



Fairholme Disability Support Group Inc.

Code of Practice for Financial Compliance including Public Fundraising

Financial Compliance

Introduction

The Group has acknowledged that it is essential that there be greater accountability by incorporated associations, which appears from experience to be lacking in many instances. As such a need for guidance and for all to be made fully aware of all matters related to corporate governance obligations was seen to be an essential element. Some of the key issues, which members but more particularly the Management Committee should be conversant with are:

- Knowledge of what the Group is about, together with knowledge, clarity of purpose as well as consistency to satisfactorily fulfill the Group's constitutional Objects;
- Office bearers and committee member roles; and
- Relationship between stakeholders and the Group. It has been acknowledged that accountability to stakeholders is on many occasions opaque or non-existent, especially given at times the range of people covered by the term stakeholder, which includes but not limited to donors, recipients of services, the taxpayer, private and public grant providers and government who out sources services to the not for profit sector.

As such communication at all levels tends, has in many instances been on '*a need to know basis*' and therefore the Group acknowledges that there is a requirement to be open and transparent in its approach. Recognising this the Group will do all it can to have strategically linked and effective communication methods as to the manner which **all** receive or access information. Further it is acknowledged that this has to be a two way process without the flow being unduly or unnecessarily restricted. Members and significant others should not be placed in a position where they find it difficult to ascertain how money is spent, but a far more challenging position is to ensure as an example from a donors perspective was how effectively was money spent.

To assist with transparency, completeness and clarity associated with reporting the Management Committee will ensure as a minimum that members and significant others are informed:

- What the Group is trying to do – mission, values, goals, projects and funding that fulfils its mission;
- On the vision and future plans [direction and purpose];
- Corporate governance arrangements; and
- Measures of output, outcome and where appropriate reasons for change.

All of this detail will fall out from the establishment and continuation of unified planning and clear direction of purpose.

It has been determined that the Group is not a reporting entity and that its special financial report shall be prepared in accordance with accounting practices, which are to be outlined in the Notes to and Forming Part of the Financial Statements.

The Group shall comply with all respective legislation with respect to accounting records and financial matters in particular those stipulated in Associations Incorporation Act, Charitable Collections Act and Income Assessment Act.

To fulfill its obligations and maintain consistency the Management Committee's financial report shall for members and significant others [stakeholders], set out the following:

- The true and fair financial position of the Group as at June 30, xxxx and its performance for the year ending on that date; and
- At the date of the statement disclose whether there is reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Further the Management Committee shall confirm after having conducted appropriate procedures, to the best of their knowledge and belief that:-

- (1) There has/has not been any fraud or irregularities involving management who have a significant role in the system of internal control or that could have a material effect on the financial statements.
- (2) All the Group's books of account, supporting documentation and all minutes of General and Management Committee Meetings as well as any additional pertinent information has/has not been made available to the Auditor upon request.
- (3) The Group has/has not been complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance; and
There has/has not been any communications concerning non-compliance with requirements of regulatory authorities with respect to financial or other matters.
- (4) There are/are no plans or intentions that may materially effect the carrying value or classification of assets and liabilities reflected in the financial statements.
- (5) The Group has/has no assets and therefore there are/no liens or encumbrances.
- (6) There are/are no material commitments and contingencies, including pending or threatened law suits and unasserted claims, except as noted in the financial statements.
- (7) The Group, having adopted and applied the principles set out in the Fundraising Code shall include with the annual accounts a statutory declaration concerning its compliance with the code.

