



Philippine Council for NGO Certification

PCNC SELF-ASSESSMENT AND PEER-APPRAISAL TOOL (SAPAT)

May 2022

| Dimension | 1 ORGANIZATIONAL PURPOSE | |
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| Definition | <p>Mission is the expression and justification of the organization’s reason for being. The mission is an articulation of the primary purpose of the organization contained in its Articles of Incorporation (AOI). It identifies the organization’s primary focus, core strategy and target partners and beneficiaries.</p> <p>Vision is a statement which describes what the organization wants to become or where it wants to go in the future, which is more desirable than its current state or condition. It can also be a statement of the organization’s aspiration for itself and/or the community or sector it has committed to serve. The vision must be coherent with the mission or primary purpose of the organization.</p> <p>Goals are the operational translation of the organization’s mission and vision which describe the results or the change that the organization wants to achieve for itself and its partners and beneficiaries within a given time frame in the future.</p> <p>Core Values are fundamental beliefs and principles which the organization considers most important in the attainment of its mission, vision and goals. They are the bedrock of the organization’s culture and guide organizational behavior.</p> | |
| Underlying Principles & Assumptions | <p>The organization was established as a response to societal needs. This response to any given condition or environment must be shared, understood and accepted by every member of the organization, and translated into the organization’s mission, vision and goals, and supported by a set of core values.</p> <p>Shared mission provides boundaries within which action and decision-making take place. They serve as organizational anchors that keep an organization stable amid the often complex and ever-changing environment. To the extent that the mission is stable and shared, the people in the organization will decide and behave in accordance with the limits of that mission.</p> <p>Shared purpose bond people together individually, as teams working together, and as a corporate body. This makes the organization effective.</p> | |
| Criteria | Indicators | Means of Verification |
| 1.1 Statement of Purpose– Mission, Vision, and Goals | <p>[5] The organization has documented statements of purpose–mission, vision, goals. They are consistent with the organization’s purpose contained in the</p> | <ul style="list-style-type: none"> • Documented statements of purpose (mission, vision, and goals) |

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| | <p>AOI, and are understood within the organization, and shared with partners, beneficiaries, and other stakeholders.</p> <p>[4] The organization has documented statements of purpose—mission, vision, and goals. They are consistent with the organization’s purpose contained in the AOI, and are understood within the organization; <u>not</u> shared with partners and beneficiaries.</p> <p>[3] The organization has documented statements of purpose—mission, vision, and goals. They are consistent with the organization’s purpose contained in the AOI and are understood by the Board and Management.</p> <p>[2] The organization has documented statements of purpose—mission, vision, and goals. However, they are not aligned with the organization’s purpose contained in the AOI, and are neither cascaded nor understood within the organization.</p> <p>[1] The organization has no documented statements of mission, vision and goals.</p> | <p>appear in the organization’s website, brochures, annual reports, strategic plan; posted in office premises</p> <ul style="list-style-type: none"> • Board members, management, staff members, partners and beneficiaries are able to articulate the organization’s purpose. |
| <p>1.2 Alignment of core values and goals with the mission and vision</p> | <p>[5] Organization’s core values and goals are coherent and properly aligned with the mission and vision. The relationship of each element is well established.</p> <p>[4] Goals are supportive of the mission and vision, but the core values are only partially aligned.</p> <p>[3] Both goals and core values are only partially aligned with the mission and vision.</p> <p>[2] Goals are partially aligned with the mission and vision, but the core values are not aligned.</p> <p>[1] The organization has no defined core values; core values are not aligned at all with the VMG.</p> | <ul style="list-style-type: none"> • Documented core values appear in the organization’s website, brochures, annual reports, strategic plan; posted in office premises • Board members, management, staff members, partners and beneficiaries are able to articulate the importance of the core values and goals and their connection to the mission and vision. |
| <p>1.3 Commitment to social change</p> | <p>[5] The organization was established to respond to a societal need. The statements of mission, vision and goals articulate the organization’s commitment to social change among its identified partners and beneficiaries. These are translated into programs or services.</p> | <ul style="list-style-type: none"> • Articles of Incorporation and By-laws • Statements of mission, vision and goals • Strategic Plan • Program Plan |

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| | <p>[4] The organization was established to respond to a societal need. The statements of mission, vision and goals articulate the organization’s commitment to social change among its identified partners and beneficiaries. However, the program or service that will concretize such commitment need improvement.</p> <p>[3] The organization was established to respond to a societal need. The statements of mission, vision and goals are <u>somewhat reflective</u> of the organization’s commitment to social change among its identified partners and beneficiaries.</p> <p>[2] The organization, as stated in its mission, vision and goals somewhat respond to societal needs. However, target partners and beneficiaries are not identified.</p> <p>[1] The organization, as stated in its mission, vision and goals, lacks commitment to social change.</p> | <ul style="list-style-type: none"> • Accomplishment Reports • Board members, management, staff, program partners and beneficiaries are able to articulate how the organization’s commitment to social change is translated into programs and projects. |
| <p>1.4 Culture building</p> | <p>[5] There is a mechanism, program or activity approved by the Board that promotes the nurturing of an organizational culture that is reflective of its purpose and core values, which is institutionalized and consistently pursued in the entire organization.</p> <p>[4] There is a mechanism, program or activity that promotes the nurturing of organizational culture that is reflective of its purpose and core values but is not institutionalized in the organization.</p> <p>[3] There is a mechanism, program or activity that promotes the nurturing of an organizational culture that is reflective of its purpose and core values but is implemented only occasionally.</p> <p>[2] The importance of culture building is somewhat articulated but there is no mechanism to operationalize it.</p> <p>[1] No attempt or efforts in the organization to create a culture that will be reflective of its purpose and core values.</p> | <ul style="list-style-type: none"> • Presence of programs and activities, e.g., training or team building activities; organizational climate survey; included in the budget, etc. • Confirm awareness of the staff on the programs and activities. How do they apply those values in their work? |
| <p>Dimension</p> | <p>2 GOVERNANCE AND LEADERSHIP</p> | |
| <p>Definition</p> | <p>Governance and leadership refer to the manner by which an organization defines its strategic direction, formulates and executes</p> | |

