

NGO BENCHMARKING
CERTIFICATION AUDIT REPORT
(Confidential)

Official Name of the Organization: **Children Action**
Address: 14, Rue de la Terrassière
Zip Code/City/Country: 1207 / Genève / Switzerland
Country/Audit #/Year: **CH / 08 / 2008**
Contractual Client: Children Action
Visit No.: 3
Visit Type: Certification Audit
Applicable Standard: V 1.01 dated May 6th, 2005

Organization's Representative: **Stéphanie Kolly**
Title: **Managing Director**
Email: **children@childrenaction.org**
Phone/Fax: + 41 22 736 61 00 + 41 22 736 61 26
Site Audited: CH Children Action-Centre Kairos, Rue Ardeleni N°1,
Bld 39A, sc1, app. 20, secteur 2, Bucarest +
Children Action, rue de la Terrassière, 1207
Genève
Audit Dates: sept. 4th, 2008 + sept 22nd, 23rd, 2008

Lead Auditor: **Michel Mooser**
Additional Team Member(s): -

Signature or initials of the Lead Auditor: **Mmo**
Report Date: 29.10.2008
SGS Auditing Office: SGS Geneva

0. Identity and Profile of the Audited Organization

International Classification

| | |
|--|--|
| ICNPO Code | Group 3: Health 3 400 Other Health Services |
| Profile of Beneficiaries | <u>Children</u> |
| Operational Style | Direct Implementation |
| Operational Status | HQ |
| Number of Years of Field Experience | 11 to 20 |
| Affiliate or Parent Organization (if any) | <u>Vietnam : branche de Children Action Suisse - Roumanie : fondation Children Action Roumanie</u> |
| Main Country of Operation | CH Switzerland |
| Date (year only) the organization was founded: | 1994 |
| Headquarters' Location: | Geneva |
| Number of branches/affiliates in-country: | 0 |
| Membership/Volunteer-based Organization | Volunteer-based Organization |

Total staff, managers included (full-time equivalent)

| Total Staff (FTE) Managers included | Paid | Voluntary (non-paid) | Total |
|-------------------------------------|----------|----------------------|-----------|
| Head Office | 1.5 | 0 | 1.5 |
| Field Operations | 7.5 | 60 | 67.5 |
| Total | 9 | 60 | 69 |

Financial Resources Allocation: *The funds managed by your Organization can be distributed between those "allocated" (i.e. donor(s) require(s) their financing to be earmarked for specific purposes) and those "unallocated" (i.e. those funds on which your Organization retains full authority in terms of use). Kindly provide such breakdown (rough pattern over the recent years), in percent (%) only.*

| Proportion of Funds | in percent (%) |
|---------------------|----------------|
| Allocated | 7% |
| Unallocated | 93% |
| Total | 100% |

Name of the Organization's three (3) main funding sources, volume-wise: *This question is optional. If no information provided, please indicate "Not Available"*

| No. | Funding Sources |
|-----|---------------------------------|
| 1. | network of long term donors |
| 2. | Gala evenings every second year |
| | |

1. Audit Objectives

The objectives of this audit were:

- a) To assess the extent of Children Action's policies' and procedures' conformity to the Best Management Practices outlined in the NGO Benchmarking Standard, and which were provided to Children Action prior to the audit;
- b) To quantify Children Action's performance against these best management practices;
- c) To provide Children Action with specific recommendations towards continuous improvement.

The above objectives shall not be confused with an impact evaluation of Children Action projects and activities.

2. Audit Scope

The following Dimensions of Best Practice were audited:

1. Board of Trustees,
2. Strategic Framework,
3. Integrity Management,
4. Communication, Advocacy and Public Image,
5. Human Resources,
6. Fundraising, Resources Allocation and Financial Controls,
7. Field Operations,
8. Outcomes,
9. Continuous Improvement.

3. Non-conformities

Number of non-conformities identified: **0 Major**

Irrespective of the overall score, the identification of any major non-conformity would prevent an immediate application for the SGS Certificate.

Non-compliance against any of the Standard normative requirements number 1, 18, 19, 21, 60, 79, 89, 90, 96 and 98 would have raised a major non-conformity.

4. Audit Results

General remark

The audit was conducted in the premises of Children Action Romania in Bucarest. Children Action Romania has the legal status of a foundation. However, evidences gathered during the audit shows that it is run as an affiliate, with a strong support of Children Action Geneva (especially in the management areas). Thus the audit results of Children Action in Romania are representative of the status of the best practices in use at Children Action.

The auditor has appreciated the degree of preparation of Children Action Romania which has provided considerable efforts (with the help of Children Action Geneva) to gather the information necessary to document the answers to the different criteria. This has allowed a smooth and efficient audit process.

