

Proposed changes to the ACFID Code of Conduct and Quality Assurance Framework – May 2023

Table of Contents

1. Introduction	2
ACFID Code of Conduct Review 2022-23	2
Architecture of the Code.....	3
Guiding Questions.....	3
Related documents	4
2. Recommendations from Consultation Phase	5
Recommendation 1: Clarification and Simplification	7
Recommendation 2: Alignment with Other Standards	13
Partnerships	13
Safeguarding	15
Alignment with other DFAT Requirements.....	24
Core Humanitarian Standards.....	26
Australian Charities and Not-for-profits Commission (ACNC)	28
Whistleblower Protections	36
Recommendation 5: Climate Change	39
Recommendation 6: Locally-led development and humanitarian action	44
Recommendation 7: Anti-racism, racial justice and diversity	51
3. Financial Review.....	57
4. Other changes	60
Misconduct Disclosure Scheme	60
Commitment 7.4 – Term limits of responsible persons.....	60
Good Practice Indicators.....	61
Managing risk with partners	61

1. Introduction

ACFID Code of Conduct Review 2022-23

The ACFID Code of Conduct is owned by ACFID members, and its purpose reflects their commitment to improve international development and humanitarian action outcomes and increase stakeholder trust by enhancing their transparency, accountability and effectiveness.

The Code is periodically reviewed to ensure it continues to reflect good practice and the needs of ACFID and its members. In June 2022, ACFID initiated the current review of the Code. The purpose of the [2022-23 Review](#) is to consider whether the Code and the associated Quality Assurance Framework remain relevant, coherent, useful and credible to members and external stakeholders.

Recommendations from the consultation period in 2022 have been used to inform a range of proposed changes to the ACFID Code of Conduct and its associated [Quality Assurance Framework](#). The drafting of any changes has been sequenced into several stages to manage dependencies:

1. Thematic area changes (Recommendations 4-7)
 - Climate change
 - Locally-led development/humanitarian action
 - Anti-racism, racial justice and diversity
2. Alignment with other standards and simplification (Recommendations 1-2)
3. Incorporation of CCC Statement of Interpretation (Recommendation 3)

This document is an expanded version of the material provided to members in March 2023. It includes the proposed changes to the Code in response to Recommendation 1 *Alignment with other standards* and Recommendation 2 *Clarification and Simplification*. It also outlines recommended changes based on an external review of the financial elements in the Code. These sections of the document will form the main focus of discussions for the upcoming workshops in May.

The first round of proposed changes related to the thematic area (Recommendations 4-7) were discussed at a series of workshops in March. Based on the feedback received the proposed changes to the Code have been revised. The revised changes are also included in this document. An overview of these changes will be provided at the workshops in May but they will not be the primary focus of discussions.

This paper does not include proposed changes related to Recommendation 3 Statement of interpretation, which are currently being drafted.

In preparing for the consultation workshops, participants are asked to prioritise the following sections:

1. Recommendation 2 – Alignment with other standards
2. Recommendation 1 – Clarification and Simplification
3. Other changes

Architecture of the Code

Component	Description	Location
Quality Principle	The Code is structured within nine high level Quality Principles. They describe high level principles of practice that, taken together, contribute to quality development and humanitarian action outcomes and increased stakeholder trust.	Code of Conduct
Commitment	The Commitments are the behaviours that apply directly to ACFID's members and to which ACFID's members commit.	Code of Conduct
Compliance Indicator	These are pitched at a relatively high level of practice while still being achievable by the diversity of ACFID's members. Members must meet the Compliance Indicators in order to be considered compliant with the Code.	Quality Assurance Framework
Verifier	Each of the Compliance Indicators has a Verifier which describes the evidence that is required to substantiate compliance. These Verifiers recognise the diversity of the ACFID's membership and the variety of ways that different members will demonstrate their compliance.	Quality Assurance Framework
Good Practice Indicator	These describe a higher standard of practice than that set out in the Compliance Indicators. Members may work towards achieving the Good Practice Indicators over time. Members do not need to meet the Good Practice Indicators to be considered compliant with the Code.	Quality Assurance Framework
Definitions	Outlines key terms in the Quality Assurance Framework, including general and financial definitions.	Quality Assurance Framework
Guidance and Resources	The Code and its implementation by ACFID's members is further supported with the Good Practice Toolkit which provides additional examples of good practice, tools, templates and resources.	Good Practice Toolkit (online)

Guiding Questions

- CREDIBILITY - Do the proposed changes reflect your interpretation of the recommendations and good practice?
- IMPACT - What would the outcomes of the proposed changes be and what impact would this have on members' practice and/or reporting requirements?
- RELEVANCE - Are the proposed changes relevant and achievable by all ACFID members?
- COHERENCE - Are there any additions or edits that would improve the proposed changes?
- USEABILITY - What additional guidance or definitions would be needed to help members understand and implement the proposed changes?

Related documents

- [ACFID Code of Conduct](#)
- [Quality Assurance Framework](#)
- [ACFID Code of Conduct Review - Terms of Reference](#)
- [Consultation Phase: Summary of recommendations – December 2022](#)
- [ACFID Resolution on Climate Action \(2-2021\)](#)
- [ACFID Climate Action Framework](#)
- [ACFID Resolution on Decolonisation, Anti-Racism and Locally Led Action \(1-2022\)](#)
- [ACFID Resolution on Race, Diversity and Australian INGOs \(1-2020\)](#)

2. Recommendations from Consultation Phase

These recommendations summarise key propositions emerging from the ACFID Code Review Consultation Phase.

Recommendation 1: Revise the Code's drafting to clarify, simplify and reduce duplication, recognising that increased consistency on even relatively small areas assists in reducing the overall compliance burden

- Consolidate compliance indicators or verifiers that appear in multiple places within the Code (i.e. remove duplication, cross-reference where required).
- Clarify definitions and ensure consistent usage of terms

Recommendation 2: Increase alignment with external standards and regulations to reduce complexity and the administrative load:

- in line with the following principles, and
- recognising that increased consistency on even relatively small areas assists in reducing the overall compliance burden.
 - a. Review all Code compliance indicators or verifiers that are similarly required by external regulators of all ACFID members, to either:
 - a. Remove the requirement for a separate indicator or verifier; or
 - b. Explicitly cross-reference these requirements in the Code, accepting wherever possible that these are verified by compliance with the external standard.
 - b. Align the Code to external regulation where:
 - a. The regulation is well-established, *and*
 - b. The Code already substantially meets or aligns with the regulation.
 - c. Consider Code changes where increased alignment can meet multiple external regulatory requirements (e.g. DFAT Accreditation and ACNC).
 - d. While dependent also on the forthcoming review of DFAT Accreditation, consider Code changes where increased alignment to DFAT requirements may reduce overall compliance burden:
 - i. Where DFAT may increase its recognition of ACFID Code status, seek to align with DFAT Accreditation requirements
 - ii. In areas such where DFAT is unlikely to increase its recognition of ACFID Code status, only increase alignment of the Code where not creating additional or expanded burden on members
 - e. Application of this principle (d) must explicitly consider that more than half of Code signatories do not participate in ANCP.
 - f. Make explicit within the Code and/or associated documents where requirements derive from or interact with external standards or regulations.

Recommendation 3: Revise the Code to explicitly integrate the contents of the Statement of Interpretation (as approved by the Code of Conduct Committee and the ACFID Board in 2021).

Recommendation 4: Where the Code needs to be refined to address emerging issues – e.g. climate change; locally-led development; diversity, anti-racism and racial justice – where possible, do so through existing quality principles and commitments.

Recommendation 5 (Climate Change):

- a. Incorporate specific mention of climate change in **Commitment 3.3** on environmental stewardship and sustainability
- b. Consider mention of climate change in **Commitment 4.2** on contextual analysis as a factor impacting programming
- c. Include a good practice indicator relevant to ESG/ESCC/carbon reporting in **Commitment 8.3** on organisational reporting

Recommendation 6 (Locally-led Development/Humanitarian Action):

- a. Significantly reframe **Quality Principle 2: Participation, Empowerment and Local Ownership** to place the focus on local actors' power and role rather than that of the member.
- b. Revise the Commitments, Indicators and Verifiers, particularly under **Quality Principles 2** and **3** to reflect this reframing, e.g., emphasis on locally-led design
- c. Review which requirements are mandatorily cascaded to implementing partners, and how

Recommendation 7 (Anti-Racism, Racial Justice, and Diversity):

- a. Add a new commitment under **Quality Principle 1: Rights, Protection and Inclusion** which commits members to anti-racism and/or racial justice
- b. Add indicators under **Quality Principle 7: Governance** about diversity and representation on governing bodies and public reporting on diversity and representation on governing bodies.
- c. Add indicators under **Quality Principle 9: People and Culture** about diversity and representation in staffing (including executive leadership) and public reporting on diversity and representation on staffing (including executive leadership)
- d. Add a good practice indicator(s) of evidence-based interventions that can reduce racial discrimination and bias.

Recommendation 1: Clarification and Simplification

Some of the changes outlined below do not have any material impact on the content or intent of the Code or members' reporting obligations, e.g. updating language for consistency across the Code, or where duplications have been removed. For brevity, tracked changes have only been included in this document where there are more substantive changes.

Rec	#	Proposed change	Rationale/context	Change to Code reporting
1	1	Update to Quality Principle 1	Consistent use of 'initiatives' rather than varying use of 'action', 'response' and 'assistance', 'programs' and 'projects'	No change
1	2	Update to Indicator and Verifier 1.2.4	Movement of references to vulnerability and marginalisation from Indicator to Verifier. Using terms consistently with the revised Commitment 1.2. As reflected in Recommendation 2, this Indicator contributes to alignment with the External Conduct Standards.	No change (tracked change below)
1	3	Update to Indicator and Verifier 1.3.1	Removal of duplicated listing of humanitarian principles in both Indicator and Verifier Explanation of origin and meaning of humanitarian principles moved to Definitions.	No change (tracked change below)
1	4	Updates throughout commitment 1.3	Consistent use of 'humanitarian initiatives' rather than varying use of 'humanitarian action', 'humanitarian response' and 'humanitarian assistance'	No change
1	5	Removal of Indicators and Verifiers for 1.3.3 and 1.3.4	In clarifying the Verifier for 1.3.2 to include all Nine Commitments of the Core Humanitarian Standards (see details in Recommendation 2), 1.3.3 and 1.3.4 are already covered by 1.3.2. No rationale identified for the priority given to these two indicators ahead of other commitments. With the proposed revisions to Commitment 2.1, this would also potentially result in further duplication of 1.3.4.	Reduced reporting Two fewer indicators. No substantive change to intent. (tracked change below)
1	7	Update to Quality Principle 2	Consistent use of 'initiatives' rather than varying use of 'action', 'response' and 'assistance', 'programs' and 'projects'	No change
1	8	Update to the scope of Commitment 2.4	Clarify the scope of the application of the Commitment about child participation.	Possible change May apply to more members (tracked change below)

1	9	Update to Verifier at 4.2.1	Redraft to incorporate duplicative second into a single verifier.	No change (tracked change below)
1	10	Removal of Good Practice Indicator in 5.2	Good practice indicator was duplicative of 5.1	No change
1	11	Update to Indicator and Verifier 6.1.2	Small language change to align with ACFID Fundraising Charter	No change (tracked change below)
1	12	Removal of Good Practice Indicator in 7.1	Duplicates existing verifier in 7.4.1	No change
1	13	Update to Verifier 7.3.2	Clarification that the separation of non-development activities applies consistently across both development and humanitarian initiatives.	Possible change No change in intent.
1	14	Update to Verifiers in 7.3.3	Change to 'publicly available' from 'readily accessible' for consistency with other parts of the Code, and to remove burden of full definition of 'accessible'. Removal of term 'discrete' for avoidance of any potential confusion with 'discreet' Removal of redundant language	No change
1	15	Update to Verifiers 7.4.1	Consolidation of existing verifiers relating to the governing body and responsible people into one indicator (existing verifiers drawn from 7.4.2)	No change (see alignment section for tracked changes)
1	16	Update to Indicator and Verifiers 7.4.2	Focusing indicator on Members' accountability to their own members (e.g. obligations as described in ACNC Governance Standard 2). <ul style="list-style-type: none"> Verifiers relating to the governing body and Responsible People moved to 7.4.1 Deletion of verifiers relating to the organisation purpose and not-for-profit nature, as duplication 7.1.1 	No change (see alignment section for tracked changes)
1	17	Update to Indicator and Verifiers 7.4.3	Change of language from 'persons' to 'people' for consistency throughout the Code, and aligned with ACNC usage. Use of 'staff and volunteers' for consistency throughout the Code <i>See also ACNC-related changes, as detailed in Recommendation 2.</i>	No change (see alignment section for tracked changes)
1	18	Update to Verifiers 7.4.4	Use of 'policy' and 'procedures' rather than 'protocols' for consistency throughout the Code. Clarifying existing verifier requirement that safeguarding is a standing agenda item for governing body meetings; the	No change.