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| | policies, develops and implements its programs, and manages its resources toward the attainment of its purpose. It also pertains to the process by which the members of the Board and Management are selected and how organizational risks and compliance are managed. | |
| Underlying Principles & Assumptions | <p>The Board of Trustees of an organization serves as its governing body. As a collegial body, the Board provides organizational leadership and has the responsibility and accountability of ensuring that the organization remains faithful and committed to its purpose. It makes certain that sufficient resources are made available, and that appropriate controls and checks and balance are in place to protect the interest of the organization.</p> <p>The Global Association of Risk Professionals (GARP) highlights the importance of concepts such as credibility, transparency, and accountability in establishing effective governance.</p> <p>A harmonious relationship between the Board and the Management must be well-established to ensure effective organizational functioning.</p> | |
| | Indicators | Means of Verification |
| 2.1 Board composition and selection | <p>[5] The composition of the Board complies with the provisions in the AOI and By-laws. The number of trustees and/or positions in the AOI and GIS are consistent. Board term limits are defined and reasonable. Board members and officers are elected, appointed, or removed in accordance with applicable laws, and approved written procedures.</p> <p>[4] The composition of the Board complies with the provisions in AOI and By-laws. The number of trustees and/or positions in the GIS are consistent with the AOI. Board term limits are defined and reasonable. Board members and officers are elected, appointed, or removed in an acceptable manner.</p> <p>[3] The composition of the Board complies with the provisions in the AOI and By-laws. The number of trustees and/or positions in the GIS are not consistent with the AOI. There is an established practice for the selection/election of Board members and officers and their terms of office are specified.</p> <p>[2] The composition of the Board complies with the provisions in the AOI and By-laws. The number of trustees and/or position in the AOI and GIS are not consistent. Board term limits are not defined. No approved process for electing, appointing or removing Board members and officers is in place.</p> | <ul style="list-style-type: none"> • AOI and By-laws • Latest GIS • Governance Manual or policy on selection, nomination and election of board members • Minutes of Election of Board Members |

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| | <p>[1] The composition of the Board and the GIS do not comply with the provisions in the AOI. Board term limits are not defined. There is no approved process for electing, appointing or removing Board members and officers.</p> | |
| <p>2.2 Policy formulation and review</p> | <p>[5] The Board provides strategic policy direction to the organization; formulates policies in response to situations or needs affecting the organization; acts on policy recommendations elevated by the Management for decision; conducts periodic policy review to ensure the relevance of existing policies to the operating realities of the organization and its external environment.</p> <p>[4] The Board formulates policies in response to situations or needs affecting the organization; acts on policy recommendations elevated by the Management for decision; conducts periodic policy review.</p> <p>[3] The Board formulates policies and acts on policy recommendations elevated by the Management; conducts policy review only on a need basis.</p> <p>[2] The Board reviews policy recommendations elevated by the Management for decision. It does not initiate policy formulation nor conduct policy review.</p> <p>[1] The Board does not formulate policies nor conduct any policy review.</p> | <ul style="list-style-type: none"> • Corporate policy documents • Minutes of Board meetings • Board Resolutions • Interview with the BOT and Management to validate adherence of practice with written policies and procedures. |
| <p>2.3 Planning and budgeting</p> | <p>[5] The Board provides leadership and overall direction in the formulation of strategic plan, programs plan, and budget that are consistent with the organization’s purpose; encourages broader stakeholder participation in the planning process. The Board approves the strategic plan, annual work plan, and budget on or before the start of the fiscal year.</p> <p>[4] The Board provides leadership and overall direction in the formulation of strategic plan, programs plan, and budget that are consistent with the organization’s purpose. Participation in the planning process is limited only to the management and staff members. The Board approves the</p> | <ul style="list-style-type: none"> • Strategic plan • Annual Work Plan • Annual Budget • Minutes of Board Meeting • Interview with BOT and Management to confirm adherence to the planning and budgeting process |

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| | <p>strategic plan, annual work plan, and budget on or before the start of the fiscal year.</p> <p>[3] The Board provides leadership and overall direction in the formulation of strategic plan, programs plan, and budget. However, some components of the plan are not aligned with the organization’s mission, vision and goals. Participation in the planning process is limited only to the management and staff members. The Board approves the strategic plan, annual work plan and budget.</p> <p>[2] The Board formulates the strategic plan and approves the annual work plan and budget with very limited or no participation at all from the management and staff.</p> <p>[1] There is no strategic plan, or if there is, the Board is not involved at all in its development; there is no Board-approved annual work plan and budget.</p> | |
| <p>2.4 Organizational performance management</p> | <p>[5] There is an established and Board-approved organizational performance management system that is being used to monitor, measure, and assess organizational performance vis-à-vis the strategic and annual plans. Progress and accomplishments are reported to the Board at least quarterly.</p> <p>[4] There is an established and Board-approved organizational performance management system that is being used to monitor, measure, and assess organizational performance vis-à-vis the strategic and annual plans. Progress and accomplishments are reported to the Board semi-annually.</p> <p>[3] There is an established and Board-approved organizational performance management system that is being used to monitor, measure, and assess organizational performance vis-à-vis the strategic and annual plans. Progress and accomplishments are reported to the Board annually.</p> <p>[2] There is an established organizational performance management system that is being used to monitor, measure, and assess organizational performance vis-à-vis the strategic and annual plans. Progress and</p> | <ul style="list-style-type: none"> • Organizational performance management systems • Institutional progress and accomplishments report or dashboards • Minutes of meetings • Interview with BOT and Management to validate documents and practice |

