



Declaration
CODE OF CONDUCT
For
Voluntary Organisations
(Draft)

We pledge to be a transparent and accountable by following the highest standards of code of conduct.

We affirm to the principles of internal governance mechanism by ensuring:

- I. **Organisational Commitment Standards** for conducting affairs of the organisation with integrity and transparency. The organisation has written policies and is accessible for evaluation to internal and external stakeholders.
- II. **Governance and Administrative Standards** to maintain well-governed decision making process. The presence of an independent and active board to prevent any conflict of interest. As well as, proper written policies and procedures to protect the rights of the employees.
- III. **Financial Resource Management** by following high standards of financial practices, including ethical standards of fundraising and appropriate allocation of funds.
- IV. **Communication to the Public** is honest and accurate about the organisation's goals, programmes, finances and governance structure. Organisation's communication respects dignity, values, religion, history and culture of all its stakeholders.
- V. **Programme Standards** and activities follow the basic standards of sustainable development. The organisation is committed to improving the efficacy of its programmes by regular monitoring and evaluation process.

Basic and Verifiable Indicators

I. Organisational Commitment Standards

Copies of pertinent sections of documents such as:

- i. Bylaws, charter, policies and procedures that clearly confer the mission, vision of the organisation;
- ii. Legal documents
 - a) Society Registration Certificate/Trust Deed/Certificate of incorporation,
 - b) FCRA certificate (if registered with MHA),
 - c) 12A and 80G certificate (if exempted from tax);
- iii. Strategic and review document;
- iv. Annual report;
- v. Audit report

II. Governance and Administrative Standards

Copies of pertinent sections of documents such as:

- a) *Role and responsibility of the Board* —
 - i. Bylaws, charter, policies and procedures related to the election/selection procedure of the board members;
 - ii. Conflict of interest policy;
 - iii. document referring to the names of board members and their position on the board;
 - iv. Board rotation policy;
 - v. Minutes of the board meetings;
 - vi. Practise and procedures of appointment in the Board;
 - vii. Minutes of Annual General Meeting
- b) *Management and Human Resources (HR)*—
 - i. HR policy exclusively mentioning equal opportunity employment;
 - ii. HR policy and procedures related to appointment, appraisal and termination;
 - iii. Gender policy, Anti-sexual harassment policy, Maternity and Paternity leave Policy ;
 - iv. Non-discrimination policy

III. Financial Resource Management

Copies of pertinent sections of documents such as:

- i. Financial manual/policy;
- ii. Financial statement;
- iii. Statutory audit;
- iv. Internal audit;
- v. Compliance of legal procedures like FCRA, service tax and income tax;
- vi. Policy to display and disclose income expenditure.

IV. Communication to the Public

Copies of pertinent sections of documents such as:

- i. Use of website or any other social media;
- ii. Proactive sharing of information procedures;
- iii. Periodic publications which share information on the public domain.

V. Programme Standards

Copies of pertinent sections of documents such as:

- i. Procedures for implementation and review of programmes;
- ii. Minutes and reports of programmes conducted;
- iii. A list of activities in which the organisation is engaged, like advocacy, capacity building, etc;
- iv. Monitoring and evaluation report of programmes/projects submitted to the donor.

Guidelines of the Code of Conduct for VOs

The Guidelines of the Code of Conduct is to enable VOs to demonstrate their accountability, legitimacy and effectiveness. Over the years, there has been a structured voice from the sector about the lack of support for systematising internal governance mechanisms, which are accountable and transparent. The crucial gap identified is that there are no self-certification mechanisms in India for genuine small and medium sized organisations to demonstrate their credibility. The self-certification model is required as a response to increasing pressure and scrutiny of the quality and legitimacy of VOs from donors, beneficiaries, the media and government. It is an expression of commitment of voluntary organisations to uphold the highest standards of professional conduct and accountability.

