sections 41 & 42 of the Act); and</p>	<ul style="list-style-type: none"> • The notification requirement is hardwired into processes and policies that specify what and how reviews and or changes to the Constitution may be made • The Constitution is reviewed regularly
<p>Where applicable telephone or internet collectors for the entity must disclose its charitable registration number on request (section 39 of the Act).</p>	<ul style="list-style-type: none"> • An identified staff member is made responsible for the submission of the annual return • The notification requirement is hardwired into processes and policies that specify compliance reporting requirements as well as the organisations calendar for the financial year. • The annual return is reviewed prior to due date by a member of management and other than the person that prepared the document
<p>Where applicable telephone or internet collectors for the entity must disclose its charitable registration number on request (section 39 of the Act).</p>	<ul style="list-style-type: none"> • Complaints policy and procedure • Robust fundraising policy and procedures that are well communicated to all personnel and readily accessible.

2.3.10 Risk Mitigations and Standards for Risk Management and Compliance

Risk Mitigations in this section were developed in the context of the following Standards:

- Australian/New Zealand Standard (AS/NZS) 4360:2004 Risk management;
- HB 436, Risk Management Guidelines—Companion to AS/NZS 4360:2004;
- Australian Standard (AS) 3806-2006 Compliance Programs;
- Proposed ISO 31000

According to AS 3806-2006 Compliance Programs an effective organisation-wide compliance program will result in an organisation being able to demonstrate its commitment to compliance with relevant laws, including legislative requirements, industry codes, organisational standards as well as standards of good corporate governance, ethics and community expectations.

It is reasonable to assume that an entity less likely to be at risk of non-compliance is one with clear governing and strategic documents, committed governance and personnel as well as robust policies, processes and practices. However these features are important not only in ensuring compliance but also in minimizing the impact should a breach occur. AS 3806-2006 Compliance Programs highlights this when it notes that the courts have considered an organisation's commitment to compliance when determining the appropriate penalty to be imposed for contraventions of relevant laws.

Further publicly available risk mitigation frameworks are included in the Bibliography and Information Sources Section for the benefit and use of pilot organisations.

Section Three
Risk & Audit
Report

Charitable Purposes and Tax Compliance Systems Programme

Section Three

Pilot feedback and Conclusions

- Pilot organisation feedback on own Risk Profile and on Risk Assessment Model
- Conclusion

Prepared by FOMANA CAPITAL LIMITED for Te Puni Kokiri



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Section Three - Pilot Organisation feedback and Conclusion

3.1 Pilot organisation feedback on own Risk Profile and on Risk Assessment Model;

3.2 Conclusion and lessons for next phase.

3.1 Pilot Organisation Feedback

Feedback on the tool and the resulting profile for each organisation was gathered via scheduled telephone interviews and/or face to face interviews. All but two of the organisations were able to provide feedback within the timeframe required. Two organisations had experienced changes in their Managers between the time that the interview process and policy checklist were implemented. Most of the pilot participants spoken to said that their organisation had benefited from the Risk and Audit process and that their risk profile was not unexpected. The consolidated risk profile enabled them to easily determine where they were placed in the group and their individual organisational risk profile. The use of the traffic lights were seen as a positive means for conveying risk and references were made in terms of its ease of use, clarity and understandability.

Other commented about the process and suggested room for improvement in these areas:

- Closer timing between completion of the questionnaire and the policy checklist;
- More time to complete the policy checklist;
- Maintaining a clear link between charitable registration and the risk profile.

In addition it was felt by one participant that the size of the organisation (resource base) needed to be taken into consideration in determining the risk profile because though the nature of risk was the same across the groups, the extent of risk differed according to organisational size.

The preferred methods for delivery of training were identified by participants as:

- Customized to organisation needs;
- Targeted at two different levels being governance and management;
- Use of Case Studies in illustrating concepts; and
- Face to Face training.

As with the questionnaire, the feedback on this section of the project indicated an openness and willingness by participants to further improve systems and knowledge.

