

INTRODUCTION

What is ACFID?

The Australian Council for International Development (ACFID) is an association of approximately 80 non government organisations in Australia working in the fields of human rights and international aid and development. As well as administering the Code of Conduct, ACFID provides information, training and coordination services to member organisations to assist in the development and implementation of standards of good practice.

Why an ACFID Code of Conduct?

The ACFID Code of Conduct is a voluntary, self regulatory industry Code. The Code represents the active commitment of overseas aid agencies or Non Government Development Organisations (NGDOs) to conduct their activities with integrity and accountability.

The Code aims to enhance standards throughout the NGDO community to ensure that public confidence is maintained in the way that community contributions to overseas aid are used to reduce poverty through effective and sustainable development.

All members of ACFID must be compliant signatories to the Code of Conduct however organisations may choose to become a signatory to the Code of Conduct without becoming a member of ACFID.

Adherence to the Code is required for organisations to be accredited with the Australian Agency for International Development (AusAID) in order to apply for funding from the Australian government aid program.

The Code of Conduct sets out standards in the fields of:

1. organisational integrity
2. governance
3. communication with the public
4. finances
5. personnel and management practice

As a minimum step to ensure transparency and public accountability, the ACFID Code requires all signatory organisations to make available to donors and supporters an annual report that:

- describes the goals, purposes and activities of the organisation
- lists the names and qualifications of the members of the governing body
- includes audited financial statements in prescribed and easy to understand formats.

This annual reporting requirement together with the common financial format means that donors may more easily compare one organisation with another and stay informed about how their support is being put to use.

How is the Code monitored?

A Code of Conduct Committee monitors adherence to the Code and investigates complaints which may be brought by any member of the public. The Committee comprises of six members elected from the NGDO community, an independent Chairperson and a representative of Australian donors nominated by the Australian Consumers' Association. The Code sets out a clear process through which complaints are investigated and findings determined. Where a breach of the Code is found, the Committee takes action to address the problem. If no satisfactory solution is reached the Committee may withdraw recognition of the organisation as a signatory to the Code and publish the findings of an investigation.

How is the Code applied to everyday practice?

The Code of Conduct is not just a set of written standards, it is an ongoing and active commitment by signatories to good practice. The scope and implementation of the Code is regularly reviewed by the Committee and the overseas aid community through ACFID. Seminars and workshops are conducted every year to train and inform personnel of the requirements of the Code and how the standards are applied to everyday practice.

What is the Guidance Document?

The Guidance Document complements the ACFID Code of Conduct. It should be noted that the requirement for signatories to the Code to comply with the Code of Conduct applies only to the principles of the Code itself, not to the Guidance Document. Signatories are not obliged to observe the Guidance Document (unless direct reference is made to it by the Code of Conduct), nor do board members have to approve it. Rather, the Guidance Document is a tool that can help signatories interpret and apply the principles of the Code. It suggests practical ways that signatories can implement the Code in their guidelines, policies and practices.

This Guidance Document is not legally binding. It is expected that the document will be regularly revised on the basis of the evolving standards of the NGDO and voluntary sector as a whole.

PREAMBLE

Introduction

The Preamble to the Code of Conduct describes the nature of organisations who are Code signatories and defines a collective set of shared values and principles. In addition the Preamble provides an introduction to the standards of operation that signatories are required to comply with and their legal responsibilities.

Guidance information

Code of Conduct clause 1.1

This Code of Conduct defines standards of governance, management, financial control and reporting with which non government development organisations (NGDOs) should comply. It identifies mechanisms to ensure accountability in NGDO use of public monies. The Code aims to maintain and enhance standards throughout the NGDO community, ensuring public confidence in: the integrity of individuals and organisations comprising the NGDO community; and quality and effectiveness of NGDO programs.

This clause outlines the standards to which signatories are required to comply. All requirements indicated in the clause are addressed in more detail and more specifically throughout the Code.

Code of Conduct clause 1.2

Organisations which are signatories to this Code aim to build creative and trusting relationships with people of developing countries and to meet program standards which:

- ***give priority to the needs and interests of the people they serve***
- ***encourage self help and self-reliance among beneficiaries and thus avoid creating dependency***
- ***involve beneficiary groups to the maximum extent possible in the design, implementation and evaluation of projects and programs***
- ***respect and foster internationally recognised human rights, both socio-economic and civil-political***
- ***seek to enhance gender equity***
- ***are based on an understanding of the history and culture of the people served.***

All Australian NGDOs have principles that flow from their values and philosophy. Some of these are unique to each organisation and some are shared amongst the sector.

These values and principles are used by signatories as a foundation to inform the development of policies and program strategies, defining each signatory's own contribution to global development. Diversity within the sector is valued as it allows a wide range of possible responses to the complex issues of development.

This section of the Code outlines the shared values and principles, providing a view of development, which has emerged from the collective experience of ACFID members over many years.

Code of Conduct clause 1.3

NGDOs are required to meet a range of state and federal legal obligations which are presumed in this Code. These obligations may include corporations laws, rules of incorporation of associations, fundraising and charitable institutions legislation, privacy legislation, equal employment opportunity principles, occupational health and safety standards, anti discrimination legislation, intellectual property and copyright legislation and other codes of ethics.

It is the responsibility of each signatory organisation to ensure they are meeting the numerous state and federal legal obligations. As the nature of signatory organisations is diverse, the Code does not specify in detail these obligations.

Other references

- ACFID NGO Effectiveness Framework (June 2004) - www.acfid.asn.au

ORGANISATIONAL INTEGRITY

Introduction

This section of the Code outlines the obligations signatories have to their stakeholders, and specifies standards that ensure the integrity, accountability and transparency of the work they undertake.

This is based on the values and principles outlined in section 1 of the Code.

Guidance information

Code of Conduct clause 2.1

In all of its activities and particularly its communications to the public, the organisation will accord due respect to the dignity, values, history, religion, and culture of the people with whom it works consistent with principles of basic human rights.

This clause builds on the values and principles for signatories outlined in paragraph 1.2 of the preamble to the Code. It requires signatories to operate in a manner consistent with these values in all activities, often articulated in the organisational vision and purpose statements. Signatories have enhanced these values with an additional principle adopted at the ACFOA NGO Effectiveness Conference in July 2002, which states that:

Australian NGOs shall identify their values, communicate them to all key stakeholders and reflect them in their work.

The chart on the following page shows compliance indicators for Clause 2.1

Code of Conduct clause 2.1

Code Requirement	Compliance Indicators
<p>In all of its activities and particularly its communications to the public, the organisation will accord due respect to the dignity, values, history, religion, and culture of the people with whom it works consistent with principles of basic human rights.</p>	<p><i>Organisational governance</i> - The values and principles (consistent with this requirement) that inform the work of the organisation are:</p> <ul style="list-style-type: none"> • clearly articulated in the organisation's vision and purpose statements • are in key documents (such as the constitution, annual report and strategic plan) • are communicated clearly to all key stakeholders – the public, official donors, implementing partners and government bodies, the people for whom they are working. <p><i>Marketing and fundraising</i></p> <ul style="list-style-type: none"> • A clear process and practice is in place to ensure that staff regularly assess public communication materials against the requirements. As these are clearly value judgements, this should be done as part of a review process. <p><i>Advocacy, research and campaigns</i></p> <ul style="list-style-type: none"> • A similar approach to the one listed in the previous point should be used and include public policy documents and research articles as well as campaign materials. <p><i>Program management</i></p> <ul style="list-style-type: none"> • All aspects of the project management cycle, staff conduct and relationships with partner organisations, should be regularly scrutinised against these criteria using a review process.

TIPS

The additional statement adopted by NGOs in July 2002 indicates that signatories must be transparent and accountable to all their stakeholders, including implementing partners and the people for whom they are working.

The relationship between signatories and their implementing partners should be based on shared values and principles.

Code of Conduct clause 2.2

The organisation will be formed voluntarily and be not-for-profit.

This requirement reflects the inherent link between the values that inform NGOs and their work and the governance and legal structures that reflect them. Voluntarism and not-for-profit are important criteria that distinguish NGOs from commercial companies and government agencies.

Code Requirement	Compliance Indicators
The organisation will be formed voluntarily	Voluntary organisations: <ul style="list-style-type: none"> • are formed by a group of interested people for a common purpose • serve a public benefit • rely on volunteers (at least for governance) • rely on some financial and in-kind support from the community • have limited direct influence by governments other than in relation to legislative and tax requirements.
and be not-for-profit	<p>An organisation is not-for-profit if it is not carried on for the profit or gain of its individual members.</p> <p>Organisations will be not-for-profit where their governing instrument prevents them from distributing profits or assets for the benefit of particular persons, both while they are operating and on winding up.</p> <p>The governing instrument must indicate the organisations not-for-profit character. A not-for-profit organisation can still make a surplus. However, any surplus it makes must be used to carry out its purposes. The surplus must not be distributed to owners, members or other private persons.</p>

TIPS

Examples of not for profit clauses required:

Non-profit clause. *The assets and income of the organisation shall be applied solely in furtherance of its above-mentioned objects and no portion shall be distributed directly or indirectly to the members of the organisation except as bona fide compensation for services rendered or expenses incurred on behalf of the organisation.*

Dissolution clause. *In the event of the organisation being dissolved, the amount that remains after such dissolution and the satisfaction of all debts and liabilities shall be transferred to any organisation with similar purposes which is not carried on for the profit or gain of its individual members.*

Information informed by www.ato.gov.au 24 April 2003

Code of Conduct Clause 2.3

The organisation will oppose and not be a willing party to wrongdoing, corruption, bribery, or other financial impropriety in any of its activities. It shall take prompt and firm corrective action whenever and wherever wrongdoing is found among its governing body, paid staff, contractors, volunteers and partner organisations.

This clause requires the organisation to have policies and procedures in place to monitor and address any potential for wrongdoing. The emphasis is on the organisation to be proactive in identifying and addressing any potential cause for concern.

Code Requirement	Compliance Indicators
<p>The organisation will oppose and not be a willing party to wrongdoing, corruption, bribery, or other financial impropriety in any of its activities</p>	<p>Clear communication to the governing body, paid staff, contractors, volunteers and partner organisations of the organisations expectations of them in relation to wrongdoing, corruption, bribery, or other financial impropriety. Articulation methods could include procedures manuals, internal codes of conduct, partnership agreements and contracts.</p>
<p>It shall take prompt and firm corrective action whenever and wherever wrongdoing is found among its governing body, paid staff, contractors, volunteers and partner organisations.</p>	<p>Clear procedures to deal with situations where wrongdoing is identified.</p> <p>Clear communication of this procedure to governing body, paid staff, contractors, volunteers and partner organisations. Communication methods could include procedures manuals, internal codes of conduct, partnership agreements and contracts.</p>

Code of Conduct clause 2.4

The organisation will have a policy to enable staff confidentially to bring to the attention of the governing body evidence of misconduct on the part of anyone associated with the organisation. All reports must be channelled through the chief executive officer unless it is an issue concerning the chief executive officer which should be taken directly to a member of the governing body.

Signatories should clearly define and articulate to governing body members, paid staff, contractors, volunteers and partner organisations professional conduct standards and expectations.

A process to address breaches of professional conduct standards should be developed. This process should be clear, trustworthy and ensure confidentiality for all parties involved.

Code Requirement	Compliance Indicators
<p>The organisation will have a policy to enable staff confidentially to bring to the attention of the governing body evidence of misconduct on the part of anyone associated with the organisation.</p> <p>All reports must be channelled through the chief executive officer unless it is an issue concerning the chief executive officer which should be taken directly to a member of the governing body.</p>	<p>A clear statement of professional conduct requirements for governing body, paid staff, contractors, volunteers and partner organisations.</p> <p>A clear and reasonable procedure in place to deal with issues of misconduct. The procedure must enable issues to be raised confidentially. The procedure must clearly identify who within the organisation complaints are to be reported to – (this must include one member of the governing body).</p> <p>Clear articulation of this procedure to all governing body, paid staff, contractors, volunteers and partner organisations. This could include procedures manuals, internal codes of conduct, partnership agreements and contracts.</p>

TIPS

Reference Documents:

- Grievance Procedures Guidelines—The NSW Anti Discrimination Board of NSW
- Whistleblowers Protection Act 2001
- The ACFID Code of Conduct Complaints procedure (section 8)

Code of Conduct clause 2.5

The organisation will conduct itself in ways that do not denigrate other agencies, or make misleading or false public statements regarding other agencies.

Denigrate: To sully, defame or attack the good name or reputation of (Macquarie Dictionary)

The principle underlying this clause is one of respect based on mutual accountability. It recognises that the behaviour of an organisation can have an effect on other organisations: a scandal involving one NGO affects the whole community. The public does not necessarily differentiate among NGOs or follow all the nuances of different agencies and selective use of information may undermine the public trust in the NGO community.

This does not prevent signatories becoming involved in responsible public debates about issues of concern to the international development sector. It also does not prevent public criticism of one signatory by another in the event that the conduct of that signatory has undermined the integrity, credibility or accountability of the sector as a whole.

The Code recognises that there are diverse ways of undertaking development work, that there are a variety of program approaches and that all Code signatories must take seriously their accountability to the NGO community and standards described in the Code.

Code Requirement	Compliance Indicators
<p>The organisation will conduct itself in ways that do not denigrate other agencies, or make misleading or false public statements regarding other agencies.</p>	<p>Communication by signatories regarding another agency must:</p> <ul style="list-style-type: none"> • be factual • not mislead • not be made with the intention of creating a self benefit.
T I P S	<p>It is inappropriate for an organisation, for reasons of self-promotion, to imply that other organisations spend unreasonable amounts on administration compared to their own organisation.</p> <p>Organisations should describe themselves in terms of their own merits rather than in comparison to other NGOs.</p> <p>Organisations should have clearly understood guidelines and approval processes for the making of written and verbal public statements.</p>

Code of Conduct Clause 2.6

The organisation will have policies and procedures to promote the safety and well being of all children accessing their services and programs, particularly to minimise the risk of abuse of children.

The work of the majority of signatories impacts directly and indirectly on the lives of children. It is essential, that these organisations have taken all necessary measures to ensure the protection, safety and well-being of these children. Policies and procedures must be in place to prevent and reduce the risk of abuse and to allow for effective and efficient response to any cases of alleged abuse or exploitation. This applies to organisations working both locally in Australia and overseas.

Code Requirement	Compliance Indicators
<p>The organisation will have policies and procedures to promote the safety and well being of all children accessing their services and programs, particularly to minimise the risk of abuse of children.</p>	<p>Signatories to the Code of Conduct are required to have a Child Protection policy. A Signatory's Child Protection policy should be tailored to the Signatory's organisation and, where appropriate, address the following:</p> <ul style="list-style-type: none"> • program planning and implementation • use of images and personal information for promotion, fundraising and development education • personnel recruiting (in Australia and/or overseas) - including staff, volunteers, consultants and suppliers • behaviour protocols/a Code of Conduct • reporting procedures for allegations and/or incidences • education and training of personnel in child protection policy and protocols • relevant legal responsibilities as applicable to each section of the Child Protection policy. • processes for reviewing the Child Protection policy, ideally in line with other audits; and • communication and distribution of the Child Protection policy to employers, employees, program partners, volunteers and all other relevant stakeholders. <p>A Signatory's Child Protection policy <i>must</i> incorporate a risk management mechanism.</p> <p>A Signatory's Child Protection policy <i>should</i> incorporate the mandatory requirements for police checks, <i>where available and appropriate</i>, for all personnel who have regular contact with children</p>

TIPS

Guidance Document Appendix 8 - Code of Conduct Guidelines for the Development of a Child Protection Policy provides comprehensive information on how to develop a child protection policy and associated procedures for Development organisations.

The requirements outlined in Code clause 4.2 (fundraising solicitations and the use of photographs) and clause 2.1 (paying due respect to dignity, values, history, religion and culture) should be kept in mind when developing a child protection policy. Programs working with children should have systems in place where children can speak up and participate.

Other References

- Child Wise – www.childwise.net
- Choose with Care: Building Child Safe Organisations (Child Wise)— an information and training program.
- Grievance Procedures Guidelines - The NSW Anti-Discrimination Board of NSW
- Whistleblowers Protection Act 2001
- The Code of Conduct Complaints procedure (section 8)
- UN Convention on the Rights of the Child www2.ohchr.org/english/law/crc.htm
- National Association for Prevention of Child Abuse & Neglect - www.napcan.org.au
- Australian Families and Children Council (AFCC)
- Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) (and State counterparts) – www.facsia.gov.au
- Australian Tax Office – www.ato.gov.au
- ACFID NGO Effectiveness Framework, June 2004
- Setting the Standards and Keeping Children Safe — Child Protection Tool Kits

Code of Conduct clause 2.7

Funds and other resources designated for the purpose of aid and development will be used only for those purposes and will not be used to promote a particular religious adherence or to support a political party, or to promote a candidate or organisation affiliated to a political party.

The purpose of this clause is to ensure that signatories are clearly, accurately and transparently representing, undertaking and accounting for their activities to the people they work with, donors and the public. The intention is not in anyway to restrict the activities of Code signatories or to judge their values.

The underlying principle of this clause is that funds raised for aid and development purposes are only to be used in programs which in no way exploit the people and communities who are vulnerable and do not place any conditions or obligations on recipients in terms of religious or political outcomes that would affect their access to services being offered.

It is recognised that applying this clause will be quite difficult in some situations and some level of judgement may be necessary. The Guidance Document cannot provide a specific response for every circumstance. Organisations should apply the *spirit* and *intent* of this clause in the conduct of their Development work.

If signatories find that the Guidance Document does not provide them with a clear answer on how to comply in a particular circumstance, they should ensure that they document clearly the decisions they make and the reasons behind them so that both recipients and donors have some explanation about how programs have been developed and will be delivered.

Signatories are encouraged to seek guidance from the Code Management Team where there is uncertainty about aid and development activities complying with this clause.

Code Requirement	Compliance Indicators
<p>Funds and other resources designated for the purposes of aid and development will be used only for those purposes.</p>	<ul style="list-style-type: none"> • Guidance Document requirements for section 5.5 of the Code are adhered to. • The agency has a policy or guidelines approved by the Governing Body, that indicates how its aid and development program is separated from its other organisational activities. <p>Other organisational activities might include (but are not limited to) the proselytization of any religion, welfare and/or partisan political activities. (Agencies should note that AusAID's requirements are that welfare and development activities can be differentiated – see definitions at end of this Part).</p> • Documented arrangements (are in place and available) with all implementing organisations that reflect the principles of this clause. <p>For example:</p> <ul style="list-style-type: none"> - Documented communications with implementing organisations that make clear the purpose of funds transferred from Australia eg agreements with partners include the agencies policies on the proselytization of religion, political and development activities.

	<ul style="list-style-type: none"> • Documented monitoring practices (are in place and available) to ensure implementing organisations compliance with the principles of this clause. For example: <ul style="list-style-type: none"> - Documented agreements with implementing organisations that include regular monitoring strategies. - Documented acknowledgements/reports from implementing organisation indicating their understanding and acceptance of the principles of this clause.
<p style="text-align: center;">Code Requirement</p>	<p style="text-align: center;">Compliance Indicators</p>
<p>Funds and other resources designated for the purposes of aid and development will not be used to promote a particular religious adherence or to support a political party, candidate or organisation affiliated to a political party.</p>	<p>Where a signatory's objectives include the funding and management of non-development activities, the signatory must be able to demonstrate the independence of aid and development activity from other organisational activity. The following compliance indicators apply:</p> <p><i>Beneficiaries (people we work with in country)</i></p> <ul style="list-style-type: none"> • Program beneficiaries are clearly informed of the intended outcome of programs. • If an organisation is undertaking both aid and development programs and 'other' non aid and development activities in a community: <ul style="list-style-type: none"> - Beneficiaries must be consulted and informed of the distinction and independence of activities. - All effort must be made (and documented) by the organisation to ensure that the beneficiaries are aware that the programs are separate and not reliant upon each other. <p><i>Funds</i></p> <ul style="list-style-type: none"> • Guidance Document requirements for section 5.5 of the Code are adhered to; • Where funding is invited for the general objectives of the organisation (e.g. for non-designated purposes) the agency must have clear policies/procedures in place to ensure the allocation of funding is as per what the funding invitation promises or implies; • Guidance Document requirements for section 5.2 of the Code are adhered to - Code of Conduct Summary Financial reports should clearly disaggregate aid and development activities from other organisational activities; and • Appropriate allocation of funds requirements continues until all funds are fully expended.

