

# GOOD MANAGEMENT AND ACCOUNTABILITY QUALITY STANDARDS



March 2013, Version 1

## GOOD MANAGEMENT AND ACCOUNTABILITY QUALITY STANDARDS

### KEY USERS

Mandatory for:	All member associations of SOS Children's Villages International
	All other organisations using the SOS brand and / or receiving PSA funding

### RELATED POLICIES

Basic policy:	<a href="#">Who we are</a>
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### RELATED POLICY SUPPORT DOCUMENTS

<a href="#">GSC Handbook – Budgeting of NAs</a>
<a href="#">International Handbook Statistics</a>
<a href="#">Construction Procedures</a>

### RESPONSIBLE FOR CONTENT

Function:	SOS Children's Villages International – General Secretariat
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Version	Date	Changes
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## TABLE OF CONTENT

<b>1. PRINCIPLE 1: WE ARE ACCOUNTABLE TO CHILDREN, LOCAL COMMUNITIES, THE GOVERNMENT AND DONORS .....</b>	<b>6</b>
<b>2. PRINCIPLE 2: WE GET THINGS DONE WITH GOOD AND TRANSPARENT MANAGEMENT PRACTICES .....</b>	<b>6</b>
<b>3. PRINCIPLE 3: WE SHARE RESPONSIBILITY FOR HAVING THE GREATEST POSSIBLE IMPACT ON THE WELFARE OF CHILDREN.....</b>	<b>6</b>
<b>1. STANDARD 1: GOOD MANAGEMENT AND TRANSPARENCY .....</b>	<b>7</b>
1.1. Planning and budgeting are integrated .....	7
1.2. Programmes are planned where they have the greatest impact .....	7
1.3. Accurate and appropriate accounting forms a strong basis .....	7
1.4. Financial information and processes are monitored.....	8
1.5. Financial statements are externally audited annually .....	8
1.6. Management reports are used for steering .....	8
1.7. Proactive management of reserves ensures stability .....	9
1.8. Communication creates fundraising opportunities across borders .....	9
1.9. Standardised systems, tools, processes and strategic innovation ensure competitiveness .....	9
<b>2. STANDARD 2: FIGHTING FRAUD AND CORRUPTION .....</b>	<b>10</b>
2.1. Mind-set and processes that prevent fraud and corruption.....	10
2.2. Readiness to report and investigate.....	10
2.3. A zero tolerance response to fraud and corruption.....	10
<b>3. STANDARD 3: PROACTIVE PROTECTION AND MANAGEMENT OF ASSETS.....</b>	<b>11</b>
3.1. Personal information and other data must be protected .....	11
3.2. Good information and communication infrastructure.....	11
3.3. Buildings and other assets of significant value are protected and maintained .....	11
3.4. Procurement is competitive, fair and transparent .....	12
3.5. Asset risks are proactively managed .....	12
<b>4. STANDARD 4: STRONG FUNDING PARTNERSHIPS INVOLVE ADDITIONAL OBLIGATIONS</b>	<b>13</b>
4.1. The budgeting process involves the participation of all funding partners .....	13
4.2. Programme planning and development in partnership.....	13
4.3. Common accounting tools are a required base for funding partnerships .....	14
4.4. PSA funding requirements are met by additional monitoring .....	14
4.5. External audit results are shared to meet PSA requirements.....	14
4.6. Common statistics are a key tool for funding partnerships.....	14
4.7. Strong funds management integrates PSA and NA requirements .....	15
4.8. Good fundraising communication facilitates stable fundraising growth.....	15
4.9. A friendly, appealing and efficient sponsorship approach .....	15
<b>5. TERMINOLOGY .....</b>	<b>16</b>