3.2 Conclusion and Lessons for next phase

Risk Profile Process

The risk profiling process highlighted that half of the pilot organisations (four of eight) were in the low risk range, whilst the other half were in the medium risk and high risk range.

Feedback on the profile from the entities indicated that their results were not a surprise and that they had benefited from the processes and the profile. The presentation of the profile was described as “easy to determine” where they were placed in the group and as an individual organisation. The use of the traffic lights were seen as a positive means for conveying risk and references were made in terms of its ease of use, clarity and understandability.

Other comments about the process in terms of room for improvements were the timing between the questionnaire and policy audit, the timeframe to complete the policy checklist and a need to make clear the link between maintaining charitable registration and the profile. More effort has been made to address the latter point in the Mitigations section.

The risk profile of the participating entities in relation to this section has identified the organisations most in need of support. As mentioned earlier those in the higher risk profile range tend to be small in size, have been in operation for less than five years and have very little in the way of paid employees. The number of Māori entities fitting this description needs to be measured but it is expected to be numerous, therein highlighting the importance of addressing the risk of non-compliance with the Charities Act for Māori entities, their asset base and future sustainability.

The emphasis on policies and processes needed as mitigations to address various risk factors is considerable. The policy audit aspect of the risk profiling process identified specific areas of support needed. Examples of publicly available policies are included in the References section as further resources that may assist mitigate risk.

Risk Mitigations

The Risk Mitigations section highlighted the following as key mitigations for assisting organisations to maintain registration:

- Ensuring clearly communicated and easily accessible policies and systems to minimize the risk of non-compliance;
- Providing information to beneficiaries on the Charities Act 2005; and
- Raising awareness and understanding of the impact of non-compliance with charitable purposes on the organisation, its staff, the board and beneficiaries; and
- Training of governors / officers, leaders, and staff of Māori charitable entities on their obligations in relation to the charitable purposes and maintenance of charitable status for tax compliance.

Lessons for next phase of the programme

Participant feedback indicated the preferred methods for delivery of training as:

- Customized to organisation needs;
- Targeted at two different levels being governance and management;
- Use of Case Studies in illustrating concepts; and
- Face to Face training.

Opportunities for pilot organisations to benefit from Risk and Audit Phase

There is an opportunity for the pilot organisations to build on the results of this report by communicating clearly to stakeholders (including beneficiaries) what it means to operate as a charitable entity. The fundamental starting point is that the governors / officers must know 'what and why' their organisation exists. In short, charitable entities exist for their charitable purposes.

Governors / Officers should as a minimum:

- Know exactly how to operate their organisation within the parameters of the Constitution, and in particular, the charitable purposes.
- Communicate the charitable purposes and requirements of the Constitution to their stakeholders in an unambiguous manner so as to set framework for engagement.
- Establish criteria, processes and controls so that stakeholders are absolutely clear on the reporting requirements and accountability obligations for any funds or distributions made to them by the organisation.
- Establish internal administration checks and accounting systems to ensure any application for funds complies with the Constitution and its charitable purposes.
- Use internal decision making tools to assist with decision making, including a 'charitable purpose' risk assessment of the application for funds and what specific mitigations will be required, including for example, reports and invoices.⁴

