

NGO ACCOUNTABILITY MINIMUM STANDARDS



INDONESIAN NGO COUNCIL



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Foreword from the National Steering Committee

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INTRODUCTION

What is the purpose of this book?

The purpose of this book is to explain about the minimum standards of NGO accountability and how NGO will apply this minimum standards of accountability.

Who can use this book?

This book was written to be used by the Board¹, Management, and Staffs of the members of The Indonesian NGO Council and it is hoped that it will be used by, in general, the Board, Management and Staffs of NGOs community in Indonesia.

1 Board, is a term stands for the Board of Directors or the Board of Trustees, is a group of people elected or appointed to collectively manage the organization. The term Board used in this standard refers to a Body or Council that collectively foster, oversee and manage the organization of NGO. This definition also includes to formulate strategic policies of organization, assist fundraising activities, and select, monitor and terminate the Executive Director. Even though it does not involve in daily management and operational of NGO, but it is collectively responsible for the legal and financial consequences of respective NGO. Hereafter, the term of Board will be used at the whole parts of this standard.

BACKGROUND

What is NGO accountability?

Accountability is a process of which an organization considers itself is openly responsible for what it believes, what to do and not to do. It is showed by involving multi-stakeholders in organization activities and responding to opinion and feedback given.

The process of accountability is an obligation of an organization that works for public interest to transparently give information to all stakeholders regarding to vision, mission, program, governance, and finance. The organization also gives opportunity to the public to control the acts of organization since it works on behalf of public through complaint mechanism and the organization has to give adequate response to this complaint.

The accountability mechanism in operational manner can be realized in the form of reporting, involving, and responding. Accountability can be classified as follow:²

- **Financial accountability**, is to be accountable for the use of financial resources that was gained and trusted to organization;
- **Performance accountability**, is to document and report the results obtained that are compared to the standards of quality, objectives, goal and hope to be achieved.
- **Accountability for utterance, honesty, and thoroughness** on what have been articulated and to have authority to articulate it.
- **Accountability to increase self capacity, respond to feedback, conduct evaluation/assessment, and report actions taken.**

There are 4 dimensions of accountability. First is **transparency**. Organization gives information in appropriate portion and good quality and provides media to disseminate it so that the stakeholders have access and adequate information to know about and to be able to monitor the activities and performance of the organization. The adequate information includes organization's vision, mission, objective, and program, amount and fund resource, organizational structure and composition of the founders, board of trustees and executive of the organization, and financial report as

2 Carmencita T. Abella and MA. Amor L. Dimalanta, Governance, Organizational Effectiveness and the Nonprofit Sector: Country Report (Philippine), compilation of papers of Asia Pacific Philanthropy Consortium (APPC) Conference, Makati City, Philippine, September 5th-7th, 2003

well. The information can take form in annual report, organization's profile, evaluation results for public, and financial report.

The second one is **participation**. The organization involves multi-stakeholders, both internal and external, in decision making process. It involves the executive board and staffs and representatives of partners in formulating the strategic planning. It also involves the future beneficiaries in developing project proposal through needs assesment by collecting data in the field through: survey, focus group discussion (FGD), interview and so on. The third dimension is **evaluation**. There are tools and procedures to evaluate the performance of organization.

The fourth is **complaint mechanism** in organization that allows the stakeholders especially public to file a complaint on decisions of and activities conducted by organization. It provides guarantee that the organization will discuss the complaint and take corrective action on it.

The concept of NGO accountability can be defined as not only as a means for NGO to take responsibility for its actions such as legal obligation and obligation to provide information, but also as a means for NGOs and the activists of NGO to take internal responsibility for developing organization's mission and values, being open to public scrutiny, and evaluating performance related to the objective of organization. The accountability applies together with other dimensions such as to involve the stakeholders and use the performance standard, which is applied at many level in NGO's organization

Why is accountability important to NGO?

1. To increase public trust and legitimacy of NGO as public institution and civil society organization.
2. To increase credibility and public trust that NGO community has high standard of moral and integrity and also has behavior that can be accounted for so it deserves to be appreciated and respected.
3. To demonstrate to stake holders that the NGO is an organization that has good governance, democratic, professional, runs the program with high quality and capabilities, manages resources in effective, efficient and responsible manners to avoid corruption and other negative practices.
4. To increase the bargaining position to external parties such as government, private sector, donors and so on.

5. As the accountability increases, the credibility and trust of stakeholders will increase and result in the increasing of bargaining position of NGO to external parties such as government and private sector. With the increasing bargaining position, the roles of NGO that is one of main components of civil society organization as balancing power of the role of government and private sector can be achieved.

The History of NGO Accountability

At the beginning of 21st century, we were witnessing the shift of governance globally and nationally. The power was no longer dominated by the state and market, but also by civil society. The civil society is admitted as one of key players in developing and extending democracy and social development. The roles of and influence of NGO, which is one of important components of civil society increase in international and national forums.

In line with the increasing influence, then as the consequence to NGOs are required to demonstrate greater public accountability. The Economist magazine in 2000 released an article mentioning that “NGOs could make mistakes since they are not accountable for anyone.” Three years later, the same magazine also published an important essay with title “Who Guards the Guardian”; and New York Times, on July 21st, 2003, in its editorial wrote that “NGOs are part of the power structure now. They get funds from community and fight for policies that they claimed as for community interest. As they became part of stable political landscape around the world, these institutions are obliged to be accountable for and transparent to the community.”

As the response to the demand of being accountable, some global not for profit organizations have been trying to develop accountability learning framework in their works. It applies particularly in organization that works in many areas and want to share knowledge to the whole time that spread in various countries.

As an example, ActionAid International, an international NGO whose mission is to eradicate poverty together with the poor and marginalized people, develops multi-direction accountability mechanism. Accountability is not only for their assisted groups, but also for the volunteers, partners, donors, government and stakeholders. ActionAid defines accountability as fundamental requirement not only in the process of planning, monitoring, formulating strategy, learning and evaluation, but also as the attitude and personal behavior. ActionAid made changes in the whole planning and reporting process in 2000 by launching a brand new Accountability, Learning,

Planning System – ALPS. The objective is to reduce unnecessary internal bureaucracy and then build expertise in measuring and reporting in order to become a more critical and reflective processes (ActionAid International, 2006: 4; David and Mancini, 2004).

Humanitarian Accountability Partnership – International (HAP International), established in 2003, was the first international body that formulates and applies self-regulation. Self-regulation is an initiative taken by many international bodies that work for improving the accountability of humanitarian actions to people affected by disasters and other crises. Nowadays, HAPI, based in Geneva, Switzerland, consisting of 86 organizations that work for emergency responses, development activities and donor agencies. This organization aims at strengthening accountability to the people affected by crisis and facilitating performance improvement in humanitarian sector. The goal of this organization is to uphold the rights and dignity of people affected by crisis. HAPI develops what is called as “Seven principles of accountability”³ and publishes Human Accountability Report every year.

The One World Trust, a charity organization based in England, conducted research, developed recommendation, and advocated to reform global governance. In 2001, One World Trust launched Global Accountability Project. The project highlighted 3 forms of global organization: Intergovernmental Organization – IGO); Transnational Corporation – TNC); and International Non-Government Organization (INGO). The results of assessment to number of organizations based on these 3 types publish to the public every year through Global Accountability Report. This report analyzes it by using 4 accountability dimensions: transparency, participation, evaluation and complaint mechanism. These organizations were assessed by its ability to integrate the accountability principles in organization policy and management system.

At national level, in democratic countries, the government as state administrators are no longer able to monopolize the governance because it is considered inadequate to address the complexities faced. The governance should involve stakeholders such as private sector and civil society organization (CSO). Therefore, the concept of government also no longer adequate and the term governance introduced to broaden

³1. To respect and promote human rights. 2. To set the applicable standards for humanitarian aid works. 3. To inform the beneficiaries about the standards and their rights to be listened to. 4. To involve the beneficiaries in project planning, implementing, evaluation and reporting. 5. To demonstrate compliance to the applicable standards in their humanitarian aid works through monitoring and reporting. 6. To encourage the beneficiaries and staffs to file complaint and seek for compensation. 7. To apply these principles when works with partners.

the concept of government. Governance refers to an idea of concept about “action and behavior in ruling organization,” whether it is government, company or CSO. The term good governance also introduced. The principle of good governance is not only applicable for government, but also for private sector and CSO.