Public Communication

- Where promotional, fundraising or educational material contains references to aid and development activities and other organisational activities, the separation of programs must be clearly articulated.
- In Annual Reports, signatories must clearly state how their aid and development activities are differentiated from their activities for other purposes. If the statement of mission and aims of the organisation includes non-aid and development aspiration, associated with that statement signatories must provide an explanation of how they maintain the independence of their aid and development activities from their other organisational activities.
- Guidance Document requirements for section 5.2 of the Code are adhered to-Code of Conduct Summary Financial reports should clearly disaggregate aid and development activities from other organisational activities; and
- In all fundraising solicitations that include references to aid and development, donors are given the opportunity to contribute to aid and development activities specifically.

Non-compliant examples:

1. An organisation runs an appeal in Australia for its development work in Papua New Guinea. The funds are then transferred to a partner agency in Papua New Guinea that applies the funds to development activities which include components which seek to change the faith or denominational affiliation of the participants.
2. An organisation runs an appeal in Australia for its development work in Indonesia. The funds are then used to fund a development worker in Indonesia. The development worker 'while implementing program' seeks to persuade the program participants to support a particular candidate in the next election.
3. An organisation produces and distributes a newsletter to its membership which includes a general fundraising appeal for the organisation. The content of the newsletter could be characterised as 80% aid and development, 10% evangelism and 10% other. When the funds are received they are allocated on a ratio of 80% to evangelism and 20% to aid and development activities.
4. An organisation runs an appeal in Australia for its development work in Indonesia. The funds are then used to fund a development worker in Indonesia. The development worker 'while implementing program' seeks to persuade the program participants to support a particular candidate in the next election.
5. An organisation produces and distributes a newsletter to its membership which includes a general fundraising appeal for the organisation. The content of the newsletter could be characterised as 80% aid and development., 10% evangelism and 10% other. When the funds are received they are allocated on a ratio of 80% to evangelism and 20% to aid and development activities.

Clause 2.7 Definitions

Item	Definition
Other Resources	Include (but are not limited to) funds raised, gifts in kind, property, assets, staff and volunteers of signatory and partner organisations.
Promoting a particular religious adherence	Activities undertaken with the intention of converting individuals or groups from one faith and/or denominational affiliation to another.
Supporting a political party, candidate, or organisation affiliated to a political party	<p>Agency staff (when using the agency name or resources or in paid time):</p> <ul style="list-style-type: none"> - being involved in party political activities - using funds or resources to facilitate or support a specific political party, candidate, or party-political organisation in a local, regional or general/national election. - using funds or resources to facilitate or support a particular politician or faction to gain power within a government or within a political party structure.
Welfare (AusAID Welfare Definition)	<p>Welfare means assistance to maintain individuals in a particular condition on a long-term basis, such as institutionalised care programs provided by orphanages, child sponsorship (that is, funds given directly to children or their families, and not funds drawn from child sponsorship and used for development purposes), hospital care programs, hospices, and costs for the maintenance of structures for institutionalised care programs (for example, schools or orphanages).</p> <ul style="list-style-type: none"> - Welfare is implemented independently of other sustainable community development activities. - Welfare includes no strategy for integration into a broader, community development program. - Welfare is provided on an individual or family basis, rather than on a community basis, and is unconnected to emergency needs. - Welfare activities are implemented on a long-term basis with no clear exit strategy.

Clause 2.7 Definitions cont..

Item	Definition
Other organisational activities	<p>Includes all activities that do not meet the following Code of Conduct definition for aid and development activities:</p> <p><i>Aid and development refers to activities undertaken in order to reduce poverty and address global justice issues via direct engagement through community projects, humanitarian relief and/or community education and public policy campaigns.</i></p>

Code of Conduct clause 2.8

An Organisation (being an Australian NGDO) should only disburse donated funds or resources to a third party (including to an international affiliate or an overseas partner organisation) for use in relation to an aid and development program if it is satisfied that:

- a. *the particular aid and development program is aligned with or consistent with the Organisation's strategy for achieving its objects and purpose;*
- b. *the third party to whom funds or resources are to be disbursed has the capacity to utilise the funds or resources in accordance with the specific instructions of the Organisation, in accordance with relevant provisions of the Code of Conduct and in a manner consistent with the Organisation's donor promise, express or implied;*
- c. *the funds and resources will be disbursed in accordance with relevant laws including counter terrorism financing and anti-money laundering legislation; and*
- d. *appropriate control and risk management mechanisms (such as contractual arrangements specifying funding conditions and relevant reporting and monitoring obligations) are in place to mitigate the risk of misappropriation or improper use of the funds or resources once disbursed.*

Note: Code of Conduct clause 2.8, the explanatory notes below, and the related Supplementary Guidance should be read in conjunction with Code of Conduct Clause 1 (Preamble) and Code of Conduct Section 5 (Finances).

Depending upon their particular objectives, purpose and organisational circumstances, Australian based NGDOs fund and support aid and development programs around the world in a range of ways and through different structures and arrangements. The NGDO Effectiveness Framework recognises this in the following paragraphs:

"Every Australian NGDO has a program strategy to operationalise their philosophy, values and principles. In other words, each organisation has its own way of 'doing things' to contribute to development. This diversity within the industry is valued, as it allows a wide range of possible responses to the complex issues of development."

"One of the critical features of Australian NGDO work is that apart from humanitarian response, most Australian NGDOs do not implement directly. Instead, reflecting a commitment to building local capacity and self-reliance, most Australian NGDOs choose to work through local implementing organisations. For this process to work effectively, Australian NGDOs place a high value on the quality of the relationship between themselves and their implementing partner."

Notwithstanding the particular structure of the arrangements an NGDO operates under, all NGDOs must comply with relevant laws (see Clause 1.3).

Additionally, virtually all NGDOs will encounter risks associated with the international nature of their work. One element of risk is financial loss through the misappropriation or improper use of funds or resources transferred overseas (e.g. as a result of fraud or funding being applied inappropriately).

While any activity is likely to involve some element of risk, it is acknowledged that difficult local conditions may add to the risk profile of certain activities. Many overseas activities would not take place if they were simply dismissed because of their high-risk nature. Such an approach would prevent key objectives of NGDOs being achieved. However, practical steps to mitigate identified risk do need to be put in place.

Appropriate *control* mechanisms play an important part in mitigating or reducing such risks as well as assisting NGDOs to demonstrate to potential donors and beneficiaries that an NGDO's property is being applied effectively towards the achievement of its specific objectives and purposes.

Meaning of 'appropriate': For the purposes of Code clause 2.8, 'appropriate' control and risk management mechanisms should be considered by each NGDO in the following context:

- **appropriate to the particular circumstances of the NGDO** (taking into consideration such matters as the objects and purposes of the NGDO, the legal obligations of the NGDO and the level of resources available to the NGDO); and
- **proportionate with the risks of the funds being misappropriated or utilised in a manner which is not consistent with the achievement of the objects and purposes of the NGDO** (taking into consideration such matters as the particular circumstances of the program, the level of funding, geographical location, and the legal, political, social and economic context).

When considering *appropriate controls and risk management mechanisms* the focus should be primarily on major risk areas for the NGDO (e.g. where damage to the NGDO's reputation might result or where there is the possibility of a loss of funds having a significant impact on objectives). Appropriate control and risk management mechanisms should be proportional to the risks identified and the benefits derived from their use.

On occasions controls will need to be adapted to suit operational circumstances. For instance, unusual local conditions may affect the type and extent of the controls and checks that can be operated in the field. It is acknowledged that, in certain situations, it may be difficult to create an audit trail in the normal manner (e.g. by getting receipts for expenditure). However, the governing body of an NGDO should be able to demonstrate that the controls and procedures that they have in place are reasonable in the circumstances and that reasonable steps in the circumstances have been taken to protect the property (including disbursed funds and resources) of the NGDO.

In light of the diversity of the activities of Australian NGDOs and their operations, the Guidance is not suggested as a 'one size fits all' approach in relation to the control and security of funds or resources transferred to implementing partners overseas, international affiliates or other third parties. The Guidance does not attempt to address the specific regulatory or internal controls that may affect individual organisational structures and their application in specific scenarios. Each NGDO must take into account the regulatory framework within which it operates, the affiliate/partnership network to which it belongs (if any), the contractual requirements it has in place and its stewardship responsibilities to beneficiaries, members, donors and supporters. It is recommended that each NGDO undertake its own risk assessment with regard to the control and security of its funding arrangements.

This Guidance should be read and interpreted in a manner which is compatible with the NGDO Effectiveness Framework. Principles of the NGDO Effectiveness Framework of particular relevance include the following:

NGO Effectiveness Framework

- Good relationships evolve over time, based upon trust, mutual learning, accountability and acceptance of difference. The purpose of good relationships is to build capacity of implementing partners and increase the process of self-reliance and/or local ownership.
- Development situations are usually complex and most often require engagement that goes beyond short-term project and program cycles. Australian NGDOs seek to work in ways that allow for long term engagement in locations, in sectors and with people, for the purpose of more effective and sustainable solutions to development problems.
- Australian NGDOs, together with their implementing partners, undertake monitoring and evaluation of their work, in order to identify areas of success, areas requiring improvement in order to implement timely and appropriate change.
- Australian NGDOs assess and manage risk during their activities.
- Australian NGDOs work towards the participation and increased control by people of their development situation. This includes genuine participation of people at all stages of the program cycle and is reflected in the way engagement is undertaken.

Clause 2.8 guidance information continued

Code Requirement	Compliance Indicators
<p>An Organisation (being an Australian NGDO) should only disburse donated funds or resources to a third party (including to an international affiliate or an overseas partner organisation) for use in relation to an aid and development program if it is satisfied that:</p>	
<p>(a) the particular aid and development program is aligned with or consistent with the Organisation's strategy for achieving its objects and purpose</p>	<p>Organisations should protect against their organisation being used (exploited) as a conduit for third parties to "channel" funds through in order to obtain a tax deduction.</p> <p>Organisations should not let funds be "channelled" through their organisation to give a third party a tax deduction unless:</p> <ul style="list-style-type: none"> • the third party's intentions are consistent with the organisation's purpose and objectives, and • all control & security mechanisms outlined in this clause are in place. <p>Relevant Related Code Clause:</p> <p>1.2 – "creative and trusting relationships"</p>

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A Third Party approaches an Organisation (an Australian NGDO) with a proposal that the Third Party will donate a sum to the Organisation to be used to support a specific program administered by Local Agency X in Country Y. The Third Party agrees that an appropriate portion of the donation may be used to cover the Organisation's administrative costs. The Organisation has no connection with and has never worked with Local Agency X.

Recommended approach

The Organisation should advise the Third Party that it will only be able to accept the donation and transfer funds to Local Agency X once it has conducted appropriate due diligence on Local Agency X and it has approved the specific program taking into consideration **strategic fit of the program with the objects and purpose of the Organisation**, compliance with ACFID Code standards, and the ability to exercise the appropriate level of control and monitoring of the program.

(For instance, an Organisation which has an object and purpose to improve access to housing in rural communities in Country A should not accept funding from a donor which it is required to direct to an immunisation program in Country B because transferring funds to the immunisation program will not assist the Organisation to achieve its object and purpose of improved access to housing.)

Clause 2.8 guidance information continued

Code Requirement	Compliance Indicators
<p>(b) the third party to whom funds or resources are to be disbursed has the capacity to utilise the funds or resources in accordance with the specific instructions of the Organisation, in accordance with relevant provisions of the Code of Conduct and in a manner consistent with the Organisation's donor promise</p>	<p>An organisation should undertake enquiries about the third party, including (but not limited to):</p> <ul style="list-style-type: none"> • checking that the third party is appropriately registered, • checking the type of program or work the third party conducts, • checking the track record of the third party, and • checking the third parties standing in the Sector. <p>Contracts between an organisation and the third party should include:</p> <ul style="list-style-type: none"> • reference to relevant ACFID Code of Conduct Clauses, • what the third party is required to do, and • when it is to do it - this may focus attention on capacity issues. <p>Consistent with Code Clause 5.5, donations shall be used as promised or implied in fundraising appeals or as requested by the donor.</p> <p>Appropriate controls, policies and procedures are in place to ensure funds are managed and invested well to protect the value of the funds, which have been donated or provided to the organisation.</p> <p>In addition to basic due diligence enquiries relating to the identity of the third party (which may include such things as checking that the third party is appropriately registered), an Organisation should also undertake enquiries into the type of programs or work the third party conducts, its track record and standing in the sector, etc.</p> <p>Related Code Clauses: 1.2 – “creative and trusting relationships” 2.7 – “no strings attached” 5.5 – “donations used as promised or implied”</p>

Clause 2.8 guidance information continued

Code Requirement	Compliance Indicators
<p>(c) the funds and resources will be disbursed in accordance with relevant laws including counter terrorism financing and anti-money laundering legislation</p>	<p>Organisations should seek to ensure (e.g. through contractual arrangements) that directly funded third parties are:</p> <ul style="list-style-type: none"> • aware of and obliged to comply with relevant laws, and • they in turn are obliged to make sure that any further distribution of the funds or support is made on the same basis. <p>Related Code Clauses:</p> <p>1.3 – “state and federal obligations” 2.3 – “wrong doing, corruption and bribery” 2.6 – “child protection” 2.7 – “no string attached” 5.3 – “financial reports must be audited”</p>

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S****The Australian Standard on Compliance Programs AS 3806**

This Standard is a model for the corporate governance of regulatory compliance needs and requirements. It was prepared by the Standards Australia Committee. It describes principles for the development, implementation and maintenance of effective compliance programs within both public and private organizations. These principles are intended to help organizations identify and remedy any deficiencies in their compliance with laws and regulations, and develop processes for continuous improvement in this area.

Attorney General’s Guidance for Non- Profit Organisations on Counter-Terrorism Financing

Organisations should also be guided by the Attorney General’s Guidance for Non- Profit Organisations on Counter-Terrorism Financing
This guidance can be accessed on the AG’s website.

Proscribed Organisations

Organisations must particularly ensure that they do not inadvertently or otherwise have any form of relationship with the organisations on the Department of Foreign Affairs & Trade or Attorney General’s lists of “proscribed organisations”.

Clause 2.8 guidance information continued**T
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Proscribed Organisations

Organisations must particularly ensure that they do not inadvertently or otherwise have any form of relationship with the organisations on the Department of Foreign Affairs & Trade or Attorney General's lists of "proscribed organisations".

Australian Organisations must comply with Australian laws and relevant laws of foreign jurisdictions in which they engage in activities.

Examination of relevant law leads to the conclusion (liability if any?) that the funds raised by a company limited by guarantee for charitable purposes are the property of the company (or assets) that should remain under the control of the company until:

- disbursed or utilised for the appropriate charitable purpose; or
- otherwise used by the company in accordance with its constitution and law.

It follows that funds transferred by Australian Organisations (which are companies) to third parties for further disbursement to beneficiaries should be held and managed by the third party in accordance with the instructions of the Australian Organisation (i.e. the Australian Organisation should effectively remain in control of funds).

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Directors of companies have a duty to act in good faith for the benefit of the company as a whole. This duty extends to ensuring that funds raised by the company are managed appropriately for the benefit of the company (noting that the benefit of the company in this context would include use for the relevant charitable purpose).

In certain states of Australia charitable collections legislation requires that funds not being immediately applied to the purpose or object of an appeal must be held or invested in a manner allowed for a trust fund. This has the effect of requiring those responsible for holding or investing the funds (i.e. the directors of the Australian company) to act as if they were trustees of such funds.

In general, organisations eligible for tax concessions on the basis of their status as a charity must pursue the charitable purpose for which they have been established.

If an organisation operates a gift fund endorsed by the Australian Taxation Office as to be a deductible gift fund (for example, an Overseas Aid Gift Fund) then funds flow into and out of the fund must be monitored through the separate recording of:

- all gifts and contributions, through a bank account or other cash management system for money, and a register for property;
- transfers from the gift fund, whether as payments, disbursements or for use by the fund, authority or institution; and
- investment returns on money or property that have been transferred out.

Money or property of a gift fund should not be mixed with other money or property of the organisation.

Clause 2.8 guidance information continued

Code Requirement	Compliance Indicators
<p>(d) appropriate <u>control and risk management mechanisms</u> (such as contractual arrangements specifying funding conditions and relevant reporting and monitoring obligations) are in place to mitigate the risk of misappropriation or improper use of the funds or resources once disbursed</p>	<p>An initial risk assessment should dictate the appropriate (or <i>proportionate</i>) level of control needed. An organisation may (which consider matters such as:</p> <ul style="list-style-type: none"> • the amount of funding; and, • the particular circumstances of the program e.g. geographical location, and the legal, political, social and economic context) should dictate the appropriate (or <i>proportionate</i>) level of control needed. <p>Control mechanisms may include the following:</p> <ul style="list-style-type: none"> • the Organisation has knowledge of the activity or overall program and receives relevant information from the implementing (third-party) organisation that enables the Organisation to engage in a meaningful way with the activity. This may include: <ul style="list-style-type: none"> • financial reports, • progress reports, and/or • evaluation reports. • the Organisation is able to influence activity or program direction. The Organisation should be able to demonstrate engagement in <i>some or all</i> of: <ul style="list-style-type: none"> • setting the strategic direction of the program, • participating in program design, • corresponding with the implementing (third-party) bodies, • reviewing and approving annual budgets/reports, • receiving monitoring and evaluation reports, • and participating in overall program reviews. • the Organisation has the ability to withdraw funding or initiate action where an activity or program is not aligned with the Organisation's objectives or purpose. <p>International partners, alliances or affiliates For programs that are implemented through a shared management arrangement with other international partners, alliances or affiliates ('global programs'), as opposed to a direct relationship between the Organisation and an implementing partner, the Organisation should ideally have approved the strategic framework for these programs, and assessed the proposed use of funds within this framework as being consistent with its own strategic plan.</p>

Clause 2.8 guidance information continued**Code Requirement**

(d) *continued*
 appropriate control and risk management mechanisms (such as contractual arrangements specifying funding conditions and relevant reporting and monitoring obligations) are in place to mitigate the risk of misappropriation or improper use of the funds or resources once disbursed

Compliance Indicators**Key contractual provisions**

Contractual arrangements should be established with third parties to whom Organisations transfer funds to recognise and establish responsibilities, control, duties and obligations.

Contracts should have specific clauses detailing program funding budgets and proposed use of funds and include provisions dealing with the following:

- how much funding will be provided (and whether in tranches);
- when funding will be made;
- how funding will be effected (bank accounts or perhaps through internal accounting mechanisms of the international network); and
- funds must be used for the specific project to which the contract relates (in accordance with Clause 2.7 of the Code [No Strings Attached], funds raised for Aid & Development should not in whole or part be used for any other purpose, such as welfare, or the proselytization of religious or political activities)

Contractual arrangements which deal with the “mechanics” of funding arrangements, can establish good stewardship practices.

Contracts should also require:

- return of surplus funds;
- reimbursement or indemnification if any funds were not used for the specific project to which the contract relates;
- any interest that may be earned to be applied also towards the project; and
- any exchange rate gains to be applied also towards the project.

Where appropriate, provisions relating to the governance of programs should be included in contractual arrangements. This may include For instance, provisions which specifically document roles and responsibilities of the Organisation and the third parties involved in the relevant program including international partners, alliances or affiliates.

Clause 2.8 guidance information continued

Code Requirement	Compliance Indicators
<p>(d) <i>continued</i> appropriate <u>control and risk management mechanisms</u> (such as contractual arrangements specifying funding conditions and relevant reporting and monitoring obligations) are in place to mitigate the risk of misappropriation or improper use of the funds or resources once disbursed</p>	<p>Such provisions may establish:</p> <ul style="list-style-type: none"> · rights or obligations relating to participation in program design; · rights to review and approve annual budgets/reports, · rights to receive monitoring and evaluation reports, and · rights to participate in overall program reviews. <p>Related Code Clauses: 2.7 – “no strings attached” 5.1 – “internal control procedures” 5.5 – “donations used as promised or implied”</p>

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E**Reference Documents:**

- ACFID Code of Conduct (latest version Amendment 30 October 2009 - www.acfid.asn.au/code-of-conduct)
- Control and Security of Funds disbursed by Australian NGDOs to third parties – Supplementary Guidance to Code of Conduct Clause 2.8 (available on ACFID website)
- *Safeguarding your organisation against terrorism financing: A guidance for non-profit organisations*, www.ag.gov.au
- DFAT & AG’s lists of “proscribed organisations” at: www.dfat.gov.au (site index/Counter Terrorism/What Australians and Australian Businesses need to know/Consolidated List), and at: www.ag.gov.au (National security and counter terrorism/terrorist organisations/Which organisations have been listed?) respectively.
- Australian Taxation Office (ATO): www.ato.gov.au/nonprofit
- Australian Compliance Standard AS 3806 can be accessed at: www.saiglobal.com
- The DFAT list of proscribed organisations can be accessed at: www.dfat.gov.au (site index/Counter Terrorism/What Australians and Australian Businesses need to know/Consolidated List),
- The AG’s list of proscribed organisations can be accessed at: www.ag.gov.au (National security and counter terrorism/terrorist organisations/Which organisations have been listed?).