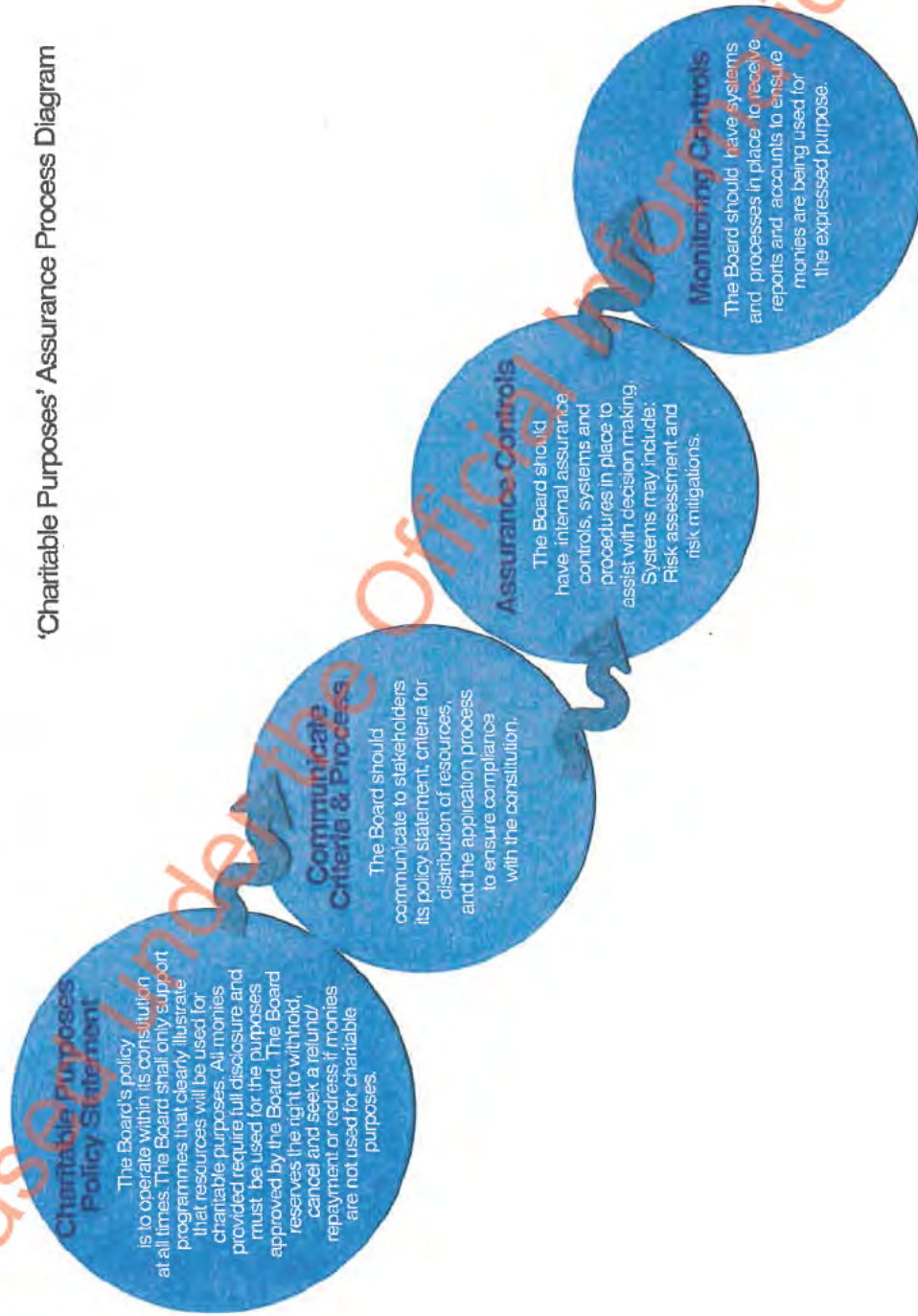
These 'assurance controls' will help the organisation to mitigate risk, and to maintain its tax exemption status. Diagram 2 on the following page illustrates this Assurance Process.

Resources for Pilot Entities

As with the previous reports, FOMANA has included for the benefit of readers of this report, the Policy List, and a Bibliography section with references and information sources relevant to the subject matter of this report.

⁴ Refer to Section Three of the Report for extensive list of Risk Mitigations.

Diagram 2: 'Charitable Purposes' Assurance Process Diagram



'Charitable Purposes' Assurance Process Diagram

Appendices

Appendix 1: Policy Checklist for Māori Pilot Entities

Purpose

The purpose of this checklist is to identify a minimum set of policies needed in a Māori charitable organisation to assist meet its obligations under the charitable purposes and tax compliance framework and to align with:

- the Risk Management Standard AS/NZS 4360:2004 issued by Standards Australia/Standards New Zealand;
- the Risk Management Standard Guidelines Companion to AS/NZS 4360:2004 issued by Standards Australia/Standards New Zealand;
- Proposed ISO 31000 Standards
- the Compliance Programs Standard AS 3806-2006 issued by Standards Australia; and
- The US Panel for the Not for Profit Sector - Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations.