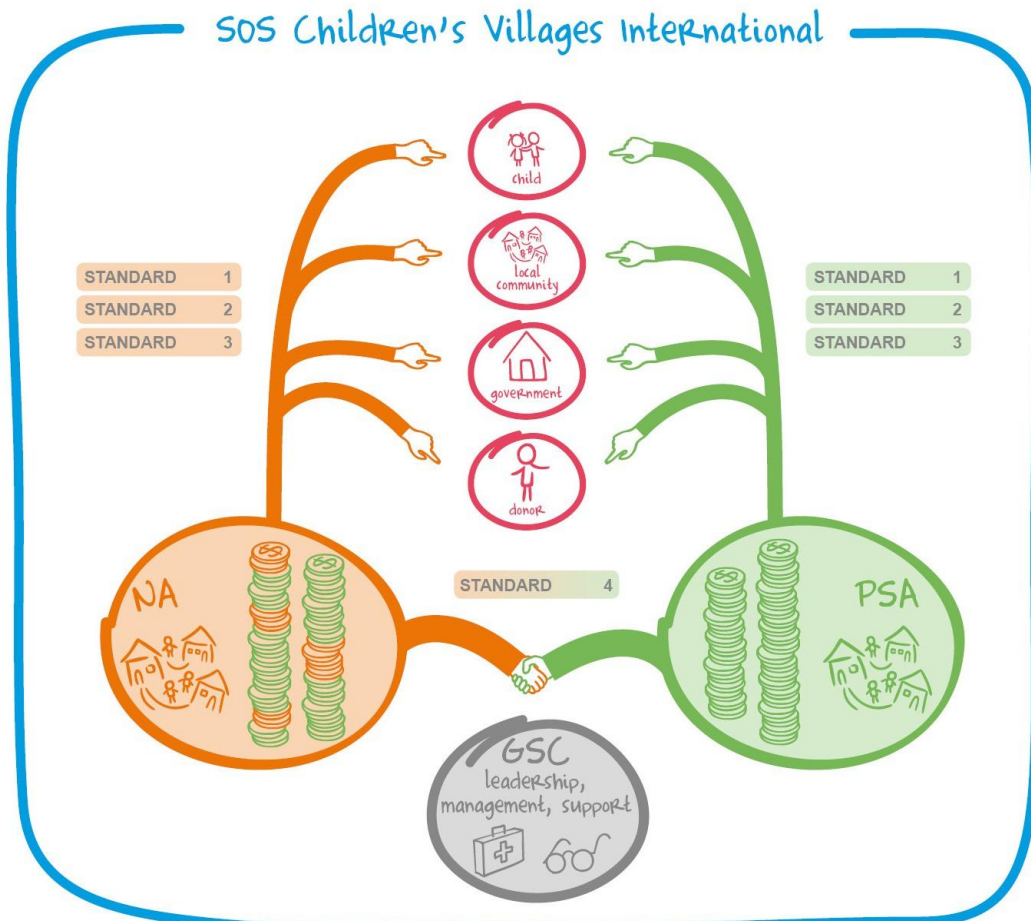
INTRODUCTION

Accountability is a fundamental part of our organisation, underpinning "Who we are". Without accountability, in combination with good management practices, we cannot maximise the impact of our work with children, build up trust with donors or even meet our legal requirements. If accountability is not upheld in any country then the name, image and reputation of SOS Children's Villages is affected in every country. We need to build on the reputation of our organisation and brand, and need to practise accountability and basic good management.

SOS Children's Villages International is the federation that defines the policy framework for all member associations. The international statutes provide the framework for these policies, requesting all member associations to observe policy manuals and quality standards.

The "Good Management and Accountability Quality Standards" set the quality standards in the area of management and transparency, the integrity of the organisation and the protection of assets. These quality standards apply to all member associations and specifically to board members and members of management who have a leading role in ensuring good management and accountability. The quality standards set a direction which will be progressively implemented over the next years through additional policy support documents. All member associations will need to implement these regulations in accordance with local law.

Accountability relationships within the federation



Within the federation, each member association is required to take on specific obligations to meet their accountability towards their children, local communities, government and donors. These obligations are regulated by Standard 1 (good management practices), Standard 2 (fighting fraud and corruption) and Standard 3 (protection of assets) which apply to all member associations in the same way.

## GOOD MANAGEMENT AND ACCOUNTABILITY QUALITY STANDARDS

A specific area of accountability relates to funding partnerships between national associations (NAs) and promoting and supporting associations (PSAs), and these result in additional obligations for the funding partners. Standard 4 specifically applies to both partners in such a funding partnership.

The General Secretariat (GSC) of SOS Children's Villages International is the implementing unit of the federation. The GSC is tasked by the International Senate to lead and manage the global organisation, acting as the guardian of "Who we are" and to ensure its appropriate strategic development.

This includes:

- coordinating and steering global strategic and annual planning,
- monitoring the implementation of worldwide quality standards and finances
- representing the global organisation externally.

The second major task of the GSC is to provide support for members, including capacity building and services to increase efficiency and impact.