Governance

Introduction

What is governance & management?

'Governance is the process by which a governing body ensures that an organisation is effectively and properly run....Governance is not necessarily about doing; it is about ensuring things are done.' (UK Trust)

'Corporate governance usually refers to the process by which organisations are directed, controlled and held to account. It encompasses authority, accountability, stewardship, leadership, direction and control exercised in the organisation.' (Australian National Audit Office)

'The system by which entities are directed and controlled.' (OECD)

'Management is the process of getting activities completed efficiently and effectively with and through other people.' (Gulick & Urwick 1937. Papers on the Science of Administration)

In practice, governance and management are not as clearly distinguished as the above quotes suggest. Together, the board and the executive officer provide the leadership of the organisation.

Guidance Information

Code of Conduct clause 3.1

An organisation's governing instrument (constitution, articles of association, rules, by-laws or similar documents) will be consistent with legislative requirements and set forth the organisation's basic goals and purposes, define membership, governance structure of the organisation including the frequency of meetings (at least two a year) and the size of a quorum.

All signatories must have a written document (called a governing instrument in the Code) that sets out the goals and purpose of the organisation and defines how it operates. A governing instrument may be called a constitution, rules, articles of association or by laws.

The chart on the following page shows compliance indicators for clause 3.1 .

Code of Conduct clause 3.1

Code Requirement	Compliance Indicators
<p>An organisation's governing instrument (constitution, articles of association, rules, by-laws or similar documents) will:</p>	
<ul style="list-style-type: none"> • be consistent with legislative requirements 	<p>The organisation can present information demonstrating that their governing instrument complies with relevant Commonwealth and state legislation.</p>
<p>T I P S</p>	<p>The majority of signatories are incorporated as either incorporated associations or companies limited by guarantee. This means that they are formed in accordance with an Act of Parliament and registered as a legal entity with the state or federal government. Consequently, the governing instrument must comply with all relevant Commonwealth and state legislation.</p>
<ul style="list-style-type: none"> • set forth the organisation's basic goals and purposes 	<p>The governing instrument includes details of the organisations goals and purposes - objectives for a given year do not satisfy this requirement.</p>
<ul style="list-style-type: none"> • define membership 	<p>The governing instrument defines:</p> <ul style="list-style-type: none"> • who members of the organisation are • membership rights and obligations.
<ul style="list-style-type: none"> • governance structure of the organisation including the frequency of meetings (at least two a year) 	<p>The governing instrument defines:</p> <ul style="list-style-type: none"> • how the governing body of the organisation is appointed/elected • how often the governing body meets (this must be a minimum of twice a year).
<ul style="list-style-type: none"> • and the size of a quorum. 	<p>The governing instrument defines the size of a quorum for meetings of the governing body.</p>
<p>T I P S</p>	<p>Quorum refers to how many people (who are eligible to vote) are required to attend a meeting of the governing body for the meeting to be considered legitimate, ie. adequately representative of the membership rather than the interests of one or more individuals.</p>

Code of Conduct clause 3.2

Each organisation will have a governing body elected/appointed by members from within the membership/supporters. The governing body will approve the annual budget and may delegate authority to staff or others but must accept ultimate responsibility for governance over all aspects of the organisation. There should be clearly defined lines of authority between the governing body and management.

Code Requirement

Each organisation will have a governing body elected/appointed by members from within the membership/supporters.

Compliance Indicators

The governing instrument defines the process for appointing/electing the governing body from the membership/supporter base.

TIPS

The Code of Conduct Committee is aware that operating structures vary considerably depending on the type of agency, focus etc. For example, church agencies are often established under the authority of the governing body of the church (synod, conference etc).

The status of member and supporter within organisations vary and are defined by individual agencies. However there are some common features:

In general, members:

- are defined by an organisation's governing instrument
- have a formal status which endows them with certain rights and responsibilities towards the organisation
- have to pay an annual membership fee.

In general, supporters:

- are not necessarily defined in the organisations governing instrument
- have a less formal status than that of membership.

The governing body will approve the annual budget and may delegate authority to staff or others but must accept ultimate responsibility for governance over all aspects of the organisation.

The powers and responsibilities of the governing body are clearly outlined within the governing instrument, terms of reference or operational guidelines and statutes.

The powers/responsibilities include:

- the power to delegate authority to officers, staff and others,
- a statement of the responsibility of the governing body for governance over all aspects of the organisation,
- approval of the annual budget,
- appointment of the organisations auditor
- receiving and reviewing the annual financial report.

TIPS

The governing body (board, executive committee or council) is responsible for ensuring the organisation does what is stated in its governing instrument.

The governing body may delegate some of its responsibilities to officers or staff but ultimately it is responsible for the organisation.

There should be clearly defined lines of authority between the governing body and management.

The roles and responsibilities of the governing body, management and staff are documented and clearly articulated to staff, management and the governing body.

Code of Conduct clause 3.3

There will be written policies covering appointment, termination and, where applicable, remuneration of members of the governing body. The organisation will have policies restricting the number of paid staff who are voting members of the governing body.

To ensure the integrity and accountability of an organisation's operations, there must be clearly documented operational processes for the governing body.

Limiting the number of paid staff on the governing body helps ensure there is balance between the interests of paid employees (staff) and the members represented by of the governing body in pursuing the aims of the organisation.

Code Requirement	Compliance Indicators
<p>There will be written policies covering appointment, termination and, where applicable, remuneration of members of the governing body.</p>	<p>The organisation has written policies covering:</p> <ul style="list-style-type: none"> • appointment, • termination, • (where applicable) remuneration of members of the governing body.
<p>The organisation will have policies restricting the number of paid staff who are voting members of the governing body.</p>	<p>The organisation (if applicable) has written policies restricting the number of paid staff who are voting members of the governing body.</p>

Code of Conduct clause 3.4

Members of the governing body, paid staff, and volunteers will make known to the governing body any conflict of interest or any affiliation they might have with an actual or potential supplier of goods and services, recipient of grant funds or organisation with competing or conflicting objectives. Members of the governing body and paid staff will absent themselves from discussion and abstain from voting or otherwise participating in the decision on any issue in which there is a conflict of interest. Large or otherwise inappropriate gifts to members of the governing body or staff for personal use shall be forbidden.

A conflict of interest arises when a person participating in decision making is able to gain or could be perceived as gaining:

- personal advantage from the outcome of the decision and/or
- advantage for another organisation/person with which they are involved,
- advantage due to access to privileged information.

To avoid the real or perceived conflict, an individual must make known the interest and absent themselves from the discussion and decision making if required.

Code Requirement	Compliance Indicators
<p>Members of the governing body, paid staff, and volunteers will make known to the governing body any conflict of interest or any affiliation they might have with an actual or potential supplier of goods and services, recipient of grant funds or organisation with competing or conflicting objectives.</p>	<p>The organisation has a clearly articulated process for notification of conflicts of interest by any governing body member, paid staff and volunteers.</p>
<p>T I P S</p>	<p>The conflict of interest process should clearly outline the steps to be followed when a conflict of interest is identified.</p>
<p>Members of the governing body and paid staff will absent themselves from discussion and abstain from voting or otherwise participating in the decision on any issue in which there is a conflict of interest.</p>	<p>Conflict of interest processes ensure that:</p> <ul style="list-style-type: none"> • real or perceived conflicts of interest are clearly recorded • the capacity to influence a decision in which there is a conflict of interest is eliminated.
<p>Large or otherwise inappropriate gifts to members of the governing body or staff for personal use shall be forbidden.</p>	<p>Conflict of interest processes ensure that assessment of gifts and favours is undertaken to distinguish those that represent goodwill and friendship from those, which are designed to create indebtedness.</p>

Code of Conduct Clause 3.5

The governing body will commit the organisation to open and accurate disclosure of information concerning its goals, programs, finances and governance. Due regard will be given to the human rights and personal safety of staff, partners and aid recipients, legal requirements regarding privacy and confidentiality, proprietary information and personnel matters.

The provision of open and accurate information concerning an organisation's activities is key to public accountability.

Code Requirement	Compliance Indicators
<p>The governing body will commit the organisation to open and accurate disclosure of information concerning its goals, programs, finances and governance.</p>	<p>A minimum requirement for open and accurate disclosure is demonstrated through the production and distribution of an annual report (as defined in the ACFID Code of Conduct clause 4.1), newsletters and websites.</p>
<p>Due regard will be given to the human rights and personal safety of staff, partners and aid recipients, legal requirements regarding privacy and confidentiality, proprietary information and personnel matters.</p>	<p>Policies, procedures and processes relating to staff, partners and aid recipients that should (where relevant) be informed by:</p> <ul style="list-style-type: none"> • rights and obligations as outlined in the Universal Declaration of Human Rights and expressed in relevant employment legislation, • personal safety issues, • privacy legislation and any other confidentiality issues, • proprietary information - commercial information (apart from annual financial statements) about the internal operations of the organisation should be protected and confidentiality respected, • personnel matters - section 6 of this Guidance Document for further information on personnel matters.

T I P S

See section 6 of this Guidance Document for further information on personnel and management

Code of Conduct clause 3.6

The organisation will hold an annual general meeting of its members as defined in its governing instrument and which meets the requirements of the legislation under which the organisation is incorporated. The AGM will receive the annual audited financial statements and appoint an independent auditor for the subsequent year/s.

All incorporated organisations are required (as defined by the legislation under which they have incorporated) to convene an annual general meeting.

The annual general meeting is a key means of maintaining the accountability of the organisation. All members must be invited to attend and participate.

Code Requirement	Compliance Indicators
<p>The organisation will hold an annual general meeting of its members as defined in its governing instrument and which meets the requirements of the legislation under which the organisation is incorporated</p>	<p>Annual general meetings are convened as defined in the signatory's governing instrument.</p>
<p>The AGM will receive the annual audited financial statements and appoint an independent auditor for the subsequent year/s.</p>	<p>The annual general meeting meets the requirements set out in the signatory agency's governing instrument and at a minimum:</p> <ul style="list-style-type: none"> • receive the audited annual financial statements; and • appoint an independent auditor for the following year/s.

Communication with the Public

Introduction

Clear, accurate and transparent communication is essential in maintaining public confidence in the work of overseas aid and development organisations.

Guidance Information

Code of Conduct clause 4.1

An annual report is to be produced and made available to the organisation's own members, supporters and members of the public upon request.

The ACFID Code requires all signatories to make available to donors and supporters an annual report as a minimum to ensure transparency and public accountability.

This annual reporting requirement, together with the prescribed financial reporting format, provides consistent and reliable information for donors to enable more informed decision making.

The purpose of an annual report is to document and inform members, supporters and the general public of the annual activities of an organisation and is a key mechanism of an agency's accountability and transparency. Annual reports are not to be produced exclusively for the purposes of Code of Conduct compliance.

Electronic versions (via websites) of annual reports are acceptable under the Code of Conduct provided:

- that they comply with the requirements listed below, and all elements are accessible via a single web page (including reference to the availability of the full financial statements either on that web page or via a link);
- that it's clearly advertised to members and donors that the annual report has been produced; and
- that hard copies of the annual report are available upon request.

Signatories should make their documents available to the ACFID Code of Conduct Committee **within five months of the end of their financial reporting period**. A hard copy, if available, should be sent to the Code Management Team office, or else an email, containing a link to the online annual report and financials may be sent to the Code Management Team (via code@acfid.asn.au). An Annual Report Lodgement Form must accompany submissions.

If producing an exclusively online annual report, signatories should have regard to various access and equity considerations, to ensure that transparency and public accountability are not compromised due to the communication method chosen. In this endeavour, signatories may find it useful to refer to the following resources:

- World Wide Web Consortium <http://www.w3.org/WAI/> regarding Web Content Accessibility Guidelines.
- Adobe <http://www.adobe.com/enterprise/accessibility/training.html> regarding accessibility of .pdf files
- Web Usability <http://www.usability.com.au/resources/pdf.cfm> regarding useability of web information.

The Code of Conduct definition of an annual report is contained in section 9 of this document.

Code Requirement	Compliance Indicators
A statement of the organisation's goals or purposes.	A statement of the organisations goal's or purposes are included in the annual report
T I P S	This can be detailed or brief. The aims and objectives as listed in the organisations governing instrument or the organisation's mission statement or vision are sufficient.
A summary of overall program activities by country or region.	A summary of overall program activities by country or region is included in the annual report.
T I P S	The purpose of this requirement is to inform donors and the public of the work undertaken during the year being reported on. Details such as location and type of project are sufficient but more detail is encouraged.
Names and qualifications of the Governing Body as well as those who served at any time during the period being reported on.	A list of the names and qualifications of the Governing Body are included in the annual report.
T I P S	The purpose of this requirement is to identify the people governing the organisation. This may include simple information such as name and educational, professional qualifications/ experience or relevant affiliations.
Financial reports using the Code of Conduct Summary Financial Report format.	Financial reports using the Code of Conduct Summary Financial Report format are included in the annual report.
T I P S	The Conduct Summary Financial Report format is contained in section 5 of the Guidance Document.
An audit opinion on the financial reports, clearly identifying the auditor (name, company, address and signature).	An audit report (auditor clearly identified) on the financial reports is included in the annual report.
T I P S	Further details on audit requirements are contained in Section 5 of this Guidance Document.

Code of Conduct clause 4.2

Fundraising solicitations will be truthful, will accurately describe the organisation's identity, purpose, programs, and needs and will only make claims which the organisation can fulfil. There will be no material omissions or exaggerations of fact, no use of misleading photographs, nor any other communication which would tend to create a false impression or misunderstanding.

It is recommended that Code signatories have clear guidelines on fundraising practice to guide staff involved in the organisations fundraising activities.

Signatories and their staff are encouraged to be aware of and comply with the *Fundraising Institute of Australia Code of Ethics* and *Code of Professional Conduct* and any other appropriate professional standards.

Code Requirement	Compliance Indicators
Fundraising solicitations will be truthful and will accurately describe the organisation's:	
<ul style="list-style-type: none"> identity and purpose 	Solicitations accurately identifying the organisation's name, Australian Business Number, address and purpose/primary function.
<ul style="list-style-type: none"> programs and needs and will only make claims which the organisation can fulfil. 	Solicitations clearly state why the donations are being collected and what they will be used for.
There will be no:	
<ul style="list-style-type: none"> material omissions or exaggerations of fact 	<p>Solicitations accurately state what donations will be used for.</p> <p>Solicitation must not exaggerate or mislead what a donors response will achieve or the extent of the need.</p>
<ul style="list-style-type: none"> no use of misleading photographs, nor any other communication which would tend to create a false impression or misunderstanding. 	<p>Solicitations should accurately portray intended recipients, their situations and the potential solutions.</p> <p>Solicitations should not leave potential donors feeling that their failure to respond to the solicitation will have greater consequences than the reality of the situation.</p>

TIPS

General guidance on the use of images:

- Images of intended recipients should present them in a dignified manner.
- Key figures in images should be informed of what the image is being used for and their permission gained.
- The origins of images should be known and necessary copyright releases held.
- The use of images should not in anyway endanger the people they include.

See also the Dochas Code for images and messages:

www.dochas.ie/documents/Images_and_Messages.pdf

All fundraising solicitations should adhere to state/territory charities/fundraising legislation requirements.

Code of Conduct Clause 4.3

In all fundraising activities initiated or authorised by it, the organisation will have policies (consistent with the Privacy Act 1988) set up to protect donors' rights to:

- *have their names deleted from mailing lists;*
- *have their names deleted from mailing lists the organisation may intend to share;*
- *be informed whether those seeking donations are volunteers, paid staff or agents of the organisation;*
- *be informed about the causes for which funds are being raised;*
- *get information on the application of their donation; and*
- *be able to identify collectors and have documentation confirming the bona fides of the organisation.*

Code Requirement	Compliance Indicators
In all fundraising activities initiated or authorised by it, the organisation will have policies (consistent with the Privacy Act 1988) set up to protect donors' rights to:	Evidence must be available to show that the organisation is aware of the Privacy Act 1988 and has policies and procedures as required.
<ul style="list-style-type: none"> • have their names deleted from mailing lists • have their names deleted from mailing lists the organisation may intend to share 	<p>The inclusion of 'opt out' clauses in relevant solicitations.</p> <p>Procedures in place to ensure that requests for removal of names from mailing lists are acted upon.</p>
<ul style="list-style-type: none"> • be informed whether those seeking donations are volunteers, paid staff or agents of the organisation 	Collection staff wearing authorised identification stating whether they are volunteers or staff members.
<ul style="list-style-type: none"> • be informed about the causes for which funds are being raised 	The purpose of the solicitation is clearly stated on fundraising material. Also see requirements for Code clause 5.5.
<ul style="list-style-type: none"> • get information on the application of their donation 	Financial and program reporting on all appeals in the annual report.
<ul style="list-style-type: none"> • be able to identify collectors and have documentation confirming the bona fides of the organisation. 	<p>The organisation has procedures in place to ensure that collectors and the organisation are clearly identified at the collection point.</p> <p>Collectors wear authorised identification.</p>

TIPS

Information on national privacy legislation can be found on the Privacy Commissioners website - www.privacy.gov.au

All fundraising solicitations should adhere to state/territory charities/fundraising legislation requirements.

Code of Conduct clause 4.4

The organisation will be responsible for all fundraising activities outsourced to a third party and will put all such contracts and agreements in writing.

The organisation will be responsible for all fundraising activities outsourced to a third party and will put all such contracts and agreements in writing.

All contracts with third party fundraisers are in writing.

Contracts with third party fundraisers clearly state the expectations, responsibilities and obligations of each party.

Other References

- Fundraising Institute Australia– www.fia.org.au
 - *Code of Ethics*
 - *Code of Professional Conduct*
- Privacy Commissioner - www.privacy.gov.au
- State/territory charities/fundraising legislation requirements.

Finances

Introduction

Signatories demonstrate their commitment to accountable and transparent financial management practices by adhering to the Code's financial standards and complying with all other legal obligations.

Monitoring of Financial and Annual Reporting

The Code's financial and annual reporting requirements are two requirements of the Code that are actively monitored by the Code of Conduct Committee.

Within five months of the end of a signatory organisation's financial reporting period, it is required to submit to the Code of Conduct Committee:

- One copy of its annual report (see section 9 of the Guidance Document for a definition) that meets Code of Conduct standards, and
- One copy of its full financial report (see section 9 of the Guidance Document for a definition). Full financial reports must comply with relevant legal obligations. If an organisation includes the full financial report in their annual report a separate submission of the full financial report is not required.
- One copy of the Code of Conduct Annual Report Lodgment Form. Annual Reports submitted without the Code of Conduct Annual Report Lodgment Form will not be accepted for submission and will be returned to the organisation.

Tsunami Reporting Amendment 2005

The massive response by the donor public to the Asian tsunami prompted the Code of Conduct Committee to review and amend the annual and financial reporting requirements of the Code. To increase transparency of reporting, minor but important adjustments have been made to the annual and financial reporting requirements for **signatory organisations that have raised funds for the tsunami**.

The new reporting requirements are as follows:

All organisations that have conducted tsunami appeals or that have otherwise received funding, bequests, donations or other forms of support which are related to the 2004 Asian tsunami are required to:

- ***Complete the table of cash movements for designated purposes in relation to these funds until they are fully utilised; and***
- ***Include narrative in their program summary on how these funds have been used.***

The Code of Conduct Committee will continue to monitor the annual and financial reports of all signatories to the Code but has committed to a more detailed review process of tsunami-related funds for a minimum period of five years or until funds and resources are fully expended. The Committee may from time to time mandate other expanded reporting requirements for extraordinary events if it deems these would enhance donor accountability. Any new requirements will be appropriately communicated with signatories in advance of being compulsory.

Guidance Information

Code of Conduct clause 5.1

The organisation will have internal control procedures which minimise the risk of misuse of funds. Reporting mechanisms which facilitate accountability to members, donors and the general public will be used. The organisation will have adequate procedures for the review and monitoring of income and expenditure. Loans to and transactions with governing body members or related parties shall be publicly disclosed. Loans to staff shall be disclosed to the governing body.