4.1 Strengths

- a) The discussion conducted on Sept. 4, 2008 at Children Action in Geneva show that all the points mentioned as "opportunities for improvement" has been systematically addressed and corrective actions implemented accordingly.

- b) The strict implementation of the rules and practices defined by Children Action Geneva with their adjustment to the undertaken projects and to the local context.

L'application stricte des règles définies par Children Action Genève et leur ajustement par rapport aux projets entreprise et au contexte local. ajustées aux projets et contexte local

- c) The strict implementation of the rules and practices defined by Children Action Geneva with their adjustment to the undertaken projects and to the local context.

L'application stricte des règles définies par Children Action Genève et leur ajustement par rapport aux projets entreprise et au contexte local. ajustées aux projets et contexte local

- d) Besides the documentation which is common with the one in use in Children Action Geneva, a few documents have been established within the Romanian office (some of them being part of the legal requirements which have to be complied with) :

A côté de la documentation commune à Children Action Suisse, il existe plusieurs documents qui structurent le travail quotidien, certains faisant partie des exigences légales liées au statut juridique de la fondation :

- Statuts de la fondation en Roumanie.
- Règlement de fonctionnement (vers juillet 08)
- Règlement d'ordre intérieur (vers. Juillet 08)
- Daily Manuel Romania

- e) Rigorous traceability of the « mother-child » information and of the trainings (both information are evidences that the defined procedures or working methodologies are indeed implemented)

Grande rigueur dans la tenue des documents qui permettent la traçabilité des informations liées aux dossiers «mère-enfant» ou formation et qui servent de preuves que les procédures établies sont effectivement mises en place

- f) Constant questioning on the relevance of the project in regards to the initially defined mission (which, in some aspects do not correspond to the official stand of the concerned authorities).

Remise en question et recherche constante de d'une action en accord avec la mission initiale (et qui d'après les documents semblent parfois à contre courant de la position des autorités locales)

- g) Constant efforts to raise awareness of the stakeholders to the issues linked to the prevention of child abandonment and to the child development.

Gros efforts entrepris pour sensibiliser toutes les parties prenantes liées à la problématique de prévention de l'abandon de l'enfant et le développement de l'enfant dans la norme.

- h) Transparency (evidenced not only through the different documents examined during the audits but also through the different types of assessment conducted by external parties, assessments linked to the projects, management assessment and coaching, financial assessment).

Grande volonté de transparence (constatés par des documents mais aussi par les différents types de supervision effectuées : supervision « métier », supervision et coaching « management », supervision financière)

4.2 Opportunities for improvements

Several observations were made during the audit. They have been discussed with the different interlocutors. They do not necessarily refer to a specific requirement of the NGO Benchmarking Standard. It remains the organization's prerogative to investigate these observations and to decide on the most appropriate course of action to be taken. Criteria presenting low compliance with Best Practices are presented in Section 7.5.

- a) There is no register of interest for Children Action Roumanie (currently there are three Board Members all coming from Switzerland). The « Daily Manuel Roumanie » should address this issue (similar to the way this issue is address in the “Manuel Opérationnel de Children Action”). Although such register does not seem currently necessary, this best practice may be needed in the future. To introduce it only then could generate a questioning from the concerned board members.

Il n'y a pas de registre d'intérêts pour Children Action Roumanie. Le « Daily Manuel Roumanie » devrait aborder cet aspect au même titre que le Manuel Opérationnel de Children Action. Bien que pas nécessaire maintenant, cette bonne pratique peut s'avérer utile dans le futur et le fait de l'introduire de façon réactive pourrait être mal perçue.

- b) The organigram need to be dated (document control)

Pour assurer une traçabilité et une maîtrise documentaire, l'organigramme doit être daté

- c) Raising awareness of the stakeholders on the psycho-social aspects of child abandonment is one important activity of Children Action Roumanie which has lead to the development of a stakeholder network. The auditor has noted however that, although this activity requires an important allocation of resources (mainly time), it is under reported in the annual report.

L'un des aspects des activités de Children Action Roumanie est de sensibiliser les différents partenaires sociaux aux aspects psycho-sociaux de l'abandon. Pour ce faire une partie des activités est dédié à la l'établissement d'un réseau de partenaires. L'auditeur note que cet aspect qui nécessite un effort considérable n'est pas vraiment mis en perspective dans les rapports d'activités.