In the private sector, it is applied what is often referred to as good corporate governance. The good corporate governance includes to define mechanism in organization and management structure in order to create good relationship between board of commissioners, board of directors, staffs and shareholders for serving the best interest of shareholders and put the interest of all stakeholders into consideration.

Among the NGOs or Non-Governmental Organizations, it is recognized what is called as good NGO governance⁴. Good NGO governance should meet the following requirement, such as: (1) Compliance with laws; (2) Proper accounting system, budgeting and audit; (3) The enforcement of organizational policy and a proper check and balance mechanism system; (4) Good decision making system, planning and monitoring/evaluation; (5) Social accountability to partners and other stakeholders. The performance of good NGO governance includes vision, mission, objective; organizational governance system; administration and financial management, program implementation; and partnership and networking.

The issue of NGO accountability in Indonesia strengthened after 1998 when thousands of organizations who called themselves as NGO emerged. The demand to be more open and responsible for organization decisions and actions was stronger in reformation era when number of civil society organizations (CSO) including NGO rose dramatically. Before 1998, this kind of organizations were established only at big cities and capital of provinces by middle class. But, after 1998, offices with NGO nameplate could be easily found at almost district/city capital, even in sub-district all over Indonesia. Currently, almost every one establishes NGO, starting from politician, political party, government officials, entrepreneurs, corporate social responsibility (CSR) program, groups and individuals who have particular interest. Many of them have interests that is contrary to the characters, values, vision and mission of NGO so that the NGO experiencing crisis in trust and legitimacy as the result of lack of accountability.

Number of local and national NGOs gave positive responses to the requirement of being transparent and accountable. The responses came from NGO community in

⁴ Dick Balderrama National Coordinator, PHILSSA (Partnership of Philippine Support Service Agencies), “Good NGO Governance” Power Point Presentation, May 11th, 2011.

West Sumatera by establishing Konsorsium Pengembangan Masyarakat Madani (KPMM), consortium for civil society development, that initiated self-regulation approach by formulating code of conduct (1999), followed by LP3ES initiating NGOs network for Code of Conduct in several provinces in Indonesia (2002), and TIFA in collaboration with USC Satu Nama generated an instrument called TANGO (2004). Furthermore, a number of activists and organizations involved in these initiatives formed Working Group for Civil Society Organization (CSO) Accountability, then together with 94 NGOs (14 provinces) established Indonesian NGO Council. The vision of the council is to achieve healthy and strong existence of NGOs, which means NGOs that exist in a free and democratic political and legal environment based on rule of law and be able to practice the accountability principles and mechanism; in order to increase public trust and support to the movement of civil society organization.

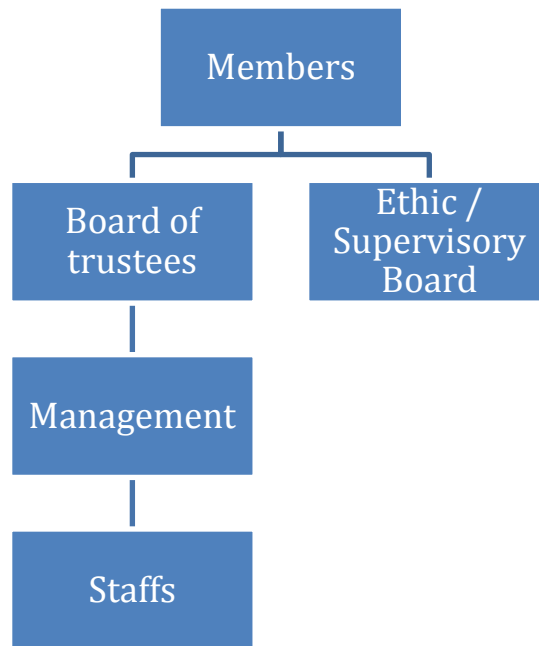
Accountability to whom and how?

1. Accountability to whom?

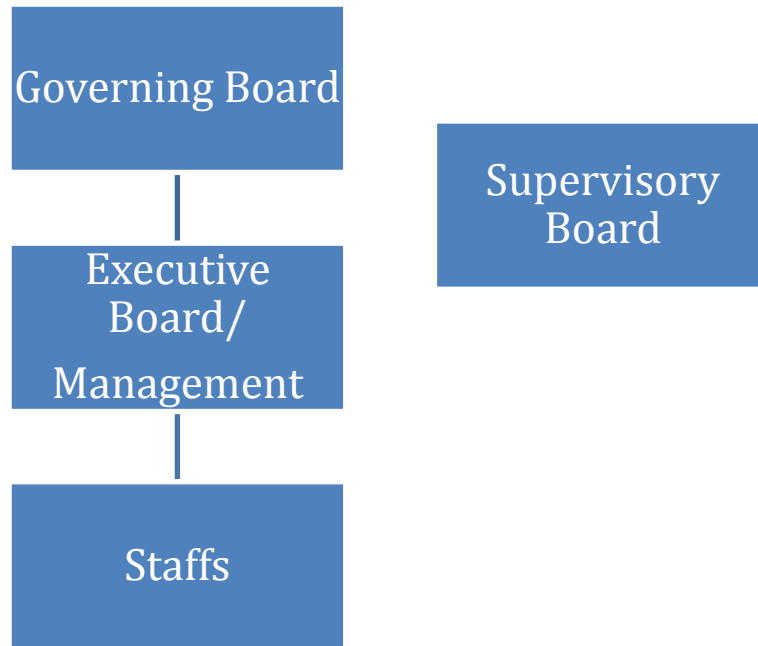
Accountability implies that NGO is accountable to all parties that influence or being influenced by its actions or activities. NGO is responsible to donors and government that also known as upward accountability and to internal party or itself (internal accountability). NGO is also responsible to the members, constituents or beneficiaries. This type of accountability is also known as downward accountability. In other words, NGO accountability has external and internal dimensions.

The Structure of Accountability within An Organization (internal)

For NGO, which legal entity is an association, the directions of accountability are as follow: staffs are accountable to management, management is responsible to the board of trustees, and the board of trustees is responsible to members.



As for the context of foundation, the highest decision making organ is the governing board. The governing board is separated from supervisory board and board of trustees. The directions of accountability in an organization which legal type is foundation are: staffs are accountable to management/board of trustees and management/ board of trustees is responsible to governing board. According to Law on Foundation, the governing board as the highest decision maker is not accountable to any organ. This law is considered as not fully in line with the spirit of democracy that should be reflected on in NGO's structure and accountability system. The substantial power of governing body results in failure of performing checks and balances mechanism. Addressing this weakness, many NGOs that chose foundation as its legal entity status develop their very own decision making and accountability system, which is more democratic and accountable.



For the foundation that separates the board trustees from management (commonly known as the executives), the direction of accountability starts from staffs to management, management to board of trustees, and board of trustees to governing board. In this case, there are 3 bodies function as board that are governing board, supervisory board, and board of trustees, even though the roles and function of the three bodies are different from one another.

It is important to remember that organization must clearly separate the body and personnels of board who have function in making strategic policy and conduct supervision from the management and staffs as the executives. This is important to ensure that checks and balances function within organization is optimally run.

2. How do the accountability process and actions being carried out?

The processes of accountability within NGO organization, as shown in between the elements of organization in the structure above, can be carried out through meeting or annual report, monthly and even weekly meeting for discussing the progress of program, finance and others while the accountability processes to all external stakeholders are conducted through providing information on regular basis. There are 5 accountability mechanisms that can be implemented by NGO such as reporting and disclosure statements, performance assessment and evaluation, participation, self-regulation, and social audit (Ebrahim, 2003). The organizational report includes program and finance, and publish annual report, both narrative and financial report, and audit results. In addition, in a planned manner, the stakeholders particularly assisted community (beneficiaries) are involved in organization strategic planning.