Apart from the self-certification model, there are two more major forms of certification: accreditation and peer-certification. In case of accreditation, there is an independent third party that provides a "stamp of proof or "seal of approval" that the VO complies with the requirements set forth in the accreditation system. Usually there is a rigorous assessment process and the organisation getting accredited needs to pay money for the process. This form of certification ensures the highest level of compliance, that is, it can be trusted that organisations with such a seal or accreditation are truly compliant with the self-imposed regulations. In essence, accreditation is a form of, or another name for third-party certification. However, accreditation provided by organisations like Give India, Credibility Alliance and CAF India lacks universal acceptability. Currently, there are no mechanisms of accreditation which are verified and accepted by the Government of India.

The next level of compliance is peer-certification, when the members of a network or other membership organisations verify compliance of their fellow organisations. This is usually done on a voluntary basis (e.g. an elected certification committee) and with fewer resources (no payment involved, or it is paid for as part of the membership fee). This is sometimes called self-certification, referring to the "in-house" nature of the assessment, but that is somewhat misleading since there is a third party involved. Also, this third party (the other peer/s) is not fully independent, they belong to the same network organisation and there are competing interests at play (e.g. to maintain the good image of the organisation as a whole, or to keep the members happy, etc).

The Purpose of the Guidelines

VOs in India experience multiple internal and external challenges. A drastic decrease in foreign funding, and increase in regulations like FCRA has stifled the availability of funds for Indian VOs, particularly small and medium scale organisations. Moreover, systems like the accreditation process and peer- certifications are not financially viable options for smaller organisations. The absence of a culture of internal governance and management system in the voluntary sector has reduced transparency and accountability of these organisations in the eyes of the government, new donors and even public.

These Guidelines of the Code of Conduct is an effort on behalf of VANI to improve the image and credibility of the sector. This low cost and easy to administer process will help both - VOs and donors. This process will give opportunity to VOs to streamline their processes and systems in an accountable and transparent manner. In return, this will hopefully reduce imposition of unnecessary regulations by the government on VOs, and also help them gain funding from government and private sector. For the donors, this process is an opportunity to identify genuine and transparent organisations. In the long run, these Guidelines will help in strengthening the ties between the voluntary and private sector in India.

VANI has various initiatives in which capacity building of VOs is done to match the standards of the self - certification model. However, the effectiveness of self - certification model depends in large part on the seriousness with which the individual organisation applies these mechanisms. The Guidelines of the Code of Conduct discussed below can be used by VOs irrespective of their size, nature and location. These guidelines are in the form of five Principles with a brief description; core elements and means of verification to establish each of the Principles. Indicators assist VOs in the process of self-monitoring. They monitor the implementation of principles and also help various stakeholders to evaluate the functioning of the organisation. These indicators are applicable to all the organisations, but they are not exhaustive. VOs are encouraged to develop their own indicators according to their context and specific needs, as they continue to work towards implementation of these Principles.

Principles and Core Elements

Principle I: Organisational Commitment Standards

The affairs of the organisation should be conducted with integrity and transparency.

Brief Description

This principle is based on the fact that the organisations should conduct their affairs with truthfulness and integrity.

The principle emphasises upon the importance of having organisation's activities open and accessible to scrutiny by its donors, beneficiaries and other stakeholders (except for personnel matters and proprietary information).

The principle recognises that organisations must oppose and not be a willing party to any wrongdoing, corruption, bribery, other financial impropriety, terrorism, or illegal acts in any of its activities.

The principle also recognises the need to have policies to address complaints and prohibit retaliation against whistleblowers; and policies/mechanisms in place to deal with allegations against employees, members, director or volunteers of misconduct/ sexual harassment / any other irregularities by anyone associated with the organisation (while respecting the rights of confidentiality and disclosure of the involved parties).

The principle reiterates the importance of public perception and significant responsibility that organisations have towards the community while carrying out their work.

Core Elements

1. Organisation should have a clear written mission statement, vision, goals and strategic plan that are known throughout the organisation and shared with the public.
2. An organisation should have a commitment to reporting and complying with legal requirements. It should be legally registered with the appropriate authorities and comply with all relevant national legislations.
3. An organisation should periodically reassess its operations in light of the changing world environment through an ongoing strategic planning process.
4. Organisation should emphasise upon setting overall long-term strategy and support management recommendations on policy and strategic decisions.

5. An annual report, including a statement of the organisation's purpose, full or summary financial statement, description of the goals, summary of overall program activities, results of the work of the organisation, and information about current board members should be prepared annually by organisations.