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| | <p>accomplishments are reported to the Board occasionally or when asked.</p> <p>[1] There is no system in place to measure organizational performance.</p> | |
| 2.5 Internal control and risk management | <p>[5] Organization has fiduciary risk controls covering Board members, officers, and employees that is approved by the board; effective mechanisms for enforcement of such policies and controls are in place.</p> <p>[4] Organization has fiduciary risk controls covering Board members, officers, and employees; effective mechanisms for enforcement of such policies and controls are in place.</p> <p>[3] Organization has fiduciary risk controls covering Board members, officers, and employees; adequate mechanisms for enforcement of such policies and controls are in place.</p> <p>[2] Organization has inadequate fiduciary risk controls covering Board members, officers, and employees; there are inadequate mechanisms for enforcement of such policies and controls.</p> <p>[1] Organization has no or negligible fiduciary risk controls; there are no credible mechanisms for enforcement of such policies and controls. The control environment is so deficient it presents an unacceptable level of risk.</p> | <ul style="list-style-type: none"> • Internal control policies and procedures • Board Audit Committee • Internal Audit • External Audit • Risk assessment and risk action plan • Interview with BOT, Audit Committee, if any, and Management to validate internal control and risk management policies and practices |
| Dimension | 3 PROGRAMS/OPERATIONS MANAGEMENT | |
| Definition | <p>Program/Operations management refers to the various aspects of managing the delivery of the organization's programs and services. These include program/service design and planning, implementation management, monitoring, evaluation and learning. In addition, it involves engaging and managing donors, partners and volunteers.</p> | |
| Underlying Principles & Assumptions | <p>For an organization to address the needs of its partners and beneficiaries, programs and services have to be carefully designed, planned and executed or delivered. Programs and services are the concrete actions by which the organization fulfills its mission and achieve its goals.</p> | |
| Criteria | Indicators | Means of Verification |
| 3.1 Alignment of program or service with the organizational purpose | <p>[5] The program/service plans are written and approved; they are <u>fully</u> aligned with, or supportive of, or rationalized by the organization's mission, vision and goals.</p> | <ul style="list-style-type: none"> • Program Plan (e.g., Theory of Change, Logical Frame Analysis or Logframe, Results Framework) |

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| | <p>[4] The program/service plans are written and approved; they are <u>substantially</u> aligned with, or supportive of the organization’s mission, vision and goals.</p> <p>[3] The program/service plans are written and approved; they are <u>partially</u> aligned only with the VMG.</p> <p>[2] The program/service plans are written but not approved.</p> <p>[1] The organization has no program/service plan.</p> | <ul style="list-style-type: none"> • Statements of mission, vision, and goals • Minutes of meetings • Interview with the Board members, management and staff on the alignment of programs with the organization’s purpose |
| <p>3.2 Program or service design</p> <p>A well-designed program or service has the following characteristics:</p> <ul style="list-style-type: none"> • relevant and responsive to the expressed needs of partners or beneficiaries; • clear desired results (goals and objectives) or theory of change; • have strategies, activities, and timeframe; • assumptions and risks are considered; • aligned with the organization’s strategic direction. | <p>[5] The organization is able to design programs or services with all of the characteristics present.</p> <p>[4] The organization is able to design programs or services with 4 of the characteristics present.</p> <p>[3] The organization is able to design programs or services with 3 of the characteristics present.</p> <p>[2] The organization is able to design programs or services with 1-2 of the characteristics present.</p> <p>[1] The organization is unable to properly design program or services.</p> | <ul style="list-style-type: none"> • Program Plan (e.g., Theory of Change, Logical Frame Analysis or Logframe, Results Framework) • Documentation of the program design or development process • Management and staff are able to explain the program design and development process |
| <p>3.3 Program or service risk management</p> <p>Programs and key projects have risk management plan that contains the following elements:</p> <ul style="list-style-type: none"> • Risks are identified, classified and prioritized • Strategies and action plan to eliminate, reduce, | <p>[5] There is a risk management plan; risks and strategies to mitigate risks are reviewed and calibrated periodically.</p> <p>[4] There is a risk management plan.</p> <p>[3] Risks and strategies to eliminate, reduce, mitigate or manage risks are identified.</p> <p>[2] There is an awareness of risks involved; risks involved are identified.</p> <p>[1] There is no awareness of risks involved; risks are not identified.</p> | <ul style="list-style-type: none"> • Program plan • Risk management plan • Program reports (do they include risks encountered and mitigation actions taken?) • Interview with management and program staff to validate the implementation of the risk management plan |

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| <p>mitigate or manage risks</p> <ul style="list-style-type: none"> Responsible persons | | |
| <p>3.4 Partner engagement</p> <p>Program/service partners are engaged in the following:</p> <ul style="list-style-type: none"> Program/service identification Program/service design and planning Program/service implementation Program/service monitoring Program/service evaluation | <p>[5] Partners participate in all phases of the program/service cycle. They have a sense of co-ownership of the program/service.</p> <p>[4] Partners participate in 4 phases of the program/service cycle.</p> <p>[3] Partners participate in 3 phases of the program/service cycle.</p> <p>[2] Partners participate in 1 or 2 phases of the program/service cycle.</p> <p>[1] Partners do not participate in any phases of the program/service cycle.</p> | <ul style="list-style-type: none"> Partnership agreements Minutes of meetings Formal communication Interview with management and partners to confirm engagement of partners |
| <p>3.5 Relationship Management: Donors and Partners</p> <p>The organization has written policies and procedures to understand and manage its donors and partners that are:</p> <ul style="list-style-type: none"> Approved Reviewed regularly For accepting grants and donations For vetting donors For conducting due diligence to partners and beneficiaries | <p>[5] The organization has written policies and procedures to manage relationship with donors and partners that meet all elements provided.</p> <p>[4] The organization has written policies and procedures that meet 4 of the elements provided.</p> <p>[3] The organization has written policies and procedures that meet 3 of the elements provided.</p> <p>[2] The organization has written policies and procedures that meet at least 2 of the elements provided.</p> <p>[1] The organization does not have or has inadequate policies and procedures in place.</p> | <ul style="list-style-type: none"> Grant management policy Donor engagement policy Policies and procedures on due diligence of partners Database of donors, partners, and beneficiaries Interview with Management on the coherence between policies and practices |
| <p>3.6 Partnership agreements</p> | <p>[5] Agreements with partners and beneficiaries are properly documented. There are procedures in place to monitor and review compliance with the terms and conditions of the agreement. Monitoring and review are done regularly.</p> <p>[4] Agreements with partners and beneficiaries are properly documented. There are procedures in place to monitor and review compliance with the terms and</p> | <ul style="list-style-type: none"> Sample partnership agreement, MOA or MOU Interview with the management, staff, partners and beneficiaries to validate agreements |