Code Requirement	Compliance Indicators
<p>The organisation has internal control procedures to minimise the risk of misuse of funds.</p>	<ul style="list-style-type: none"> Formal procedures are in place to prevent conflicts of interest and to deal with related party transactions, including their disclosure. Appropriate segregation of duties policies and procedures are in place (taking into consideration the size of the organisation).
<p>The organisation has internal mechanisms to ensure accountability to members, donors and the general public.</p>	<ul style="list-style-type: none"> Procedures are in place to ensure that Code of Conduct financial and annual reporting requirements are adhered to. Auditors and staff are aware of Code of Conduct requirements. Members receive or are notified of the availability of annual reports and financial reports.
<p>The organisation has adequate procedures for the review and monitoring of income and expenditure.</p>	<ul style="list-style-type: none"> The organisation keeps detailed accounting records. Accounting records are monitored regularly through the appropriate internal channels (financial managers, treasurers and governing bodies).
<p>Loans to and transactions with governing body members or related parties shall be publicly disclosed.</p>	<ul style="list-style-type: none"> If an organisation has provision for making loans to the governing body members, there must be a written policy in place describing how these loans operate. All loans and transactions with members of the governing body or related parties must be included in full financial reports and audited. A statement disclosing the nature of payments made to the governing body and any related parties must appear in the full financial report. The Signatory should disclose the relationship, the details and the amount of the transaction with the related party.

Code of Conduct clause 5.1 cont'd

Code Requirement	Compliance Indicators
Loans to and transactions with governing body members (continued) .	This should appear as a note to the financial statements. An example template for recording related party transactions is provided below.
Loans to staff shall be disclosed to the governing body.	If organisations have provision for making loans to staff, they must have a policy to ensure that such loans are disclosed to the governing body in writing within an appropriate timeframe which should be at least annually.
T I P S	Broadly speaking, a related party for an organisation may include governing body members of the organisation, their immediate families and companies that they control. A related party transaction is therefore a transaction with someone who has a close, and possibly privileged, relationship with the organisation. For a more precise definition of related parties, refer to Australian Accounting Standard AASB 124 <i>Related Party Disclosures</i> .
	Examples of related party transactions: A member of the governing body is a partner in an accounting firm that may be contracted by the organisation for auditing and accounting services.

Template for disclosing Related Party Transactions

The names of each person holding a position on the *[Organisation's Governing Body]* during the financial year are as follows:

[List the names]

Each person has provided their services on a voluntary basis with reimbursement for out of pocket expenses incurred in the discharge of their duties as members of the *[Governing Body]*.

For example, where Governing Body members have received payment for services etc:

"The Organisation did during the year pay [ABC Chartered Accountants the amount of \$2,500 for accounting services. Governing Body member John Smith is a partner with ABC Chartered Accountants.]".

Note: Signatory organisations that are public companies are already legally required to make this extra disclosure as part of their statutory accounts, and it is expected that they will continue to follow the statutory format. The above template is provided as a guide only for other entity types.

Code of Conduct clause 5.2.

Notwithstanding any other legal requirements, the Organisation must publish in their annual report, financial statements prepared in accordance with the Code of Conduct Summary Financial Report Format found in the Guidance Document to the ACFID Code of Conduct. Additionally, organisations may choose to publish their Full Financial Statements within their Annual Report.

Code Requirement	Compliance Indicators
<p>Notwithstanding any other legal requirements, the organisation must publish in their annual report, a financial report prepared in accordance with the Code of Conduct Summary Financial Report Format found in this Guidance Document to the ACFID Code of Conduct.</p>	<p>Production of Annual Reports which contain:</p> <ul style="list-style-type: none"> • a financial report prepared in accordance with either Option 1 or Option 2 (see below for further information) of the Code of Conduct Summary Financial Report Format. • a Table of Cash Movements (if required) or a statement noting that it was not required. • a reference to the availability of the full financial report only if the full financial report has not been included in the annual report. • an audit report on the Code of Conduct Summary Financial Reports.
<p>Additionally, organisations may choose to publish their full financial reports within their annual report.</p>	<p>If the full financial reports have been included in the annual report, all the above requirements apply but the auditors report must be on the full financial report (including the summary reports).</p>

Code of Conduct Summary Financial Report Format Options

1. As a minimum, all signatories to the Code must present their financial reports in their annual report in a format that complies with either **Option 1** or **Option 2** of the Code of Conduct Summary Financial Report Format as detailed below.

2. The governing body must review and approve the organisation's financial reports and the governing body's declaration must be signed (and included in the Full Financial Report) as a minimum. Signatories may also choose to include a governing body declaration with their Summary Financial Report.

3. If an organisation chooses to publish only the Code of Conduct Summary Financial Report (and not the organisation's Full Financial Report) in the Annual Report, a reference to the availability of the Full Financial Report must be included in the Annual Report.

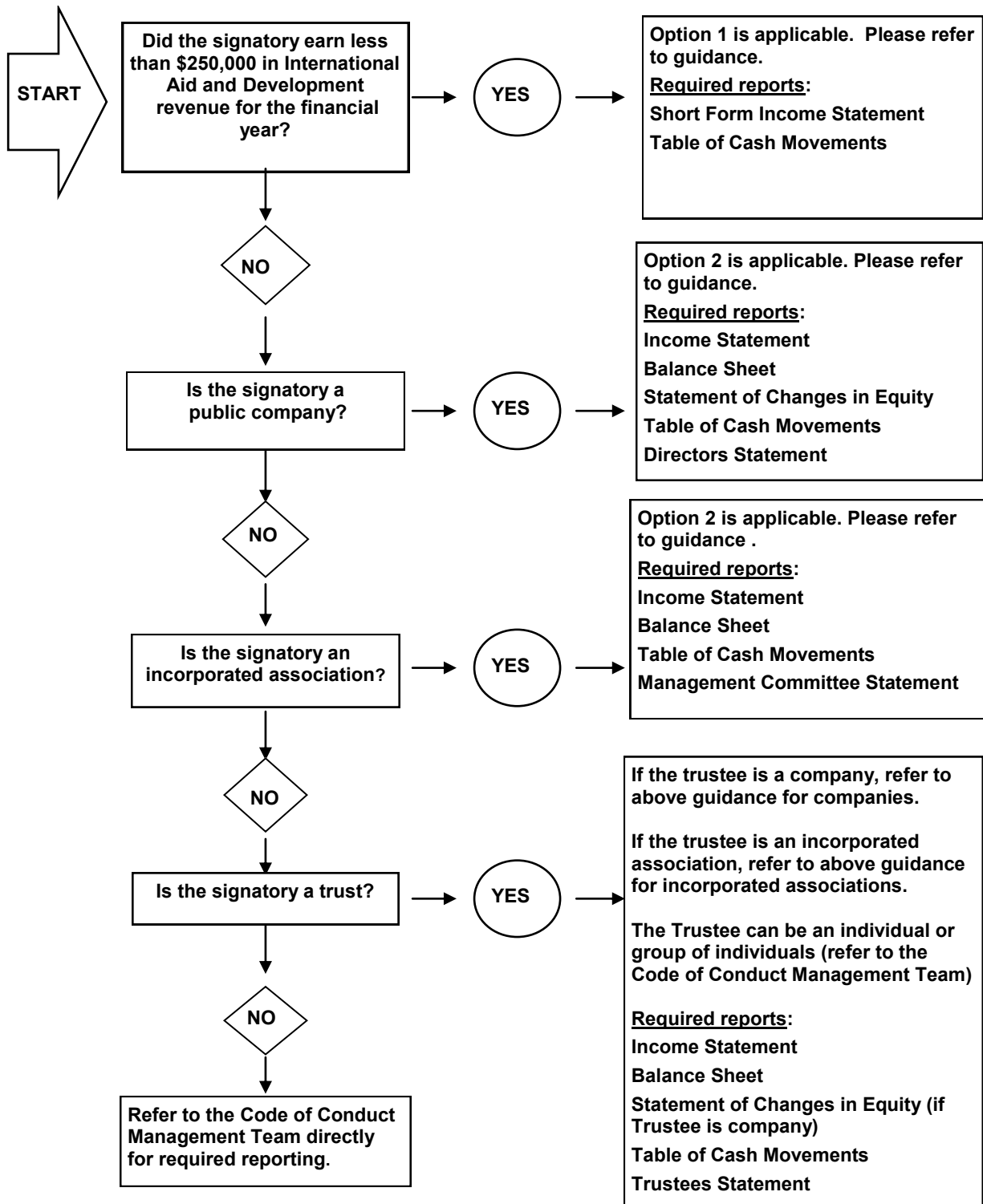
4. Signatories must include a note stating that the Code of Conduct Summary Financial Report format complies with standards set out by the ACFID Code of Conduct and refer readers to the ACFID Code of Conduct website for further information.

The inclusion of the following words would be appropriate: ***"The Summary Financial Reports have been prepared in accordance with the requirements set out in the ACFID Code of Conduct. For further information on the Code please refer to the ACFID Code of Conduct Guidance Document available at www.acfid.asn.au".***

5. Auditing requirements as detailed in clause 5.3 of the Code of Conduct must be adhered to.

Deciding which Code of Conduct Reporting option applies to your organisation

The flowchart below is provided to help signatories determine which ACFID Code of Conduct reporting option and consequent annual financial reporting requirements apply. The decision will be determined on the signatory's amount of international aid and development revenues and then the legal structure of the organisation (the entity type).



OPTION 1**Organisations operating relatively small international aid and development programs**

For those organisations whose international aid and development revenue is below \$250,000, the minimum level of disclosure required is set out in the template below. Large signatories with international aid and development revenue below this amount may include the below Short Form Income Statement as a note to their full financial statements. Small signatories whose revenue falls into this category may choose this format for their primary Income Statement, if it complies with other regulatory requirements. It will not be necessary for signatories in this category to prepare the organisation's annual report in accordance with Option 2 of the Code of Conduct Financial Report Format.

International Aid and Development Income Statement

	201X	201X-1
Revenue		
Donations and gifts		
• monetary		
• non-monetary		
Grants		
Other Income		
<i>Total Revenue</i>		
Expenditure		
International Programs		
Community Education		
Fundraising Costs		
Accountability and Administration		
<i>Total Expenses</i>		

Excess /(Shortfall) of Revenue over Expenditure

- The categories selected for the Income Statement have been based on common activities of organisations in the sector. If an organisation has experienced nil transactions during the financial year for a particular category, there are two options.
 1. The agency can still include the line item on the face of the statement, but record a zero next to the category.
 2. Alternatively, the agency may include a note at the foot of the Income Statement, which explains items for which there were no transactions.
- Comparison figures for the previous reporting period must also be disclosed.
- No separate International Aid and Development Balance Sheet is required.
- No Statement of Changes in Equity is required.
- Table of Cash Movement requirements (as detailed in Option 2) apply.
- All other ACFID Code of Conduct annual reporting requirements apply (as detailed in Sections 4 & 5)
- Definitions for this Income Statement are as per Option 2 Income Statement definitions.

OPTION 2 All other organisations

All organisations that do not meet the criteria for Option 1 of the Code of Conduct Summary Financial Report Format must comply with the minimum disclosures set out in Option 2 of the Code of Conduct Summary Financial Report Format detailed in the following pages.

Income Statement (also known as an Operating Statement, Statement of Income and Expenditure, Profit and Loss Statement, Statement of Financial Performance, or Statement of Comprehensive Income)

- This information is provided to help with the compilation of the Income Statement template. Organisations can include more information than the minimum templates.
- The Income Statement discloses the revenue and expenses of the agency during the financial reporting period.
- Comparison figures for the previous reporting period must also be disclosed.
- The categories selected for the Income Statement have been based on common activities of organisations in the sector. If an organisation has experienced nil transactions during the financial year for a particular category, there are two options.
 1. The organisation can still include the line item on the face of the statement, but record a zero next to the category.
 2. Alternatively, the organisation may include a note at the foot of the Income Statement, which explains items for which there were no transactions. For example, an agency reporting under Option 2, with no International Political or Religious Proselytisation projects could note the following “During the financial year, the agency had no transactions in the Evangelistic, Political or Religious Proselytisation programs category.”
- The purpose of using defined categories of income and expenditure is to allow the reader of the financial report to determine and make comparisons on areas such as fundraising costs, accountability and administration, and community education. **Additional headings may be used on the face of the statement if required.**

Balance Sheet (also known as a Statement of Financial Position)

- This information is provided to help with the compilation of the Balance Sheet template. Organisations can include more information than the minimum templates.
- The Balance Sheet details the financial position of an organisation at a specific point in time. It is a record of an organisation’s assets, liabilities and equity. **Additional headings may be used on the face of the statement if required.**
- The categories selected for the Balance Sheet have been based on Australian Accounting Standards AASB 101 *Presentation of Financial Statements*. If an agency has a nil balance at the end of the financial year in a particular category, there are two options.
 1. The organisation can still include the line item on the face of the statement, but record a zero next to the category.
 2. Alternatively, the organisation may include a note at the foot of the Balance Sheet which explains items for which there is a nil balance. For example, an agency with no trade receivables and no assets held for sale could note the following “At the end of the financial year, [Organisation Name] had no balances in the Trade and Other Receivables and Assets held for sale categories.”

Statement of Changes in Equity

- This information is provided to help with the compilation of the Statement of Changes in Equity template.
- The Statement of Changes in Equity has been incorporated into the financial reporting requirements of the Code of Conduct in response to the implementation of the International Financial Reporting Standards in Australia. Each organisation's Statement will be slightly different and organisations are strongly encouraged to discuss with their accountants the effects that the International Financial Reporting Standards may have on their organisation.
- The Statement of Changes in Equity provides a reconciliation of movements in equity during the financial reporting period, specifically:
 - the operating result for the period,
 - each item of income and expense recognized directly in equity, and
 - the effect of changes in accounting policies and errors on each component of equity.
- The total of the equity balances at the end of the year should match the Equity Total in the organisation's Balance Sheet.
- Zero balances can be omitted with a note to reference.

Table of Cash Movements for Designated Purposes

Note: This statement does not replace the Statement of Cash Flows which is required for companies that must comply with the Corporations Act 2001. This is a separate statement required to comply with the ACFID Code of Conduct.

- This information is provided to help with the compilation of the Table of Cash Movements template.
- The purpose of the Table of Cash Movements is to ensure the accountability of cash raised for designated purposes. The Table of Cash Movements is used to disclose the amount of cash that has been raised for a designated purpose, disbursed and remains unspent at the end of year.
- Cash raised refers to cash donations, government and other grants and any other income actually received during the year. Cash disbursed refers to expenditure actually paid out during the year.
- The Table of Cash Movements is only required if cash raised for a designated purpose in any one financial reporting period exceeds 10% of total international aid and development revenue. If a Table of Cash Movements is not required due to this clause, the agency must include the following statement or words to this effect in the financial section of the organisation's annual report: 'No single appeal, grant or other form of fund raising for a designated purpose generated 10% or more of the organisation's international aid and development revenue for the financial year'.
- Designated purposes include:
 - public appeals for emergency relief funds in a particular country or region (for example, appeal for assistance with emergency response to South Asia floods);
 - public appeals for particular programs or responses (for example, appeal for assistance with disaster preparedness programs); and
 - cash received for a specific project under a contract with the government or other funding agency (for example, funds received from AusAID for the annual Australian NGO Cooperation Program (ANCP)).
- Organisations should replace the labels 'Designated Purpose A' and 'Designated Purpose B' in the Table template with descriptions appropriate to their own operations. Additional lines should be added as required for multiple descriptions of specific designated purposes.
- This Table of Cash Movements is to be prepared on a cash, rather than an accruals, basis.
- If the cash raised for a designated purpose qualifies to be on the organisation's Table of Cash Movements and has an unspent balance at the end of a financial year, the balance of cash for that designated purpose must be shown in the Table of Cash Movements in subsequent years until all of the cash for that designated purpose has been disbursed.

Table of Cash Movements for Designated Purposes cont'd

- The Total Cash Available at the End of the Financial Year must reconcile to the 'Cash' asset line in the Balance Sheet. For organisations that hold some of their designated purpose funds in Investments or other Balance Sheet lines, transfers from these other accounts should be recorded in the Table as cash raised, and transfers to these other accounts should be recorded in the Table as cash disbursed during the year, with accompanying footnote to explain to report users this reconciliation. Variations from this approach should be recorded in a footnote explaining any reconciliations required.
- The 'Total for other non-designated purposes' row of the Table of Cash Movements is where all *other cash* raised and disbursed is to be included (such as any cash relating to general purpose appeals and other non designated purposes). This is to allow for the total 'Cash Available at the end of the financial year' to balance with cash assets in the Balance Sheet.
- All headings listed in the template for this report should be used even if they have a zero balance.
- Organisations are encouraged to use footnotes to explain specific circumstances that apply to their organisation that will enhance the understanding of readers.
- GST treatment should be consistent with the organisation's accounting policy for reporting.

	Cash available at beginning of financial year	Cash raised during financial year	Cash disbursed during financial year	Cash available at end of financial year
Designated Purpose or Appeal A	Balance remaining of any funds raised for that designated purpose in the previous financial year	Total cash received for that designated purpose during the financial year	Total cash paid out on that designated purpose during the financial year	Total of any unexpended funds for that designated purpose at the end of the financial year
Designated Purpose or Appeal B				
Total for other non-designated purposes				
TOTAL	Must agree to the previous year's total Cash asset in the Balance Sheet.	Must agree to the total of cash donations, government and other grants, interest receipts and any other income received during the financial year.	Must agree to the total of cash disbursements for the financial year.	Must agree to the total of cash assets in the Balance Sheet.

Declaration by Governing Body (Directors/Management Committee/Trustee—as appropriate)

Signatory organisations are expected to provide a declaration from their governing bodies stating that their financial statements are in accordance with relevant legislation, accounting standards, provide a true and fair view of their financial position and performance (or 'presents fairly the financial position' if in South Australia), and that the organisation can pay its debts as and when due. As a minimum, this declaration must be included in the full financial statements. Some signatories may also choose to include this declaration in their annual reports.

OPTION 2 - Code of Conduct Summary Financial Report Templates

[ORGANISATION NAME]
INCOME STATEMENT FOR THE YEAR ENDED [date]

201X 201X-1

REVENUE

Donations and gifts

- Monetary
- Non-monetary

Bequests and Legacies

Grants

- AusAID
- Other Australian
- Other overseas

Investment income

Other income

Revenue for International Political or Religious Proselytisation Programs

TOTAL REVENUE**EXPENDITURE****International Aid and Development Programs Expenditure**

International programs

- Funds to international programs
- Program support costs

Community education

Fundraising costs

- Public
- Government, multilateral and private

Accountability and Administration

Non-Monetary Expenditure

Total International Aid and Development Programs Expenditure

Expenditure for International Political or Religious Proselytisation Programs

Domestic Programs Expenditure (Incl Monetary & Non Monetary)

TOTAL EXPENDITURE**EXCESS / (SHORTFALL) OF REVENUE OVER EXPENDITURE**

OPTION 2 - Code of Conduct Summary Financial Report Templates

[ORGANISATION NAME]
BALANCE SHEET AS AT [date]

	201X	201X-1
ASSETS		
Current Assets		
Cash and cash equivalents		
Trade and other receivables		
Inventories		
Assets held for sale		
Other financial assets		
Total Current Assets		
Non Current Assets		
Trade and other receivables		
Other financial assets		
Property, plant and equipment		
Investment property		
Intangibles		
Other non-current assets		
Total Non Current Assets		
TOTAL ASSETS		
LIABILITIES		
Current Liabilities		
Trade and other payables		
Borrowings		
Current tax liabilities		
Other financial liabilities		
Provisions		
Other		
Total Current Liabilities		
Non Current Liabilities		
Borrowings		
Other financial liabilities		
Provisions		
Other		
Total Non Current Liabilities		
TOTAL LIABILITIES		
NET ASSETS		
EQUITY		
Reserves		
Retained Earnings		
TOTAL EQUITY		

OPTION 2 - Code of Conduct Summary Financial Report Templates

[ORGANISATION'S NAME]
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED [date]

	Retained Earnings	Reserves	Other	Total
Balance at XXXX (commencing balance)				
Adjustments or changes in equity due to , for example, adoptions of new accounting standards				
Items of other comprehensive income				
Excess of revenue over expenses				
Other amounts transferred (to) or from reserves				
Balance at XXXX (year end balance)				

Note: Each organisation's statement will be slightly different but should disclose the appropriate amount of information to ensure compliance with the relevant legislation and accounting standards. Please contact your accountant for advice relating to reporting and presentation requirements that ensure compliance with the Australian Accounting Standards. Columns with zero balances can be omitted and these zero balances should be included in a note in a similar manner as outlined in the Balance Sheet and Income Statement guidance.

[ORGANISATION'S NAME]
TABLE OF CASH MOVEMENTS FOR DESIGNATED PURPOSES
 FOR THE YEAR ENDED [date]

	cash available at beginning of year	cash raised during year	cash disbursed during year	cash available at end of year
Designated Purpose or Appeal A				
Designated Purpose or Appeal B				
Total for other non-designated purposes				
TOTAL				

NOTE: GST treatment should be consistent with the organisation's accounting policy for reporting.

