

Walking the Regulatory Tightrope:  
A Case Study in Compliance of New Zealand Small Charities

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## Abstract

This research investigates the accounting and governance practices of small (Tier 3 and Tier 4) Aotearoa New Zealand charities as a result of the recent changes in reporting by charities. Comparatively little is known about how these charities comply with the new reporting requirements in effect since April 1, 2015 (Hooks & Stent 2020; Peterson-Palmer & Malthus, 2017); further, there is little understanding of the impact of these regulatory changes on small charities' accounting and governance practices. The purpose of this dissertation is to address this gap in the body of literature by examining how the new reporting standards have impacted on the accounting and governance practices of small charities in Aotearoa New Zealand. This research uses a qualitative methodology with data collected through semi structured interviews and document analysis. The findings suggest that the extent of changes in the accounting and governance practices of the case studied charities in response to the new reporting standards has been at a low level. This dissertation contributes to a better understanding of what changes have been made to the accounting and governance practices of small Aotearoa New Zealand charities as a result of the introduction of the new reporting requirements; acknowledges the limitations of this study, and offers some suggestions for further research.

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## Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

16/06/2020

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Signature

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Date

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To my family and friends: Amanda, thank you for your unwavering support, your excellent proof-reading skills, and just being there when I needed it; to Graham, thanks for your unending support and your willingness to read the odd draft here and there, it has been very much appreciated; to Davy, Denise, Andrew and Ewan, spending time with you has enriched me immeasurably; to Matty, *moe mai ra e hoa*. Finally, to all those other people who were so generous with their time and shared their knowledge

so willingly throughout my research – I could not have completed this dissertation without you.

In closing, this dissertation, as much as the amateur academic in me would like it to be a purely dry and dispassionate document, I have been aware in undertaking this research that hindsight can play a role in forming views of past events. This dissertation is, however, a sum product of me: my research and interests, my lived experience in Aotearoa New Zealand throughout some arguably challenging and interesting times in our nation's relatively recent history which have helped to shape my personal beliefs and world view. Therefore, it is only fitting that I fully acknowledge that inherent bias from the outset in this piece of research. For me, this journey is now complete.

Finally, I can think of no better words, timeless as ever, than to quote Dimitrov (2017) and to close this section with:

*And now abideth faith, hope, charity, these three; but the  
greatest of these is charity*

*Apostle Paul, I Corinthians 13:13*

# Chapter 1 Introduction

## 1.1 Chapter Overview

This chapter presents, firstly, a background to this study; secondly, a description of my research aims and questions; thirdly, my chosen research method; and, finally, the structure of the entire dissertation is presented at the end of this chapter.

## 1.2 Background

### 1.2.1 Charities and Aotearoa New Zealand<sup>1</sup>

Fast forward into the dawn of the twenty first century, and frequently charities are being called upon to further the social objectives of the government of the day. The new Financial Reporting Act 2013 marked a significant milestone in the way that registered charities were expected to file their performance reports to Charities Services. Given the amount of money and other resources flowing into the charitable sector, there are increasing calls (Farwell, Shier, & Handy, 2019; Reddy, Locke & Fauzi, 2013; Hyndman & McConville, 2013; Abraham, 2007; Clarke, 2005) for more transparency and accountability in the reporting from charities, especially those that are perceived to be providing a public ‘good’.

Aotearoa New Zealand has had a long history with charities, as the following section of this chapter describes.

#### Aotearoa New Zealand: Pre-1840

Early Pākehā, or European, settlers came across a well-established and thriving indigenous (Māori) community, replete with its own deeply imbedded supporting framework based around *whānau*, *hapū* and *iwi*, (family, sub-tribe and tribe) relationships, and underpinned by a number of traditional values, including: *kotahitanga* (unity); *wairuatanga* (spirituality); *whanaungatanga* (family connections, kinship); *kaitiakitanga* (stewardship or guardianship); and *manākitanga* (hospitality or

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<sup>1</sup> Aotearoa is the most widely used Māori name for New Zealand and the most popular and authoritative meaning usually given is “the land of long white cloud” (Wilson, 1966) and, in this research, the term Aotearoa New Zealand is used instead of New Zealand to acknowledge the bicultural foundation of Aotearoa New Zealand and the indigenous people (Māori) of Aotearoa New Zealand. As a sixth-generation New Zealander, I acknowledge the bicultural nature of Aotearoa New Zealand, as set out in its founding document, te Tiriti o Waitangi.

kindness and generosity). In my view it was the strength of these familial relationships, their strong adherence to their values, along with the family-oriented communal-style living that Māori experienced, which effectively negated the need for organised charities as we understand them today; “While Pākehā were prepared to trade with Māori, only a few integrated into Māori community life, with the majority of Pākehā preferring to stay well outside” (Tennant, Te Ara, 2020).

By virtue of necessity, early Pākehā settlers, by default, had unwittingly created an early version of the nuclear family of today, and therefore had to create their own informal support networks to support each other in times of crisis: natural disaster, serious illness, the death of a breadwinner or the family matriarch. Therefore, gradually, over time, these support networks became more formalised as increasing numbers of settlers brought with them models of charitable organisations which had taken root in Great Britain, Europe and the United States.

#### Aotearoa New Zealand: 1840 – 1900

Charities have had a long association with Aotearoa New Zealand: from a historical perspective Aotearoa New Zealand was, following the signing of the Treaty of Waitangi,<sup>2</sup> a colony of Great Britain, and as a consequence of being a ‘child’ of ‘Mother England’ Aotearoa New Zealand drew heavily on English common law precedent to establish a legislative framework for charities and other non-profit organisations in Aotearoa New Zealand (Tennant, O’Brien, & Sanders, 2008, p. 3).

One of the oldest charities in Aotearoa New Zealand, the Auckland Ladies’ Benevolent Society, was formed around 1857. In response to an official inquiry into the poor management of an old persons’ home in Auckland, and the subsequent negative publicity following the publication of the inquiry’s findings, the society undertook the management of the home (Chilton, 1968).

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<sup>2</sup> The Treaty of Waitangi, in Māori *Te Tiriti o Waitangi*, was a formal agreement (treaty) between the British Crown and indigenous Māori chiefs (*rangatira*) to become a British colony, whereby indigenous Māori were offered the rights and privileges afforded to British citizens. It was initially signed at Waitangi, in the Bay of Islands on February 6, 1840, by 43 chiefs, and subsequently, in various areas around the country over the next eight months, over 500 Chiefs signed the document.

Women, because of their role in early settler life, were, by and large, the drivers behind the creation of some of the earliest charities in Aotearoa New Zealand: the aforementioned Auckland Ladies' Benevolent Society in 1857; and the Onehunga Ladies' Benevolent Society in 1863. The concept of benevolent societies took root in the fertile soils of Aotearoa New Zealand's society, and hence benevolent societies started to spring up in Dunedin in 1862; Christchurch in 1865; and Wellington in 1867. While initially self-funding, due to the limited number of bequests and donations available from private benefactors, many of these charities came to rely on government grants (Tennant, Te Ara, 2020).

The church came to play an important role in the charity space: denominations such as the Catholic Church relied primarily on its female religious orders, such as the Congregation of the Daughters of Our Lady of Compassion, a locally established order headed by Mother Mary Joseph Aubert as its first superior and based at Jerusalem on the Wanganui River. Their work covered a broad social spectrum: nursing, teaching, health, and caring for Māori children; interestingly, in 1891 Mother Aubert's work broadened to include Pākehā children, many born out of wedlock and in poor health, many of whom had been abandoned as infants and left in her care. Of the denominations active in charitable work in the new colony, probably the most diverse work was undertaken by the Salvation Army (Tennant, Te Ara, 2020).

Prior to 1900, most of various churches' charity efforts were concentrated around setting up rescue homes and orphanages, along with providing soup kitchens and men's night shelters, and supporting released prisoners (Tennant, Te Ara, 2020). From my perspective, it would seem that in the second decade of the twenty-first century, the need in Aotearoa New Zealand for soup kitchens, along with rescue homes and night shelters, has not dissipated.

#### **Aotearoa New Zealand: 1900 – 1950**

From the early onset of the twentieth century, charities and successive governments continued to interact for mutual benefit. In recognition of the work done by charities the government provided income tax concessions to the charities: the Land and Income Tax Act 1916 "exempted from both kinds of tax any society established for a

charitable, educational, religious or scientific purpose of a public nature” (Tennant et al., 2008, p. 17).

#### **Aotearoa New Zealand: 1950 – 1984**

According to Tennant et al. (2008), by the end of the 1950s there was overt support for charities such as the provision of office space, assistance with travel and training, and sharing of knowledge, as well as other assistance. In a sense the support offered by successive governments was a two-edged sword; whilst the first edge assisted local charitable organisations greatly in their endeavours, it came with a price; the second edge of the swinging sword saw, by the 1960s, government departments, along with private philanthropic trusts, preferring to deal with one national body rather than a plethora of local ones (Tennant et al., 2008).

#### **Aotearoa New Zealand: 1984 onwards**

Charities continue to play an important role to play in Aotearoa New Zealand, particularly with regard to the delivery of social services. With the injection of the new public management theory virus into the bloodstream of New Zealand’s governmental arms following the 1984 election, there has been a mutation of the relationship between the charitable sector and successive governments in New Zealand. Various legislative acts, such as the State Services Act (1988) and the Public Finance Act (1989), have effectively turned heads of government departments into chief executive officers (CEOs) who are tasked with instituting purchase and performance agreements with charities (Elliot & Haigh, 2013).

A recent study (Statistics New Zealand, 2018) has identified that the third sector in Aotearoa New Zealand contributes NZ\$121.1 billion to our GDP. It can also be argued that charities in our society are much more diverse today than ever before: the sector spans tiny grassroots organisations, such as the Paws Crossed Cat Rescue Charitable Trust, to largescale, professionally-run charities such as the KidsCan Charitable Trust Group, which typically have to find around 75% of their revenue from sources other than the government (Elliott & Haigh, 2013).

Globally, the charitable sector has long been recognised as a significant actor within local communities by acting as a de-facto agent of the state, which points towards flaws relating to welfare policy setting and the shift away from the provision of traditional welfare services by the state to provision by the charitable sector (Connolly, Hyndman & McConville, 2011; Rashbrooke, 2018; Sinclair, Hooper, & Ayoub, 2013; Yang, Brennan & Wilkinson, 2014).

A similar view is offered by O’Loughlin Banks and Raciti (2018) who suggest that charities are actors whose principal role is the provision of a range of individual and community services designed to benefit the general public. Within society, charities that “focus on providing a social benefit through their activities enrich our society far beyond the practical services they provide” (Anscombe, 2015, p. iii). Charities belong to what is commonly referred to as the ‘third sector’ (Cordery & Sinclair, 2013).

However, charities are also the recipient of considerable benefits from the state, which come in various forms: partial or complete funding of many of their programmes; tax exemptions on income received; the ability of their donors to claim tax credits for their charitable donations (Inland Revenue Department of New Zealand, n.d.); and, last but by no means least, an exemption on fringe benefit tax with respect to non-cash benefits paid to their employees (Inland Revenue Department of New Zealand, n.d.).

### 1.2.2 Defining charities

Aotearoa New Zealand, in common with many other members of the Anglosphere, imported much of our earlier legislation from the United Kingdom. Within this context, the definition of ‘charity’ is based on several sources: over 400 years of common law, deriving from the Preamble to the Statute of Charitable Uses, which dates back to Elizabethan times (the Statute of Elizabeth, enacted by the English Parliament in 1601); and statute law, precedent-setting court cases, for example, *Commissioners for Special Purposes of Income Tax v Pemsel [1891-1894]; All ER Rep 28* (Pemsel’s case), and subsequent New Zealand court cases.

According to section 5(1) of the Charities Act (2005), for a non-profit organisation to be awarded charitable status, it must exist to exclusively benefit the general public under one of the four tests of charitable status:

- the relief of poverty
- the advancement of education
- the advancement of religion
- other purposes beneficial to the community

### 1.2.3 The downside of charities

While it is acknowledged (O'Brien, 2016) that charities do useful work within their respective communities, given the usually low level of resources available to most charities within Aotearoa New Zealand, there are limits to what they can do. Like the eponymous title character in Charles Dickens' novel, *Oliver Twist*, who had the temerity to ask for more, recipients of assistance from charities are entirely dependent on the charity to respond; and as O'Brien (2016) observed: "Agencies respond to the needs of users and frequently establish formal processes to protect the interests of users, but users are unable to *require* them to deliver services" (p. 295).

Agencies, or in this case individual charities, try to fulfil the needs of their beneficiaries, or users, in order to achieve legitimacy by helping individual beneficiaries, thus building up a relationship with those individuals, and also work to achieve a measure of downwards accountability. In regard to the delivery (or not) of these services, "Dixon et al. (2006) show how downward accountability is built on relationships with beneficiaries" (Lord, 2017, p. 6).

Others have recognised the issue of charities coming under increasing pressure to deliver both a public benefit and be seen to be prudent managers of public and taxpayers' monies (Boon, Greatbanks, Munro & Gaffney 2017; Hwang & Powell, 2009). It follows, then, that in order to meet the *unmet* need of users, charities require access to a greater level of funding, either public or private, than they are currently receiving, which can lead to issues around accountability and governance. These issues are particularly relevant to the charitable sector and to the various stakeholders, including legislators, regulators, donors and taxpayers that underpin this sector.

