Australian NGO Accreditation Guidance Manual

August 2015

If you have comments or feedback, please send them to accreditation@dfat.gov.au

Please be specific: reference page numbers/sections; state changes or clarifications you believe are needed; advise us if issues have been omitted that you believe should be addressed/included in the manual.

Version	Date	Changes
1	November 2011	Original Version
2	February 2012	Inserted guidance on criteria B5, amended guidance on role of observers
3	September 2014	Revisions to ensure that: • manual is consistent with revised accreditation criteria and indicators. *NB: Accreditation criteria were revised in August 2014 to align with the Department of Foreign Affairs and Trade's Due Diligence Framework;* • manual informs and supports the implementation of an on-line application system for accreditation. http://aid.dfat.gov.au/Publications/Pages/ANCP-Manual-11072014.aspx- ANCP Manual
4	August 2015	Changes to wording to reflect DFAT maintaining consolidated lists of organisations subject to targeted financial sanctions under Australian law.

Contents

Acronyms

ACFID	Australian Council for International Development
ANCP	Australian NGO Cooperation Program
CDC	Committee for Development Cooperation
Code of Conduct	Code of Conduct of the Australian Council for International Development
DFAT	Department of Foreign Affairs and Trade
MoU	memorandum of understanding
NGO	non-government organisation
RDE	recognised development expenditure

1 Introduction

In 1996 DFAT and Australian non-government organisations (NGOs) initiated an accreditation scheme for NGOs participating in the official Australian aid program. Accreditation enables NGOs to participate in the Australian NGO Cooperation Program (ANCP).

Accreditation acts as a front-end risk management and due diligence process. It is one component of the Department of Foreign Affairs and Trade's (DFAT) risk management strategy and can also be seen as part of sector self-regulation, along with other sector quality assurance systems such as the [Australian Council for International Development (ACFID) Code of Conduct [external site].]

NGOs can seek accreditation at either Base or Full level. While the criteria are similar for each level, the standards expected for each level are different. The amount of ANCP funding available differs according to the level of accreditation.

This **purpose** of this manual is to set out information and guidelines that enable Australian NGOs, Review Teams and the Committee for Development Cooperation (CDC) to have a shared understanding of the purpose, process and approach to NGO accreditation. In doing this, DFAT seeks to:

- Assist and equip NGOs to navigate the accreditation process and maximise its usefulness as an organisational learning and development exercise
- Optimise consistent professional practice across the Review Teams to produce consistent, accountable assessments of NGOs against the accreditation criteria during Desk Assessments and Organisation Reviews
- Assist and guide the CDC to maintain the principles of accreditation and enhance the transparency of CDC processes for NGOs.

The **target readership** for this manual includes:

- Australian NGOs seeking accreditation or re-accreditation
- Review Team members
- Members of the CDC
- DFAT staff managing accreditation reviews.

The manual is advisory and subject to change in line with Government policies and industry development. It does not provide a single official methodology or set of instructions for approaching accreditation reviews. Each review will have a particular scope and distinct circumstances. This manual provides guidance that describes the general situation in accreditation reviews to enable NGOs, Review Teams, the CDC and DFAT to work as consistently as possible within the broad context of the accreditation process. This manual should be read in conjunction with the Australian NGO Cooperation Program (ANCP) Manual.

2 An Overview of Accreditation

Accreditation is awarded to Australian NGOs that meet a set of established criteria. It provides DFAT and the Australian public with confidence that the Australian Government is funding professional, well-managed organisations that are capable of delivering quality development outcomes and are accountable to their stakeholders.

The process of accreditation is an in-depth assessment of Australian NGO's against criteria that have been developed and agreed by DFAT and ACFID. It evaluates an NGO's structure, policies, links to the Australian community, partnership arrangements, program, financial and management systems, and how these are applied. Accreditation is not an assessment of the quality or impact of an NGO's development activities.

Desk Assessments and Organisation Reviews are the key components of the accreditation process. DFAT commissions a Review Team of three external consultants to conduct Desk Assessments and Organisation Reviews. DFAT strives for good professional practice and equitable outcomes within the accreditation process by minimising variations in the way different Review Teams approach Desk Assessments and Organisation Reviews.

Organisations that meet accreditation criteria are eligible to receive funding under the DFAT Australian Non-Government Organisation Cooperation (ANCP) Program.

The accreditation process is characterised by peer review. Each accreditation assessment provides the opportunity for an exchange between the Review Team and the NGO. The Review Team's final report is presented to the CDC, which further strengthens the element of peer review within the process. The CDC is a joint DFAT–NGO advisory body that considers each accreditation review report prior to making its recommendation to the DFAT delegate for a final decision.

The accreditation assessment covers the NGO's entire program as reflected in its recognised development expenditure (RDE) and is not limited to DFAT-funded activities.

Principles underpinning Accreditation

The integrity of the accreditation process has been maintained since its commencement in 1996 through the important principles that underpin its application. The Review Teams strive to adhere to these principles:

- Accountability and transparency – NGOs are assessed against an agreed set of criteria.
- Front-end risk management – DFAT are assured of an NGO's capacity to implement development programs and are therefore confident to fund NGOs from the ANCP
- Peer assessment – Review Team members are experienced NGO and

development professionals. The CDC oversees the accreditation process ensuring quality and consistency.

- Collaboration and participation – Review Team members aim to establish a collegial and cooperative dynamic at Organisation Reviews working together with the NGO to understand their approaches.
- Evidence-based judgments – Review Teams assess NGOs through the review of documented evidence and discussion.
- Acknowledgment of the diversity of the Australian NGO sector – the expectations of performance against the accreditation criteria and indicators can accommodate the diversity within the NGO sector.
- Continuous learning and quality/capacity improvement in the sector – the process of preparing for accreditation supports NGOs to reflect on current practice and strengthen it.
- Good practice – the accreditation criteria are periodically reviewed to continue to reflect sector good practice.

Pre-requisites for Accreditation

There are some pre-requisite conditions for NGOs. Organisations wishing to apply for accreditation must:

- Demonstrate a minimum two-year track record of managing development activities
- Be an Australian organisation with an Australian Business Number (ABN) issued by the Australian Taxation Office;
- have applicable Deductible Gift Recipient (DGR) status (under ITAA 1997 s30-85 Developing Country Relief Fund or ITAA 1997 s30-80 International Affairs - Specific) if this is claimed by the organisation.
- Be a signatory to the Australian Council for International Development (ACFID) Code of Conduct [external site]
- Not be included on the World Bank Listing of ineligible firms and individuals; the World Bank Listing of ineligible firms and individuals; the Asian Development Bank Sanctions List; the Attorney General's Department List of Terrorist organisations; or DFAT's consolidated list of individuals and entities subject to targeted financial sanctions, including relating to terrorism.
- Have a recognised development expenditure (RDE) of $50,000 minimum, averaged over three years, if applying for Base accreditation; or a RDE of $100,000 minimum, averaged over three years, if applying for Full accreditation
- Complete and submit an application for accreditation on-line.

The Accreditation Criteria

The accreditation criteria have been developed and agreed by DFAT and ACFID through the CDC. The criteria, indicators and accompanying guidance have been revised and updated a number of times since 1996, but the criteria remain fundamentally unchanged.

Accreditation criteria cover five domains of practice:

- NGO identity and structure
- Development philosophies and management practices
- Approaches to partnership and development collaboration
- Linkages with the Australian community
- Financial systems and risk management.

Each domain of practice has a number of criteria. NGOs applying for Base or Full accreditation **must satisfy all sixteen criteria.** There are differences in the standards expected or indicators for each criterion for Base and Full accreditation, and NGOs should take care to consider those differences. Refer to Annex 1 for the ANGO Accreditation Framework and explanatory notes.

Base accreditation

Small organisations or organisations new to accreditation applying for Base accreditation are not expected to have as comprehensive a capacity, as extensive a track record, or as robust a set of systems as larger, more established NGOs applying for Full accreditation.

Organisations applying for Base accreditation must have a minimum recognised development expenditure (RDE) of $50,000, averaged over three years. Base-accredited NGOs receive a fixed amount of funding from the ANCP as an accreditation factor. The accreditation factor is capped at a maximum amount per organisation per annum, currently $150,000. Funding eligibility amounts are outlined in the ANCP Guidelines.

Full accreditation

Fully accredited NGOs must meet all criteria to a higher standard than those applying for Base accreditation. Fully accredited NGOs receive a higher fixed amount as an accreditation factor, currently $300,000 plus a ‘volume factor’ proportional to their average recognised development expenditure (RDE) compared to all Fully accredited NGOs. Organisations applying for Full accreditation must have a minimum RDE of $100,000, averaged over three years.

Re-accreditation

Accreditation status is awarded at a particular point in time, and it is therefore necessary for organisations to be re-accredited at least every five years. If an organisation wishes to upgrade from Base to Full level accreditation, it can do so any time after 12 months from the DFAT delegate's decision to accredit the organisation at Base level.

In addition, DFAT also regularly audits accredited NGOs specifically in relation to DFAT-funded activities, and may also undertake RDE spot checks.

Australian NGOs are advised 12 months before their re-accreditation is due to enable them to prepare a new Agency Profile in the following 12 months. If an NGO is unable to provide its Agency Profile in that time, it should advise DFAT (accreditation@DFAT.gov.au) as soon as it is aware that the 12-month deadline cannot be met, and should advise when it expects to provide the Agency Profile. This should be no more than 6 months from the date on which the Agency Profile is due.

Failure to provide an Agency Profile by the due date means that organisations may be at risk of losing their accreditation status and may therefore be excluded from ANCP funding in the following financial year.

DFAT understands that situations may arise that can impact on an organisation's preparedness. However, it is important to advise DFAT well in advance to enable DFAT to manage its own resources, and to determine whether funding should continue to be provided regardless of accreditation status.

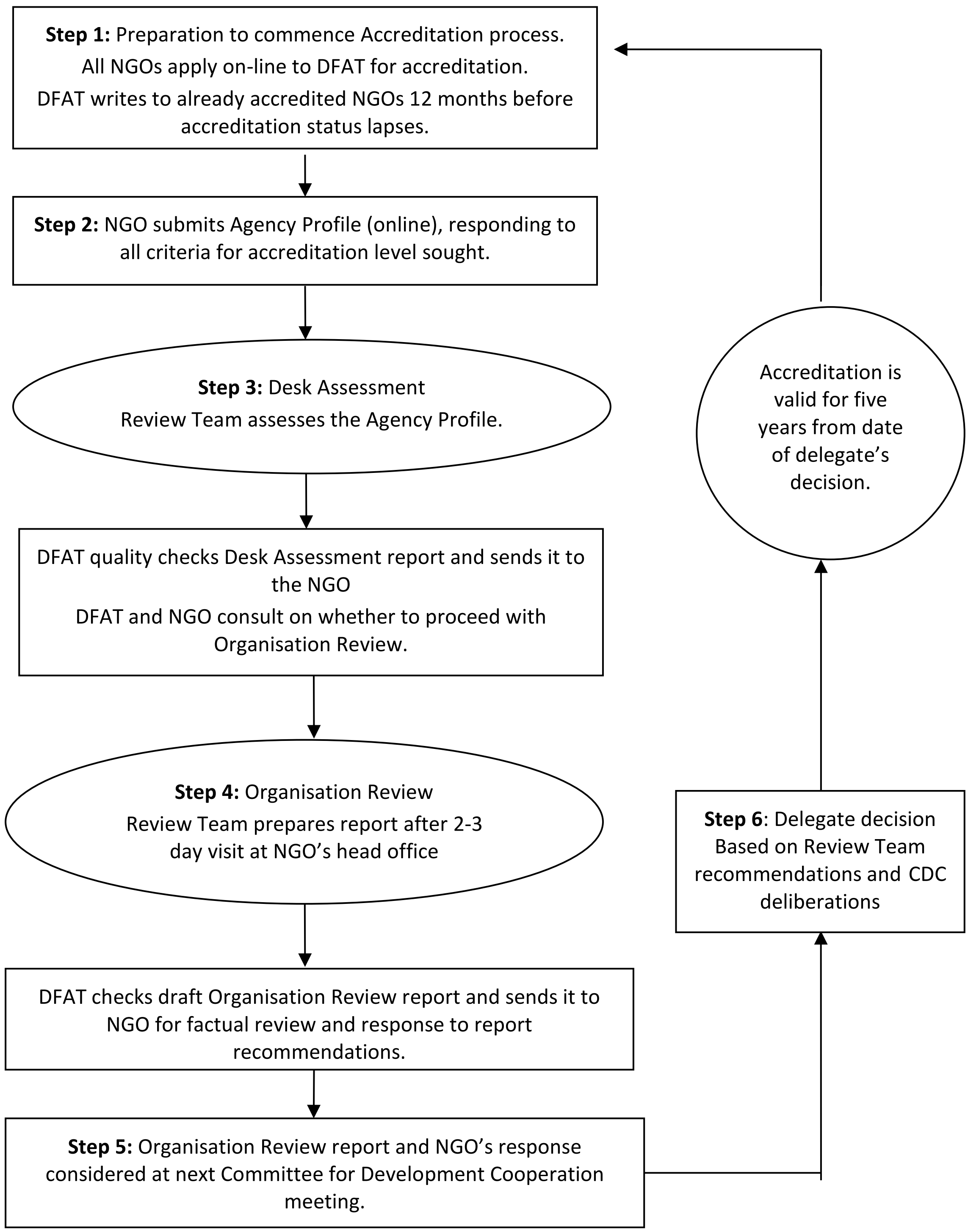
New Accreditations

If an NGO has not previously been accredited with DFAT and therefore may not have used DFAT funds before, it will need to demonstrate its current practice against the accreditation criteria for the management of its own funds, funds from other Australian government departments (if any), and funds from other bilateral or multilateral donors. The Review Team needs to be confident that the NGO has the capacity (knowledge, experience and resources) to manage DFAT funds with all the quality and accountability obligations that accompany them.

If the NGO's management of other funding has not been performed with the rigour and risk management practice that is required by DFAT, the NGO will need to demonstrate that it has developed more rigorous project management systems that are consistent with DFAT expectations, to be used if it is accredited.

3 Guidance for the Accreditation Process

The following diagram depicts the steps in the accreditation process. The diagram is followed by a more detailed explanation of each step. The accreditation process can take between four to six months to complete from the time of Agency Profile submission.



Step 1: Preparation to commence the Accreditation process

Once an NGO determines that it wishes to apply (or re-apply) for DFAT accreditation, it should review the information and guidance in this manual. If the NGO is eligible, it may apply to DFAT for technical assistance to complete the accreditation application.

Throughout the accreditation process, the onus is on the NGO to make its case for satisfying the accreditation criteria. The NGO community is diverse, so not all NGOs will meet the criteria in the same way. It is therefore important for each NGO to give the Review Team a clear picture of how it operates through its Agency Profile at the Desk Assessment stage, and face-to-face at the Organisation Review.

All projects in the NGO's RDE fall within the scope of the accreditation review including those funded by DFAT and by other sources. The reviewers will also be seeking to understand how the NGO differentiates between eligible and non-eligible projects and expenditure for the purposes of calculating RDE.