Means of Verification

Copies of the following documents serve as a means to verify that the organisation is following the principle of Organisational Commitment Standard and its core elements : an Annual report; bylaws, charter, policies and procedures that clearly confer the mission, vision of the organisation; legal documents like a) Society Registration Certificate/Trust Deed/Certificate of incorporation, b)FCRA certificate (if registered with MHA), and c) 12A and 80G certificate (if exempted from tax); Strategic and review document; and Audit report.

Principle II - Governance and Administrative Standards

Sufficiently open and well-governed internal decision making process should be followed.

Brief Description

a- Role and responsibility of the Board

The principle emphasises that each organisation should have an independent, active, and informed Board, elected/selected on the basis of merit and skills. The organisation should have policies which specify the frequency of Board meetings (at least two per year) and adequate attendance by directors (at least a majority, on average). Also, not more than one member of the governing board should be a paid staff person of the organisation and no paid staff person should serve as a board chair or treasurer.

According to this principle, the board should adopt a policy that prohibits direct and indirect conflict of interest by members of the board, employees, donors, volunteers and other stakeholders. Board members, employees, and volunteers should make known to the board any affiliation they might have with an actual or potential supplier of goods and services, recipient of grant funds, or organisation with competing or conflicting objectives. Board members and employees should absent themselves from discussion and abstain from voting or otherwise participating in the decision on any issue in which there is a conflict of interest. And large or otherwise inappropriate gifts to board members or staff for personal use should be forbidden.

The principle also emphasises that the board should adopt a policy and practise requiring that no person be excluded from participation, benefits, nor be otherwise subjected to discrimination by the organisation, on the basis of race, colour, national origin, age, religion, handicap, or sex.

b- Management and Human Resources (fair human resource practice)

The principle recognises the importance of an organisation having a sound management and business practices appropriate to its mission, operations, and governance structure.

The principle reiterates the need to have a clear and well-defined written policies and procedures relating to its employees and volunteers. Such policies should clearly define and protect the rights of employees by assuring their fair treatment in all matters.

The principle emphasises that the organisation's expectations of its employees and volunteers should be clearly defined and communicated.

The principle encompasses employees' benefits, that should be clearly described and communicated. The Organisation should make appropriate financial arrangements to protect its ability to honour its obligations to employees.

Core Elements

Role and responsibility of the Board

1. The organisation's board should have a formal and transparent procedure for the election/selection of new members that is based on merit and required skills.
2. The board should periodically review the performance of the organisation in relation to the objectives and missions set out in the strategic plan.
3. The board should not be monopolized by a single interest group, i.e. members of a family.
4. The board should conduct regular evaluations of its own performance and capacity needs. The organisation should have a rotation of the board.
5. An organisation should have a clear separation of roles between the board and management. And board meetings should be held regularly.

Management and Human Resources (fair human resource practice)

1. Organisation should have fair procedures for hiring and managing employees. It is important for organisations to have a transparent and merit based recruitment of staff on the basis of equal opportunity employment. Criteria for the selection process, formal application and interview process should be in place.
2. The organisation should provide staff with regular feedback on their performance to foster learning and improvement on an ongoing basis. Yearly appraisal of the staff, clear and transparent promotion process is also important.
3. Organisation is responsible for the health and safety of their employees within the organisation.
4. An organisation should have clear, well-defined, written policies and procedures relating to Human Resource, promotion of gender and minority equity, pluralism, diversity, equal opportunity and non-discriminatory employment policy.
5. An organisation should endeavor to recruit and retain staff that combines professional competence with a commitment to service.

Means of Verification

Copies of the following documents serve as a means to verify that the organisation is following the principle of Governance and Administrative Standards and its core elements:

- a- Role and responsibility of the Board : Bylaws, charter, policies and procedures related to the election/selection procedure of the board members; Conflict of interest policy; document referring to the names of board members and their position on the board; Board rotation policy; Minutes of the board meetings; Practise and procedures of appointment in the Board; and Minutes of Annual General Meeting.

- b- Management and Human Resources: HR policy exclusively mentioning equal opportunity employment; HR policy and procedures related to appointment, appraisal and termination; Gender policy, Anti-sexual harassment policy, Maternity and Paternity leave Policy ; Non-discrimination policy.