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| | <p>conditions of the agreement. Monitoring and review are done occasionally.</p> <p>[3] Agreements with partners and beneficiaries are properly documented. There is inadequate procedures in place to monitor and review compliance with the terms and conditions of the agreement.</p> <p>[2] There are agreements with partners and beneficiaries but are not properly documented. The terms and conditions of the agreement are reviewed as needed.</p> <p>[1] The organization does not have any agreement with partners and beneficiaries.</p> | |
| 3.7 Program or service implementation | <p>[5] The organization has a written and approved implementation plans for programs/services that guide their execution. Programs/services are implemented according to plan; there is a mechanism in place to address deviations or changes in the plan.</p> <p>[4] The organization has written and approved implementation plans for programs/services that guide their execution. Programs/services are generally implemented according to plan; there is a mechanism in place in case of deviations or changes in the plan.</p> <p>[3] The organization has written implementation plans for programs/services that guide their execution. Programs/services are usually implemented according to plan; there is inadequate mechanism in place in case of deviations or changes in the plan.</p> <p>[2] There are implementation plans but are incomplete and not properly executed.</p> <p>[1] The organization does not have implementation plans for its programs or services.</p> | <ul style="list-style-type: none"> • Project implementation plan or Work Plan • Project budget • Project progress reports |
| 3.8 Program or service budget | <p>[5] The organization has policies and procedures in place for the preparation of program/service budget. All programs or services have annual budgets duly approved before they are executed. Program/service budget performance are monitored monthly and variances between budget and actual disbursements are explained.</p> | <ul style="list-style-type: none"> • Program budget • Budget performance report |

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| | <p>[4] The organization has policies and procedures in place for the preparation of program or service budget. All programs or services have annual budgets duly approved before they are executed. Program/service budget performance are monitored quarterly and variances between budget and actual are explained.</p> <p>[3] The organization has policies and procedures in place for the preparation of program or service budget. The majority programs or services have annual budgets duly approved before they are executed. Program/service budget performance are monitored occasionally.</p> <p>[2] There are no policies and procedures for program/service budget preparation. Some programs/services have budget. Program or service budget performance are not monitored.</p> <p>[1] There are no policies and procedures for program/service budget preparation. Programs/services have no budget.</p> | |
| <p>3.9 Program or service monitoring and reporting</p> | <p>[5] The organization has a comprehensive and documented system in place to monitor and report progress of programs or services that is consistently implemented. Organization consistently produces useful project management reports.</p> <p>[4] The organization has a comprehensive and documented system in place to monitor and report progress of programs or services on a regular basis. The organization's monitoring policies and procedures are generally followed. The organization produces project management reports on a fairly regular basis.</p> <p>[3] The organization has an adequate monitoring and reporting system in place. Organization produces reasonably adequate project management reports.</p> <p>[2] The organization has an inadequate project monitoring system in place.</p> <p>[1] The organization has no project monitoring system in place.</p> | <ul style="list-style-type: none"> • Monitoring and reporting system (policies, procedures, tools/instruments used) • Program/service reports • Annual reports • Interview with management and program staff to confirm institutional use of the monitoring and reporting system |
| <p>3.10 Program or service evaluation</p> | <p>[5] The organization has an established system and policy in place for evaluating the results (output, outcome, impact) of its</p> | <ul style="list-style-type: none"> • Evaluation policy and system |

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| | <p>programs or services. Evaluations are consistently done according to policy.</p> <p>[4] The organization has an established system for evaluating the results of its programs or services. Evaluations are occasionally done.</p> <p>[3] The organization has a system for evaluating the results of its programs or services. Evaluations are rarely done.</p> <p>[2] The organization does not have evaluation policy or system; but some programs or services have been evaluated.</p> <p>[1] The organization does not have evaluation system, and has not evaluated any of its programs or services in the past.</p> | <ul style="list-style-type: none"> • Sample evaluation reports • Annual reports • Interview with management, program staff, partners and beneficiaries to validate evaluation reports |
| <p>3.11 Utilization of evaluation results and learning</p> | <p>[5] Evaluation results are <u>consistently</u> used to inform the strategic plan; to improve program designs; to report to donors and partners; to share with other organizations, and the public for learning.</p> <p>[4] Evaluation results are <u>occasionally</u> used to inform the strategic plan; to improve program designs; to report to donors and partners; to share with other organizations and the public for learning.</p> <p>[3] Evaluation results are <u>rarely</u> used to inform the strategic plan; to improve program designs; to report to donors and partners; to share with other organizations.</p> <p>[2] Evaluation results are <u>rarely</u> used to inform the strategic plan; to improve program designs; to report to donors and partners.</p> <p>[1] Evaluation results are neither utilized nor shared.</p> | <ul style="list-style-type: none"> • Strategic plan • Program plans • Minutes of planning meeting |
| <p>Dimension</p> | <p>4 COLLABORATION</p> | |
| <p>Definition</p> | <p>Collaboration refers to the partnerships the organization establishes with other organizations to become more effective, to have better access to resources, and to broaden the reach for its programs, services or advocacies.</p> <p>It involves membership in local or international coalitions or networks, or working with other organizations to pursue common agenda, advocacy, or development objectives, including partnering with government development bodies.</p> | |