			word 'should' inadvertently framed this verifier for the compliance indicator as a recommendation only (in which case it would have been located as a good practice indicator).	
1	19	Updates to Good Practice Indicators for 7.4	Additional and revised indicators reflect good practice as recommended by the ACNC, amongst others.	No change
1	20	Updates to Verifiers 8.2.1	Corrected description of title and source of included listings of terrorist organisations and those listed under sanctions laws. <i>See also ACNC-related changes, as detailed in Recommendation 2.</i>	No change For clarity and accuracy only (see alignment section for tracked changes)
1	21	Simplification of verifier 8.2.2	Removal of unnecessary or unclear language. Inclusion of 'cost-effectiveness' in updated definitions.	No change (tracked change below)
1	22	Removal of Good Practice Indicator 9.1	Removed 'guidelines are documented for the recruitment of local staff in country offices'.	No change.
1	23	Updated verifiers in 9.2.3	Removal of prior verifier for 'safety, security and travel'. Unclear if this related to safety and security and travel, or safety and security during travel. Removal of final verifier relating to 'guidelines for staff travelling' as duplicative. Addition of verifier for WHS policy, as required by law and as already required in 9.3.1. Noting specific risks of travel to ACFID members, addition of an updated verifier for safety and security while travelling (with flexibility as to whether this is achieved through WHS policy, travel policy, or in other ways) Update of insurance verifier to correspond to combined scope of WHS and travel, that standard workers compensation insurances are required in relevant states and territories of Australia, that separate insurance is required for travel, and that volunteers are not covered by workers compensation, to be protected this must be achieved through volunteer personal	No change Replaced/deleted No change Legal requirement, and already in 9.3.1 No change Implicit in removed verifier Change For members with volunteers, volunteer personal accident insurance is good practice, but not previously specified by the Code (beyond

			<p>accident insurance (a component of the National Standards for Volunteer Involvement, reflected in Good Practice Indicator.</p> <p>If inclusion of volunteer personal accident insurance is not accepted, recommend removal of 'volunteers' from the indicator, and include recommendation for such insurance as a Good Practice Indicator.</p>	<p>inclusion of the Volunteer Standards as a Good Practice Indicator), nor required by law.</p> <p>(tracked change below)</p>
1	24	General	<p>Removal of regular but inconsistent use of the undefined term 'personnel'. This was typically used to refer to 'staff and volunteers', but, at times encompassed either more specific or broader groups, such as including the organisation's responsible people, or contractors.</p>	<p>Immaterial change</p> <p>Consistency and specificity of language use; avoiding undefined terms</p>

1.3 We support people affected by crisis.

The indicators and verifiers under this commitment are relevant to all members that support or undertake humanitarian initiatives.

Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
1.3.1 Members that support or undertake humanitarian assistance initiatives are guided by the four hHumanitarian assistance pPrinciples of humanity, impartiality, independence and neutrality.	<p>Policy, statement or guidance document that commits the member to the Humanitarian assistance pPrinciples of hHumanity, impartiality, independence and nNeutrality as defined in the Core Humanitarian Standard (http://www.corehumanitarianstandard.org/the-standard).</p>
1.3.2 Members that support or undertake humanitarian assistance initiatives recognise and work towards application of the Core Humanitarian Standard.	<p>Policy, statement or guidance document that commits the member to recognising and working towards application of the Core Humanitarian Standard:-</p> <ul style="list-style-type: none"> • aiming to fulfil all Nine Commitments • working to continuously improve systems, structures and practices to improve the quality and accountability of humanitarian initiatives, acknowledging where difficulties are encountered in fulfilling the Commitments
1.3.3 Members support or undertake humanitarian assistance coordinate and complement the work of others providing assistance.	<p>Policy, statement or guidance document that commits the member to coordinating and complementing the work of others providing assistance.</p>
1.3.4 Members support or undertake humanitarian assistance promote the role and leadership of local actors.	<p>Policy, statement or guidance document that commits the member to promoting the role and leadership of local actors.</p>

2.4 We promote the participation of children.

The indicators and verifiers under this commitment are relevant ~~only~~ to members ~~which undertake work with initiatives involving or directly affecting which prioritises~~ children.

1.2.4 Members consider the potential impact of their development and humanitarian initiatives on those who are vulnerable and those who are affected by marginalisation and exclusion with a view to preventing unintended harm.	Design or planning frameworks, tools, templates which require or approaches that consistently show the consideration of the potential for unintended harm and strategies to mitigate the risk of harm, <u>including for those who are in vulnerable positions or experiencing marginalisation and exclusion.</u>
---	--

4.2 We analyse and understand the contexts in which we work.

Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
4.2.1 Members' planning and practice are informed by analysis of context, evidence and research, and inclusion of the perspectives and knowledge of primary stakeholders.	<ul style="list-style-type: none"> Design, or planning <u>and appraisal</u> framework, <u>process</u>, tools, templates which require or approaches which consistently show context and stakeholder analysis. Contextual analysis should consider the perspectives and knowledge of primary stakeholders, impacts of climate change and an analysis of power dynamics including issues of gender equality and equity. Appraisal/selection process that requires designs to include systematic consideration of context and stakeholder analysis, evidence and research, and the perspectives and knowledge of primary stakeholders including analysis of power dynamics and issues of gender equality and equity.

6.1 We are truthful in our communications.

6.1.2 Members have organisational protocol <u>clear processes and responsibilities</u> s for the approval of public materials.	Policy, statement, guidance document or checklist outlining the protocols for the processes and responsibilities for approval of public materials.
--	---

7.3 We are accountable to our stakeholders.

<p>7.3.2 Member development initiatives consistently demonstrate the separation of development activities from non-development activities.</p> <p><i>Members are required to ensure they have appropriate mechanisms to assess, manage and mitigate the risks relevant to this compliance indicator and verifier when working with partners.</i></p>	<p>Policy, statement or guidance document that addresses the separation of development activities from non-development activities in:</p> <ul style="list-style-type: none"> • programming. • expenditure reporting. • fundraising. • advocacy campaigns. • communications. • choice for donors. • partners. <p>Development <u>and humanitarian</u> initiatives that consistently show evidence of the separation of development and non-development activities.</p>
--	--

8.2 We ensure that funds and resources entrusted to us are properly controlled and managed.

<p>8.2.2 Members are effective in their use of resources and minimise financial wastage in the planning and implementation of activities.</p>	<ul style="list-style-type: none"> • Evidence of consideration of cost-effectiveness, during activity planning, implementation and review, <u>including alignment with strategic and good practice approaches for efficiency and continuous improvement</u>
---	---

9.2 We protect, value and support our people.

<p>9.2.3 Members protect the safety, security and well-being of staff and volunteers.</p>	<ul style="list-style-type: none"> • Policy, procedure or guidance document outlining the requirements for the safety, security and travel for staff and volunteers. • <u>Workplace, Health and Safety policy, training, and consultation for all staff, and volunteers and contractors as relevant.</u> • <u>Policy, procedure or guidance for health, safety, and security for personnel while travelling</u> • <u>Appropriate Current workplace, travel, and volunteer personal accident insurances, as relevant.</u> • Guidelines for staff travelling. • Anti-bullying policy. • Governing body, senior leadership, staff and volunteers are aware of and have access to safe training in issues related to diversity and anti-racism.
---	--

Recommendation 2: Alignment with Other Standards

Partnerships

What is the issue?

- The word 'partner' is used quite extensively in the Code and is a broad definition. The revised way in which members manage high risk areas with partners is quite flexible. *Members are required to ensure they have appropriate mechanisms to assess, manage and mitigate the risks relevant to the financial wrongdoing requirements of this compliance indicator and verifier when working with partners.*
- DFAT accreditation has two concepts:
 - 'partner' is a broad concept, similar to the ACFID Code.
 - 'implementing partner' A sub-set of 'partner' these are defined as responsible for program delivery or oversight (often attached to finance). This definition includes country offices for federations, confederations and networks. This is the category that have cascading obligations in written agreements. Alongside this are the due diligence, capacity assessment and capacity building requirements.
- Formal partnership is not defined in the Code but is used in 5.1.2 and 5.2.1 including the requirement for partnership agreements with a set of requirements which are not comprehensive but which pick up elements of the requirements DFAT has to cascade obligations.
- There are some areas of the Code where greater alignment with DFAT requirements in relation to partners, formal partnerships and partnership agreements is possible.

Proposed Change

- A definition of 'formal partnership' is included within the definitions which seeks to align with the DFAT definition of 'implementing partner'.
- Changes to 5.1.2 and 5.2.1 to increase alignment between the DFAT requirements for due diligence, capacity assessment and partners understanding of the obligations in partnership agreements
- Change of language to align with DFAT requirements on effectiveness of partnership.

Rec	#	Proposed change	Rationale/context	Change to Code reporting
2(d)	29	Update to verifier 5.1.2	Increase alignment with DFAT requirements for implementing partners due diligence (C1.1) and capacity assessment (C2.2).	Possible change Additional requirements for inclusion in due diligence and capacity assessment
2(b) & (d)	30	Update to verifier 5.2.1	Partially align to requirements that partners understand obligations in partnership agreements (C1.4), while retaining intent for shared understanding and mutuality.	Possible change Update to partnership agreements Additional requirement for partner awareness obligations
2(b)	31	Update to Indicator and verifier 5.3.2	Small language change to align with DFAT requirement (C3.6) on effectiveness of partnerships.	No change

5.1 We respect and understand those with whom we collaborate.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
5.1.1 Members work with others in mutually respectful ways.	Policy, statement or guidance document that commits the member to working in mutually respectful ways.
5.1.2 Members undertake due diligence and capacity assessments of organisations with whom they work in formal partnerships.	<p>A documented assessment process that includes:</p> <ul style="list-style-type: none"> • Alignment with members' values and objectives. • Governance and legal registration <u>and authority to work in relevant countries</u>. • Financial <u>management capacity and</u> systems. • Reference checks of partners against prohibited entities listings. • <u>Capacity assessment to implement for implementation of safeguarding practices including key safeguarding and risk policies (e.g. child protection and prevention of sexual exploitation, abuse and harassment).</u> • <u>Capacity assessment to implement risk management practices, including financial wrongdoing.</u>

5.2 We have a shared understanding of respective contributions, expectations, responsibilities and accountabilities of all parties.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
5.2.1 Members negotiate shared goals and respective contributions with partners and those they collaborate with.	<ul style="list-style-type: none"> • Policy, statement or guidance document committing the member to partnership and/or collaboration and the approaches it takes. • For formal partnerships, partnership agreement template or examples of partnership agreements that consistently describe: <ul style="list-style-type: none"> ◦ Value and contribution of each party. ◦ Shared goals, roles and responsibilities of all parties. ◦ Financial and non-financial resources and support offered by and required of each party. ◦ Dispute resolution process. ◦ Mutual accountabilities for reporting, sharing information and communication. ◦ <u>Specific statements about child protection, prevention of sexual exploitation, abuse and harassment, <u>policies, procedures</u> and incident reporting (<u>see. 1.4</u>).</u> • <u>For formal partnerships, members and partners ensure shared understanding of responsibilities under partnership agreements (e.g. through inception workshops)</u>

5.3 We invest in the sustainability and effectiveness of our collaborations and partnerships.

Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
5.3.1 Members invest time and resources in supporting the sustainability of local partners, including their broader mandate, strategy and capacity.	Development and humanitarian initiatives consistently show evidence of listening to and responding to local partners' priorities for organisational strengthening. Regular partner and/or collaborator meetings take place where open feedback and dialogue is facilitated.
5.3.2 Members assess their <u>the effectiveness of their</u> collaborations and partnerships.	Documented evidence of the periodic and joint review of <u>the effectiveness of</u> key collaborations and partnerships.

Formal Partnership: A partnership between a member- and a partner (including a member's in country office) where the partner is responsible for the oversight or delivery of an aspect of a development or humanitarian initiative. It will involve a documented arrangement, signed by parties and will often involve a financial exchange. This term aligns with the term 'implementing partner' used by DFAT Accreditation.

Safeguarding

What is the issue?

- The Code goes some way to aligning with DFAT's 9 Minimum Standards for Child Protection and therefore Criteria 3 for DFAT Accreditation however there are some discrepancies in the current Code.
- The Code does not utilise the DFAT's approach to Prevention of Sexual Exploitation, Abuse and Harassment (tiered, risk-based approach).
- The scope of sexual harassment is not as broadly applicable as DFAT's approach.
- Opportunity to incorporate elements of the National Principles for Child Safe Organisations, as recommended by member consultation

Proposed Change

- Amend 1.4 to comply with the nine minimum standards except in the following ways:
 - Not fully replicated the detailed and prescriptive professional behaviours required by DFAT for the Code of Conduct for personnel
 - Not fully replicating the requirements for cascading of obligations to partners in the manner that DFAT prescribe
 - Not including the Full Accreditation only indicator for periodic assessment
- Amend 1.5 to include sexual harassment so that it includes the same scope of application as sexual exploitation and sexual abuse
- National Principles have been reflected in explicit inclusion of being child-focused and prioritising the safety and wellbeing of children, and proposed inclusions and edits to Good Practice Indicators.

