

Standard of Overseas Aid Fundraising Practice

The Standard of Overseas Aid Fundraising Practice provides practical guidelines for FINZ members for best practice for conducting overseas aid fundraising activities within an ethical framework. The standard provides guidelines as to the handling of donations and management of the relationship with overseas aid agencies, to ensure that the risks associated with overseas aid transactions is minimised, and that donations are used as effectively as possible overseas.

This standard must be read in context with FINZ's Codes of Fundraising Practice, including the Code of Ethics and Professional Conduct; Code of Fundraiser's Relationships with Donors and the FINZ Complaints Process.

Overseas aid fundraising transactions are complex for several reasons. A multiplicity of financial and charitable regulation regimes may apply both in New Zealand and overseas. The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 has changed the regulation landscape in New Zealand. The Act affects any Organisation that offers specific services which may (however unwittingly) be used to launder money or finance terrorism. The Act also has broad extra territorial application to overseas entities. The relevant provisions of the United Nations Act 1946 and the Terrorism Suppression Act 2002 must also be considered where necessary.

1. To whom does this standard apply?

- 1.1 This standard applies to FINZ members. FINZ can only monitor this standard and enforce it if necessary against a FINZ member.
- 1.2 This standard does not replace nor override the applicable New Zealand legislation.

2. Planning an overseas aid fundraising activity

2.1 Before the overseas aid fundraising activity is undertaken, a fundraiser should create goals for the overseas aid fundraising activity including as a minimum:

- a) identify an overseas aid agency, and ensure that it has the ability to deliver on the fundraiser's promise to donors;
- b) if applicable, ascertain that the organisation that a fundraiser represents meets the New Zealand Inland Revenue Department's overseas deductible gift recipient status.

- c) the goals in relation to the donors;
- d) how the donors are acknowledged;
- e) desired outcomes for the organisation;
- f) targets for the overseas aid fundraising activity, based upon how many donors would sign up or the average level of gift that is achievable.

2.2 When planning an overseas aid fundraising activity, a fundraiser should ensure the following details are included:

- a) how the overseas aid fundraising activity works;
- b) details of the tax relief available, if the organisation qualifies for this;
- c) information donors will see on their receipts;
- d) an overview of how the donation process works;
- e) information on how to cancel enrolment and obtain a refund (for recurring donations);
- f) the security measures used to protect the donor's information and the donation.

2.3 A fundraiser must ensure that the overseas aid fundraising activity includes:

- a) information to the donor about the organisation;
- b) acknowledgement of the donor when the donor participates in the overseas aid fundraising activity;
- c) payment details.

2.4 Before entering into an agreement with the overseas aid agency, a fundraiser should carry out due diligence and reasonable precautions to avoid dealing with individuals or groups designated as being terrorist entities under the Terrorism Suppression Act 2002.

2.5 Before entering into an agreement with an overseas aid agency, a fundraiser should take reasonable precautions to ensure the overseas aid agency is not a terrorist organisation or providing support to a terrorist organisation, including (without limitation):

- a) checking that the overseas aid agency is not a terrorist organisation;
- b) conducting any additional background checks as necessary to confirm its identity and integrity.

2.6 The donors' personal information about their identity, their donations and the organisations to which they donate are protected under the Privacy Act 1993 and must not be disclosed to a third party without the express written consent of the donor.

3. Management of donations for an overseas aid agency

3.1 For recurring donations, a fundraiser or organisation should ensure that the donor is informed that the donor may change the amount or frequency or cancel the donations at any time and how to make such changes.

3.2 An organisation must maintain an agency bank account, trust bank account or donation bank account (as applicable to the particular entity) into which all donations are deposited.

3.3 An organisation should ensure that:

- a) donations are deposited into an account that is separate from general operations donations;
- b) its bank accounts are managed as separate accounts at all times.

3.4 The organisation must provide each donor with a receipt.

3.5 The organisation must maintain a ledger record for its donation bank account. The ledger must record:

- a) all donations received;
- b) the name of each donor and the amount of each donation.

3.6 The organisation must have a contingency plan for the appropriate distribution of donations raised in excess of the organisation's target for an overseas aid fundraising activity.

4. Transfer of donations to an overseas aid agency

4.1 Before transferring donations to an overseas aid agency, the organisation should ascertain that the overseas aid agency:

- a) operates activities in its location which are consistent with the objects of the organisation;
- b) has the capacity to use the donations in accordance with the instructions of the organisation and the needs of the activities carried out by the overseas aid agency in the location.

4.2 The organisation must have a written agreement with the overseas aid agency on behalf of whom it is raising donations. The agreement must include:

- a) a condition to the effect that the organisation may cancel the agreement and recover any donations transferred to the overseas aid agency if the overseas aid agency does not meet the object of the overseas aid fundraising activity or comply with any requirements of the organisation; and
- b) a condition to the effect that the overseas aid agency will not make donations available to terrorist entities.

4.3 The organisation must ensure that the written agreement requires that the overseas aid agency:

- a) is registered with appropriate regulators in its location;
- b) will disburse donations in accordance with relevant laws in its location and the object for which donations have been raised;
- c) complies with applicable domestic and international laws concerning counterterrorism financing and anti-money laundering legislation;
- d) will not direct funding to a terrorist organisation;
- e) complies with the organisation's requirements about the use of its business name and trade mark by the overseas aid agency.

4.4. The organisation should ensure that the overseas aid agency complies, as far as practicable, with FINZ's Principles of Fundraising Practice and this Standard.