Charities occupy a significant space within the fabric of our society and it can be argued that, because of their unique role within society, charities, like Caesar's wife, should be beyond reproach. This is a concept that perhaps the Boards of Trustees of several charities (KidsCan, Hepatitis Foundation, Oxfam, Quit Group Trust and

Neurological Foundations of Aotearoa New Zealand) may wish to reflect upon, given the recent well-publicised negative news media coverage of their respective organisations (Fisher, 2015; “Former Charity Boss,” 2020; Moir, 2019, 2020; The Clique, 2018).

### 1.3 Research Aims and Questions

#### Charitable regulation and *Aotearoa* New Zealand

##### Pre 2014

One of the drivers that led to the creation of the new reporting standards for registered charities in *Aotearoa* New Zealand was the need for accountability and transparency; prior to the introduction of the new reporting standards there were no legal requirements for charities with respect to the preparation of their financial statements (Peterson-Palmer & Malthus, 2017).

As Sinclair, Hooper & Ayoub (2013, p.314) note, in order for charities to retain the confidence, and hence financial support of the public, they need to give “an account” of their charitable activities. Previous studies (Cordery & Patel, 2011) found that financial reporting by charities was variable, and the lack of appropriate financial reporting standards for registered charities was noticeably evident.

Given that governments across the Anglosphere and elsewhere seek to contract with charities for the provision of social services and in doing so favour the charitable sector with state support, for example income tax concessions and favourable access to government funding (Cordery & Deguchi, 2018). In exchange the government seeks to do a number of things in return: firstly, governments regulate in order to limit fraudulent activity within the charitable sector; secondly, to promote accountability and transparency within the sector; and thirdly, in order to protect the tax base governments seek to define what constitutes charitable activity, (Cordery & Deguchi, 2018); an example of which is the 2014 case taken by the now-defunct Charities Commission against *Greenpeace New Zealand* which saw the commission decline charitable status to that organisation and the subsequent legal battles that then ensued as *Greenpeace* sought a reversal of that decision.

## Post 2014

Charities, like other segments of society, are not immune to regulation (Cordery, 2018), and this has led to *Aotearoa* New Zealand's development of financial reporting standards (FRS) for the charitable sector. Sinclair, Northcott & Hooper (2014, p.29) state that "Financial statements are the principal means of communicating financial information to users outside an organisation"; generally accepted accounting practice (GAAP) dictates that in order for financial statements to be comparable and understandable, they need to be underpinned by a standard: either sector-neutral, or sector-specific.

In the case of *Aotearoa* New Zealand, some of the key developments in standard setting for the charitable sector to increase the level of accountability and transparency can be summarised as:

- The introduction of separate public benefit entity (PBE) standards based on international public sector accounting standards (IPSAS), deemed to be more appropriate for the sector, given that they are sector-specific (Peterson-Palmer & Malthus, 2017)
- Implementing a requirement where, in the two preceding accounting periods for medium-sized charities (over \$500,00) to have their financial statements either audited or reviewed by a qualified auditor; for large-sized charities (over \$1m) to have their financial statement audited by a qualified auditor, (Charities Services, n.d.)
- The changes sought to apply consistent accounting standards with respect to charities when completing their financial reporting (Peterson-Palmer & Malthus, 2017; Sinclair, Northcott & Hooper, 2014).
- The decision was made to introduce a multi-tier framework, as shown in Figure 2.1, in order to balance the need for regulatory efficiency with effective regulation (Cordery & Deguchi, 2018). By the year 2016 one of the more significant changes was the staggered introduction of the need for registered charities (Tier 3 and Tier 4) to compile a performance report.
- The report had to be submitted to the publicly searchable Charities Services website within six months of the charity's balance date. As

Hooks & Stent (2020) note there was a rolling timeframe in place until 30 August 2017, which saw the end of the final due dates for the performance report. For the larger Tier 1 and Tier 2 charities the rollout date starts from 1 January 2021.

In terms of accountability and transparency, *accurate* financial reporting plays a key role in the ability of charities to retain the public's trust and confidence (Cordery, Sim & van Zijl, 2017). Transparency, much like beauty, is in the eye of the beholder: in terms of a governance perspective it is the medium through which the public in particular (beneficiaries, donors and media), can gain information about a specific charity; its size, its governance and management structures, the number of people, both paid and unpaid who work for it; and the outcomes that it has achieved (Connolly, Hyndman & McConville, 2013).

Transparency is particularly important for charities even in good economic times; and when there are abnormal events, such as the Covid-19 lockdown, which has had a significant economic impact within the Anglosphere and elsewhere; it is even more important, in my view, for charities to maintain a high level of transparency in their dealings with a wide range of stakeholders in order to retain their confidence.

Benjamin (2008, p.212), however, makes an interesting point when she talks about non-profits (charities) who provide verification accounts to their funders to confirm that they have met their commitments, however, there are those who “can, and often do, carefully construct these accounts to avoid having to further explain their practice to funders and thus protect the organization from additional inspection.”

There is a lack of empirical research that focuses on the impact of the new financial reporting standards on small charities. As Figure 1.1 illustrates, approximately 22% of charities operate at Tier 3, and 75% operate at a Tier 4 level, making a total of 97% of the charitable sector in Aotearoa New Zealand. While there has been some research undertaken (Hooks & Stent, 2020; Peterson-Palmer & Malthus, 2017) into reporting by charities operating under the new reporting requirements, there still remain gaps in the literature. This research attempts to examine the impact of these changes, and in doing so, to address some of the gaps in the extant literature.

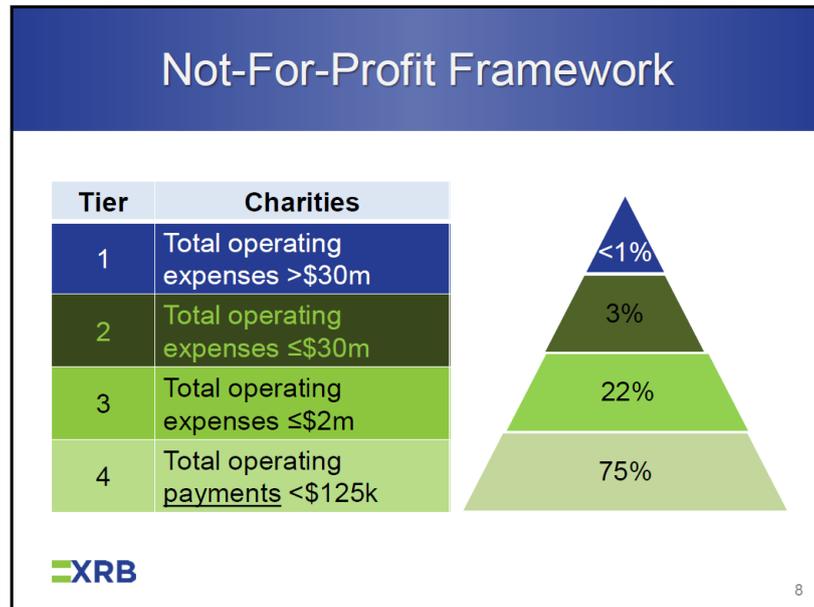


Figure 1.1: Not-for-profit framework. Source: Charities Services Webinar, New Financial Reporting for Small Charities, 2016.

In order to fulfil the aims of this research I have developed two research questions, and these are as follows:

1. How do the new reporting standards affect the accountability practices of small charities?
2. How do the new reporting standards affect the governance practices of small charities?

### 1.4 Research Method

This research employs the case study method to enable the researcher to focus on the *how* research questions set out in the previous section. This method underpins the goal of gaining a real-world perspective, and investigating rich and in-depth information that comes from people's lived experiences (Yin, 2014).

Supporting the case study method approach, I carried out semi-structured, face-to-face (*kanohi-ki-te-kanohi*) interviews, followed by subsequent data analysis, for which I have employed Braun and Clarke's (2006) six phases of thematic analysis as my framework for this aspect of my dissertation. I have also used NVivo qualitative data analysis software to complement the use of the six phases of Braun and Clarke (2006).

## 1.5 Dissertation Structure

There are five chapters contained in this dissertation, the first being Chapter One, the Introduction, which sets the scene for the remainder of the dissertation and includes the research questions which inform my research. Chapter Two, the Literature Review, seeks to draw the various applicable strands of the extant literature pertaining to the governance and management practices of Aotearoa New Zealand charities, in order to better understand how these affect smaller (Tier 3 and 4) charities. Chapter Three, Methodology, provides an explanation for why I chose to go with the approach of an interpretivist paradigm, a relativist ontology, and a constructivist epistemology (Davies & Fisher, 2018). I have also drawn briefly on the work of Scales (2013) with respect to the ontological and epistemological aspects of my dissertation. Chapter Four covers the Findings and Discussion. Chapter Five, Conclusion, Implications, Limitations and Further Research, offers a conclusion, suggests implications for future research and researchers, details the limitations of this study, and suggest possible areas for future research. The remaining elements of the dissertation are References and Appendices.

## Chapter 2 Literature Review

### 2.1 Chapter Overview

The purpose of this literature review is to understand charity accountability and governance. To understand these issues, the literature review begins by looking at the terminology used to describe the charitable sector and the definition of a charitable organisation within the context of the extant literature. The literature review then proceeds to examine the concepts of downward, lateral and upward accountability, and this chapter concludes with an examination of governance within the charitable sector.

### 2.2 Charities and Terminology

When perusing the extant literature, one finds a number of definitions used by various authors over the years to describe charitable organisations. Terms such as civil society organisations (CSOs) non-governmental organisations (NGOs), non-profit organisations (NPOs), not-for-profit organisations (NFPOs) and third-sector organisations (TSOs) are used interchangeably within the literature, and there appears to be no commonly agreed term to describe the charitable sector (Breen, 2008; Cordery, Crawford, Breen, & Morgan, 2019; Byrd & Cote, 2016; Cordery & Deguchi, 2018; Cordery & Sim, 2016; Garton, 2005; Gray, Bebbington, & Collison, 2006; Nguyen & Soobaroyen, 2019; Tenbenschel, Dwyer & Lavoie, 2014). For the purposes of this dissertation charities will be referred to in general terms as not-for-profit organisations.

### 2.3 Charity Regulatory Context in Aotearoa New Zealand

The new Financial Reporting Act 2013 marked a significant milestone in the way that registered charities were expected to file their performance reports to Charities Services. In essence, for reporting periods beginning either on or after April 1, 2015, all Aotearoa New Zealand registered charities now have to prepare general purpose financial reports (GPFR). However, there is some flexibility in the way that charities are required to report; for example, charities operating at the lowest end of the reporting spectrum, Tier 4, can choose to report using cash reporting; whereas a charity operating at Tier 1 is required to report using full public benefit entity (PBE) standards.

As the Charities Services website notes, (Charities Services, 2020) all charities default automatically into Tier 1, but if they met the criteria as outlined in Figure 2.1, below, then they may fall into a lower Tier, and enjoy less onerous reporting requirements. When devising the tiered system, Charities Services took into account the vagaries of charitable life and emphasised that expense thresholds needed to be viewed through the lens of two previous financial reports, as a charity may have received, for example, a one-off charitable donation in a previous period that placed that particular charity in a higher reporting Tier but this event is unlikely to occur again.



Figure 2.1: Charities Services reporting tiers. Source: Charities Services (2020).

For many of these smaller Tier 3 and 4 charities, changes have been required to their accounting systems and processes, as Peterson-Palmer and Malthus (2017) have observed, and their findings suggest that these changes have been considered time-intensive and costly to implement, particularly for these smaller charities. However, their findings also suggest that charities consider the new reporting format to be beneficial in terms of its focus on standardisation, along with comparability and readability.

## 2.4 Charities and Accountability

There have been calls for increased accountability from charities in the wake of adverse publicity, both within Aotearoa New Zealand and elsewhere, notably the UK (Dhanani & Connolly, 2012). It can be argued (Farwell, Shier, & Handy, 2019) that accountability promotes trust in the charitable sector for two main reasons. Firstly,

within Aotearoa New Zealand, if one wants to start up a new charity, there are relatively low barriers to entry, and there have been documented cases where 'briefcase' charities have been set up in Aotearoa New Zealand for the sole benefit of the charity's creator; there have also been court cases in Aotearoa New Zealand where individuals have been successfully prosecuted (Reddy et al., 2013). Secondly, insofar as the general public is concerned, there is often no easy way to determine the difference between trustworthy and untrustworthy charities (Prakash & Gugerty, 2010).

Accountability is a complex, abstract yet elusive concept, lacking a clear definition and difficult to define (Bellante, Berardi, Machold, Nissi, & Rea, 2018; Dhanani & Connolly, 2012): it can mean different things to different people and the academic literature is replete with articles that attempt to define and encapsulate the concept (Benjamin, 2008; Dumont, 2013; Ebrahim, 2003; France & Tang, 2018; Gourdie & Rees, 2009; Gray et al., 2006; Oakes & Young, 2008; Tenbensen et al., 2014).

Mulgan (2000) defines accountability as being called to account for one's actions to another, usually higher body, and this process has a number of attributes applied to it. In contrast, a definition proposed by Christensen and Ebrahim (2006) suggests that in order to be accountable, charities need to be answerable to stakeholders for their actions, regardless of whether these actions were internally or externally initiated.

Gray et al. (2006) make the point that accountability lies at the heart of a relationship that is forged between a charity, its stakeholders and society at large. However, when responding to such economic challenges as those arising out of the recent Covid-19 pandemic, charities may be tempted to employ the model developed by Mitchell, Agle, and Wood (1997) in order to identify their key stakeholders, namely, those who, in the eyes of an individual charity, clearly demonstrate the three key attributes of power, legitimacy, and urgency. Thus, charities may ignore the needs of their wider stakeholders in the interest of expediency.