The NGO should begin to prepare for accreditation 18 to 24 months before the submission of its on-line Agency Profile. This allows adequate time for any necessary changes to be made to policies and practice and review of the Agency Profile by staff members and the governing body, if that is an internal requirement of the NGO. Some areas of the NGO's practice may need significant change, and a one to two-year track record is a requirement for accreditation. The accreditation process and DFAT's requirements can change in the five years between reviews, so even long-accredited NGOs should refresh their knowledge of accreditation standards and expectations.

The NGO can tap into many sources of support and advice within the sector: peer organisations, DFAT (through technical assistance if the NGO is eligible), ACFID and a number of consultants experienced in accreditation recommended by ACFID. In addition, ACFID runs annual accreditation training workshops.

Step 2: Preparation of the Agency Profile

NGOs seeking accreditation should submit their Agency Profile application on-line. The introduction of an on-line application process in 2014 will reduce the administrative burden on NGOs. The questions in the Agency Profile have been streamlined to reduce repetition and accommodate the revisions to accreditation criteria.

The Agency Profile is a pro forma that must be completed by all NGOs applying for Base or Full accreditation. It is the means by which the NGO presents all documentation relevant to the accreditation criteria and is the basis for the Review Team's Desk Assessment. NGOs are encouraged to refer to the *Accreditation Criteria Guidance* in this manual as they prepare their Agency Profile on-line application (see Section 4).

New applicants can submit an Agency Profile to DFAT at specified times. Currently, applications are accepted from 1 September to 1 December each year. Reviews of new applicants will be undertaken as soon as the review timetable allows.

Agency Profiles of NGOs applying for accreditation for the first time will be checked initially by a member of DFAT's NGO Section to ensure that the organisation meets the eligibility criteria and that the Agency Profile is complete and includes the required supporting documentation. If the Agency Profile is not complete the DFAT desk officer will contact the NGO to notify of any gaps and recommend revising the application before it can be assessed further.

The preparation of the Agency Profile is a time-consuming and complex task, but one that most NGOs find to be very useful. The more time allowed for preparation, the more likely the process will add value to the organisation.

Some useful tips in the preparation of the Agency Profile document are as follows:

- Plan to engage a wide range of staff within the organisation in the preparation of the Agency Profile and ensure the support of the governing body and staff.
- Consider establishing an internal working group to coordinate preparation. This arrangement informs all the areas of the NGO about accreditation and its requirements, spreads ownership of the process across the organisation, and shares the workload.
- Ensure that the governing body is fully aware of the accreditation process and that it receives regular updates on progress.
- Talk with peers in other NGOs that have recently been through accreditation. Most will be happy to share examples of policies, procedures and documents.
- Thoroughly read the entire Agency Profile questions (not just the section relevant to your area of work) so that you are aware of the how specific questions relate to others.
- Thoroughly study the accreditation criteria and indicators outlined in the NGO Accreditation Framework and explanatory notes and this manual. You need to be clear about the type of information required, and what the reviewers need to learn from your answers.
- Tell it like it is—do not make untrue or aspirational claims in the Agency Profile. All statements in the profile must be supported by verifiable evidence.

Step 3: Desk Assessment

Following the submission of the NGO's Agency Profile to DFAT, the application is provided to all members of the Review Team that will conduct the Desk Assessment of the NGO's operations, systems and capacities. The Team Leader will compile the Desk Assessment Report and identify the areas the NGO needs to address, flagging them for discussion and/or requiring the organisation to provide further material at the Organisation Review.

A copy of the Desk Assessment Report is provided to DFAT and by DFAT to the NGO, usually within six weeks of the Agency Profile being submitted. The NGO will have at least four weeks from receiving the Desk Assessment report to prepare for the Organisation Review.

If a Review Team makes a preliminary judgment in the Desk Assessment Report that accreditation status is unlikely to be granted, the NGO and DFAT should discuss whether to proceed to the next stage, the Organisation Review. If there is a recommendation against accreditation following a Desk Assessment, the NGO must wait one year from the date of its decision or the date of the DFAT delegate decision (whichever applies) before it can reapply for DFAT accreditation.

Step 4: Organisation Review

An Organisation Review is undertaken for both Base and Full accreditation. It will usually be undertaken four to six weeks after the Desk Assessment is provided to the NGO. The review provides the opportunity for discussion between the NGO and the Review Team on any issues raised in the Desk Assessment and enables NGOs to provide further clarifying material.

An Organisation Review also includes consultation with the NGO, and involves:

- further review of the NGO's Agency Profile
- review of relevant files and documents held by DFAT
- review of relevant records held by the NGO, including project documentation
- any other appropriate sources of information.

During the Organisation Review, the onus is on the NGO to demonstrate how it satisfies the criteria. Reviewers cannot know what evidence an NGO has tucked away in files unless it is brought to their attention.

Before the Organisation Review, the Review Team will consult with DFAT to obtain relevant data (for example, in the case of a re-accreditation, any audit reports that have been commissioned by DFAT in the previous five years). The Organisation Review is an on-the-day assessment, and recommendations are based on the evidence available at the time of the review.

The review involves a two or three-day visit to the NGO's head office. The third day is usually used to allow adequate time for the Review Team to discuss its findings and provide feedback to the NGO.

NGOs should not wait for the Desk Assessment report before beginning preparations for the Organisation Review. All operational areas of the NGO should consider the evidence required to demonstrate how each of the criteria is being addressed.

Gathering the documentation can take time, particularly where it is kept in field offices or other Australian offices. Many NGOs go through a 'mock' or an abbreviated review, which can be facilitated by an external consultant or through DFAT-funded technical assistance (subject to eligibility). This process can be useful to test staff preparedness and also to allay anxiety. It is a good idea to include governing body representatives in the process.

The NGO should receive the Desk Assessment report at least four weeks before its Organisation Review. The organisation should review the report carefully and ensure that all staff members who may be involved during the Organisation Review have read the report. The Desk Assessment Report will outline a list of issues (for each criterion) that require further exploration or verification at the Organisation Review. Some matters are routine and apply to most NGOs, while others will be specific to the organisation. The report will also outline any issues of concern identified from the Agency Profile. The NGO should use these lists to prepare for the Organisation Review.

The NGO should gather relevant documentation together and organise it so that the Review Team can navigate it easily to address each criterion and each of the issues raised in the Desk Assessment Report. This approach limits disruptions to the NGO's files and also gives the organisation the best opportunity to drive the process and demonstrate its 'story'.

The Review Team prepares an Organisation Review report for the CDC based on the accreditation criteria and including an overall recommendation on whether to accredit the NGO and at what level. DFAT will provide a copy of the Organisation Review report to the NGO for comment before the report is presented to the next CDC meeting. In most cases, no response to the Organisation Review report is required. Discussion and clarification during the review will have minimised factual errors. The Review Team may make amendments to the report based upon comments received from the NGO. Amendments to the report will generally only relate to factual material and are made at the discretion of the Review Team. DFAT will provide a copy of the final report to the NGO.

DFAT will also invite the NGO to provide additional comments and feedback on the accreditation process. This allows the NGO to highlight any problems in the accreditation process and helps DFAT and the CDC to improve the accreditation system. This material will be provided to the CDC together with the final Organisation Review report.

Step 5: Consideration by the Committee for Development Cooperation

The CDC considers the Organisation Review report and the NGO's comments, if any, at its next meeting after the review. The CDC will then make a recommendation to the DFAT delegate through the CDC chair. The recommendation may include representations made by the NGO regarding the Organisation Review report findings. Report findings cannot be changed during a CDC meeting, but the CDC may choose not to accept report findings and to direct that further investigation and/or clarification be undertaken with the NGO before a final accreditation recommendation to the delegate can be made. In those circumstances, the CDC will consider the report again at its next meeting before making its recommendation.

Step 6: DFAT delegate's decision

The DFAT delegate makes the final decision to grant or deny accreditation. DFAT will inform the NGO of the delegate's decision as soon as possible after the CDC meeting at which the Organisation Review report is considered.

Following a decision by the DFAT delegate on accreditation, the NGO may write to the delegate stating the grounds for disputing the decision and requesting reconsideration of the issue.

An NGO that gains accreditation will be invited to sign a head agreement with DFAT. The NGO will then be eligible to receive funding under the ANCP, subject to funding availability. DFAT will allocate ANCP funding in the next financial year when indicative planning figures for all accredited NGOs participating in the program can be calculated.

4 Guidance for the Accreditation Criteria

The **ANGO Accreditation Framework** is attached at **Annex 1**. The Framework outlines each criterion, an explanation of the underlying intent of the criterion and a list of indicators which reflect reasonable expectations of capacity, practice or evidence required for each criterion. Detailed guidance for each of the indicators is also provided in the table as endnotes to assist organisations in their preparation for accreditation and Review Teams in undertaking accreditation assessments.

How an NGO describes and demonstrates its capacity and performance for the indicators (and therefore the criteria) will differ from NGO to NGO. The onus is on the NGO to demonstrate through evidence and explanation how it addresses each criterion. The Reviewers will use the guidance in the ANGO Accreditation Framework to inform and guide their assessments while acknowledging the diversity and dynamic management practices of the Australian NGO community.

When submitting an application for accreditation, NGOs will be required to provide a standardised set of documentary evidence for the Desk Assessment. The Desk Assessment report will outline additional evidence required from the ANGO at the OR. The following guidance sets out the standardised evidence required for the Desk Assessment for each criterion.

Criterion A1: The NGO is a legal charity registered in Australia

In the Agency Profile, the NGO is required to attach:

- A copy of its governing documents (such as the memorandum and articles of association, constitution, trust deed or other appropriate documents)
- A copy of the minutes of its two most recent annual general meetings (AGMs), showing the election of governing body officers by the membership of the organization

Criterion A2: The NGO has a governing body including identified office holders, a documented structure of responsibilities and appropriate systems to ensure accountability.

In the Agency Profile, the NGO is requested to attach:

- Governing Instrument
- AGM Minutes for last two years
- Most recent Annual Report
- Most recent Audited Financial Statements
- Three most recent Governing body meeting minutes
- Copies of any agreements concerning affiliations with international networks with which the NGO jointly manages or governs programs.

An organisation applying for Full level accreditation is also requested to attach:

- Terms of Reference for up to 3 sub-committees of the Governing Body (if applicable)
- Strategic Plan
- Organisational level Risk Management Framework
- Evidence of Board evaluation

Criterion B1: The NGO has a demonstrated record of undertaking international development activities.

In the Agency Profile, the NGO is required to provide:

- A list of all programs and projects included in the RDE calculations for the most recent Full financial year
- Policy on non-development activity

An organisation applying for Full level accreditation is also requested to attach:

- One example of a country or regional strategy document

Criterion B2: The NGO operates in a manner consistent with current good practice guidelines for the sector

In the Agency Profile, the NGO is requested to attach:

- An example of a project design
- Policy on Capacity Building Policy (or equivalent)
- Policy on Sustainability (or equivalent)
- Policy on Child Protection
- Policy on Gender equality (as it relates to development activities)

An organisation applying for Full level accreditation is also requested to attach:

- Policy on Disability Inclusivity

Criterion B3: The NGO has the capacity to deliver its project/program objectives

In the Agency Profile, the NGO is requested to attach:

- A copy of its standard templates for design and appraisal
- An example of a project level risk management matrix or plan
- Policy on Counter-Terrorism
- Human Resources Policy
- Code of Conduct

- Staff Safety and Security Policy

An organisation applying for Full level accreditation is also requested to attach:

- Set of guidelines outlining its approaches to development and program management (i.e. program operations manual or equivalent)

Criterion B4: The NGO can monitor, report and rate the effectiveness of activities

In the Agency Profile, the NGO is requested to attach:

- A copy of its standard templates and/or guidelines for progress reporting and field monitoring.
- One example of an Executive Summary of an evaluation report or full evaluation report if not longer than twenty pages

An organisation applying for Full level accreditation is also requested to attach:

- Effectiveness Framework or equivalent

Criterion C1: The NGO has documented partnerships with organisations in countries where it works.

In the Agency Profile, the NGO is requested to attach:

- A copy of a standard format agreement or terms and conditions, documenting arrangements with in-country partners.
- An example of a signed agreement, contract or MoU with a partner

An organisation applying for Full level accreditation is also requested to attach:

- Guidelines or procedures for the management of partnerships

Criterion C2: The NGO has assessed the capacity of its partner organisations to deliver and develop projects or programs appropriate for that capacity.

In the Agency Profile, the NGO is requested to attach:

- Guidelines or a template checklist for the assessment of partner capacity
- One completed example of such an assessment.

Criterion C3: The NGO's partnerships and those between its partners and primary stakeholders are effective and consistent with good development practice.

NGOs are not required to provide evidence for this criterion in the Agency Profile.

Criterion D1: The NGO acknowledges and attributes Australian government support.

In the Agency Profile, the NGO is requested to attach:

- Up to three examples of promotional or other materials which shows public recognition of the Australian identity and the support of the Australian Government in Australia and in countries where support has been provided.

Organisations applying for Full level accreditation are also requested to attach:

- Policy or guidance note that addresses the acknowledgement and attribution of the Australian identity and support of the Australian Government

Criterion D2: The NGO provides accurate information about the organisation, its objectives and its activities in its public presentations, in a manner that respects the dignity of recipient communities.

In the Agency Profile, the NGO is required to provide:

- Guidelines or equivalent that seek to ensure that public information is accurate, timely and accessible
- Up to 3 webpage links that are indicative of the organisation's approach to publishing information about its work
- Three examples of information materials that have been shared with the organisation's stakeholders in Australia and overseas

Organisations applying for Full level accreditation are also requested to attach:

- Policy or guidance note concerning the collection and use of life stories/photos of beneficiaries in promotional materials
- Evidence of the promotion of the organisation's public complaints mechanism

Criterion D3: The NGO maintains Australian community support for its development projects.

NGOs applying for Base level accreditation are not required to provide evidence for this criterion in the Agency Profile.

Organisations applying for Full level accreditation are requested to attach:

- Strategy documents relating to fundraising and community engagement

Criterion E1: The NGO has effective management, administration and financial systems for accounting for funding.

In the Agency Profile, the NGO is requested to attach:

- Copies of key financial policies, systems and procedures, or an index if documents are very large

Criterion E2: The NGO's overseas partners and international affiliates have the capacity and commitment to undertake activities, in a professionally competent manner with regard to financial operations.

NGOs are not required to provide evidence for this criterion in the Agency Profile.

Criterion E3: The NGO uses systems to assess and manage financial risk that are appropriate for its level of expenditure.

In the Agency Profile, the NGO is required to provide:

- Schedule of delegation and authorisation levels for personnel
- A list of the organisation's insurance policies

Organisations applying for Full level accreditation are also requested to attach:

- Financial risk management strategy documents
- Foreign currency exchange policy
- Anti-corruption policy
- Fraud control plan or equivalent

Criterion E4: The NGO is able to raise funds from the Australian community for development activities (minimum $100,000 RDE averaged over three years for Full accreditation; minimum $50,000 RDE averaged over three years for Base accreditation)

In the Agency Profile, the NGO is required to attach:

- A copy of the most recent RDE worksheet submitted to DFAT.