The assisted community or its representatives are involved in planning, implementing, monitoring and evaluation process because they are the beneficiaries of NGOs' programs.

The examples mentioned below describe two ways of NGOs to carry out accountability actions.

1. The Executive Director of NGO explains the operational activities of organization to Board of Trustees in a meeting held regularly in every six months. The members of Board of Trustees ask questions or more detail explanation on these activities to Executive Director.
2. NGO reports its activities through website, either program or finance, and gives opportunities to public to file complaint on staffs and activities of organization.

The Code of Ethics of Indonesian NGO and the Minimum Standards of NGO Accountability

What is the code of ethics of Indonesian NGO?

The code of ethics are behavior guidelines consisting of set of values/principles of and regulations on what is allowed and not allowed to carry out by all elements of organization and members of Indonesian NGO Council, institutionally and individually.

Why NGO code of ethics was developed?

It was developed for NGO to have high integrity, be accountable, democratic, and professional organization, which is effective and efficient in managing organization resources, developing program, and providing services that meet community needs and rights, and to reduce the potency of corruption and other negative practices.

The Experiences in Conducting the Assessment of NGO Code of Ethics

The Indonesian NGO Council has conducted initial assessment on the implementation of NGO code of ethics to 72 of 96 members in July 2011 to March 2012.

The objective of the assessment was to assess the level of code of ethic implementation among the members in order to understand the strengths and weaknesses of NGO members so that it is easier to determine actions to be taken to increase organization capacity. The results of assessment has been published internally among the members organization.

According to the experience of conducting the assessment, the Council has improved the assessment process, tools, and method as part of preparation of the upcoming assessment that took place in 2014. The revision has been done since in the middle of 2012 and resulted in this book, Minimum Standard of NGO Accountability.

What is Minimum Standard of NGO Accountability?

Minimum Standards of NGO Accountability is a quality degree of basic or minimum practice that is required by NGO in order to be accountable organization. The NGO code of ethics developed by Indonesian NGO Council is the basic reason in developing minimum standard of NGO accountability.

The minimum standard developed by the NGO Council is based on the belief that NGO should have high standard in conducting all of its activities referring to the values, principles, regulations, norms, and other stipulations that generally accepted by NGO community. The development of this standard refers to some documents that have been developed before in Indonesia including:

- 1999: *Pedoman Perilaku KPMM / The Code of Conduct of KPPM (Konsorsium Pengembangan Masyarakat Madani - consortium for civil society development)*;
- 2002: *Kode Etik Jaringan LSM Indoneisa / The Code of Ethics of Indonesian NGO Network (LP3ES)*;
- 2004: *Transparansi dan Akuntabilitas NGO / NGO Transparency and Accountability (Satunama in collaboration with TIFA)*;
- 2013: *Panduan Akuntabilitas dalam Pengelolaan Bantuan Kemanusiaan / The Guideline of Accountability in Humanitarian Aid Management, developed by PIRAC, et al.*

In addition, some standards formulated by international NGOs such as 2010 HAP Standard in Accountability and Quality Management, OXFAM GB Accountability Starter Pack, and Australian Council for International Development (ACFID) were also used as references in developing this accountability standards.

There are 7 Minimum Standards of NGO Accountability as follow:

Standard 1: Good Governance

Standard 2: Professional staff management

Standard 3: Open and trustworthy financial management

Standard 4: Participation that means assisted community in organization strategic desion making

Standard 5: Complaint management

Standard 6: Information transparency

Standard 7: Prevention of conflict of interests

What are the contents of this standard?

Every 'standard' contains information about requirements and verification of how the standard is implemented. **Requirements** are practices that have to be done or documents should be written by organization in implementing minimum standard of NGO accountability. **Verification** is the evidence required to check whether the requirements are being met, e.g. there was document or interview with staff. The evidence required by assessor to ease the assessment of accountability implementation.

Why do the standards being assessed?

Standards of accountability are assessed to find out the strengths and weaknesses of organizations so that it is easier to determine the corrective measures that can be taken in order to become an accountable NGO, including the needs to increase organization capacity.

It is suggested to have external party conducting the assessment to obtain different perspective that probably can not be seen by the organization itself and to ensure an independent standards assessment.

What are the benefits of standards assessment to NGO?

Generally, NGOs feel that they are very busy so that do not have enough time to write down its organization policies, implement the policies or to prepare for and conduct assessment; in the name of delivering service for community directly.

Nevertheless, to strengthen the position and role of civil society organization and to support the achievement of NGO vision in realizing substantive democracy and social justice in Indonesia, it is important to take a look at the internal practices in organization. The impacts of NGO existence, programs or services are way better when the organization is run with good manners.

Furthermore, NGO with effective organization system has higher possibility in obtaining sustainable funds from donor and public in the long term.

MINIMUM STANDARDS OF NGO ACCOUNTABILITY

Seven Minimum Standards of NGO Accountability

- Standard 1 Good Governance
- Standard 2 Professional staff management
- Standard 3 Open and trustworthy financial management
- Standard 4 **Substantive participation** of assisted community in organization strategic desion making
- Standard 5 Complaint management
- Standard 6 Information transparency
- Standard 7 Prevention of conflict of interests

Every standard consists of 4 parts as follow:

1. What is this standard about?
2. The importance of every standard.
3. The requirements for implementing this standard.
4. How can organization implement thisstandard?

Standard 1

Good Governance

Organization has a Board functioning to manage organization according to organization rules and the laws.

What is this standard about?

The basic principles in ensuring NGO governance to be in line with characters and objective of NGO are:

1. Non-government
 - The number of the Board members who are civil apparatus (ASN) is not more than 30%.
 - The Executive Director and Staffs who get salary/remuneration regularly is not allowed to have double job as civil apparatus.
2. Non-partisan
 - The Board and Executive of NGO are not allowed becoming the officials of political parties.
 - The Board and Executive of NGO are not allowed to have political position (national and local leader and members of parliament; DPR/DPRD).
 - BOARD members or Executive who want to run for political positions should resign from the current position for at least 3 (three) months before the run is submitted.
3. Voluntarism
 - The NGO Boards are individuals who work voluntarily, therefore, they are not entitled to salary, honorarium or others remuneration, which is paid on regular basis in performing their functions.
 - Honorarium can be paid to NGO Board member whose expertise is needed by respective NGO as long as there is contribution or written output with respect to her/his expertise.
4. Gender equity and equality
 - NGO has policy on women representation and **substantive participation** in the Board and top Executive (management).
5. Participation of organization internal elements
 - The Executive Director holds meeting at least once a month using participatory approach to make activities plan and evaluate monthly activities.

- Staffs involve in making organization strategic decision that is set by the Board and Executive Director for at least in terms of: determination and discussion of salary, starting and terminating collaboration with other parties, and discussion and review of Standard Operating Procedures (SOP).
6. There is organizational structure consisting of board and executive and it is clearly separated.
 7. There are organization rules explaining management, decision making, mechanism, and hierarchy of organizational accountability.
 8. There is limitation in the tenure of Board and Executive Director.
 9. There is planned and regular organizational meeting as the highest decision making mechanism involving all elements of organization.
 10. There is regular Board meeting.
 11. There is accountability mechanism from Executive Director to the Board.

Non-government

- The number of the Board members who are civil apparatus (ASN) is not more than 30%.
- The Executive Director and Staffs who get salary/remuneration regularly is not allowed to have concurrent position as civil apparatus (ASN).

This principle is one of the basic standards of NGO as refers to the belief that NGO as one of main democracy pillars ideally functions as balancing power between government and private sector. Therefore, NGO independency is very important. One way to achieve it is to minimize the number of civil apparatus (ASN) who become the Board up to 30% and to forbid the executive personnels to have double job as civil apparatus (ASN). The foundation of it is that they work and being paid gull time by the state (government). Therefore, it is not appropriate for them to work as NGO staff at the same time. This kind of double job is corrupt behavior and can bring about conflict of interest between the interest of government and respective NGO. However, the practice of civil apparatus as member of the Board is tolerable up to 30% as this is not majority number in decision making process so that it does not affect the independency of organization. In addition, the Board members do not have obligation to attend to daily operational of organization.