Accountability, much like beauty, lies in the eye of the beholder, and it has been the topic of choice for many researchers within the not-for-profit arena (Dellaportas, Langton & West, 2011; Dhanani & Connolly, 2014). Within the field of management research and practice, accountability has formed a central pillar (Oakes & Young,

2008). From an accountant's perspective the concept of accountability would seem to be a clear cut, albeit contested notion (Gray et al., 2006).

As McConville and Cordery (2018, p.300) note, accountability for charities can be a twin-pronged approach: financial accountability ("Did we reach our financial targets?"), and mission performance accountability ("Did we do what we said we would do in our mission statement?"). It can be argued that underpinning the renewed calls for accountability within this sector is the defining and achievement of outputs and outcomes, along with the increased monitoring of charities in the form of regular auditing and reporting requirements (Christensen & Ebrahim 2006; Edwards & Hulme 1995).

From a philosophical perspective, the accountability of charities tends to be more complex than that for their for-profit counterparts, due to two main factors. Firstly, charities are not seeking to make a profit as their primary purpose for existence, and therefore it can be challenging to apply traditional performance measurement indices to charities to determine their effectiveness (France & Tang, 2018). Secondly, charities tend to have multiple stakeholders, not all of whom have the same goals and interests (Richmond, Mook, & Quarter, 2003), unlike their for-profit counterparts, where accountability is linked to ownership and hence companies, through their agents, are accountable to their owners.

According to Tacon, Walters, and Cornforth (2017), modern research has produced detailed typologies of accountability, while Dhanani and Connolly (2012) make a distinction between four key themes, or types of accountability: strategic, fiduciary, financial, and procedural. While a detailed examination of these accountability concepts lies outside the scope of this dissertation, there are three trees within the *strategic* accountability forest that are directly relevant to charities: upward, downward, and lateral accountability; and these are discussed in the next section.

#### 2.4.1 Upward accountability

Upward accountability, simply put, means the reporting practices employed by a charity to a set of stakeholders (donors, government funders, legislators, philanthropic trusts and regulators) who tend to have a significant level of influence on the granting of and distribution of funds held by the charity (Ebrahim, 2003; Musawa, 2019).

Such upward accountability does open the door to debates around whether this enhanced accountability helps or hinders the charity in its achievement of its stated mission and goals; and, further, it raises the question of whether complying with more rigorous compliance reporting regimes causes charities to pay only lip service to their mission statements (Christensen & Ebrahim, 2006).

#### 2.4.2 Downward accountability

Downward accountability, as it applies to the charitable sector, simply means, according to Ebrahim (2005), reporting to the stakeholders, typically beneficiaries and the local communities who are indirectly affected by the charity's work. On the other hand Hu, Zhu, and Kong (2020) argue for a broader definition of downward accountability that includes staff; however, their view that downward accountability being inclusive of staff is not shared by others, such as Dhanani and Connolly (2014), France and Regmi (2019), and Kendall and Knapp (2000). Dhanani and Connolly (2014) cite others such as Najam (1996) to support their view of downward accountability as being focussed on the beneficiaries of the charity's services.

However, a more useful depiction of downward accountability describes the relationship between a charity and its beneficiaries where the charity engages with its beneficiaries and together have a mutual learning relationship (Bawole & Langnel, 2016).

#### 2.4.3 Lateral accountability

Lateral or 'sideways' accountability is, of itself, uniquely distinct. Christensen and Ebrahim (2006) define lateral accountability broadly as accountability "to one another and themselves, as the staff, volunteers, community board members, and the community agencies with whom they work" (p. 198). As shown in Figure 2.2 below, I take the slightly narrower approach that accountability to staff and volunteers is an *internal* function within charities, as it is their staff and volunteers (an in-house resource) who are the key to charities achieving their mission goals, and therefore it is a *lateral* accountability, and hence internal to charities. By contrast, in my view, both downward and upward accountability are essentially *external* functions carried out by charities in order to meet their respective obligations to various stakeholders.

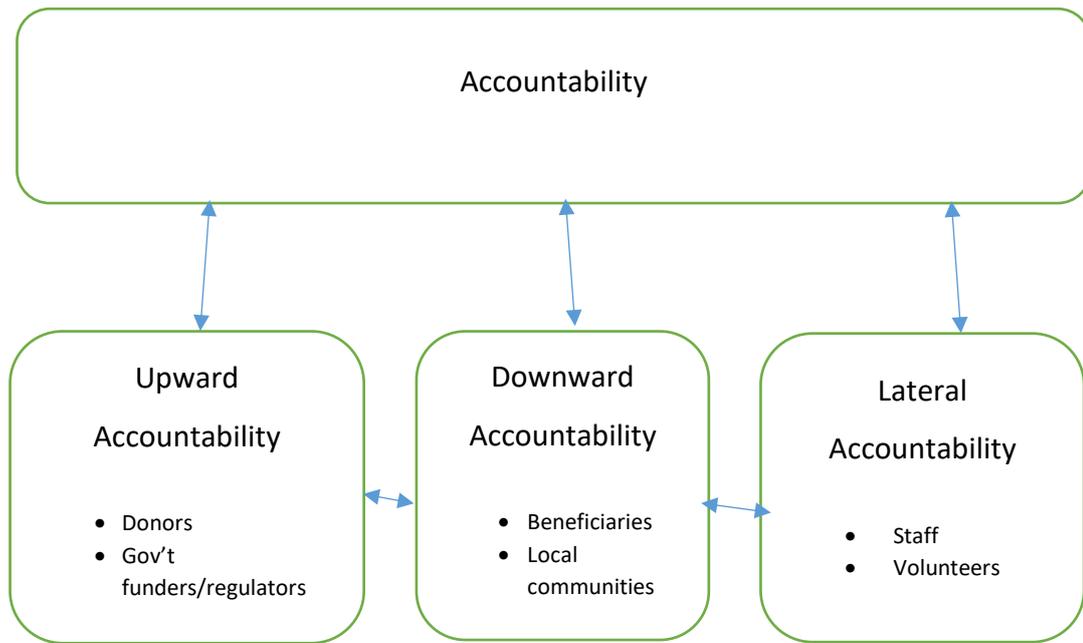


Figure 2.2: Definition of accountability inter-relationships.

Within the academic literature there is some controversy (Hu et al., 2020) as to whether accountability to staff and, by extension, to volunteers, is lateral accountability as suggested by Brown and Moore (2001), Christensen and Ebrahim (2006) and Ebrahim (2003), or whether this form of accountability rests under the general umbrella of downward accountability (Edwards & Hulme, 1995).

#### 2.4.4 Discharging accountability

The passing of the Financial Reporting Act, 2013, along with amendments to the Charities Act, 2005, signalled a significant change to the way in which charities in Aotearoa New Zealand were required to prepare their financial statements effective from April 1, 2015 (Baskerville, Cordery & Pells, 2017; Hooks & Stent, 2020). Prior to the passing of the act, charities had freedom of choice as to how little or how much information they would disclose, depending on how they prepared their financial statements (Hooks & Stent, 2020).

The genesis for this step-change were calls for greater levels of transparency and accountability from registered charities in Aotearoa New Zealand (Peterson-Palmer & Malthus, 2017).

As part of this change to their reporting requirements, charities are now also required to prepare an annual performance report, the Statement of Service Performance (SSP), the completion of which requires charities to identify their outputs and outcomes, the 'what we did' and the 'why we did it' during the preceding 12 months.

#### 2.4.5 Accountability: A counter-argument

In the previous sections of this chapter I have discussed the three broad forms of accountability (downward, upward and lateral) that can be applied within the charitable context. However, there is also a counter-argument, or downside, to increasing accountability: an increased pressure on charities to appoint 'professional' management and staff, along with the subsequent drive to increase the levels of bureaucracy within the organisation (Keating & Thrandardottir, 2017).

Gray (1992) argues from a corporate social responsibility viewpoint that what lies at the heart of accountability structures is their ability to hold managers of charitable entities accountable for the economic, social and environmental outcomes arising out of the actions taken by their organisations.

Gray (1992) puts forward the proposition that "There are, however, some further substantive criticisms levelled at the accountability concept" (p. 413). In essence these are: firstly, that being an active participant, either as an accountee or accountant, reinforces the power relationship dynamic, depending on whether one is being held to account, or holding the other to account, possibly resulting in one of the parties being in an exploitive position; and secondly, the notion of accountability exists only when having the right to account is legally enforceable.

From my reading of the extant literature, it would seem that much of the academic debate around charitable accountability is framed within a narrow context of a market-driven principal-agent dynamic, and is heavily focussed towards the quantitative: measurement of how well the agent (the charity) is achieving its outcomes as set out in its contract with the principal funder (typically the state).

## 2.4.6 Accountability summary

To conclude this section of the literature review I note, firstly, that, as a concept, accountability, particularly the literature as it relates to accounting and accountability, is still relatively young (Gray, 1992). Secondly I posit that there are typically three broad questions a charity must answer in relation to accountability, as shown in Table 2.1, Accountability features of charities, set out below.

Table 2.1: Accountability Features of Charities

<b>Focus</b>	<b>To</b>		<b>How</b>
<b>For what is the charity accountable?</b>	Achieve its mission statement		Through the provision of goods and services, and the efficient use of its resources
<b>To whom is the charity primarily accountable?</b>	Internal Stakeholders <ul style="list-style-type: none"> <li>• Board</li> <li>• Employees</li> <li>• Volunteers</li> </ul>	External Stakeholders <ul style="list-style-type: none"> <li>• Beneficiaries'</li> <li>• Funders</li> <li>• Regulators</li> </ul>	By meeting the needs of its beneficiaries, its funders (government and private), its regulator, and its local communities
<b>What mechanisms does the charity use to be accountable?</b>			Through reporting to the regulator (Charities Services) by the filing of a Statement of Service Performance, and by issuing annual reports to stakeholders

*Note.* Adapted from Fowler and Cordery (2015).

## 2.5 Charity and Governance

The governance of not-for-profit charities worldwide has attracted the attention of the general public, governments and regulatory bodies within the Anglosphere and elsewhere (Bellante et al., 2018). Charities, particularly those in Aotearoa New Zealand, are run by people who control quite often significant sums of taxpayer-generated money, and this situation can be characterised as private people playing with the public's money, a scenario that comes under the umbrella of fiduciary accountability (Dhanani & Connolly, 2012).

Relatively recent large corporate failures (Parmalat in Italy, Dick Smith in Australia, Banco Espírito Santo in Portugal; Tyco and WorldCom in the US), the financial crisis experienced in Asia in 1997 and, closer to home, South Canterbury Finance in Aotearoa New Zealand have focused attention on the importance of good governance

practices and regulatory oversight in the commercial sector (Reddy et al., 2013). Other commentators have described the charitable sector as needing to improve its approach to governance and accountability (Dellaportas et al., 2011).

In a case from Great Britain, the unexpected collapse of a UK children's charity Keeping Kids Company, usually referred to as Kids Company, in 2015 can be laid, according to the summary report (House of Commons Public Administration and Constitutional Affairs Committee, 2016), primarily at the feet of the charity's Board of Trustees. However, there is no requirement for New Zealand charities to fully disclose payments (remuneration, financial and other benefits, meeting or other fees) made to trustees; further, there has been little reporting previously done by charities on senior executive salaries and bonus payments.

One argument for disclosing executive salaries is that "In periods of fiscal austerity and rising income inequalities, the rewards available to senior executives have been the subject of criticism" (Mohan & McKay, 2018, p. 173). In order to ameliorate this criticism, the boards of trustees of charitable organisations should be prepared "to justify to the public the duties and responsibilities assigned and exercised by the [senior] executive" (Pollack, 2011, p. 602).

### 2.5.1 Governance definition

Governance, much like accountability, is an elusive concept, and there exists much confusion around the use of the term (McGrath & Whitty, 2015). Within the third sector generally, and charities in particular, governance plays a central role in the effective running of these entities; yet there is a lack of theory concerning not-for-profit governance as compared to its cousin, corporate governance (Cornforth, 2012).

As Cornforth (2012) notes, "there is no one agreed definition of corporate governance, but there is some degree of consensus that it concerns the direction and control of the enterprise and ensuring reasonable expectations of external accountability" (p.1121). One definition of governance comes from Ruin (2001, as cited in Mulili & Wong, 2011, p. 14) who posits that corporate governance is "referred to as a collective group of people united as one body with the power and authority to direct, control and rule an organisation." A more detailed definition of governance applicable to charities and

other non-profit organisations comes from the website of the Aotearoa New Zealand Controller and Auditor-General (2020), para 1.6:

Governance refers to the systems and processes for leading and guiding an organisation. It is about the arrangements and practices that allow an entity to set its direction and manage its operations to achieve its outcomes and to fulfil its accountability obligations.

### 2.5.2 Governance practices

My second research question was seeking to discover what, if any, changes the case studied charities had made to their governance practices in response to meeting the new reporting standards; underpinning the basis of this research question is that the *Charities Act, 2005* poses a dilemma for those boards of trustees of charitable organisations seeking guidance on discharging “good” governance, as the Act does not explicitly define what “governance” is, that is left to the boards of these entities to work out for themselves, which, in my view, is a less than optimal approach taken by the government, and this gap in the act is relevant to my second research question where I seek to understand how do the new reporting standards affect governance practices of small charities?

Governance has been explored extensively within the management academic literature, and while there is a wealth of material to be found on the subject of corporate governance practices, comparatively little is known in relation to the governance practices within the charities sector (Reddy et al., 2013).