5 Technical Assistance

Feedback from the NGO sector indicates that the accreditation process places significant burdens on small NGOs, and that re-accreditation requirements may inhibit them from working with DFAT.

Technical assistance may be provided by DFAT to assist Australian NGOs to understand and prepare for accreditation. Reimbursement for technical assistance is available from mid-cycle onwards in the accreditation process up to a maximum of five days of technical assistance, calculated in accordance with the DFAT's adviser remuneration framework.

The objective of the assistance is to enable an independent consultant of the NGO's choice to review a draft Agency Profile as it has been prepared by the NGO and assesses the organisation's readiness to submit the Agency Profile and commence the accreditation assessment process. In doing so, the consultant would provide feedback to the NGO after identifying issues in the draft Agency Profile or any issues of concern to the NGO. It may include a review of supporting evidence, such as the NGO's key governing instruments, planning documents, and international program documentation, samples of marketing material, financial systems, RDE calculations and staffing details.

Technical Assistance will be provided at the discretion of DFAT where:

- A non-accredited organisation is seeking accreditation
- A Base accredited agency organisation with an RDE of equal to or less than $150,000 and equal to or less than 5 full time equivalent staff and is within 12 months of its due date for reaccreditation.
- The NGO has made substantial progress on completing their Agency Profile.

6 Review Team Guidance

This section outlines the suggested methodology and approach for Review Teams. It is published for transparency as part of the public record.

Roles and responsibilities of the Review Team

DFAT commissions the same Review Team to conduct both the Desk Assessment and the Organisation Review for each NGO. A Review Team comprises two development and NGO specialists and a financial specialist. Consultants are selected for their development experience and knowledge of the NGO sector, DFAT and NGO operating structures. Some Review Teams may include an observer such as a DFAT staff member (not necessarily from the NGO Section) or a member of the CDC.

There is no one correct way for a Review Team to function. The dynamics of teams vary according to the complexity of the review and the different approaches of team members and NGO staff. However, some basics facilitate smooth running and create a working dynamic that achieves the right balance between collegiality and rigour.

The Team Leader

The Team Leader coordinates the Review Team's activities and inputs. They are responsible for the smooth functioning of the process and, during an Organisation Review, for communications between the Review Team, DFAT and the NGO on operational matters. The role of the Team Leader includes:

- ensuring the coherence of the team, including the development consultants, financial assessor and observers
- contacting the NGO and Review Team members to negotiate and confirm dates for the Organisation Review, and advising DFAT of the confirmed dates
- agreeing with Review Team members on the allocation of tasks in the Desk Assessment or Organisation Review
- liaising, consulting and working cooperatively with Review Team members, the NGO and DFAT at each stage of the review
- ensuring that DFAT is kept informed of the progress of the review and of any changes to schedules
- ensuring the consistency and quality of reports
- providing DFAT with reports, agreed on by all team members, within 10 days of the completion of a Desk Assessment or Organisation Review
- responding to DFAT and/or CDC requests for clarification or expansion of information in reports, as required
- overseeing effective communication within the team and with the NGO being reviewed, ensuring that expectations of the review are shared
- taking responsibility for resolving conflicts and sensitively managing any strains,

disagreements or other issues, either within the team or with the organisation.

Review Team members

Review Team members work under the direction of the Team Leader and in cooperation with the NGO and DFAT at each stage of the review to produce a coherent and high-quality Desk Assessment and Organisation Review. The financial assessor is an integral member of the team and should be included in all discussions with and about the organisation. The roles of the team are interconnected, and ensuring that they work well together will produce the best outcomes from the review.

Observers

An observer from DFAT, ACFID or the CDC often accompanies the Review Team and is accountable in the first instance to the Team Leader. The observer must be clear about their role right from the start. The observer's views are welcome in team meetings, but all communications and discussions about the organisation's accreditation must be through the three-member Review Team.

The observer has no role in assessing the organisation's claims for accreditation and does not participate in the preparation of any reports. However, at the request of the Team Leader they may assist with administrative matters relating to the conduct of the review. The CDC may also seek comments from observers on the accreditation process to contextualise accreditation review reports.

Roles and responsibilities: specific tasks

DFAT manages the overall accreditation process, including official communications with the NGO, ACFID, the CDC and Review Team members. Refer to Annex 2 for a detailed outline of specific tasks within the accreditation process.

Guidelines for conducting reviews

The guidelines provided here should help Review Teams to work consistently and strengthen the integrity of the accreditation process.

The accreditation criteria and indicators

DFAT will advise the Review Team of the appropriate accreditation criteria to apply when it issues a services order. The criteria are revised from time to time to reflect industry good practice and the changing operational environment of NGOs.

Each criterion in the NGO Accreditation Framework is accompanied by indicators. The framework includes links to detailed guidance that should inform the assessment of an NGO against the established criteria. The onus is on the NGO to demonstrate through evidence and explanation how it addresses each criterion.

Judgments against criteria

The Review Team is required to assess the NGO against the agreed accreditation criteria, checking the organisation systematically against the criteria. Where the accreditation criteria refer to DFAT policies, the reviewers should fully understand the policies to make a full and proper assessment.

The Review Team may only work within the scope of the agreed accreditation criteria. It should not make judgments about the NGO's capacity or track record based on expectations or standards that are not included in the NGO Accreditation Framework.

In some cases, there may be questions about the separation of the NGO from an associated entity, such as a commercial company owned by the NGO. Similarly, there may be other factors that blur the identity of the NGO or the manner in which it addresses the agreed criteria. If the Review Team believes that significant questions remain, it should refer the matter to DFAT for consideration.

Principles underpinning each criterion

There is an explanation or underlying intent for each accreditation criterion in the accreditation process. It is outlined in italics below the criterion in the NGO Accreditation Framework.

Review Teams should assess the NGO against each accreditation criterion in a way that acknowledges the underlying intent of the criterion, as well as the diversity and dynamic management practices of the Australian NGO community. They should not use the criteria and indicators in a formulaic manner, but rather apply the principle of each criterion to the individual organisation, embracing the diversity that exists within the sector. To work in this manner, Review Teams should be familiar with the explanation behind each criterion so that they interpret and apply the criterion consistently and carefully.

Applying criteria commensurate with the level of risk

Review Teams should apply each criterion in a way that is commensurate with the size of the risk to DFAT. This will be a judgment developed by the Team Leader in consultation with DFAT and the Review Team members. A small NGO with limited operations that receives limited funding from DFAT is expected to have a capacity and track record that reasonably addresses each criterion, but may not have as comprehensive a capacity, as extensive a track record, or as robust a set of systems as NGOs that receive substantial DFAT funding, operate globally, work extensively with children or maintain a high profile in the community.

If an NGO has applied for Full accreditation and the Review Team finds that the NGO does not have sufficient capacity to satisfy the criteria for Full accreditation, the team should consider whether the NGO has enough capacity for Base accreditation.

Ways of addressing the criteria: indicators

Each criterion is accompanied by a set of indicators and explanatory notes for guidance. These are outlined in the NGO Accreditation Framework table (see Annex 1.) To avoid applying the criteria in a simplistic or formulaic manner, Review Teams should use the indicators as guidance to the expectations for each criterion.

With each revision of the NGO Accreditation Framework the examples of indicators have been revised to align with evolving DFAT requirements and sector good practice. Review Teams should draw on their collective experience and judgment to assess how NGOs meet the criteria and seek to accommodate the diversity within the sector. The onus is on the NGO to demonstrate to the Review Team how it addresses each criterion through appropriate evidence and explanation.

Evidence-Based analysis and judgment

Review Teams are required to exercise due care and competence, ensuring that judgments about the NGO's capacity or track record are based on verifiable evidence. It is the responsibility of the NGO to provide that evidence. The Review Team tests the evidence by considering questions such as:

- Is the evidence up to date?
- Are documented policies being followed?
- Does the evidence follow current organisational practice?
- Are all relevant staff, board members and volunteers aware of the existence of those policies and where they can be found?
- Are the policies being applied in a reasonably consistent manner?

At the Desk Assessment stage, the Review Team relies on the NGO to provide a clear picture of how it operates through the Agency Profile.

At the Organisation Review stage, that picture can be analysed further and verified when the Review Team examines project files, documents and other evidence provided by the NGO, as well as through discussions with key staff and board members.

As a matter of accountable, professional practice, Review Teams should note evidence underpinning their judgments in the Desk Assessment and Organisation Review reports.

The 'on balance' judgment

During an Organisation Review, there may be conflicting evidence regarding whether the NGO comprehensively or consistently addresses a criterion. In such cases, the Review Team may make an on-balance judgment against a particular criterion**.** The evidence for and against that judgment should be explicit in the Organisation Review report.

Similarly, the Review Team may make an on-balance overall recommendation, providing the organisation has met each individual criterion.

In both cases, the Review Team should make it explicit in the final Organisation Review report that the judgment or recommendation is on-balance, rather than unequivocal, and provide justification for the recommendation.

Encouraging improvement or finding fault?

The purpose of accreditation is twofold: to ensure a rigorous risk-management process for DFAT, and to provide an opportunity for learning and institutional strengthening for NGOs. Therefore, it is important, right from the beginning, to approach the review on the basis of building evidence rather than looking for something wrong. A punitive approach does not provide the best environment for cooperation and fairness or for encouragement and improvement. It is in the interests of both DFAT and the NGO that organisational governance, management and financial systems operate well and efficiently.

Weaknesses or more serious problems should still be uncovered and addressed, but an encouraging and collegial approach will foster openness by the organisation and help to create a dynamic that will enable rather than block the Review Team from doing its job well.

Operational guidelines

Communication

DFAT is responsible for communication with the NGO about the accreditation process. This includes letters initiating reaccreditation, inviting the NGO to submit an Agency Profile and introducing the Review Team, as well as other official correspondence preceding or following particular stages of the accreditation process.

The Team Leader manages communications with the NGO about the operational arrangements for the review. They also manage communications between team members and the NGO and DFAT.

DFAT will forward the Agency Profile and the appropriate accreditation tools, and other relevant information to the Review Team.

The Team Leader will contact team members and delegate sections of the Desk Assessment work, the analysis, assessment and writing. A common approach is to divide the various sections of the criteria among the team. All team members should then contribute to the overall review and assessment of all the criteria and any broad findings.

Preparing the Desk Assessment Report

The Team Leader is responsible for coordinating the separate components and the development of the full Desk Assessment Report. This may require additional liaison with team members about modifications to the separate report sections. The Team Leader should edit the report for consistency, quality and formatting before submitting the draft report to DFAT. The Desk Assessment Report should provide a clear rationale and recommendation for proceeding to Organisation Review. The Desk Assessment Report should also clearly identify any issues or additional information required by the Review Team at Organisation Review to reach a judgement. Once DFAT has provided feedback on the draft report, the Team Leader will submit a final report to DFAT on-line.

Scheduling the Organisation Review

The NGO may decide to withdraw from the accreditation process after the Desk Assessment. If the NGO proceeds from the Desk Assessment to the next stage, the Organisation Review should ideally be scheduled within four to six weeks of the receipt by the NGO of the Desk Assessment Report. In some cases, such factors as the findings of the Desk Assessment and the amount of preparation required by the NGO to continue to an Organisation Review may cause delays.

It is advisable for the Review Team to agree on perhaps two possible Organisation Review dates and then propose those dates to the NGO. While there should be room for negotiation, the Review Team should make every effort to complete the Organisation Review within the six-week time frame.

A suggested methodology for an Organisation Review

The Organisation Review is a continuation of the assessment of NGO capacity and track record and is conducted over two or three days at the NGO's head office. DFAT writes to the NGO and advises them that the Review Team will:

- seek to confirm preliminary conclusions and address any issues raised in the Desk Assessment
- review relevant records, including project documentation, original copies of documents submitted with the Agency Profile and other material
- hold discussions with authorised personnel
- consider any other appropriate sources of information
- review financial and management systems
- assess the organisation against each criterion at the relevant level
- draw conclusions as to whether and how the organisation satisfies each criterion and, if not, indicate how the criterion has not been satisfied
- recommend the appropriate level of accreditation
- discuss the team's findings and likely recommendations with NGO

representatives at the conclusion of the review

- provide a written Organisation Review report to DFAT.

Based on this official correspondence, the Review Team should develop a methodology for the Organisation Review and advise the NGO in advance of the review. The methodology at the Organisation Review would generally include at least the following elements:

- introductions, clarification about the process and scheduling of the Organisation Review and the accreditation process generally
- a brief presentation or overview of the organisation by the NGO
- recapping, analysis, reviews of relevant documentation and clarification of any issues raised in the preliminary Desk Assessment with relevant staff or Board members
- general discussions with key Board and staff members (CEO; accountant; development staff; promotions, public education, publicity staff) about systems, operational policies and practices to gain an overview of the NGO and to highlight issues that may need more detailed consideration during the Organisation Review
- during or after these discussions, the identification of NGO documentation (board minutes, strategic plan, operations manual, policies, procedures, etc.) that will assist the Review Team to assess project/program files and related financial management, and hence the NGO's capacity and track record
- specific questions or prompts for particular accreditation criteria and the identification of files or other documents to enable the Review Team to assess the NGO's capacity and track record in that area
- feedback from the Review Team to the NGO, summarising observations and recommendations for accreditation (it is important to provide brief feedback at the conclusion of Day 1 of the review and to flag any serious issues so that the NGO has the opportunity to address them)
- feedback from the NGO to the Review Team.

Team Leaders will clarify a working method for each Organisation Review in collaboration with Review Team members. It is good practice for Review Teams to meet briefly (such as for breakfast) before the commencement of the Organisation Review to clarify the agreed methodology, specific roles or particular issues. This is usually only possible in the hour or so immediately before the Organisation Review, but it is an important aspect of managing the review.

One method is to keep the Review Team working together through each of the criteria to be analysed, working as a single team and developing a common analysis and assessment. This can be difficult if the team is to cover all the criteria in adequate depth during a two-day period.

Another method is to allocate sections of the criteria to different team members. For example, the financial specialist may work with the NGO's finance staff to identify documents and then to review them to assess organisational capacity and track record in that area; another may work with project staff to assess development philosophies and management practices; a third may work with the CEO and board members to assess the NGO's identity, structure and linkages with the Australian community. At agreed points, the Review Team would meet to review progress, identify issues and agree on ways forward.

The Desk Assessment / Organisation Review reports

Desk Assessment and Organisation Review reports should be no more than 25 pages. Review Teams access the on-line Agency Profile and complete the Desk Assessment and Organisation Review reports on-line through SmartyGrants.