Non-partisan

- The Board and Executive of NGO are not allowed becoming the officials of political parties.
- The Board and Executive of NGO are not allowed to have political position (national and local leader, and members of parliament; DPR/DPRD).
- Board members or Executive who want to run for political positions should resign from the current position for at least 3 (three) months before the run is submitted.

In addition to non-government, the principle of non-partisan is one of important characters of NGO. The easiest to measure practice of non-partisan is to forbid personnels of Board and Executive to hold concurrent position as (a) the officials of political parties, and (b) political position at national to district/city level. The reason of it is exactly the same with the restriction and limitation of number of civil apparatus (ASN) in the Board, to maintain organization independency. However, it is possible for the personnels of organization to run for political position with conditions they must be non-active or resign from organization for at least 3 months before the run is submitted. The conditions is set to prevent the organization of being abuse for practical political interest that result in lack of public trust toward NGO, especially the beneficiaries.

Voluntarism

- The NGO Boards are individuals who work voluntarily, therefore, they are not entitled to salary, honorarium or others remuneration, which is paid on regular basis in performing their functions.
- Honorarium can be paid to NGO Board member whose expertise is needed by respective NGO as long as there is contribution or written output with respect to her/his expertise.

The most common principle found in all social organizations is voluntarism. The Boards are individuals representing the main stakeholders' interests, the community. NGO actually is not established for the benefit of a group of people who are founders and trustess of organization, but for the benefits of wider community. Therefore, the Board members generally work voluntarily. In the context of volunteer-based organization such as All-Volunteer Organization (AVOs), there is no paid staffs. All of them work voluntarily. Nowadays, NGOs generally employ paid managerial people. The professionals are paid by organization to run its operation and their

accountability to the Board is a must so that the Board can be accountable to community who is “the owner” of organization or the party whose interest they fight for.

Gender equity and equality

- NGO has policy on women representation and **substantive participation** in the Board and top executive (management).

Gender equity and equality is not only in program implementation, but also in internal organization practices. The implementation of gender equity principle in program implementation can be seen in **substantive** participation of women in program planning, implementation, and results evaluation. While at internal organization, it is indicated by the existence of policy on women representation in management and gender balance in board position.

Participation of Staffs in Organization Decision Making

- The Executive Director holds meeting at least once a month using participatory approach to make activities plan and evaluate monthly activities.
- Staffs involve in making organization strategic decision that is set by the Board and Executive Director for at least in terms of:
 - a. Discussion and determination of salary.
 - b. Starting and terminating collaboration with other parties.
 - c. Discussion and review of SOP.

Staffs’ participation is not meant in the sense of physical or procedural involvement, but more than that it is substantial participation in organization strategic decision making. Participation is not only attending to it physically, but also putting their thoughts, perspectives, and objections into consideration in the process of organization decision making.

NGOs can have a variety of methods to build staffs’ participation, depending on the size of organization. For NGOs that number of staffs is relatively big and multi level of organizational structure, the participation of staffs can be done hierarchically. For example, ideas, suggestions or problems are initially discussed in the meeting among the staffs without the presence of management team and director. The results will be discussed in and as input of management meeting. Meanwhile, in the organization with less staffs the process of getting views and opinions from staffs can be done directly or together, and decision can be made together as well. If agreement of the

Board is needed, the Executive Director will take and discuss this suggestion in Board Meeting to get feedback and agreement.

Organizational structure

In Indonesia, generally NGOs choose one of two types of legal entity of not-for-profit organization namely Foundation or Association.

In organization with association as its legal type, Board consists of trustees and supervisors who elected by members through Members General Meeting (RUA). Meanwhile, in organization with foundation as its legal type, Board consists of Governing Persons who are generally the founders of organization, Trustees and Supervisors who are appointed by Governing Board. For Foundation with Trustees function as the executives of organization, the Board consists of Governing Board and Supervisory Board. The Staffs and Executive can not have concurrent position as members of the Board and vice versa. All Board members are different personality from the Staffs and Executive.

Regarding to Foundation, there are different practices and organizational structure. There are foundations that put the Trustees as part of the Board. Yet, many foundations put the Trustees as the Executives. It is important to ensure the implementation of good governance, which indicated by the segregation of Board and executive functions.

The rules of organization

The Statutes (AD) and Bylaws (ART) are two written documents must be owned by an organization. These documents contain terms of how organization should be run. These documents must be produced in participatory forum involving all elements of organization and legalized in the highest decision making forum in organization. It is necessary to provide easy access to these documents and being read by all Staffs and Board.

According to Law on Foundation, the Statutes of organization contains at least the following:

- a. Name and place of domicile;
- b. Purposes and objectives and activities to achieve the purposes and objective;
- c. Length of establishment;
- d. Amount of initial assets separated from founders' assets in form of cash or objects;

- e. Means to obtain and utilize the assets;
- f. Procedures of appointment, dismissal, and replacement of members of Governing, Supervisory, and Trustees Board;
- g. Rights and obligations of members of Governing, Supervisory, and Trustees Board;
- h. Procedures of holding the meeting of Foundation's organ;
- i. Procedures of Statutes amendment;
- j. Unification and dissolving of Foundation; and
- k. Utilization of assets after liquidation or distribution of Foundation's assets after dismissal.

The limitation of Board and Executive Director tenure

The tenure of Board and Executive Director is as maximum as for 2 periods and one period defines as maximum as for 5 years. It is regulated in Law on Foundation, but except for Governing Board.

As part of organizations promoting democracy and rendering democracy as one of basic values, NGOs must demonstrated democratic characters and behavior. Rotation in leadership on regular basis is one of main virtues of democracy. Changing in leadership also encourages regeneration process in organization. In addition, the limitation of tenure can prevent a leader abusing his/her power as impact of ruling for long period.

The Highest Decision Making Meeting in Organization

The Highest Decision Making Meeting in Organization is held for at least once in 5 years to make strategic decision. This meeting must involve elements of Board, Executive, Members (for Association only), Volunteers, and representatives of assisted community/partners.

The strategic decisions intended here include: the legalization of Statutes/Bylaws; formulation and determination of strategic programs; election of Board; and acceptance or objection of the Board's accountability report on program and finance. The implementation of the Highest Decision Making Meeting in Organization must refer to organization's rules.

Board Meeting

The Board hold meeting for at least once a year. The Law on Foundation obligates Governing Board to hold meeting for at least once a year. While in an Association, the frequency is more flexible since there is now law regulates it. However, for the implementation of governing function, Board must hold regular meeting at least once a year to ensure that the Executives carry out its mandate properly.

Why is this standard important?

An organization can not function well without the existence of Board, democratic decision making mechanism, and clear and applied organization's rules. The well-functioned Board ensure organization's decision is implemented collectively by all Board members, not only by one or two members.

If there is concurrent position in the organization where one person serves as chairperson of the Board and Executive Director as well, then there is no accountability in this organization and it demonstrates that the power centered on one person. If there is no segregation between personnels of Board and Executive, the abuse of authority may easily occur.

The periodization of Board tenure, limit to for 5 (five) years and is maximum for 2 periods. The same rule applies to executive leader, which is maximum for 5 (five) years and can hold the position for maximum for 2 periods. The limitation of tenure is important to prevent undemocratic and inaccountable practices in NGO such as the concentration of power in one or a group of people that potentially leads to power abuse including CCN (corruption, collusion, and nepotism).

The rules that are written and fully implemented also help organization preventing or at least minimizing the conflict among personnels because organization's rules are clear and ensure the certainty of taking actions.

Organization's meeting where all organization elements actively involve gives opportunities for all to influence organization's decisions and to talk over organization's problems.

