

VOLUNTARY CODE OF PRACTICE

FOR

PUBLIC FUNDRAISING

This voluntary code of practice provides a recommended set of principles and guidelines for public fundraising in Western Australia. It is intended to apply to charitable and not for profit organisations, one off fundraising events and activities, as well as their organisers. The code also provides advice and guidelines for organisations when dealing with commercial fundraising contractors. It is also intended to apply to other organisations except to the extent that their activities are regulated by legislation or other mandatory rules in a manner which is inconsistent with the code.

1. Definitions

In this Code:

“**Act**” means the *Charitable Collections Act 1946*.

“**Approved auditor**” means:

- (a) a person eligible for appointment as auditor to a public company under Part 3.7 of the Corporations Law;
- (b) a member of the Institute of Chartered Accountants;
- (c) a member of the Australian Society of Certified Practising Accountants;
- (d) a member of the Institute of Public Accountants; and
- (e) a member of The Association of Taxation and Management Accountants

“**Charitable organisations**” includes all charitable organisations which conduct public fundraising in Western Australia, but is not limited to those organisations licensed under the Act.

“**Commercial fundraising contractor**” means for profit organisations which for a fee or commission conduct public fundraising on behalf of other organisations.

“**Committee**” means the Charitable Collections Advisory Committee (CCAC) established pursuant to the Act.

“**Donation**” means a gift of cash or goods.

“**Donor**” means the person who gives.

“**Not for profit organisations**” means charitable organisations and organisations which are not considered to be charitable under the Act, 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 individuals and organisations 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 outs, television and radio appeals, the sale of goods (e.g. confectionery) and services, unsolicited donations, clothing bins, special events and one-off events.

“Purchase” means to obtain goods and services for payment.

“Purchaser” means 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 some part of any donation or purchase is to go toward the aims of the organisation. In deciding whether to undertake a fundraising activity an organisation should ensure that it:

- 2.1
- (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.

Fundraising campaigns involve varying degrees of invasion of privacy. Therefore, donor privacy needs to be respected in all cases.

Do not sell or otherwise make available personal details of a donor for use in campaigns by other organisations without the permission of that donor.

Take care in ensuring fundraising 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. Avoid aggressive conduct during fundraising campaigns. It can harm donor willingness to give in the long term.

3. Conducting Public Fundraising

This section discusses 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 accountability to the public.

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:

- 3.1 (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 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

Ensure the organisation uses its best endeavours to be able to inform donors or purchasers of:

- 3.2 (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, make allowance 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:-
 - (i) electricity
 - (ii) rent
 - (iii) building maintenance
 - (iv) general administration costs.

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

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

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

- 3.3
- (a) the name of the organisation;
 - (b) the street address and phone number of the organisation;
 - (c) its charitable collections licence number (if applicable);
 - (d) the permit number if a raffle or street collection is involved; and
 - (e) the name of any commercial fundraising contractor involved.

Identification of collectors

Identify every collector by requiring them to wear a name tag which clearly discloses:

- 3.4 (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

Establish procedures for handling complaints from the public and train office staff and collectors in handling complaints courteously.

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

- 3.5 (a) (i) the donation was made for a specific purpose but, at the time of the request, has not been applied to that purpose; or
- (ii) 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 could be made in any circumstances or for any reason which the organisation considers appropriate.

Comply with a donor's or purchaser's request that they be excluded from further mailings.

4. Raffles and Gaming

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

Do not mail raffle books or tickets to members of the public who are not also existing donors, to or purchasers from, the organisation without first gaining their individual approval.

Ensure that any permit required under the Department of Local Government, Sport and Cultural Industries – Racing, Gaming and Liquor legislation is obtained and that the raffle is conducted in accordance with the conditions of any such permit and the requirements of the Gaming and Wagering Act 1987.

5. Commercial Fundraising Contractors

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 organisations 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 organisation 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 licensed charitable organisation has the prior written approval of that organisation;
- (b) the organisation 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 organisation 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.

6. Accounting Procedures

All organisations and individuals covered by this code are required to produce accurate information relating to public fundraising to ensure accountability to donors. Records must 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 organisation's fundraising costs.

A recognised accounting method is to be used.

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

Reporting Fundraising Income and Expenditure

Financial statements must include:

- (a) a balance sheet; and
- (b) an income and expenditure statement

The income section of the income and expenditure statement must:

- (a) clearly describe each type of fundraising activity conducted and avoid the use of general terms such as "fundraising".
- (b) list separately each type of fundraising activity conducted. Do not aggregate the results of different types of fundraising activities. 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 must:

- (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 overhead.

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

The apportionment method must 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 must also be clearly stated in the notes.

Disclosure

Make annual accounts publicly available at a nominal fee.

Receipting Donations

Receipt and record all donations

Cash Handling

Cash handling procedures must require:

- (a) two persons to be present for the processing of all un-receipted cash donations and money boxes;
- (b) clear rules for petty cash management
- (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 organisation's offices (other than Street Appeals conducted under a Permit);
- (d) money boxes to be sealed in a tamper proof manner, numbered and a record kept of where they are placed.

Cheques

All cheques must be signed by not less than two persons.

Auditing

Prepare annual accounts and have them audited and submitted to the Committee within 6 months of the end of the financial year.

Use an independent approved auditor to audit accounts, as set out under the definition of 'Approved Auditor'.

Ensure accounts are signed by the auditor as well as a person responsible for their preparation.

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

Retention of Accounting Records

Retain records for not less than 5 years.

7. Adoption of the Code

Except in the case of one off fundraising, establish a structure which has the following elements:

- a) a formal constitution;
- b) an appointed public officer;
- c) a clearly defined and established board, committee or other management structure which has the authority and power to regularly review reports of fundraising activity and make and implement decisions as to the consequence of any such review.

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8. Organisational Structure

An organisation which adopts this code and applies the principles set out in it will:

- Confirm on the Charitable Collections Annual Statement that they have adhered to the Voluntary Code during the year.

The organisation may include in any of its promotional or advertising material the statement:

{Name of organisation} complies with the Voluntary Code of Practice for Public Fundraising in Western Australia”.