OPTION 2 - Code of Conduct Summary Financial Report Templates**[ORGANISATION'S NAME]
[GOVERNING BODY] DECLARATION**

The [Governing Body] of [Name of Association] declare that:

- (a) the financial statements and notes as set out on pages [xx] to [xx], are in accordance with the [relevant Incorporated Associations Act] and:
 - i. comply with relevant Australian Accounting Standards as applicable; and
 - ii. give a true and fair view of the financial position (or presents fairly the financial position *(if in South Australia)*) as at [balance date] and of the performance for the year ended on that date of the association;
- (b) in the [Governing Body's] opinion there are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the [Governing Body].

[Signature]

[Name] _____

[Title - position on Governing Body]

[Signature]

[Name] _____

[Title - position on Governing Body]

[Date]

[Place]

Note: The Governing Body Declaration for public companies is prescribed in Corporations Act 2001, and company and trustee company signatories are expected to follow that format. The above template is intended for incorporated association and trustee incorporated association signatories as a guide.

Full Financial Reports

Code of Conduct signatories are required to submit a copy of their full financial report at the same time that they submit their annual report to the Code of Conduct Committee – within five months of the end of their financial year. If an organisation's full financial report forms part of the annual report (as opposed to the inclusion of only the Code of Conduct Summary Financial Report in the annual report) then a separate submission of the full financial report is not required.

This requirement allows the Code of Conduct Committee to:

- verify that Code of Conduct Summary Financial Report Information is obtained from the full financial report; and
- view signed governing body declarations to ensure that governing bodies are fully aware of the financial position of the organisation that they govern.

The content and layout of full financial reports are determined by a range of authorities and professional pronouncements. Depending on how the organisation is structured and where the particular organisation is based the requirements may differ. The organisation's governing body is responsible for preparing the report in accordance with relevant requirements. The organisation's auditor is responsible for reporting on whether the organisation's financial reports have been prepared in accordance with applicable requirements. Guidance on these requirements is available from your auditor, professional associations and state/territory and federal industry regulators.

Full Financial Reports include:

- Governing Body Report
- Income Statement (Profit and Loss statement, Statement of Financial Performance, Statement of Comprehensive Income)
- Statement of Changes in Equity (only for companies)
- Balance Sheet (Statement of Financial Position)
- Statement of Cash Flows (not to be confused with the Table of Cash Movements required under the Code of Conduct for some organisations)
- Notes to the financial statements
- Governing Body declaration
- Auditor's Report
- Auditors Independence declaration (only for companies)

Code of Conduct Summary Financial Report Format Definitions

The definitions listed below relate directly to the Income Statement included in the Code of Conduct Summary Financial Report templates. These definitions are to be used by all signatories in the preparation of this report. Further definitions (unrelated to the Income Statement) are contained in the 'Definitions' section (see section 9) of the Guidance Document.

Treatment must be in accordance with the relevant accounting standard. If you are in doubt, please consult your accountant or auditor for clarification of the appropriate accounting treatment for your organisation.

Income Statement Item	Definition
Revenue	
Donations and Gifts – Monetary	Donations and gifts are benefits received free of charge (or without providing consideration in return) and include all donations and gifts actually received. Where donations and gifts form the major category of income, organisations are advised to provide further detail of the composition of these. For example: restricted or unrestricted as to purpose, relating to international or domestic programs, or by major fundraising activity.
Donations and Gifts – Non monetary	Valuing Gifts in Kind and Volunteers <ul style="list-style-type: none"> • The Income Statement requires disclosure of goods and services received in kind and volunteer services. These are to be recognised only if a fair value can be reasonably determined. Materiality considerations may also be taken into account when deciding whether to recognise these transactions in the accounts. • Donated assets (excluding buildings) are recognised as income when the asset is received. The amount recorded should be equivalent to the fair value of the donated asset. The fair value is "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction" (AASB 116). Both usability and marketability are joint considerations in determining fair value. • Donated buildings are not recorded as income and should be recorded directly as an asset in the Balance Sheet (please see the definition for Property, Plant and Equipment). • Where organisations wish to value the services of volunteers then this may be recognised in the accounts. Materiality considerations should also be taken into account with volunteer contributions. Included in the published accounts must be a full statement disclosing the method of valuing volunteer services.

Code of Conduct Summary Financial Report Format Definitions, cont.

Income Statement Item	Definition
Donations and Gifts cont'd – Non monetary	<ul style="list-style-type: none"> Any revenue received in kind, whether for goods or services should be offset by an equivalent expenditure amount (disclosed in the non-monetary expenditure line). AusAID publishes job descriptions and relative rates of pay for help in valuing volunteer services. This is provided specifically for accredited organisations operating under the Recognised Development Expenditure (RDE) guidelines. However it may also assist other organisations as a reference. Please see RDE Worksheet Explanatory Notes available at http://www.ausaid.gov.au/ngos/rde.cfm.
Bequests and Legacies	Financial support in the form of gifts or donations received through wills.
Grants - AusAID	Grants sourced directly from AusAID.
Grants - Other Australian	Grants sourced from all other Australian Institutions, including other Australian Commonwealth Government departments or agencies other than AusAID, State Government departments, and other Australian organisations such as philanthropic organisations and Corporate entities.
Grants - Other overseas	All grants sourced from non Australian institutions, including international affiliates, multilateral institutions and other non Australian organisations.
Investment income	Includes all income from interest, dividends, rent and other income earned on investment assets.
Revenue for International Political or Religious Proselytisation Programs If organisations have large proportions of funds in any of these areas, they should itemise on separate lines to enhance donor understanding.	Includes income received for the purpose of supporting a political party, promoting a candidate or organisation affiliated to a political party, or to promote a particular religious adherence, Refer to the definitions in Clause 2.7 of the Guidance Document for more detail in this area.
Other income Organisations with large Domestic Programs may choose to disclose separately or as part of other relevant categories.	Includes any income not included in the other categories and could include gross income from any retail and commercial activities and raffles as well as income from foreign exchange transactions. If this income constitutes more than 10% of total revenue, organisations are encouraged to disclose this separately in the Income Statement.

Code of Conduct Summary Financial Report Format Definitions, cont.

Income Statement Item	Definition
Expenses	
International Aid and Development Programs Expenditure	Expenditure made to perform international aid and development activities, i.e. activities undertaken to reduce poverty and address global justice issues via direct engagement through community projects, humanitarian relief and/or community education and public policy campaigns.
International Aid and Development Programs Expenditure: International projects - Funds to international programs	Funds to international programs must be limited to funds and gifts in kind actually remitted overseas to aid and development projects, plus the cost of remitting those gifts. These costs may include (but are not limited to): <ul style="list-style-type: none"> • salaries of staff working overseas which might be paid from Australia, • the cost of acquiring property, plant and equipment in Australia which is then sent overseas, for example the cost of a computer and transportation costs in getting this computer equipment overseas, • costs of programs implemented by international partners, • administration costs of overseas field offices or program partners, and • Program expenditure (not management fees) funded via international secretariats • Program support staff cost to include salary cost of direct program staff spent in Australia. Organisations are encouraged to show details of their international programs either by program or by country. These details may be disclosed either in the Income Statement or in notes in the form of a supplementary report or set of graphics.
International Aid and Development Programs Expenditure: International projects - Program support costs	Includes the direct cost of project management spent in Australia, including project design, monitoring and evaluation and project management. It includes the training and professional development of Australian based staff involved in the effective management of international projects. It may also include salaries of program staff paid in Australia.
International Aid and Development Programs Expenditure: Community Education	Includes all costs related to informing and educating the Australian community of, and inviting their active involvement in, global justice, development and humanitarian issues. This includes the cost of producing and distributing materials, the cost of conducting educational and public policy campaigns, and the cost of personnel involved in these activities.

Code of Conduct Summary Financial Report Format Definitions, cont.

Income Statement Item	Definition
Expenses cont'd	
<p>International Aid and Development Programs Expenditure: Community Education cont'd</p>	<p>Educational materials and campaigns often include the opportunity for the community to provide financial or other support to the organisation.</p> <p>If educational and campaign activities include an element of fundraising, the following requirements must be followed:</p> <ul style="list-style-type: none"> • an amount proportionate to the fundraising elements involved must be charged to Fundraising Costs. For example, a one page fundraising request in a 20-page campaign newsletter will charge 5% of the total newsletter costs to Fundraising Costs. • The method for allocating the proportion of fundraising cost must be documented and be able to be produced to support the decision and is suggested to be included by way of a note to the accounts. <p>These requirements ensure that all costs associated with fundraising activities are disclosed at the highest level of transparency. Apportionment of costs should be disclosed by the way of a note.</p>
<p>International Aid and Development Programs Expenditure: Fundraising costs - Public</p>	<p>Includes all costs related to the purpose of raising revenue from the public.</p> <p>Items include:</p> <ul style="list-style-type: none"> • the production and mailing of fundraising materials, • the cost of promotional or marketing campaigns, • the costs of establishing and maintaining public donor databases, • funds paid to third parties to provide fundraising service, • Donation related bank fees; and • the cost of personnel involved in preparing and conducting marketing and fundraising campaigns.

Code of Conduct Summary Financial Report Format Definitions, cont.

Income Statement Item	Definition
Expenses cont'd	
<p>International Aid and Development Programs Expenditure: Fundraising costs - Government, multilateral and private sector</p>	<p>Includes the costs of personnel and related expenses involved in the preparation of funding submissions for, and reporting against grants from government, multilateral organisations, corporate and philanthropic organisations.</p>
<p>International Aid and Development Programs Expenditure: Accountability and Administration costs</p> <p>Signatories are encouraged to use footnotes to explain any distinctions or category variations.</p>	<p>Includes costs (not able to be allocated to a program activity) associated with the overall operational capability of the organisation. These costs include (but are not limited to):</p> <ul style="list-style-type: none"> • audit and accounting services • legal fees • memberships and subscriptions • management costs of international secretariat functions • office accommodation expenses (rent, maintenance, depreciation, utilities, etc.) • bank charges (not donation related) • general staff training. <p>Note: depreciation and costs of goods sold for merchandising activities can be separately disclosed and agencies are encouraged to do so when these items represent more than 10% of the expenditure in this category.</p>
<p>International Aid and Development Programs Expenditure: Non Monetary Expenses</p>	<p>The expenditure to offset the value of gifts of goods and services received in kind, as well as volunteer services that are recognised in the financial statements.</p>
<p>Expenditure for International Political or Religious Proselytisation Programs</p> <p>If organisations have large proportions of funds in any of these areas, they should itemise on separate lines to enhance donor understanding.</p>	<p>Includes expenditure made for the purpose of supporting a political party, promoting a candidate or organisation affiliated to a political party, or to promote a particular religious adherence.</p> <p>Refer to the definitions in Clause 2.7 of the Guidance Document for more detail in this area.</p>
<p>Domestic Programs Expenditure (includes Monetary & Non Monetary)</p>	<p>Includes expenditure on programs that are directed towards beneficiaries within Australia. If this is a material category for signatories, they are encouraged to choose the level of detail to report on under this heading and to use headings that are simple and clearly explain their operations.</p>

Code of Conduct Summary Financial Report Format Definitions

The definitions listed below relate directly to the Balance Sheet included in the Code of Conduct Summary Financial Report templates. These definitions are to be used by all signatories in the preparation of their Balance Sheets in conjunction with the Australian Accounting Standards.

Balance Sheet Item	Definition
Assets	
Current assets	
	Assets that are expected to be realised within twelve months from the reporting date or within one operating cycle, whichever is the shorter.
Cash and cash equivalents	Cash includes cash at bank and cash on hand e.g. petty cash, cash floats and undeposited funds. Cash equivalents are highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.
Cash and cash equivalents can be split into Restricted (allocated for a specific purpose) and Unrestricted funds and if in a negative position may be referred to as a bank overdraft.	
Trade and other receivables	The amount of receivables still owing by customers (debtors) to the organisation at the end of the operating cycle which are expected to be collected in the next twelve months.
Inventory	Items held for sale or expected to be consumed in the process of delivery of services in the next twelve months. Includes fundraising stock, trading stock, publications for sale and emergency response stocks. Inventories may be purchased or received by way of donation.
Assets held for sale	Other current assets which are not inventory items but may be due to be sold in the next twelve months.
Other financial assets	Includes investments, deposits and bonds for services and non-cash exchanged credits, which are expected to be redeemed in the next twelve months.
Non current assets	
	Assets that are not expected to be realised within twelve months from the reporting date or within one operating cycle, whichever is the shorter.
Trade and other receivables	The amount of receivables still owing by customers (debtors) to the organisation at the end of the operating cycle which are not expected to be collected in the next twelve months.

Code of Conduct Summary Financial Report Format Definitions, cont.

Balance Sheet Item	Definition
Other financial assets	Includes long-term investments, deposits and bonds for services and non-cash exchanged credits which are not expected to be redeemed in the next twelve months.
Property, plant and equipment	<p>Tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to have a life beyond the next twelve months. Includes freehold and leasehold land (the land is shown at either cost or at its re-valued amount), buildings and building improvements. Includes value of movable plant and equipment owned or leased recorded at cost.</p> <p>In the case of donated assets, these are recorded at the time of acquisition at fair value.</p>
Intangibles	This amount represents intangibles purchased (not internally generated) e.g. goodwill, distribution rights, intellectual property, licences, patents, trademarks.
Current liabilities	Liabilities that are due to be settled within twelve months from the reporting date, or within one operating cycle, whichever is the shorter, or the entity does not have an unconditional right to defer settlement for at least twelve months from the reporting date.
Trade and other payables	This item shows the total payable owing to creditors at the end of the operating cycle within the next twelve months (not including bank loans).
Borrowings	All loans owed by the organisation to banks and other sources that are payable within the next twelve months.
Current tax liabilities	Amount of taxes payable to taxation authorities for Goods and Services Tax, Pay As You Go tax, Income Tax, Fringe Benefits Tax and Australian Business Number withholding tax.
Other financial liabilities	Includes other amounts payable to external parties due and payable within the next twelve months.

Code of Conduct Summary Financial Report Format Definitions, cont.

Balance Sheet Item	Definition
Provisions	Liabilities of uncertain timing or amount. Can include provisions for employee entitlements like annual leave and provisions for maintenance, etc.
Other	Other current liabilities not specifically included in previous accounts.
Non current liabilities	Liabilities not classified as current.
Borrowings	All loans owed by the organisation to banks and other sources that are not payable within the next twelve months.
Other financial liabilities	Includes other amounts payable to external parties that are not payable within the next twelve months.
Provisions	Liabilities of uncertain timing or amount that are not payable within the next twelve months. Can include provisions for employee entitlements like long-service leave.
Other	Other non-current liabilities that are not specifically included in previous accounts.
Equity	
Reserves Reserves can be split into Restricted (allocated for a specific purpose) and Unrestricted funds .	Any reserve established by the organisation (such as the capital profits reserve, building maintenance reserve, IT reserve etc). A reserve is essentially any amount of money specifically set aside by the governing body for future purposes. Reserves should include any restatements of assets as recorded by an asset revaluation reserve. An asset revaluation reserve is generated when an organisation decides to revalue certain non-current assets, such as land and buildings.
Retained Earnings	This account represents the accumulated surpluses or deficits of the organisation over the years it has been operating.

Code of Conduct clause 5.3

Code of Conduct Summary Financial Reports and Full Financial Reports must be audited by at least a qualified accountant who is a member of CPA Australia, the Institute of Chartered Accountants in Australia, the National Institute of Accountants or by a Registered Company Auditor depending on signatory type. The Auditors statement that specifically relates to the Code of Conduct Summary Financial Report must accompany the financial report in the Annual Report.

Code Requirement	Compliance Indicators
<p>Code of Conduct Summary Financial Report and full financial reports must be audited.</p>	<p>The Code of Conduct Summary Financial Report and full financial report are accompanied by applicable complying audit reports. The audit must have been performed in accordance with relevant Australian Auditing Standards.</p>
<p>For companies: The audit must be undertaken by at least a qualified accountant who is a:</p> <ul style="list-style-type: none"> • registered company auditor. <p>For incorporated associations: The audit must be undertaken by at least a qualified accountant who is a member of:</p> <ul style="list-style-type: none"> • CPA Australia (CPA), • the Institute of Chartered Accountants (ICAA), or • the National Institute of Accountants (NIA) <p>For Trusts: The auditor guidelines are based on the entity type of the trustee and are as per the above.</p> <p>For other entity types: The auditor guidelines will be decided on a case by case basis as considered appropriate by the Code of Conduct Committee but will not exceed the above requirements.</p>	<p>The accompanying audit reports clearly note the identity and qualification of the auditor.</p> <p>Enough identification information is included in the audit reports for someone to contact them if necessary. This would generally include the name of the individual auditor, the auditing firm and an address, telephone number or website address.</p> <p>The audit reports are signed by the auditor.</p> <p>If the reports are separate, there should be two statements.</p>

TIPS

To check whether an individual is a CPA contact CPA Australia on (03) 9606 9606 or via their website: www.cpaaustralia.com.au.

To check whether an individual is a chartered accountant contact the Institute of Chartered Accountants in Australia on 1300 137 322 or via their website: www.charteredaccountants.com.au.

To check whether an individual is a member of the National Institute of Accountants, contact the NIA via the appropriate Divisional Office. To find phone numbers for each Divisional Office, the website is www.nia.com.au.

To check whether someone is a registered company auditor, visit the Australian Securities and Investment Commissions (ASIC) website on www.asic.gov.au and search their professional register.

Code of Conduct clause 5.3 cont'd

Code Requirement

The Auditor's statement must relate to and accompany the Code of Conduct Summary Financial Report in the annual report.

Compliance Indicators

Code of Conduct Summary Financial Reports must be separately audited. The relevant Audit Report must be included with the summary report in the Annual Report and refer specifically to these summary reports. If a signatory chooses to incorporate the Summary Financial Report in its full financial statements, the Audit Report must clearly indicate that it refers to the summary financial report as well as the more detailed version. This may be accomplished by specific reference to the summary report, or by including the appropriate page numbers in the Audit Report.

Code of Conduct clause 5.4

Where an organisation chooses to publish only their Code of Conduct Summary Financial Report in their Annual Report and not the organisation's full financial report, the annual report must make reference to the fact that the Full Financial Report is available on request. Any other organisational publications that detail, summarise, or comment on financial performance must also indicate that the full financial report is available on request.

Making available the full financial reports from which figures are summarised or commented on, ensures transparency of reporting to members and the public and contributes to raising the level of trust and confidence in the financial operations of signatory organisations.

Code Requirement

Where an organisation chooses to publish only their Code of Conduct Summary Financial Report in their annual report and not the organisation's full financial report, the annual report must make reference to the fact that the full financial report is available on request.

Any other organisational publications that detail, summarise, or comment on financial performance must also indicate that the full financial report is available on request.

Compliance Indicators

The inclusion of words such as:
'For a copy of the full financial report for the year ending ... please contact ...'
in the financial section of the annual report.

The inclusion of words such as
"For a copy of the full financial report for the year ending ... please contact ..."
in any documents where information gained from the full financial reports is detailed, summarised or commented on.

Code of Conduct clause 5.5

Donations shall be used as promised or implied in fundraising appeals or as requested by the donor. When funding is invited from the general public for a specific purpose, the Organisation shall have a plan for handling any excess and shall make this known as part of the appeal. Organisations shall substantiate upon request, that their application of funds is in accordance with donor intent or request.

Organisations' reputation and the reputation of the Sector rely on all organisations being transparent and accountable for the way donated funds are spent. A donor has a right to know where funds they donate are directed, especially in the case of specific purpose appeals, e.g. disaster relief, contracts for specific purposes.

Code Requirement	Compliance Indicators
Donations shall be used as promised or implied in fundraising appeals or as requested by the donor.	The availability of financial records that allow for fundraising claims to be substantiated.
When funding is invited from the general public for a specific purpose, the Organisation shall have a plan for handling any excess and shall make this known as part of the appeal.	Inclusion of information on what any excess funds will be used for in the appeal invitation.
T I P S A 'plan' is simply a strategy for handling excess donations. e.g. When a particular project concludes, unused funds are transferred to a project that is deemed to satisfy donors' wishes.	
Organisations shall substantiate upon request, that their application of funds is in accordance with donor intent or request.	The availability of financial records that allow for the application of funds to be substantiated.

Code of Conduct clause 5.6

The use of ratios in publications shall at all times be accompanied by a note explaining how these have been determined.

Code Requirement	Compliance Indicators
The use of ratios in publications shall at all times be accompanied by a note explaining how these have been determined.	If ratios (such as the percentage of funds raised which are spent on administration costs) are used, a note must accompany them explaining how they have been calculated.

Personnel and Management Practice

Introduction

International development agencies need to ensure that their philosophy of humane action is reflected in its personnel policies and management. Signatories have a duty of care to personnel, both paid and volunteer, especially given the often insecure and stressful nature of the work. Signatories are required to implement personnel and management policies and procedures that value all staff and volunteers and clearly define and protect their rights and safety.