Effective Desk Assessment and Organisation Review reports have the following characteristics:

- They are evidence based (for example, they cite examples or other evidence to support assessments).
- They are internally consistent (writing style, level of evidence cited in each section, etc.).
- The recommendation concerning accreditation is supported by logical argument (that is, the observations, analysis and evidence in the report lead logically to the recommendation).
- They contain flat, verifiable statements of fact or evidence. Adjectives and personal opinions are kept to a minimum, except where they contribute to the substantiation of evidence.
- The narrative is specifically about the NGO and is not a generic text using formulaic statements that could apply to any NGO.

Managing problems or issues

The Team Leader should generally take the lead in addressing and managing any problems or issues that arise, usually in consultation with Review Team members, DFAT and the NGO, if appropriate.

Problems may occur within the Review Team, with the NGO and its preparation for or response to the accreditation review, with DFAT's management of the work, in writing the report, or in other areas.

It is not possible to provide an exhaustive list of problems or issues that may emerge or of suggested ways forward. The following examples have occurred in the past and may provide some pointers for future reviews.

Example A: The Review Team cannot arrive at an agreed recommendation for accreditation

If the Review Team is unable to make a recommendation or a judgment on an aspect of the accreditation criteria, it may refer the issue to DFAT for guidance. DFAT may subsequently consult the Team Leader and in some cases the team members. This would normally occur by phone and email, but may involve the Team Leader participating in meetings in Canberra. While consensus is the usual result and is obviously preferable, the Team Leader has the final word, and is ultimately responsible for what is recorded in the Organisation Review report.

Example B: The NGO does not accept the Review Team's assessment or recommendation

The Review Team is required to brief the NGO on its findings and recommendation for accreditation at the end of the Organisation Review. Errors of fact or interpretation can be corrected at this stage, but if the NGO and the Review Team make different assessments of the NGO's track record and capacity, the Review Team will nevertheless develop the report. If the NGO wishes to appeal the recommendation or respond to the Organisation Review report, DFAT would normally provide the response to the Team Leader, who would coordinate the response. The responses of the NGO and the Review Team, as well as the final Organisation Review report, are provided to the CDC and the DFAT delegate for consideration and final decision.

7 Committee for Development Cooperation

This section outlines the membership of the Committee for Development Cooperation (CDC) and its role in the accreditation process. This includes the process for reviewing accreditation reports and making recommendations to DFAT.

Background

The CDC was established in 1975 and has been in operation for the last 40 years. The CDC is a joint DFAT–NGO advisory and consultative body made up of expert members from the NGO community and DFAT and an Australian Council for International Development (ACFID) staff member as an observer. The CDC is supported by a secretariat from DFAT and ACFID.

The CDC has a crucial role in the continuous improvement of accreditation, ANCP policies and funding streams involving Australian NGOs. Final decisions on funding and other cooperation with NGOs that involve financial transactions are made by DFAT in accordance with the *The Public Governance, Performance and Accountability Act 2013 (PGPA Act).*

Role and functions of the CDC

The roles and functions of the CDC are to:

- oversee the accreditation process, which includes:
  - providing advice on accreditation criteria and related procedures, including use of application templates and guidance material
  - providing advice to accreditation reviewers about the ways in which criteria are interpreted, assessed and reported against
  - reviewing Organisation Review reports and making recommendations to DFAT
  - ensuring consistency of approach by accreditation reviewers
- provide advice on DFAT policy, procedures and evaluation of NGO funding streams, including the ANCP and partnership agreements.

NGO CDC members

Four CDC members represent the accredited Australian NGO sector and NGOs seeking accreditation.

Two NGO CDC members are elected by the accredited NGO sector. The elections are organised by ballot through the CDC secretariat every two years (coinciding with ACFID Council meetings), and the re-election of members is possible without limitation. The CDC secretariat may hold early elections if mid-term vacancies occur.

In non-election years, the ACFID Executive Committee appoints the remaining two members on merit for two years. The committee makes appointments every two years with the option of reappointment, which is possible without limitation. Where possible, appointed members ensure that the relationships between the CDC and both the ACFID Development Practice Committee and the ACFID Executive Committee are maintained. The NGO CDC members sit as individuals and represent NGOs in general, rather than any specific organisation.

NGO members of the CDC are not paid for their attendance at CDC meetings or for participation in CDC working groups. However, they are reimbursed for their travel expenses to CDC and working group meetings.

NGO CDC members may be engaged by the CDC or by DFAT to undertake specific tasks in which their NGO experience and relationships with the NGO community are utilised. When they undertake such tasks, payment is made at the appropriate rate for the work as described in the Adviser Remuneration Framework.

DFAT CDC members

DFAT is represented by four suitably qualified staff members, including one staff member at the level of Assistant Secretary and the Director of the NGO Section. DFAT staff members are appointed to the CDC for two years, and re-appointment is possible without limitation. All DFAT appointments are made by the Delegate (authorised representative of DFAT).

CDC meetings

The appointed Assistant Secretary (or their nominee if they are unavailable) chairs the CDC. A quorum of two NGO CDC and two DFAT CDC members is required for decision making. The CDC meets at least twice per year. The CDC may hold electronic/remote CDC meetings if it considers that a teleconference is adequate to handle the items on the agenda. Out-of-session meetings can be called as necessary, depending on the CDC's workload.

The CDC secretariat provides professional secretariat services to the CDC members and in that capacity is involved in all CDC meetings and working groups. In addition, an ACFID staff member sits on the CDC as an observer, separately from the CDC secretariat's role. All members undertake to provide relevant papers for discussion to the CDC secretariat in a timely fashion, so that they can be disseminated to all parties in advance of meetings.

Review of Organisation Review reports

The accreditation Review Team prepares an Organisation Review report for the CDC. Before the report is presented to the CDC, a copy of it is provided to the NGO for comment. Amendments may be made to the report by the Review Team, based on comments received from the NGO, before the report is finalised. Amendments may relate only to factual material and are made at the discretion of the Review Team.

The CDC considers the Organisation Review report at its first meeting after the review. The NGO may provide the CDC with a written response to the accreditation report for consideration at that time, and a recommendation from the CDC through the Chair will be made to the DFAT delegate. The recommendation to the delegate will include any representations made by the NGO about the review report findings.

Report findings cannot be changed during a CDC meeting, but the CDC may choose not to accept report findings and to direct that further investigation or clarification be undertaken with the NGO before a final accreditation recommendation is made. In those circumstances, the CDC will consider the report again at its next meeting before making its recommendation to the DFAT delegate.

8 Grievance process

This section outlines the grievance process for all matters relating to accreditation.

DFAT's NGO accreditation complaints handling procedure applies to all complaints about accreditation, including the conduct of the process, its outcomes or policy-related matters. Communication with DFAT enables it to provide suitable remedies for the issues raised, and to evaluate and improve its administrative processes. The table below provides contact points for complaints.

Complaints handling procedure

Principles	**Complaints handling procedure**
NGOs must have access to fair, equitable and non-discriminatory complaint handling procedures	The steps to be taken in the event of a dispute or complaint related to DFAT's NGO accreditation processes, policies and outcomes are set out here.
NGOs should notify DFAT and/or the CDC if they wish to make a complaint regarding the application of accreditation policy	*Call for change—accreditation policy issues* Where a change is proposed to accreditation policy, particularly if an NGO thinks that it suffers from the application of the changed policy, the NGO should raise the matter in writing with DFAT's accreditation officer or send an email to accreditation@DFAT.gov.au. The NGO may also report its concerns to the CDC NGO representatives, who can advocate on its behalf. The representatives may contact DFAT to resolve the issue and may recommend an adjustment to the policy for decision by the DFAT delegate or may agree to a solution for the NGO that does not require a policy change. A member of the CDC secretariat will respond to the NGO in writing outlining the issue that has been raised and the next steps. The correspondence will also include an assessment of the complaint and inform the NGO of its options if it remains dissatisfied with the outcome or process.

Principles	Complaints handling procedure
NGOs should in the first instance notify DFAT of their complaint	DFAT's complaints handling process for accreditation matters reflect DFAT's desire to manage and resolve all complaints directly with the NGO. However, the NGO may seek advice from the CDC NGO representatives and/or ACFID. *Complaints—accreditation procedural issues (including processes and outcomes)* In order to lodge a complaint about an element of the accreditation process, or its outcome, the NGO should raise the issue in writing with the officer nominated in this document or on the DFAT website. Complaints can be emailed to accreditation@DFAT.gov.au. The nominated DFAT officer, their supervisor/manager and the director of the responsible section in DFAT will attempt to resolve the issue. In addition, the NGO has the option of reporting its concerns to the CDC NGO representatives, who can advocate on its behalf. The representatives may then contact DFAT in an effort to resolve the issue. The role of the CDC NGO representatives is that of facilitator. If a complaint is raised by an NGO that has a representative on the CDC, that representative would be required to declare a potential conflict of interest and may be excluded from the process. DFAT will respond to the NGO in writing outlining the issue and its initial response. DFAT's correspondence will also include an assessment of the complaint and inform the NGO of its options if it remains dissatisfied with the outcome or process.

Principles	Complaints handling procedure
Senior management and officials independent of the process should be involved as appropriate	If the NGO remains dissatisfied after exhausting the options above and wishes to pursue the issue further, it may lodge a complaint in writing with the DFAT delegate. The delegate may refer the matter to the CDC for further examination. The complaint will then be examined by the CDC at its next scheduled meeting or out of session. The CDC may wish to examine any documentation or other correspondence from DFAT or the NGO in relation to the matter. It will note any perceived conflict of interest among its members, including cases in which NGO CDC representatives have acted as advocates on behalf of the NGO lodging the complaint. All CDC discussions will be coordinated through the CDC secretariat. If the CDC recommends further conciliation, a CDC NGO member will attend discussions as a mediator. Subject to the outcome of mediation discussions, the CDC secretariat will confirm the outcome to the DFAT delegate and, where appropriate, will advise DFAT of actions that may be required to modify accreditation processes and/or policies.
Complaints should be dealt with in writing	In all instances, complaints should be made and responded to in writing. Each party should be given reasonable notice (at least 20 days) to respond to the correspondence, unless the matter is urgent.
Complaints must be treated as confidential	DFAT and the CDC will treat any complaints they receive from NGOs as confidential. DFAT staff will only be informed of a complaint if they have a 'need to know' due to their participation in the complaint resolution process.
DFAT must ensure that the initiation of a complaint process does not prejudice the NGO's situation in future accreditation processes	All DFAT staff and CDC members involved in the management of a complaint will ensure that the process is applied ethically and professionally. Initiating a complaint will not prejudice an NGO's participation in future DFAT accreditation or assessment processes.

Principles	Complaints handling procedure
External options are available if independent review of a complaint is necessary	An NGO may seek an external review of a complaint that has not been satisfactorily resolved through DFAT's internal mechanisms. *Commonwealth Ombudsman* Complaints may be made to the Commonwealth Ombudsman (www.ombudsman.gov.au), who has powers to investigate administrative complaints. The Ombudsman aims to resolve matters by negotiation and persuasion, and may make recommendations to senior levels of government in the context of continuous improvement of Australian Government administration. The Commonwealth Ombudsman cannot overturn DFAT's administrative decisions or specifically direct DFAT to vary a decision that DFAT has made. However, its comments on the dispute may influence DFAT's response. If the Ombudsman decides not to investigate a particular complaint, the complainant will be provided with reasons for that decision. The Ombudsman may be able to suggest other avenues for resolving the matter. *Judicial system* The NGO may seek a review of the matter through the court system. The NGO will need to seek independent legal advice about pursuing resolution through a court or tribunal. If a matter is referred to an external body for review, DFAT must also provide all relevant documents to that body, as required by law.

Complaints contact points

DFAT	Accreditation Officer NGOs and Volunteers Branch DFAT R.G. Casey Building John McEwen Crescent Barton ACT 0221 Phone: (02) 6178 5635 Email: accreditation@DFAT.gov.au
CDC secretariat	DFAT NGOs and Volunteers Branch R.G. Casey Building John McEwen Crescent Barton ACT 0221 Phone: (02) 6178 5635 Email: accreditation@DFAT.gov.au
ACFID	14 Napier Close Deakin ACT 2600 Phone: (02) 6285 1816

9 Frequently asked questions

This section contains answers to frequently asked questions.

How long does it take to prepare for Accreditation?

Depending on the NGO's resources and focus of activities, it can take up to two years to prepare for accreditation, and is unlikely to take less than 12 months.

Is an NGO guaranteed to get ANCP funding if it meets accreditation criteria?

Organisations that meet accreditation criteria are eligible to receive funding under the DFAT Australian Non-Government Organisation Cooperation (ANCP) Program, subject to funding availability. DFAT will allocate ANCP funding in the next financial year when indicative planning figures for all accredited NGOs participating in the program can be calculated. The allocation of funding to newly accredited organisations will be made in the order in which they become accredited.

Do Accredited NGOS also need to undertake DFAT's Due Diligence Assessment?

DFAT Accreditation is equivalent to a comprehensive due diligence assessment. However, there may be occasions where DFAT needs to undertake additional due diligence with respect to the in-country delivery partners of an accredited Australian NGO or with respect to particular aid delivery contexts.

What is the scope of an accreditation review? What projects might the Review Team want to look at?

All projects undertaken by the NGO in which recognised development expenditure (RDE) is claimed fall within the scope of the accreditation review. Reviewers require evidence of a systematic approach to all aspects of the project cycle across the entire portfolio. Where this does not occur, it may constitute a risk to DFAT. DFAT expects that risk management systems are in place for finances, child protection and other cross-cutting issues, such as counterterrorism, and that they are systematically applied across all activities in which RDE is claimed.

The distinction between development and non-development activities must be made for fundraising, project appraisal, annual reporting, and financial acquittals. The Review Team will seek to understand how the NGO applies its rules or policies to differentiate between eligible and non-eligible projects and expenditure for the purposes of calculating RDE.

Can an NGO upgrade from Base to Full accreditation?

An NGO with Base accreditation may apply for Full accreditation 12 months from the date of the delegate's decision to accredit the NGO at Base level. Where an NGO fails to satisfy the criteria for Full Accreditation it may be assessed against the expectation for Base accreditation. However an NGO that applies for Base level accreditation cannot then seek full accreditation within the same assessment process.

What if our NGO fails to gain accreditation?

If the DFAT delegate decides not to grant accreditation, the NGO may reapply for accreditation by providing a new Agency Profile at least 12 months after the date of the delegate's letter.

How do we maintain accreditation?

Accreditation is valid for five years. The NGO must meet the conditions in its head agreement to maintain its accreditation status, including by:

- providing audited annual financial statements within five months of the end of the NGO's financial year
- advising DFAT of changes in the NGO's governance structure, entity name or ABN, or other material or significant changes
- ensuring that there is no breach of the ACFID Code of Conduct and that the NGO maintains its status as a signatory
- ensuring that Australian Government funds are not misused or misappropriated
- not rolling over greater than 10% of funding from one year to the next
- continuing to meet the requirements of the accreditation criteria.

How is accreditation revoked?

Accreditation can be revoked if the NGO fails to meet its obligations under its head agreement, or if it fails re-accreditation. Revocation of accreditation would normally be undertaken in consultation with the CDC, following due process and adhering to principles of natural justice.