The Requirements for Implementing This Standard

Requirements	Means of Verification
1. Board members who are civil apparatus (ASN) is not more than 30%.	<ul style="list-style-type: none"> - Personal data of Board. - Interview results.
2. Executive Director and Staffs paid regularly do not have concurrent position as civil apparatus (ASN).	<ul style="list-style-type: none"> - Financial report.
3. NGO Board and Executive are not allowed to have concurrent position as political party official.	<ul style="list-style-type: none"> - Personal data. - Interview results.
4. NGO Board and Executive are not allowed to have concurrent position as political positions (national and local leader, members of parliament: DPR/DPRD) .	<ul style="list-style-type: none"> - Personal data of Board. - Interview results.
5. Board members or Executive who want to run for political positions should resign from the current position for at least 3 (three) months before the run is submitted.	<ul style="list-style-type: none"> - Resignation/non-active letter from respective person that is published to stakeholders.
6. The NGO Boards are individuals who work voluntarily, therefore, they are not entitled to salary, honorarium or others remuneration, which is paid on regular basis in performing their functions.	<ul style="list-style-type: none"> - Financial report.
7. Honorarium can be paid to NGO Board member whose expertise	<ul style="list-style-type: none"> - Contract. - Financial report.

<p>is needed by respective NGO as long as there is contribution or written output with respect to her/his expertise.</p>	<ul style="list-style-type: none"> - Activity results (output).
<p>8. NGO has policy on and practices women representation and substantive participation in the Board and top Executive.</p>	<ul style="list-style-type: none"> - Statutes/Bylaws. - Organizational structure.
<p>9. Organization has basic rules of an organization (Statutes/Bylaws or other equal regulation documents), at least to include:</p> <ul style="list-style-type: none"> a) Vision and mission of organization b) Main program/strategy c) Highest decision making mechanism d) Meetings for making organization's decisions e) Periodization of board and executive director tenure f) Tasks and responsibility (Board and Executive Director) g) Distribution of authority (organizational structure) h) Rights and obligations of members (do not apply to foundation) i) Funding resources (ethic of fund raising) 	<ul style="list-style-type: none"> - Statutes/Bylaws of organization.
<p>10. Organizational structure consists of at least 2 elements namely Board and Executive; and the personnels of these elements are</p>	<ul style="list-style-type: none"> - Organizational structure chart. - Decree of appointment of Board and Executive. - Statutes and minutes of Highest

separated.	Decision Meeting of organization. - Interview results.
11. Organization hold general meeting of members (RUA)/general assembly/congress/other equal meeting as a forum to make highest decision attended by all elements of organization such as Board, executive, volunteers, members (except for foundation), representatives of assisted community/partners for a maximum for once in 5 years.	- List of attendance of general meeting of members (RUA)/general assembly/congress/other equal meeting. - Minutes of congress/general assembly/other equal meeting. - Interview with Board &Executive.
12. Organization has stipulation on periodization of board and executive position for 5 years as the longest and for maximum for 2 periods.	- Statutes/Bylaws.
13. Decisions relate to the following matters are made in general meeting of members (RUA)/general assembly/congress/equal meeting. a) Legalization of Statutes/Bylaws. b) Election of the board. c) Formulation of strategic program. d) Acceptance or objection of board accountability report on program and finance.	- Minutes of general meeting of members (RUA)/congress/general assembly/other equal meeting - Interview with Board &Executive.
14. Organization hold board meeting regularly for at least once in a	- Minutes of Board meeting. - Interview with Board and

year.	Executive.
<p>15. The Board for at least has authority to:</p> <p>a) Appoint and terminate Executive Director in line with periodization of position as stated in Statutes/Bylaws.</p> <p>b) Legalize annual activities and budget developed by Executive Director.</p> <p>c) Legalize accountability of program implementation and budget utilization from Executive Director every year.</p> <p>d) Legalize decision of Executive Director with respect to salary standard, establishment and/or termination of cooperation with other parties, and development and/or change of SOP.</p>	<p>Interview with Board, Executive and Staffs.</p>
<p>16. The Executive Director hold staff meeting for at least once a month in participatory way for making monthly activities planning and evaluation.</p>	<ul style="list-style-type: none"> - Minutes of meeting. - Staffs' monthly workplan.
<p>17. Staffs involve in organization's strategic policy formulation, at minimum in terms of:</p> <p>a. Determination and</p>	<ul style="list-style-type: none"> • Interview with staffs. • Interview with Board representative.

<p>discussion of salary.</p> <p>b. Establishment or termination of cooperation with other parties.</p> <p>c. Discussion and review of SOP.</p>	
<p>18. The Board has authority to legalize SOP.</p>	<ul style="list-style-type: none"> • SOP document. • Decree of SOP legalization.

How to implement this standards

Various concrete steps can be implemented by NGOs to improve organization's accountability.

1. Non-government. For organization with number of civil apparatus (ASN) as Board members is more than 30%, it is suggested to start decreasing the number of civil apparatus in the board. A strategy of doing it is by adding number of non civil apparatus (ASN) members of Board until the composition reach 30% for a maximum. For NGOs that have civil apparatus (ASN) staffs, it is highly recommended to choose whether to remain as staff of respective NGO by resigning from civil servant position, or resign. This staff will not be able to fulfill its responsibilities either as civil servant or as NGO staff.
2. Non-partisan. In terms of having personnels of board or executive as political party official and/or entitle to political position, it is highly recommended to review this position and fill it activist who is not involve in practical politics. This is important to ensure the independency of organization. Besides, organization needs to provide policy regulating stipulation with regard to staff's involvement in practical politics. This stipulation, for a minimum, regulates that staff who run for political position, either national to district/city level, must resign or be non-active.
3. Voluntarism. In NGOs community, many cases show that Board members accepted honorarium, which was paid regularly. This practice should not be happened because as Board member, someone runs his/her function to manage organization on the basis of voluntarism. However, when elements of Board provide assistance on the basis of expertise for example as

researcher or consultant who work for certain output, he/she will get rewards namely honorarium. Therefore, there should be a letter of intent stating the tasks to be carried out, results to be achieved, and amount of honorarium. It means that if the Board get financial rewards, it is not for his/her his function as board member, but for performing special tasks required expertise of respective Board member.

4. Gender equity and equality. For women organization, the affirmative action to fill certain position is a common practice. But, it is strongly recommended for other organizations that have not implement the affirmative action to include it into statutes/bylaws and can adjust it organization's highest decision making forum immediately. The policy of affirmative action at least regulates the minimum of 30% women fill the top management and Board positions. It is better if the organization can implement the ideal concept, which is balance composition between women and men.
5. Participation of internal elements of organization. The easiest practice of involvement is to invite staffs in all discussions on organization's strategic policies. Therefore, staffs know, involve in giving inputs, opinions and objections, and be responsible for implementing it. This participation is very important for the processes of formulating organization's strategic policies are democratic and involving all organization's elements, especially the staffs.
6. To organization that has not had separated organ between Board and executive or combined personnels of Board and executive (all of them or part of it), it is necessary to segregate it. Until today, some NGOs still have organizational structure, which is not clearly segregated between the Board and executive. It will make it difficult for implementation the governing function attached to Board and executing function attached to Executive. If that is the case, it is not easy for organization to develop its accountability because checks and balances system does not work properly.
7. Organization needs to develop organization's basic regulations serve as reference in conducting all activities. The Statutes/Bylaws are must have basic documents for organization and should be adhered to. Therefore, a complete Statutes/Bylaws and it being reviewed in every organization Highest Decision Making Meeting to be adjusted with organization progress are useful. In addition to these two documents, SOP is important for organization to help

the executive carry out the tasks. Some standard procedures that must be owned by organization are SOP for Finance, Secretariat, and Human Resources. The SOPs are formulated by executive in participatory means and legalized by Board. Standard procedures for program are also developed in some NGOs, yet there are not many reference for it since the patterns of program development are vary among the NGOs.

8. The Highest Decision Making Meeting must be held for at least in once in 5 years. The meeting is one of important mechanisms to ensure the highest decision making process in organization is held openly, participatory and accoutanble. In an association, the meeting often called as General Meeting of Members (RUA), Congress or other terms.