Other accountabilities regarding the quality of child care, advocacy, fundraising ethics and governance can be found in the relevant quality standards, such as the National Association Manual, SOS Children's Village and Fundraising Manuals, and also in basic policy documents such as the international statutes and the brand book. Tools such as the code of conduct for all co-workers also form an important part accountability framework.

Elements of this document:

<p><b>Principles</b></p>	<p><b>General philosophical framework that guides staff members in their daily work.</b></p> <p>example: Principle 1: We are accountable to children, local communities, the government and donors</p> <p>We are accountable to children and ....</p>
<p><b>Quality Standards</b></p>	<p><b>Clear statements about the minimum quality required</b></p> <p>example: Standard 1 Good management and transparency</p> <p>A good and shared management cycle is ....</p>
<p><b>Guidelines</b></p>	<p><b>What must be done to achieve each standard</b></p> <p>example: 1.1. Planning and budgeting are integrated</p> <p>Strategic and annual planning integrated with ....</p>

## PRINCIPLES

### **Principle 1: We are accountable to children, local communities, the government and donors**

We are accountable to children and need to ensure their participation in working towards our mission, which is to build families and help them to shape their futures.

We are accountable to local community stakeholders for working together with them to implement sustainable solutions that improve the children's situation.

We are accountable to governments for the quality of our work and compliance with all legal requirements.

We are accountable to donors, ensuring that their contributions are protected and used wisely.

### **Principle 2: We get things done with good and transparent management practices**

We are responsible for our actions and achievements and act in accordance with stated values and policies.

We are open about our policies, structures, activities and results and communicate effectively with stakeholders about ourselves.

We fight against fraud, corruption and practices that can lead to inefficiency and poor management and governance.

We ensure our programmes achieve outcomes consistent with our mission and report on these outcomes in an open and accurate way.

We listen to stakeholders suggestions on how to improve our work and encourage the participation of children and young adults whose interests may be directly affected.

### **Principle 3: We share responsibility for having the greatest possible impact on the welfare of children**

Member associations share a common strategic direction which is designed to have the greatest possible positive impact on the welfare of children around the world. This shared direction supports the nurture of the innovations needed to adapt to changes in society while at the same time remaining competitive.

Common working practices ensure that resources and information can be shared across the federation in simple and cost-effective ways.

These shared responsibilities mean that one member association accepts the obligation to support another member in its work.

This mutual responsibility enables the whole federation to be greater than the sum of its parts.



# QUALITY STANDARDS

## Standard 1: Good management and transparency

**A sound and shared management cycle is in place to support the healthy development of each member association.**

As a global organisation, SOS Children's Villages aims to be a leading INGO (International Non-Governmental Organisation). In doing so, we share a common vision, mission and values and set a common strategy to implement our work for children around the world. We also need to guarantee that each member association follows good management practices in order to protect our resources, our image and our brand in each country. If one member association fails to practice good administration and accountability, then the value and work of all members is affected.

To maximise impact, we work to align plans and actions at a strategic level.

Member associations share a set of common tools and methods to use for strategic planning, financial management, monitoring and audits. This helps members to meet their obligations within the federation, according to the international statutes, and to share a common direction.

### 1.1. Planning and budgeting are integrated

Strategic and annual planning, integrated with budgeting, ensures the efficient and effective management of resources. The overall approach integrates strategic ambitions and objectives with the financial and other resources available.

- Across member associations a high level of strategic alignment is achieved in accordance with the international strategic plan, as approved by the International General Assembly. This is supported by the consistent use of common tools, methods and timeframes.
- As a result of the planning process, every NA has a strategic and annual plan and budget which is approved by its board. The strategic and annual plan of each member association is open information which is accessible by all member associations.

### 1.2. Programmes are planned where they have the greatest impact

With each new SOS Children's Village programme the entire organisation takes on a long-term responsibility for the care of children. Therefore new SOS Children's Village programmes require a decision from the International Senate.

- Programme decisions are based on the analysis of the local situation and experience to date.
- New programmes are approved by the national board with a view to maximising the beneficial impact on our target group of children in the country, and also taking into account the federation's priorities regarding the global welfare of children.
- A summary of information regarding a planned SOS Children's Village programme is also provided to the International Senate for a final decision.

### 1.3. Accurate and appropriate accounting forms a strong basis

All financial transactions are recorded in compliance with generally accepted accounting principles and national laws.