Format

The policy checklist is divided into the following sections:

- Section 1: Legal Compliance**
- Section 2: Governance**
- Section 3: Financial Management**
- Section 4: Information Management Systems**
- Section 5: Operations**
- Section 6: Personnel**

Section 1: Legal Compliance Policies

- 1.1 Code of Behaviour
- 1.2 Code of Conduct
- 1.3 Code of Ethics
- 1.4 Compliance with Legislation
- 1.5 Conflict of Interest
- 1.6 Delegated Authorities
- 1.7 Disaster Management, Evacuation & Recovery
- 1.8 Filing, Record Keeping & Archiving
- 1.9 Good-faith reporting
- 1.10 Health & Safety
- 1.11 Privacy & Confidential Information
- 1.12 Protection of Assets
- 1.13 Intellectual Property & Copyright
- 1.14 Public Relations
- 1.15 Smoke Free

Section 2: Governance Policies

- 2.1 Board Membership
- 2.2 Board Appointments and Induction
- 2.3 Board Committees
- 2.4 Board Education & Training
- 2.5 Board Performance Evaluation
- 2.6 CEO Performance Evaluation by the Board
- 2.7 Board Meetings and Record Keeping
- 2.8 Board Recruitment
- 2.9 Board Remuneration
- 2.10 Board Responsibilities
- 2.11 Reporting to the Board
- 2.12 Resignation/Removal From Board
- 2.13 Risk Management

Section 3: Financial Management Policies

3.1 Expenditure

- Accounts Payable
- Koha
- Other Payments
- Payroll
- Petty Cash
- Processing Payments
- Taxes

3.2 Accounts Receivable

- Bad Debt Write off
- Debt Collection
- Invoicing
- Receipt of Koha
- Receipting Funds

3.3 Annual Budget

3.4 Annual External Audit

3.5 Purchasing

3.6 Asset Acquisition & Disposal

3.7 Financial Infrastructure

- Accounting Software System
- Assets
- Bank Accounts
- Bank Relationship Management
- Current and Permanent Filing
- Delegation of Financial Authorities
- Employees
- Financial Contractual Agreements
- Internal Controls
- Record Keeping
- Suppliers

Section 3: Financial Management Policies continued

3.8 Financial Reporting

- Board Reports
- Shareholder Reports
- Management Reports
- End of Year Audited Reports

3.9 Investments

3.10 Distributions

3.11 Misapplication of Funds

3.12 Misappropriation of Funds

Section 4: Information Management Systems Policies

4.1 Information Technology Management

4.2 Classifying Information & Data

4.3 Computer And Internet Usage

4.4 Information Technology Access Control

4.5 Information Technology Hardware Security

4.6 Information Technology Outsourcing

4.7 Information Technology Records Management

Section 5: Operations

5.1 Communications

- Internal Communications
- External Communications
- Media

5.2 Customer Service

5.3 Document Management and Control

5.4 Drugs & Alcohol

5.5 Facility Management

5.6 House Rules

5.7 Motor Vehicle Use

5.8 Security

Section 6: Personnel

- 6.1 Information Technology Management
- 6.2 Classifying Information & Data
- 6.3 Computer And Internet Usage
- 6.4 Disciplinary Action
- 6.5 Employees Travel & Reimbursement
- 6.6 Equal Employment Opportunity
- 6.7 Harassment
- 6.8 Individual Employment Agreements
- 6.9 Leave & Absence
- 6.10 Leave Entitlement
- 6.11 Performance Management
- 6.12 Professional Development
- 6.13 Recruitment and Appointment
- 6.14 Remuneration
- 6.15 Supervision
- 6.16 Termination of Employment
- 6.17 Time In Lieu
- 6.18 Use of Employer Property
- 6.19 Volunteers

Appendix 2: Charities Commission Registration Update

<http://www.charities.govt.nz/>

How many charities have we registered?