Governance is one of those intangible concepts that can be hard to define where public accountability meets private governance. As Weisbord (2014) notes, “Poor corporate governance is pervasive in the charitable non-profit sector” (p. 305). One of the issues for the boards of trustees of charities in Aotearoa New Zealand is that neither “governance” nor “best practice” is defined within the Charities Act 2005 (Gousmett, 2008).

Charitable organisations differ significantly from their for-profit counterparts in terms of their governance practices. Charities exist to serve their beneficiaries, and have a broader purpose in life than just the creation of wealth. Charities also tend to have a wider range of stakeholders with often competing demands that charities need to satisfy, unlike for-profit enterprises which traditionally focus on meeting or exceeding the expectations of their shareholders.

For smaller charities who rely extensively on volunteers to discharge duties traditionally assigned to employees, there is an argument to be made that, under the umbrella of principal-agency theory, the agency problem can exist between voluntary boards (principals) and voluntary agents (volunteers) (Preston & Brown, 2004). There also appears to be little in the way of published research regarding the impact of volunteers on charitable organisational performance and efficiency (Reddy et al., 2013).

While the role of governance within charities is not clearly defined in law, there is no shortage of governance advice available to boards of charities, with organisations such as the New Zealand Institute of Directors offering training courses in not-for-profit governance practices.

Gousmett (2018) suggests that (charitable) governance takes a two-pronged approach: *internal* governance, comprising the board of trustees, and where appropriate, internal sub-committees to carry out delegated tasks such as oversight of the audit and risk function; and *external* governance, which can take the form of adhering to accounting rules and regulations, complying with reporting requirements (the SSP), the utilisation of external auditors, and observing governmental regulations, for example the Charities Act 2005.

It can be argued that the characteristics of “good” governance would be expected to encompass such things as the outcomes achieved for key stakeholders, such as beneficiaries for example (Hyndman & McDonnell, 2009), along with reduced opportunities for fraud, and enhanced efficiency in the use of scarce resources (Reddy et al., 2013).

### 2.5.3 Governance summary

The concept of governance is an elusive concept, and the usage of the term can engender confusion (McGrath & Whitty, 2015). Although there is a considerable amount of literature published in relation to corporate governance, less is known about the governance practices within the charitable sector (Dyl, Frant, & Stephenson, 2000). Applying the findings from research carried out into for-profit entities (Ingley & McCaffrey, 2007) suggests that implementing good governance practices can have a beneficial effect in terms of reducing the opportunities for fraud, and increasing the utilisation rate of scarce resources.

The Charities Act 2005 poses a dilemma for those boards of trustees of charitable organisations seeking guidance, as the Act does not explicitly define what “governance” is; it is left to the boards of these entities to work out for themselves, which, in my view, is a less than optimal approach taken by the government.

## 2.6 Identifying Gaps and Situating This Research Project

This study seeks to address a gap in the literature by exploring the effects of the new reporting standards on the accountability and governance practices of small Aotearoa New Zealand charities.

There is a current paucity of published research into the impact on small charities of the recent changes to the new reporting standards (Baskerville et al., 2017; Hooks & Stent, 2020; Peterson-Palmer & Malthus, 2017). Most of what has been published concerns itself with: an analysis of the capability of Tier 3 and Tier 4 charities to comply with the new reporting standards (Baskerville et al., 2017); or an analysis of the effects of changes to the reporting requirements for small and medium charities based in one province of Aotearoa New Zealand (Peterson-Palmer & Malthus, 2017); or seeking insights from charity practitioners on the new performance reporting requirements for Tier 3 and Tier 4 registered charities (Hooks & Stent, 2020).

The SSP is seen by regulators as providing readers with a more in-depth understanding of the overall performance of a charitable organisation than was previously available (Tukiri & Fisher, 2016). However, in order for these smaller Tier 3 charities to properly

and accurately complete their SSPs, there may be changes required to their accountability and governance practices.

This study widens the existing literature which examines performance reporting by small Aotearoa New Zealand charities by seeking to explore what changes, if any, were required to their accountability and governance practices in order to discharge their obligations under the new reporting standards.

This study situates itself firmly within the interconnecting accountability and governance practices research into small Aotearoa New Zealand charities, and it is hoped that other researchers will chose to explore this fertile field of inquiry.

## 2.7 Chapter summary

There is a gap in the literature for more research on small Aotearoa New Zealand charities (Hooks & Stent, 2020; Peterson-Palmer & Malthus, 2017), particularly when it comes to the broader picture of their accountability practices and governance practices. A more in-depth examination of a wider sample of small (Tier 3) charities may confirm a homogeneous approach taken by charities when it comes to accountability and governance practices conducted within their respective charities.

This chapter has reviewed the literature relating to the accountability and governance of charitable organisations. The elusive nature of accountability within the charitable sector was outlined and, under the umbrella of strategic accountability, three types of accountability were discussed: upward, downward and lateral accountability. In addition, the literature relating to governance, its definition and practices was also discussed. Summaries of definitions of accountability and governance were provided as a foundation for this study, and gaps were identified in the literature in order to provide a location within which this research can be situated.

## Chapter 3 Research Methodology and Method

### 3.1 Chapter Overview

This section introduces the research method and methodology chosen for this study. Section 3.2 provides an examination of the research questions. Section 3.3 sets out the interpretive paradigm, along with the ontology and epistemology that was used for this study. Section 3.4 discusses the case study method employed, and the rationale behind adopting the case study method. Section 3.5 describes the methods used in collecting and analysing the case study evidence. Section 3.6 touches on the ethical implications and, finally, the chapter is summarised in Section 3.7.

### 3.2 Research Questions

This research aims to examine the accountability and governance practices of small Aotearoa New Zealand charities.

There is a lack of empirical research that focuses on the impact of the new financial reporting standards on small charities. Approximately 22% of charities operate at Tier 3, and 75% operate at a Tier 4 level, making a total of 97% of the charitable sector in Aotearoa New Zealand (Charities Services, 2020). Researchers such as Hooks and Stent (2020) and Peterson-Palmer and Malthus (2017) have undertaken some useful research in this area; however there still remain gaps in the relevant literature. The purpose of this research is to attempt to add to the academic literature in this area, and to provide a pathway for others to follow and seeks to contribute to reducing the gaps in the current literature.

The two research questions are shown below:

1. How do the new reporting standards affect the accountability practices of small charities?
2. How do the new reporting standards affect governance practices of small charities?

The first research question looks at the accountability practices of small Aotearoa New Zealand charities and seeks to discover what, if any, changes small charities have made to their accountability practices as a result of the introduction of the new reporting

standards. The second research question looks at the governance practices of these small charities; in particular, it asks whether these charities have had to make any changes to their governance practices and, if so, seeks to discover what those changes might be.

### 3.3 Research Methodology

#### 3.3.1 Interpretive paradigm

This research is a qualitative enquiry (Emmel, 2013) that seeks to explore how the people who govern, manage, work for and benefit, from their involvement with two Aotearoa New Zealand charities and their interactions with the 2013 financial reporting standards with respect to, firstly, their accountability practices and, secondly, to their governance practices. The research uses an interpretive paradigm. As someone who has previous experience (Savin-Baden & Major, 2013, p. 387), of the charitable sector as a former Board Chair and acting CEO of a charity, as well as having had previous managerial experience, I find myself firmly fitting naturally into the interpretive camp, and it is for that reason alone that I have opted for this particular paradigm.

There are two main definitions of paradigm. The first is a basic belief system based on ontological, epistemological and methodological assumptions (Guba & Lincoln, 1994, p. 108). The second comes from Scotland (2012, p. 9), who articulates four aspects to a paradigm: ontology, epistemology, methodology and method; and so a paradigm can be described as either a belief system, or a world view, depending upon one's point of view (Davies & Fisher, 2018). Not surprisingly, there is more than one paradigm, and I touch on two here: positivism and interpretivism (Collis & Hussey, 2014; Rahman, 2017). Positivism concerns itself with the view that how we perceive reality is different to how others perceive reality, and that it is both objective and external to the academic researcher; whereas interpretivism takes the view that how we perceive reality is in fact subjective and is constructed along societal lines (Collis & Hussey, 2014).

As each paradigm has been developed by human beings, and is underpinned by its own set of ontological and epistemological assumptions, it follows therefore that researchers will see the world differently, based upon factors such as age, gender and ethnicity, lived experience and societal and cultural norms relevant to each researcher, and then act accordingly (Pham, 2018).

I found a useful diagram, courtesy of Brown and Dueñas (2019) that helped me to make sense of the inter-relationship between the various strands that underpin academic research: axiology, ontology, epistemology, methodology, methods and sources (see Figure 3.1).

Figure 3.1: Academic Research Concepts

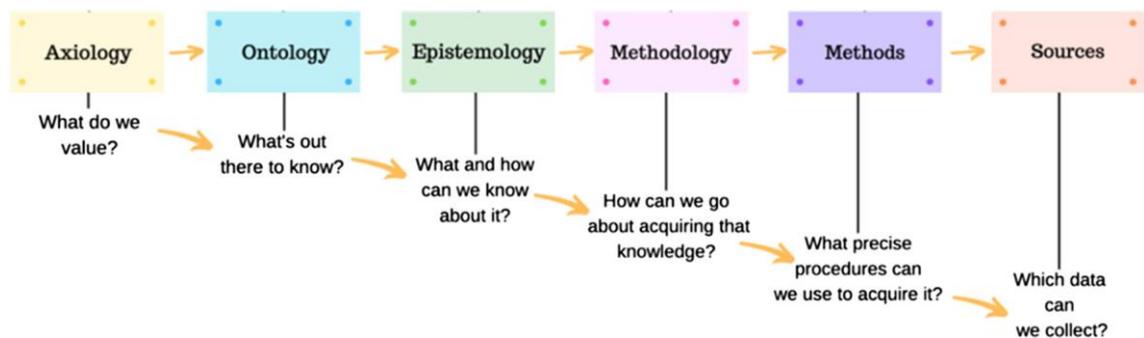


Figure 3.1: Academic research concepts. Source: Brown and Dueñas (2019, p. 2).

### 3.3.2 Relativist ontology

Ontology can best be described as the nature of existing. It raises questions that have been asked by philosophers since the dawn of time, (is this all there is?)

This definition is similar to that of an online dictionary, *Merriam-Webster*, which states that ontology is “a branch of metaphysics concerned with the nature of being; [and] a particular theory about the nature of being or the kinds of things that have existence” (“Ontology,” n.d.). Crotty (1998) defines ontology as “the study of being” (p. 10).

The ontology that underpins the interpretive paradigm is relativism, and is the view that reality is subjective and can be understood in multiple ways by multiple people (Gray 2009; Guba & Lincoln, 1994; Pham, 2018). My reason for using relativism was because I felt that it was the most appropriate tool to use for this particular

endeavour; to paraphrase Scotland (2012), all research methods roads lead, via the byways of research methods and epistemology, to the Rome of an ontological position.

Epistemology draws its etymological roots from two Greek words: *episteme* (knowledge) and *logos* (reason). Hence, epistemology concerns itself with the theory of knowledge (Scotland, 2012), and the epistemology that underpins the interpretive paradigm is one of subjectivism. It has a view that the world does not exist independently of our knowledge of it (Grix, 2004; Marsh & Furlong, 2002); to paraphrase Crotty (1998, p. 43), a cat does not call itself a cat, rather, we have constructed it as a cat, and we have categorised the cat as a cat.

Creswell and Poth (2018) assert that ontology, epistemology, axiology and methodology are the four main philosophical assumptions that drive qualitative research; and, depending on which particular beliefs individual researchers adhere to, there will be a number of interpretive frameworks that researchers can draw from with respect to making claims about knowledge. Marsh and Furlong (2002) believe that, for the social scientist, their orientation to their particular subject is shaped by the ontological and epistemological approach they choose to adopt, and hence this influences how they approach the theory and method aspects of their research. It is this position that becomes “like a skin, not a sweater” (Marsh & Furlong, 2002, p.17) which is part of a person, not external to them.

### 3.3.3 Methodology

Methodology has been described as a plan of action which underpins the choice and use of particular research methods (Crotty, 1998). Methodology concerns itself with open-ended questions seeking to answer the question how the information is gathered and subsequently examined, in order to arrive at a logical conclusion (Scotland, 2012).

Yet another view of methodology, according to Bryman (2008), “is the study of the methods that are employed” (p. 160). Blaikie (as cited in Olalere, 2011, p. 11) describes methodology as “how research should or does proceed.” Methodology describes the broad theoretical and philosophical assumptions that underpin a particular research approach. It guides how a researcher frames a research question and decides on the process and methods to use

Gray (2018) notes that methodology depends upon whatever outlook that the research leans towards: positive, interpretive, or supplementary. Research methodology can be described as the alpha, or beginning point, whereas research methods are the omega, or the end point, of any research conducted. One approach to understanding and interpreting complex social phenomena is to adopt a case study method, and this is addressed in the next section.

The methodological approach that I chose to carry out the research is qualitative, firstly, because I believe it allowed me as the researcher to gain insight into the world of charitable accountability and governance practices through the lens of a Pākehā New Zealander; and, secondly, because, according to Queirós, Faria and Almeida (2017), qualitative research seeks to understand that which cannot be objectively quantified, instead exploring “The universe of meanings, motives, aspirations, beliefs, values and attitudes” (p. 370). Qualitative research aims to answer open-ended questions about the ‘how’, the ‘what’ or ‘why’ of a phenomenon rather than closed questions, such as ‘how many’ or ‘how much’, which are answered by quantitative methods.