- Such accounting records must reflect the efficient use of funds in a transparent and comprehensive manner.
- Financial statements, based on such records, must give a true and fair view of the actual activities of the organisation.
- Accounting records, including periodical financial statements, will also be used for internal audits, external audits and for additional controls.
- Respecting these principles will also support our goal of gaining the best possible external recognition from donors, governments and communities.

### 1.4. Financial information and processes are monitored

Within the member association financial information and processes are monitored to prevent irregularities, fraud, gross negligence or error.

- Regular checks of accounting data and financial processes during the year ensure that general accounting principles are adopted and followed, and that data is accurate.
- Standardised procedures are in place that include the checking of transactions by a co-worker who works in internal control and who can independently validate them.

### 1.5. Financial statements are externally audited annually

The audited financial statement of the member association is a crucial tool through which the board can demonstrate good management and accountability to national stakeholders and the federation. Each association has its financial statements validated by independent external auditors who are recognised either locally or internationally. The audit provides a professional and independent external view of the financial system, the accuracy of results and compliance with organizational rules and applicable accounting standards and laws. This is essential to maintain the confidence and trust of all internal and external stakeholders.

- The auditor is appointed by and responsible to the board of the member association
- The auditor's opinion and the management letter are considered by the board, which approves the audited annual financial statements.
- The audit package shall include:
  - Audited annual financial statements, including running and construction costs
  - Auditor's opinion
  - Management letter (including recommendations to the board on systems and procedures)
  - An internationally standardised audit questionnaire
  - List of board members and their addresses
- Based on the audited annual financial statements of all member associations, the secretary general issues a consolidated financial statement to the International Senate and to all member associations.
- To facilitate this consolidation, member associations that are not required to use the SOS accounting standards follow minimum consolidation requirements for income and expenditures.
- In addition, the audited financial statements are used to calculate the federation membership fees and to determine the composition of the International Senate according to the federation statutes.

### 1.6. Management reports are used for steering

The main aim of management reporting is to provide a regular review of performance against strategic targets and the key operational measures used to direct activities and resources.

- Results are monitored and corrective steps are taken during the year to meet commitments continuously improve performance. These reviews, together with financial scenario information and statistics, are shared with all members associations at set intervals during the year.
- This information enables effective strategic management to take place at international level, which takes into account all member associations.
- Year-end results on strategic and operational measures, as well as statistics, are provided as a part of the annual report to the General Secretariat. Based on this, the Secretary General issues an annual report to all member associations, donors and the general public.
- This report is written in accordance with the reporting requirements of the INGO accountability charter.



### **INGO Accountability charter - Reporting**

We seek to comply with relevant governance, financial accounting and reporting requirements in the countries where we are based and operate.

We report at least once a year on our activities and achievements.

Reports will describe each organisation's:

- Mission and values
- Objectives and outcomes achieved in programme and advocacy
- Environmental impact
- Governance structure and processes, and main office bearers
- Main sources of funding from corporations, foundations, governments and individuals
- Financial performance
- Compliance with this charter; and
- Contact details.

([www.ingoaccountabilitycharter.org](http://www.ingoaccountabilitycharter.org))

### **1.7. Proactive management of reserves ensures stability**

Our long-term commitment to children requires financial stability. We know that fundraising income fluctuates from year to year. In addition we need to be prepared for external risks such as a decline in the fundraising market or changes in exchange rates. This means PSAs need to have appropriate reserves.

- PSAs hold reserves equal to one year of their own running costs and the international funding for the programmes they support. Reserves are held in accordance with a board-approved regulation which ensures that risks are carefully managed.
- NAs may hold earmarked reserves for specific purposes such as children's money gifts and staff pension funds.

### **1.8. Communication creates fundraising opportunities across borders**

The sharing of good communication material between all member associations supports the creation of unexpected fundraising opportunities. Donors interested in any part of the world are able to find out about success stories and see the evidence of our impact on the welfare of children across the world.

- Information on each SOS Children's Village programme is made available centrally to each member association at least once a year.

### **1.9. Standardised systems, tools, processes and strategic innovation ensure competitiveness**

We must ensure our competitiveness with other major INGOs regarding cost effectiveness, the speed of service delivery and the quality of our information. Each member association implements globally standardised systems, tools and processes to improve cost effectiveness, and to enhance management cooperation and information sharing across the federation. In important strategic areas, member associations innovate to take advantage of opportunities.