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| Underlying Principles & Assumptions | <p>The work for development and social transformation is multi-faceted and would require multi-stakeholder cooperation and collective action.</p> <p>It would be difficult for an organization to exist isolated from other groups. These groups or networks are sources of much-needed resources which include information, contacts, training, expertise, etc. Networks also provide standards to strive for best practice information which the organization can use in pursuing its mission.</p> | |
| Criteria | Indicators | Means of Verification |
| 4.1 Partnership building | <p>[5] The organization is a member of an NGO network or coalition and participates in its activities, or has existing partnerships, and deliberately builds good relationship with other organizations and sectors such as government, academe, church and business.</p> <p>[4] The organization is a member of an NGO network or coalition; has partnerships and builds relationships with other organizations within the sector.</p> <p>[3] The organization works, and has formal partnership with other organizations.</p> <p>[2] The organization is in the process of becoming a member of NGO network or partnering with other organizations.</p> <p>[1] The organization does not intend to become a member of any NGO network; no plan to work with other organizations.</p> | <ul style="list-style-type: none"> • Membership in NGO networks or coalition, multi-sector movements, national or local development councils; sectoral bodies or alliances, etc. • Interview with management and staff on the organization's involvement in coalitions, networks or movements |
| 4.2 Contribution to national and global development agenda | <p>[5] The organization's programs or services are aligned with, or contribute to the attainment of sub-national, national or global development agenda.</p> <p>[4] The majority of projects or activities are aligned with, or contribute to the sub-national, national or international development agenda.</p> <p>[3] Some projects or activities contribute to the sub-national or national development agenda; there is a conscious effort by the board and management to refocus programs or services to support the sub-national or national development agenda.</p> <p>[2] There are very limited projects or activities that are supportive of any development agenda; there is a considerable effort by the management to influence program direction.</p> | <ul style="list-style-type: none"> • Statements of mission, vision, and goals • Strategic plan • Program plan • Annual reports |

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| | [1] There are no or negligible projects or activities that are supportive of any development agenda; there is no conscious effort to align programs or services with the national development agenda. | |
| Component | 5 ADMINISTRATION | |
| Definition | <p>Administration pertains to the day-to-day running of the organization based on an established and documented organizational design that is responsive to, and supportive of its purpose, and reflective of the organization’s culture.</p> <p>It involves the effective and efficient management of human, physical, financial and intangible assets/resources, and the institutionalization of internal controls in all areas of operations. It ensures that the organization is compliant with all pertinent statutory rules and regulations, local and national.</p> | |
| Underlying Principles & Assumptions | <p>For an organization to function effectively and efficiently, an appropriate organizational design must be well established. Required resources to deliver programs or services must be determined, acquired, and managed properly. Policies and processes must be put in place to set the parameters for decisions and actions, and to ensure transparency, accountability and internal controls.</p> <p>Without these elements, operations will be disrupted, resources and efforts will be wasted, decision-making will not be grounded and delayed, and program/service delivery will suffer.</p> | |
| Criteria | Indicators | Means of Verification |
| <p>5.1 Organizational design</p> <p>Organizational design is the alignment of the structure, people, policies, and systems of an organization with its strategic directions.</p> | <p>[5] Organizational design in place is complete (i.e., includes all operating and support functions, their respective responsibilities, key positions, levels of authority and working relationships), fully aligned with the organization’s mission and goals, and approved by the Board.</p> <p>[4] Organizational design in place is complete, substantially aligned with the organization’s mission and goals; approved by the Board.</p> <p>[3] Organization design in place is substantially complete, but only partially aligned with the organization’s mission and goals; approved by the Board.</p> <p>[2] Organization design is incomplete and does not clearly support the organization’s mission and goals.</p> <p>[1] There is no organization design in place.</p> | <ul style="list-style-type: none"> • Organization design document • Table of organization • Job descriptions • Levels of authority policy • The Board and management representatives are able to articulate the organizational design. • Staff members are able to articulate their respective job descriptions. |

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| <p>5.2 Administrative policies and procedures</p> <p>Administrative policies and procedures cover the following functional areas:</p> <ul style="list-style-type: none"> • Human resources • Procurement • Property and fixed asset management • Safety and security • General services | <p>[5] Policies and procedures for all functional areas are documented, approved, and updated; consistently observed and periodically reviewed.</p> <p>[4] Policies and procedures for four functional areas are documented, approved, and updated; consistently observed and periodically reviewed.</p> <p>[3] Policies and procedures for at least three functional areas are documented, approved, and updated; consistently observed and periodically reviewed.</p> <p>[2] There are policies and procedures that cover at least two functional areas.</p> <p>[1] There is no written administrative policies and procedures; transactions are based on practice.</p> | <ul style="list-style-type: none"> • Documented administrative policies and procedures or operations manual • Verify the staff members' awareness of, and compliance with policies and procedures. |
| <p>5.3 Statutory compliance</p> <p>Compliance with applicable laws and statutory requirements related to:</p> <ul style="list-style-type: none"> • compensation • benefits • working conditions • termination and • retirement. | <p>[5] The organization has comprehensive, documented, and effective HR policies and practices that meet its needs, and fully comply with applicable laws.</p> <p>[4] The organization has documented HR policies and practices that substantially cover almost all of the elements, that meet its needs, and that fully comply with applicable laws.</p> <p>[3] The organization has adequate and documented HR policies and practices that meet its needs, and that substantially comply with applicable laws.</p> <p>[2] The organization has inadequate HR policies and practices that fail to satisfy all of its key elements and are significantly not compliant with applicable laws.</p> <p>[1] The organization does not have HR policies and procedures in place. Practices do not comply with statutory requirements.</p> | <ul style="list-style-type: none"> • HR policies • Employment contracts • Payroll/Alphalist • 201 File • Confirm compliance with policies and procedures through interviews with the staff members. |
| <p>5.4 Human resources development</p> | <p>[5] The organization has an established and documented human resources (employees, seconded staff, volunteers) performance management and development programs that address the competency requirements of the organization, leadership transition, succession plan, and career development needs of its people, and that are consistently implemented.</p> | <ul style="list-style-type: none"> • Staff development plan • Performance plan and appraisal report • Proof of training attended • 201 File • Confirm compliance with |