Should the NGO fail to maintain accreditation standards, the following options may be considered:

- The DFAT delegate may write to the NGO, outlining identified problems and asking the organisation to show just cause as to why accreditation should not be revoked.
- The DFAT delegate may determine that an Organisation Review, audit or RDE spot check be conducted.
- The outcome of either process would be tabled at the next CDC meeting. If the NGO still fails to meet the accreditation standards, the CDC may recommend through the CDC chair to the DFAT delegate that DFAT revoke accreditation.
- If an NGO cannot maintain other accreditation requirements (for example, by

not drawing down the required amount of funds), the CDC would be consulted and the matter referred to the DFAT delegate for decision.

Can accredited NGOs seek or receive assistance from other accredited NGOs?

Yes. There is nothing to prevent one NGO supporting another NGO that is experiencing difficulties, including through goodwill or survival grants. Such transfers are excluded from the receiving NGO's RDE calculations.

For example, if interagency support takes the form of one NGO funding another NGO's projects or programs to free up the recipient NGO's own funds to pay overheads, the recipient NGO must not claim any RDE allowance on the basis that the funds were sent overseas for development purposes.

Can DFAT provide technical assistance to NGOs that wish to apply for DFAT accreditation?

Yes. Technical assistance of up to five days of consultancy time can be made available before, during and after the accreditation process, subject to the availability of DFAT funding and whether the NGO satisfies qualifying criteria.

Accreditation assistance can be provided to new non-accredited NGOs, small NGOs, Base-accredited NGOs and, in certain circumstances, Fully accredited organisations. It is also available to NGOs that have failed accreditation or reduced their level of accreditation.

What if I have a complaint?

Refer to Section 8: Grievance process in this manual.

10 Resources and links

ANCP Guidelines
Australian aid: promoting prosperity, increasing stability, reducing poverty
Aid and the Environment (2007)
Australian Council for International Development Code of Conduct
Child Protection Policy (2013)
Development for all: Towards a disability-inclusive Australian aid program 2009–2014 (2008)
Framework for financial system assessment
Gender equality in Australia's aid program—why and how (2007)
Gender equality—resources and guidelines
Guidelines for strengthening counter-terrorism measures in the Australian aid program (2004)
RDE worksheet
RDE Worksheet explanatory notes
Recognised Development Expenditure

11 Definitions

Constituency

A constituency is broader than an organisation's support base as it includes anyone associated with an organization to which the organisation is expected to be accountable. This could, for example, be the church membership associated to a faith based organisation.

Members

Members are people that belong to an organization. Formal members are usually defined in the organization's governing instrument, but where organisations have very small formal membership bases, they sometimes refer to a broader group of supporters as their 'members'. For the purpose of accreditation, the principle of membership is one of a group of people being able to contribute to and hold an organization to account.

Evangelical purposes

Evangelical purposes are those with the intention of *promoting a particular religious adherence* or converting individuals or groups from one faith and/or denominational affiliation to another.

Welfare

Welfare is assistance to maintain individuals in a particular condition of 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). Other features of welfare include:

- 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.

Partisan political purposes

Partisan political purpose are those with the intention of facilitating or supporting a specific political party, candidate or party political organisation in a local, regional or general/national election; or

facilitating or supporting a particular politician or faction to gain power within a government or political party structure.

Global programming

Australian organisations may be part of an international grouping of organisations that share a common philosophy and name and may implement programs and activities collectively. Such global programs may be implemented through a shared management arrangement with or through its international partners, affiliates and alliances.

The accredited Australian organisation must be able to demonstrate an understanding of, and influence over, any global programs to which it provides funds and other resources. Where organisations are determined to be engaging in global programming, they must be able to demonstrate ALL of the following:

a. the capacity to manage, monitor, and influence decisions of the group and must provide evidence of engagement in governance processes of global partners; and

b. evidence of systems and processes that ensure their participation in group decisions affecting global programs; and

c. that it has the right to withdraw funding where necessary; and

d. evidence of conducting due diligence on partners within the group to ensure policy compliance, assessment of value for money within the group and effectiveness.

These same principles apply to any arrangement where the Australian organisation is implementing programs and activities collectively.

Annex 1: ANGO Accreditation Framework

Criterion Guidance

The following guidance provides an outline of reasonable expectations of capacity, practice or evidence required under each criterion. This guidance should not be applied proscriptively, but is provided to assist organisations in their preparation for accreditation and Review Teams in undertaking accreditation assessments.

How an NGO demonstrates its capacity and performance for the indicators (and therefore the Criteria) will differ from NGO to NGO. The onus is on the NGO to demonstrate through evidence and explanation how it addresses each criterion. The Reviewers will use the guidance provided within this manual to inform and guide their assessments. Review teams should assess the NGO against each accreditation criterion in a way that acknowledges the underlying intent of the criterion, as well as the diversity and dynamic management practices of the Australian NGO community.

Review teams should moderate their expectations and apply each criterion in a way that is commensurate with the size of the risk to DFAT. This will be a judgment developed by the team leader in consultation with DFAT and the review team members. A small NGO with limited operations that receives limited funding from DFAT is expected to have a capacity and track record that reasonably addresses each criterion, but may not have as comprehensive a capacity, as extensive a track record, or as robust a set of systems, as NGOs that receive substantial DFAT funding, operate globally, work extensively with children or maintain a high profile in the community.

Assessment Criteria	Base and Full Indicators	Additional Full Indicators
A – Organisation identity and structure		
A1: The NGO is a legal charity registered in Australia This criterion seeks to verify that the NGO is a charity registered in Australia and is not included on any prohibited entities listings.	• The NGO is a legal charity registered in Australia[1] • The NGO is not included on the World Bank Listing of ineligible firms and individuals or the Asian Development Bank Sanctions List; • The NGO is not included on the Attorney General's Department List of Terrorist organisations; or DFAT's consolidated list of individuals and entities subject to targeted financial sanctions, including relating to terrorism. [2]	• There are no additional indicators for Full Accreditation

Assessment Criteria	Base and Full Indicators	Additional Full Indicators
A2: The NGO has a governing body including identified office holders, a documented structure of responsibilities and appropriate systems to ensure accountability. This criterion seeks to verify the NGO's identity including legal ownership, legal/group structure and governance arrangements to establish that the NGO's governance structure and practices ensure accountability, including to its supporters.	• The NGO has a governing body[3] • The governing body functions according to its governing instrument[4] • The process by which the governing body is elected or appointed is transparent and outlined in the governing instrument[5] • There are established mechanisms to address conflict of interest[6] • The NGO demonstrates autonomy from international affiliates.[7]	• The roles of the governing body and any sub-committees are clearly documented • The governing body sets strategic direction and targets, and monitors performance against these[8]. • The governing body systematically and regularly reviews organisational risks.[9] • The governing body periodically evaluates its own performance[10].

B – Development philosophies and management

B1: The NGO has a demonstrated record of undertaking international development activities.

This criterion seeks to verify past performance to establish that the NGO has a documented track record of achieving development outcomes in developing countries.

- Objectives in the governing Instrument or Strategic Plan include development activities in developing countries.
- There is a minimum two-year track record of development undertaken by the NGO.[11]
- NGO can differentiate between development activities and 'non-development' activities

- NGO can demonstrate strategic approach to programming, with consideration of geographical or sectoral focuses, commensurate with capacity.[12]
- NGO has developed country and/or sectoral strategies.[13]
- If NGO is supporting globally funded programs, the NGO can demonstrate its knowledge of and influence on those programs.[14]

B2: The NGO operates in a manner consistent with current good practice guidelines for the sector

This criterion seeks to establish that the NGO is committed to and operates in a manner consistent with current good practice guidelines for the sector including the ACFID Code of Conduct and DFAT CSO Effectiveness Principles of Practice.

- NGO is a signatory to the ACFID Code of Conduct [15]
- NGO has child protection policy and procedures in place that comply with DFAT's Child Protection Policy [16]
- NGO has a Gender Policy and incorporates its principles into activities see reference to note 16
- NGO incorporates disability inclusive principles into activities see reference to note 16
- NGO has procedures to assess and mitigate environmental impact where appropriate see reference to note 16
- NGO can demonstrate it works with its partners to promote the following good practice[17]:
  - approaches to program design that include contextual analysis and sound program logic
  - the inclusion of primary stakeholders throughout the development process
  - promoting the participation of marginalised, vulnerable and less represented groups of people
  - building local community capacity
  - strategies for sustainability
- NGO has a policy defining Value for Money in its own context and can demonstrate corresponding practices for its monitoring and assessment[18]
- NGO has a Disability Policy and has incorporated disability principles into program systems see reference to note 16
- NGO has an Environmental Management Policy where appropriate see reference to note 16
- Where NGO is engaged in humanitarian relief it works within internationally recognised standards such as SPHERE

B3: The NGO has the capacity to deliver its project/program objectives This criterion seeks to establish that the NGO has the capacity to exercise appropriate influence and control throughout the project cycle to add value to the development process and to manage risk. Management systems that address all aspects of the project cycle, risk management and appropriate decision-making processes are all part of that capacity. Financial risk is assessed under Criterion E.	• NGO has program, finance and technical staff commensurate with the scope of its program portfolio.[19] • NGO demonstrates its understanding of the stages of the project cycle i.e. project identification, design, appraisal, implementation, monitoring and evaluation[20] • NGO is able to demonstrate influence on activities throughout the project cycle[21] • NGO appraises potential activities against good development standards and DFAT requirements[22] • NGO assesses and manages activity level risk.[23] • NGO has appropriate risk management systems in place to prevent funds going directly or indirectly to individuals or organisations associated with terrorism.[24]	• NGO has established programming procedures, standards or guidelines for its approaches to development and program management[25] • NGO has documented risk management strategies at both the organisational and activity levels.[26]
B4: The NGO can monitor, report and rate the effectiveness of activities. This criterion seeks to verify an NGO's approach to performance management by establishing that the NGO is able to assess the effectiveness of development activities.	• NGO undertakes regular activity monitoring[27] • NGO analyses project information to assess progress and constraints[28] • NGO conducts activity evaluations commensurate with activity size[29] • NGO reports to stakeholders including DFAT in a timely manner	• NGO has an established system to assess the results and effectiveness of its development activities at the activity level and organizational level[30] • NGO has an established system that captures, documents, and disseminates its results, good practices and lessons learned • NGO involves primary stakeholders in reflection, learning and design adaptation processes

C – Approaches to partnership and development collaboration

C1: The NGO has documented partnerships with organisations in countries where it works. This criterion seeks establish that the NGO has documented, contractual frameworks in place to manage partnerships, projects and programs.	• NGO has documented arrangements with partners.[31] • Partnership agreements provide the NGO with authority to respond to poor partner performance • Partnership agreements with partners in DFAT/Australian government funded activities include DFAT contractual obligations and embody reasonable project management practices.[32] • NGO can demonstrate that its partnership agreements are understood and accepted by its partners[33]	• NGO has documented procedural arrangements for managing its partnerships[34] • If NGO is supporting globally funded programs, there are documented roles and responsibilities of country offices and international partners, alliances or affiliates[35] • If NGO is supporting globally funded programs, it is able to show influence throughout the development process.[36]
C2: The NGO has assessed the capacity of its partner organisations to deliver and develop projects or programs appropriate for that capacity. This criterion seeks to establish that the NGO takes a systematic approach to assessing the capacity and performance of its partners.	• NGO assesses the capacity of its partners in a systematic and documented manner including financial and operational performance.[37] • NGO has taken the capacity of partners into account in program design and delivery[38] • NGO ensures its partners can differentiate between development activities and non-development (hyperlink to definition) activities.[39] • NGO has systems and processes to ensure partners have compliant child protection processes (hyperlink to Child Protection Policy).[40] • NGO has systems and processes to verify partners undertake terrorism screening.[41]	• NGO can demonstrate it works with partners to develop and implement capacity building initiatives where required.

C3: The NGO's partnerships and those between its partners and primary stakeholders are effective and consistent with good development practice

This criterion seeks to establish that the NGO's partnerships reflect good development practice.

- NGO's partnerships and those between its partners and primary stakeholders reflect equality, mutual respect and learning, self-reliance, accountability and transparency.[42]

- NGO can demonstrate it works with its partners to promote the following good practice:
  - approaches to program design that include contextual analysis and sound program logic
  - the inclusion of primary stakeholders throughout the development process
  - promoting the participation of marginalised, vulnerable and less represented groups of people
  - building local community capacity
  - strategies for sustainability[43]
- The NGO enables stakeholders to raise complaints and receive a response through an effective, accessible and safe process.[44]
- The NGO has a system in place to assess the effectiveness of its partnerships.[45]

D – Linkages with the Australian community

D1: The NGO acknowledges and attributes Australian government support. This criterion seeks to assess that NGOs and its partners have commitment and capacity to comply with the Australian aid program's Visual Identity Guidelines.	• The NGO appropriately acknowledges and attributes the Australian identity and the support of the Australian Government, both in Australia and overseas.[46]	• The NGO has documented mechanisms or programming procedures that addresses the acknowledgement and attribution of the Australian identity and support of the Australian Government[47].
D2: The NGO provides accurate, timely and accessible information about the organisation, its objectives and its activities, in a manner that respects the dignity of recipient communities. This criterion seeks to assess an organisation's commitment to transparency.	• The NGO and its partners share accurate, timely and accessible information with its stakeholders, including primary stakeholders.[48] • There is consistency between NGO's project activity and its promotional material.[49] • NGO's promotional material respects the dignity, values, history, religion and culture of the people with whom it works.[50] • The NGO responds to inquiries and complaints from the community.[51]	• The NGO has established a formal public complaints mechanism.[52] • The NGO has established systems to ensure that any public materials are quality assured against guidelines. [53] • The NGO has agreed guidelines with international partners, alliances or affiliates covering appropriate attribution in organisational promotional materials.[54]

D3: The NGO maintains Australian community support for its development projects. This criterion seeks to verify that the NGO has and can maintain Australian community support for its development activities.	• The NGO must have Australian community support for its development activities.[55] • The NGO must have a strategy for maintaining community support for its development activities.[56] • The NGO has a core group of community members who are involved in the organisation's activities. [57]	• The NGOs strategic or planning process includes a focus on community support.[58]
E – Financial systems and risk management **E1: The NGO has effective management, administration and financial systems for accounting for funding.** This criterion seeks to establish that the NGO has the management, administration, financial and technical performance and capacity to participate in DFAT funding schemes	• The NGO has a clear segregation of duties between procurement, authorisation of supplier invoices and the authorisation of payment. [59] • The NGO has financial systems controlling general ledger and project ledgers.[60] • The NGO has documented policies, systems and processes to account for funding.[61] • The NGO produces audited financial statements. [62]	• The NGO has assessed its own capacity to undertake financial management (fiduciary assessment).