- The focus is on specific value-adding areas where globally optimised solutions, rather than different individual approaches, lead to greater efficiency and lower on-going operating expenses. The use of systems that exist already is favoured before looking for new software in the market.
- These globally-optimised solutions include IT and communication systems, planning and administration processes, other supporting tools, and project and process management.
- In strategic areas such as fundraising or children's programme development, member associations which have created innovative solutions should actively share their experience within the federation.
- English is used as the official international language for internal international management information and policy, providing one efficient base for reference and development. Any translations refer to English versions as the base.

## Standard 2: Fighting fraud and corruption

**We do not accept fraud or corruption within our association and follow a “zero-tolerance” approach. A transparent approach is in place to prevent fraud and corruption, taking into account not only illegal acts but any acts involving the misuse of a person’s position or authority in order to further personal interests. Co-workers and board members are informed about the processes and tools which are used to prevent, report, investigate and respond.**

SOS Children’s Villages aims to maintain and strengthen its position as a top organisation that enjoys the full trust of donors and governments. Nothing contradicts a “loving home” more than an environment where fraud and corruption can grow. Fraud and corruption violate our brand, our values and our accountability towards children, local communities, governments and donors. For these reasons we invest in fighting fraud and corruption.

We take the steps required to prevent fraud and corruption, and fight them strongly when they do occur. We deal with allegations in a fair and transparent manner and report suspected illegal and/or criminal activities to the appropriate authorities for investigation and action. As we follow a zero-tolerance-approach there is always a response to fraud and corruption. These responses vary according to the situation and range from criminal prosecution in serious cases to training and individual development measures for minor offences.

### 2.1. Mind-set and processes that prevent fraud and corruption

The ethical attitude of all board members and co-workers, the segregation of duties and efficient internal controls provide a strong basis for preventing fraud and corruption.

- All board members and co-workers receive training on our approach to anti-fraud and anti-corruption, and sign the code of conduct.
- Clear guidelines exist for each member association and tasks and authorisation procedures are divided between different individuals.
- We consistently apply our internal control systems to prevent fraud and corruption, and this includes carrying out internal and external audits and special investigations.

### 2.2. Readiness to report and investigate

All co-workers and managers have a clear understanding of how to report suspected corruption. They are then responsible for reporting such cases. Boards and managers are responsible for reviewing and investigating reported cases.

- There are four main channels for identifying suspected fraud and corruption: internal controls, management concerns and suspicions, whistle-blowers and external complaints.
- Through an established and documented reporting procedure, people are able to raise legitimate issues in an open and honest way without fear.
- All legitimate allegations of fraudulent activities or corruption are investigated, and the investigative processes and findings are clearly documented.
- Information is provided to relevant stakeholders including the person who originally raised the issue.
- The identity and the job of the person making the allegation are protected.

### 2.3. A zero tolerance response to fraud and corruption

Zero tolerance means that anyone involved in fraudulent or corrupt activities faces disciplinary, legal and/or individual development actions.

- Disciplinary action can include suspension or termination of employment.
- Depending on the severity of the case, criminal charges may be initiated against individuals involved.
- For cases of minor negligence, individual development actions can be considered, such as training on appropriate workplace practices.
- In all cases, reasonable legal or other steps are taken to recover lost funds and property.
- Findings and lessons learned are used to improve systems, processes and controls.

### Standard 3: Proactive protection and management of assets

**We manage our assets wisely and with great respect. This provides us with a solid and sustainable platform for the long term development of the organisation. Consistent standard procedures are in place to continuously manage and protect financial reserves, personal information about children, donors and co-workers, IT infrastructure, data, buildings and the surrounding environment and other assets of significant value.**

In comparison to other organisations, SOS Children's Villages is responsible for a large number of assets. Proactive maintenance of these assets will maintain their value and give the organisation long term stability. Donors, governments and the law call for the careful management and protection of data, as well as the efficient procurement of assets and consumables.

#### 3.1. Personal information and other data must be protected

We respect children's rights and we ensure the trust of donors by protecting their personal information. We also protect our co-workers' data and specific information about our operations to ensure we are a trustworthy organisation.