- To ensure that the above is achieved the Treasurer of the Group shall cause to be kept true and proper accounts of all receipts and expenditure in accordance with relevant Australian Accounting Standards. The financial year of the Group shall end on the June 30th and subscriptions shall fall due after July 1st and be paid no later than September 1st. A copy of the accounts of the Group made up to June 30th shall be submitted to an Auditor appointed by the Group. The Auditor may at any time during the financial year call for and inspect the accounts.
- Funds raised shall be the property of the Group and the surplus in hand at the end of each financial year and administered by the Management Committee.
- The Treasurer shall present to the members at each General Meeting the original of each Bank Statement for all of the Group's accounts. The Bank Statement(s) will be the month to which the accounts tabled at the meeting refer, and will show the balance(s) as at the previous meeting. Each statement shall be reconciled and provided in written form, which shall include as a minimum a balance sheet and an income and expenditure statement.
- The signature of the Chair and Treasurer, together with the General Meeting date shall be on the last page of each bank statement presented. If the Treasurer is unable to attend the General Meeting then the original bank statement/s shall be given to the Chair prior to the meeting, duly reconciled, signed and dated by the Treasurer.
- If this is not practicable the Chair and Treasurer shall make other suitable arrangements. Also, if no meeting is held due to a predetermined cancellation, lack of a quorum or any other reason, the Treasurer shall still reconcile the accounts and present to the Chair, signed and dated.

Financial management

The Treasurer shall assume responsibility in conjunction with the management Committee for the financial management of the Group, which means:

- Having proper control over the handling and recording of cash received, cash payments and reporting of these transaction;
- Overall financial control including planning for the Club's financial future;
- The preparation and presentation of annual budgets;
- Regularly monitoring revenue and expenditure;
- Presentation of reports and bank statements to the Management Committee on an agreed basis providing as a minimum actual results compared to budget; and
- Assisting other committee functional areas with financial matters

Members assisting in the area of financial management should have the necessary skills to complete their assigned tasks.

Public Fundraising

Introduction

In accordance with the conditions to attain a Charitable Collections Licence the Group shall have a Code of Practice and as such this code of practice has been based upon the recommended set of principles and guidelines for public fundraising in Western Australia. Similar Codes will apply to other registered charitable and not for profit Groups, individuals, one off fundraising events and activities, as well as their organisers. The code also provides advice and guidelines when dealing with commercial fundraising contractors.

The following details the key elements of the Group's code.

1. Definitions
2. Before commencing fundraising
3. Conducting public fundraising
4. Raffles and gaming
5. Commercial fundraising contractors
6. Accounting procedures
7. Group structure

1. Definitions

In this Code:

"Act" means the **Charitable Collections Act 1946**.

"Approved auditor" means a person eligible for appointment as auditor to a public company under Part 3.7 of the Corporations Law;

- a. a member of the Institute of Chartered Accountants; and
- b. a member of the Australian Society of Certified Practising Accountants.

"Charitable Groups" includes all charitable Groups, which conduct public fundraising in Western Australia, but is not limited to those Groups licensed under the Act.

"Commercial fundraising contractor" means for profit Groups, which for a fee or commission conduct public fundraising on behalf of other Groups.

"Committee" means the Charitable Collections Advisory Committee established pursuant to the Act.

"Donation" means a gift of cash or goods. "Donor" is the person who gives.

"Not for profit Groups" means charitable Groups and Groups which are not considered to be charitable, but which have not for profit objectives.

"One off fundraising" means fundraising where, at the commencement of a fundraising program or campaign, it is intended that the organising body or process will be dissolved or wound up shortly after the conclusion of the program or campaign and the distribution of the funds raised.

"Public fundraising" includes but is not limited to:

- a. all solicitations for cash and goods, as well as funds raised through the sale of goods and services and the use of gaming devices (e.g. raffles) including public appeals conducted by the Group for not for profit purposes; and
- b. all *methods* of public fundraising, including the sale of raffle tickets, telemarketing (for cash donations, the sale of goods and the sale of raffle tickets), doorknocking, street collections, mail cuts, television and radio appeals, the sale of goods (eg. confectionery) and services, unsolicited donations, clothing bins, special events and one-off events.

"Purchase" means to obtain goods and services by payment. "Purchaser" is the person who purchases.