Rec	#	Proposed change	Rationale/context	Change to Code reporting
2(b)	33	Update verifier at 1.4.1	Align requirements with DFAT Child Protection Nine Minimum Standards <ul style="list-style-type: none"> ○ More explicit policy requirements to align to DFAT requirements ○ More explicit procedure requirements ○ More explicit employment contract requirements ○ More explicit requirement of training 	Possible change Members may need to update policy, procedures, employment contracts and introduce training
2(d)	34	Update verifier at 1.4.2	Increase alignment with requirements with DFAT Child Protection Nine Minimum Standards, including: <ul style="list-style-type: none"> ○ More closely aligning the language to broadly cover the Professional Behaviours that DFAT require to be in the Code of Conduct. ○ Expand the people who are required to sign the Code of Conduct to align more closely with DFAT's definition of personnel 	Possible changes Members may need to update their Code of Conducts and expand their code of conduct signatories
2(b)	35	Update Indicator and Verifier for 1.4.3	Align requirements with DFAT Child Protection Nine Minimum Standards, specifically Minimum Standard 2. Recognise members may variously document child safeguarding and child-friendly complaints processes in one single policy or procedure, or more than one. Refine specification elements of relevant policies and procedures, informed by the National Principles for Child Safe Organisations: being child-focused, prioritising the safety and wellbeing of children and young people (also reflecting Article 3 of the UN Convention); policies are not just known by staff and volunteers but that roles and responsibilities are clear; to specify other categories of (existing) legislation that may apply.	Possible change. Members may need to update their reporting policies and reporting procedure
2(d)	36	Update to Commitment 1.5, Indicator and Verifier at 1.5.1	Increase alignment with DFAT PSEAH Policy by incorporating harassment. Some additional updates to who the policy applies to.	Possible change. Members may need to update policy.

2(b)	38	Update to verifier 9.3.1	Align with DFAT CP and PSEAH requirements with the addition of specific requirements in relation to screening.	Possible change Additional screening requirements in line with 1.4 changes
2(b)	39	Update to verifier 9.4.1	Align with DFAT CP and PSEAH requirements with the addition of requirement for staff and volunteers to acknowledge acceptance of the Code of Conduct	Possible change Additional evidence in relation to Code of Conduct acknowledgement

The proposed changes to 1.4.1, 1.4.2 and 1.4.3 are difficult to follow as tracked changes. For this reason we are showing both the existing 1.4.1, 1.4.2 and 1.4.3 and the proposed changes as clean versions:

Current 1.4.1

1.4 We advance the safeguarding of children. <i>Members are required to extend these compliance indicators and verifiers to partners through MOUs or similar</i>	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
1.4.1 Members demonstrate their organisational commitment to the safeguarding of children.	<p>Policy document applicable to all governing body members, staff, volunteers and visitors to projects, that commits the member to:</p> <ul style="list-style-type: none"> • Effective leadership to enable the safeguarding of children. • Communication of the Child Safeguarding Policy and practices to all governing body members, staff, volunteers and visitors to projects. • Recruitment screening processes for all personnel in contact with children which include: <ul style="list-style-type: none"> ◦ Criminal record checks before engagement; statutory declarations of local legal equivalent where criminal record checks are unavailable or unreliable. ◦ Verbal referee checks. • The following additional screening measure for all personnel working with <u>children</u>: <ul style="list-style-type: none"> ◦ Behavioural-based interview questions. • Processes for assessing risk and monitoring and evaluating risk and child safeguarding processes at all stages of the initiative. • Use of images and personal information for promotion, fundraising and development education which ensures the privacy and safeguarding of children. • If relevant, an overview of the processes to ensure child safeguarding in sponsorship/overseas volunteer programs and other <u>high risk</u> activities that facilitate access to children and young people. • Child safeguarding training for all personnel. • Employment contracts which contain provisions for the prevention of a person from working with children if they present an unacceptable risk to children; dismissal, suspension or transfer to other duties for any employee who breaches the child protection code of conduct. • Regular reviews of the child safeguarding policy.

Proposed new version of 1.4.1

1.4 We advance the safeguarding of children. <i>Members are required to ensure they have appropriate mechanisms to assess, manage and mitigate the risks relevant to these compliance indicators and verifiers when working with partners.</i>	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
1.4.1 Members demonstrate their organisational commitment to the safeguarding of children.	<p>Policy document applicable to all governing body members, staff, contractors, volunteers, visitors to projects and partners, that includes:</p> <ul style="list-style-type: none"> • A commitment to effective leadership to enable the safeguarding of children. • Definition of a child as anyone under 18. • The reporting procedure for child exploitation and abuse suspicions or allegations, code of conduct or policy non-compliance, and sanctions that would be applied in the event of breaches. • A commitment to report to any donors that require reporting under any funding agreements. • A commitment to providing child safeguarding training for personnel at induction and regularly thereafter depending on risk profile. • A commitment to preventing a person from working with children if they pose an unacceptable risk to <u>children</u> • Approach to assessing risk and monitoring risk and child safeguarding processes of all activities. • The process for regular review of the policy at least every 5 years.

	<p>Policy or procedures applicable to all governing body members, staff, contractors, volunteers and visitors to projects, that cover:</p> <ul style="list-style-type: none"> Recruitment screening processes for all personnel in contact with children which include: <ul style="list-style-type: none"> Criminal record checks before engagement; statutory declarations of local legal equivalent where criminal record checks are unavailable or unreliable. Checks must be conducted for each country in which the individual has lived for 12 months or longer over the last 5 years, and for the individual's countries of citizenship. Verbal referee checks. The following additional screening measure for all personnel working with children: <ul style="list-style-type: none"> Behavioural-based interview questions. Use of images and personal information for promotion, fundraising and development education which ensures the privacy and safeguarding of children. Risk assessments of all activities including identification of risks and outline of mitigations measures and are regularly re-assessed. <p>Employment contracts which contain:</p> <ul style="list-style-type: none"> Provisions for the prevention of a person from working with children if they present an unacceptable risk to children. Suspension or transfer to other duties for any employee who is under investigation and provision to dismiss any employee after an investigation. <p>Child safeguarding training is provided to all personnel, including on reporting procedures.</p>
--	---

Current 1.4.2 and 1.4.3

<p>1.4.2 Members have a code of conduct that advances child safeguarding behaviours and applies to all personnel, partners and project visitors.</p>	<p>All members must have the following in place: A documented code of conduct or behaviour that covers the following with regard to child safeguarding:</p> <ul style="list-style-type: none"> o Appropriate language. o Appropriate communications. o Banning of alcohol and drugs. o Gifts to children. o Physical contact with children. o Banning of sexual relations with children. o Child labour. o Photos and images. o Reporting responsibilities. <p>The code of conduct must be signed by relevant staff, volunteers, partners and project visitors.</p>
<p>1.4.3 Members have a documented child safeguarding incident reporting and complaints handling procedure that aligns with principles of privacy and promotes safety and dignity.</p>	<p>All members must have the following in place:</p> <ul style="list-style-type: none"> • A documented, accessible child safeguarding incident reporting procedure and child friendly/accessible complaints handling process that must reflect the following principles: <ul style="list-style-type: none"> o Consistency with relevant legislation, including compliance with mandatory reporting responsibilities. o Protection of all parties involved in the complaint of concern. o Confidentiality (as distinct from secrecy). o Expedient reporting. o Truthfulness. o Fairness. o Professionalism. <p>Appointment of a child protection incident reporting focal person.</p>

Revised 1.4.2 and 1.4.3

<p>1.4.2 Members have a code of conduct that advances child safeguarding behaviours and applies to all personnel, partners and project visitors.</p>	<p>A documented code of conduct or behaviour that covers the following <u>with regard to</u> child safeguarding:</p> <ul style="list-style-type: none"> ○ Appropriate language, communications and behaviour. ○ Banning of alcohol and drugs. ○ Gifts to children. ○ Physical contact with children. ○ Banning of sexual relations with children. ○ Child labour. ○ Photos and images. ○ Reporting obligations. <p>The code of conduct must be signed by relevant governing body members, staff, contractors, volunteers and project visitors.</p>
<p>1.4.3 Members <u>have documented</u> approaches to child safeguarding incident reporting and complaints handling that are child-focused, aligned with principles of privacy and that promote safety and dignity.</p>	<p>Documented and accessible policies and/or procedures for:</p> <ul style="list-style-type: none"> • Child safeguarding incident reporting • Child-friendly complaints handling <p>These policies and/or procedures must be known by all personnel and:</p> <ul style="list-style-type: none"> • Cover: <ul style="list-style-type: none"> ○ How to report and respond to child exploitation and abuse suspicions and/or allegations ○ The relevant roles and responsibilities of leadership, staff and volunteers ○ Non-compliance with the code of conduct or policy ○ Sanctions that are/would be applied in the event of <u>breaches</u> ○ Fulfilling reporting obligations ○ Contact information to enable an external person to report. ○ Appointment of a child protection incident reporting focal person. • Reflect the following principles: <ul style="list-style-type: none"> ○ The safety and wellbeing of children and young people are <u>prioritised</u> ○ Consistency with relevant legislation, including compliance with mandatory reporting responsibilities, privacy, and employment law. ○ Protection of all parties involved in the complaint of concern. ○ Confidentiality (as distinct from secrecy). ○ Expedient reporting. ○ Truthfulness. ○ Fairness. ○ Professionalism.

1.5 We advance the safeguarding of those who are vulnerable to sexual exploitation, ~~and abuse~~ and harassment.

Members are required to ensure they have appropriate mechanisms to assess, manage and mitigate the risks relevant to these compliance indicators and verifiers when working with partners.

Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
1.5.1 Members demonstrate their organisational commitment to the prevention of sexual exploitation, and abuse <u>and harassment</u> .	<p>Policy document that:</p> <ul style="list-style-type: none"> describes the standards of behaviour for <u>governing body members, staff, contractors, volunteers and visitors to projects, organisation's staff, representatives and partners</u> specifically prohibits sexual exploitation, and abuse <u>and harassment</u>. outlines how the policy is implemented throughout the organisation. specifies the agency's reporting responsibilities where an incident is identified, including processes for reporting to local enforcement authorities, subject to the wishes and welfare of the complainant/survivor. <p>Members are also required to appoint a prevention of sexual exploitation, and abuse <u>and harassment</u> focal person.</p>

9.3 We manage our people effectively and fairly.

Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
9.3.1 Members are fair, transparent and non-discriminatory in their management of staff and volunteers.	<p>Human resource policies and procedures which address:</p> <ul style="list-style-type: none"> <u>Recruitment and selection, including:</u> <ul style="list-style-type: none"> <u>Screening of staff as part of child safeguarding and prevention of sexual exploitation, abuse and harassment (see 1.4 and 1.5)</u> Reference checking and vetting for previous misconduct of all staff and volunteers. Remuneration and benefits. Equity, and diversity <u>and anti-racism</u>. Staff learning and development. Performance management. Family and carer leave provisions. Conduct in the workplace. Integrity (including confidentiality and conflict of interest) <u>(see 7.4.3)</u>. Grievance and disciplinary procedures. Workplace health and safety <u>(see 9.2.3)</u>.

9.4 We enable our people to conduct themselves professionally and according to our stated values.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
9.4.1 Members specify the expectation of professional conduct of all staff and volunteers. See also Compliance Indicator 1.4.2	<ul style="list-style-type: none"> • A documented code of conduct that specifies the values and expectations of professional conduct of all staff and volunteers. This must include reference to child safeguarding behaviours, prevention of sexual exploitation, abuse and harassment, transactional sex, anti-racism, and anti-bullying; and an obligation on staff and volunteers to report wrongdoing. • Acknowledgement by staff and volunteers of their acceptance of the code of conduct (e.g., signed, incorporated into employment or volunteer agreement)

Alignment with other DFAT Requirements

What is the issue?

- There are some key areas of DFAT Accreditation where there is not a clear corresponding requirement in the Code.