As at 30 March 2009 we have registered 20,188 charities.

Registration processing times:

Our analysts have now finished reviewing all the properly-completed applications that we received before 1 July 2008. Most (more than 70%) have been registered, and are now on the Charities Register.

Some, though, raised issues that need the experienced eye of a senior analyst, to make absolutely sure that, like every registered charity, they have a charitable purpose and there is no possibility of private financial profit while the charity is operating, or if it is wound up.

We hope to finish processing all these applications by the end of the first quarter of this year - but, of course, the timing of that depends to some extent on how quickly applicants get back to us if we ask them for more information or clarification.

Applications received after 1 July 2008:

We've also received more than 3,000 applications since 1 July 2008 (and more are still arriving). Our analysts are working on these in a parallel process, and are reviewing them in the date-order we received them. They are currently processing applications received on or around 8 January.

Annual Returns

Registered charities must file an Annual Return with the Commission, within six months of their balance date.

Annual Return information helps the Commission monitor registered charities to ensure they continue to qualify for registration and provides information to the public about how charities carry out their charitable purpose.

Annual Returns and accompanying financial information are published on the [Charities Register](#).

View the [Annual Return info sheet](#) for more information about filing a return.

Registration and annual returns info - your opinions count

The Commission has published a series of information sheets in "plain language", to help organisations decide if they wish to apply to register, and to complete their application and Annual Returns. As well, we have also developed information about the Charities Act, and the thinking (and the law) that guides our decision-making.

If you have read our [information sheets](#), we'd appreciate your opinions about how we can make them better - please click [here](#) to complete our five minute survey.

Bibliography and Information Sources

Agency or Author	Title of Publication or Website	Date
Charities Commission	Useful Resources on: Legal Compliance and Financial Reporting. http://www.charities.govt.nz/guidance/financial_reporting.htm	Feb 2009
Panel on the Nonprofit Sector Report (US)	Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations www.nonprofitpanel.org/report/principles/Principles_Guide.pdf	October 2007
Family Services	Checklist of policies and procedures for not for profit organisations www.familyservices.govt.nz/documents/our-work/strong-families/family-start/setting-up/checklist-policies-procedures.doc	Feb 2009
Standards Australia/NZ	Australian/New Zealand Standard (ASNZS) 4360:2004 Risk management HB 436, Risk Management Guidelines—Companion to AS/NZS 4360:2004 Australian Standard (AS) 3806-2006 Compliance Programs.	Jan 2009
Risk Mitigation Resources	Examples of Risks, Impacts and Mitigations for Charities http://www.charity-commission.gov.uk/Library/investigations/pdfs/AppendixIII.pdf Risk Management for Charities http://www.voluntaryarts.org/uploaded/map519.pdf Running the Risk http://www.voluntaryarts.org/uploaded/map519.pdf	March 2009

Agency or Author	Title of Publication or Website	Date
Policy Examples	<p><u>Legal Compliance</u> <i>Compliance with legislation</i> http://www.canterbury.ac.nz/ucpolicy/GetPolicy.aspx?file=legalcompliancepolicy.pdf.</p> <p><u>Governance</u> <i>Board Remuneration</i> http://www.goldminex.com.au/files/corporate_governance/gmx_board_remuneration_and_evaluation_policy_2008_10_17.pdf.</p> <p><u>Financial Management</u> <i>Misappropriation of Funds</i> http://www.finance.ed.ac.uk/FraudPolicy/fraudPolicy.pdf</p> <p><u>Operations</u> <i>Security Policy</i> http://policy.vuw.ac.nz/Amphora!-policy.vuw.ac.nz-POLICY-000000000725.pdf</p> <p><u>Personnel</u> <i>Equal Employment Opportunity</i> http://policy.vuw.ac.nz/Amphora!-policy.vuw.ac.nz-POLICY-000000000043.pdf</p>	<p>March 2009</p>
Other	<p>www.bizmanualz.com</p>	<p>Jan 2009</p>



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