- Personal information on children and their families, other beneficiaries, donors and co-workers is safeguarded and kept confidential.
- For children to be eligible for sponsorship, or to be included in any form of communication, their legal guardians must give consent to use of their data and photos. Only information which does not affect the privacy of children is shared with the public, including donors.
- When using background information about beneficiaries in human interest stories to attract donors, this personal data has to be changed so that they cannot be identified.
- Information about donors is used strictly in accordance with specific agreements made with each donor.
- Other data about the organisation, including financial and sensitive management information, is protected and shared with stakeholders only according to specific agreements.
- Processes, systems and regulations are in place to protect all forms of data; this includes the storing and forwarding of data.

#### 3.2. Good information and communication infrastructure

A well-functioning information and communication infrastructure reduces risks such as disruption to workflows or the loss of data. This infrastructure also provides a strong basis for the efficient and competitive management of the organisation.

- Information and communication technology (ICT), as well as the processes and regulations which support it, are continuously analysed and further developed. With better tools the organisation has a competitive advantage compared to other organisations.
- ICT security reviews are carried out annually and lead to improvements in ICT security.

#### 3.3. Buildings and other assets of significant value are protected and maintained

The continuous protection, inspection and preventive maintenance of buildings, their surrounding environments and other assets of significant value are the most cost effective ways of ensuring the long-term value of these assets.

- A plan describing inspection and maintenance intervals and tasks is in place and is monitored by a management member.
- Buildings, and the environments surrounding them, are regularly inspected for potential problems, and maintenance budgets are prepared based on these inspections.
- Maintenance is then undertaken at regular intervals, and according to plan, to restore and improve every part of a building, its services and surroundings in order to sustain its optimal use, safety, reliability and value.
- Management is required to protect and maintain in good working order other assets of significant value, such as vehicles, equipment, furniture, etc., and to implement actions to achieve this when necessary

### 3.4. Procurement is competitive, fair and transparent

Procedures are in place to ensure that fair and transparent competition applies to all procurements undertaken. This includes construction, ICT and all other investments as well as purchases included in running costs.

- A competitive process with well-defined requirements ensures that the procurement of goods or services results in value for money. The process needs to consider the quality and the lifetime cost, not only the initial purchase cost.
- No supplier is favoured and all parties to the procurement act in a fair manner. This includes transparently stating and resolving any possible conflicts of interest during the procurement process.
- Special procurement procedures are in place for emergency relief programmes and for programmes financed by institutional funding.

### 3.5. Asset risks are proactively managed

Risks are identified by management and the potential impact and probability of these risks are assessed and prioritized. Decisions are implemented about how to minimise the possible financial impact of the highest risks. Possible risk areas could include:

- Damage, destruction or loss of property such as cars, land, buildings, equipment etc.
- Financial losses through unsecured investments or third party criminal actions
- Financial losses due to exchange rate fluctuations
- Legal liabilities for damages against third parties

## Standard 4: Strong funding partnerships involve additional obligations

**Common approaches and systems ensure that financial resources can be shared between associations with confidence. Member associations follow agreements on the transfer of PSA funds and the flow of information within a strong and reliable partnership. The partnership is two-way, with obligations for both PSAs and national associations. Each partner agrees to take on these obligations to ensure that the accountability to children, local communities, governments and donors, is met, not only in one country but across the federation.**

A large part of programme work is financed through partnerships between member associations. Funds raised in one country are shared with other member associations to ensure the sustainable development of programmes. Across borders we guarantee that the accountability towards children, local communities, governments and donors is met. This means that members need to take on **additional** obligations towards each other in terms of operational, monitoring and information issues. Standardised processes and tools are used to cooperate in a simple and efficient way.

The following funding partnership guidelines conform to the same management cycle applicable to all member associations as outlined in standard 1, and mirror the guidelines found there while explaining the **additional** obligations between member associations if financial resources are shared.

### 4.1. The budgeting process involves the participation of all funding partners

An important input for developing the annual financial frameworks of NAs is the income projections of PSAs. PSAs approve the annual PSA subsidies based on the budgets of the national associations.

- In order to share budget information, and to support the efficient, timely and consistent sharing of this information, a standardised budget process and tools are required for national associations. For efficient, timely and consistent income projections, including information on earmarked funds, PSAs need a standardised process and tools.
- The role of the GSC is to support the budgeting process by:
  - Managing strategic scenario and framework setting
  - Training and supporting national associations
  - Performing quality checks
  - Managing PSA subsidy calculations and the approval process

### 4.2. Programme planning and development in partnership

When programmes are developed in an NA, the impact on financial contributions from other member associations and the accountability to donors and/or governments in the country of the PSAs needs to be determined. This is balanced by ensuring that local priorities and experience are respected.