Proposed Change

- The addition of new indicator and verifier focused on evaluation (distinct from monitoring)
- The addition of a new indicator and verifiers to introduce a new requirement on organisational-wide risk

Rec	#	Proposed change	Rationale/context	Change to Code reporting
2(b)	40	Update indicator and Verifier at 4.3.2 Addition of indicator and verifier at 4.3.3	Addition of a separate indicator and verifier for evaluation to more closely align with DFAT Accreditation (B4.1 and B4.3) and elevate the place of evaluation. Reference the learning has been removed as it is covered comprehensively in 4.4	Possible change Additional focus on demonstrating evaluation practice
2(d)	41	Addition of indicator and verifier at 7.4.5	Addition of a new indicator about risk management to elevate the place of organisational-wide risk management and more closely align with A2.1	Possible change Additional documented approach and reporting to governing body

4.3 We invest in quality assessment of our work.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
4.3.1 Members assess the quality of their strategies, designs and plans.	Appraisal/selection process that requires designs and plans to be critically assessed against a set of criteria or equivalent, <u>including whether initiatives:</u> <ul style="list-style-type: none"> <u>are consistent with the Member's charitable purpose and not-for-profit status; and</u> <u>meet the targeted need.</u>
4.3.2 Members monitor, <u>evaluate and learn from</u> their <u>development and humanitarian initiatives work.</u>	<ul style="list-style-type: none"> Policy, statement or guidance document committing the member to monitoring, <u>evaluation and learning across the whole organisation of their development and humanitarian initiatives.</u> Monitoring <u>and evaluation</u> framework, tools, templates or approaches that consistently show evidence of monitoring <u>and evaluation</u> in practice.
4.3.3 Members <u>evaluate their development and humanitarian initiatives.</u>	<ul style="list-style-type: none"> <u>Policy, statement or guidance document committing the member to evaluation of the effectiveness of their development and humanitarian initiatives.</u> <u>Monitoring and Evaluation</u> framework, tools, templates or approaches that consistently show evidence of evaluation in practice.

7.4 We have responsible and independent governance mechanisms.	
7.4.5 Members governing body has organisational-wide risk management approach	<ul style="list-style-type: none"> A documented organisation-wide risk management approach Regular reporting to the governing body of <u>key risks and controls</u>

Core Humanitarian Standards

What is the issue?

- The ACFID Code explicitly referenced the Core Humanitarian Standard (CHS) as the globally developed code to improve the quality and effectiveness of humanitarian assistance.
- There was the opportunity to better clarify the intent for all organisations with humanitarian initiatives to align with the CHS, and to ensure language consistency with the CHS itself.
- Duplication between relevant indicators and verifiers, both within the existing Code, and as a result of changes proposed through this review (particularly to Commitment 2.1)

Proposed Change

- Refinement of language within Commitment 1.3 to reflect usage within the Core Humanitarian Standard
- Clarification of applicability to all members with humanitarian initiatives

Other changes related to clarification and simplification – including the removal of duplication – are detailed under Recommendation 1

Rec	#	Proposed change	Rationale/context	Change to Code reporting
2(b)	42	Update to Commitment 1.3 sub-text	Removal of any implied limitation on the applicability of the CHS. Clarify applicability to all members with humanitarian initiatives.	No change Clarification of intent
2(b)	43	Update to 1.3.2	Alignment with CHS language on applying the CHS, and making claims about using and adopting the CHS. <ul style="list-style-type: none"> • “Organisations may state “we are working towards application of the CHS” • Organisations committing to the CHS aim to fulfil all nine commitments (not partial commitment) • The CHS requires continuous improvement ‘at a minimum’ 	Possible change Relevant members will already have documented commitment to CHS. Possible change to text in that policy. However, if already committed to CHS, should not require change in practice.
2(b)	44	Update to Good Practice Indicators for 1.3	<ul style="list-style-type: none"> • Clarification that expertise requirements apply to both employees and volunteers • Inclusion of GPI relating to the applicability of the CHS in working with partners • Inclusion of GPI recognising possible pathway for some Members in pursuing independent verification of compliance, as distinct from Indicator and Verifier committing to ‘working towards application’ 	No change

1.3 We support people affected by crisis.

The indicators and verifiers under this commitment are relevant to all members that support or undertake humanitarian initiatives.

Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
1.3.1 Members that support or undertake humanitarian assistance-initiatives are guided by <u>the four</u> h Humanitarian assistance p Principles of humanity, impartiality, independence and neutrality.	Policy, statement or guidance document that commits the member to the H umanitarian assistance p Principles of h Humanity, i mpartiality, i ndependence and n eutrality as defined in the Core Humanitarian Standard (http://www.corehumanitarianstandard.org/the-standard).
1.3.2 Members that support or undertake humanitarian assistance-initiatives recognise and work towards application of the Core Humanitarian Standard.	Policy, statement or guidance document that commits the member to recognising and working towards application of the Core Humanitarian Standard:- <ul style="list-style-type: none"> • <u>aiming to fulfil all Nine Commitments</u> • <u>working to continuously improve systems, structures and practices to improve the quality and accountability of humanitarian initiatives, acknowledging where difficulties are encountered in fulfilling the Commitments</u>

Good Practice Indicators
<ul style="list-style-type: none"> • Organisation Staff and volunteers have expertise working on humanitarian response <u>initiatives have expertise</u> appropriate to the <u>nature and</u> scale of humanitarian responses undertaken. • <u>Seeking understanding of how partners approach the Core Humanitarian Standards' Nine Commitments and do whatever they can to work with them to implement the CHS commitments</u> • <u>Members pursue verification for compliance with the Core Humanitarian Standard</u> • Information and training for staff and partners on Standards for Child Protection in Emergencies is provided, and related compliance mechanisms established. • Evaluation and reflection on the effectiveness of supported humanitarian responses is undertaken. • Results of evaluations and reflections of humanitarian responses are shared with partners and <u>external</u> stakeholders.

Australian Charities and Not-for-profits Commission (ACNC)

What is the issue?

The opportunity exists to increase the Code's alignment with ACNC Standards, without adding any additional burden on Members given the pre-existing ACNC compliance requirements. The aim is to reduce the risk of contradiction with the ACNC, and reduce the need for Members to cross-reference between the Code and the Standards in pursuing quality and compliance.

- All ACFID Members are registered charities, and are required to comply with the ACNC Governance Standards
- All ACFID Members have overseas operations, and are required to comply with the ACNC External Conduct Standards, introduced since the last update to the Code
- While with different purposes and organised around different structures, there is significant alignment of intent between the ACFID Code and both sets of ACNC Standards.

Proposed Changes

Rec	#	Proposed change	Rationale/context	Change to Code reporting
2(a)	45	Update to verifier 1.2.1	<p>Incorporation missing elements of ACNC definition of Vulnerable People, as specified in the External Conduct Standards.</p> <ul style="list-style-type: none"> • That vulnerabilities can be temporary or ongoing • Inclusion of illness and health status, and trauma, as possible contributors to the experience of vulnerability or marginalisation <p>Note that 1.2.4 is also an important Indicator and Verifier in relation to the intent of the External Conduct Standards.</p>	<p>Possible change</p> <p>May result in change to policy, statement or guidance for some members. No change from existing expectations under the External Conduct Standards.</p>
2(a)	46	Update to verifier 4.1.1	<p>Update for vision, mission and values (each existing requirements) to be publicly available.</p> <p>This is to assist in meeting ACNC Governance Standard 1, requiring that information about organisations' charitable purpose is provided publicly.</p> <p><i>Inclusion in verifier enables removal of related good practice indicator. In being publicly available, these descriptors of purpose are therefore also accessible to partners and stakeholders.</i></p>	<p>Unlikely change</p> <p>Reflective of members' existing practice, and common approach to meeting requirements of ACNC Governance Standards.</p>
2(a)	47	Update to verifier 4.3.1	<p>Update to include two assessment criteria, to align with ACNC:</p> <ul style="list-style-type: none"> - Governance Standard 1, to demonstrate 'work towards that charitable purpose', - External Conduct Standard 1 e.g. 'Develop a procedure used when 	<p>Possible change</p> <p>Appraisal criteria may be new for some members. No change in obligations derived from ACNC</p>

			<p>approving all new projects, as well as when conducting regular reviews of existing projects, to ensure they are aligned with charitable purpose' and</p> <ul style="list-style-type: none"> - ACNC guidance for the External Conduct Standards, asking charities to take steps to ensure it helps intended beneficiaries, including e.g. 'the charity regularly assesses its activities and projects to ensure they are meeting the needs of intended beneficiaries' 	Governance Standards and External Conduct Standards.
2(a)	48	Update to verifier 7.1.1	Update to align with requirements for registration as a charity, and for compliance with ACNC Governance Standard 1.	No change
2(a)	49	Update to verifiers 7.2.1	<p>Alignment of language with ACNC usage, as relevant regulator.</p> <p>Clarification that compliance register should explicitly consider Australian laws applicable to overseas operations, as required by ACNC External Conduct Standard 1.</p> <p>Promotion of GPI to a verifier to assist in demonstrating compliance with ACNC Governance Standard 3 and External Conduct Standard 1.</p>	<p>Possible change</p> <p>Some members may require update to compliance register. Changes reflect existing legal obligations, or assist in evidencing compliance with, ACNC Governance Standards and External Conduct Standards.</p>
2(a)	50	Inclusion of new 7.2.3	<p>Incorporation of elements of ACNC External Conduct Standard 2, not otherwise reflected in the Code.</p> <p><i>Financial definitions continue to include encouragement for members to show details of their international programs by program or by country in reporting of funds to international programs.</i></p>	<p>Possible change</p> <p>New requirement in the Code. Existing legal obligation under ACNC External Conduct Standards.</p>
2(a)	51	Updated to verifiers, 7.4.1	<p>Removal of explicit reference to ACNC Governance Standards; these standards are not the sole source of requirements for governing documents, and do not always mandate standards as reflected within these verifiers to be met through the governing document.</p> <p>Inclusion and revision of language changes, to align with ACNC Governance Standards.</p> <p>Inclusion of new verifier regarding documentation of the responsibility of the</p>	<p>Possible change</p> <p>Existing legal and regulatory obligations, members likely already address all items listed in one possible form of documentation.</p> <p>Possible change</p>

			<p>governing body, the responsible people within it, and obligations in relation to duties and suitability of responsible people. Recognition of common ways these requirements are met, beyond the governing instrument, charter, or policies.</p> <p><i>Some changes to verifiers in 7.4.1 reflect the consolidation of existing verifiers relating to the governing body and responsible people, as described in Recommendation 1.</i></p>	<p>Making explicit within the Code elements of ACNC Standards, particularly Governance Standards 4 and 5.</p> <p>No change Existing ACFID Code requirements that are more specific than legal obligations remain unchanged. Consolidation of related verifiers into one indicator results in no change.</p>
2(a)	52	Update to Indicator and Verifiers, 7.4.2	<p>Focusing Quality Indicator on Members' accountability to their own members (e.g. obligations as described in ACNC Governance Standard 2, although the Governance Standard remains more specific than the verifiers retained here).</p> <ul style="list-style-type: none"> • Verifiers relating to the governing body and Responsible People moved to 7.4.1 • Deletion of verifiers relating to the organisation purpose and not-for-profit nature, as duplication 7.1.1 • Deletion of controls to be exercised by the governing body, as not typically managed or documented through the governing instrument, and duplicative of other aspects of risk and controls within the Code. <p>Inclusion of 'as applicable' reflects that if any Members are structured as a Trust, they may not themselves have members.</p>	<p>No change Change in location of requirements, rather than change to substance or nature of requirements.</p> <p>Removal of items of language implying requirements infeasible in practice.</p>
2(a)	53	Update to Quality Indicator and Verifiers, 7.4.3	<p>Clarifying and increasing specificity in relation to the documentation of conflicts, and managing or remedying conflicts, in line with ACNC Government Standard 5, and the laws it derives from, and the ACNC guidance on managing conflicts of interest. Clarifying through more specific verifiers that 'addressing' conflicts (previously undefined), means prevention,</p>	<p>Possible change Requirement to document conflicts was already present, new requirement to also 'review'.</p> <p>More specific description of</p>

			<p>management, remedy, and managing impacts.</p> <p>Recognition that prevention of conflicts includes open and fair procurement, but might not be limited to this (necessary, but potentially not sufficient).</p> <p><i>See also changes made to this indicator and verifiers under Recommendation 1.</i></p>	<p>addressing conflicts.</p> <p>Requirements align with existing laws of directors' duties, regulatory standards (ACNC and others)</p>
2(a)	54	Additional Verifiers 8.2.1	<p>Inclusion of 'bribery' as a form of financial wrongdoing.</p> <p><i>See also changes made to this indicator and verifiers under Recommendation 1.</i></p>	No change Named in definitions just not listed in Verifier
2(a)	55	Updated verifier 8.2.5	<p>Inclusion of the 'members charitable purpose' to make explicit obligations under charities law and tax deductibility, ACNC Governance Standards, and specifically the ACNC External Conduct Standard 1 in relation to reasonable control procedures to ensure that funds, equipment, supplies and other resources are used in a way that is consistent with the charity's not-for-profit purpose and character.</p>	Possible change New inclusion for the Code, but aligns with existing legal obligations, including as specified in the ACNC External Conduct Standards.