These kinds of meeting mentioned above are not recognized in Foundation because the highest decision making is on the hand of Governing Board, which means reducing the involvement of other organization elements in determination of strategic policy and organization's future. Addressing this situation, some foundations did a breaktrough alternative to increase the participation of other elements in organization by conducting General Meeting attended by all organs of foundation including staffs, volunteers, and beneficiaries. Results of the meeting will be taken to Governing Board meeting to be legalized. Hence, despite the highest decision authority is on Governing Board, the process involved participation of all elements of organization. This alternative model is highly recommended to be implemented by all NGOs with foundation as its legal type. So, every NGO either it is Foundation or Association, has highest decision making mechanism, which is open, participatory and involving all elements of organization.

9. Hold Board Meeting regularly for a minimum for once a year. Board Meeting often being neglected by NGOs. Many executive view that Board meeting as fund spending activity without direct benefit to organization. To ensure Board meeting can be held regularly, every organization must allocate budget for Board meeting in its annual budget or in proposal budget submitted to donor. In addition, Board must remind Executive Director to facilitate Board meeting regularly in accordance to organization's rule. If organization is not capable to fund the face to face meeting, then the meeting can be held virtually.

Standard 2

Professional Staff Management

Organization has a proper, clear, and systematic process in conducting staff recruitment and management.

What is this standard about?

NGOs should ensure that staffs work for organization are competent by performing the following points:

- There is organization's policy and procedure on management and staffing that is easy to access by the staffs.
- Open and proper recruitment process.
- There is a clear job description for every position.
- Referring to employment regulations.
- The policy is based on fair, human rights, and gender sensitive management principles.

Policy and SOP of employment

SOP of employment is a must have item in organization as basic reference in recruitment, promotion, mutation, and termination process. The SOP should be based on basic principles believed by organization such as non-violence, respect to human rights, gender equity and equality, and so on. The stipulation stated in SOP of Employment should in line with the applicable laws.

Minimum stipulations on staffing are as follow:

- The remuneration system is developed openly and fairly.
- There is prohibition to employ child in organization.
- There is letter of intent.
- There is annual leave, menstrual leave and maternal leave.
- The layoffs stipulation.

Recruitment

The recruitment of organization's staffs must be conducted through an open process, referring to job descriptions or position needed, and all of organization's components know about it. An open recruitment process aims to minimize the chance of applying recruitment pattern that is based on personal relationship, either it is family connection or friendship, which abandon required qualification of the candidate. Recruitment is conducted by a team consists of 2 element: Executive and Board.

Tasks, Responsibilities, and penalties

Organization obligates to ensure that staffs understand their roles, tasks, and responsibilities. They must have information on the consequences they will face when regulations and policies are not obeyed. In the other side, organization must respond to and give penalties when there is breach of organization's rules.

Why is this standard important?

Organization needs competent Staffs for its activities can be implemented effectively. For example, someone who works as Finance Manager must have skills on financial report making that meets general accepted financial standard for not-for-profit organization. If staff of finance department does not have skills in administration and finance, there is possibility for having the risk of mistake in making financial report that resulted in unmet financial accountability process.

Furthermore, it is important to have accountability mechanism to evaluate Staffs' performance such as obligation to make progress report of activities related to their tasks and responsibility to be submitted to Manager and or the team so that the others can evaluate performance of respective staff. Besides, Executive Director and Manager also conduct regular monitoring and evaluation on performance of all Staffs.

The requirements for implementing this standard

Requirements	Means of Verification
<p>Organization must have SOP (other documents that has similar function as SOP) that regulates for at least the management and staffing and it is understood by staffs.</p>	<ol style="list-style-type: none"> 1. SOP document. 2. Interview with trustee representative and staffs about how easy it is to access this document.
<p>SOP of organization's employment, which include for at least the following:</p> <ul style="list-style-type: none"> • Description of tasks, roles, and title for every position. • Open recruitment process and it is conducted by a team, for at least consists of Executive Director and Board. • Results of recruitment process are consulted to the Board. 	<p>SOP of employment or management.</p>
<p>Stipulations about staffing in SOP of organization employment are based on fair management principle:</p> <ul style="list-style-type: none"> • There is open and fair remuneration system. • Prohibition to employ child (child as of up to 18 years old) in organization. • Letter of Intent. • Annual leave, menstrual leave, and maternal leave. • The layoff stipulation. 	<ul style="list-style-type: none"> • SOP of employment or management. • Interview with staffs. • Interview with trustee representative.
<p>Organization has payroll system, which is developed and reviewed together with the staffs.</p>	<ol style="list-style-type: none"> 1. SOP of employment or management. 2. SOP of finance. 3. Interview with staff. 4. Interview with trustee representative.

How to implement this standard?

Steps that can be taken by NGOs in implementing this standard are as follow:

1. Organization must have employment policy that is understood by all staffs, socialized, and reviewed on regular basis. This policy must accompany with SOP to ease the implementation, which is not against the applicable laws of labor in Indonesia.
2. To develop employment SOP for NGOs that have not had it yet, or review existed employment SOP by including the above minimum standard. It is enough, as long as the above minimum standard has been regulated in SOP. The development and review of employment SOP must involve all staffs. To make it has binding power even though it is management policy, the SOP must be legalized by the Board to be enacted as organization's policy.
3. To develop or review organization's payroll system by involving all internal elements of organization, including staffs.
4. To implement and obey existed employment policy and SOP.

Standard 3

Open and Trustworthy Financial Management

Organization keeps financial management, which is in line with not-for-profit organization financial standard.

What is this standard about?

1. Organization has SOP of finance as reference and is implemented consistently.
2. SOP of finance contains policy and internal control procedure, and financial report system.
3. There is obligation to perform annual general audit for organization that manages funds amounting IDR 500 million or more per year and publish the audit report.
4. All yield gained from business unit developed by organization must be utilized for program sustainability and organization's independency, not for personal benefit of organization elements, including Board and executive.

SOP of Finance and Internal Control System

SOP of Finance or Financial Management System contains policy and internal control procedures. Internal control system is a policy and procedures to protect organization's assets from possibility of being misused, to ensure that information has been disclosed accurately and regulations are obeyed (Warren & Fees, 2006). The minimum standards of financial accountability is that organization has internal control system and financial report standard.

Some general practices of internal control by NGOs, as written by Pahala Nainggolan in Financial Management for Not-for-Profit Institution (2012), are as follow:

1. Authorization of organization's financial matters. The account of organization's fund at least signed by 2 persons that are representative of Board and Executive Director. This system is believed can minimize financial authority fraud by Executive because Board monitor and control all kinds of financial transactions in Organization.
2. Segregation of personnels and function, between cashier and book keeper. The segregation is required to prevent misuse.

Stipulation of procurement of goods and services.

Organization has stipulation of the process and procedure to procure goods and services in certain amount by implementing competitive bid process. It aims to minimize risk of organization's loss due to procurement process is not open and competitive.

Reporting standard and financial audit

Financial report standard of not-for-profit organization in Indonesia regulates that every organization should perform general audit. Ikatan Akuntan Indonesia (IAI) -- Indonesian Accountant Association-- has published Statement of Financial Accounting Standard (PSAK) 45 about Financial Report of Not-for-Profit Organization. The publishing of PSAK 45 bears consequence for implementation in the process of financial report making for not-for-profit organization in Indonesia.

Financial audit is performed for organization's accountability to the public informing its financial management is in line with general accepted financial standard. The audit is performed by public accountant and the decision about selecting the public accountant must be approved by the Board.

The yield of business unit for supporting program and organization

If an organization owns business unit, either it is autonomous or part of organization, the incomes from business unit are totally allocated to organization and program development. It is necessary to ensure that it is mentioned in organization's written policy to prevent conflict of interest in management of and yield of this business unit.

For services business unit such as consultancy, the arrangement of margin must be set that it is bigger for organization rather than respective personnel who become consultant. This reflects the spirit of prioritizing the organization.

Why is this standard important?