E2: The NGO's overseas partners and international affiliates have the capacity and commitment to undertake activities, in a professionally competent manner with regard to financial operations. This criterion seeks to establish that the NGO assesses, monitors and strengthens the financial capacity of its partners and affiliates.	• The NGO's financial systems provide the necessary detail to effectively monitor expenditure in a timely manner. • The NGO has assessed its implementing partner's systems and capacity to undertake financial management (fiduciary assessment).[63] • The NGO receives project acquittals from partner organisations.[64]	• NGO can demonstrate it works with partners to strengthen financial capacity where required.[65] • The NGO receives audited financial statements from delivery organisations.[66] • For global programs, Australian NGO receives regular financial statements, program reports and evaluations, and independent audits.[67] • The NGO can request an independent audit of the implementing bodies for global programs, in association with its international partners, alliances or affiliates, and has the right to withhold funds from the global programs or parts of programs if warranted.
E3: The NGO uses systems to assess and manage financial risk that are appropriate for its level of expenditure. This criterion seeks to establish that the NGO applies a financial risk management strategy and/or financial risk management practices to itself and its partners	• The NGO has documented delegation and authorisation levels for personnel, including cheque signatories.[68] • The NGO has documented agreements with delivery organisations for the management and use of funds.[69] • The NGO has appropriate systems and procedures to control funds sent overseas.[70] • The NGO has appropriate insurance policies (e.g. public liability). [71]	• The NGO has systems to conduct assessments of financial risks particular to the operating environments and activities it conducts. • The NGO has processes and systems to effectively prevent, detect and investigate fraud and prevent corruption.[72] • The NGO has a Conflict of Interest Policy. [73] • The NGO has a foreign currency exchange policy for limiting rate movement exposure.[74]

E4: The NGO is able to raise funds from the community for development activities. This criterion seeks to establish that the NGO is able to raise its own funds to effectively manage delivery of aid activities.	• The NGO can raise contributions (minimum RDE) from the Australian community in support of development activities.[75] • The NGO has the absorptive capacity to meet matching ratio requirements to effectively program and manage the level of ANCP funding provided. [76]

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[1] **<u>A1: Legal charity registered in Australia:</u>** Verification of the NGO's incorporation status can be found by searching the Australian Business Register - http://abr.business.gov.au. The NGO may be an incorporated association, a company limited by guarantee or other legal entity, or it may operate under a trust deed from a legally recognised entity or be constituted under an Act of Parliament. As a legal entity, the NGO will have an ABN. The NGO should also be registered with the Australian Charities and Not-for-profit Commission – see http://www.acnc.gov.au/ACNC/FindCharity.

[2] **<u>A1: Sanctions Lists</u>**: A prerequisite for accreditation is that DFAT has already checked that the NGO is not included on the World Bank Listing of ineligible firms and individuals, the Asian Development Bank Sanctions List; the Attorney General's Department List of Terrorist organisations; and DFAT's consolidated list of individuals and entities subject to targeted financial sanctions, including relating to terrorism.
Reviewers are not required to check NGO's against these listings.

[3] **<u>A2: NGO Governing Body</u>**: The governing instrument should contain clauses that establish the membership of the organisation, the election or appointment process of the governing body, and the responsibilities of the governing body. The membership of the governing body should reflect the skills required to fulfill the responsibilities of the governing body.

[4] **<u>A2: NGO Governing body functions:</u>** The review team will review governing body guidelines, reports to the governing body, examine minutes of meetings, and hold discussions with governing body members at the organisation review to determine whether:

- decision-making procedures and role descriptions are documented
- the governing body is appropriately informed of the organisation's operating environment, operations and potential risks
- Annual General Meetings (AGMs) are held according to governing instrument requirements

- minutes of AGMs reflect all necessary compliance and regulatory requirements
- financial statements are externally audited on an annual basis
- financial statements are available to members
- there is a clear delineation of responsibilities between the governing body, management and staff, and volunteers

[5] **A2: NGO Governing body accountability:** The NGO's governing body should be representative of its membership. This is most commonly achieved through the election or appointment of the governing body by the membership. In cases where the membership does not have a mechanism to elect members to the governing body, there should be alternative mechanisms by which the governing body demonstrates its accountability to the membership. This may include making the governing body's decisions available to members and providing regular and reliable reports to the membership on the organisation's activities and finances. Other than formal elections, accountability mechanisms may include annual reports, regular newsletters, social media presences (blogs, Facebook pages, etc.), a regularly updated website, efforts to seek feedback from members, and opportunities for discussion or information sharing. Where an organisation's membership is very small, there should be evidence that there is sufficient information made publicly available for the organisation's broader constituency to hold the organisation to account.

[6] **A2: Conflict of interest:** The NGO should have mechanisms in place to handle potential conflicts of interest among governing body members. For NGOs seeking full accreditation, those mechanisms must be explicit in the governing instrument or a board-approved policy. NGOs seeking base accreditation must be able to at least demonstrate good practice in handling conflicts of interest, such as the inclusion of a standing agenda item at governing body meetings and the documentation of any examples of conflict of interest in the minutes of governing body meetings. If the NGO relies on the voluntary efforts of governing body members to handle any of its operations, or if multiple family members are involved in its governance and operations, there must be clear delineations of roles, role descriptions and decision-making procedures (for example, no two family members should be bank signatories or be solely responsible for decision making). Those arrangements should be documented and approved by the governing body.

[7] **A2: NGO Autonomy:** Where an NGO is part of an international network, it must be able to demonstrate that it retains enough independence to make its own decisions and maintain accountability to its membership.

[8] **A2: Setting strategic direction and targets (FULL only):** The NGOs Governing body should have a clear role in setting the high level strategic direction of the organisation. This would commonly be developed through a participatory process and documented in a strategic plan. The strategic plan should include clear targets to be achieved over the period of the plan. There should be a process in place to periodically review progress against the plan and targets and the governing body should be an informed position to assess this progress.

[9] **A2: Assessing organisational risks (FULL only):** The governing body should have a process in place to analyse and identify whole-of-organisation level risks such as those to reputation, staff, funding etc. These are different to activity level risks which relate to individual projects/programs. Organisational level risks should be articulated through a risk framework or equivalent and periodically reviewed by the governing body.

[10] **A2: Assessing governing body performance (FULL only):** The governing body should have a process in place to periodically reviews its own performance and the skill set is embodies to ensure alignment with the needs of the organisation.

[11] **B1: Development track record**: A minimum two-year track record of development activities means that the NGO is required to have been involved in the oversight of the planning, design, implementation and monitoring of development activities, including finances for at least two years. Some of those tasks may be delegated to the NGO's in-country partners, but the organisation should still be in a well-informed position and able to influence decisions throughout the project cycle. Merely raising funds and sending them to an in-country partner or other party is not sufficient. The track record may include experience in managing the NGO's own funding or DFAT funds.

[12] **B1: Strategic approach to programming (FULL only):** The NGO should be well informed and making intentional and documented planning decisions. For full accreditation, the NGO is expected to have adopted a program approach which is defined as: *Complex development assistance schemes which encompass a number of individual activities with a key sectoral or defined geographic focus in a multi-year timeframe, and which contribute to a common goal. This goal is linked to the NGO's strategic plan.*

[13] **B1: Geographic and sectoral strategies (FULL only):** The sophistication of planning varies, but all full NGOs are expected to have in place a system that demonstrates that they have a strategic and well-considered rationale for their geographical and sectoral focus. This might be as simple as supporting projects in a smaller number of countries because that reduces the costs of field trips. Even if an NGO works in a broad range of countries and sectors, its planning decisions will be informed and considered, not ad hoc or entirely donor driven. This is expected to be documented in a strategic plan and/or in regional or country strategies and plans.

[14] **B1: Global programs (FULL only):** Australian NGOs may be part of an international grouping of organisations that share a common philosophy and name and may implement programs and activities collectively. Such global programs may be implemented through a shared management arrangement with or through its international partners, affiliates, federation and alliances.

The Australian NGO must be able to demonstrate an understanding of, and influence over, any global programs to which it provides funds and other resources. Where NGOs are determined to be engaging in global programming, they must be able to demonstrate ALL of the following:

- the capacity to monitor and influence decisions of the group and provide evidence of engagement in strategic planning or governance processes of global partners; and
- evidence of systems and processes that ensure their participation in group decisions affecting global programs; and
- that it has the right to withdraw funding where necessary; and
- evidence of conducting due diligence on partners within the group to ensure policy compliance, assessment of value for money within the group and effectiveness.

[15] **B2: ACFID Code of Conduct:** The NGO must be able to demonstrate that is has formally adopted the ACFID Code of Conduct, and that it has received ACFID advice that it is registered and compliant.

[16] **B2: Cross-cutting Policies**: The NGO is expected to have policies on cross-cutting issues that are relevant to the nature of their work. Cross-cutting issues are those that are involved in all development initiatives. They include gender equity, disability inclusiveness, human rights, the environment, climate change, HIV/AIDS and child protection. Most are relevant to all NGOs regardless of their sectoral focus. Other cross-cutting issues, such as the disposal of medical waste or some environmental impacts, may be relevant to some niche NGOs but not generalist NGOs, or vice versa. Regardless of the level of accreditation being sought, all NGOs are expected to have documented policy statements on child protection and gender. In addition, Full agencies are expected to have documented policies on Disability and Environmental Management. The policies must have been reviewed by the governing body and formally ratified in meeting minutes. There should also be evidence that the policy documents are reviewed from time to time.

It is not adequate to merely have written policies: NGOs are required to demonstrate the operation and implementation of the policies in practice throughout the project cycle. The review team will assess this through discussions with staff and reviews of project design documents, appraisal processes/criteria, reports on monitoring trips, progress reports from partners, and capacity-building activities with partners. The review team will also need to see evidence that the NGO's policies have been communicated to its partners and that the partners understand and comply with them; alternatively, the partners may provide copies of their own policies on cross-cutting issues. Many NGOs refer to or list their policies in partnership agreements or memoranda of understanding (MoUs).

[17] **B2: Development Effectiveness**: The NGO needs to demonstrate that it works with its partners to promote the following aspects of good practice:

- deep contextual analysis and clear rationale for any chosen development approach and how that approach will achieve effective results
- active engagement of local communities and/or primary stakeholders in the development process and decision-making
- engagement of the most marginalised, vulnerable and less represented groups of people in the development process, in particular women and girls and people living with a disability
- strategies to build the capacity of local stakeholders
- strategies to enable the long-term viability of development results, as well as the strengthening of local partners
- sustainability strategies that reflect self-reliance, ownership, autonomy and the preservation of the environment for future generations.

[18] **B2: Value for Money (FULL only):** There are no predetermined expectations of how an NGO will approach the concept of Value for Money. This indicator seeks to ensure that the NGO has a sound development strategy and analyses how it will achieve effective outcomes, considering alternative approaches and associated costs. The NGO should demonstrate how it makes well-informed and intentional investment decisions that include consideration of the relative costs and development benefits; and how it seeks to contain, avoid, and reduce operational and project costs. The onus is on the NGO to describe and demonstrate its approach to the concept of Value for Money.

[19] **B3: Operational Capacity:** The NGO needs to demonstrate that it has the appropriate number of staff, with appropriate skills and expertise to effectively manage and implement its program. Where organizations have large, complex and geographically disparate programs, they need to show how their team structures accommodate this type of programs. Where organisations rely on volunteers to undertake key roles, the NGO needs to equally demonstrate that its volunteers have the technical capacity to fulfill theses roles. Some organisations will rely on consultants from time to time to assist them meet operational capacity requirements.

[20] **B3: Project Cycle Management:** The NGO's project management system should suit the size, nature and complexity of the projects and programs being managed by the organisation. For NGOs seeking base accreditation, which usually carry smaller project portfolios, management systems may be quite simple. As a minimum, the system will include basic documented guidelines or templates for each stage of the project cycle and evidence of project documentation of each stage. The project cycle usually includes project design; project appraisal; project implementation; project monitoring and decision making; and project evaluation.

For larger organizations, or organizations working through field offices, the Australian NGO's knowledge of the project cycle is still important, although it is recognized that there may be more limited evidence of project documentation for each stage available in the Australian NGO office. Where this is the case, the Australian NGO must provide evidence of how it establishes confidence in its field partners or international network to effectively manage the project cycle.

Often, in preparation for accreditation, NGOs review and improve their project management systems. In such cases, it is important that any updates or changes to systems and templates are completed before the accreditation review so that the system can be demonstrated in practice to meet accreditation criteria. Very new but largely untested systems will not usually satisfy the criteria.

[21] **B3: NGO Influence**: The NGO needs to demonstrate that it has ongoing input to and influence on the project or program, and exercises decision-making power during its management where appropriate. Typically, this is demonstrated through routine project correspondence between the Australian NGO and the overseas implementing partner. It is also often demonstrated through minutes of the Australian NGO's board, a subcommittee of the board, or the senior management team—whichever is the more appropriate mechanism to make decisions relating to program management. For global programs, the Australian NGO will need to demonstrate its involvement in the program management cycle as part of the agreed framework for global programs. While the NGO does not need to be an active participant at all points in the cycle, it should provide examples of where it has participated in the management of global programs and demonstrate its capacity to intervene where its interests dictate.

[22] **B3: Appraisal:** The NGO must be able to demonstrate that it undertakes formal project appraisals for all activities. Typically, an appraisal seeks to ensure that the potential project supports the organisation's overall development priorities and strategy; that it reflects key development principles, such as community participation and sustainability; that the overseas partner responsible for implementing the project has sufficient capacity and support; and that the goals, budget and approach of the project appear reasonable. In addition, for activities funded by the Australian Government, project appraisal must ensure that the project does not include welfare, evangelistic or partisan political activities and does not support organisations or individuals linked with child sex offences or terrorism.

[23] **B3: Risk Management**: NGOs are expected to have in place adequate systems to comprehensively manage risk. As a minimum, this would include appropriate travel insurance and guidelines for staff and volunteers travelling overseas; risk assessment and management integrated into the NGO's project management system; an appraisal system related to partner capacity; comprehensive agreements with overseas partners; and attention by the governing body to issues of high risk. The NGO should also have appropriate policies and procedures that suit the nature, size and context of their work, which equips them to manage risk.

[24] **B3: Counter-terrorism**: The NGO will have a formal and documented counterterrorism policy ratified by its governing body. It must also demonstrate that it regularly checks partners and key individuals receiving funds against the proscribed listings. It should be noted that there is not an expectation that direct beneficiaries would be screened against the listings, but that any sub-partner or contractor that receives Government funds has been screened.

[25] **B3: Program Guidelines (FULL only):** NGOs applying for full accreditation need to have established programming procedures, standards or guidelines outlining its approaches to development and program management. These guidelines will usually describe the processes used by the organisation in each stage of the project cycle, referring to standard templates or guidelines.

[26] **B3: Risk Management Framework (FULL only):** An NGO applying for full accreditation should summarise its approach to risk in a risk management framework that identifies the key areas of risk that the organisation faces and the various policies, systems and practices in place to manage them. The NGO should demonstrate that it assesses and manages risk at both program and organisational levels. Identified risks should be reviewed and revised regularly.