Quality Principle: Development and humanitarian organisations and responses are informed by evidence, planning, assessment and learning.

4.1 We articulate clear strategic goals for our work.

Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
4.1.1 Members have stated vision, mission, values and an organisational strategy.	<ul style="list-style-type: none"> Documented <u>and publicly available organisational</u> vision, mission, and values. Documented organisational strategy or plan.

4.3 We invest in quality assessment of our work.

Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
4.3.1 Members assess the quality of their strategies, designs and plans.	<p>Appraisal/selection process that requires designs and plans to be critically assessed against a set of criteria or equivalent, <u>including whether initiatives:</u></p> <ul style="list-style-type: none"> <u>are consistent with the Member's charitable purpose and not-for-profit status; and</u> <u>meet the targeted need.</u>

Quality Principle: Development and humanitarian organisations are governed in an accountable, transparent and responsible way.

7.1 We are not-for-profit and formed for a defined public benefit.

Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
7.1.1 Members define their public benefit and specify the rules to ensure that they operate as a not-for-profit entity.	<ul style="list-style-type: none"> A governing instrument, <u>available from the Member's website, which that includes the Member's purpose (a charitable purpose for the public benefit) and a rule requiring them to operate as a not-for-profit</u> outlines the relevant rules for a not-for-profit entity and is available on the organisation's website.

7.2 We meet our legal and compliance obligations.

Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
7.2.1 Members are registered and meet their reporting and legal obligations to the relevant authorities.	<ul style="list-style-type: none"> <u>Current R</u>egistration with the Australian Charities and Not-for-Profit Commission (ACNC). <u>Up-to-date ACNC reporting (financial and</u> Annual Information Statement, <u>and financial reporting as required)</u>. <u>Compliance R</u>egisters or <u>other</u> documented records <u>of obligations and compliance with</u> of compliance, including but not necessarily restricted to <u>Australian legal laws and regulations, obligations and registrations including those that affect overseas activities</u>. <u>Periodic reports are provided to the organisation's governing body on legal and compliance obligations.</u>
7.2.2 Members have organisation-wide requirements for the protection of privacy.	<ul style="list-style-type: none"> A privacy policy that meets the requirements of privacy legislation and which is available on the organisation's website.
7.2.3 Members keep records for all its operations outside Australia	<ul style="list-style-type: none"> <u>Records retained for at least 7 years that contain complete information on activities implemented directly, through partners, or funded, outside of Australia on a country-by-country basis, including:</u> <ul style="list-style-type: none"> <u>Types of activities country-by-country, including connection to achieving charitable purpose</u> <u>Details of all expenditure relating to activities outside Australia</u>

The proposed changes to 7.4.1 and 7.4.2 are difficult to follow as tracked changes. For this reason we are showing both the existing 7.4.1 and 7.4.2 and the proposed changes as clean versions:

Current 7.4.1 and 7.4.2

7.4 We have responsible and independent governance mechanisms.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
7.4.1 Members have a governing body.	<p>A governing instrument, charter or policy that meets ACNC governance standards and sets out:</p> <ul style="list-style-type: none"> • The processes for selection, appointment and induction of responsible persons and any provisions for termination. • Clear term limits and number of consecutive terms a responsible person may serve. • A requirement for the majority of the Responsible persons to be non-executive. • The approach to remuneration and expense reimbursement of responsible persons.
7.4.2 Members establish their membership and define how the organisation is governed and operates.	<p>A governing instrument that sets out:</p> <ul style="list-style-type: none"> • The organisation's basic goals and purposes. • The not-for-profit nature of the organisation. • Membership of the organisation and members' rights and obligations. • Governance structure and processes of the organisation. • Frequency and processes for meetings of members (at least annually). • Rules for meetings of the governing body, including the frequency of meetings (at least two a year) and quorum for meetings. • Powers and responsibilities of responsible persons including a statement of the overall responsibility of the governing body. • Strategic controls to be exercised by the governing body. • Financial controls to be exercised by the governing body. • Power of the governing body to delegate authority to officers, staff and others.

PROPOSED NEW 7.4.1 and 7.4.2 (clean copy)

7.4 We have responsible and independent governance mechanisms.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
7.4.1 Members have a governing body.	<p>A governing instrument, charter or policy that sets out::</p> <ul style="list-style-type: none"> • The processes for <u>nomination, appointment</u> or election of Responsible People • Any provisions for removal or termination of Responsible People • Rules for meetings of the governing body, including the frequency of meetings (at least two a year) and quorum for meetings. • Clear term limits and number of consecutive terms a responsible person may serve. • A requirement for the <u>majority of the Responsible People</u> to be non-executive. • The approach to remuneration and expense reimbursement of Responsible People. • Power of the governing body to delegate authority to officers, staff and others. <p>A governing instrument, charter, policy, role descriptions, or letters of appointment including the powers and responsibilities of Responsible People including:</p> <ul style="list-style-type: none"> • a statement of the overall responsibility of the governing body. • requirements to comply with the ACNC Governance Standards, including related to duties and suitability
7.4.2 Members establish their membership and take reasonable steps to be accountable to those members.	<p>A governing instrument that sets out:</p> <ul style="list-style-type: none"> • Membership of the organisation, as applicable, and members' rights and obligations. • Frequency and processes for meetings of members (at least annually).

7.4.3 Members manage conflicts of interest with responsible persons people, staff and volunteers relating to all activities undertaken by the organisation.	<p>A <u>conflict of interest</u> policy that addressesincludes:</p> <ul style="list-style-type: none"> • A definition of 'conflict of interest'. • <u>A requirement by-for</u> responsible personspeople, staff, and volunteers and staff to disclose perceived, potential and actual conflicts of interest. • A requirement to document and review disclosed perceived, potential or actual conflicts of interest. • addressing and recording perceived, potential and actual conflicts of interest, including those that have already occurred. • <u>A-p</u>Procedures for <u>management or remedy of conflicts of interest, and their potential impact.</u> • Procedures <u>for prevention of conflicts of interest, including to-enable</u> open and fair procurement of goods and services (or reference made to a relevant policy, <u>see also 8.1.3</u>).
--	---

8.2 We ensure that funds and resources entrusted to us are properly controlled and managed.

Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
<p>8.2.1 Members <u>can-effectively</u> control and manage their financial resources and risks.</p> <p>Members are required to <i>ensure they have appropriate mechanisms to assess, manage and mitigate the risks relevant to the financial wrongdoing requirements of this compliance indicator and verifier when working with partners.</i></p>	<p>Policy, procedure or guidance documents that address:</p> <ul style="list-style-type: none"> • Risk management and control mechanisms. • Financial wrong-doing, especially fraud, corruption, <u>bribery, counter-terrorism</u> and money-laundering and violation of sanctions imposed by the Australian Government. • Checks of individuals and organisations receiving funds against the Australian National Security Listed Terrorist Organisations, the DFAT ASO Consolidated List of all persons and entities listed under Australian sanctions laws Criminal Code list of terrorist organisations and the DFAT consolidated list of individuals and entities subject to targeted financial sanctions. • Appropriate and effective internal controls.

8.2.5 Members undertake due diligence assessments of partners who manage funds on behalf of the member.	<p>A documented due diligence process which:</p> <ul style="list-style-type: none"> • Assesses the partner's capacity to apply funds or resources in accordance with the <u>member's charitable purpose</u>, promise to the donor, the member's strategy, and the specific instructions of the member. • Includes reference to <u>checking partners against</u> prohibited entities listings. • Assesses the partner's capacity to manage and control funds.
---	---

Whistleblower Protections

What is the issue?

- The Code has already required a whistleblower policy, including protections, of all Members
- Since the Code was last reviewed, legally mandated requirements for whistleblower policies, and whistleblower protections have been introduced. At a minimum, these apply to charities structured as public companies limited by guarantee with annual consolidated revenue of \$1 million.
- Therefore, while the Code had already previously adopted a standard higher than that required by law, legislation now has more specific, legally mandated requirements for many members, but, that do not necessarily apply to all members.
- ASIC reviews of corporations' whistleblower policies found that most did not include all information as required under the Corporations Act
- The ACNC recommends that all charities have a publicly available whistleblower policy, even if not legally required to have one
- There were some areas of clarification requires in the Code, including that it was infeasible to expect or require disclosures from people who are not staff or volunteers of the organisation, but might otherwise be legally defined as Whistleblowers, and eligible to Whistleblower Protections if making an Eligible Disclosure.

Key references include:

- ASIC Corporations (Whistleblower Policies) Instrument 2019/1146
<https://www.legislation.gov.au/Details/F2019L01457>
- Regulatory Guide 270 Whistleblower policies (RG 270) <https://asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-270-whistleblower-policies/>
- ASIC Information Sheet 238 [Whistleblower rights and protections | ASIC](#)
- ACNC Whistleblower Protections factsheet [Whistleblower protections | ACNC](#)

Proposed Changes

Rec	#	Proposed change	Rationale/context	Change to Code reporting
2(b)	55	Updated verifier in 7.4.3	Include whistleblowing policy amongst those to be made publicly available, as required for some members, and as recommended by the ACNC for others, even where not legally mandated.	Possible change Requirement to upload policy; already completed for some members, including those with integrated complaints and whistleblower policies.
2(b)	56	Updated Indicator and Verifier in 9.2.2	The language of the indicator has been updated to clarify complaints or disclosures may related to suspected wrongdoing, not only actual wrongdoing, as per relevant legislation, and to convey the purpose of relevant protections.	Reflecting legislative change

			<p>A more detailed verifier, echoing the existing structure</p> <ul style="list-style-type: none"> • Distinguishing between expecting disclosures by staff and volunteers but encouraging others • Including some of the key requirements as specified by law, or as recommended as good practice <p>Additional terms and details of applicability have been added into an updated definition of Whistleblower, and additional definition to describe Whistleblower Protections, and related terms.</p>	
--	--	--	---	--

9.2 We protect, value and support our people.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
9.2.1 Members provide professional development opportunities for staff and key volunteers.	A record of professional development undertaken by staff and key volunteers.
9.2.2 Members enable staff and volunteers to make complaints and report <u>suspected</u> wrongdoing through fair, transparent and accessible procedures, <u>without fear, recrimination or disadvantage</u> :	<p>Both of the following must be in place for all members:</p> <ul style="list-style-type: none"> • A policy or guideline which: <ul style="list-style-type: none"> o Must meet complaints handling requirements in 7.3.3. o Is clearly accessible to all staff and volunteers. o Provides clear processes that are safe and confidential. • A whistleblowing policy, <u>for disclosures where a whistleblower has reasonable grounds to suspect their information discloses misconduct or wrongdoing</u>, that has the following components as a minimum: <ul style="list-style-type: none"> o <u>States the purpose and importance of the policy</u> o <u>Requires staff and volunteers to disclose possible misconduct or wrongdoing, and encourages disclosures from other Whistleblowers</u> o <u>Outlines any Whistleblowing Protections for staff, volunteers, officers, their relatives or dependents, and others, including as required by law, and guaranteeing that staff and volunteers who in good faith disclose</u> o <u>Clarifies to whom Eligible Disclosures can be made</u> o <u>Outlines processes to protect anonymity where requested, confidentiality, and a fair and impartial investigative process.</u> <p>A clear statement that staff, volunteers, contractors and partners who are aware of possible wrongdoing have a responsibility to disclose that information. A guarantee that staff and volunteers who in good faith disclose perceived wrongdoing will be protected from adverse employment consequences. The establishment of a fair and impartial investigative process. Provides protection for whistle-blowers.</p>

Recommendation 5: Climate Change

Summary of feedback from first round of consultation:

- Overall support for:
 - Use of 'climate action' as a term – noting it requires a definition
 - Having the requirement to report on actions to reduce environmental footprint as a GPI
 - Taking about 'risks associated with climate change' rather than 'social and environmental safeguards'.
- Some concern that changes would require all members to start doing climate programming. This will need clarifying in the guidance.
- Members were supportive of changes but strong desire for greater guidance as to what is expected particularly from smaller agencies.
- GPI related to climate justice included in response to CCC and CoP feedback. Reworded to clarify this relates to climate related work.
- Definitions required – climate action, climate change, climate justice.

Rec.	#	Proposed change	Rationale/context	Change to Code reporting
5 (a)	1	Change wording and description of Quality Principle 3	Explicit reference to climate action. The term 'climate action' has been chosen to reflect terminology used in ACFID's Climate Action Framework.	No change.
	2	Update Commitment 3.3	Explicit reference to climate action.	No change.
	3	Update Indicator 3.3.1	Explicit reference to an organisational commitment climate action in development and humanitarian initiatives.	Possible change. Members may need to review their current organisational commitments.
	4	Update Verifiers for 3.3.1	Explicit reference to climate action. Highlighting the need to consider risks associated with climate change as part of existing requirement to analyse and manage environmental risks more broadly.	Possible change. Members may need to revise their existing policy, statement or guidance document on environmental sustainability to cover a commitment to climate action.
	5	Update Indicator 3.3.2	Explicit reference to organisational commitment to addressing climate action in internal operations.	Possible change. Members may need to review their current organisational commitments.