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| | <p>[4] The organization has an established and documented human resources performance management and development program that address the competency requirements of the organization, leadership transition, succession plan, and career development needs of its people but is not consistently implemented.</p> <p>[3] The organization has performance management and development program in place including leadership transition, succession plan but is not completely documented and is not consistently implemented.</p> <p>[2] The organization’s approach to performance management and development is arbitrary, following no discernible guidelines.</p> <p>[1] The organization does not have any performance management and development program or practice.</p> | <p>policies and procedures through interviews with the staff members.</p> |
| <p>5.5 Procurement management</p> <p>Complete procurement policies, procedures and practices would usually include: vendor screening and selection; procurement methods; thresholds and approving authority.</p> | <p>[5] The organization has complete and documented procurement policies, procedures and practices that are appropriate and ethical for its operations.</p> <p>[4] The organization has documented procurement policies, procedures and practices that are appropriate and ethical for its operations, but need to be updated.</p> <p>[3] The organization has adequate procurement policies, procedures and practices in place that are generally appropriate and ethical for its operations. Any minor exceptions are easily remediable.</p> <p>[2] The organization has less than adequate procurement policies, procedures and practices.</p> <p>[1] The organization has no or highly inadequate procurement policies, procedures and practices.</p> | <ul style="list-style-type: none"> • Procurement policies and procedures • Sample transactions • Confirm compliance with the policies and procedures through interviews with the staff members. |
| <p>5.6 Safety, security and service continuity</p> <p>Safety and security plan, and service continuity plan contains details on</p> | <p>[5] The organization has documented policies and procedures to ensure the safety and security of its people and assets. Service continuity or disaster management plan is in place, practiced and reviewed periodically. The organization invests in appropriate capacity development for risk reduction and preparedness.</p> | <ul style="list-style-type: none"> • Safety and security policy and protocols • Service continuity or emergency plan • Confirm compliance with the policies and |

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| <p>risks, prevention, preparedness, response, and recovery (including backup to ensure continuity of operations)</p> | <p>[4] The organization has identified risks and vulnerabilities, and strategies are discussed and understood by everyone in the organization.</p> <p>[3] The organization has recognized the need for reducing risks and vulnerabilities and has formulated risk mitigation strategies.</p> <p>[2] The organization has assessed the hazards, vulnerabilities, and risks, and their possible impacts on its people and its operations.</p> <p>[1] The organization has had no discussion on vulnerabilities, threats, disaster and risk preparedness.</p> | <p>procedures through interviews with the staff members.</p> |
| <p>5.7 Anti-fraud and anti-corruption</p> | <p>[5] The organization has documented and functional system in place for preventing, detecting, and penalizing fraud and corrupt practices; no member of the board or staff has been convicted of fraud or corruption nor blacklisted in any network or agency.</p> <p>[4] The organization has a functional system in place for preventing, detecting and penalizing fraud and corrupt practices.</p> <p>[3] The organization has a system for penalizing fraudulent or corrupt action when detected.</p> <p>[2] The organization has a system for preventing fraud (e.g., vetting of potential board members and staff).</p> <p>[1] The organization does not have any anti-fraud or anti-corruption policy. A member of the board or staff has been convicted of fraud or corruption, or blacklisted in an agency.</p> | <ul style="list-style-type: none"> • Anti-fraud and anti-corruption policy • Confirm compliance with the policies and procedures through interviews with the board, management and staff members. |
| <p>5.8 Code of Conduct</p> | <p>[5] The organization has a Code of Conduct in place that is approved by the Board; disseminated and understood by trustees, officers, employees and volunteers; compliance thereof is consistently monitored; and due process is in place to deal with non-compliance.</p> <p>[4] The organization has a Code of Conduct in place that is approved by the Board; disseminated and understood by trustees, officers, employees and volunteers;</p> | <ul style="list-style-type: none"> • Code of Conduct document • Grievance procedures • Case monitoring |

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| | <p>compliance thereof is occasionally monitored.</p> <p>[3] The organization has a Code of Conduct in place that is either not disseminated across the organization or compliance thereof is not being monitored.</p> <p>[2] The organization's Code of Conduct is being formulated. Compliance to some existing related policies is occasionally monitored but not documented</p> <p>[1] No Code of Conduct in place.</p> | |
| Component | 6 FINANCIAL MANAGEMENT & SUSTAINABILITY | |
| Definition | <p>Financial management refers to the efficient and effective management of the organization's financial resources which are anchored on the principles of stewardship, accountability, transparency, and sustainability.</p> <p>It involves the conduct of financial planning, monitoring and evaluation, and the installation of adequate internal controls and a system of checks and balance to ensure judicious use of resources and that the funds are optimized in accordance with applicable accounting and auditing rules and regulation.</p> | |
| Underlying Principles & Assumptions | <p>The organization has basically two reasons for ensuring that funds are properly utilized: First, funds are limited and without it, programs cannot be implemented; Second, the people running the organization are stewards of its resources.</p> <p>The majority of NGOs rely on donations. Resources are being made available so as to address the defined need of the organization and its partners/beneficiaries. As such, the organization is expected to deliver its services and programs with transparency in the most cost-effective manner, and to generate and mobilize resources to ensure that the needs of the partners/beneficiaries will be met on a continuing basis.</p> | |
| Criteria | Indicators | Means of Verification |
| <p>6.1 Books of Accounts</p> <p>The required four Books of Accounts (or equivalent in case of CAS):</p> <ul style="list-style-type: none"> • General Ledger • General Journal • Cash Receipts Book • Cash Disbursement Book | <p>[5] The four Books of Accounts are available and registered with the BIR; postings are complete with needed source documents, correct and done on time or updated.</p> <p>[4] The four Books of Accounts are available and registered with the BIR; postings are complete with needed source documents, correct, but some are delayed.</p> <p>[3] The four Books of Accounts are available and registered with the BIR; postings are done but most are delayed.</p> <p>[2] The four Books of Accounts are available but not registered with the BIR; some Books are registered, some are not.</p> | <ul style="list-style-type: none"> • Books of Accounts • Interview with the bookkeeper or accountant on the regularity of postings. |

