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Corporate Plan Output: Policy Advice and Information to the Council	

The purpose of this report is to inform the Committee of a report by the Accountability of Charities and Sporting Bodies Working Party.

### **BACKGROUND**

The Accountability of Charities and Sporting Bodies Working Party was formed in 1995 in response to media concern about the accountability processes of charities. Concern was also expressed over the increasing use of trusts by local government as a management structure for cultural and recreational services and the range of Maori organisational structures.

The scope of the Working Party's brief was:

1. The definition of what is a charity
2. The appropriate legal organisational form for charitable organisations
3. Monitoring compliance with the requirements of being a charity (accountability).

The Working Party, however, focused on accountability and suggested the other issues were the responsibility of government.

The Working Party made three recommendations:

1. That a code of practice for voluntary organisations be adopted
2. That an agency be established to implement the code
3. That the appropriate government departments review existing legislation covering the definition of what is a charity

The Working Party has produced a report and is seeking feedback on the proposals.

### **PROPOSALS**

#### **Code of Practice**

The Working Party suggested the development of a code of practice and system for monitoring compliance with the code. The code of practice would be a generic code covering issues relevant to the whole sector. Items to be included in the code would be governance, accountability for standards of service, organisational integrity, management practices, financial accountability, and communication.

## **Self Regulation Agency**

The second main proposal was that a Self-Regulation Agency be established. This would be an independent structure to implement and monitor the code of practice. It would have the:

- authority to publish information on organisations that do not comply with the adopted code of practice
- right to remove its endorsement from a non-complying organisation
- capacity to educate and advise on how to implement the code

The Self-Regulation Agency's membership would be drawn from the following groupings:

- Community and Social Services Agencies (NZFVWO, NZCOSS, NZCCSS)
- Arts and Culture
- Recreation and Sport (NZ Sports Assembly)
- International Development
- Grant Makers (Association of Philanthropic Trusts)
- Fundraisers (Fundraisers Institute)

It would also include members of the general public (representing the interests of donors and consumers). Ongoing liaison with Government would be via direct membership of the agency or through a formal contract system.

**Note:** There was no mention of local government involvement.

There are two main ways this project could impact on the Council:

- It could reduce the Council's access to funding. An impetus for the project was the widespread concern that local authorities were establishing trust as a means of accessing charitable funds for projects.
- It could reduce the Council's funding administration costs to arts groups, sports and recreation groups and social service agencies.

- Recommendation:**
1. That the report be received.
  2. That the Committee support the establishment of a code of practice and self regulator body for the voluntary sector.
  3. That the Council request local government is represented on the self-regulatory agency and involved in the development of the code of practice.

### **Chairman's**

**Recommendation:** That the above recommendation be adopted.