- d) All the data (including the files “Mother-Child”) are kept in the Children Action Roumanie premises on the same desktop computer. The back-up files are stored on the same computer as well. As discussed during the audit, corrective actions are needed :

- To have the original files and the back-up on two different equipment (to minimize the risk of losing data in case of an equipment damage)
- To keep one back-up outside the Children action Roumanie premises (to minimize the risk of losing data in case of vandalism or any other type of damages of the premises – ex through fire). Of course this “outside back-up” must regularly updated (ex. every week)

Toutes les données sont conservées dans les locaux de Children Action Roumanie sur le même ordinateur (y.c. compris la sauvegarde). Deux mesures sont nécessaires ici :

- *Avoir les fichiers originaux et les sauvegardes sur des ordinateurs différents (ce qui minimise le risque de pertes en cas d'endommagement du disque dur)*
- *Faire une sauvegarde régulière (ex. 1x par semaine) et la sortir des locaux (ce qui minimise le risque de perte de données en cas de vandalisme et de feu dans le bâtiment)*

5. Comments on the scoring

The NGO Benchmarking Standard contains a list of 108 normative requirements. Out of these, 102 were found to be fully relevant to the activities of Children Action. The following requirements were found not relevant to the activities of Children Action :

- N° 5: the goal of this question is to ensure that the Board Members are familiar with the operational environment of the NGO. Due to the size of Children Action and the specific nature of its operations, the auditor evaluated this question as non-relevant. However, Children Action has hired local project managers to ensure it is well acquainted with the local environment.
- N° 12: no general assembly
- N° 33: the auditor found this question not relevant in the context of this specific NGO since the register of interest (cf. document "Commission d'Ethique") lists questions asking for the potential conflicts of interest with the mission of Children Action.
- N° 93 : Children Action does not make any fundraising campaign.
- N° 94 : not relevant due to the nature of the fundraising process of Children Action (note : the auditor is aware that during the audit performed in May 2006, the question was scored to 0; however, the increased knowledge gained during subsequent NG audits shows that it is difficult to have a benchmark on the cost of raising \$ 100).
- N° 97 : throughout its documents, Children Action clearly states its will not to use fund-raisers.
- N°138 : Children Action is too small to have a procedure to evaluate its own management system (internal audit) ensuring the independence of the auditor/auditee. However, as mentioned above (in "Strenghts point 4.1.h), Children Action Romania is assessed on a regular basis (and corrective actions are taken accordingly)

6. Audit Conclusions

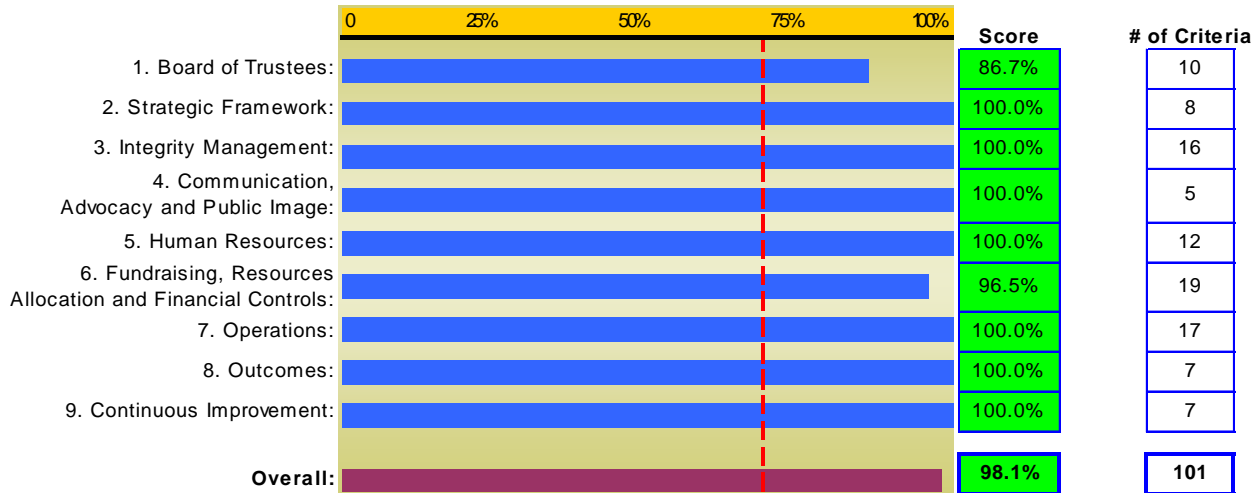
The above assessment together with the quantified results presented in Section 7 shows that the audit of the Children Action against the NGO Benchmarking Standard has led to a score of **98.1 %**.

As a consequence, the lead auditor recommends Children Action for the renewal of its NGO Benchmarking Certificate.