If the aim is to understand how individuals or organisations perceive a particular issue, or, in the case of this research, questions such as how do the new reporting standards affect accountability practices of small charities, and how do the new reporting standards affect the governance practices of these small charities, then qualitative methods are often appropriate to use in order to arrive at an answer. Case Study Method

### 3.4 Case Study Method

#### 3.4.1 Rationale for using the case study method

Case study research has had a long history across many different academic disciplines, predominantly within the social sciences sphere (Eriksson and Kovalainen, 2016, p.131), while a case study, to paraphrase Yin (2009) is a scientific inquiry which seeks to examine a current singularity (the case) and to provide a credible explanation.

Stake (2008, p.121) believes that a case study has two linked aspects; firstly, it involves undertaking an inquiry about a case, and secondly, it is an end product of that initial inquiry. This view is certainly supported by Eriksson and Kovalainen (2016) who posit that case study research is the construction of either single or multiple cases. According to Bhatta (2018), case study research is increasingly being used within multiple academic disciplines, unsurprisingly within the social sciences there is extensive use made of this particular research method, given that it readily lends itself as a “research methodology in exploring complex phenomena based on the real context.” (Bhatta, 2018, p.72).

The case study method has been around for nearly thirty years (Robson & McCartan, 2016), and can trace its roots back to the social sciences discipline amongst others; for example Gobo (2011, p.16) describes a case study as a method in which research can be conducted using a wide range of methodologies and methods, rather like a smorgasbord at the restaurant of research, where data sources can vary from observations of participating individuals to interviews, and digital media sources as well as hard and soft copy documents. Scapens (1990, p.259), noted that there has been increasing attention paid by researchers into the use of case studies to investigate accounting practice; in doing so he makes the point that the accounting world is a broad church in that some (UK primarily) researchers have drawn from the social theorist wells of Habermas, Foucault and Giddens (Scapens, 1990, p.259).

One criticism of the case study method is that by focusing on one case only, it can lead to a lack of specificity, and may suffer from generalisation issues. (Flick, 2014). However, in this instance, the issue is ameliorated to a certain degree by studying two charities. Given that the aim of this study is to understand the impact of these regulatory changes on small charities’ accounting practices, therefore it is appropriate to use the case study method.

### 3.4.2 Multiple case study design

This study follows a multiple case design comprising two charities. The details for selecting the cases are provided in the next section.

### 3.4.3 Selecting cases

Two case study charities, namely, Charity A and Charity B, were chosen to deliver a brief glimpse into the Aotearoa New Zealand charitable sector, with a particular emphasis on understanding the effects on small charities in Aotearoa New Zealand of the recent changes to the reporting standards with respect to their accountability and governance practices. The evidence from two cases is thus more fulsome than that generated from only a single case (Yin, 2009). The case selection criteria, such as the type of charity and indicators of activities and services, are shown in Table 3.1 below.

Table 3.1: Case Selection Criteria

Case Selection Criteria	Charity A	Charity B
Registered as Charities	In 2010	In 1990
Charitable Mission	Build a strong healthy community that is centred on the family, and seeks to represent and serve their community.	To grow the capacity of individuals and their families, in order to access local resources for their development.
Nature of Organisation	Charitable health and social organisation	Charitable social services organisation
Types of Activities and Services	Provides health education and promotion programmes and community development activities to their beneficiaries	Provides counselling, budgeting, and social work services to their beneficiaries
Financial Year End	30 <sup>th</sup> June 20xx	31 <sup>st</sup> December 20xx
Annual Income	NZ\$1.45 million (2018)	NZ\$345,000 (2018)
Annual Expenditure	NZ\$1.39 million	NZ\$243,000
Funding Structure	Government funding; donations; grants.	Government funding; donations; grants.

Table 3.1 shows some similarities and differences between the two cases to indicate some common themes, which underpin the ability to obtain some high-quality findings (Yin, 2009). The targeted organisations for this research are charities; hence, both must be registered charities with Charities Services and, ideally, have their own mission statements and defined charitable purpose.

Charity A aims to alleviate the intergenerational effects of poverty through its operational approach based on three delivery pillars: parenting and child education services; community services; and community systems. From a strategic perspective, and based on feedback from its local stakeholders, it will focus on service delivery of effective community development programmes; it will facilitate multi-sector collaboration between various agencies to address prioritised social issues; and, lastly, it will act as an advocate for its local community.

The beneficiary group that Charity A seeks to assist is unarguably within the lower socio-economic grouping in Aotearoa New Zealand, and can be considered economically deprived. According to its website (Charity 'A', What We Do, 2020) this determination is arrived at by considering a number of factors: "incomes under NZ\$20,000 per annum; high unemployment; low educational achievement, high number of single-parent households, and household crowding."

Charity B aims to provide a wrap-around approach to helping people in its local community through the provision of services such as budgeting, counselling and social work, and under the general umbrella of community support it can help with various issues such as family violence, alcohol and other addictions, schooling or other child-related concerns, advocacy and parenting support, and re-integrating people back into their local community.

The beneficiary group that Charity B provides services to is wide ranging. Its three budgeters, for example, provide budgeting assistance to people who are in receipt of government benefits and need help in managing their money in order to meet their commitments. People within this group include solo parents, pensioners, unemployed people and newly-released prisoners, through to high-income earners who have issues with managing money appropriately. Charity B has two social workers who can spend much of their time with families under stress dealing with issues such as alcohol and drug addiction and family violence, and related issues such as children from these families disengaging from the education system. Their two counsellors can spend much of their time dealing with related societal issues such as rape trauma, or counselling families who have experienced the loss of a loved one through suicide or other unexpected causes.

In terms of funding, both charities received the majority of their income from funding provided by the government. The latest report available from Charity A, for the 2017-18 year, indicates that 99% of their funding is from government contracts, and the remaining 1% comes from donations. A more comprehensive report from 2014 indicates that 84% of their funding came from their local District Health Board and the Ministry of Health for their health promotion activities, and the remaining 16% came from their local council and the Ministry of Education for childcare and education activities. For Charity B I have also used their report for 2018 to enable comparison between the two charities. Charity B's report indicates that 52% of their funding came from government contracts, 23% of their funding was from various trusts, 13% came from a Lotteries grant, with the remaining 12% coming from donations, other grants and fees generated.

#### 3.4.4 Selecting participants

The first step in selecting participants to interview required me to identify charities which were active in the social services sector. Once the charities were selected, they were checked, via the information they had uploaded to the Charities Services website, to ensure that they met the definition of a Tier 3 charity (the tiered classification criteria discussed in Chapter 2). The reason for choosing charities which were identified as belonging within the Tier 3 classification was that although they are small charities (under NZ\$2m in annual expenses), they are large enough to have sufficient resources to enable me to conduct the research. Tier 4 charities, on the other hand, are smaller still (under NZ\$125k in annual operating payments) and would have been less likely to have a sufficient range of people within their charities at governance and an operational level to enable me to fully answer both research questions.

An initial approach was made, in the case of Charity 1, to a senior manager and, in the case of Charity 2, to the General Manager, to see if both organisations were willing to participate. Once both charities had agreed, an email was sent requesting the participation of a selected individual, who was either in a governance role, for example Board Chair or Board Treasurer, or in a management role, for example, CEO, or accounting or finance manager, or operations manager. Along with this was attached a copy of the Participant Information Sheet (Appendix B) giving a brief overview of what my research was aiming to do. Once the participant replied to confirm the date, time

and location, I met them and provided them with a hard copy of the Participant Consent Form (Appendix C) that they then read and signed before the interview commenced. I then advised the participants that, firstly, the meeting was to be recorded and, secondly, that they did not have to answer any questions that they felt uncomfortable with. Participant 2 from Charity 2 initially expressed concerns around sharing information that could be regarded as sensitive, given their location and the small size of their community, should that information be made public. I advised Participant B that the only information being sought related to, firstly, how the new reporting standards affected their accountability practices and, secondly, how the new reporting standards affected their governance practices. Participants 1, 2, 3 and 5 were provided with a copy of the interview questions (Appendix D) beforehand, as I found that once I had done that it seemed to provide a level of comfort to the participants. I also informed them that they would receive a transcribed copy of the interview; I asked them to go through the transcript when they received it and advise if there was any part of the transcript that they wished to change or delete and, if that were so, could they please advise me by return email. When transcribing the interviews, I used a combination of letters and numbers for each participant and charity, in order to preserve their anonymity.

### 3.5 Collecting Case Study Evidence

This study employed a combination of semi-structured interviews and qualitative document analysis to collect data.

#### 3.5.1 Semi-structured interviews

Yin (2014, p. 106) lists six different sources of data collection methods; of these, however, “one of the most important sources of case study evidence is the interview” (Yin, 2014, p. 110). Since the purpose of this research is to gain insight into the participants’ perceptions and experiences around the impact of the new reporting standards on their accountability and governance practices, then semi-structured interviews are a valid data collection method. One notable constraint on using this data collection method is the willingness of lack thereof of the participants to give up a significant portion of their time to participate in the interview process. Research into

this aspect of undertaking semi-structured interviews indicates that time constraints do have an impact, particularly when the time to do the interview reduces time people have to do their duties. This phenomenon has been explored by other researchers (De Vera, Campbell, Chhina, Galo & Marra, 2018).

I found this step in the process particularly challenging, especially when trying to take the odd note here and there while still listening to the participant, and guiding the conversation to make sure that all my key questions were addressed. Fortunately, there were some commonalities between four of the five interviews, and this was useful when it came to coding the transcripts.

Due to my unfamiliarity with a digital tape recorder, I took the precaution of also recording the first two interviews on my mobile phone for peace of mind. A digital tape recorder has two benefits: firstly, it allowed me to concentrate on the interview at hand without worrying about having to pause the conversation in order to change tapes; and, secondly, it also allowed me to plug the recorder into a USB port on my laptop which made the data transfer to my project folder that much easier.

The interviews were guided through the use of an interview guide (see Appendix D). The interview guide proved useful when interviewing Participants A and D from Charity A, and Participants B and C from Charity B; but less so when interviewing two beneficiaries, both from Charity B.

By following the interview guide I was able to focus on a particular topic, but also to expand or contract the conversation as applicable to the interview context at that time. For me as the researcher the first interview was extremely lengthy and time consuming, both in conducting the interview and in transcribing the resulting conversation; however, the subsequent interviews did become much shorter, as I got more experienced with the interview process.

### **Recording the Interviews**

In common with other qualitative researchers (Halcomb & Davidson, 2006; Tessier, 2012) I used recorded interviews as my primary means of data collection, supplemented by field notes and secondary sources of data such as financial reports downloaded from the Charities Services website.

### Digital Tape Recorder

Six semi-structured interviews were recorded using a digital tape recorder. I did check with each Participant that they were comfortable with being recorded, as Hayes and Mattimoe (2004) noted “Resistance to taping on the part of a Participant can be an issue” (p. 6). Hayes and Mattimoe (2004) make the point that participants in the not-for-profit sector are not accustomed to the use of a tape recorder, digital or otherwise, and this can not only impact negatively on their willingness to take part in research, but may also impact negatively on the quality of the data gathered using this method, (Saunders, Thornhill & Lewis, 1997).

### Data Collection

The method employed in this dissertation was that of a case study, conducting *kōrerorero* (conversations) that sought to draw on the experiences of the participants. It involved using open-ended questions that allowed me as the researcher the option of investigating further, based upon the participants’ use of body language and tone (Barriball & White, 1994).

These cues (Barriball & White, 1994) enabled me to either reword the question, or ask supplementary questions, and sometimes to simply move on. As an interpretivist, and given the nature of the dissertation structure, I have examined only a small sample, in order, as Collis and Hussey (2014) note, to try and “obtain different perceptions of the phenomena” (p. 49).

### 3.5.2 Sampling and selection

I originally set out to interview a fairly wide cross-section of people within the two selected charities; my intention was to interview Board Chairs, board members, CEOs, and accounting and/or finance managers, and other staff not directly involved within the accountability and reporting process, along with at least one beneficiary of one of the charities. However, timing issues (the lead-up to Christmas and New Year) along with changes in both management (CEO) and governance (Board Chair) positions resulted in my interviewing fewer key people than I would have preferred, and the smaller number of interviews means that the data is not as rich as I would have preferred it to be.

I was, however, able to make use of snowball sampling because, within my third sector network, there were a people who knew people and that helped me immensely, particularly during the final stages. Snowball sampling (Emerson, 2015) is where the researcher finds a single participant who then identifies and nominates another participant; typically, the participants reside in the same geographic area and share similar characteristics.

### 3.5.3 Document analysis

While semi-structured interviews were my main source of information gathered for this research project, I also regard document analysis as another valid method for gathering case study evidence to support my findings. Matthews and Ross (2010) define documents as “written records about people and things generated through the process of living” (p. 277). According to Yin (2014) and Matthews and Ross (2010), documents can play an important role in case studies; for example, reports filed on the Charities Services website tend to be fixed, stable and authoritative, and cover a broad period of time. I examined documents that were in the public domain, for example annual reports and reports, and their strategic plan that were on Charity A’s website. These documents triangulate with responses from participants and hence in my view, enhances the credibility of this research project. All relevant documents that were analysed are listed in Table 3.2.

Table 3.2: Documents of the Case Study Charities

Documents		Charity A	Charity B
<b>Public Documents</b>	Annual Reports	2	1
	Websites	1	1
	Audited Financial Statements	2	2
	Client Intake Form Template		1
	Strategic Plan	1	

Table 3.2 shows a list of documents that contain useful information about the two case study charities.