	6	Update Verifiers for 3.3.2	Revised to include explicit reference to 'minimising the ... carbon footprint' of the organisation not just 'the climate impact' which was seen as too broad.	Possible change. Members may need to revise their existing policy, statement or guidance document.
	7	New Good Practice Indicators at 3.3	Climate justice has been noted as an important concept for the sector to be considering. Including it in a GPI elevates and socialises the concept without any compliance implications. Organisational targets around reducing environmental impact are important, but may be beyond capacity of all member to implement – hence included as a GPI.	No change.
5 (b)	8	Update Verifier for 4.2.1	Climate change is an important factor impacting programming. This option moves away from listing specific requirements for a context analysis, but still identifies the impacts of climate change as a factor that should be considered (along with others).	Possible change. Members may need to revise what they consider in their contextual analysis if climate change is not already considered.
	9	Update Verifier for 4.2.2	Risks associated with climate change are explicitly called out.	Possible change. Members may need to revise what is covered in their current risk management processes to ensure they include climate change risks.
5 (c)	10	Replace GPI	Improve specificity of 'environmental reporting' which could be interpreted to mean programmatic reporting. Focus on reporting on carbon footprint in annual reports.	No change.
	11	New definitions	Climate action Climate justice Climate change	No change.

3.2 We promote environmental stewardship, and sustainability <u>and climate action.</u>	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
3.2.1 Members demonstrate an organisational commitment to environmental sustainability, <u>climate action</u> and improved environmental outcomes in their development and humanitarian initiatives.	<p>Policy, statement or guidance document committing the member to promoting environmental sustainability, <u>climate action</u> and improved environmental outcomes in development and humanitarian initiatives.</p> <p>Design or planning framework, tools, templates which require or approaches which consistently show evidence of the analysis of environmental risk and management, <u>including risks associated with climate change.</u></p>
3.2.2 Members demonstrate an organisational commitment to environmental sustainability, <u>climate action</u> and improved environmental outcomes in their organisation's internal operations.	Policy, statement or guidance document committing the member to minimising the environmental impact <u>and carbon footprint</u> of their organisation's internal operations.
Good Practice Indicators	
<ul style="list-style-type: none"> • A focal person with responsibility for environmental sustainability is in place. • Climate change mitigation, adaptation, and impact, and disaster risk reduction are incorporated into program strategies wherever possible. • Environmental sustainability and impact training is provided to key staff, volunteers and partners. • Periodic reports are provided internally and to relevant external stakeholders on environmental sustainability and impact achievements. • Information about the impacts of climate change and environmental sustainability issues are promoted in public communications. • <u>Climate action policy, programs and advocacy reflect climate justice and equity principles.</u> • <u>Organisational targets are in place to measure progress in minimising the environmental impact of our operations.</u> 	

4.2 We analyse and understand the contexts in which we work.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
4.2.1 Members' planning and practice are informed by analysis of context, evidence and research, and inclusion of the perspectives and knowledge of primary stakeholders.	<ul style="list-style-type: none"> Design, planning and appraisal framework, process, tools, templates which require or approaches which consistently show context and stakeholder analysis. <u>Contextual analysis should, including consider the consideration of</u> the perspectives and knowledge of primary stakeholders, <u>impacts of climate change</u> and an analysis of power dynamics including issues of gender equality and equity.
4.2.2 Members assess and manage risk in their development and humanitarian initiatives.	A risk framework, risk management plan or approach that assesses and addresses risks for all initiatives including from a protection / safeguarding perspective, <u>and risks associated with climate change</u> (See 1.4.1, 1.5.1).

8.3 We report on the acquisition and use of our resources.
Good Practice Indicators
<ul style="list-style-type: none"> Member annual report includes: <ul style="list-style-type: none"> Information on the breadth of stakeholder relationships. Presentation of clear and measurable goals and explanations of how their work and these goals contribute to vision, mission and values. Information on outcomes and impact as well as outputs (including trend information). Disclosure of the source and sustainability of different types of funding. Risk management reporting. A balanced disclosure of positive and negative impacts and performance Adaptation to challenges faced. Environmental sustainability reporting, <u>including reporting on actions to reduce organisational carbon footprint:-</u>

Climate Action: actions taken to reduce the overall climate risks that communities, economies and ecosystems are facing across the world by addressing both the causes and the impacts of climate change. Climate action includes activities that support adaptation, environmental restoration and mitigation. These activities may relate to an organisation's operations, programming or policy/advocacy work. (Adapted from ACFID's Climate Action Framework)

Climate Change: Climate change refers to any long-term trends or shifts in climate over many decades. These changes may be due to natural variations (such as changes in the Earth's orbit) or caused by human activities changing the composition of the atmosphere. (CSIRO)

Climate Justice: Climate justice is a concept that addresses the just division, fair sharing, and equitable distribution of the burdens of climate change and responsibility for its mitigation. A climate justice approach sees climate change as an issue of social and environmental injustice. It recognises that vulnerability to climate change can reflect existing structural injustices in society, and that climate action must explicitly address these structural power imbalances.

Recommendation 6: Locally-led development and humanitarian action

Summary of feedback from first round of consultation:

- Strong support for:
 - Change in how some Code requirements are mandatorily cascaded to partners.
 - Overall intent and aspiration of the changes.
- Additional changes in response to feedback:
 - Shift the proposed changes at Quality Principle 3 into Quality Principle 5 *Collaboration* – reduces some duplication and people naturally thought about Collaboration when considering locally-led action
 - Lifting of GPI related to communications which promote the voice of primary stakeholders into a Verifier at 6.1, and GPI related to regular partner meetings into Verifier at 5.3.
- Change in Quality Principle 2 to Locally-led Action and Inclusion, which reflects description of other Quality Principles better than ‘Locally-led and inclusive development’
- Discussion of what was meant by ‘local voices’. This needs further clarity through a definition. Current proposal is to reinstate an indicator specifically focused on primary stakeholders so this group isn’t lost (and original intent of Commitment 2.1 and 2.2 isn’t lost), whilst maintaining a broad approach to ensuring local voices are incorporated into decision making.

Rec.	#	Proposed change	Rationale/context	Change to Code reporting
6 (a) and (b)	1	Change wording and description of Quality Principle 2	Shift language away from ‘participation’ and ‘empowerment’. Explicit focus on local leadership and inclusive approaches.	No change.
	2	Combine Commitment 2.1 and 2.2 into a new Commitment 2.1	Shift language away from ‘participation and ‘empowerment’. Explicit focus on taking active measures to invest in locally-led action and taking active measures to reduce power imbalances.	Reduction. Reporting against 1 less commitment.
	3	Update Indicator 2.1.1 and Verifier	Explicit focus on an organisational commitment to locally-led action. The Verifier reflects the structure of the Code more broadly which starts with an organisational commitment evidenced through a policy, statement or guidance document, and then moving into practice. 2 nd verifier: Focuses on the issue of power as a fundamental to efforts to promote locally-led action. Members are asked to consider the power relationship between their organisation	Possible change. Members may need to update or develop a policy, statement or guidance document if not in place already. Members may need to review their current practices, particularly how

			and either other orgs or people they work with depending on their context.	they work to reduce power imbalances.
	4	New Indicator 2.1.2 and Verifiers	<p>Follows on from Indicator 2.1.1 to focus on practice.</p> <p>Verifier focuses on ensuring local voices and decision-making throughout the program cycle, in the allocation of resources, and the design and evaluation of feedback/complaints mechanisms. How this is done is not specified to allow for differences in organisational approaches and operating environments. Shift away from previous framing around participation of primary stakeholders in planning, monitoring and evaluation.</p> <p>Terminology of 'local voices' maintained to allow for the breadth of approaches taken by ACFID members to engage with primary stakeholders, partners and other local structures/institutions as relevant.</p>	Possible change. Members may need to review their current practices and consider if and how they need to change.
	6	New Indicator 2.1.3	Maintain focus on primary stakeholders as a key group referenced throughout the Code. This is an updated version of a previous Indicator/Verifier at Commitment 2.2.	No change. Previous requirement.
	7	Update GPI at 2.1	Updated language for coherence.	No change.
	8	Deleted GPIs at 2.1	Language and good practice approaches have moved beyond participation and empowerment.	No change.
	9	Combine Commitment 3.1 and 3.2 into a new Commitment 3.1	Removes duplication (some aspects of 3.1 and 3.2 were repetitive). Retain focus on systemic change and supporting/strengthening local systems and structures. Updated to improve phrasing.	Reduction. Reporting against 1 less commitment.
	10	Delete Indicator 3.1.2	Duplicative – captured by 3.2.2 (now 3.1.2)	Reduction.
	11	Update new Indicator 3.1.2.	Updated to improve phrasing.	No change.
	12	New GPI	Added based on member feedback. Recognises that ACFID members and other INGOs/donors can play a role in working together to minimise compliance burden on partners.	No change.
	13	Update Indicator 5.3.1 and Verifier	Reframing of previous Indicator 3.1.3 and 5.3.1 (which were partly duplicative). Shift away from capacity building to focus on investing in partners' priorities for organisational strengthening.	Possible change. Members may need to review how they support local partners and understand and

				respond to their priorities.
	14	New Verifier 5.3.1	This is an existing GPI which is being lifted into a Verifier based on member feedback.	Possible change. Members may need to review how they work with partners.
	15	New Verifier 6.1.1	This is an existing GPI which is being lifted into a Verifier based on Board feedback.	Possible change. Members may need to review how they incorporate different voices in their public materials.
	16	Updated approach to how specific Indicators and Verifiers are cascaded to partners.	Cascading compliance requirements to partners through MOUs or partnership agreements is not always an effective approach to managing risk. While there may be situations where using MOUs or similar is an appropriate approach, the proposed change aims to provide greater flexibility for ACFID members in how they manage risk with their partners.	Possible change. Members may need to reconsider the most effective approaches for managing risks with their partners.
6 (c)	17	Update Commitment 1.2	Encourages a more active stance that moves beyond respecting and responding, to prioritising the voice, rights and inclusion of those who experience vulnerability, marginalisation and exclusion.	No change.
	18	New definition	Locally-led action.	No change.

2. Locally-led Action and Inclusion Participation, Empowerment and Local Ownership



Quality Principle: Development and humanitarian initiatives enable sustainable change <u>through the empowerment of local actors and systems by supporting local leadership and inclusive approaches.</u>	
2.1 We promote the participation of primary stakeholders <u>seek to reduce power imbalances and invest in locally-led development and humanitarian initiatives.</u>	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
2.1.1 Members demonstrate an organisational commitment to advancing the participation of primary stakeholders <u>locally-led action.</u>	<p>Policy, statement or guidance document that commits the member to enabling the participation and contribution of primary stakeholders<u>locally-led action.</u></p> <p><u>Evidence of naming and addressing power imbalances in relationships relevant to the member's development and humanitarian initiatives.</u></p>
2.1.2 Members' planning process includes the participation of primary stakeholders <u>Members contribute to locally-led action in their development and humanitarian initiatives.</u>	<p><u>Evidence of local voices and decision-making is consistently captured in:</u></p> <ul style="list-style-type: none"> • <u>Design or planning framework, tools, templates that require or approaches which consistently show evidence of the participation of primary stakeholders.</u> • <u>Monitoring and evaluation framework, tools, templates or approaches</u> • <u>The allocation of resources (time, funds and people) throughout the project cycle</u> • <u>The design and evaluation of feedback and complaints mechanisms</u>
2.1.3 Members have formal mechanisms in place to ensure primary stakeholders can contribute their ideas and feedback <u>and influence decision-making about the initiatives that affect them.</u>	Development and humanitarian initiatives consistently show evidence of the contribution and influence of primary stakeholders <u>in planning, decision-making and evaluation.</u>

Good Practice Indicators	
<ul style="list-style-type: none"> Program and organisational information <u>is</u> accessible, in relevant local languages and in appropriate forms. Training for staff, volunteers and partners on primary stakeholder participation in the development process and techniques to enable this participation in relevant ways is provided. <p>Evaluation and reflection on approaches and mechanisms to promote the participation of primary stakeholders is undertaken e.g. in design appraisal tools or in terms of reference in evaluations. Members promote the voice of primary stakeholders in its communications with the public and external stakeholders.</p> <ul style="list-style-type: none"> Resources (time, funds and people) are allocated to building the capacities of primary stakeholders to implement and lead their own <u>capacity strengthening and</u> development initiatives. The representation of primary stakeholders in local leadership roles is promoted and supported. <p>Evaluation and reflection on approaches and mechanisms to empower primary stakeholders is undertaken periodically e.g. in design appraisal tools or in terms of reference in evaluations. Members promote the value of empowerment of primary stakeholders to the public and external stakeholders.</p>	

3.1 We contribute to systemic change.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
3.1.1 Members design initiatives <u>considering</u> the root causes of poverty and inequity.	Design or planning framework, tools, templates which require, or approaches which consistently show, analyses of the causes of poverty and inequity.
3.2.1 Members build on and enhance the existing strengths and capacities of primary stakeholders.	Development and humanitarian initiatives consistently show evidence of capacity building initiatives in response to the priorities of primary stakeholders.
3.1.2 Members work with local systems, and structures <u>such as</u> and institutions, <u>such as</u> civil society, community structures and authorities (where appropriate) to support and strengthen local people and systems.	Development and humanitarian initiatives consistently show evidence of working with <u>and supporting</u> local systems and structures.