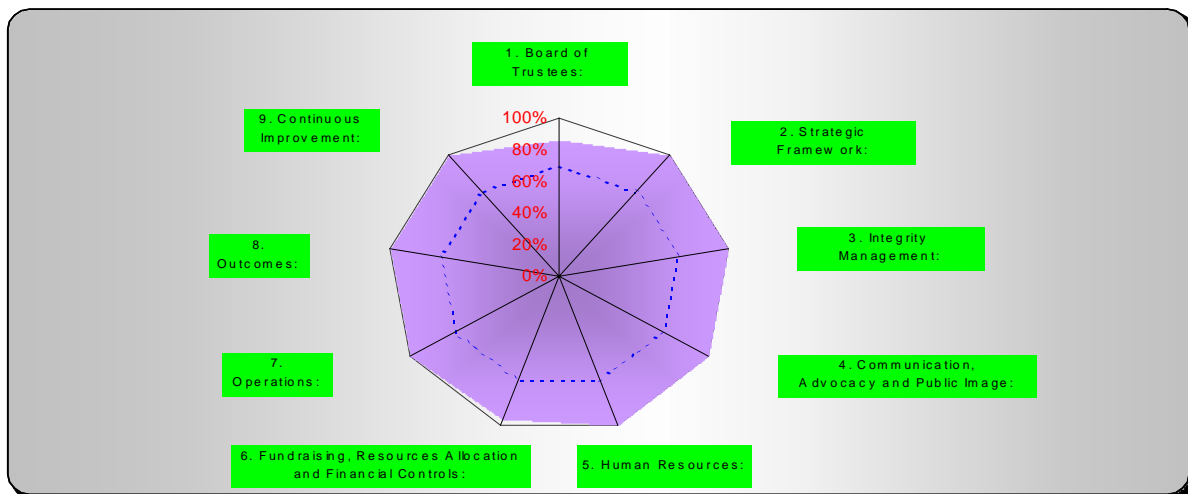
Having reached an overall score above **98.1 %**, the SGS Certificate is valid for 18 months.

7. Quantified Results

7.1 Score by Dimensions of Best Practices



The aforementioned overall rating represents the average of the rating obtained for each of the 9 Dimensions i.e. irrespective of the number of questions per Dimension.



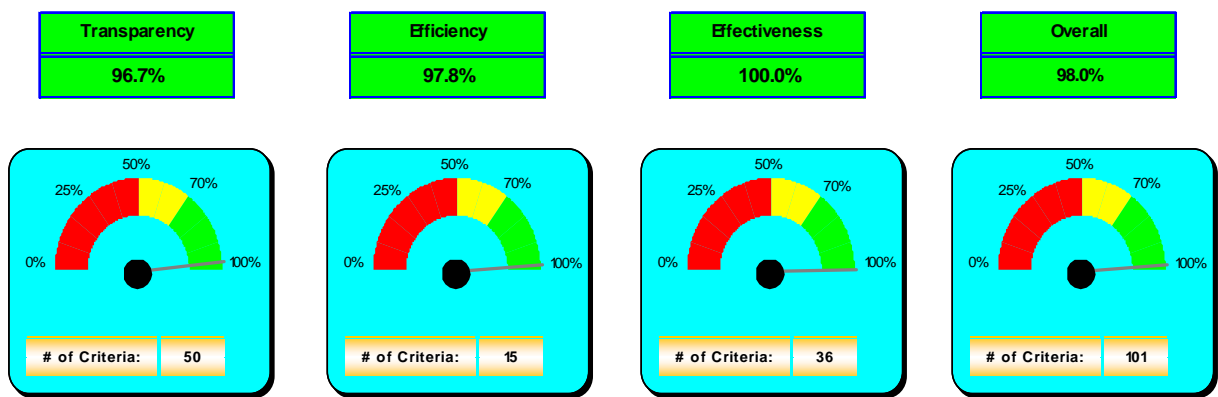
General comments on the scoring

The above scoring is very good. Except for the question 6 rated 0 (cf. 7.5 below), most of the other questions which has influence a lower score that 100 % (in dimension 6), were rated 2.