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| | [1] The organization does not have the required books. | |
| 6.2 Banking relationship | <p>[5] The funds of the organization are deposited under its name in a banking institution regulated by the BSP. Opening and closing of bank accounts are covered by board resolutions.</p> <p>[3] The funds of the organization are deposited under its name in a banking institution regulated by the BSP; opening and closing of bank accounts are not always covered by board resolutions.</p> <p>[1] The organization does not maintain a bank account; it uses the bank account of a trustee or senior employee.</p> | <ul style="list-style-type: none"> • Passbook • Board resolution, secretary's certificate or minutes of meeting on authorized signatories • Confirm compliance with the policies and procedures through interviews with the staff members. |
| 6.3 Reconciliation of bank accounts | <p>[5] Bank accounts are accurately reconciled on a monthly basis. Documentary evidence exists to show the dates the monthly bank reconciliations were prepared, and who prepared, reviewed and approved them, with corresponding signatures affixed.</p> <p>[4] Bank accounts are reconciled on a monthly basis. Adequate documentary evidence exists to determine, review and approve monthly bank reconciliations.</p> <p>[3] Bank accounts are periodically reconciled. Documentary evidence to determine, review and approve bank reconciliations are insufficient.</p> <p>[2] Bank accounts are rarely reconciled.</p> <p>[1] Bank accounts are never reconciled.</p> | <ul style="list-style-type: none"> • Bank reconciliation statements • Interview with the accountant to confirm regularity of the preparation of bank reconciliation statement. |
| 6.4 Financial reporting | <p>[5] Financial Statements are consistently derived from the General Ledger (trial balance); prepared monthly in accordance with applicable accounting standards.</p> <p>[4] Financial Statements are derived from the General Ledger (trial balance) in an adequate manner; prepared quarterly in accordance with applicable accounting standards.</p> <p>[3] Financial Statements are derived from the General Ledger (trial balance); but not prepared on a consistent basis in accordance with applicable accounting standards.</p> | <ul style="list-style-type: none"> • Financial Statements • Trial balance • Interview with the accountant on the manner and frequency of financial statements preparation |

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| | <p>[2] Financial Statements are not derived from the General Ledger (trial balance) in accordance with accounting standards.</p> <p>[1] Financial Statements are not produced.</p> | |
| <p>6.5 Receipts documentation</p> | <p>[5] All receipts are documented by official receipts (OR) or acknowledgment receipt (AR) that are valid and registered with the BIR.</p> <p>[3] Some receipts are documented by OR/AR that are registered with the BIR; some OR/AR may have expired.</p> <p>[1] Receipts are either not documented or documented by OR/AR that are not registered with the BIR or have expired.</p> | <ul style="list-style-type: none"> • Official receipts • Acknowledgment receipts • Confirm compliance with the policies and procedures through interviews with the staff members. |
| <p>6.6 Check disbursements</p> | <p>[5] Check disbursements are supported by pre-numbered check vouchers with complete and valid supporting documents as per accounting policies and procedures; checks are signed by two authorized signatories.</p> <p>[4] Check disbursements are supported by check vouchers with complete and valid supporting documents as per accounting policies and procedures; checks are signed by two authorized signatories.</p> <p>[3] Check disbursements are supported by check vouchers with substantially complete and valid documents as per accounting policies and procedures; checks are signed by authorized signatory/ies.</p> <p>[2] Check disbursements are sometimes supported by vouchers.</p> <p>[1] Check disbursements are not supported by vouchers or any supporting documents.</p> | <ul style="list-style-type: none"> • Check vouchers with attachments • Secretary's certificate on check signatories • Confirm compliance with the policies and procedures through interviews with the staff members. |
| <p>6.7 Segregation of duties</p> <p>Accounting and finance functions are properly segregated:</p> <ul style="list-style-type: none"> • The approving officer for disbursements is different from the bookkeeper and cash custodian. | <p>[5] The organization has a sound and documented delegation of authority system appropriate to its size to ensure that no one person does all the work relating to a full accounting cycle transaction, and that all approvals are documented prior to cash disbursements. Approved policies and procedures are consistently followed.</p> <p>[4] The organization has an adequate delegation of authority system to ensure that no one person does all the work relating to a full accounting cycle transaction. Approval is</p> | <ul style="list-style-type: none"> • Job descriptions of concerned staff members • Sample transaction records with signatures • Interview with concerned staff members to confirm their duties and compliance with procedures |

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| <ul style="list-style-type: none"> The bookkeeper is separate and distinct from the cash custodian | <p>usually obtained prior to disbursement of funds and approvals are adequately documented.</p> <p>[3] The organization has an adequate delegation of authority system to ensure that no one person does all the work relating to a full accounting cycle transaction. Funds are sometimes disbursed without prior approvals and documentation is inadequate.</p> <p>[2] Written policies, procedures and practices to ensure proper segregation of duties in the disbursement of funds are deficient.</p> <p>[1] The organization lack proper segregation of duties; no written policies and procedures to ensure proper disbursement of funds.</p> | |
| <p>6.8 Audit compliance</p> <p>External audit must be done by an independent Certified Public Accountant (CPA) accredited by the Board of Accountancy (BOA)</p> | <p>[5] Records of domestic and international transactions that are sufficiently detailed to verify how the funds have been received and spent are maintained for a period of at <u>least 5 years</u>. Check vouchers and attachments are stamped "paid" upon release. External audit is done annually by a <u>qualified</u> auditor.</p> <p>[4] Most of the supporting documents of financial transactions are properly maintained for audit; check vouchers and attachments are stamped "paid" upon release; external audit is done annually by a <u>qualified</u> auditor.</p> <p>[3] Most of the supporting documents of financial transactions are properly maintained for audit; <u>some</u> check vouchers and attachments <u>are not</u> stamped "paid" upon release; external audit is done annually by a <u>qualified</u> auditor.</p> <p>[2] Some supporting documents of financial transactions are maintained for audit; check vouchers and attachments are <u>not</u> stamped "paid" upon release; external audit is done by an <u>unqualified</u> auditor.</p> <p>[1] Records of financial transactions are not properly maintained; no external audit has been done.</p> | <ul style="list-style-type: none"> Document retention policy Sample documents retained External auditor engagement contract Independent CPA's Certification of Registration with BOA |
| <p>6.9 Accounting and finance policies and procedures</p> | <p>[5] The organization has written policies and procedures covering the <u>complete</u> facets of Accounting and Finance that adhere to the generally accepted accounting principles and financial reporting standards. These are</p> | <ul style="list-style-type: none"> Accounting and Finance policies and procedures or manual Books of Accounts |