Principle III - Financial Resource Management/Financial Controls

The financial management practices of the organisation should be of a high standard to reflect its integrity and transparency.

Brief Description

The principle necessitates VOs to demonstrate that they create meaningful change through an effective use of funds.

The principle emphasises that organisation's combined fundraising and administration costs should be kept to the minimum necessary to meet its requirements. Allocations of expenditure for administration, fundraising, and program services should reflect the organisation's purpose and actual activities, and their records should be duly made in accordance with generally accepted accounting principles.

The principle entails that the organisation should operate according to the budget approved by the Board. It is required to exercise adequate internal controls over disbursements to avoid unauthorized payments. The organization should not have any funds that do not account for and prohibit any unaudited transactions or loans to board members.

The principle also includes the need to have a copy of the FCRA certificate by the Ministry of Home Affairs (MHA), India in case of foreign funding. A separate book of accounts for foreign money, its expenditure and exchange in accordance with applicable laws and government approvals should be maintained.

Core Elements

- 1- The organisation should have a Financial Manual, which is written down procedures that cover financial rules, routines and processes.
- 2- The organisation should ensure that annual financial statements are formally approved at an annual meeting.
- 3- Every organisation should get its accounts audited annually by independent and qualified professional. These audited reports should be widely accessible and open to public scrutiny.
- 4- Organisation should ensure that its foreign currency receipt, expenditure and exchange comply with applicable laws, have appropriate government approvals, and is clearly recorded.
- 5- Organisation receiving foreign contributions should furnish a certificate from a chartered accountant. Along with this certificate, audited Balance Sheet, Income and Expenditure statement, statement of receipt and payment account should also be submitted.

6- The organisation should also ensure that it annually submits the financial accounts, treasurer's reports, and auditors' reports to the regulatory authorities.

7- Organisation should conduct its finances in such a way as to assure appropriate use of funds and accountability to donors.

8- The organisation should maintain the highest ethical standards of fundraising; the amount of funds raised should be fully and accurately disclosed.

Means of Verification

Copies of the following documents serve as a means to verify that the organisation is following the principle of Financial Resource Management and its core elements: Financial manual/policy; financial statement; statutory audit; internal audit; Compliance of legal procedures like FCRA, service tax and income tax; Policy to display and disclose income expenditure.

Principle IV: Communication to the public

The organisation should be committed to full, honest and accurate disclosure of relevant information concerning its goals, programmes, finances and governance.

Brief Description

The principle emphasises that the fundraising solicitations should be truthful; accurately describe the organisation's identity, purpose, programmes, and only make claims which the organisation can fulfil.

The principle entails that there should be no material omissions or exaggeration of facts, no use of misleading photographs, nor any other communication that would tend to create a false impression or misunderstanding. Information in the organisation's appeals should give accurate balance to the actual programmes for which the funds solicited will be used.

The principle acknowledges that the organisation should not undertake negative advertising or criticize other member organisations to benefit themselves.

The principle encourages organisations to include participation of its partners in the formulation of communications to the public.

Core Elements

1- An organisation's communication should respect the dignity, values, history, religion and culture of the people served by its programmes.

2- Publications of the organisation should be maintained permanently.

Means of Verification

Copies of the following documents serve as a means to verify that the organisation is following the principle of Communication to the public and its core elements: Use of website or any other social media; Proactive sharing of information procedures; Periodic publications which share information on the public domain.

Principle V: Programme standards

The impact of the programme activities conducted by the organisation should follow basic standards of sustainable development.

Brief Description

The principle emphasises that minutes and reports of programmes conducted should be made available to participants, donor agencies and other stakeholders in order to improve the efficacy of the programmes.

The principle recognises documentation of best practices or case studies depicting the impact of advocacy, photographs or any other relevant document as a good practice.

The principle also places importance on the gender and diversity sensitisation, and disability inclusion strategies, which should be enmeshed with programme activities of the organisation.