2. Before commencing fundraising

Members of the public provide funds in response to appeals to promote or aid a cause from which they may not obtain any personal material benefit, but usually do so on the understanding that any donation or purchase goes toward the aims of the Group. Therefore in deciding whether to undertake a fundraising activity the Group shall ensure that it:

- a. Raises funds only for a justifiable need;
- b. Avoids offensive advertising or promotions; and
- c. Respects the privacy needs of donors at all times.

It is acknowledged that fundraising campaigns do involve varying degrees of invasion of privacy. Therefore respecting donor privacy in all cases is an imperative.

The Group shall not sell or otherwise make available personal details of a donor for use in campaigns by other Groups without the permission of that donor.

The Group shall ensure that all of its fundraising activity is conducted in a friendly manner and recognise that it is the individual right of the members of the public to decide for themselves whether to donate, make a purchase, or not. Aggressive conduct during fundraising campaigns will not be tolerated as it can and will harm donor willingness to give in the long term.

3. Conducting public fundraising

This section discusses the Group's recommended practices and guidelines for the conduct of public fundraising.

State clearly at all times the specific objective of the fundraising campaign and the proposal to be funded

The aim of this guideline is to provide an informed basis upon which the public can base decisions to participate, and as a means of public accountability.

Donations and purchases are made in good faith. Members of the public have a right to be assured that funds given in support of a specific purpose are in fact applied to that purpose. Accordingly, in any fundraising the Group shall:

- a. State the specific cause being funded on all promotional material;
- b. Apply the funds raised to the purpose for which they were raised;
- c. Upon receiving a request asking where funds received were applied, inform the donor or a purchaser; and
- d. Keep records of donations and purchases made, and of where specific donations have been applied.

When a donation or purchase is solicited, tell the donor or purchaser, how much of the funds raised will be used to meet the costs of raising the funds

The Group shall use its best endeavours to inform donors or purchasers of:

- a. the projected costs associated with raising funds;
- b. the net proportion of the funds raised which it intends will be returned to the objectives being funded; and
- c. the actual costs incurred in raising funds and the net proportion returned to the objectives being funded.

In calculating these costs, allowances for all direct and indirect costs to the extent that they can be ascertained, including but not limited to the following:

- a. fees or commissions
- b. hire of premises or equipment
- c. promotion or marketing costs
- d. postage
- e. printing/ artwork
- f. prizes or other goods
- g. telephone
- h. stationery (including tickets)

- i. salaries and wages (both temporary and ongoing) and any related costs
- j. reimbursements to volunteers
- k. relevant ongoing overheads such as
 - electricity
 - rent
 - building maintenance
 - general administration costs.

Where an indirect cost cannot be ascertained, a fair allowance shall be made for it.

On all promotional materials and on request, clearly disclose Group details and any commercial fundraising contractors employed.

The public shall have access to as much information on the Group as possible. Promotional material should state:

- a. name ;
- b. street address and phone number/s;
- c. charitable collections licence number;
- d. permit number if a raffle or street collection is involved; and
- e. name of any commercial fundraising contractor involved.

Identification of collectors

The Group shall identify every collector by requiring them to wear a name tag, which clearly discloses:

- a. the information contained in 3.3 (a) and (b);
- b. the name of the collector; and
- c. whether the collector is voluntary or paid.

Complaints

Procedures for handling complaints from the public shall be in accordance with the Group's Complaints Policy.

If the refund of a donation is requested, the Group will consider making a refund where:

- a.
 - the donation was made for a specific purpose but, at the time of the request, has not been applied to that purpose; or
 - the request is made by the personal representative of a person of unsound mind; and
- b. the request is made within a reasonable time after the donation was made.

A refund will be made in any circumstances or for any reason, which the Management Committee considers appropriate.

The Group will respect and comply with any donor or purchaser's request that they be excluded from any future mailings.

Raffles and gaming

Raffles may be conducted amongst existing donors to or purchasers from the Group by mail or direct solicitation.

