Community Toolkit

Legal information and resources for community groups

community law
free legal help
wellington and hutt valley

Good Governance

Good governance is the cornerstone of a successful, thriving community organisation. There are many different styles and structures that organisations can consider when setting up or as they expand. Sometimes, systems and structures may develop in an organic way, particularly when groups are small and members are voluntary. In the beginning, it can be quite common for staff to be involved across the whole organisation, from leadership positions to running or facilitating activities or services. Over time, however, particularly when an organisation wants to apply for public funding or needs to formally employ staff, the development of a clear strategy, as well as systems and processes to ensure the smooth running of the organisation, will become critical. Organisations that are accountable to stakeholders (i.e. funders or client groups) are likely to find that it is useful to have some separation between the leadership (governance) and the operational (management) structures within the organisation.

CommunityNet Aotearoa has a practical guide to help organisation work through some of the different governance structures that may be considered. The guide covers things like

- The difference between governance and management responsibilities

- The roles of office holders – treasure, secretary, chairperson

- Te Tiriti governance considerations

- Governing body recruitment, retention, orientation, succession planning and evaluation.

Difference between governance and management

A clear division between governance and management is useful for many reasons, but for smaller community organisations it can be a challenge to separate issue of strategic governance from day-to-day management, especially for smaller organisation. On the other hand, there are benefits to a strong and healthy relationship between governance and management positions.

Poor governance carries risks. Financial and legal problems can arise for directors and trustees,

which will invariably have an impact on the ability for the organisation to achieve its goals and could ultimately threaten the whole kaupapa. The role of leadership is often to ensure that the organisation is viable and thrives while protecting its assets and making sure funds and resources are used effectively and appropriately. The [CommunityNet guide](#) covers some of the key characteristics of an effectively functioning governing body, including a good mix of skills, an effective chairperson (or dual chairs), committees for specialist tasks, well-managed meetings, dynamics that allow for free expression and good self-evaluation.

Useful Links and Resources

- [Roles and functions of a governing body](#)

- [Governing body officers](#)

- [Managing governing body meetings](#)

- [Governing body processes](#)

- [Governance 101 (SportNZ)](#)

- [CommunityNet Aotearoa: Introduction to governance](#)

Developing policies

Organisations that take the time to invest in policy development will invariably benefit over the long term, both at a strategic level and at a practical, day-to-day level. Policies are created for a definite purpose. They demonstrate a link to the overarching mission of the organisation and its wording and style will usually reflect its culture and values. It is a good idea to review policies regularly to ensure they remain current and relevant, and to ensure that staff are familiar with them and use them to guide their work practically.

In the [resources](#) section of this toolkit, you will find some policy templates that you can download for use. These will be added to over time. The links below also include some good resources to help you develop policies most relevant to your work.

Useful Links and Resources

- Some [basic do's and don'ts](#) when writing policy
- One example of a [tikanga Māori framework](#) for policy development

- A [typical development process broken down into steps](#)
- A [comprehensive checklist](#) for the types of policies common among community groups
- A [best practice policy template library](#) – a useful starting point for new organisations.

Te Tiriti o Waitangi – Good governance through partnership

Reflecting Te Tiriti o Waitangi relationships in the governance of your organisation

More and more, community organisations are seeking to establish governance structures that reflect the power-sharing commitments of Te Tiriti o Waitangi. These approaches usually involve equitable decision-making power for tangata whenua and tangata Tiriti (non-Māori) at the governance level, including co-chairs for the organisation's governing board or committee.

Under a "Two House" model, for example, tangata whenua and tangata Tiriti may engage on issues of common concern by considering them separately and then coming together to make decisions based on an understanding of the values underlying each group's position.

Relationships are central to Te Tiriti based approaches, so it's useful to clearly document why these relationships are important to your organisation and how they will work in practice – including your processes for making decisions, for communicating and consulting internally, and for resolving disputes. You can adopt a Te Tiriti relationships approach when you're first setting up your organisation or when you're reviewing and restructuring an existing one. A Te Tiriti based approach can also be adopted for any of the different legal forms – for example, for an incorporated society or a charitable trust.

For more information see our section on [Te Tiriti o Waitangi](#).

Keeping records

It is important for community organisations to maintain certain records, either electronically and in hard-copy files. These records should be accurate and regularly maintained. If you are considering becoming a paperless office make sure you have an electronic filing system that is backed up and are still retaining all the required documents.

Keeping accurate and up-to-date records enables better control over the community venue, provides good evidence during performance reprisals, more efficient audits, and better information for potential funders.

Records a community venue must keep by law

Records	Retention Details	Legislation
Business (financial) records, including: books of account bank statements, vouchers, receipts, invoices and tax invoices, and payment details details of assets and liabilities details of services provided and invoices issued details of tax returns	Keep for seven years after the end of the year the records relate to Keep them in safe custody Records, including tax returns, can be kept in electronic rather	Tax Administration Act 1994 Goods and Services Tax Act 1985 Companies Act 1993 Contract and Commercial Law Act 2017, Part 4 (allows use of electronic documents)
Annual accounts and audit reports (if applicable).	Permanently	Not specified but good practice
Employment records:		
Wages and PAYE tax records (including KiwiSaver deductions and employer contributions)	Retain for seven years	Tax Administration Act 1994 (KiwiSaver Act 2006)
Wages and employee time records	Retain for six years	Employment Relations Act 2000
Records of serious injuries, and dangerous incidents like gas leaks	Keep for five years after notifying WorkSafe NZ (also, any accident/ serious harm register that was started before April 2016 under the old 1992 Act must be kept until 4 April 2021)	Health and Safety at Work Act 2015
Vehicle mileage records/log books	Retain for seven years	Income Tax Act 2004
Charitable (tax-exempt) organisations need to keep records of donations received and how the funds have been spent	Retain for seven years	Tax Administration Act 1994

Constitution	Retain permanently	Companies Act 1993 (but this should guide other entities) Incorporated Societies Act 1908 Charitable Trusts Act 1957
Share register (for a company) register of members	Retain permanently	
Minutes of general meetings	Retain for seven years	
Minutes of directors meetings	Retain for seven years	
Annual reports	Retain for seven years	
Trustee, board or committee records for other organisations	Retain for seven years	

In addition, the following table sets out the length of time that a community venue is recommended to retain records:

Records	Type of document	Retention details
Contracts with customers / clients	Agreements licenses, rentals (includes suppliers, agents, purchases, indemnities, guarantees)	Retain for six years after expiry of the contract
Deeds of title	Deed evidencing title to property	Retain permanently (or until the property is disposed of)
Leases	Lease of land and/or other property	Retain for 12 years after the lease is terminated (or following the determination of all enquiries related to the termination)

Financial records	Stock inventories	Retain for 10 years
	Investments, schedules and related documents	Retain for 10 years
	Cheque butts	Retain for 10 years
	Instructions to banks	Retain for 7 years
	GST records	Retain for 10 years
Staff records	Expense accounts	Retain for 10 years
	Accident book	Retain permanently
	Individual and group policies	Retain for 12 years after cessation of the benefit(s)