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| | <p>consistently enforced, periodically reviewed and updated.</p> <p>[4] The organization has written policies and procedures covering <u>most</u> of required Accounting and Finance transactions that adhere to the generally accepted accounting principles and financial reporting standards. These are consistently enforced, periodically reviewed and updated.</p> <p>[3] The organization has <u>adequate</u> Accounting and Finance policies and procedures in place that adhere to the generally accepted accounting principles and financial reporting standards. These are generally implemented.</p> <p>[2] Existing Accounting and Finance policies and procedures are <u>deficient</u>.</p> <p>[1] There are no written accounting policies and procedures. Accounting transactions and decisions are <i>ad hoc</i> or based on practice.</p> | <ul style="list-style-type: none"> • Financial Statements |
| <p>6.10 Administrative expenses</p> | <p>[5] Administrative expenses do not exceed 30% of total expenses for the taxable year. Not more than 30% of donations received for the taxable year is used for administration purposes. Administrative and program expenses are properly segregated in the financial statements. There is a policy on the allocation of expenses.</p> <p>[3] Administrative expenses do not exceed 30% of total expenses for the taxable year. Not more than 30% of donations received for the taxable year is used for administration purposes. Administrative and program expenses are <u>not properly segregated in the financial statements and need to be re-classified</u>.</p> <p>[1] Administrative expenses exceed 30% of total expenses for the taxable year, and/or more than 30% of donations received for the taxable year is used for administration purposes (cause for denial or deferment).</p> | <ul style="list-style-type: none"> • Audited Financial Statements • Policy or basis of allocation of expenses between program and administrative. |
| <p>6.11 Financial planning and budgeting</p> | <p>[5] The organization has a written financial plan to support its strategic plan and an annual budget to support the annual work plan. The financial plan and annual budget are approved by the Board before a new calendar or fiscal year.</p> | <ul style="list-style-type: none"> • Financial plan in support of the Strategic Plan • Annual Budget |

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| | <p>[4] The financial plan and annual budget are approved by the Board.</p> <p>[3] The annual budget is approved by the Board.</p> <p>[2] The annual budget is not approved by the Board.</p> <p>[1] The organization does not have financial plan or annual budget.</p> | |
| <p>6.12 Financial monitoring</p> | <p>[5] The organization has a system in place to monitor the use of funds. Financial performance is <u>consistently</u> monitored by the management and reviewed by the Board. Variances (budget to actual costs) are analyzed.</p> <p>[4] The organization has a system in place to monitor the use of funds. Financial performance is <u>regularly</u> monitored by the management and reviewed by the Board. Variances (budget to actual costs) are analyzed.</p> <p>[3] Financial performance is generally reviewed by the management and the Board.</p> <p>[2] Financial performance review is rarely undertaken; budget data are incomplete.</p> <p>[1] There is no system in place to monitor use of funds; financial performance review is not being done.</p> | <ul style="list-style-type: none"> • Budget performance reports • Minutes of meetings • Interview with concerned staff members to confirm compliance with policies and procedures. |
| <p>6.13 Sources of funding</p> <p>Internal sources:</p> <ul style="list-style-type: none"> • Investment income • Endowment/trust fund • Income from commercial activities • Donations from the founder, family, or the parent company • Members' dues or donations <p>External sources:</p> <ul style="list-style-type: none"> • Donations • Grants | <p>[5] The organization has internal and/or external sources of funding that are <u>predictable, reliable</u> and <u>sufficient</u> for its programs and operating expenses.</p> <p>[4] The organization has internal and/or external sources of funding that are <u>generally predictable and reliable</u>.</p> <p>[3] The organization has either internal or external sources of funding that are <u>somewhat reliable</u>.</p> <p>[2] The organization has <u>very limited</u> and <u>unpredictable</u> sources of funding.</p> <p>[1] The organization relies only on donations that are not predictable.</p> | <ul style="list-style-type: none"> • Audited Financial Statements • Resource mobilization policy or plan • Funding commitments from donors • Grant agreements • Interview with the Board and management to confirm sustainability plan. |

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| <ul style="list-style-type: none"> • Endowment / trust fund | | |
| <p>6.14 Fund sufficiency</p> <p>Long-term - more than 5 years Medium-term - 3 to 5 years Short-term - 1 to 3 years</p> | <p>[5] The organization has <u>sufficient</u> and <u>secured sources</u> of funds to support its operations in the <u>long-term</u>.</p> <p>[4] The organization has <u>sufficient</u> and/or <u>secured sources</u> of funds to support its operations in the <u>medium-term</u>.</p> <p>[3] The organization has sufficient and/or secured sources of funds to support its operations in the <u>short-term</u>.</p> <p>[2] The organization does not have sufficient funds to support its current operations but there are funding commitments received.</p> <p>[1] Available fund is insufficient for current operations and no funding commitment has been received.</p> | <ul style="list-style-type: none"> • Audited Financial Statements • Resource mobilization policy or plan • Funding commitments from donors • Grant agreements • Interview with the Board and management to confirm sustainability plan. |
| <p>6.15 Resource generation and mobilization</p> | <p>[5] The organization has a policy or plan in place to generate resources based on legal and ethical principles and practices and mobilize them to support its strategic plan and sustainability; approved by the Board and is consistently implemented by management.</p> <p>[4] The organization has a policy or plan in place to generate resources based on legal and ethical principles and practices and mobilize them in support of its strategic plan and sustainability; consistently implemented by management.</p> <p>[3] The organization has a policy or plan in place to generate and mobilize resources based on legal and ethical principles and practices; but is not consistently implemented.</p> <p>[2] The organization is working on its resource generation and mobilization plan.</p> <p>[1] There is no policy or plan to ensure the sustainability of the organization.</p> | <ul style="list-style-type: none"> • Audited Financial Statements • Resource generation and mobilization policy or plan • Funding commitments from donors • Grant agreements • Interview with the Board and management to confirm sustainability plan. |

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