5.2 We have a shared understanding of respective contributions, expectations, responsibilities and accountabilities of all parties.	
Good Practice Indicators	
<ul style="list-style-type: none"> Partnership management procedures are documented in a manual or equivalent. Training is provided for key staff, volunteers and partners on their partnership related policies, procedures and tools. <u>Formal agreements with partners are periodically reviewed through a process which encourages discussion and feedback.</u> <u>Active steps are taken to collaborate with other INGOs and donors to reduce the resources required by local partners to manage compliance obligations.</u> 	

5.3 We invest in the <u>sustainability and effectiveness</u> of our collaborations and partnerships.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
5.3.1 Members <u>invest time and resources in supporting the sustainability of local partners, including their broader mandate, strategy and capacity support mutually identified capacity-strengthening strategies with their partners.</u>	Development and humanitarian initiatives consistently show evidence of <u>listening to and responding to local partners' priorities for organisational strengthening, mutual learning and supporting and building capacity of partners.</u> <u>Regular partner and/or collaborator meetings take place where open feedback and dialogue is facilitated.</u>
5.3.2 Members assess <u>their the effectiveness of their</u> collaborations and partnerships.	Documented evidence of the periodic and joint review of <u>the effectiveness of</u> key collaborations and partnerships.
Good Practice Indicators	
<ul style="list-style-type: none"> Capacity strengthening plans are developed in collaboration with partners. The effectiveness of capacity strengthening initiatives is periodically reviewed. A formal process is used to enable partner feedback on the members performance and the partnership itself. 	

6.1 We are truthful in our communications.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
6.1.1 Members' public materials accurately describe the organisation and its work.	Public materials which: <ul style="list-style-type: none"> Are obtained and used according to ethical principles. Are consistent with their stated purpose and values. Accurately describe the nature and scope of their work. Acknowledge the role of partners. Are consistent with ACFID's Fundraising Charter (8.1.2) where the public materials relate to fundraising. <u>Promote the voice of primary stakeholders.</u>

Locally-led action: Locally-led development and humanitarian action recognises, respects and strengthens the leadership and decision-making of local actors who are best placed to understand and respond to the needs of their communities. By its nature, this will look different in each country context, and even within countries or programs. Successful locally led action relies on strong and equal partnerships, quality direct funding, transparency and mutual accountability, and diversity and empowerment in staffing and leadership. (draft ACFID Locally-led Action Framework)

1.2 We respect and respond to <u>prioritise</u> the needs, <u>voice</u> , rights, and inclusion of those who are <u>in</u> vulnerable <u>positions</u> and those who are or <u>affected by experiencing</u> marginalisation and exclusion.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
1.2.1 Members demonstrate an organisational commitment to the inclusion and representation of those who are <u>in</u> vulnerable <u>positions</u> and those who are <u>affected by the intersecting drivers of experiencing</u> marginalisation and exclusion.	Policy, statement or guidance document that commits the member to the inclusion and representation of those who are <u>are</u> <u>in</u> vulnerable <u>positions or experiencing marginalisation or exclusion – temporarily or ongoing – and those who are affected by the intersecting drivers of marginalisation and exclusion, including not restricted including but as related to not restricted to</u> race, religion, ethnicity, indigeneity, <u>illness or health status</u> , disability, age, displacement, caste, gender, gender identity, sexuality, sexual orientation, <u>trauma</u> , poverty, class and socio-economic status.
1.2.2 Members' planning process <u>prioritises the needs, voice, rights and input of</u> includes consultation with those who are <u>in</u> vulnerable <u>positions</u> and those who are <u>affected by experiencing</u> marginalisation and exclusion, and analysis of their needs and rights and barriers to their inclusion in context-specific ways	Design or planning frameworks, tools, templates that require or approaches that consistently show the consideration of the needs, rights and barriers to the inclusion of those who are <u>in</u> vulnerable <u>positions</u> and those who are <u>affected by experiencing</u> marginalisation and exclusion in context-specific ways.
1.2.3 Members' <u>monitoring and evaluation processes consistently incorporate the</u> monitor and evaluate their progress in addressing the needs, voice rights and inclusion of those who are <u>in</u> vulnerable <u>positions</u> and those who are <u>affected by experiencing</u> marginalisation and exclusion, in context-specific ways	Monitoring and evaluation framework, tools, templates that require or approaches which consistently show evidence of the assessment of progress addressing the needs, rights and inclusion of those who are <u>in</u> vulnerable <u>positions</u> and those who are <u>affected by experiencing</u> marginalisation and exclusion in context-specific ways.
1.2.4 Members consider the potential impact of their development and humanitarian initiatives on those who are vulnerable and those who are affected by marginalisation and exclusion with a view to preventing unintended harm.	Design or planning frameworks, tools, templates which require or approaches that consistently show the consideration of the potential for unintended harm and strategies to mitigate the risk of harm, <u>including for those who are in vulnerable positions or experiencing marginalisation and exclusion.</u>

Recommendation 7: Anti-racism, racial justice and diversity

Summary of feedback from first round of consultation:

- Overall support for most of the proposed changes.
- Strong feedback that racial justice should not be added to Compliance Indicator 1.1.1 around human rights, but should be a separate Indicator. Verifier should be a policy, statement or guidance document as a starting point, and guidance should indicate that this could be a standalone policy or integrated into other relevant policies, e.g. human resources, governance.
- Some raised concern about the proliferation of focal points in the Code! The GPI at 9.4 has been revised to specifically address need for senior management responsibility and oversight.
- Suggested change to the GPI around reviewing an organisation's diversity profile to instead conduct a review of the cultural safety of the organisation. Noting that a definition and guidance will be needed.
- GPIs around diversity and representation of governing bodies and in staff/volunteers should speak to diversity and representation broadly and not specify racial diversity.
- Definitions are required for anti-racism, racial justice and cultural safety.

Rec	#	Proposed change	Rationale/context	Change to Code reporting
7 (a)	1	Change wording and description of Quality Principle 1	Updated to better reflect focus of Commitments.	No change.
	2	Update Commitment 1.1	Draws an explicit link between existing commitment to human rights and acknowledgement of inequities, systemic barriers and racism that impact our organisations and the work we do.	No change.
	3	New Indicator 1.1.2	Explicit reference to a commitment to racial justice. Recognises racial justice as a specific issue relevant to the development and humanitarian sector, given the historical legacy of colonisation and the ongoing power imbalances that exist.	Possible. Members may need to consider how their organisation is demonstrating a commitment to racial justice.
	4	New Verifier 1.1.2	New verifier to support new indicator. Adopts a policy approach in keeping with structure of Code.	Possible. Members may need to review existing policies to ensure they address racial justice.
7 (b)	5	New Good Practice Indicators at 7.4	Specific recommendation. Recognises that diversity and representation looks different for each ACFID member, but that leadership and governing body should reflect the	No change.

			Australian community and the communities they serve.	
7 (c)	6	New Good Practice Indicator at 9.2	Changed from reviewing diversity profile to assessment of organisation's cultural safety. Feedback was that this would be more effective at identifying core systemic issues than an analysis of diversity. Guidance to be given to members.	No change.
7 (d)	7	New Verifier at 9.2.3	Members are asked to provide training on other key areas, e.g. child safeguarding, WH&S. Training at all levels of an organisation is one way to support behaviour and attitudinal change.	Possible change. Members may need to review training offerings.
7 (c)	8	Update Verifier at 9.3.1	Explicitly referencing anti-racism as a critical issue that must be addressed in HR policies/procedures.	Possible change. Members may need to revise HR policy.
7 (c)	9	New Good Practice Indicators at 9.3	Specific recommendation. Recognises that diversity and representation looks different for each ACFID member, but that staff and volunteers should reflect the Australian community and the communities they serve.	No change.
	10	Update to Verifier at 9.4.1	Explicit reference to anti-racism in organisational codes of conduct.	Possible change. Members may need to review their code of conduct to ensure it covers anti-racism if it doesn't already.
	11	New Good Practice Indicator at 9.4	Changed in response to feedback on use of focal points. Now more explicitly addresses senior leadership/governing body responsibility and oversight.	No change.
		New definitions	Racial justice, anti-racism, cultural safety	No change.

1. Rights, ~~Protection and Inclusion~~Justice and Safeguarding

Quality principle: Development and humanitarian initiatives respect and protect human rights and advance <u>inclusionjustice</u> .	
1.1 We respect and protect human rights, <u>acknowledging power and resource inequities, systemic barriers and racism</u> .	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
1.1.1 Members demonstrate an organisational commitment to human rights.	Policy, statement or guidance document which commits members to human rights, noting that human rights are for everyone, regardless of race, religion, ethnicity, indigeneity, disability, age, displacement, caste, gender, gender identity, sexuality, sexual orientation, poverty, class or socio-economic status.
<u>1.1.2 Members demonstrate an organisational commitment to racial justice.</u>	<u>Policy, statement or guidance document which commits members to racial justice.</u>
1.1.3 Members contribute to the realisation of human rights in their development and humanitarian initiatives.	Development and humanitarian initiatives show evidence of linkages to the realisation of human rights.
1.1.4 Members protect primary stakeholders from discrimination, violence, abuse, exploitation or neglect based on an analysis of the context in which they are working.	Development and humanitarian initiatives consistently show evidence of strategies towards protecting primary stakeholders from discrimination, violence, abuse, exploitation or neglect as relevant to the context.
Good Practice Indicators	
<ul style="list-style-type: none"> • A human rights or rights-based approach is integrated into programming. • Training is provided to staff and volunteers on a <u>rights based</u> approach to development. • Periodic evaluation and reflection on their <u>rights based</u> approaches is undertaken. • Information about issues relating to human rights is promoted to the public and external stakeholders. 	

7.4 We have responsible and independent governance mechanisms.

Good Practice Indicators

- Provide information or training to Responsible People on their duties to refresh their knowledge (e.g. webinars from ACNC and governance professional bodies)
- The governing body Chair does not also occupy the position of Chief Executive Officer, or equivalent.
- Periodic reviews of the effectiveness of organisation governing body are undertaken.
- A register of Interests is maintained, 'conflict of interest' is a standing agenda item at governing body meetings, and there are clear procedures or consequences for responsible persons' failure to disclose
- Members seek out gender and safeguarding expertise as desirable skills and experience when recruiting new persons to the governing body.
- Members seek out diversity and representation in their leadership and governing body, which reflects the Australian community and the communities they serve.
- Members report publicly on the diversity and representation of their leadership and governing body.
- The member's governing instrument, charter or policy sets maximum term limits.

9.2 We protect, value and support our people.

9.2.3 Members protect the safety, security and well-being of staff and volunteers.

- Workplace, Health and Safety policy, training, and consultation for all staff, and volunteers and contractors as relevant.
- Policy, procedure or guidance for health, safety, and security for personnel while travelling
- Current workplace, travel, and volunteer personal accident insurances, as relevant.
- Anti-bullying policy.
- Governing body, senior leadership, staff and volunteers are aware of and have access to safe training in issues related to diversity and anti-racism.

Good Practice Indicators

- A focal point for Occupational Health and Safety is in place.
- Counselling support services are available to staff.
- Organisation, staff and volunteers are aware of and have access to a range of professional development opportunities across and outside the sector.
- Periodic reviews are undertaken to assess the organisation's cultural safety.
- An incident register is maintained and periodically reviewed by organisation management and governing body.