Good personnel and management practice also contributes to greater organisational effectiveness and enables international development agencies better achieve their organisational and programmatic objectives.

Guidance Information

Code of Conduct clause 6.1

The Organisation will seek to achieve best practice in its personnel policies in response to initiatives in the aid sector and to changes in working and legal environments. The Organisation will have well defined policies and procedures relating to paid staff including expatriate and local staff employed overseas and volunteers working in Australian or overseas. These policies and procedures will clearly define and protect the rights and safety of personnel assuring fair treatment in all matters. Policies and procedures relating to staff and volunteers based outside Australia will be informed by the People in Aid: Code of best practice in the management and support of aid personnel.

Signatories should be committed to the development of policies that aim for best practice and not only for the minimum legal and professional requirements.

Code Requirement	Compliance Indicators
The organisation will seek to achieve best practice in its personnel policies in response to initiatives in the aid sector and to changes in working and legal environments.	Commitment to achieving best practice in personnel policies is demonstrated by keeping informed of and applying relevant employment best practice initiatives in the aid sector such as: <ul style="list-style-type: none"> the <i>People in Aid: Code of good practice in the management and support of aid personnel</i> relevant legal requirements as indicated in clause 1.3.
The organisation will have well defined policies and procedures relating to paid staff including expatriate and local staff employed overseas and volunteers working in Australian or overseas. These policies and procedures will clearly define and protect the rights and safety of personnel assuring fair treatment in all matters.	Clearly stated organisational values (with respect to management and human resource matters) as part of the organisations staff policies and procedures. Documented staff policies and procedures which are well defined, clearly articulated and available to all staff and volunteers. Refer to Appendix 1 Contents list of ACFID staff terms and conditions for example list of procedures.
Policies and procedures relating to staff and volunteers based outside Australia will be informed by the <i>People in Aid: Code of good practice in the management and support of aid personnel</i> .	If signatories have staff and volunteers based outside Australia they will ensure that relevant staff policies and procedures are informed by the <i>People in Aid: Code of good practice in the management and support of aid personnel</i> (see Appendix 6)

Code of Conduct clause 6.2

The organisation's expectations of its employees' and volunteers' professional conduct shall be clearly communicated and consistent with the requirements of the ACFID Code of Conduct.

Employees and volunteers are generally the key representatives of an organisation. Clearly communicated guidelines on the organisation's expectations of staff and volunteers ensure that both staff and volunteers are aware of what the organisation expects of them and what their responsibilities are in terms of representing their organisation.

Staff and volunteers of signatory organisations must be aware of any Code of Conduct requirements that impact on their role within the organisation. As representatives of their organisation, they must be aware that their actions may impact on their organisations compliance with the Code.

Code Requirement	Compliance Indicators
<p>The organisation's expectations of its employees and volunteers professional conduct shall be clearly communicated and consistent with the requirements of the ACFID Code of Conduct.</p>	<p>Evidence that employees and volunteers have been made aware of the standards of behaviour and professional conduct that they are required to adhere to as representatives of their agency.</p> <p>These standards must be consistent with the requirements of the ACFID Code of Conduct and reflect the ethics and values outlined in the preamble of the Code (1.1 and 1.2).</p>

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Mechanisms for communicating requirements could be:

- organisational codes of conduct
- policies and procedures and
- job descriptions and duty statements.

For an example see Appendix 2 the ACFID Staff Code of Conduct.

Code of Conduct Clause 6.3

The organisation will be committed to continuous improvement in its management practice including the provision of regular opportunity to employees for training and professional development.

Code Requirement	Compliance Indicators
<p>The organisation will be committed to continuous improvement in its management practice including the provision of regular opportunity to employees for training and professional development.</p>	<p>Staff policies and procedures clearly communicate the process and regularity with which staff may access training and professional development opportunities.</p>

Code of Conduct clause 6.4

The Organisation will have policies and strategies to promote gender equity especially in senior positions in the management and governance of the Organisation.

“Equity is generally regarded as a state of fairness and justice. It requires that the specific needs of particular groups are considered separately and acted upon accordingly. The concept of gender equity recognises that women and men have different life experiences, different needs, different levels of power and access to decision making in our society and differing expectations by others. Gender equity strategies recognise that gender leads to different social, economic and political opportunities for women and men.” **ACFID Gender Equity Definition (2002)**

Gender equity strategies seek to achieve fairness and justice in the distribution of benefits and responsibilities between women and men, and recognises that different approaches may be required to produce equitable outcomes. Equitable outcomes will ensure a more representative program, leading to increased development effectiveness.

This clause requires organisations to have policies and procedures in place to address and maintain gender equity. Signatories should clearly define gender equity policies and strategies for governing body members, paid staff, contractors, volunteers and partner organisations. The emphasis should be on a holistic approach to gender equity, where gender equity is applied to all personnel associated with the organisation and to all activities undertaken by the organisation, including the design and implementation of programs, and the employment of international local staff.

Code Requirement	Compliance Indicators
<p>The organisation will have policies and strategies to promote gender equity especially in senior positions in the management and governance of the organisation.</p>	<p>Staff policies and procedures (including leave options training and promotion policies) are aimed at achieving fairness and justice in the distribution of benefits and responsibilities between men and women.</p> <p>Policies and procedures relating to representation on delegations, boards and other decision making bodies clearly state a commitment to achieving gender balance.</p> <p>The use of gender equity as a guiding principle for nomination, selection and/or secondment of staff to senior management positions.</p>

TIPS

Examples:

- An organisation sets and adopts gender equity targets for governing body membership and management
- Nomination, selection and/or secondment to senior management positions are based on relative ability, skills, experience and suitability for the position. But where gender imbalances exist in the organisation and qualifications and the skills, experience and suitability of candidates are comparable, additional weight is given to gender balance in the final decision.

Other References

- Appendix 1 - Contents list of ACFID staff terms and conditions
- Appendix 2 - ACFID Staff Code of Conduct
- Appendix 3 - ACFID Commitment to Gender Equity, Diversity and Flexibility
- Appendix 6 - People in Aid: Code of best practice in the management and support of aid personnel
- Wassenaar, Nicolein (May 2006) [Incorporating Gender into Your NGO](#),

Reference to Other Codes and Standards

Introduction

This section of the Code formalises references to other Standards and Codes for programs management, humanitarian response and advocacy activities.

Guidance Information

Code of Conduct 7.1

Organisations that are signatories to the ACFID Code of Conduct are guided by the strategies and standards of engagement for program management in the ACFID NGO Effectiveness Framework.

The NGO Effectiveness Framework was developed (via a consultation process with ACFID members) to increase the impact that humanitarian and development agencies have in their work with marginalised and vulnerable communities. The Framework includes strategies and standards identified as a key to increasing the effectiveness and quality of Australian NGO work.

The framework is not designed as a checklist or prescriptive formula to be adhered to in order to be considered effective. It is important that organisations do not regard this as an imposed requirement to meet. Being 'guided' by the framework means using it as a reference point and as a tool for continuous improvement and learning.

Below are some suggested ways that signatories could use the framework:

Aim	Possible activities
Raise awareness of the framework by the organisation's governing body and staff.	<ul style="list-style-type: none"> • Hold discussions with staff, board members and volunteers to identify the links between the organisation's vision, values, principles, strategic planning documents and relevant codes and standards (such as those in 7.2 below); and • Create regular opportunities to discuss the framework and its application.
Share the framework with your program partners and stakeholders.	<ul style="list-style-type: none"> • Inform partners and stakeholders of how your organisation is using the framework; and • Seek input and feedback from partners and stakeholders on the practical application and any possible implications.
Review and incorporate (where appropriate) any elements of the framework which are not currently used/addressed by your organisation.	<p>Use the framework as background information to each element of the project cycle. Use the framework to:</p> <ul style="list-style-type: none"> • Appraise project proposals against; • Guide and inform the planning and review of partnerships and programs, both informally and in formal program designs and evaluations; and • Assess the effectiveness of projects and activities in monitoring visits and evaluations.

Use the framework as a tool for ongoing (every 2-3 years) organisational learning and reflection.

Ask staff and boards to consider the following:

- How well does your agency articulate your values and principles and how well are they understood by your stakeholders?
- Is your agency guided by clearly articulated program policies?
- How well does your agency perform against the program strategies?
- How well do current program management tools incorporate the standards of engagement?

Use the framework as a basis for accountability and peer learning with other Australian agencies.

- Use evaluation funds to participate in peer evaluation with other agency/ies;
- Develop case studies and anecdotes that demonstrate your experience of applying the framework; and
- Participate in peer learning opportunities (contribute your case studies) through ACFID that will contribute to the evolution of the framework.

Code of Conduct clause 7.2

Organisations which are signatories to this Code will also be informed by the following codes and standards where they are relevant to the work of the Organisation:

- ***The Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief (Appendix 4); and***
- ***Sphere Humanitarian Charter and Minimum Standards in Disaster Response (Appendix 5).***

References to these Codes have been formalised in order to provide guidance on the expectations of standards that signatories should meet when undertaking humanitarian response activities in the field. The requirement that Code signatories are informed by these codes means that at a minimum, signatory conduct should not contradict the standards and requirements they outline, and good practice would be the adoption of procedures and standards wherever appropriate and possible.

Information Documents

- Appendix 4 — The Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief;
- Appendix 5 — Sphere Humanitarian Charter and Minimum Standards in Disaster Response; and
- Appendix 6 — The ACFID NGO Effectiveness Framework, June 2004.

Complaints Handling

Introduction

The Code of Conduct offers a mechanism to address concerns relating to the conduct of signatories. Every effort is made to ensure that natural justice is safeguarded by allowing the signatory against whom the complaint is made to respond to the complaint and to the findings of an investigation.

The Complaints Handling Process is part of the Code of Conduct and signatories and complainants are encouraged to read it carefully. The Notes below provide general guidance only and do not specify each aspect of the Process.

An Inquiry may also be conducted by the Code of Conduct Committee (CCC) into issues raised by Signatory CEOs, the ACFID Executive Committee or the CCC. Issues must relate to practice which may have impact on the wider aid and development sector but which do not currently fall within the scope of the Code of Conduct or to initiate inquiries into potential breaches of the Code in the absence of a formal external complaint.

All signatories are bound by the Complaints Handling Process contained in Clause 8 of the Code of Conduct. The handling of complaints and inquiries are conducted according to this clause.

The Complaints and Inquiry Forms are on the Code website.

Code of Conduct Section 8

8.1 No legal representation or hearings

No person has a right to:

- a. legal representation;***
- b. a hearing; or***
- c. make oral submissions,***

under this complaint handling process set out in this clause 8.

8.2 Complaint received

A Complaint may be made by any person and must:

- a. be in writing, and should be addressed to the chairperson of the ACFID Code of Conduct (Chairperson);***
- b. include the name and contact details of the person making the Complaint (Complainant),***

and should be made in the form (if any) approved by the ACFID Code of Conduct Committee.

8.3 Complaint to be acknowledged

Receipt of the Complaint will be confirmed in writing to the Complainant.

8.4 Chairperson review of Complaint

The Chairperson (in consultation with one member of the ACFID Code of Conduct Committee of the Chairperson's choosing) will review the Complaint and decide whether:

- a. to recommend to the ACFID Code of Conduct Committee that the Complaint be dismissed. If such a recommendation is made and the ACFID Code of Committee does not accept the recommendation, the Chairperson must appoint an Investigating Officer under clause 8.5;***
- b. to recommend to the ACFID Code of Conduct Committee that the Complaint be referred to a more appropriate body. If such a recommendation is made and the ACFID Code of Conduct Committee does not accept the recommendation, the Chairperson must appoint an Investigating Officer under clause 8.5; or***

8.4 Chairperson review of Complaint Continued

If the ACFID Code of Conduct Committee accepts a recommendation made under paragraph (a) or paragraph (b) of this clause 8.4, then the Complaint is dismissed (in the case of a recommendation under paragraph (a)) or must be referred to the other body (in the case of a recommendation under paragraph (b)).

8.5 Investigating Officer review of Complaint

- a. If a Complaint is to be investigated following the Chairperson's review under clause 8.4, the Chairperson must appoint a member of the ACFID Code of Conduct Committee or a team including at least one member of the ACFID Code of Conduct Committee, and any number of other people (as the Chairperson considers appropriate) with expertise related to the nature of the Complaint (Investigating Officer) to investigate the matters raised in the Complaint. A person may not be appointed as the Investigating Officer (and a person may not be appointed to the team which is the Investigating Officer) if they have, or the Chairperson reasonably considers them to have, a material personal interest in the outcome of the Complaint.**
- b. The Investigating Officer must give the Affected Signatory a copy of the Complaint and invite the Affected Signatory to respond to the Complaint in writing no later than 21 days after the date of the notice.**
- c. The Investigating Officer must inform the Complainant in writing of the decision to investigate the Complaint further and any expected timeframes for dealing with the Complaint. The Complainant will be notified in writing of any substantial changes to expected timeframes.**
- d. The Investigating Officer must consider the Complaint and any response submitted by the Affected Signatory if that response is submitted within the time period set out in paragraph 8.5(b). The Investigating Officer may, but is not required to, seek further information or invite further written submissions from the Complainant, the Affected Signatory or any other person, with such time limits to respond as the Investigating Officer considers reasonable in the circumstances. The Investigating Officer must consider any further submissions made in accordance with this paragraph 8.5(d), if they are submitted within the relevant time limit set by the Investigating Officer.**
- e. In its investigations, the Investigating Officer is not limited to the breaches of the Code and/or, if applicable, the Rules specified in the Complaint and may investigate any other breaches arising from substantially the same circumstances as those set out in the Complaint. The Investigating Officer is not bound by the laws of evidence.**
- f. The Investigating Officer must prepare a draft report regarding the Complaint and make a recommendation on whether, in the opinion of the Investigating Officer:**
 - i. the Complaint should be dismissed;**
 - ii. the Complainant should be referred to a more appropriate body; or**
 - iii. the Affected Signatory has breached the Code.**
 - iv. If the Investigating Officer considers that the Affected Signatory has breached the Code and/or, if applicable, the Rules, the Investigating Officer must make a recommendation as to the disciplinary action that should be taken by the ACFID Code of Conduct Committee.**

Code of Conduct Clause 8.5 cont'd

- g A copy of the draft report (with recommendations) must be given to the Affected Signatory, who may, within 7 days after the date on which the draft report is sent, submit written submissions in response to the draft report.***
- h The Investigating Officer must consider any submissions in response to the draft report made by the Affected Signatory, and may, but is not required to, make changes to the draft report when it prepares a final report (with recommendations) for the ACFID Code of Conduct Committee.***
- i The final report of the Investigating Officer and the submissions of the Affected Signatory in response to the draft report must be submitted to the ACFID Code of Conduct Committee for a final determination.***

8.6 Determination by ACFID Code of Conduct Committee

- a. The ACFID Code of Conduct Committee must consider the Complaint, the final report of the Investigating Officer, any submissions made by the Affected Signatory in response to the draft report, and may consider any other information it considers relevant. The ACFID Code of Conduct Committee must make a determination (by simple majority of those present and eligible to vote) as to whether the Affected Signatory:***
 - i. has not breached the Code, in which case the Complaint must be dismissed; or***
 - ii. has breached the Code and/or, if applicable, the Rules.***

The ACFID Code of Conduct Committee is not bound to follow the recommendations made by the Investigating Officer or the laws of evidence.

- b. A member of the ACFID Code of Conduct Committee who:***
 - i. is the Investigating Officer (or any member of the Investigating Officer, if a team has been appointed);***
 - ii. is an employee or director (or equivalent) of either the Complainant or the Affected Signatory; or***
 - iii. for some other reason has a material personal interest in the outcome of the Complaint,***

must not be present at discussion regarding the Complaint or at any vote in relation to the Complaint.

8.7 Signatories must co-operate

If the Investigating Officer or the ACFID Code of Conduct Committee requests information from a signatory to the Code in relation to an investigation, the signatory must not without reasonable excuse fail to comply with the request. Without limiting what may be considered a reasonable excuse, the signatory is not required to comply with the request to the extent that:

- a. to do so would involve the signatory breaching a law or an obligation under a contract to which it is a party; or***
- b. the request involves the disclosure of information which is subject to legal professional privilege or an obligation to keep the information confidential.***

8.8 If a breach is found

If the ACFID Code of Conduct Committee determines that the Affected Signatory has breached the Code and/or, if applicable, the Rules, it may:

- a. attempt to negotiate (including through conciliation or mediation) a course of action with the Affected Signatory. If the ACFID Code of Conduct Committee and the Affected Signatory are not able to reach an agreement within such time as the ACFID Code of Conduct (in its absolute discretion) considers appropriate in the circumstances, the ACFID Code of Conduct Committee may take disciplinary action in accordance with clause 8.9; or*
- b. take disciplinary action in accordance with clause 8.9.*

8.9 Disciplinary action

- a. The ACFID Code of Conduct Committee may take any of the following actions (including any combination of them) as it considers appropriate:*
 - i. require the Affected Signatory to provide information concerning the breach to the Affected Signatory's donors;*
 - ii. revoke the Affected Signatory's status as a signatory to the Code, or suspend its status as a signatory to the Code or any period it determines not exceeding 1 year;*
 - iii. notify the ACFID Executive Committee of the details of the disciplinary action (if any) which the ACFID Code of Conduct Committee has determined it will take under this clause 8.9;*
 - iv. if the Affected Signatory has been accredited by AusAID, notify AusAID of the breach; and*
 - v. publish the name of the Affected Signatory and the nature of the breach on the ACFID website.*
- c. No disciplinary action may be taken until the expiry of the period within which an appeal may be requested in accordance with clause 8.13(a), or if an Appeal (as defined in clause 8.11 has been made, until the Appeal has been determined by the Appeals Officer.*
- d. The Affected Signatory must comply with any disciplinary action the ACFID Code of Conduct Committee determines in response to the breach. If the Affected Signatory fails to do so, the ACFID Code of Conduct Committee may take any further disciplinary action in accordance with this clause 8.9 as it considers appropriate.*

8.10 Notification of outcome

The ACFID Code of Conduct Committee must notify the Complainant and the Affected Signatory in writing:

- a. of its determination under clause 8.6(a);*
- b. of any action it has determined to take in accordance with clause 8.8 or clause 8.9 (a); and*
- c. that the decision may be appealed in accordance with this clause 8.*

8.11 Appeal

An appeal from a determination of the ACFID Code of Conduct Committee made under clauses 8.6 to 8.9 (inclusive) (Appeal) may be made to the Appeals Officer in accordance with clause 8.13.

8.12 Appeals Officer

The ACFID Executive Committee must appoint an Appeals Officer, for a term of three years and on such other terms and conditions as the ACFID Executive Committee resolves. The Appeals Officer is to be selected from nominations made by the ACFID Code of Conduct Committee.

8.13 Review process

- a. *An Appeal must be:*
 - i. *made in writing;*
 - ii. *sent to the ACFID Code of Conduct Committee Appeals Officer;*
 - iii. *received within 30 days after the date of the notice referred to in clause 8.10; and*
 - iv. *specify the grounds on which the Appeal is made.*
- b. *An Appeal may be made on any grounds, and may relate to the whole or a part only of a determination.*
- c. *The Appeals Officer must*
 - i. *consider the Appeal;*
 - ii. *give:*
 - A *the Complainant, if the Affected Signatory has made the Appeal; or*
 - B *the Affected Signatory, if the Complainant has made the Appeal,*

a copy of the Appeal and the opportunity to make written submissions in response to the Appeal within 21 days after the date of the notice;
 - iii. *consider any submissions made in accordance with clause 8.13(c)(ii).*
- d. *The Appeals Officer must notify the ACFID Code of Conduct Committee and the Investigating Officer of the Appeal. The ACFID Code of Conduct Committee must give the Appeals Officer copies of:*
 - i. *the Complaint and all submissions received by the Investigating Officer in relation to the Complaint;*
 - ii. *the Investigating Officer's draft report and the Affected Signatory's submissions in relation to it;*
 - iii. *the Investigating Officer's final report; and*
 - iv. *the ACFID Code of Conduct Committee's notices to the Complainant and Affected Signatory under clause 8.10.*

Code Clause 8.13 cont'd

- e. *The Appeals Officer may:*
 - i. *uphold the determinations of the ACFID Code of Conduct Committee in whole or in part;*
 - ii. *overturn the determinations of the ACFID Code of Conduct Committee in whole or in part;*
 - iii. *make a new determination in relation to the Complaint; and*
 - iv. *if the Appeals Officer determines that there has been a breach of the Code, exercise the powers of the ACFID Code of Conduct Committee set out in clauses 8.8 and 8.9.*
- f. *The Appeals Officer must notify the Affected Signatory, the Complainant and the ACFID Code of Conduct Committee in writing of the determination made under clause 8.13(e).*

8.14 No further appeal

A determination of the Appeals Officer may not be appealed.