Financial management and report is the center of trust knot of donor to not-for-profit organizations. Serving as main foundation of financial accountability of not-for-profit organization, the demand to establish a reliable internal control system is important basic needs.

Law No. 14 of 2008 on the Openness of Public Information requires financial report of not-for-profit organization is made according to applicable general accepted

financial report standard, which is PSAK 45. PSAK 45 regulates Not-for-Profit Organization Financial Report issued by Ikatan Akuntan Indonesia (IAI)-- Indonesian Accountant Association -- and has been taken effect since 2000. According to this law, every public body has obligation to open access to public information to wider community. Types of public information should be provided and announced on regular basis are information on activities and performance, and organization's financial report.

The requirements for implementing this standard

Requirement	Means of Verification
<p>Organization has SOP of finance that at least regulates:</p> <ol style="list-style-type: none"> 1. Bank account is in the name of organization and signed by elements of Board and Executive Director. 2. Segregation of task, function, personnel between cashier (fund manager) and book keeping (accountant). 3. Procurement of goods and services is conducted by using at least 3 quotations from different companies for goods/service amounting IDR 10 million. Decision is made by procurement team that consists of Executive Director, Finance Manager, and Program Manager. 4. Annual financial report should meet the standards of PSAK 45 and consists of: <ol style="list-style-type: none"> a. Statement of financial position, b. Statement of activity, c. Statement of cash flow that describe the segregation between restricted and unrestricted net assets. 	<ul style="list-style-type: none"> <input type="checkbox"/> SOP of Finance <input type="checkbox"/> Legalization decree of SOP of Finance <input type="checkbox"/> List of staffs and their title in organization <input type="checkbox"/> Job description and function of staffs
<p>Organization implements financial management and reporting in accordance to elements mentioned in point 1-4 above.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Interview with staffs and representative of Board. <input type="checkbox"/> Copy of cheques that have been cashed. <input type="checkbox"/> Minutes of meeting for making decision on goods and services procurement. <input type="checkbox"/> Format of organization's consolidated financial report.
<p>Organization that manages funds amounting IDR 500 million or more per year must be audited by public accountant every year.</p>	<ul style="list-style-type: none"> • The results of public accountant audit. • Annual report.
<p>The yield gained from developed business unit is totally used for the purposes of program sustainability and independency of organization, not for material benefits of its activists.</p>	<ul style="list-style-type: none"> • Financial report. • Results of interview.

How to implement this standard?

Steps that can be taken by organization for implementing this standard are as follow:

1. To develop SOP of finance for organization that has not had it, or to review SOP of finance and put this minimum standards into it.
2. For Organization that has not yet implement financial authorization by representative of Board and Executive Director, it is necessary to change authorization methods and including for at least 2 signatures of representative of Board and Executive Director.
3. To appoint different personels to perform financial function and tasks, for minimum segregation of cashier and bookkeeping function. The cashier must segregate from bookkeeping personnel. If there is no special staff can be appointed as cashier, cashier function can be included as part of secretariat staff's tasks.
4. To make annual organization financial report (consolidated report) by applying report standard of PSAK 45.
5. To perform financial audit especially for organization that manage funds amounting IDR 500 million or more per year.
6. To apply and obey organization's financial policy and SOP.
7. To formulate clear policy on organization's fund management gained from business profit and other activities and mention it in SOP or other stipulations, which is oriented for strengthening organization.

Standard 4

Substantive Participation of Beneficiaries in Organization's Strategic Decision Making

Organization involves beneficiaries in program planning, implementation, monitoring and evaluation (money), and organization's strategic decision making.

What is this standard about?

There is mechanism to participate beneficiaries in program planning, implementation, monitoring and evaluation, and organization's strategic decision making.

Participation

Participation of beneficiaries/assisted community in all cycle of program is very important to ensure that organization's programs meet the needs of beneficiaries/assisted community.

Ideally, involvement of beneficiaries and stakeholders is started from the formulation of organization's strategic planning that is held for at least every once in 5 years. The objective is to ensure organization's middle term – long term planning can respond to the needs of beneficiaries/assisted community.

In a program cycle, the involvement of beneficiaries/assisted community can be done in stages that are:

1. Preparation stage or program initial assessment. The brainstorming of getting program ideas is conducted with assisted community groups.
2. Program planning and budget development stage. The representatives of assisted group involve in activities' planning and budget development. In this process, the organization, for at least, has consultation with representatives of assisted community on developed activities plan and budget.
3. Program implementation stage. At this stage, assisted community actively involve in activities being conducted.
4. Program monitoring and evaluasi stage. The assisted community monitor and give feedback on program implementation and evaluate the performance achieved. The involvement is participated by representative of assisted group.

The organization must understand that participation means more than attending to the meeting or activities (procedural participation). Participation in this stance means quality participation that allows assisted community to take important role in all program cycle.

Therefore, organization must have mechanism to ensure participation of assisted community in all of program cycle. This mechanism is elaborated in organization's SOP or other regulations.

The mechanism for at least includes:

1. Program stages that must be involved by assisted community or the representatives.
2. Methods of assisted community involvement in program planning, implementation, and money stages.

Why is this standard important?

Participation of assisted community in the program is one of important community empowerment principles where the community has rights to plan or to articulate what they need. Community participation is helpful to organization in developing program strategies that meet community needs and local context, and are responsive to actual problems as well.

Community participation in all of program cycles allows obtaining better support from community for the achievement of program objectives.

The requirements for implementing this standard

Requirements	Means of verification
LSM has Strategic Plan that is developed participatively by involving all components of organization, representative of beneficiaries/assisted community and donors.	<ul style="list-style-type: none"> - Strategic plan document - List of attendance of strategic planning workshop
Organization describes in written about the participation of beneficiaries in all of program cycles.	<ul style="list-style-type: none"> - Program proposal - SOP of program

How to implement this standard?

Step can be taken by organization to implement this standard is to formulate policy on assisted community involvement in all of program cycles starting from planning, implementation, monitoring and evaluation (money). Generally, all NGOs have this policy, but it is not obey properly.

Standard 5

Complaint Management

Organization has complaint mechanism process that is easy to access by public, especially beneficiaries/assisted community

What is this standard about?

1. There is complaint management mechanism in NGO.
2. NGO provides and gives information about procedures to file complaint to program beneficiaries and stakeholders.

Complaints are statement of dissatisfaction (in form of verbal, written or body language) on services (program), actions and/or lack of actions taken by service providers of staffs that influence or felt by service users. (Ministry of State Apparatus Empowerment Regulation No. 13 of 2009).

As anticipation means of possibility of the violation against principles, rules, and/or regulations in organization occur, NGOs must have complaint management mechanism.

Mechanism of complaint management at least includes:

1. The person in charge to manage complaints (there is contact number of person in charge in NGOs).
2. Procedures of complaints management (how to file the complaints, either verbal or written).
3. Information about types of complaint that can be responded to.
4. Steps of complaints management in organization.
5. Length of response over a complaint.

Mechanism of complaints management must be safe and accessible to community and other stakeholders. The development of complaints mechanism can be conducted participatively by involving beneficiaries. It is important to find out methods to file complaints, which is preferred by community and stakeholders, so that they are willing to file the complaints.

NGO needs to identify staff or team to manage complaints from community. It is better to respond to complaints from community as soon as possible. It strengthens community trust to NGO and developed mechanism. The late responses will affect to degree of trust and apparently will reduce the level of program result achievement.

The mechanism of complaints management, at least, is elaborated in SOP of organization management. NGO has to provide information that is easy to understand

and access by community, that is about procedures to file their complaints to NGO. This information can be put in several media such as leaflet, pictorial news, short video or other types of media. The complaint management mechanism is socialized to wider community like beneficiaries and stakeholders through media mentioned above, especially through website/blog of organization.

Why is this standard important?

- It is because one of NGO accountability requirement is organization must give opportunity for stakeholders to express and file their complaints on their own decision and action.
- For NGO, it is a tool to control the implementation of program.
- It is one of the forms of assisted community or program beneficiaries participation in monitoring and evaluating organization’s performance.