[27] **B4: Monitoring**: The NGO is expected to have established systems that enable it to track the progress and determine the effectiveness of the work of its partners and programs overseas. It must have systems that enable it to collect sufficient project/program progress information to analyse progress and make appropriate decisions. Monitoring and reporting are expected to reflect key project management and development principles, such as attention to community empowerment, sustainability, gender, the environment, financial accountability and risk management.

The NGO may demonstrate its systems by reference to evidence using standard project reporting templates. The NGO is expected to have developed its own monitoring and reporting tools and not rely on the ANCP reporting tools as its main form of monitoring. If an NGO has adopted its partner's template, it must show that key issues are addressed in those reports or that supplementary monitoring activities are undertaken to gain a comprehensive understanding of progress and effectiveness.

Where project monitoring is undertaken at the field level, the Australian NGO needs to demonstrate how it develops its own understanding and confidence in the quality of those monitoring systems. Field office or partner reporting should be supplemented by the organisation's own monitoring processes.

[28] **B4: Project analysis**: The NGO must be able to demonstrate that it is actively assessing the progress and outcomes of its activities. Project documentation should demonstrate that appropriate and quality analysis is undertaken by the NGO in response to progress, monitoring and evaluation reports. There must be evidence that reports are read and critiqued and that there is a substantial flow of communication between the NGO and its partners on progress, monitoring reports and evaluation findings. Where this analysis and communication takes place in-country through field offices, the Australian NGO needs to demonstrate how it develops its own understanding and confidence in the quality of field level monitoring systems.

[29] **B4: Evaluation**: The NGO should be able to distinguish between the purposes and approaches to monitoring and evaluation. While monitoring tracks a project throughout implementation, evaluation is a distinct exercise that makes a judgment on the approach, methodology, outcomes and impacts of a project or program.

The NGO should show that it understands the difference between outputs and outcomes. While an assessment of outcomes and impact may not be possible in the early stages of a particular project, there must be sufficient evidence from the NGO's portfolio of activities that it has made substantial efforts to make such assessments. Evaluation exercises for NGOs seeking base accreditation may be smaller and more limited than those for NGOs seeking full accreditation, but they must still demonstrate the ability to produce a qualified assessment of project outcomes.

- [30] **B4: Assessing effectiveness of development activities and the organization (FULL only):** At the full level an NGO should have developed an effectiveness framework or equivalent documentation which articulates what results and effectiveness means for the NGO and how these will be measured. There should be evidence of progress against this framework being assessed.

[31] **C1: Partnership Documentation**: For accreditation at both Base and Full level, the NGO must have documented agreements in place with implementing partners and for all projects or programs. The agreements may be formalised in MoUs, annual contracts, exchanges of letters or other documents covering the partnership or specific projects. Whatever form the agreements take, as a minimum they must reflect the contractual obligations of each party and embody reasonable project management practices. Often, overall partnership agreements are supplemented with specific project agreements. The project agreements should appropriately refer to the reporting obligations that the NGO has to DFAT (as per the NGO's head agreement), such as reporting timelines and requirements, acquittal certification requirements, and obligations to report. The agreements should be regularly reviewed and updated to account for changing requirements, and signed by delivery partners.

[32] **C1: DFAT Obligations:** It should be noted that the Head Agreement does not require the NGO to pass on any particular obligation within agreements with partners. However, this criterion seeks to ensure that the NGO's partners are aware of key DFAT contractual obligations that relate to its work. For implementing partners, this would usually include obligations relating to child protection, counter-terrorism, incident reporting and fraud. Ideally, these

obligations would be reflected in a contractual agreement with a partner, but the NGO may be able to show other evidence of clearly communicating these obligations to its partners. Evidence may include email or other written correspondence, meeting minutes, field trip reports, or workshop records. The NGO may equally identify other evidence that satisfies this criterion. Where an NGO works in-country through its own field office, the NGO needs to demonstrate that the field office is aware of DFAT obligations and has processes in place to meet those obligations.

[33] **C1: Understanding Partnership Agreements:** The Australian NGO needs to demonstrate that the agreements it has in place with partners are clearly understood by those partners. While signed copies of partnership agreements provide evidence that there is a commitment to the agreement, this indicator seeks evidence that there is communication between the partners about the content of the agreement. For example, if an agreement requires a partner to be bound by certain policies, there should be evidence that these policies have been provided to the partner.

[34] **C1: Procedural arrangements for partnership management (FULL only):** The NGO will commonly have developed policies and procedures covering the development and management of partnerships.

[35] **C1: Documented roles and responsibilities within Global Programming (FULL only):** The NGO will have documented roles and responsibilities of country offices and international partners, alliances or affiliates if they are undertaking global programming. These may be documented in signed agreements or policies and procedures.

[36] **C1: NGO Influence in Global Programs (FULL only):** If the NGO sends development funds to a global network or alliance, it needs to be able to exercise its influence where required. There are many ways that an NGO may be able to demonstrate its influence – including strategy setting, international standards development, program design and appraisal, requesting an audit, reviewing financial reporting, program review, or a range of other possible engagements with the international network. The onus is on the NGO to show how it is able to influence its global network sufficiently to maintain a confidence in the use of any development funds sent to that global network.

[37] **C2: Partner Capacity Assessment:** The NGO should have processes in place to assess the capacities of its partners. This may be undertaken in many different forms and NGOs should not be expected to demonstrate this in any pre-determined way. Ideally, however, the NGO should use a transparent, systematic approach, such as a standardised set of criteria or guidelines, to assess key aspects of partner capacity.

An assessment should be undertaken initially to determine the suitability of a new partner, and would usually cover a range of aspects of the partner organisation, such as its legal structure, integrity, philosophies and practices, and project and financial management capacities. There should also be mechanisms for the ongoing assessment of partners. The type of assessment should reflect the role that the partner is expected to play. For example, if the partner is expected to implement a technical project, then the technical and management capacity of the partner would be assessed. Alternatively, if the partner is playing a role of coordination, then its capacity to establish and maintain networks would be assessed. The review team will expect to assess a number of documented capacity assessments during the organisation review. There is no expectation that this criterion should limit the types of partners an NGO is working with, even where capacity is limited.

Where an Australian NGO works with other entities within their international network and they adhere to a common set of standards and working practices, the NGO needs to show evidence that it has an informed knowledge of those entities' compliance with those standards and the general capacity of its in-country partners. It is not adequate for the Australian NGO to assume that an in-country entity is compliant simply by virtue of its membership of or association with the same parent organisation.

[38] **C2: Capacity of Partners Taken Into Account:** The NGO should use the knowledge gained from its assessments of capacity to guide project design and management decisions. The review team will expect to see evidence that the NGO has either included capacity-strengthening initiatives within projects or that it is designing projects commensurate with the capacity of its partners and itself. For example, an NGO might determine that a partner organisation or group lacks experience in monitoring, and in response might provide additional support for monitoring or perhaps some training for the partner. Similarly, an NGO might decide to limit the complexity of a project to align with existing capacities.

[39] **C2: Separation of Development and Non-Development Activities:** This indicator is particularly relevant where NGOs are partnering with organizations who undertake development and non-development activity. Where this is the case, NGOs must be able to demonstrate that their partners separate their activities, account for funding for different types of activities. NGOs must also be able to demonstrate communication with partners which shows an understanding of the difference between the different types of activities.

[40] **C2: Partner's Child Protection:** In addition to having their own child protection policy and related risk mitigation measures, it is expected that an NGO will have undertaken an assessment of its partners risk mitigation measures in respect to child protection. This is particularly relevant where a partner is undertaking child-focused activities or undertaking projects that have contact with children. NGO's should refer to the DFAT Child Protection Policy to ensure that they are meeting the minimum standards. The review team will seek evidence that the NGO has actively sought to assess its partner's practices in respect to child protection and provided support where required.

[41] **C2: Partner's Counter-Terrorism:** In addition to ensuring that an NGO's partners are not associated with terrorism, there is a requirement to demonstrate that best endeavours have been undertaken to ensure that the NGO's partners do not provide support to any individuals or organisations associated with terrorism. In some cases, the Australian NGO will request its partner to provide entity details to it so that it can undertake the required vetting and screening processes. In other cases, the Australian NGO will request its partner to undertake all necessary vetting itself. In both cases, the expectation needs to be clearly communicated and the Australian NGO needs to have made an assessment of how its partners will fulfill the expectation. Evidence of communication with partners regarding processes relating to counter terrorism is required. It should be noted that there is not an expectation that direct beneficiaries would be screened against the listings, but that any sub-partner or contractor that receives Government funds has been screened.

[42] **C3: Nature of Partnerships:** This indicator refers to the nature and tone of partnerships and relationships between the Australian NGO and its partners, and between partners and beneficiaries. Partnerships should reflect equality, mutual respect and learning, self-reliance and transparency. The nature of the partnership and the respective roles of the NGO and the implementing partner should be evident in discussions with NGO staff, negotiations with partners, meeting minutes and records of day-to-day communications with partners, such as emails and letters. Documented evidence may include examples of communications, such as emails, letters, field trip reports and meeting minutes.

The Australian NGO should also be well informed about the nature and tone of relationships between its in-country partners and other participants, such as community members and beneficiaries. Field trip reports, program reviews and evaluations, evidence of community feedback mechanisms, and communication between the Australian NGO and its partners may be sources of evidence in this area.

[43] **C3: Partner Good Practice (FULL only):** Collaboration between the Australian NGO and its partners should reflect key principles of effective development practice. This may be evidenced through communications, sharing of policies, training, capacity building initiatives, field trip reports, feedback on working documents, capacity assessment processes. The indicator seeks evidence that the Australian NGO actively advocates and pursues with its partners approaches to program design that include contextual analysis and sound program logic; the inclusion of primary stakeholders throughout the development process; promoting the participation of marginalised, vulnerable and less represented groups of people; building local community capacity; and strategies for sustainability.

[44] **C3: Stakeholder Feedback (FULL only):** It is expected that orgaisations applying for full accreditation have established accessible feedback mechanisms through which partners and program stakeholders can register feedback, concerns or complaints. This may be a stand alone mechanism, or may be comprised of project specific mechanisms that are integrated into a project's monitoring and evaluation framework. The expectation is that key stakeholders are able to raise complaints and receive a response through an effective, accessible and safe process.

[45] **C3: Effectiveness of Partnerships (FULL only):** NGOs may have various ways in which they assess the effectiveness of their partnerships. The onus is on the organization to show what mechanisms exist and how these mechanisms equip the NGO to make an assessment. Some organizations will have formal partner feedback mechanisms; others may have undertaken formal reviews in consultation with partners. Evidence of documented assessment of partnership practice would help an NGO demonstrate its system in practice.

[46] **D1: Australian Government Recognition**: If the organisation has received support from the Australian Government, it should be able to show examples of promotional or other materials which shows public recognition of the Australian identity and the support of the Australian Government in Australia and in countries where support has been provided. In some cases or contexts, this may not be appropriate – such as in highly political or sensitive contexts. The onus is on the NGO to describe its approach and provide relevant evidence. If the organization has not received Australian Government support before, the NGO should be able to show evidence of having acknowledged and attributed the support of other donors, where such support has been received.

[47] **D1: Documented arrangements that address the acknowledgement and attribution of the Australian Government (FULL only):** Guidance may be articulated in communications guidelines, or at a minimum, outlined in agreements or exchange of letters/emails.

[48] **D2: Accessible Information:** The NGO is expected to show how it shares key information with stakeholders. This includes both the organisation's Australian constituency, and the organisation's overseas partners and stakeholders. Evidence such as newsletters, promotional material and the distribution of an annual report can show that the NGO's Australian community base is well informed about the organisation's activities. The NGO should also be able to show evidence of how it has provided appropriate levels of information to its partners and project stakeholders.

[49] **D2: Accuracy of Promotional Materials:** Promotional material needs to accurately reflect the projects supported by the NGO. Text and images should directly relate to the country, place, context and activities being supported by the NGO and be an honest representation of the work being undertaken by the NGO. Promotional materials should not seek to deceive or mislead the general public.

[50] **D2: Dignity in Promotional Materials: When** describing the context, components or beneficiaries of a project, the NGO should ensure that the dignity and values of the people involved are respected. Its communications should promote partners and beneficiaries as active agents, and not as passive recipients of aid. NGOs should avoid sensationalising the challenges faced in developing countries.

If the NGO uses images of people involved in projects, it should gain their permission in a way that is culturally appropriate and contextually sensitive and ensure that they are aware of how the images may be used. Where images of children are included in public materials, these should comply with the NGO's Child Protection Policy.

[51] **D2: Complaints Mechanisms:** The NGO should show that there are mechanisms for its community base to raise issues and to ask for and receive information from the organisation. Common mechanisms include regular information or membership events, where the public can engage directly with the organisation, and annual general meetings. Increasingly, NGOs are also using social media such as Facebook, Twitter, blogs and YouTube to engage with their constituencies.

[52] **D2: Formal Complaints Mechanism (FULL only):** It is expected that orgaisations applying for Full Level accreditation have a formal, public and accessible complaints mechanism through which the public can register concerns or complaints. The NGO should have clear procedures that provide guidance on how the organization will handle complaints. Examples of the system in use should be sought at the Organisation Review.

[53] **D2: Guidance on Promotional Materials (FULL only):** It is expected that organisations applying for Full Level accreditation have established processes that ensure that any public materials are quality checked to ensure that they accurately reflect the projects supported by the NGO, and appropriately reflect the dignity and values of the people profiled. Evidence of these processes being applied will be sought during an Organisation Review.

[54] **D2: Attribution in Promotional Materials (FULL only):** If the NGO is part of a broader international network, promotional materials should clearly distinguish between its work and that of the network, where they are different. The material must not lead the public to believe that the NGO is undertaking work that is really being done by other parts of its international network. This does not prevent the NGO from promoting the work of its network, but requires that a distinction be made between the international network and the NGO.

[55] **D3: Australian Community Support:** The NGO is expected to have an Australian community support base. It should be noted that the nature of community support for NGOs varies significantly and there is no predetermined expectation of size or value. It may include various parts of the Australian constituency with which an NGO has contact, such as churches, schools, clubs or corporations. Smaller organisations sometimes underestimate the extent of their community support base, so all forms of contact with the community should be considered when making an assessment against this criterion. Financial, voluntary and pro bono support can all form Australian community support.

[56] **D3: Maintaining Community Support:** The NGO should demonstrate how it seeks to maintain community support for development activities. This may include planned fundraising events, promotional strategies such as appeals and newsletters, information or discussion events with members of the community, or other promotional initiatives. If the NGO is supported by volunteers or other in-kind contributions, it should demonstrate how it tries to maintain that support. For example, it might have a scheme to formally recognise those who make contributions. If the contribution of volunteers is significant for the NGO, its support for volunteers should be more formalised and might include training and support for volunteers and a policy that documents its use of volunteers.

[57] **D3: Community Involvement:** The NGO should demonstrate how members of the community are actively involved in the organization. This may include overseas volunteering or field study opportunities, involvement in public campaigns, attendance at fundraising events, prayer groups, discussion groups, a speakers' register, donor surveys, interactive social media presences, or other mechanisms. In some cases, where organisations are very small, the involvement of community members may be limited to their involvement in the governing body of the organisation.

