



## CODE OF MINIMUM STANDARDS

draft 1 - June 9, 2018

### I. **Introductory Note**

Non-governmental organizations (NGOs) play a critical role in creating just societies and a healthy planet. We work with multiple stakeholders, particularly affected peoples and partners. To be successful, we need to be in constant dialogue with our stakeholders about what they want, what they have to offer and how we can work together effectively to achieve change.

This dynamic understanding of accountability and transparency is at the heart of this code of minimum standards for NGOs on Guam. It transforms accountability into an ongoing dialogue which drives learning and change, develops trust with our stakeholders and enhances the legitimacy and credibility of Guam's NGOs.

### II. **Purpose**

The purpose of this Code of Conduct is to ensure consistency of practice, transparency, and accountability of NGOs on Guam. It is a guiding tool to be used by any registered NGO to bring their organization into compliance with the key principles and requirements as set out under the Code.

### III. **Application**

This Code applies to all formally incorporated NGOs on Guam.

### IV. **Definitions**

“NGO” means a non-profit organization registered with the Department of Revenue & Taxation.

“Accountability” is the process through which the organization actively creates and formally structures, balanced relationships with its diverse stakeholders, empowering them to account for its decisions, activities and impacts, with a view to continuously improve the organizations delivery against its mission.

### V. **Financial Management**

To maintain accountability and transparency of financial transactions within the organization, the following are guidelines for the minimum requirements:



## **VI. Annual**

1. That a bank account is established in the organization's name, showing donations, gifts, grants, etc. received. All donations and expenses must be entered properly into organizations books under the account the funding is intended for. There must be a Finance Policy in place that will detail management, monitoring and reporting methods that maintain sound financial standards, manage donor funds as mutually agreed with donors. A minimum of two signatures is required on all checks. Petty cash should be kept at the smallest amount required to meet basic needs.
2. Resources should be acquired in a manner that aligns with the organization's values and goals.
3. Financial Policies should be reviewed regularly to meet changes in financial standards.
4. Financial reports should be made available to the public. Financial statements should be published in the newspaper as required by Guam law.

## **VII. Governance and Legal**

NGOs must ensure that management and governing body are held accountable.

1. All NGOs must be registered with the Guam Revenue and Taxation, and in compliance with the legal requirements for its registration.
2. There must be by-laws that clearly define the aims and objectives and/or visions and missions of the organization in line with the following and other legal requirements:
  - a) Structure of Organization – including the appointment of the Board of Directors or any other committees or sub-committees intended.
  - b) Annual General Meeting (AGM) – the process for AGM must be clearly mapped out with guidelines as to who will be responsible for carrying out the AGM, voting requirements, and submissions of reports, timelines, objections and processes to ensure that it is conducted transparently.
  - c) Procedures and Processes – internal procedures of reporting and processes of any functions must be clearly set out to ensure accountability.



- d) Amendments to the By-laws – the NGO needs to consider that over time with changes in laws and international standards, it must ensure that the organization keeps up to date and is in line with such changes. Therefore, there must be a provision for amendments in the By-laws to allow for such changes.
- e) Development of Internal Policies – Internal policies must address the needs of the organization for clarity. Such policies should be distributed to any staff, volunteer or other person engaged with the NGO and regular training should be conducted.
- f) To commit to the pursuit of Accreditation by a recognized accrediting body

### **VIII. Member Participation**

It is recognized that participation is a key function of any NGO, hence, organizations should ensure that its process and activities allow engagement with others with the following guidelines:

- a) Participation is free from any form of discrimination;
- b) Participation is transparent with processes in place to minimize conflict of interest;
- c) Participation reflects mutual understanding of parties' values, vision and mission;
- d) Participation is mutually inclusive;
- e) Participation allows for monitoring and reporting at different levels;
- f) Participation must be clear and concise with each party(s) expectations mutually agreed upon.

### **IX. Human Resources**

1. There shall be a Human Resources Manual which shall detail the following:
  - a) Employment conditions consistent with legal requirements and other expectations of the organization. (Labor laws)
  - b) Recruitment processes which are inclusive, transparent and not discriminatory. (EEO)
  - c) Avenues for receiving or making complaints and disciplinary issues.
2. The organization should include orientation as an essential part of recruitment to ensure clarity on the role and expectations of the organization on any individual, employed or recruited.
3. Communication is key for any employer-employee relationship, hence, the structure of the organization and reporting mechanisms must be clearly expressed to any Staff or Officer recruited.
4. Training is an essential part of the growth of any organization; hence, each organization must ensure that its Staff or Officers receive adequate training to respond to the organization objectives and needs.



5. Conflict of interest may arise in any organization. Organizations must have proper checks and balances in place to ensure declarations are made to prevent potential conflict of interest.
6. Organizations must also conduct review of performances of its Staff/Volunteers or any persons engaged within the organization through performance reviews

## **X. Monitoring and Evaluation**

Any organization with the vision of growth understands that monitoring and evaluation of its structures, activities, programs and/or deliverables is essential. Without monitoring and evaluation, it is unclear whether the vision, mission, values and objectives of the organization are met.

Hence, the following is a guideline to assist NGOs with keeping its activities accountable against its objectives:

1. Have an organization strategic plan that clearly establishes goals, work plans, targets and timelines;
2. Monitoring and Evaluation systems and processes that allows for recording and reporting internally and externally:
  - a) Timely preparation and distribution of Annual Reports
  - b) Ensure AGMs are conducted annually without delay
  - c) Conduct staff training on accountability processes
  - d) Continuous monitoring of mechanisms/ structures within the organization.

## **XI. Fund Development & Financial Sustainability**

NGOs understand that for any activity or program desired, funding is a key factor in driving its implementation.

NGOs must also understand that any funder wishing to engage with the organization, must have internal guidelines and financial policies in place to ensure accountability of the use of funds.

At the minimum, organizations must have systems in place to allow for the following:

- a) Capacity to manage funds in line with activities proposed.
- b) Consider membership as a source of income.
- c) Adopt innovative fundraising strategies.
- d) Financial Sustainability of the organization
- e) Provide reports on each program or activity completed to the funders in accordance with mutual financial policies within reasonable time.



f) Funder access to annual Audit Reports.