The Group shall not mail raffle books or tickets to members of the public who are not existing donors to or purchasers from the Group without first gaining their individual approval.

The Group shall ensure that any permit required under the Gaming Commission Act 1987 is obtained and that the raffle is conducted in accordance with the conditions of any such permit and the requirements of the Act.

4. Commercial fundraising contractors

The Group shall ensure that any contract with a commercial fundraising contractor is made in writing.

This section sets out some basic negotiating suggestions when establishing the terms of a contract.

Make sure the contract sets out:

- a. procedures by which the total donations will be paid into the Group's accounts and not passed on through the contractor;
- b. the method of remunerating the contractor;
- c. how the costs of the fundraising to be conducted will be paid and by whom;
- d. the estimated return the Group is to receive as a percentage of the gross funds raised;
- e. how any losses that occur will be allocated;
- f. the circumstances in which campaigns can be terminated and the procedures to follow for termination.

Ensure that:

- a. fundraising in aid of a registered charitable Group has the prior written approval of that Group;
- b. the Group on behalf of which the funds are being raised has control of the process of accountability and handling of funds and the public statements to be made relating to any fundraising; and
- c. the Group on behalf of which the funds are being raised has the right to conduct an independent audit of the funds raised and the expenses of raising the funds.

5. Accounting procedures

The Group shall required produce accurate information relating to public fundraising to ensure accountability to donors. Records shall be kept in such a manner as will ensure that funds raised from the public are properly accounted for and the results of fundraising activities are verifiable. This requires that certain accounting procedures and standards be adopted.

Information contained in the financial statements is an important factor in determining estimates of fundraising returns to be used in promotional materials for future fundraising campaigns, as well as to satisfy public enquiries into the Group's fundraising costs.

A recognised accounting method shall be used.

Australian Accounting Standards shall be complied with in the preparation of accounts.

Reporting Fundraising Income and Expenditure

Financial statements shall include:

- a. a balance sheet; and
- b. an income and expenditure statement

The income section of the income and expenditure statement shall:

- a. clearly describe each type of fundraising activity conducted and avoid the use of general terms such as "fundraising".
- b. list separately each different type of fundraising activity conducted not aggregate results. It is acceptable to aggregate the results of identical fundraising activities. For example, the revenue raised from three raffles conducted in a year may be aggregated.

The expenditure section of the income and expenditure statement shall:

- a. separately list the expenses for each type of fundraising activity listed in the income section;
- b. include all direct costs of fundraising in addition to a fair apportionment of relevant and identifiable indirect costs and overheads.

Note: Section 3 of this code lists some indirect and overhead fundraising costs.

The apportionment method shall be clearly stated in the notes to the accounts and remain consistent from year to year. Where a change in the apportionment method occurs, this shall also be clearly stated in the notes.

Disclosure

The Group shall make annual accounts publicly available and where considered appropriate charge a nominal fee.

Receipting Donations

All donations shall be receipted and recorded.

Cash Handling

Cash handling procedures shall require:

- a. two persons to be present for the processing of all un-receipted cash donations and money boxes;
- b. petty cash management in accordance with Group procedures [these shall be kept to a minimum];
- c. the issue of a receipt and the retention of a duplicate, regardless of the amount involved, for any donations made in face to face fundraising outside the Group's offices;
- d. money boxes to be sealed in a tamper proof manner, numbered and a record kept of where they are placed.

Cheques

Not less than two persons shall sign All Group cheques.

Auditing

The Group shall prepare annual accounts and have them audited and submitted to the Committee within 4 months of the end of the financial year.

The Group shall use an independent approved auditor to audit accounts, except where the gross value of funds raised in the year is less than \$2,000, where any independent person may undertake the audit.

Comply with any conditions attached to licences issued under the Act in relation to approved auditors.

Retention of Accounting Records

The Group shall retain its financial records for not less than 7 years.