In order to get a better understanding of these documents, I coded the relevant data by themes and analysed them together with the interview data. The documents also triangulated with the interview data, and this is discussed in the next section.

### 3.5.4 Triangulating from multiple sources of evidence

As described in the earlier sections, I have used multiple sources of evidence in the case studies in an attempt to address the research topic in a credible manner and to obtain findings that can be replicated and are reliable. The multiple sources of evidence comprise six interviews with individual participants, reviews of the contextual background of the two charities, documents that were in the public domain, and various website pages. Two data collection methods were employed, semi-structured interviews and document analysis, to strengthen the credibility of this study (Collis & Hussey, 2014).

### 3.5.5 Analysing data

Qualitative analysis is, by its very definition, concerned with words, and this can lead to a richness not always found in quantitative analysis. (Brown & Lloyd, 2001). For analytical purposes, I used NVivo to upload interviews and to assist with generating 'nodes', and following on from that step I used Braun and Clark's (2006) six phases of thematic analysis because they proved useful in analysing data from interviews regardless of the length.

While much of my lived experience has been in the third sector, comparatively little time has been spent in the charitable segment of this sector. I found that I was able to approach the research task with a reasonable degree of objectivity and that approach, combined with the interviews with a cross-section within Charity A, and a broader cross-section within Charity B, and further combined with the review of the literature, has, I think, enabled a high quality analysis (Yin, 2014).

### 3.5.6 Ethical implications

This study received ethics approval from the Auckland University of Technology Ethics Committee (AUTEK) on October 18, 2019, to carry out a case study under a Master of Business programme (see Appendix A), reference number 19/373. In order to protect both the privacy and confidentiality of the research participants, and their respective charities, none of the responses from any of the participants has been identified in this dissertation. All participants were given an alphabetical designation, with individual names omitted.

### 3.6 Chapter Summary

This chapter has discussed the research methodology and methods applied to a case study that examines the compliance process of small charities in Aotearoa New Zealand. An interpretive paradigm was followed as the methodological framework, underpinned by a case study approach in order to provide an in-depth understanding of the research topic. A Researcher Safety Protocol was developed, but not required, see Appendix E; a combination of semi-structured interviews and document analysis were used to collect the case study evidence, followed by a process of data reduction, data coding and, finally, data interpretation, in order to analyse the two individual case studies and, where possible, to make an analysis across the two cases.

## Chapter 4 Findings and Discussions

### 4.1 Chapter Overview

The primary purpose of this study was to explore the effects of the new reporting standards on the accountability and governance practices of small Aotearoa New Zealand charities. In order to do so, six interviews were conducted with a range of people across two charitable organisations, and document analysis was also carried out. The analysis of the qualitative data has revealed two main themes which are accountability and governance; these findings from these two themes will be presented in the next section of this chapter. This chapter ends with a summary of the results of this work.

### 4.2 Findings

#### 4.2.1 Accountability practices

The first research question seeks to answer the question: How do the new reporting financial standards affect the accountability practices of small charities? To answer that question, I sought to interview a cross-section of people within two selected charities. For Charity A I was able to interview the Operations Manager and a board member; for Charity B, I was able to interview the General Manager, the Board Chair, and two beneficiaries.

One finding is that small organisations like Charity A and Charity B do not have multiple management layers between the CEO and the staff and volunteers. This enables the leader to communicate more easily with staff, paid and unpaid, regarding issues of the day, such as adapting to the new financial reporting standards, for example, and where the charity is headed, without having the leader's message being relayed through layers of bureaucracy. As Participant Two of Charity B in Interview 2 stated:

*"I don't feel like we've had a lot of challenges because everyone understands that things are changing, evolving." (GM, Charity B)*

Another finding from this research is that Charity B, in particular, while meeting its aim of achieving downward accountability through the provision of services to its beneficiaries, its lack of specific (anonymised) examples on its website suggests that

Charity B is not utilising its online presence to externally communicate the good work that it does in the community in assisting its beneficiaries to the charity's fullest advantage.

One can make the argument that, by externally publicising their successful outcomes, potential donors are more likely to want to contribute because they can see tangible evidence of the charity's success in achieving its mission or goals. Individual beneficiaries, such as Participant Six from Charity B, are grateful for the help they receive, as Participant Six from Charity B in Interview 6 stated:

*"They sorted me out I mean, help me sort myself out; ... I got a lovely food parcel from them, it's much appreciated." (Beneficiary, Charity B)*

Charity B is typical of many small Aotearoa New Zealand charities in that it has a small number of paid staff: a CEO, an administrator, who works part-time, and a significant number of voluntary staff. For charities such as these there is a concern that the government's desire for even more data would require additional resources to ensure compliance in fulfilling the charity's upward (functional) accountability reporting requirements, and hence involve an additional unfunded cost to the charity, which could be the straw that breaks the camel's back. As Participant Three described it:

*"The reality is that organisations like this are driven by the heart and passion of the people, not by a bureaucracy, and one of the risks from a government perspective is actually increasing the compliance costs. I know in previous not for profits that I've been the Chair of, we've had to employ people at 0.5, or 0.6; just to do all of the compliance stuff, which is almost self-defeating.", (Board Chair, Charity B)*

One finding was that, with respect to financial accountability, both charities rely on their external auditors for assistance with the preparation of their respective SSP reports. This finding would seem to suggest that both organisations could benefit from someone with the appropriate financial skill-set, either at board level or employed as a part-time resource, becoming more involved with the preparation of their SSPs. This would create the potential to both reduce the financial cost to each of the respective charities, as well as potentially upskilling a suitable resource, either a full-time

employee or a volunteer, and hence reduce the need for outside assistance for this ongoing task.

One example of upwards accountability by both charities is the fulsome disclosure of what inputs were used, what were the outputs that occurred, and what were the outcomes that were achieved by each charity as a result during a particular period, usually a 12-month period. This aspect of upwards accountability is achieved through the information both charities choose to disclose in their SSPs, which can be subsequently viewed by a wide range of stakeholders following the uploading of these reports onto the Charities Services website.

However, for this type of disclosure to be relevant, it also needs to be timely, and it relies on key individuals within each respective charity to carry out this compliance task without undue delay. With respect to both charities, one finding from my research was that Charity A had previously been in the habit of filing reports consistently on time, but for the 2019 calendar year no such report has been filed. In contrast, for Charity B, the evidence suggests that their reporting continues to be carried out in a timely manner and, as Table 4.1 indicates, on several occasions Charity B has filed earlier than required.

Table 4.1: Table of Charity Filing Dates: 2015 - 2019

Year – Due/Actual	Charity A		Charity B	
	Date Due:	Date Filed:	Date Due:	Date Filed:
2019	31/12/2019	-	31/12/2019	25/11/2019
2018	31/12/2018	12/11/2018	31/12/2018	28/11/2018
2017	31/12/2017	3/11/2017	31/12/2017	31/01/2018
2016	31/12/2016	20/12/2016	31/12/2016	26/10/2016
2015	31/12/2015	9/11/2015	31/12/2015	29/09/2015

Source: Charities Services website, May, 2020.

One theme that emerged from three of the interviews, and one that surprised me, is that of data duplication. The key issue around data duplication, as it relates to accountability in terms of compliance with the new financial reporting standards, is that participants from both charities expressed the view that the government of the day is receiving essentially the same data, both financial and non-financial, albeit expressed in different ways, through its various arms: firstly, from the charities to their

relevant government funders; and, secondly, through the SSP report that each charities files on a yearly basis. As Participant One from Charity A in Interview 1 notes:

*“For the District Health Board and the Ministry of Health the only uniformity is that we send them the information, and it all gets sent to the same place, but the templates used for each one is vastly different, and for the remainder it’s all different, but, yeah, there is no one uniform place to send everything.”*  
(Operations Manager, Charity A)

A similar view is expressed by Participant Three from Charity B in Interview 3:

*“So, in fairness, the government’s getting it [information] twice, once through the Charities Commission [Services], and through MSD the same information.”*  
(Board Chair, Charity B)

My findings would suggest that the issue of data duplication is one that is of concern to the two case studied charities, and may be an issue that other charities are experiencing, and if so, this issue will need to be further explored to identify whether it is a major, or a minor, issue for charities in Aotearoa New Zealand.

#### 4.2.2 Accountability challenges

Under the general heading of accountability challenges, I have grouped three sub-themes: accounting practices, inflexibility and financial reporting standards. These challenges are discussed more fully in the next part of this section.

One finding was that both charities use proprietary software to carry out their accounting functions: Charity A uses MYOB and, until the mid-part of the 2019 calendar year, Charity B also used MYOB before moving to Xero whilst still retaining an operating licence for MYOB. The challenge for Charity B was in managing the move from MYOB to Xero and retaining the ability to access relevant financial information contained within MYOB to enable accurate reporting to the regulator at the end of the calendar year 2019.

This theme (inflexibility) emerged from only one interview, with Participant Four from Charity A in Interview 5, and it was expressed thusly:

*“The changes in reporting standards have gone from basically nothing to full audits, you must use the financial templates, must present information in a certain way, compliance cost is an issue, especially for smaller charities.”*

*(Director, Charity A)*

The reason why I decided to code it as inflexibility, rather than just leaving it under an overarching theme ‘compliance’ was that while it was complementary to the view expressed by Participant Four in Interview 5, it was distinctive enough to warrant its own code.

The sub-theme financial reporting standards also emerged from the interview with Participant Four who, I think, has raised a valid point that in moving to the new financial reporting standards, the options for smaller charities as to how they *choose* to disclose the relevant information to regulators and the general public have been narrowed significantly.

For the larger of the Tier 3 and 4 charities who have accounting expertise in-house, complying with requirement of the regulator (Charity Services) to use standardised templates will not be an issue. For the smaller case study charities who may not have ready access to free accounting expertise, this can represent an additional cost if they have to rely on an external accounting resource to assist them.

For Charity A the accountability for compliance with the new financial reporting standards rests with the operational leadership and management team led by its new CEO. Non-financial information is gathered by the charity and provided to their external accountants, along with the relevant financial information, and the accountants will then prepare the SSP ready for uploading by the charity to the Charities Services website.

For the smaller Charity B, compliance with the new financial reporting standards is mainly the manager’s function, albeit with (limited) input from the Board Treasurer and Chair, along with the charity’s accounts person and their external auditors.

One finding that emerged from the research is that beneficiaries are primarily interested in *what* services or benefits they can receive from the relevant charity, and

do not necessarily desire to know *how* the charity goes about its functions, including compliance with the reporting standards.

From the interview with Participant Five, one of the beneficiaries of Charity B, when asked if the beneficiary knew about the new financial reporting standards, the answer was “No.” This was also a view shared by Participant Six, also from Charity B; when asked if they knew much about the Charity B’s compliance process, Participant Six replied: “No, not really.” While both charities do provide qualitative information in their annual reporting to their regulator, Charity Services, only one, Charity A, publishes a formal annual report on their website that provides greater detail with respect to their achieved outcomes that are more readily visible to external stakeholders. By contrast, Charity B does not provide such external reports on their website.

#### 4.2.3 Accountability summary

In summary, three main accountability themes, in terms of both practices and challenges, have risen to the surface in the interviews conducted. The findings indicate that having a lean management structure enables effective two-way communication between the CEO and paid/unpaid staff. The findings also suggest that by displaying successful outcomes on their websites, both charities can use this approach to provide evidence of both upward and downward accountability to their relevant stakeholders. Another finding is that while both charities rely on external parties for assistance when completing their SSP’s, it is the CEO who has the delegated responsibility from the Board to ensure that the SSP is accurate and filed on time.

#### 4.2.4 Governance practices

The second research question looks to address the question: How do the new reporting standards affect the governance practices of small charities? During the interview phase of this research, the main theme that emerged was governance challenges, which is addressed in the next section of this dissertation.

With respect to governance practices, broadly speaking, the board has three distinct roles: firstly, to monitor the performance of the organisation; secondly, to hold management to account for their actions; lastly, to be effective decision makers at the strategic level (Institute of Directors (2017)).

In order for the board to discharge its first and second duty there is a requirement for *accurate* financial and non-financial reporting.

The Institute of Directors (2017) makes a germane point when they state “financial information alone doesn’t tell the whole story and accurate, timely and meaningful non-financial information is essential for good governance.” For the boards of Tier 3 charities, an accurately prepared SSP can be an essential tool in its governance toolbox.

With respect to prior research on boards, much of the academic literature concerns itself with the for-profit sector (Zhu, Wang & Bart, 2016), and there is a paucity of literature relating to the not-for-profit sector; in particular, the board’s (ongoing) role in the preparation of a SSP.

Zhu, Wang & Bart (2016) make a useful point when they state that not-for-profit board directors typically tend to come from a broad cross-section of societal groupings. They are there to discharge their directorial duties to the best of their abilities, but they may have difficulty in identifying strategically important issues or figuring out optimal solutions during board meetings.” (Zhu, Wang & Bart, 2016, p.315).

This is an area where, in the writer’s opinion, further research into the governance practice relating to the preparation of an SSP would add to the growing body of literature concerning the charitable sector.