9.3 We manage our people effectively and fairly.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
9.3.1 Members are fair, transparent and non-discriminatory in their management of staff and volunteers.	<p>Human resource policies and procedures which address:</p> <ul style="list-style-type: none"> Recruitment and selection, <u>including</u> <ul style="list-style-type: none"> Screening of staff as part of child safeguarding and prevention of sexual exploitation, abuse and harassment (see 1.4 and 1.5) Reference checking and vetting for previous misconduct of all staff and volunteers. Remuneration and benefits. Equity, and diversity <u>and anti-racism</u>. Staff learning and development. Performance management. Family and carer leave provisions. Conduct in the workplace. Integrity (including confidentiality and conflict of interest) (see 7.4.3). Grievance and disciplinary procedures. Workplace health and safety (see 9.2.3)
9.3.2 Members comply with human resource regulatory requirements and legislation.	<ul style="list-style-type: none"> Human resource policies and procedures that are consistent with and reflect industrial relations, legislation and relevant agreements or awards in Australia and in countries of operation.
9.3.3 Members manage the performance and grievances of their staff and volunteers in a fair and transparent manner.	<ul style="list-style-type: none"> Performance management, grievance and disciplinary processes that are accessible to all staff and volunteers. Performance management processes for staff and volunteers that include adherence to the member's code of conduct and other codes and standards as relevant to their roles. HR policies clearly define what constitutes staff and volunteer misconduct and outline consequences of such misconduct, including grounds for termination.
Good Practice Indicators	
<ul style="list-style-type: none"> A dedicated governing body member or staff person for human resource management is appointed. Organisation complies with the National Standards for Volunteer Involvement. <u>Merit-based and transparent processes for filling vacancies are in place.</u> <u>Members seek out diversity and representation in their staff and volunteers, which reflects the Australian community and the communities they serve.</u> <u>Members report publicly on diversity and representation in their staff and volunteers.</u> 	

9.4 We enable our people to conduct themselves professionally and according to our stated values.	
Compliance Indicators	To demonstrate compliance, members will have the following Verifiers, commensurate with their size and the nature of their work:
<p>9.4.1 Members specify the expectation of professional conduct of all staff and volunteers.</p> <p>See also Compliance Indicator 1.4.2</p>	<ul style="list-style-type: none"> • A documented code of conduct that specifies the values and expectations of professional conduct of all staff and volunteers. This must include reference to child safeguarding behaviours, prevention of sexual exploitation, abuse and harassment, transactional sex, anti-racism, and anti-bullying; and an obligation on staff and volunteers to report wrongdoing. • Acknowledgement by staff and volunteers of their acceptance of the code of conduct (e.g., signed, incorporated into employment or volunteer agreement)
<p>9.4.2 Members' staff and volunteers work in accordance with agreed standards of practice.</p>	<ul style="list-style-type: none"> • Members provide all staff with information about the ACFID Code of Conduct and opportunities for associated training. • Members provide staff and volunteers with information about and training in other Codes and Standards as relevant to their roles (for example the Core Humanitarian Standards, and International Humanitarian Law for those working in conflict affected areas or fragile states). • Documented evidence of induction, pre-deployment and refresher training provided to all staff and volunteers on the member's code of conduct and key policies including child protection, prevention of sexual exploitation, abuse and harassment, complaints and whistle blowing. (see 9.2.1)
Good Practice Indicators	
<ul style="list-style-type: none"> • Organisation governing body and staff undertake ACFID Code of Conduct training. • Pre-deployment training covers scenario-based discussions about power imbalances, status and workplace cultures of the destination country and how these impact work and personal relationships. • A member of the senior leadership or governing body has responsibility for and oversight of the organisation's progress on diversity and anti-racism. 	

Racial Justice: [The systematic fair treatment of people of all races, resulting in equitable opportunities and outcomes for all. It is not just the absence of discrimination and inequities, but also the presence of deliberate systems and supports to achieve and sustain racial equity through proactive and preventative measures.](#)

Anti-racism: [Anti-racism is an active process, unlike the passive stance of 'non-racism'. Anti-racism work requires consistent, committed, and targeted action and attention. Racism operates at systemic, institutional, interpersonal, and individual levels. Anti-racism involves focusing on systemic racism. \(Australian Human Rights Commission\)](#)

Cultural safety: [Cultural safety is about creating a workplace where everyone can examine our own cultural identities and attitudes, and be open-minded and flexible in our attitudes towards people from cultures other than our own. A culturally safe workplace is committed to anti-racism and has a defined set of values and principles, and demonstrates behaviours, attitudes, policies, and structures that enable all workers to work effectively cross-culturally.](#)

3. Financial Review

ACFID sought consultant expertise in performing a review of the financial components of its Code of Conduct to ensure that they continue to reflect good practice and the needs of ACFID and its members.

The Resource Management section of the Code (Quality Principle 8) contains the key requirements around fundraising (8.1), financial management and financial risk management (8.2) and annual reporting (8.3). Sections 8.2 and 8.3 have been in the Code for many years, and are some of the main areas where more prescriptive compliance is required, as they contain the pro forma financial statements that all members must include in their annual reports.

ACFID's Code was last revised in 2016 which included a substantial change in the architecture and framing of its requirements into commitments, verifiers and compliance indicators. The wording for section 8.2 and 8.3 was updated to make it more consistent with good development practice. The language of good practice indicators was introduced, and examples were provided for members regarding annual reporting in particular.

ACFID's Code of Conduct has interoperability with Australian accounting standards, ACNC standards, and DFAT accreditation criteria. Each of these has been considered for potential impact on Code changes, along with other international and local standards and good practice, and member feedback.

Section for Recommended Change	Recommended Change	Rationale
Balance Sheet template and Financial Definitions	Add new right of use asset and lease liability lines; update definitions to reflect this	Alignment with new accounting standard
8.2 Good practice indicators	Enhance environmental sustainability reporting with more detailed examples.	Respond to member feedback and potential accounting standard changes. (See Climate Action changes at 8.3.)
Income Statement template and Financial Definitions	Consolidate Donations and Bequest Income lines; update definitions to reflect this	Alignment with ACNC financial reporting format and respond to member feedback
Financial Definitions	Expand Other Income and Revenue from Providing Goods and Services definitions to include more examples from ACNC	Alignment with ACNC financial reporting format and respond to member feedback
Section 8 Overview, 8.3, Income Statement template and Financial Definitions	Change references to 'aid and development' to 'development and humanitarian' to be consistent with the rest of the Code.	Greater consistency and responds to member feedback
8.2	Change section heading wording to 'Members <u>effectively</u> control and manage their financial resources and risks'	Strengthens wording and responds to member feedback
8.2.1 Good Practice Indicators	Add reference to including bribery, gifts, entertainment and facilitation payments in financial wrongdoing policy.	Allows for better alignment with internationally recognised standards (ISO 37001) and responds to member feedback (<i>see tracked changes below</i>)

Section for Recommended Change	Recommended Change	Rationale
Financial Definitions	Add the costs of dedicated project management software to Program Support Costs	Reflects increased usage of these systems and responds to member feedback
8.3	Require that ACFID-compliant financial statements are reported in Australian dollars	Makes implicit requirement explicit and responds to member feedback. <i>(see tracked changes below)</i>
Financial Definitions	Expand on Funds to International Programs definition to make it clearer that it includes program support costs expended overseas	Makes definition clearer and responds to member feedback
Financial Definitions	Include foreign exchange losses in Other Expenditure definition	Common expenditure item experienced by members and not currently referenced. Responds to member feedback

Some further changes were made to the text to improve readability and consistency. These have been incorporated into the full Quality Assurance Framework as tracked changes, along with the proposed changes to definitions and reporting templates.

8.2 We ensure that funds and resources entrusted to us are properly controlled and managed.

Good Practice Indicators

- Qualified staff, volunteers, and/or contractors with responsibility for financial management and oversight are in place.
- Regular analysis of internal systems is undertaken to identify areas that need to be monitored and updated.
- Financial wrongdoing policy (or equivalent) specifically references bribery, facilitation payments and provides guidelines regarding appropriate forms of gifts and entertainment.
- Regular training is provided to partners and staff on financial policies, in particular financial wrongdoing prevention.
- Organisation governing body formally reviews income and expenditure report, balance sheet, cash flow forecast and relevant key performance indicators on at least a quarterly basis.
- Adequate funding reserves exist to protect staff and partners in the event of a reduction in funding, and a policy is in place to reflect this.

8.3.2 Members publish annual ACFID-Code-compliant financial statements in their Annual Reports.

All members must publish ACFID-Code-compliant financial statements in their Annual Reports which include:

- An auditor's report that refers to the Code-compliant Financial Statements included in the Annual Report and (i.e. not the auditor's report included in that refers to the audited full financial statements).
- Comparative figures for the previous reporting period.
- A note stating that the ACFID -Code-compliant financial statements comply with the presentation and disclosure requirements of the ACFID Code of Conduct and refers readers to the ACFID Code of Conduct website for further information.
- Reporting in Australian dollars.

Members whose consolidated entity international aid and development and humanitarian revenue is below \$250,000 must publish Financial Statements in Australian dollars and include:

- An Income Statement in Option 1 Format.

Members whose consolidated entity international aid and development and humanitarian revenue is above \$250,000 must publish Financial Statements in Australian dollars and include the following:

- An Income Statement in Option 2 format.
- A Balance Sheet based that complies with the requirements of Australian Accounting Standard AASB 101 *Presentation of Financial Statements*.
- A Statement of Changes in Equity that complies with Corporations Law requirements (for members that are companies or trustee companies only).

If members publish their full statutory financial statements separately from their Annual Report, a reference to the availability of the full statutory financial report must be included in the Annual Report.

4. Other changes

As part of the consultations in March-April 2023, ACFID tested several additional changes not directly related to the recommendations. The revised changes for each are outlined below.

Misconduct Disclosure Scheme

After discussions with members, the current proposition is to make participation in the [Misconduct Disclosure Scheme](#) a Good Practice Indicator for all members at Commitment 1.5, but a mandatory requirement for members who support or undertake humanitarian initiatives at Commitment 1.3.

Good Practice Indicators	
<ul style="list-style-type: none"> Members limit the use of non-disclosure agreements in grievance processes. Members display statements about their commitments to PSEA and their complaints process in public places such as at head office and country offices and at project sites (in local language). Members participate the Misconduct Disclosure Scheme. 	

1.3.5 Members that support or undertake humanitarian initiatives participate in the Misconduct Disclosure Scheme.	Evidence of participation in the Misconduct Disclosure Scheme.
---	--

Commitment 7.4 – Term limits of responsible persons

The current verifier for 7.4.1 includes a requirement that a governing instrument sets out ‘clear term limits and number of consecutive terms a responsible person may serve.’

The intent of this verifier is to ensure that there is regular turnover on Boards. However, the current wording is ambiguous in terms of whether a responsible person may serve indefinitely. The current wording does not explicitly prevent indefinite term limits. This is how it has been interpreted by ACFID and members to date.

Feedback from members did not indicate a strong appetite to make the introduction of maximum term limits for a responsible person mandatory. Instead the proposal is to keep the current Verifier the same (shown in bold text below), and add a new Good Practice Indicator around maximum term limits.

7.4 We have responsible and independent governance mechanisms.	
Compliance Indicators	Verifiers
7.4.1 Members have a governing body.	<p>A governing instrument, charter or policy that meets ACNC governance standards and also sets out:</p> <ul style="list-style-type: none"> The processes for selection, appointment and induction of responsible persons and any provisions for termination. Clear term limits and number of consecutive terms a responsible person may serve. A requirement for the majority of the responsible persons to be non-executive.

	<ul style="list-style-type: none"> The approach to remuneration and expense reimbursement of responsible persons.
Good Practice Indicators	
<ul style="list-style-type: none"> The governing body Chair does not also occupy the position of Chief Executive Officer or equivalent. Periodic reviews of the effectiveness of organisation governing body are undertaken. A 'Conflict of Interest' register is maintained and 'Conflict of Interest' is a standing agenda item at governing body meetings. Members seek out gender and safeguarding expertise as desirable skills and experience when recruiting new persons to the governing body. <u>The member's governing instrument, charter or policy sets maximum term limits.</u> 	

Good Practice Indicators

Good Practice Indicators describe a higher standard of practice than that set out in the Compliance Indicators. Members may work towards achieving the GPIs over time.

Since the last revision of the Code, there has been an assumption that if all members are achieving a GPI that this requirement could be moved into a Verifier. While there are currently no GPIs that all members say they are achieving it is proposed that the following GPIs be moved into Verifiers:

Commitment	GPI	Rationale
5.1	Regular partner and/or collaborator meetings take place where open feedback and dialogue is facilitated.	Reflects intent of other changes around local-led action.
7.2	Periodic reports are provided to the organisation governing body on legal and compliance obligations.	Feedback suggested this should be expected practice, not something to be working towards.

Managing risk with partners

There are 8 compliance indicators and associated verifiers in the Code which members are asked to extend to their partners. These relate to high risk areas such as child safeguarding, financial wrongdoing and PSEAH. The proposed wording has been updated in response to feedback in March:

Current wording:

Members are required to extend this compliance indicator and verifiers to partners through MOUs or similar.

New wording:

Members are required to ensure they have appropriate mechanisms to assess, manage and mitigate the risks relevant to this compliance indicator and verifier, when working with partners.