The requirements for implementing this standard

Requirements	Means of Verification
Organization has policy on complaint handling mechanism from beneficiaries and other stakeholders. The policy for at least include: <ol style="list-style-type: none"> 1. Who will be responsible for handling the complaints? 2. How to file the complaints? 3. Stages to handle the complaints. 	SOP or policy of complaints management.
Organization gives information to beneficiaries on how to file the complaints.	Website, brochure.

How to implement this standard?

Steps that can be taken by NGO in implementing this standard are as follow:

1. To formulate particular policy related to handle the complaints from assiste community or beneficiaries.
2. To arrange procedures of complaints management.
3. To define person in charge to manage complaints.

Standard6

Information Transparency

Organization publishes information about its organization and activities in an honest and transparent manner.

What is this standard about?

It is mandatory for NGO to openly and honestly inform its organization, finance, program and activities to the public.

Information transparency

As part of the efforts to be accountable, NGO obligates to give information about its organization to public, at least to program beneficiaries and stakeholders. It is mandatory for NGO as public organization as stipulates in Law No.14 of 2008 about the Openness of Public Information (KIP).

Giving information can be categorized into 2 groups namely: (1) providing information to the public, and (2) publishing organization's information to the public. Basically, all information owned by NGO are accessible to the public. However, some of it, at least, that are mandatory to be published include:

1. Statutes/Bylaws
2. History of organization
3. Vision and mission
4. Organizational structure
5. Membership
6. Funding sources
7. Activity report/annual program
8. Annual financial report
9. Financial audit results by accountant public, especially for organization that manages fund amounting IDR 500 million or more.

Why is this standard important?

NGO is public organization working and gaining fund for public interest. Therefore, it must be accountable to the public. Public has rights to control actions of organization working on behalf of their name.

Non governmental organization is Publik Body as long as part of all of its fund come from the national or local government budgets (APBN/APBD), donation of community and/or oversea (Law No. 14 of 2008 about the Openness of Public Information).

Organization's basic informations, minimize being published through organization's website/blog and renewed on regular basis as it actual condition.

Organization can not achieve its vision, mission and become agent of change without public trust and support. Trust can be obtained through giving information to beneficiaries and stakeholders in an honest, accurate and open (transparency) manner.

The requirement for implementing this standard

Requirements	Means of Verification
Organization publishes information related to public openly: <ol style="list-style-type: none">1. Statutes/bylaws2. History of organization3. Vision and mission4. Organizational structure5. Membership6. Funding sources7. Activity report/ annual program8. laporan keuangan tahunan9. hasil audit keuangan lembaga	<ul style="list-style-type: none">- Organization's website- Brochures/leaflets or others media containing vision and mission

How to implement this standard?

Steps that can be taken by NGO to implement this standard are as follow:

1. Providing written information about organization at least the vision and mission, trustee, program and finance.
2. Publishing these informations through media that are accessible by public.

Standard 7

Prevention of Conflict of Interest

Organization has policy to prevent conflict of interest due to family relationship, and other kinds of relationship.

What is this standard about?

1. Prohibition on by blood and by marriage family relationship:
 - Between members of Board.
 - Between Board and top management.
 - Among top management.
 - Among personnels of finance department.
2. The title of Executive Director and/or Board, can not be concurrent with others title such as Director and/or Commissioner of a company established by respective organization.

Prohibition of family relationship

Family relationship in organization is the most common conflict of interest source. Therefore, many international organization in the recruitment process put question asking whether the applicant had family working for organization that he/she applied for. Family relationship can take form in by blood relationship such as father, mother, and/or child, older/younger siblings, while by marriage family relationship including wife/husband, parents in law, step children and brother/sister in law.

The Council encourages organization to avoid recruiting personnels who have family relationship, particularly for:

1. Among Board members.
2. Between Board and top management.
3. Among top management.
4. Among personnels of finance departement.

Prohibition to have concurrent position as Board and commissioner or Director of organization-owned enterprise.

It is better to avoid concurrent position in NGO to prevent authority abuse occur. The prohibition is intended to NGO that have had business unit/autonomous business for the purpose to raise the fund for organization.

Potency of authority abuse needs to be prevented, especially due to its relation to of Board's authority in making funding policy for organization. If Board is also commissioner or head of business unit, then there is possibility of conflict between business and organization interest and lack of control occur, which resulted in organization loss. When personnel of organization who fills commissioner title and director of business unit/organization's business is different person from the one who is organization's Board, then it is assumed that decision making process will be more objective.

However, this standard is not applicable for organization that manages fund amounting less than IDR 100 million per year because it may not have segregated business unit yet.

Why is this standard important?

It is necessary for organization to have this standard in order to increase internal accountability, especially to prevent CCN (collusion, corruption, and nepotism) and reduce potency of fraud, etc.

The requirements for implementing this standards

Requirements	Means of Verification
<p>Relation between personnels of Board and Executive:</p> <ol style="list-style-type: none"> 1. Do not have by blood family relationship indirect lineage of one degree (father, mother, and/or children). 2. Do not have by blood family relationship in lineage of one degree aside (older sibling and/or younger sibling). 3. Do not have by marriage family relationship in direct lineage of one degree (parents in-law and step children). 4. Do not have by marriage family relationship in lineage of one degree aside (brother/ sister inlaw). 5. Do not have by marital relationship or as a spouse. 	<ul style="list-style-type: none"> - Bio data of Board and executive. - Interview result. - Structure of company established by NGO.
<p>Relationship between personnels of Board and Top Management:</p> <ol style="list-style-type: none"> 1. Do not have by blood family relationship indirect lineage of one degree (father, mother, and children). 2. Do not have by blood family relationship in lineage of one degree aside (sibling: older and younger one). 3. Do not have by marriage family relationship in direct lineage of one degree (parents in-law and step children). 4. Do not have by marriage family relationship in lineage of one degree aside (brother/sister inlaw). 5. Do not have marital relationship of as a spouse. 	<ul style="list-style-type: none"> - Bio data of Board and Executive. - Interview result. - Structure of company established by NGO.
<p>Relationship between personnels of top management:</p> <ol style="list-style-type: none"> 1. Do not have by blood family relationship indirect lineage of one degree (father, mother, and children). 	<ul style="list-style-type: none"> - Bio data of Board and Executive. - Interview result. - Structure of company

<p>2. Do not have by blood family relationship in lineage of one degree aside (sibling: older and younger one).</p> <p>3. Do not have by marriage family relationship in directlineage of one degree (parents in-law and step children).</p> <p>4. Do not have by marriage family relationship in lineage of one degree aside (brother/sister inlaw).</p> <p>5. Do not have marital relationship of as a spouse.</p>	<p>established by NGO.</p>
<p>Relationship among personnels of finance department:</p> <p>1. Do not have by blood family relationship indirect lineage of one degree (father, mother, and children).</p> <p>2. Do not have by blood family relationship in lineage of one degree aside (sibling: older and younger one).</p> <p>3. Do not have by marriage family relationship in directlineage of one degree (parents in-law and step children).</p> <p>4. Do not have by marriage family relationship in lineage of one degree aside (brother/sister inlaw).</p> <p>5. Do not have marital relationship of as a spouse.</p>	<ul style="list-style-type: none"> - Bio data of finance department personnels - Interview result. - Structure of company established by NGO.
<p>The title as Executive Director and/or Board are not concurrent with other title like Director and/or Commissioner of enterprise established by respective organization.</p>	<ul style="list-style-type: none"> - Organizational structure. - Structure of enterprise established by NGO.

How to implement this standard?

1. Organization that has had business unit shall separate personnels of Board and Executive Director with Commissioner and Director of respective business unit.
2. This standard is not applicable for organization which its business unit is remain part of organizational structure, because it is automatically in line with the policy on organization's fund raising.

Information for getting assistance

Members of Indonesian NGO Council can contact the Secretariat of Indonesian NGO Council for inquiry. The Secretariat of Indonesian NGO Council offers training services and technical assistance for NGO members and other NGOs in Indonesia. For further information please contact the Secretariat of Council through:

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