Core Elements

- 1- The organisation should be committed to effective programming and try to maximise the positive impact of the programme by incorporating the dimension of diversity.
- 2- Organisation should share programme knowledge and experience with participants, donor agencies and other stakeholders in order to maximize the positive impact of the programmes.
- 3- Organisation should have a defined evaluation procedure for the board, staff, programmes and projects, based on mutual accountability/regular monitoring and evaluation of its management and the programme.

Means of Verification

Copies of the following documents serve as a means to verify that the organisation is following the principle of Programme Standards and its core elements: Procedures for implementation and review of programmes; Minutes and reports of programmes conducted; a list of activities in which the organisation is engaged, like advocacy, capacity building, etc; Monitoring and evaluation report of programmes/projects submitted to the donor.

Indicators - Implementation of Principles and Core Elements

Indicators can be understood as metrics that assist organisations to self-monitor their progress with regard to implementation of the principles. These indicators can be classified as Basic Indicators and Leadership Indicators. The former refers to the basic level that is expected from every VO that has adopted these guidelines. The latter refers to those indicators that are achieved by VOs that aim to reach higher levels of transparency, accountability and effectiveness. The people in the leadership like the chief functioning officer, the board and senior management should ensure that these principles are completely understood across the organisation, as well as systematically implemented and reported to all the stakeholders.

Principles	BASIC Indicators	Leadership Indicators
I- Organisational Commitment Standards	i) Copies of pertinent sections of documents such as bylaws, charter, policies and procedures that clearly confer the mission, vision of the organisation. ii) Legal documents like a) Society Registration Certificate/Trust Deed/Certificate of incorporation, b)FCRA certificate (if registered with MHA), and c) 12A and 80G certificate (if exempted from tax); iii) Copy of annual report iv) Strategic and review document; v) Audit report	The organisation has committees and sub-committees in the organisational structure responsible for implementing these guidelines. Issues or challenges related with its implementation should be regularly monitored.
II- Governance and Administrative Standards <i>a- Role and responsibility of</i>	i) Bylaws, charter, policies and procedures related to the election/selection procedure of the board members;	The organisation's Board adopts guidelines with respect to the Principles and Core Elements. On this basis,

<p><i>the Board</i></p>	<ul style="list-style-type: none"> ii) Conflict of interest policy; iii) document referring to the names of board members and their position on the board; iv) Board rotation policy; v) Minutes of the board meetings; vi) Practise and procedures of appointment in the Board; vii) Minutes of Annual General Meeting 	<p>the organisation identifies strategies and processes for achieving indicators of the adopted Principles.</p>
<p><i>b- Management and Human Resources</i></p>	<ul style="list-style-type: none"> i) HR policy exclusively mentioning equal opportunity employment; ii) HR policy and procedures related to appointment, appraisal and termination; iii) Gender policy, Anti-sexual harassment policy, Maternity and Paternity leave Policy ; iv) Non-discrimination policy 	<p>The organisation demonstrates its leadership by systematic sensitisation of its employees and stakeholders through regular trainings, the various aspects of fair human resource practices.</p>
<p>III- Financial Resource Management/Financial Controls</p>	<ul style="list-style-type: none"> i) Financial manual/policy; ii) financial statement; iii) Statutory audit; iv) Internal audit; 	<p>The organisation undertakes third- party assessment for verification of its financial documents and impact analysis of the funds raised annually.</p>

	<p>v) Compliance of legal procedures like FCRA, service tax and income tax;</p> <p>vi) Policy to display and disclose income expenditure.</p>	
IV- Communication to the public	<p>i) Use of website or any other social media;</p> <p>ii) Proactive sharing of information procedures;</p> <p>iii) Periodic publications which share information on the public domain.</p>	The organisation discloses its performance indicating deviations and corrective actions to all the stakeholders and the wider public.
V- Programme standards	<p>i) Procedures for implementation and review of programmes;</p> <p>ii) Minutes and reports of programmes conducted;</p> <p>iii) A list of activities in which the organisation is engaged, like advocacy, capacity building, etc;</p> <p>iv) Monitoring and evaluation report of programmes/projects submitted to the donor.</p>	The organisation focuses on improving its programme standards, processes and methods of engagement with stakeholders. This is done in order to continuously improve organisation's performance with regard to the impact of its activities on the community it engages with, as well as the wider public.