8.15 Resignation of Affected Signatory

If an Affected Signatory ceases to be a signatory to the Code at any time before any action that must be taken under this clause 8 is taken, the ACFID Code of Conduct Committee may resolve that any current procedures under this clause 8 in relation to the Complaint are to cease. If it does so, any action which may have been required to be taken under this clause 8 if the Affected Signatory had continued to be a signatory to the Code, is no longer required to be taken.

However, the resignation of an Affected Signatory does not prevent:

- a. *the investigation of a Complaint concerning the Affected Signatory;*
- b. *a determination being made in relation to the Complaint; or*
- c. *the taking of any disciplinary action under clause 8.9, which is capable of being taken despite the Affected Signatory's ceasing to be a signatory,*

in accordance with this clause 8.

8.16 ACFID may publicise

The ACFID Code of Conduct Committee may, but is not required to, publicise at any time and by any method it considers appropriate:

- a. *the fact that a Complaint has been made, including the names the Complainant and the Affected Signatory;*
- b. *the fact that a Complaint will be, is being or has been investigated; and*
- c. *the outcome of an investigation and any disciplinary action taken.*

Notes on the Complaints Handling Process

- The person or organisation making the complaint is referred to as the 'Complainant'.
- The organisation against which the complaint is made is referred to as the 'Affected Signatory'.
- The 'Chairperson' means the current Chairperson of the Code of Conduct Committee.
- All complaints received will be handled through this process.
- A copy of the complaint is provided to the Affected Signatory if the Committee decides to investigate the complaint. (8.5b)
- Anonymous complaints will not be investigated by the Code of Conduct Committee, nor will complaints in which the Complainant identifies themselves to the Committee but does not want their details known by the Affected Signatory.
- At any time during the Complaint Process, the Chairperson may employ people with particular skill or expertise to provide advice as needed on the complaint being investigated.
- The Appeal Officer is appointed for a three year term by the ACFID Executive Committee from nominations recommended by the Code of Conduct Committee. The Appeal Officer is responsible for the management of all appeals.
- To protect the reputation of signatories to the Code, the investigation of a breach is treated as strictly confidential unless it may have sector wide significance or is likely to attract media interest. In this case, the President of ACFID will be informed and a strategy devised by ACFID in consultation with the CCC to deal with the situation. ACFID may publicise the complaint at any time (8.16) The investigation of complaints will take account of the following key principles from the *Privacy Act*:
 - information will only be collected in so far as it is necessary and lawful,
 - information will only be used for the purposes for which it is collected unless consent is obtained from the organisation under investigation.
- **Signatories must co-operate with the provision of information to the Code of Conduct Committee in relation to the complaint unless there is a reasonable excuse not to comply.**
- The investigation of complaints under the Code of Conduct is not a process involving Australian Law. The complainant, and the signatory against which the complaint is made, are not entitled to legal representation in the complaint handling process.
- Complaints relating to alleged breaches of Australian law, such as laws relating to the employment of staff, tax law, or the provisions of legislation relating to charities in each state will not be investigated by the Code of Conduct Committee as there are other more appropriate mechanisms available to deal with such issues. The Complainant will be advised to consider taking the matter to a more appropriate government body.
- Communication between the Code Management Team and both the signatory agency or complainant will happen only through the Code Management Team or Chairperson and will be in writing only. Investigating officers will not directly contact complainants or signatory agencies involved in a complaint.
- Members of the Code of Conduct Committee are advised on taking office that they are required to inform the Committee of any potential conflict of interest that may arise as a result of receiving a complaint. No Committee member will be involved with a complaint in which they have a conflict of interest.

Complaints Handling cont'd

If a breach of the Code is found to have occurred, the Code of Conduct Committee may attempt to negotiate a course of action with the Affected Signatory or take disciplinary action. The latter may involve any or all of the following: (8.8, 8.9)

- requiring the Affected Signatory to provide information to donors
- revoking or suspending signatory status
- notifying AusAID of the breach
- publishing the details of the complaint on the Code website

How to make a complaint

Complaints against a signatory under the ACFID Code of Conduct must:

- be in writing
- include all available evidence
- include the name and contact details of the complainant

Any complaints received that do not meet the above criteria or do not wish the Affected Signatory to receive a copy of the complaint or know the identity of the Complainant will not be investigated.

A Complaints form is on the Code website and may be used by Complainants.

Complaints should be marked “confidential” and addressed to:

Code Manager
ACFID Code of Conduct Committee
C/- ACFID
Private Bag 3
Deakin ACT 2600

Inquiry Protocol

Purpose:

The purpose of this protocol is to assist in maintaining and improving good practice and to provide a mechanism for the Code of Conduct Committee to:

- initiate inquiries into areas of Signatory/ies practice which may have impact on the wider aid and development sector but which do not currently fall within the scope of the Code of Conduct,
- initiate inquiries into potential breaches of the Code in the absence of a formal external complaint.

An inquiry may lead to:

- the referral of a sector wide issue to the ACFID Executive Committee for consideration,
- the generation of a complaint via the Code of Conduct Clause 8 Complaints Handling Process.

Principles

- To protect the reputation of the sector and Signatories, Inquiries under this protocol are treated as strictly confidential at all times, unless the Committee decides otherwise. The Executive Director and the President of ACFID are notified of the Inquiry if there is the possibility of media interest.
- Formal communication with Signatories will happen only through the Code Management Team or Code Chairperson and will be directed to the Signatory's CEO and Chairperson.
- Members of the Code of Conduct Committee are required to declare any potential conflict of interest relating to any matter raised under this protocol. Where a conflict of interest is identified, the Committee member will stand aside from all procedures and deliberations entered into under this protocol.

Inquiries should generally be completed within 6 weeks. However, some inquiries may require more time due to the complexity or breadth of the issue and may depend on the scheduled meeting dates of the Code of Conduct Committee.

Step 1 Identification

Issues may be:

- raised by any member of the Code of Conduct Committee
- forwarded to the Code of Conduct Committee from the ACFID Executive
- forwarded to the Code of Conduct Committee by a Code of Conduct Signatory/ies CEO. Issues submitted to this process by Signatory CEOs must always relate to practice which may have impact on the wider aid and development sector but which do not currently fall within the scope of the Code of Conduct. To have a potential breach of the Code investigated a Signatory CEO must use the Code of Conduct Complaints Handling Process

All issues for investigation put forward to be reviewed by this protocol must be submitted with a completed Code of Conduct Committee Inquiry Form. All issues submitted to the inquiry should be forwarded to the Chairperson of the Code of Conduct Committee via the Code Management Team at the following address:

Confidential
 Chairperson, Code of Conduct Committee
 C/- Code of Conduct Management Team
 Australian Council for International Development
 Private Bag 3, Deakin ACT 2600

Step 2 Notification

A receipt notice is sent to the party that raised the issue.

Step 3 Inquiry

- 3.1 An Inquiry Group (including the Chairperson, two members of the Code of Conduct Committee and the Code Manager) conducts a preliminary review of the issue to determine whether the issue warrants further investigation or there may be a potential breach of the Code of Conduct.
- 3.2 If an issue is identified, the affected Signatory/ies are provided with a copy of the completed Inquiry Form and invited to respond in writing to the issue within 21 days of date of the notice being provided.
- 3.3 The Inquiry Group reviews any response from the Signatory/ies, prepares a draft report and makes a recommendation on whether to:
 - a) dismiss the issue as no breach of the Code was found
 - b) refer the issue to the ACFID Executive for consideration as it may have broader impact on the sector.
 - c) refer the issue for further investigation under the Code of Conduct Complaints Handling Process as the signatory's action is potentially in breach of the Code of Conduct.
- 3.4 A copy of the draft report should be provided to the affected signatory who is given 7 days to respond.
- 3.5 The Inquiry Group must consider submissions from the signatory in response to the draft report but is not required to change the report.
- 3.6 A final report is prepared and submitted to the Code of Conduct Committee for determination.

Step 4 Determination by the Code of Conduct Committee

The report of the Inquiry Group and the response of Signatory/ies are submitted to the Code of Conduct Committee for a final determination. Any other information the Committee considers relevant may also be included. A determination is made (by a simple majority of those present and eligible to vote) as to whether to:

- a) dismiss the issue as no breach of the Code was found
 - The signatory/s will be informed in writing of the decision.
 - The party that raised the issue will be informed in writing of the decision.
 - The Code of Conduct Committee may choose to refer the issue to the ACFID Executive for consideration if they feel it may have broader impact for the sector.
- b) refer the issue to the ACFID Executive for consideration as it may have broader impact for the sector
 - the signatory/s will be informed in writing of the decision.
 - the party that raised the issue will be informed in writing of the decision.
 - the ACFID Executive will be informed in writing.
- c) refer the issue for further investigation under the Code of Conduct Complaints Handling Process as the Signatory's action is/are potentially in breach of the Code of Conduct.
 - The Code of Conduct Complaints Handling process will be implemented and an Investigating Officer appointed.
 - The Signatory/s will be informed of the decision and the next steps in the process.
 - The party that raised the issue will be informed in writing of the decision.

The determination by the Code of Conduct Committee is final

Inquiry Closed

A copy of the Inquiry Form can be obtained from the Code Management Team, 02 6281 9222, or from the ACFID website www.acfid.asn.au.

Definitions

The definitions listed below relate to the non financial aspects of the Guidance Document. For definitions relating directly to the Code of Conduct Summary Financial Report see **page 39**.

ACFID Code of Conduct	The standards and requirements set out in this Code to which signatories to the Code are bound and against which complaints and compliance is assessed.
Aid and development	For the purposes of the ACFID Code of Conduct, aid and development refers to activities undertaken in order to reduce poverty and address global justice issues via direct engagement through community projects, humanitarian relief and/or community education and public policy campaigns.
Annual report	<p>The annual report is one of the principal windows of organisational performance, activity and accountability. It should be both reflective of the pursuits, issues and achievements for the period being reported and be predictive on future directions and activity. It shall contain, as a minimum:</p> <ul style="list-style-type: none"> • a statement of the organisation's goals or purposes; • a summary of overall program activities by country or region; • the names, qualifications and experience of current members of the governing body as well as those who served at any time during the period being reported on; • financial reports using the Code of Conduct Summary Financial Report Format; and • an audit opinion on the financial statements, clearly identifying the auditor (name, company, address and signature).
Code of Conduct Summary Financial Report	Summary Financial Report derived from full financial report as detailed in the Guidance Document to the Code of Conduct.
Denigrate	To sully, defame or attack the good name or reputation of. (<i>Macquarie Dictionary</i>)
Full Financial report	Organisations full financial report (inclusive of statements, notes and auditors report) as approved by the organisations governing body and presented to members.
Governing body	The governing body is the authority ultimately responsible for governance over all aspects of the organisation and is the responsible for the organisation's signature to and compliance with this Code of Conduct. The governing body must be elected or appointed by members from within the membership or support base of the organisation.
Guidance document	The guidance document to the ACFID Code provides guidelines on how signatories maintain adherence to the ACFID Code of Conduct. It includes the Code of Conduct Summary Financial Report Format, explanatory notes and other documents which the Code of Conduct Committee recommend as useful to inform and guide the application of the ACFID Code to the work of signatories.

<p>Non Government Development Organisation (NGDO)</p>	<p>NGDOs are voluntary, not for profit, non-governmental organisations. They undertake activities in order to reduce poverty and address global justice issues via direct engagement through community projects, humanitarian relief and/or community education and public policy campaigns.</p>
<p>Non Government Humanitarian Agencies (NGHAs)</p>	<p>As appears in Appendix 4, Non Governmental Humanitarian Agencies (NGHAs) has been coined to encompass the components of the International Red Cross and Red Crescent Movement - The International Committee of the Red Cross, The International Federation of Red Cross and Red Crescent Societies and its member National Societies - and the NGOs. As defined at: www.ifrc.org/publicat/conduct/defs.asp</p>
<p>Signatory</p>	<p>An organisation which the Code of Conduct Committee has accepted as a signatory to the ACFID Code of Conduct and which:</p> <ul style="list-style-type: none"> • has not resigned as a signatory • has not been removed as a signatory has paid all signatory fees.

Appendix 1 - Contents List ACFID Staff Terms and Conditions

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Appendix 2 **ACFID Staff Code of Conduct** [Adopted by ACFID Executive 6 December 2002]

ACFID seeks to provide a work environment that is fair, safe, free of any form of harassment and to meet the obligations and responsibilities that are contained in the ACFID Terms and Conditions of Employment including the procedures to resolve any grievances.

As a member of the ACFID staff I agree:

1. To be familiar with and to uphold the ethical principles and requirements of the ACFID Code of Conduct including the following:
 - In all activities and particularly in communications to the public, to accord due respect to the dignity, values, history, religion, and culture of the people with whom we work consistent with principles of basic human rights;
 - To oppose and not be a willing party to wrongdoing, corruption, bribery, or other financial impropriety in any activity;
 - To not make misleading or false public statements regarding other agencies nor to conduct activities in ways that may denigrate other agencies;
2. To contribute to a work environment that is fair, equitable and free of any form of harassment and to act with honesty and good faith, treating all members of staff and volunteers with respect and dignity;
3. To work in a professional and cooperative manner with other staff and volunteers;
4. To be familiar with my responsibilities under the ACFID Terms and Conditions of Employment and of other ACFID policies guiding the work of staff and volunteers;
5. To comply with Occupational Health and Safety requirements in the workplace;
6. To abide by the expectations and requirements of personnel representing ACFID overseas as detailed in the Guidelines for ACFID Delegations Overseas;
7. To contribute to, and take ownership of, decisions that contribute toward the achievement of the mission and objectives of ACFID;
8. To respect the role and decisions of the ACFID Council, Executive Committee and ACFID management in guiding the work of ACFID;
9. To acknowledge and provide constructive feedback as appropriate on the contribution of peers and managers;
10. To maintain an appropriate level of confidentiality as necessary to the performance of duties.

Signed: _____ **Date** _____

Name: _____

This Code is to be signed by all staff at the commencement of their service with ACFID and its interpretation and application will be discussed at least annually in an appropriate staff forum.

Appendix 3 ACFID Commitment to Gender Equity, Diversity and Flexibility

ACFID acknowledges the positive contribution of a diverse workforce and is committed to promoting and supporting the principles of gender equity, diversity and flexibility in the workplace.

ACFID strives to create a work environment sensitive to gender equity and diversity and working conditions that enable both women and men to achieve a balance between work and other aspects of life.

Equity is generally regarded as a state of fairness and justice. It requires that the specific needs of particular groups are considered separately and acted upon accordingly. The concept of gender equity recognises that women and men have different life experiences, different needs, different levels of power and access to decision making in our society and differing expectations by others. Gender equity strategies recognise that gender leads to different social, economic and political opportunities for women and men.

The principle of equity or fairness holds that each individual has a basic right to compete for employment as one of the opportunities and rewards of our society, subject only to the limits of his or her ability. Gender equity approaches recognise that there are historical and social disadvantages which prevent one sex, often women, from benefiting fully from society's resources including employment.

The concept recognises that women and men have different needs and power structures and that these differences should be identified and addressed by employers in a manner that rectifies imbalance between the sexes. Gender equity strategies seek to achieve fairness and justice in the distribution of benefits and responsibilities between women and men, and recognise that different approaches may be required to produce equitable outcomes.

There are continuing traditions of stereotypes and conceptions of what it means to be a woman or a man which are embedded in systems and practices. Discriminatory practices have resulted in the systematic devaluation of attitudes, activities and abilities ascribed to women. For men, this discrimination has contributed to devaluation of feminised characteristics in males and reinforced the prevalent male stereotype. The equity approach attempts to recognise these differences and address the underlying reasons for these differences.

Equal Employment Opportunity principles remain a legislative requirement ensuring the elimination of discrimination against women, Aboriginal & Torres Strait Islanders, people from non-english speaking backgrounds and people with disabilities. Workplace diversity extends beyond EEO taking on a broader focus where the differences inherent in every employee are valued. Workplace Diversity focuses on the positive contributions all staff can make to a high performing workplace.

Diversity in the workplace has many dimensions. It encompasses age, gender, physical and mental abilities, educational level, working style, socio-economic background, family and personal responsibilities, language, ethnicity, religion, cultural background and sexual orientation. It is a recognition that people bring to the workplace a variety of personal attributes and experiences that can add value to the work of an organisation.

ACFID recognises that people – with their diverse abilities, skills, languages, cultures and backgrounds - are our greatest asset. A focus on diversity encourages us to tap into this resource so that we can best meet ACFID's objectives.

The need for people to rest, to engage in cultural and recreational activities, to take time

with their families and to undertake personal development is considered to be an intrinsic part of the employment relationship. Additionally it must be acknowledged that employees have a variety of personal responsibilities beyond the workplace which in turn impact upon their lives at work. Changing workforce dynamics, together with the transforming nature of work and technology now mean that issues such as family responsibilities and further study can no longer be ignored.

It is well recognised that flexibility and responsiveness are fundamental to an organisation's longer term success. A crucial element in this success lies in recognising the valuable contribution employees make toward its achievement.

ACFID believes that the advantages and cost benefits in providing flexible work practices include improved retention of skilled employees, reductions in recruitment and training costs through lower employee turnover, a decrease in absenteeism, improved employee morale and reduced stress. These all lead to greater productivity.

In keeping with our commitment to workplace diversity, ACFID aims to promote a workplace culture that:

- values and supports individual differences and perspectives;
- incorporates diversity principles across all of our people policies and services – from recruitment and selection through to performance appraisal and career development;
- promotes flexible and responsive work practices;
- is free from discrimination and harassment; and provides all staff with the opportunity to reach their full potential.

Gender Equity and Diversity

Key points

- Responsibility for the development of a gender equity and diversity culture in the ACFID rests with all staff
- The diverse backgrounds, skills, talents and views of staff are recognised, encouraged and valued by supervisors and managers.
- Staff are encouraged to recognise and use their life skills and experiences to maximise their individual effectiveness in the workplace and to enhance the quality of their decision making.
- Staff are not subject to direct or indirect discrimination, unfair treatment in the workplace, or to workplace harassment.
- ACFID aims to ensure that workplace practices provide flexibility for staff to balance their work and personal commitments.
- ACFID is committed to remedying any employment related disadvantage of current and potential employees in designated groups.
- Staff and those seeking employment with ACFID receive fair and equitable treatment in staff selection processes and career development opportunities. Employment decisions are based on merit.
- Supervisors are encouraged to focus on the diverse backgrounds and skills of their staff and to draw on and develop these qualities in the workplace.
- Staff are encouraged to acknowledge and draw on their diverse backgrounds, skills and talents.

It is hoped that through ACFID's workplace policies delivered through a process of consultation and cooperation, these arrangements will extensively assist in the career development of employees and provide a model that will assist in the promotion of similar positive working arrangements in the NGO sector.

Appendix 4 **The Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief.**

CODE OF CONDUCT FOR THE INTERNATIONAL RED CROSS AND RED CRESCENT MOVEMENT AND NON-GOVERNMENTAL ORGANISATIONS IN DISASTER RELIEF

www.ifrc.org

The Code of Conduct

Principles of Conduct for The International Red Cross and Red Crescent Movement and NGOs in Disaster Response Programmes.

1 The Humanitarian imperative comes first

The right to receive humanitarian assistance, and to offer it, is a fundamental humanitarian principle which should be enjoyed by all citizens of all countries. As members of the international community, we recognise our obligation to provide humanitarian assistance wherever it is needed. Hence the need for unimpeded access to affected populations, is of fundamental importance in exercising that responsibility. The prime motivation of our response to disaster is to alleviate human suffering amongst those least able to withstand the stress caused by disaster. When we give humanitarian aid it is not a partisan or political act and should not be viewed as such.

2 Aid is given regardless of the race, creed or nationality of the recipients and without adverse distinction of any kind. Aid priorities are calculated on the basis of need alone.

Wherever possible, we will base the provision of relief aid upon a thorough assessment of the needs of the disaster victims and the local capacities already in place to meet those needs. Within the entirety of our programmes, we will reflect considerations of proportionality. Human suffering must be alleviated whenever it is found; life is as precious in one part of a country as another. Thus, our provision of aid will reflect the degree of suffering it seeks to alleviate. In implementing this approach, we recognise the crucial role played by women in disaster prone communities and will ensure that this role is supported, not diminished, by our aid programmes. The implementation of such a universal, impartial and independent policy, can only be effective if we and our partners have access to the necessary resources to provide for such equitable relief, and have equal access to all disaster victims.