4.5 The organisation should ensure that the overseas aid agency has risk management processes in place to minimise the risk of misappropriation or loss of the donations in the location.

5. Protection of children

5.1 The organisation should devise and implement policies for the protection of children involved in an overseas aid fundraising activity. FINZ members must comply with section 5 of the FINZ Code of Ethics and Professional Conduct.

5.2 The organisation should ensure in accordance with New Zealand legislation and regulations:

- a) any supervisor must obey the law regarding supervision of children;
- b) any supervisor must not be in charge of more children at a time than the number prescribed by relevant legislation.

6. Promotional materials

6.1 An organisation must ensure that any promotional material used to promote an overseas aid fundraising activity:

- a) is factually accurate, respectful of human dignity, truthful, provide fair representation and is not likely to deceive or mislead any person;
- b) identifies the organisation;
- c) identifies the objective of the overseas aid fundraising activity;
- d) complies with the Fair Trading Act 1986 (in particular those sections relating to misleading and deceptive conduct and false and misleading representations);
- e) complies with the relevant legislation in connection with an overseas aid fundraising activity.

6.2 An organisation must notify the overseas aid agency before work commences on promoting the overseas aid fundraising activity.

6.3 Where a fundraiser discloses a cost of fundraising in promotional materials, that cost must be factually accurate.

6.4 A fundraiser must make the current annual report of an organisation for which they represent freely available upon a reasonable request by a donor.

6.5 Despite anything else in this section promotional materials may be part of a positive campaign by a fundraiser to build public awareness, understanding and support for the objects of an organisation.

6.6 A fundraiser should ensure that the organisation monitors the level of contributions and regularly acknowledges donors for their generosity.

6.7 If the overseas aid fundraising activity or overseas aid agency has a trade mark associated with or used in connection with it, the fundraiser must ensure that the overseas aid agency has given permission for the use of the trade mark and take all reasonable steps to prevent its unauthorised use by third parties including suppliers or the media.

7. Compliance and management of complaints

7.1 FINZ members must comply with FINZ's Codes of Fundraising Practice and this standard and relevant legislation including the Fair Trading Act 1986 and the Privacy Act 1993.

7.2 Complaints concerning this standard or the conduct of a FINZ member will be determined by the FINZ Ethics Committee in accordance with the FINZ complaints process.

Definitions

Beneficiary means any person or entity which receives a benefit from an organisation in pursuance of the organisation's objects.

Child or Children means a child under the age of 18.

Company means an entity incorporated under the Companies Act 1993 and established for the purpose of profit.

Complaint means a notice in writing sent by any person to FINZ, by way of a completed FINZ complaints form, concerning an alleged breach by a FINZ member of any part of the FINZ Codes and Standards of Fundraising Practice.

Director means a person who is appointed or elected to the position of a director of an organisation or a company.

Donation means a voluntary contribution by a donor of money, property, goods or services to an organisation for the purpose of furthering that organisation's objects. It does not include a sponsorship or community business partnership.

Donor means an individual or other entity that makes a contribution of value to an organisation to further the organisation's objects. A donor includes prospective donors and an individual or entity that has previously made a donation. A donor does not include an individual or entity that engages with an organisation for the purpose of trade.

Ethics Committee means a committee established by the FINZ Council pursuant to the constitution for the purposes of making determinations on complaints.

FINZ means Fundraising Institute of New Zealand.

FINZ member means a person who is registered as a FINZ member.

Fundraiser means a person, company or organisation, who carries out activities, whether for remuneration or as a volunteer, for the purpose of raising donations for the objects of an organisation.

Fundraising Activity means an activity carried out by a person, company or organisation, whether for remuneration or as a volunteer, for the purpose of raising funds for the object of an organisation.

Objects means the objective, purpose or cause, however so defined in an organisation's constituent documents.

Organisation means an entity incorporated under either the Incorporated Societies Act 1908 or the Charitable Trusts Act 1957 and established for a purpose other than profit.

Overseas Aid Fundraising means any fundraising activity carried out by or on behalf of an organisation in New Zealand with the object of raising donations for the purpose of transferring donations to a fundraiser or organisation located in another country.

Overseas Aid Agency means an organisation in another country which receives donations from an organisation as a result of an overseas aid fundraising activity.

Professional Misconduct means conduct by a FINZ member that is a violation of the Codes and

Standards of Fundraising Practice that has serious adverse consequences to a complainant or was committed intentionally by the fundraiser or both.

Promotional Material means any material in connection with a donation, fundraising activity or an organisation whether in printed, electronic or verbal form made available by a fundraiser or organisation to any person.

Sponsor means a third party who sponsors a fundraising activity for an agreed outcome.

Supplier means a third party supplying goods or services for payment to a fundraiser and/or organisation.

Tax means all taxes payable in connection with a fundraising activity, including without limitation income tax, pay as you earn (PAYE) and goods and services tax (GST).

Terrorist organisation means an organisation that is directly or indirectly engaged in preparing, planning, assisting in or fostering the doing of a terrorist act (whether or not a terrorist act occurs).

Trade mark means a word or group of words, logo, image, colour, scent or shape (whether registered or unregistered) used by an organisation to identify the organisation.

Unsatisfactory conduct means conduct by a FINZ member that is neglectful of the Codes and Standards of Fundraising Practice or that has minor adverse consequences to a complainant or both.

Volunteer means a person who performs a service for an organisation without requiring compensation for performing the service.