#### 4.2.5 Governance challenges

One challenge that was relevant to Charity A and Charity B was a recent change in CEO of both charities, as the challenge relates to having the necessary skills and institutional knowledge to complete and upload an accurate SSP. For Charity A the change occurred in November 2019, while for Charity B the transition to a new CEO happened in August 2019. From a governance perspective, this raises one particular challenge in respect to accountability, as it is difficult to hold someone accountable to carry out a mandatory task, such as submitting the SSP, if that person does not know how to carry out the task correctly, as Participant One from Charity A stated in Interview 1:

*“Yeah, the challenge is going to be, and I’m really thinking about the new CEO, the challenge is going to be knowing where to go to get all the information and then being able to collate it and then knowing how to load it up, put it in place?” (Operations Manager, Charity A)*

Broadly speaking, the board has three distinct roles: firstly, to monitor the performance of the organisation; secondly, to hold management to account for their actions; lastly, to be effective decision makers at the strategic level (Institute of Directors (2017)).

In order for the board to discharge its first and second duty there is a requirement for *accurate* financial and non-financial reporting; and from a personal perspective, the writer has recently seen the negative effects on a not for profit organisation’s ongoing viability owing to the lack of detailed information concerning the true state of its finances.

The Institute of Directors (2017) makes a germane point when they state “Financial information alone doesn’t tell the whole story and accurate, timely and meaningful non-financial information is essential for good governance.” For the boards of Tier 3 charities, an accurately prepared SSP is, from the writer’s viewpoint, an essential tool in its governance toolbox.

For Charity B, this challenge was less germane as the new CEO was in place in the latter part of 2019 and hence managed the reporting process at the end of the calendar year for the charity.

In terms of findings, there is an inherent risk to Charity B, and indeed to all small charities which operate with limited human resources, which is that should the CEO not be able to prepare and upload the annual report for whatever reason, then the risk is that the annual report will not be received by Charities Services by the due date and therefore the charity may not meet its reporting obligations in a timely manner. This may result in the charity having to explain its actions, or lack thereof, to the regulator.

The boards of both case studied charities have responsibilities to ensure that the charities have sound governance policies and practices in place to enable effective and appropriate governance. From the interviews it would appear that both charities

engage in regular reviews of their governance and operational policies. As Participant One from Charity A noted, in Interview 1:

*“At operational level process in place led by Operations Manager to review policies by expiration date. Policies circulated to operational staff for comment and input into review process. Board review governance policies on a regular basis as scheduled by the CEO”. (Operations Manager, Charity A)*

One finding is that, from a governance perspective, Charity B has modified its approach to governance policy initiation and review as a result of the drive by the new Board Chair to enhance governance at board level. As Participant Three in interview 3 stated:

*“We’re trying to do a formal governance approach now, even though it’s [Charity B], small, you’ve got to have good, robust systems you operate under; so by formalising that and actually saying this policy needs to be reviewed in x period of time, so that the Board are not just actually sitting around drinking the tea for free, they’re actually doing something.” (Board Chair, Charity B)*

One finding from the interviews that I conducted is that it would appear that the governance practices at both charities have not changed significantly as a result of the transition to the new financial reporting standards. As Participant Five from Charity A noted in Interview 5:

*“No major changes, board (sic) is a well-oiled machine.” (Director, Charity A).*

However, what Charity A has done, possibly because of its larger size and scale, and the fact that it is in the process of on-boarding a new CEO, is to implement a new board sub-committee. This approach serves two purposes. Firstly, the sub-committee strengthens the governance function where, by virtue of its small size, it is able to carry out activities such as CEO succession planning and developing risk management frameworks, for example, and is authorised to meet and take action between board meetings when it may be impractical to get the full board together for a special board meeting. Secondly, it can serve as an advisory group to the CEO, as well as being a liaison between the newly appointed CEO and the full board. The rationale for the implementation of a new finance sub-committee, according to Participant One from Charity A in Interview 1, is:

*“They felt that a finance committee made up of their chair, one of the (board) members and another (board) member who is a chartered accountant, in order to be available for any of those quick-fire responses that are required.”*

*(Operations Manager, Charity A)*

Charity B, however, possibly because of its relatively smaller size, does not have any formal board sub-committees. Its practice is to involve all members of the board in routine governance tasks, such as policy reviews.

One finding from my research is that, in terms of the reporting process, whilst it is an operational function, it still remains the responsibility of the board to ensure that the SSP is filed on time and that it is factually correct.

From a governance perspective the view expressed by Participant Five from Charity A in Interview 5 is that:

*“The process is driven by management, we just need to know when our filing deadlines are and we just drive them (management) to meeting those requirements.” (Director, Charity A)*

#### 4.2.6 Governance summary

In summary, the three main governance themes that have come to surface because of the interviews conducted with the six participants have been data duplication, governance challenges, and governance framework. The findings are summarised below.

One unexpected finding that was coded as data duplication refers to the fact that the government is receiving the SSP data twice: firstly through the regular reporting by charities to their state funders; and secondly at year end through the medium of the SSP. This aspect is suggested as an area worthy of further research, as there is a resource cost (time and people) to charities to compile and supply the data.

The findings also suggest that, for smaller charities, a challenge is having only one person, the CEO, who fully understands the process of preparing and uploading the SSP. This is an inherent risk for small Aotearoa New Zealand charities.

Another finding highlights the challenge for those charities with a large percentage of its workforce who are volunteers. Tensions can arise between the paid and unpaid staff, and this highlights the need for appropriate governance practices to be in place to manage this risk.

### 4.3 Chapter Summary

This chapter has addressed the two research questions: How do the new reporting financial standards affect the accountability practices of small charities? And how do the new reporting standards affect the governance practices of small charities?

There is an opportunity for Charity B to make more efficient use of its website to disclose evidence of upward and downward accountability to its stakeholders. Both charities rely on external assistance to complete their SSPs, and this represents an opportunity for both charities to develop their in-house capability to reduce costs and mitigate the risk of non-compliance in filing their reports on time, which is a breach of their upward accountability obligation.

With respect to accountability in terms of data duplication, participants from both charities expressed the view that the government was receiving the same data multiple times, albeit expressed in slightly different formats, to different arms of the state, the provision of which incurs a cost (time, resources and money) for charities to prepare.

A short-term challenge for both charities was the need to recruit and on-board new CEOs in a timely fashion to ensure that they met their accountability objectives to their stakeholders. Managing volunteers was, for Charity B, a challenge in that volunteers carry out many of the traditional employee roles, but are free agents not bound by the traditional employer-employee paradigm.

Governance policies at both charities have not been modified to ensure compliance with the new reporting standards. However, at Charity B there has been a push by the new Board Chair to enhance governance at board level. Governance practices also

remain unchanged in the wake of the introduction of the new financial reporting standards, although Charity A has modified its governance structure to allow for the formation of a new board sub-committee following the appointment of its new CEO.

In Chapter 5, I conclude this study by discussing the implications of the findings, and identifying contributions and the limitations of this study.

## Chapter 5 Conclusions, Implications, Limitations and Further Research

### 5.1 Chapter Overview

The purpose of this study was to explore the effects of the new reporting standards on the accountability and governance practices of small *Aotearoa* New Zealand charities. The research setting was two Tier 3 registered charities located in Auckland, both of whom provide a range of social services to their beneficiaries.

The key findings are summarised in the next section of this chapter, and the two research questions are answered in the following section. Key contributions to the literature are identified, followed by research limitations, and finally, suggestions are provided for further research.

### 5.2 Key Findings

The key findings can be grouped into two broad categories or themes, and these are: accountability practices and governance practices.

#### 5.2.1 Accountability practices

The first question addressed by the study was: How do the new reporting standards affect the accountability practices of small charities?

The study found that the implementation of the new reporting standards did not affect the accountability practices of the two case studied charities. However, due to the limitations of the small sample size, this finding cannot be extrapolated into an all-encompassing generalisation that the changes to the reporting standards had no impact on the accountability practices of *every* small charity in *Aotearoa* New Zealand.

The following are the remaining key findings that emerged from my research around the accounting practices of small *Aotearoa* New Zealand Tier 3 and Tier 4 charities.

The first finding is that while both charities use proprietary accounting software in order to carry out their accounting functions, they also rely on their external auditors in order to complete their SSPs. This represents an opportunity for both charities to

train an internal resource to carry out this function, which will assist the charities in achieving their upward accountability objectives.

The second finding is that, in respect of Charity B, beneficiaries are primarily interested in the benefits or services they can get from the respective charities, and hence display little interest in how the charities discharge their accountability and governance obligations. Nor were they aware of the new financial reporting standards that Aotearoa New Zealand Tier 3 charities have to comply with.

The final finding is one of accountability. While in terms of the reporting process it is an operational function, it still remains the responsibility of the board to ensure that the SSP is filed on time and that it is factually correct

### 5.2.2 Governance practices

The second question addressed by the study was: How do the new reporting standards affect governance practices of small charities?

The study found that the implementation of the new reporting standards did not affect the governance practices of the two case studied charities. However, as for the finding for research question one, because of the relatively small sample size it cannot be generalised to a statement that the changes to the reporting standards had no impact on the governance practices of *every* Tier 3 charity in Aotearoa New Zealand.

The following are the remaining key findings that emerged from my research around the governance practices of small Aotearoa New Zealand Tier 3 and Tier 4 charities.

The first finding is one of data duplication, where charities supply essentially the same qualitative and quantitative information, albeit disclosed in slightly different formats, to the twin arms of the state: governmental funders, through regular reporting, and Charities Services, through the filing of their Simple Format Reporting Requirements (SFRS) including the annual SSP report.

The second finding is that governance practices have not changed significantly as a result of both charities' adoption of the new reporting standards.

The third finding is that governance policies at both charities have not been modified to ensure compliance with the new reporting standards. However, at Charity B there has been a push by the new Board Chair to enhance governance at board level.

The fourth finding is that, for both Charity A and Charity B, one challenge faced by their respective boards was the need to recruit and on-board new CEOs in a timely fashion to enable the new appointee to have the necessary skills and institutional knowledge to complete and file the SSP on time and avoid breaching their reporting obligations.

The fifth finding concerns the management of volunteers, in that it can be problematic in the sense that volunteers are not part of the traditional employer-employee paradigm, yet often carry out many of the roles that an employee might be expected to perform.

### 5.3 Contribution to the Literature

Both case-studied charities use proprietary accounting software, this finding is also consistent with that as identified by Peterson-Palmer and Malthus, (2017); however, my findings revealed that both case-studied charities did not employ staff to undertake more detailed accounting tasks, and this finding is different to that found by Peterson-Palmer and Malthus, (2017).

Both charities use chartered accounting firms for their annual reporting, including the preparation of audited accounts, as this is a requirement from their Crown funders. However, one finding from my research that differs from the findings by Peterson-Palmer and Malthus (2017), is that Charity A has chosen to operate and report at the higher Tier 2 level, because of the belief within the charity that by doing so means they are in a better position to identify gaps in their operational performance.

From the interviews conducted with participants involved in the governance of both charities there were no changes required in their governance practices as a result of the implementation of the new reporting standards; in fairness to Hooks and Stent (2020) this aspect did not form part of their research, although in my view I think this is territory that is worthy of further research.

However, what is relevant to the research undertaken by Hooks and Stent (2020) is that neither charity had challenges from a governance perspective in completing the reporting requirements, this contrasts with the finding expressed in Hooks and Stent, (2020) concerning manageability.

One limited finding from my research is a concern expressed by Participant C, the Board Chair of Charity B who articulated the concern that increasing the level of reporting would increase his charity's compliance costs, and this correlates with one of the findings by Hooks and Stent (2020).

#### 5.4 Research Limitations

The objective of this research has been impacted by several limitations. The first limitation is due to the small sample size in that only six interviews were conducted. Secondly, of the six interviews, two were with beneficiaries from one charity only, therefore it is impossible to generalise that all beneficiaries share similar limited or non-existent experiences of charities accountability and governance practices as depicted in the results of this research.

Another limitation is the lack of current academic literature relating to the *specific* accounting and governance practices of Tier 3 and Tier 4 small Aotearoa New Zealand charities. Much of the current literature has focused on overseas not-for-profit entities and, in particular, board composition, and the board and CEO relationship, amongst other topics (Cornforth, 2012).

Finally, this study is limited to only two charitable organisations, both of which are located in the Auckland region of Aotearoa New Zealand. As such, these two charities may not be fully representative of all charities in Aotearoa New Zealand.

#### 5.5 Further Research Suggestions

While my research has presented some findings in relation to the charitable sector in terms of accountability practices and governance practices, it has identified two other areas for further research that can be undertaken, as follows:

- The first of these suggestions is to further explore the theme of data duplication, a finding that was discussed briefly in Chapter Four, and examine if this issue is indeed widespread within the charitable sector of Aotearoa New Zealand. If it is, then further research can help to inform the generation of a public policy paradigm shift in the way that information is gathered and used; and this data may be used to reduce compliance costs within the charitable sector.
- The second suggestion is that future researchers may be keen to explore the issue of volunteers within charitable organisations, in particular their training and upskilling, from a human resource perspective. One of the findings was that both case studied organisations were reliant on external accounting resources to enable the completion of their financial statements, including their SSPs, prior to uploading to Charities Services website.

## 5.6 Conclusion

In terms of accountability practices, the study has found that the case-studied charities did not make any significant changes, however as both the charities use their external auditors to complete their SSPs suggests that there is an opportunity for both charities to train an internal resource to complete their SSPs. The study has also found that governance practices have not changed as a result of the introduction of the new reporting standards, although both charities have made small changes as part of their ongoing improvement process.