3 Aid will not be used to further a particular political or religious standpoint

Humanitarian aid will be given according to the need of individuals, families and communities. Notwithstanding the right of NGOs to espouse particular political or religious opinions, we affirm that assistance will not be dependent on the adherence of t

he recipients to those opinions. We will not tie the promise, delivery or distribution of assistance to the embracing or acceptance of a particular political or religious creed.

4 We shall endeavour not to act as instruments of government foreign policy

NGHAs are agencies which act independently from governments. We therefore formulate our own policies and implementation strategies and do not seek to implement the policy of any government, except in so far as it coincides with our own independent policy. We will never knowingly - or through negligence - allow ourselves, or our employees, to be used to gather information of a political, military or economically sensitive nature for governments or other bodies that may serve purposes other than those which are strictly humanitarian, nor will we act as instruments of foreign policy of donor governments. We will use the assistance we receive to respond to needs and this assistance should not be driven by the need to dispose of donor commodity surpluses, nor by the political interest of any particular donor. We value and promote the voluntary giving of labour and finances by concerned individuals to support our work and recognise the independence of action promoted by such voluntary motivation. In order to protect our independence we will seek to avoid dependence upon a single funding source.

5 We shall respect culture and custom

We will endeavour to respect the culture, structures and customs of the communities and countries we are working in.

6 We shall attempt to build disaster response on local capacities

All people and communities - even in disaster - possess capacities as well as vulnerabilities. Where possible, we will strengthen these capacities by employing local staff, purchasing local materials and trading with local companies. Where possible, we will work through local NGHAs as partners in planning and implementation, and co-operate with local government structures where appropriate. We will place a high priority on the proper co-ordination of our emergency responses. This is best done within the countries concerned by those most directly involved in the relief operations, and should include representatives of the relevant UN bodies.

7 Ways shall be found to involve programme beneficiaries in the management of relief aid

Disaster response assistance should never be imposed upon the beneficiaries. Effective relief and lasting rehabilitation can best be achieved where the intended beneficiaries are involved in the design, management and implementation of the assistance programme. We will strive to achieve full community participation in our relief and rehabilitation programmes.

8 Relief aid must strive to reduce future vulnerabilities to disaster as well as meeting basic needs

All relief actions affect the prospects for long term development, either in a positive or a negative fashion. Recognising this, we will strive to implement relief programmes which actively reduce the beneficiaries' vulnerability to future disasters and help create sustainable lifestyles. We will pay particular attention to environmental concerns in the design and management of relief programmes. We will also endeavour to minimise the negative impact of humanitarian assistance, seeking to avoid long term beneficiary dependence upon external aid.

9 We hold ourselves accountable to both those we seek to assist and those from whom we accept resources

We often act as an institutional link in the partnership between those who wish to assist

and those who need assistance during disasters. We therefore hold ourselves accountable to both constituencies. All our dealings with donors and beneficiaries shall reflect an attitude of openness and transparency. We recognise the need to report on our activities, both from a financial perspective and the perspective of effectiveness. We recognise the obligation to ensure appropriate monitoring of aid distributions and to carry out regular assessments of the impact of disaster assistance. We will also seek to report, in an open fashion, upon the impact of our work, and the factors limiting or enhancing that impact. Our programmes will be based upon high standards of professionalism and expertise in order to minimise the wasting of valuable resources.

10 In our information, publicity and advertising activities, we shall recognise disaster victims as dignified humans, not hopeless objects

Respect for the disaster victim as an equal partner in action should never be lost. In our public information we shall portray an objective image of the disaster situation where the capacities and aspirations of disaster victims are highlighted, and not just their vulnerabilities and fears. While we will co-operate with the media in order to enhance public response, we will not allow external or internal demands for publicity to take precedence over the principle of maximising overall relief assistance. We will avoid competing with other disaster response agencies for media coverage in situations where such coverage may be to the detriment of the service provided to the beneficiaries or to the security of our staff or the beneficiaries.

The Working Environment

Having agreed unilaterally to strive to abide by the Code laid out above, we present below some indicative guidelines which describe the working environment we would like to see created by donor governments, host governments and the inter-governmental organisations - principally the agencies of the United Nations - in order to facilitate the effective participation of NGHAs in disaster response.

These guidelines are presented for guidance. They are not legally binding, nor do we expect governments and IGOs to indicate their acceptance of the guidelines through the signature of any document, although this may be a goal to work to in the future. They are presented in a spirit of openness and co-operation so that our partners will become aware of the ideal relationship we would seek with them.

Annex I

Recommendations to the governments of disaster affected countries

1: Governments should recognise and respect the independent, humanitarian and impartial actions of NGHAs

NGHAs are independent, bodies. This independence and impartiality should be respected by host governments.

2: Host governments should facilitate rapid access to disaster victims for NGHAs

If NGHAs are to act in full compliance with their humanitarian principles, they should be granted rapid and impartial access to disaster victims, for the purpose of delivering humanitarian assistance. It is the duty of the host government, as part of the exercising of sovereign responsibility, not to block such assistance, and to accept the impartial and apolitical action of NGHAs. Host governments should facilitate the rapid entry of relief staff, particularly by waiving requirements for transit, entry and exit visas, or arranging that these are rapidly granted. Governments should grant over-flight permission and landing rights for aircraft transporting international relief supplies and personnel, for the duration of the emergency relief phase.

3: Governments should facilitate the timely flow of relief goods and information during disasters

Relief supplies and equipment are brought into a country solely for the purpose of alleviating human suffering, not for commercial benefit or gain. Such supplies should normally be allowed free and unrestricted passage and should not be subject to requirements for consular certificates of origin or invoices, import and/or export licences or other restrictions, or to importation taxation, landing fees or port charges.

The temporary importation of necessary relief equipment, including vehicles, light aircraft and telecommunications equipment, should be facilitated by the receiving host government through the temporary waving of license or registration restrictions. Equally, governments should not restrict the re-exportation of relief equipment at the end of a relief operation.

To facilitate disaster communications, host governments are encouraged to designate certain radio frequencies, which relief organisations may use in-country and for international communications for the purpose of disaster communications, and to make such frequencies known to the disaster response community prior to the disaster. They should authorise relief personnel to utilise all means of communication required for their relief operations.

4: Governments should seek to provide a co-ordinated disaster information and planning service

The overall planning and co-ordination of relief efforts is ultimately the responsibility of the host government. Planning and co-ordination can be greatly enhanced if NGHAs are provided with information on relief needs and government systems for planning and implementing relief efforts as well as information on potential security risks they may encounter. Governments are urged to provide such information to NGHAs.

To facilitate effective co-ordination and the efficient utilisation of relief efforts, host governments are urged to designate, prior to disaster, a single point-of-contact for incoming NGHAs to liaise with the national authorities.

5: Disaster relief in the event of armed conflict

In the event of armed conflict, relief actions are governed by the relevant provisions of international humanitarian law.

Annex II

Recommendations to donor governments

1: Donor governments should recognise and respect the independent, humanitarian and impartial actions of NGHAs

NGHAs are independent bodies whose independence and impartiality should be respected by donor governments. Donor governments should not use NGHAs to further any political or ideological aim.

2: Donor governments should provide funding with a guarantee of operational independence NGHAs accept funding and material assistance from donor governments in the same spirit as they render it to disaster victims; one of humanity and independence of action. The implementation of relief actions is ultimately the responsibility of the NGHA and will be carried out according to the policies of that NGHA.

3: Donor governments should use their good offices to assist NGHAs in obtaining access to disaster victims

Donor governments should recognise the importance of accepting a level of responsibility for the security and freedom of access of NGHA staff to disaster sites. They should be prepared to exercise diplomacy with host governments on such issues if necessary.

Annex III

Recommendations to intergovernmental organisations

1: IGOs should recognise NGHAs, local and foreign, as valuable partners

NGHAs are willing to work with UN and other intergovernmental agencies to effect better disaster response. They do so in a spirit of partnership which respects the integrity and independence of all partners. Intergovernmental agencies must respect the independence and impartiality of the NGHAs. NGHAs should be consulted by UN agencies in the preparation of relief plans.

2: IGOs should assist host governments in providing an overall co-ordinating framework for international and local disaster relief

NGHAs do not usually have the mandate to provide the overall co-ordinating framework for disasters which require an international response. This responsibility falls to the host government and the relevant United Nations authorities. They are urged to provide this service in a timely and effective manner to serve the affected state and the national and international disaster response community. In any case, NGHAs should make all efforts to ensure the effective co-ordination of their own services.

In the event of armed conflict, relief actions are governed by the relevant provisions of international humanitarian law.

3: IGOs should extend security protection provided for UN organisations, to NGHAs

Where security services are provided for intergovernmental organisations, this service should be extended to their operational NGHAs partners where it is so requested.

4: IGOs should provide NGHAs with the same access to relevant information as is granted to UN organisations

IGOs are urged to share all information, pertinent to the implementation of effective disaster response, with their operational NGHAs partners.

Appendix 5 Sphere Humanitarian Charter and Minimum Standards in Disaster Response

THE SPHERE PROJECT

Humanitarian Charter and Minimum standards in Disaster Response

www.sphereproject.org

Background

The Sphere Project was launched in 1997 by NGOs to develop a set of universal minimum standards in core areas of humanitarian assistance. It is managed by the Steering Committee for Humanitarian Response which is a coordinating body representing various international NGO networks. The aim of the project is to improve the quality of assistance provided to people affected by disasters and to enhance the accountability of the humanitarian system in disaster response.

Introduction

“Meeting essential needs and restoring life with dignity are the core principles that should inform all humanitarian action.”

The purpose of the Humanitarian Charter and Minimum Standards is to increase the effectiveness of humanitarian assistance and to make humanitarian agencies more accountable. It is based on two core beliefs:

- That all possible steps should be taken to alleviate human suffering that arises out of conflict and calamity.
- That those affected by a disaster have a right to life with dignity and therefore a right to assistance.

Humanitarian Charter

“Humanitarian agencies committed to this Charter and to the Minimum Standards will aim to achieve defined levels of service for people affected by calamity or armed conflict, and to promote the observance of fundamental humanitarian principles.”

The cornerstone of the Sphere Project is the Humanitarian Charter. Based on the principles and provisions of international humanitarian law, international human rights law, refugee law, and the *Code of Conduct for the International Red Cross and Red Crescent Movement and (NGOs) in Disaster Relief*, the Charter describes the core principles that govern humanitarian action and asserts the right of populations to protection and assistance.

The Charter defines the legal responsibilities of states and parties to guarantee the right to assistance and protection. When States are unable to respond, they are obliged to allow the intervention of humanitarian organisations.

The Minimum Standards

The Minimum Standards cover disaster assistance in five sectors:

- Water supply and sanitation
- Nutrition
- Food aid
- Shelter and site planning
- Health services

Most of the standards, and the indicators that accompany them, consolidate and adapt existing knowledge and practice. They represent a remarkable consensus across a broad spectrum of agencies and mark a new determination to ensure that humanitarian principles are realised in practice.

Scope and Limitations of the Humanitarian Charter and Minimum Standards

The ability of NGOs to achieve the Minimum Standards will depend on a range of factors, some of which are within their control, while others such as political and security factors, lie outside their control. Of particular importance will be the extent to which agencies have access to the affected population, whether they have the consent and cooperation of the authorities in charge, and whether they can operate in conditions of reasonable security. The availability of sufficient financial, human and material resources is also essential.

The Minimum Standards do not attempt to deal with the whole spectrum of humanitarian concerns of actions. They do not cover all the possible forms of appropriate humanitarian assistance, and more importantly, they do not deal with the larger issues of humanitarian protection.

Humanitarian agencies are frequently faced with situations where human acts or obstruction threaten the fundamental well-being or security of whole communities or sectors of a population – such as to constitute violations of international law. This may take the form of direct threats to people's well being, to their means of survival or to their safety. In the context of armed conflict, the paramount humanitarian concern will be to protect people against such threats.

It is important to stress that the form of relief assistance and the way in which it is provided can have a significant impact (positive or negative) on the affected populations security. The Humanitarian Charter recognises that the attempt to provide assistance in situations of conflict 'may potentially render civilians more vulnerable to attack, or bring unintended advantage to one or more of the warring parties', and it commits agencies to minimising such adverse effects of their interventions as far as possible.

The Humanitarian Charter and Minimum Standards offer a tool for humanitarian agencies to enhance the effectiveness and quality of their assistance and thus to make a significant difference to the lives of people affected by disaster.

Further Information

The Sphere Manual including the Humanitarian Charter and Minimum Standards (322 pages) is available on the Sphere website at: <http://www.sphereproject.org> and from the Australian Council for International Development Ph: 02 6285 1816.

**Appendix 6 People In Aid Code of Good Practice
in the management and support of aid personnel**

<http://www.peopleinaid.org/code/default.aspx>

Appendix 7 NGO Effectiveness Framework — June 2004

Defining the Sector

According to the ACFID Code of Conduct, Australian NGOs are non government development organisations that are formed voluntarily and operate on a not-for-profit basis. Australian NGOs chose to specifically define themselves as values-based organisations that are part of Australian civil society.

In addition to being part of a sector within the aid industry, each Australian NGO is an autonomous organisation, with a philosophy and values that are unique to that organisation. While many of these values overlap or are shared with other organisations, each Australian NGO can point to its own unique contribution to development based upon its philosophy and values and the manner in which it operationalises that philosophy.

NGO Effectiveness

Effectiveness is defined prompting sustainable change that addresses the causes as well as the symptoms of poverty and marginalisation – i.e. reduces poverty and builds capacity within communities, civil society and government to address their own development priorities.

Principles

All Australian NGOs have principles that flow from their values and philosophy. Some of these are unique to each organisation.

The sector also has shared principles, as detailed in the ACFID Code of Conduct:

Organisations which are signatories to this Code aim to build creative and trusting relationships with the people of the developing countries and to meet program standards which:

- *Give priority to the needs and interests of the people they serve;*
- *Encourage self help and self-reliance among beneficiaries and thus avoid creating dependency;*
- *Involve beneficiary groups to the maximum extent possible in the design, implementation and evaluation of projects and programs;*
- *Respect and foster internationally recognised human rights, both socio-economic and civil-political;*
- *Seek to enhance gender equity; and*
- *Are based on an understanding of the history and culture of the people served.*

(taken from ACFID Code of Conduct)

Australian NGOs particularly endorsed the principles related to human rights and gender analysis. In addition, Australian NGOs have identified a further common principle:

Australian NGOs shall identify their values, communicate them to all key stakeholders and reflect them in their work.

Policies

Each Australian NGO has its own set of organisational policies that govern the work and approach of the agency. Some of these are sector wide, as reflected in the ACFID Code of Conduct. Some of these are peculiar to each organisation and will reflect the different management practices, resources and internal processes of each NGO.

Program Strategies

Every Australian NGO has a program strategy to operationalise their philosophy, values and principles. In other words, each organisation has its own way of 'doing things' to contribute to development. This diversity within the industry is valued, as it allows a wide range of possible responses to the complex issues of development.

At the same time Australian NGO programs are characterised by certain common qualities that contribute to effectiveness. These include:

- ***High quality relationships***

One of the critical features of Australian NGO work is that apart from humanitarian response, most Australian NGOs do not implement directly. Instead, reflecting a commitment to building local capacity and self-reliance, most Australian NGOs choose to work through local implementing organisations. For this process to work effectively, Australian NGOs place a high value on the quality of the relationship between themselves and their implementing partner.

Good relationships evolve over time, based upon trust, mutual learning, accountability and acceptance of difference. The purpose of good relationships is to build capacity of implementing partners and increase the process of self-reliance and/or local ownership.

- ***Long term engagement***

Development situations are usually complex and most often require engagement that go beyond short-term project and program cycles. Australian NGOs seek to work in ways that allow for long term engagement in locations, in sectors and with people, for the purpose of more effective and sustainable solutions to development problems.

- ***Learning***

Given the dynamic nature of development, Australian NGOs and their implementing partners seek to undertake ongoing reflection about their work and the context of that work, for the purpose of improvement.

- ***Adaptation***

As above, Australian NGOs work in situations of change and new information. They seek to adapt to information and try to be responsive to changing circumstances.

- ***Working together***

In many situations Australian NGOs are able to bring about increased impact and effectiveness by working together, either in the field or in coalitions within Australia.

Through the ongoing work on quality and effectiveness the NGO community is focusing and placing greater emphasis on the value and importance of working collaboratively and in cooperation.

Working in difficult contexts is by definition harder and more complex than working in less complex contexts. Working together with other NGOs can only be of benefit.

- ***Risk taking***

Australian NGOs will often choose to work in situations where outcomes are less certain, in order to meet the needs of people otherwise poorly served by other aid delivery mechanisms.

- ***Quality of staff and volunteers***

It appears that the quality of people employed by Australian NGOs is one element of their effectiveness.

While program strategies will be unique to organisations, they will be coherent within the agency philosophy and will reflect the shared principles and the above characteristics of the Australian NGO sector. In addition, it is important that the activities or areas of engagement of the NGO are coherent with the stated agency program strategy.

Standards of engagement

Most Australian NGOs have established standards that guide the development and implementation of their activities. In addition to these the NGO Effectiveness Conference, participants proposed the following sector wide standards to be reflected within all Australian NGO engagement;

- *Australian NGO activities aim to provide appropriate solutions to the root causes of poverty and marginalisation, addressing specific protection needs of the most vulnerable (including women, children, disabled, elderly, indigenous) and respecting all peoples' dignity;*
- *Australian NGO activities reflect high quality gender practice. That is, engagement reflects an understanding of different male and female roles within communities and should work to bring about greater equality of opportunity, taking into account the cultural and other contextual features of the situation;*
- *Australian NGO activities are based upon and are coherent with an analysis and understanding of situation and context. This includes attention to diversity in communities and groups and to the links between micro and macro conditions;*
- *Australian NGO activities have an appropriate design that identifies people-centred outcomes, and the means and processes required to achieve these. The designs are flexible, to enable adaptation to the dynamic situation of implementation;*
- *Australian NGO engagement aims for wider impact through various means, including empowerment and capacity building of partners and communities, and by taking a programmatic approach to activities;*
- *Australian NGOs, together with their implementing partners, undertake monitoring and evaluation of their work, in order to identify areas of success, areas requiring improvement and in order to implement timely and appropriate change;*
- *Australian NGOs are able to demonstrate that costs associated with their engagement are appropriate to the context and the nature of the intervention and reasonable in relation to the proposed outcomes and benefits;*
- *Australian NGO activities have sustainability strategies that take into account the wider context and give attention to long-term impact;*
- *Australian NGOs assess and manage risk during their activities;*
- *Australian NGOs work in ways that include clear and transparent accountability mechanisms to all key stakeholders;*
- *Australian NGOs provide appropriate quality technical input, as necessary, in their engagement with others. This input is cost effective, maximises local input and capacity and utilises appropriate technology;*
- *Australian NGO activities are implemented with an informed understanding of the environmental impact of the activity; and*
- *Australian NGOs work towards the participation and increased control by people of their development situation. This includes genuine participation of people at all stages of the program cycle and is reflected in the way engagement is undertaken.*

Working in Emergencies

Being able to respond to an emergency is an important element of development. There is a growing need for development agencies to respond to increasing vulnerabilities and protection needs of specific groups (women, children, disabled, elderly) and to promote the human security concerns of the people in communities that they are working in.

The 'unique' aspect of working in emergencies is that the protection needs, the time frames, the demands on staff and partners, the need for good relationships and coordination, the scrutiny by media, the public and donors and the need to understand what laws and rights govern the local rule of law all become more 'intense'. In other words, the demands that are required for good emergency response practice are the same as for good development practice but far more 'intense' pressures come into force.

Advocacy work

Program work is about effective engagement that changes people's lives but is also about building constituencies to do effective advocacy. If policy change is to lead to practice change that effects people's lives there needs to be a strengthening of constituency and their capacity, plus an increase in political space for local organisations to take policy change and make it real. Therefore, the program and advocacy link is very important. This is not just work for large agencies but something that could be divided amongst agencies. Small agencies also play a key role especially in building capacity of local organisations.

In addition to the elements described above, a key feature of effective advocacy is legitimacy. This includes the following:

- Information arising from strong field relationships and practice
- High quality research;
- Enabling partners to speak for themselves; and
- Independence from Government or others

Meeting the standards

Participating NGOs agreed that not all the work of their organisations necessarily reflected all of these standards. Indeed in some situations there might be some need to prioritise some standards over others, or to significantly improve areas of engagement in order to reflect these standards. To this extent the standards are aspirational. In addition, people noted that these standards required further definition and examples, in order to work towards meaningful assessment of how any particular area of engagement reflected a particular standard.

However there has been agreement about these standards should be reflected in Australian NGO work. There is further agreement that Australian NGOs should embark on the process of improving their work according to these standards.

Appendix 8 Code Guidelines on Producing a Child Protection Policy

<http://www.acfid.asn.au/code-of-conduct/signatory-tools/>