- Each member association maintains a national strategy, outlining overall programme development priorities. This guides the required feasibility study and programme proposal steps on which funding decisions will be based. This process establishes the correct balance between meeting local requirements and the consideration of donor expectations. This means that specific donor requirements regarding location, design and focus are evaluated, but cannot always be met.
- Programmes receiving PSA funding start when there is a commitment from a PSA to cover set-up costs as well as running costs for an agreed period of time. The aim is to transfer financial responsibility from the PSA to the NA within a reasonable time frame.
- When new programmes are developed in an NA using local funds, this also impacts on the financial contributions of PSAs. For this reason locally funded programmes are also included in the global planning process and are agreed upon.
- All programmes of NAs with a construction element follow specific steps for planning, tendering, construction and completion.

### 4.3. Common accounting tools are a required base for funding partnerships

NAs use SOS accounting guidelines and tools to facilitate the efficient monitoring of accounting data, and the global consolidation of financial information. This standardisation ensures the good quality reporting needed by the PSAs to meet donor and legal requirements in their countries.

- SOS Accounting Standards and Guidelines comply with International Financial Reporting Standards (IFRS) and are tailor-made to the specific requirements of SOS. These accounting guidelines fulfil reporting requirements on assets, liabilities, income and expenditure as well as special requirements for institutional funding, tracking of earmarked funds and accounting for construction.
- Use of common accounting software and an international chart of accounts ensures efficient recording, data exchange and consolidation, and allows consistent training and user support.
- NAs forward their accounting data to the GSC on a regular basis.

### 4.4. PSA funding requirements are met by additional monitoring

To fulfil accountability to donors and to meet legal requirements, PSAs have an obligation to monitor the proper use of their PSA funding. This includes proving that funds are used in accordance with agreements and that effective financial and other systems are in place. This is achieved with a specific focus on areas identified through a risk assessment.

- The GSC is also responsible for monitoring PSA funding in national associations, and for balancing the interests of the funding partners.
- There are three monitoring levels:
  - Regular review during the year, focussing on actual financial and statistical data, supporting documents, and processes and systems, as well as the implementation of auditors' recommendations. This regular review is done by the GSC level closest to the NA.
  - Process and system audits at least every 4 years, focussing on the improvement of processes and systems, and considering financial and statistical data and supporting documents. These process and system audits include more than one GSC level. The funding PSAs are directly involved as necessary to meet their requirements.
  - Extraordinary audits as needed for special situations based on the decision of the funding PSAs or the GSC or the legal bodies of SOS-Kinderdorf International. The terms of reference are communicated to the NA. These audits may include more than one GSC level, the funding PSA and external auditors.

### 4.5. External audit results are shared to meet PSA requirements

NAs share their external audit results with the fund providing promoting and supporting associations.

- The audit results of NAs are an integral part of the audit of the fund providing promoting and supporting associations. Therefore, the audit approach, and the selection of the audit company, are coordinated in close cooperation with the General Secretariat, which also ensures that specific PSA requirements are included.
- The GSC monitors the content of the audit packages and follows up on the implementation of auditors' recommendations.

### 4.6. Common statistics are a key tool for funding partnerships

NAs use updated statistics on beneficiaries to steer their expenditure and cash flow planning. Statistical information also provides a consistent basis for monitoring of PSA funding, fundraising support and communication.

- To ensure that donors and PSAs have up to date information, statistical data on beneficiaries, programmes and staff is provided to the GSC on a regular basis.
- A common set of statistics and tools ensures consistency and facilitates consolidation.



### 4.7. Strong funds management integrates PSA and NA requirements

International sponsorships are transferred regularly during the year to give a secure base for the SOS Children's Village programmes. Within the framework of PSA subsidy approval, PSA subsidies are transferred upon request from PSAs to national associations. PSAs retain PSA subsidies as long as possible to maintain the responsibility for income growth opportunities and to manage risks.