[58] **D3: Strategic Approach to Community support (FULL only):** The NGO should demonstrate that it has a documented plan or strategy in place to maintain community support. This may be documented within an organisation's strategic or business plan, or it may have a stand alone marketing and fundraising strategy.

[59] **E1: Segregation of Duties:** Segregation of duties is critical to effective internal control as it reduces the risk of both erroneous and inappropriate actions. In general, the approval function, the accounting/reconciling function, and the asset custody function should be separated among employees and/or volunteers. This can be challenging for smaller organisations that have only a few staff or rely on volunteers. When these functions cannot be separated, a detailed supervisory review of related activities is required as a compensating control activity. Segregation of duties is a deterrent to fraud because it requires collusion with another person to perpetrate a fraudulent act.

[60] **E1: General ledger and Project ledger:** Each project should have a discrete ledger account in which all project expenditure is recorded. The project accounts should generally be recorded as a liability within the general ledger. Adequate journal entry controls should exist (e.g. pro forma journal entry input sheets, sequential allotment of journal entry numbers, journal approvals, adequate journal narrations and backup documentation).

[61] **E1: Documented Financial Policies, Systems and Processes:** The NGO must be able to demonstrate that is has well-established systems and processes for:

1. **The establishment of budgets, including their basis and authorisation**

- The basis and source of assumptions used in proposal budgets should be realistic for the proposed activities (not inflated).
- The adequacy, description and number of line items in budgets should be sufficient to ensure proper disclosure of expenditure for activities and for monitoring (e.g. identification of expenditure, over expenditure, trends and unauthorised activities).
- Line item descriptions for project activity costs both in Australia and in country should be consistent, so that expenditure line items provide transparency and audit trails when consolidated.
- For both line item descriptions and dollar amounts, budget line item changes for project activity costs should be properly identified and approved.
- The delivery organisation budget proposals should have been scrutinised before consolidation into the overall project budget proposal.

2. Receipting and recording of donations and grants

- Mail opening and payment receipt procedures should follow good internal control practices.
- Payments received through the mail should be recorded in a remittance advice register.
- Payments received electronically should be recorded in individual donor / grant management and ledger systems and should be reconciled on an appropriate basis, that is, daily, weekly or monthly.
- Commonwealth funds provided by DFAT should be properly receipted and banked promptly.
- An appropriate audit trail of all receipts, including for donations, should be maintained.

3. Payments in Australia for project activity costs

- Procurement, travel approval and expenditure systems should be in place.
- The good order, condition and quality of goods and services received should be verified before payment is processed.
- Payments should be properly authorised.
- Where electronic means cannot be used to identify invoices, invoices should be stamped 'Paid' after payment to prevent their resubmission.
- Project expenditure transactions should be verified by supporting documentation and the acquittal statement when claimed against the contract.

4. Funds transfers to the delivery organisation

- Evidence should exist that overseas transfers to the delivery organisation have been properly authorised.
- Advice to the delivery organisation of payments (including source documentation) should exist.
- Evidence should exist of receipt of payment back to the NGO (for example, a receipt or letter acknowledging funds received, including the conversion rate and local or hard currency (e.g. US$) amount, if applicable.

- The transfer of funds to the overseas organisation does not constitute an acquittal by the NGO for acquittal statement purposes until the funds have been expended by the delivery organisation on the agreed activities.

5. Procurement of project goods and services

- Quotations should be obtained and documented for significant purchases where possible, and value-for-money principles should be followed.

6. Cash management

- Cash handling procedures should be adequate (among other things, the procedures should cover individual personnel responsibilities for cash; division of duties principles, where staffing resources permit; and approval processes for the use of cash for authorised activities).
- Petty cash advances should be properly controlled and held in a safe place.
- Petty cash advances should not be used for loans.
- Petty cash expenditure should be supported by documentation when acquitted.
- Handover/takeover procedures between delivery organisation personnel should be appropriate to deter fraud.61
- Investments of surplus funds should be in cash or cash equivalent (before spending on DFAT-authorised activities or sending tranches overseas), and those funds should not be used for other purposes.

7. Bank reconciliations

- Bank reconciliations should be undertaken on a monthly basis where possible, be reviewed by a responsible officer, and be accurate and complete.
- Large and unusual reconciling items should be resolved promptly.
- Delivery organisation bank reconciliations or copies of bank statements should be requested from time to time to check unspent funds balances if monitoring visits are infrequent.

8. Interest earned on DFAT funds

- Where interest earned has to be estimated, the method of estimation should be stated.
- A transparent method should exist for the calculation of interest earned for funds provided by DFAT and its application to the approved project activities.

9. Progress reporting by the NGO and the delivery organisation

- The NGO has a procedure or system to monitor receipts of financial and narrative reports.
- The NGO follows up overdue or outstanding reports.
- Reports are examined by the NGO project officer and queries arising from the reports are followed up.

10. Acquittal consolidation (the consolidation of the delivery organisation acquittal statement and the NGO's Australia-based costs into the acquittal statement submitted to DFAT)

- The process for consolidating project activity costs and acquittals incurred by the NGO needs to be transparent. If the budget line items are complex, an intermediate spreadsheet showing the relevant expenditure by line item should allow consolidation and provide transparency and an audit trail.
- Evidence should exist that the NGO has verified that the budget used in the delivery organisation acquittal is the most current approved/agreed budget.
- Unusual expenditure variances from the agreed budget line item should be scrutinised and followed up with the delivery organisation for explanation before submitting the acquittal or the amalgamated acquittal (which includes the NGO acquittal expenditure) to DFAT.

11. Acquittal reporting

- Acquittal reporting should correctly disclose funds received from DFAT for the reporting period concerned.
- Reporting should show interest earned on DFAT project funds and applied to the activity for approved purposes under a revenue heading of 'interest earned' in the acquittal statement.
- Reporting should show actual expenditure by line item against the agreed budget line items.
- Reporting should provide explanations when line items exceed a 10% variation from the agreed budgets.
- All acquittals are to be on an accrual reporting basis.
- The wording of the acquittal certification to DFAT should be in accordance with the DFAT agreement and must be signed by a nominated NGO delegate.
- Unspent funds, interest and exchange rate gains remaining after the provision of the completion report should be refunded to DFAT.

12. Activity management documentation system

- An adequate filing system for project management should exist for correspondence between DFAT and the NGO; correspondence between the NGO and the delivery organisation; narrative and financial progress reports and monitoring visit reports; and contractual and other legal agreements.
- The NGO should have systems to track the provision of reports required under the contract.

[62] **E1: Audited Financial Statements:** NGOs must be able to show that they have audited financial statements. The purpose of an audit is to form a view on whether the information presented in the financial report, taken as a whole, reflects the financial position of the organisation at a given date. It must be undertaken by an auditor that is independent from management and directors; so that the assessment of the NGO's financial statements are made objectively.

[63] **E2: Partner's Financial Management Capacity:** Accredited NGO's who provide funds to partners are expected to have a comprehensive understanding of their partner's financial management capacity. There are a variety of ways in which an organization will be able to demonstrate this understanding. For example, an annual external audit by a reputable firm of qualified accountants will provide some evidence in this regard. The scope of the external audit can be expanded at the request of the NGO to examine certain systems, projects or partners as a specific system audit or acquittal certification. One normal output of an annual external audit is a management letter that raises concerns and areas for improvements. The NGO should ask for such a letter as part of the audit. In addition to audits, many NGOs undertake their own 'financial systems assessments' of delivery partners before entering into a partnership, and as part of regular monitoring visits. Evidence of the results of such assessments and follow up to address any concerns should be provided to the review team. The use of self-assessment checklists of key controls by partners is common, but should not be relied on exclusively and should be followed up with other mechanisms on a cyclical basis. Deficiencies in internal controls revealed in spot checks or reviews by NGO personnel should be reported to the chief accounting officer of the NGO and to the NGO's governing body where appropriate.

[64] **E2: Project Acquittals:** It is expected that an NGO receives detailed financial reporting from its partner organisations. Where an NGO has not received funding from DFAT in the past, reporting processes should demonstrate the capacity to comprehensively account for DFAT funds. NGOs systems will be assessed to show that:

- Acquittal reporting correctly discloses funds received from DFAT for the reporting period concerned.
- Reporting shows interest earned on DFAT project funds and applied to the activity for approved purposes under a revenue heading of 'interest earned' in the acquittal statement.
- Reporting shows actual expenditure by line item against the agreed budget line items.

- Reporting provides explanations when line items exceed a 10% variation from the agreed budgets.
- All acquittals are on an accrual reporting basis.
- The wording of the acquittal certification to DFAT is in accordance with the DFAT agreement and is signed by a nominated NGO delegate.
- Unspent funds, interest and exchange rate gains remaining after the provision of the completion report is refunded to DFAT.
- The process for consolidating project activity costs and acquittals incurred by the NGO needs to be transparent. If the budget line items are complex, an intermediate spreadsheet showing the relevant expenditure by line item should allow consolidation and provide transparency and an audit trail.
- The NGO has verified that the budget used in the delivery organisation acquittal is the most current approved/agreed budget.
- Unusual expenditure variances from the agreed budget line item are scrutinised and followed up with the delivery organisation for explanation before submitting the acquittal or the amalgamated acquittal (which includes the NGO acquittal expenditure) to DFAT.

[65] **E2: Financial Capacity Strengthening (FULL only):** For organizations applying for Full Level accreditation, evidence will be sought to demonstrate the NGO's efforts towards strengthening their partners' financial capacity where required. This does not imply that other risk management approaches should be avoided, such as withdrawing from a high risk or poor performing partnership, but rather seeks to identify how the Australian NGO supports and strengthens partners in financial management where this is appropriate.

[66] **E2: Partner Audits (FULL only):** It is expected that accredited NGOs actively request and review audited financial statements from their partners. If a delivery organisation is not audited annually by an in-country auditor, NGO personnel should check that the partner's accounting and activity management systems have adequate internal controls to provide assurance that Australian Government funds are properly accounted for, controlled and spent for the agreed purposes. The partner's systems should be verified from time to time, for example as part of project monitoring visits. The verification could take the form of control checklists that are completed by NGO personnel.

The NGO's external auditor would not normally be expected to visit the delivery organisation to certify that 'necessary and sufficient' financial systems and records exist. However, some assurance is required that the NGO has verified and documented the adequacy of the delivery organisation's internal controls. Such evidence could be in the form of monitoring visit reports, checklist results or reports by a visiting NGO financial controller or accountant.

[67] **E2: Global Program Financial Reporting (FULL only):** Where an Australian NGO provides funds to global programs, the NGO need to show evidence of receiving regular financial statements, reports and independent audits relating to those programs so that the NGO can have confidence in the application and use of funds provided.

[68] **E3: Delegations of Authority:** An organisation's financial systems should include clear delegations of authority which establish who is able to make decisions and to take action on behalf of the organisation. Typical examples of activities that may rely on delegated authority can range from signing contracts that commit the agency to significant expenditure, to approving leave or petty cash payments.

[69] **E3: Partnership Agreements:** For accreditation at both Base and Full level, the NGO must have documented agreements in place with implementing partners and for all projects or programs. Agreements should clearly outline the NGO's requirements for the management and use of funds, including reporting obligations and acquittal certification requirements.

[70] **E3: Control of Funds Sent Overseas:** The NGO should have established systems and procedures that ensures that any overseas transfers have been properly authorized, that advice of payments (including source documentation) is made to overseas organisations, that it receives a receipt or letter acknowledging funds received, including the conversion rate and local currency amount. These systems should also include an acquittals process for all funds expended by the overseas organisation on the agreed activities.

71 E3: Insurance: The NGO is expected to have appropriate insurance policies in place that are commensurate with the risk profile of the organisation's activities. This should include as a minimum, public liability insurance with a limit of at least $5 million for each and every claim which covers: loss of, or damage to, or loss of use of any real or personal property; or personal injury to, illness (including mental illness) or death of any person.

[72] **E3: Fraud (FULL only):** The NGO is expected to have processes and systems to effectively prevent, detect and investigate fraud and prevent corruption. This will usually be met by the NGO having sound financial management systems, including clear segregation of duties, delegations of authority, documented financial policies and procedures, sound internal controls and clear reporting and review mechanisms. Organisations applying for Full level accreditation will normally have a stand alone policy on fraud.

[73] **E3: Conflict of Interest (FULL only):** For organisations applying for Full level accreditation, it is expected that they have an approved Conflict of Interest Policy. This policy should define the term 'conflict of interest' and describe how the organization will identify and manage any actual, potential or perceived conflicts of interest.

[74] **E3: Foreign Currency Exchange (FULL only):** For organisations applying for Full level accreditation, they must have a policy or strategy that seeks to minimize the effects of adverse exchange rate fluctuations. While the operating philosophy and financial goals of each NGO will vary, an effective policy

statement for the day-to-day management of foreign exchange risk will establish risk thresholds and outline guidelines for control and reporting requirements.

[75] **E4: Recognised Development Expenditure:** The NGO must meet the required minimum average level of recognised development expenditure (RDE), which is the total eligible contribution that the NGO receives from the Australian community for the organisation's own development assistance, emergency relief or rehabilitation activities overseas, and development education in Australia.

The minimum level of RDE required for base accreditation is $50,000; for full accreditation the requirement is $100,000. Eligible contributions include donations of cash, gifts in kind and volunteers' services. Funds disbursed overseas for welfare, evangelistic or political activities cannot be included in the organisation's RDE, as they are not spent in accordance with the development intentions of the aid program. This aspect of RDE calculation is considered in depth during the accreditation process.

For an item to be included in the RDE calculation, the NGO must be able to demonstrate that it:

- has knowledge of the activity or overall program and receives information from the implementing organisation that enables it to engage in a meaningful way with the activity (evidence may include financial, progress and evaluation reports)
- is able to influence activity or program direction (where there is a global implementing organisation, the Australian NGO should have MoUs with its partners ensuring that it can influence what is happening on the ground or a clear role in establishing policies and practices for the international group)
- has the ability to withdraw funding or initiate action if an activity or program is not aligned with its priorities or Australian Government policy requirements.

The financial assessor will review the latest RDE submission, and may look at two or three years of RDE returns. The allocation of overheads will be reviewed within that assessment.

If the NGO undertakes additional activities that are ineligible for inclusion in RDE, it should keep clearly documented records of the basis of its assessment of those activities that are included. Project ledgers will be reviewed and individual projects will be selected for more detailed examination. The financial systems assessor will work closely with the development assessors in the review team to determine whether the NGO satisfies this aspect of this criterion.

The NGO should understand which funds may be included in RDE, as anything included in RDE is subject to examination. Refer to RDE Explanatory Notes for further guidance.

[76] **E4: Absorptive Capacity:** An estimation of the NGO's likely allocation as an accredited organization should be made and an assessment made as to whether the organization is able to provide a matching financial allocation of 20%. This provides an indication of whether the NGO is likely to be able to meet matching ratio requirements under the ANCP.