This study has highlighted three under-examined areas in the charitable landscape of Aotearoa New Zealand for further research and exploration. The first topic, perceived data duplication, is an interesting one in that it currently remains an unexplored territory, and further research may be useful to determine if there is some veracity to the views held by at least one charity. The second topic, managing volunteers and in particular developing training plans to enable volunteers to enhance their skills and enable charities to increase their effectiveness, is another topic worthy of further exploration. The third topic, accountability and governance practices in small charities, is one that by and large also remains a fertile field for further exploration.

In conclusion, this study has revealed that the case-studied small charities in *Aotearoa* New Zealand have not made any significant changes to their accountability and governance practices in order to meet the new reporting standards.

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## Glossary

These Māori terms are used predominantly by people who identify as New Zealanders, and the definitions are drawn from either the online Māori dictionary, *Te Aka* (Moorfield, 2020) or the online Māori encyclopaedia *Te Ara* (Manatū Tonga – Ministry for Culture and Heritage, n.d.). It should be noted that fuller and multiple meanings may be attributed to words depending on the context in which they are used.

Term	Definition
Aotearoa	New Zealand, originally used to describe the North Island.
Hapū	Kinship group, clan, tribe, sub-tribe, section of a large kinship group (iwi), and the primary political unit within traditional Māori society.
Iwi	Extended kinship group, and often refers to a large group of people descended from a common ancestor, and associated with a distinct territory.
Karakia	A prayer or incantation.
Kaitiakitanga	Guardianship, stewardship, trusteeship, trustee.
Kotahitanga	Unity, togetherness, solidarity, collective action.
Kōrerorero	To talk, discuss, converse, chat.
Manākitanga	Hospitality, kindness, generosity, support - the process of showing respect, generosity and care for others.
Māori	<ol style="list-style-type: none"> <li>1. Indigenous people of New Zealand.</li> <li>2. The language of the indigenous people of New Zealand.</li> </ol>
Pākehā	New Zealander of European descent, originally applied to English-speaking Europeans living in Aotearoa New Zealand.
Whānau	Extended family, family group, a familiar term of address to a number of people - the primary economic unit of traditional Māori society. In the modern context the term is sometimes used to include friends who may not have any kinship ties to other members.

Whanaungatanga	Relationship, kinship, sense of family connection - a relationship through shared experiences and working together which provides people with a sense of belonging
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## Appendices

### Appendix A: Ethics Approval

18 October 2019

Cherrie Yang  
Faculty of Business Economics and Law

Dear Cherrie

Re Ethics Application: **19/373 Walking the regulatory tightrope: A case study in compliance of New Zealand small charities**

Thank you for providing evidence as requested, which satisfies the points raised by the Auckland University of Technology Ethics Committee (AUTEC).

Your ethics application has been approved for three years until 18 October 2022.

#### Standard Conditions of Approval

1. The research is to be undertaken in accordance with the [Auckland University of Technology Code of Conduct for Research](#) and as approved by AUTEC in this application.
2. A progress report is due annually on the anniversary of the approval date, using the EA2 form.
3. A final report is due at the expiration of the approval period, or, upon completion of project, using the EA3 form.
4. Any amendments to the project must be approved by AUTEC prior to being implemented. Amendments can be requested using the EA2 form.
5. Any serious or unexpected adverse events must be reported to AUTEC Secretariat as a matter of priority.
6. Any unforeseen events that might affect continued ethical acceptability of the project should also be reported to the AUTEC Secretariat as a matter of priority.
7. It is your responsibility to ensure that the spelling and grammar of documents being provided to participants or external organisations is of a high standard.

AUTEC grants ethical approval only. You are responsible for obtaining management approval for access for your research from any institution or organisation at which your research is being conducted. When the research is undertaken outside New Zealand, you need to meet all ethical, legal, and locality obligations or requirements for those jurisdictions.

Please quote the application number and title on all future correspondence related to this project.

For any enquiries please contact [ethics@aut.ac.nz](mailto:ethics@aut.ac.nz). The forms mentioned above are available online through <http://www.aut.ac.nz/research/researchethics>

Yours sincerely,



Kate O'Connor  
Executive Manager  
**Auckland University of Technology Ethics Committee**

## Appendix B: Participant Information Sheet

Date Information Sheet Produced:

16 August 2019

Project Title

Walking the Regulatory Tightrope: A Case Study in Compliance of New Zealand Small Charities.

### An Invitation

Kia ora,

My name is Paul Eves, and I am completing this research project as part of my dissertation, which is a requirement for the degree of Master of Business in Accounting.

I am keen to gain an insight into what changes, if any, that people at the charities 'coalface' have made in response to the recent changes in financial reporting to the New Zealand Charities Services.

I am inviting you as someone who is in either a governance or operational role within a New Zealand registered Tier 3 or Tier 4 charity to participate in my research.

I would like to invite you to participate in this research as your experience and insight will be of great value. Your participation is voluntary, and you may withdraw at any time prior to the completion of data collection. If you think there is a potential conflict of interest, either for you personally, or for your charity, then whether you choose to participate or not will neither advantage nor disadvantage you or your charity.

### What is the purpose of this research?

The purpose of my research is to understand the impact of the recent regulatory changes on the accounting practices of small New Zealand charities. Currently there is little in the way of published research in this area, and the findings of this research may be used for academic publications and presentations.

### How was I identified and why am I being invited to participate in this research?

You have been identified as someone who has extensive knowledge of and/or involvement within the charities sector.

Your registered charity was identified as being either a Tier 3 or Tier 4 charity according to the New Zealand Charities Services database. You have been invited to participate, based on the following criteria:

The participants are either in the governance role (e.g. the charity's board member) or in the operational role (e.g. General Manager, Accounting Manager, volunteers);

- Availability and willingness to engage in the interview process and be willing to share your experiences and insights.

## How do I agree to participate in this research?

Your participation in this research is voluntary (it is your choice) and whether or not you choose to participate will neither advantage nor disadvantage you. You are able to withdraw from the study at any time. If you choose to withdraw from the study, then you will be offered the choice between having any data that is identifiable as belonging to you removed or allowing it to continue to be used. However, once the findings have been produced, removal of your data may not be possible.

## What will happen in this research?

To participate in this research, you will be interviewed for approximately an hour and a half (maximum) about your experiences and insights around the compliance process for submitting yearly financial reports to the New Zealand Charities Services, this will include questions around what type of accounting software (if any) the charity uses, what changes has the charity had to make (if any) to their data collection and reporting processes, and whether compliance with the new reporting standards has resulted in an increase, or decrease, in the amount of time taken to complete and submit the annual report. You will be interviewed by the researcher, Paul Eves, and these will be confidential sessions. These interviews will occur at an agreed upon setting between yourself and the researcher, and the interview will be recorded for transcription purposes. You will be given the opportunity to review your own interview transcript to ensure the information recorded is accurate. You will also be able to advise the researcher if you wish to extract or remove any parts of the conversation. It is important to note that the data will only be used for the purpose in which it is collected.

## What are the discomforts and risks?

You may experience a low level of discomfort if you are not accustomed to sharing your experiences and perceptions of reporting of compliance issues in a recorded interview. You do not have to answer any question you do not wish to answer.

In order to further protect your privacy and confidentiality, all participants will be numbered with no reference to individual names. The digital recorder can be turned off if desired to ensure the right to privacy and protection of identity.

## How will these discomforts and risks be alleviated?

You are not required to answer any questions that may cause discomfort and you are free to withdraw from the study at any time. You will be provided with the opportunity to review your own interview transcript to ensure the information recorded is accurate, and you will be able to advise the researcher if you wish to extract or remove any parts of the conversation.

## What are the benefits?

The results of my research may be of interest to the New Zealand Charities Services, and to academic researchers who research in this space. For participants, this research provides an opportunity to share and reflect upon your experiences and insights. Lastly, this research will enable the researcher to fulfil the requirements of their qualification

## How will my privacy be protected?

No individual names or job titles will be associated with interview statements included in reports/publications arising from this study. Hence, you will be offered confidentiality as far as possible. However, this confidentiality will be limited by the fact that all participants will be from two organisations, so it is possible that members of those organisations could identify individual participants via their reported interview statements.

### What are the costs of participating in this research?

For you as the participant, the cost of participation is your time. I would expect the interview to take around an hour to an hour and a half max. If you want to do the interview in an off-site location of your choice, then your travelling time may mean that the overall timing will be slightly longer than expected.

### What opportunity do I have to consider this invitation?

You will have a two week period in which to consider this invitation, and you can withdraw up to two weeks after the interview. If you elect to participate, and you are comfortable responding to me sooner, please feel free to do so.

### Will I receive feedback on the results of this research?

You will also have the option to view the transcription of the interview and this will be emailed to you. You will then have a week to either email or phone me to state if there is anything in it that you would like to change. If I do not hear back from you at the end of that week, I will take that to mean that you are happy with the transcription.

An electronic summary of the research findings will be emailed to you upon completion of the study, if you so wish. Please let me know at the time of the interview if you wish to receive a summary from me, and I will note that in my field notes. If you later change your mind, please drop me a quick email and I will remove you from the list of summary recipients.

### What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Primary Project Supervisor, Dr Cherrie Yang, phone number is 09 921 9999 ext. 5903. Her email address is: [cherrie.yang@aut.ac.nz](mailto:cherrie.yang@aut.ac.nz)

Concerns regarding the conduct of the research should be notified to the Executive Secretary of AUTEK, Kate O'Connor, [ethics@aut.ac.nz](mailto:ethics@aut.ac.nz) , 921 9999 ext 6038.

### Whom do I contact for further information about this research?

Please keep this Information Sheet and a copy of the Consent Form for your future reference. You are also able to contact the research team as follows:

#### Researcher Contact Details:

If you have any queries or concerns or simply want more information you can contact me by email. My email address is: [Pjp2202@autuni.ac.nz](mailto:Pjp2202@autuni.ac.nz)

#### Project Supervisor Contact Details:

Dr Cherrie Yang, 09 921 9999 ext. 5903, and her email address is: [cherrie.yang@aut.ac.nz](mailto:cherrie.yang@aut.ac.nz)

## Appendix C: Participant Consent Form



### Consent Form

**Project title:** *Walking the Regulatory Tightrope: A Case Study in Compliance of New Zealand Small Charities*

**Project Supervisor:** *Cherrie Yang (Primary Supervisor)*

*Deryl Northcott (Secondary Supervisor)*

**Researcher:** *Paul Michael Eves*

- I have read and understood the information provided about this research project in the Information Sheet dated 16 August 2019.
- I have had an opportunity to ask questions and to have them answered.
- I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.
- I understand that taking part in this study is voluntary (my choice) and that I may withdraw from the study at any time without being disadvantaged in any way.
- I understand that if I withdraw from the study then I will be offered the choice between having any data that is identifiable as belonging to me removed or allowing it to continue to be used. However, once the findings have been produced, removal of my data may not be possible.
- I agree to take part in this research.
- I wish to receive a summary of the research findings (please tick one): Yes  No

**Participant's signature:** .....

**Participant's name:** .....

**Participant's Contact Details (if appropriate):**

.....  
 .....  
 .....  
 .....

**Date:**

*Approved by the Auckland University of Technology Ethics Committee on 18<sup>th</sup> October 2019 AUTEK Reference number 19/373*

## Appendix D: Interview Questions

### Interview Questions

1. Charity Background
  - Are you aware of the new regulatory reporting standards?
  - If so, what have you done with regards to understanding the new requirements? Why it is important to do so?
  - How do you prepare the performance report? What information do you need to complete the report? Who is involved in preparing the report?
  
2. Compliance Activity
  - How do you comply with the new reporting standards?
  - What can you tell me about your reporting compliance process for both financial and non-financial information?
  - What changes, if any, to your governance practices have you made to comply with the new standards?
  
3. Reporting
  - How do you report on your outputs and outcomes?
  - What changes, if any, to your accountability practices have you made to report on performance information?
  - Can you provide an example of how your accounting practices have been changed after implementing the new standards?
  
4. Challenges
  - What challenges have you faced when implementing changes to meet the new reporting standards?
  - How these challenges are addressed?
  - Any further comments?

## Appendix E: Researcher Safety Protocols

### Researcher Safety Protocols

The Researcher Safety Protocol for off campus visits is based, in part, on lived experience, and recommendations made by Paterson, Gregory and Thorne in “A Protocol for Researcher Safety” (1999).

The research and lived experience suggest that there are four aspects to any Researcher Safety Protocol. These can be described thusly: an assessment of the situation the researcher expects to go into; looking at preventative strategies to ensure the safety of the researcher; how to identify a threat; how to respond appropriately; and what follow-up action might be required.

For the purposes of this research, the following assumptions have been made: firstly, the participants would be fully aware that they were being interviewed by a researcher; secondly, that the participants have given informed consent to be interviewed; thirdly, that the participants have been made aware that they can refuse to any questions that they deem appropriate to do so; and finally, that all participants have the right to terminate their participant at any stage during the interview process.

**Situation Assessment:** When I contact the participant (either by landline or cellphone) to be interviewed, I will ask the person to name the venue where they wish to be interviewed. If they have no preference in terms of where they agree to be interviewed, I will suggest that I book a meeting room at the nearest AUT campus to where that person either works or lives; if required, I will pay reimburse the participant for the cost of their campus parking. If they wish to be interviewed at home, I will ask several questions around the precise street address, the suburb, and the day and their preferred time for the interview. I will also ask for information pertaining to any pets that live at that address; I will also ask for information about who else may be present in the house during that interview. If it is someone else’s home, a more detailed questioning around the venue will ensue; I will make a point to stress the privacy of the interview, in that I need to preserve the participant’s privacy. I will reserve the right to reject the participant’s preferred venue, if I perceive that there could be a risk to myself in turning up to that locale.