- Accurate cash flow planning in NAs forms the basis for cash flow planning by PSAs. These cash flow plans are consolidated by the GSC and handed over to the PSAs as an input for their own cash flow planning.
- PSAs transfer the PSA subsidies within an agreed annual timeframe taking into account all the programmes they support. The accuracy of their cash flow planning optimises the balance between cash and investments.
- NAs ensure that subsidy requests are made only when national cash balances are at the agreed minimum level. These requests should meet only the current year's requirements and any subsidy amounts not requested result in a reduction of the subsidy provided by the PSA.
- The PSA ensures that the subsidies are transferred within the agreed time frame.

### 4.8. Good fundraising communication facilitates stable fundraising growth

Processes are in place in NAs to provide standard information and reports, specific information for donors on request, and to support visits of PSAs and donors. The focus is on timely, accurate and good quality standard information that sustains fundraising activities at promoting and supporting associations.

- Standard information requirements for fundraising cover new and existing programmes and include:
  - General basic information on the country, the NA and its programmes
  - Fact-based progress reports and financial reports on the NA and its programmes
  - Human interest stories about child, family and community development, the welfare of children and the response and impact of SOS
  - Schedule of planned major events (such as openings, anniversaries, etc.)
  - Photos and videos of success stories, everyday life and programme development projects
- The purpose of PSA visits is to strengthen donor relations and to provide learning opportunities for PSA representatives. NAs support these visits with a focus on presenting their programme work and the welfare of children in the country. The GSC coordinates the scheduling of these PSA visits to balance the number of visits per national association.

### 4.9. A friendly, appealing and efficient sponsorship approach

A friendly and appealing service is provided to sponsors and committed givers in order to build lasting relationships. Standardised processes and systems are in place at all member associations that receive or raise International sponsorships to ensure efficient information exchange.

- Personalised and appealing sponsorship services are implemented, which use standardised processes and tools to achieve cost efficiency.
- Strong cooperation and coordination across the organisation ensures consistent services.
- Information and experience is shared freely between member associations to enable continuous sponsorship development.
- International Donor Services at the GSC coordinates the exchange of information and the management of international sponsorships.

### Terminology

**Accountability:** means that the organisation is held accountable to children in our target group, to donors who have provided funding, to governments that provide the legal framework and to the local communities that we work with.

**Corruption:** is defined as an act involving the misuse of a person's position or authority in order to further his or her personal interests or the interests of another person or entity. This includes the abuse of power for personal advantage (financial and/or non-financial).

**Good management:** ensures that accountability to donors and children is implemented effectively and efficiently. Resources and responsibilities are managed in a way that is beneficial to the organisation. Tasks, processes and other aspects of work are efficient, and strike the optimal balance between costs, quality, quantity and speed. The work of the organisation is effective, having a strong impact on our target group – children.

**Financially self-sufficient national association:** receiving no PSA subsidies for running costs, receiving less than 10% of their running costs from international sponsorships and do not make a financial contribution to NAs around the world. After three consecutive years of financial self-sufficiency the additional obligations defined in standard 4 do no longer apply for these member associations.

**Fraud:** means the wilful or dishonest misuse of organisational resources, the improper use of influence or the improper use of information.

**Fundraising communications:** Timely, accurate and good quality information that sustains fundraising activities.

**INGO:** International Non-Governmental Organisation

**International sponsorships:** Regular donations from individual sponsors who support specific children, programmes or construction projects. The donations are provided from the PSA to the NAs according to agreed requirements as an on-going contribution to the specific earmarked activities. PSA boards monitor their overall development and use.

**Institutional funding:** Funding from public institutions and philanthropic foundations

**Local community:** The key stakeholders in the geographic area in which our programmes are located. This includes community based organisations, local NGOs, religious organisations, informal civic organisations etc.

**Member association:** PSA, NA or a financially self-sufficient association which is a member of the federation SOS-Kinderdorf International.

**National association (NA):** member associations and other organisations using the SOS brand that either receive a PSA subsidy or receive more than 10% of their running costs from international sponsorships.

**Promoting and supporting associations (PSA):** member associations that make a financial contribution to NAs around the world.

**Promoting and supporting association subsidy (PSA subsidy):** A subsidy may be provided by a PSA to a NA as a contribution to the running costs of a programme, the costs of a construction project or other costs. A subsidy covers specific areas of work for a defined period of time and comes with reporting and other requirements. They are normally approved by the board of a PSA. (This type of funding was formerly called "international subsidies", and was changed to make the obligations between NAs and PSAs clearer).

**PSA funding:** Total amount of funds provided through PSA subsidies and international sponsorships. (This type of funding was formerly called "international funds").