- # 80 : Funds managed by Children action are followed through the application “Donor Perfect” – however small are contributions (in cash or king) directly given to the Children Action Romania, the tracking of such funds is not documented at a level that the application “Donor Perfect” would allow.
- # 91 : an external accountant has been hired to monitor that the money is spent in conformity with the legal requirements applicable to the legal status of a Romanian foundation. However this mechanism cannot be considered as an “internal committee composed of Board members”

7.2 Score by Contributors' Expectation

The NGO Benchmarking criteria that pertain to Transparency, Efficiency and Effectiveness are fulfilled at the following levels:



7.3 Score by Management Components and Continuous Improvement Steps

The following results have been generated on the basis of the algorithm shown below. Distribution of values **in blue** can be modified (from 1, the least important to 4, the most important). Total will remain at 100.

| | | 1 | 4 | 3 | 2 | TOTAL |
|-----------|-------------------|----|----|----|----|-------|
| Algorithm | System | | | | | |
| | Program / Project | | | | | |
| 3 | Plan | 3 | 12 | 9 | 6 | 30 |
| 4 | Do | 4 | 16 | 12 | 8 | 40 |
| 2 | Check | 2 | 8 | 6 | 4 | 20 |
| 1 | Act | 1 | 4 | 3 | 2 | 10 |
| TOTAL | | 10 | 40 | 30 | 20 | 100 |

The results shown in the following tables and graphs have been generated on the basis of the following **distribution of criteria**.

| # of Q | System | Program / Project | Human Resources | Finance | TOTAL |
|--------|--------|-------------------|-----------------|---------|-------|
| Plan | 18 | 10 | 8 | 8 | 44 |
| Do | 6 | 6 | 3 | 6 | 21 |
| Check | 12 | 5 | 5 | 5 | 27 |
| Act | 4 | 3 | 1 | 1 | 9 |
| TOTAL | 40 | 24 | 17 | 20 | 101 |

| Rating | System | Program / Project | Human Resources | Finance | TOTAL |
|--------|--------|-------------------|-----------------|---------|--------|
| Plan | 92.6% | 100.0% | 100.0% | 100.0% | 99.3% |
| Do | 100.0% | 100.0% | 100.0% | 94.4% | 98.9% |
| Check | 100.0% | 100.0% | 100.0% | 93.3% | 98.7% |
| Act | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| TOTAL | 97.8% | 100.0% | 100.0% | 96.4% | 99.1% |

The scores presented in the previous sections do give an identical weight to each measured criteria. Indeed, the focus was on:

- The existence of major non-conformities, if any and
- The compliance level of the organization against the Best Practices.

Understandably, these criteria do not have the same importance for the NGO management or in terms of continuous improvement. This is why the following sections take a slightly different assessment approach.

In order to bring more focus on specific issues, the **101** retained criteria (originally distributed along nine Dimensions of Best Practices) are now regrouped along the following two perspectives, weighted as per the above table "Algorithm":

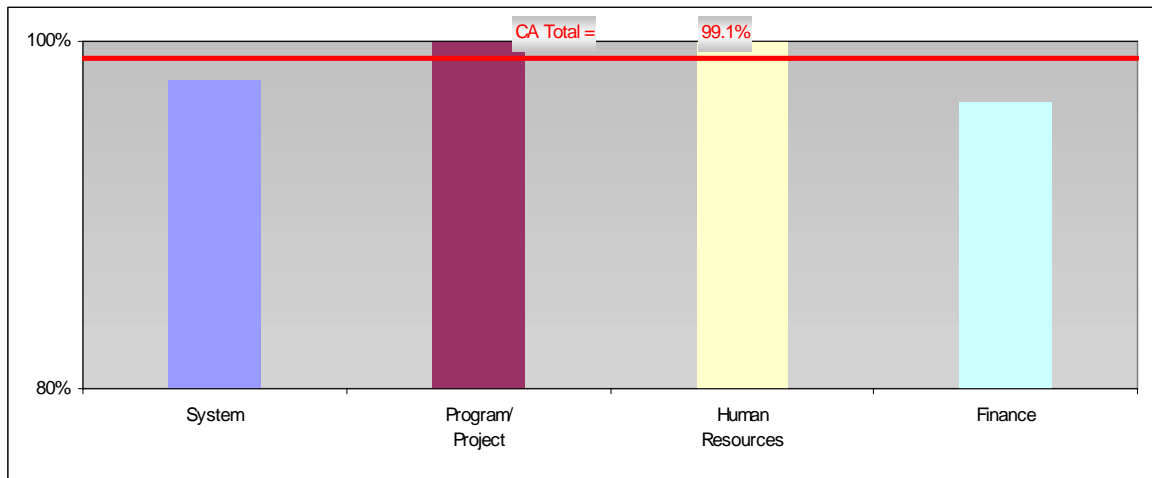
- Four Management Components, which are, by order of importance: Activities (Programs, Projects), Human Resources, Finances and finally Systems and
- The four steps of Continuous Improvement, which are, by order of importance: Do, Plan, Check, and finally Act.

As shown by the above table Rating, the introduction of this weighting may modify the original score of the Organization, either upwards or downwards.

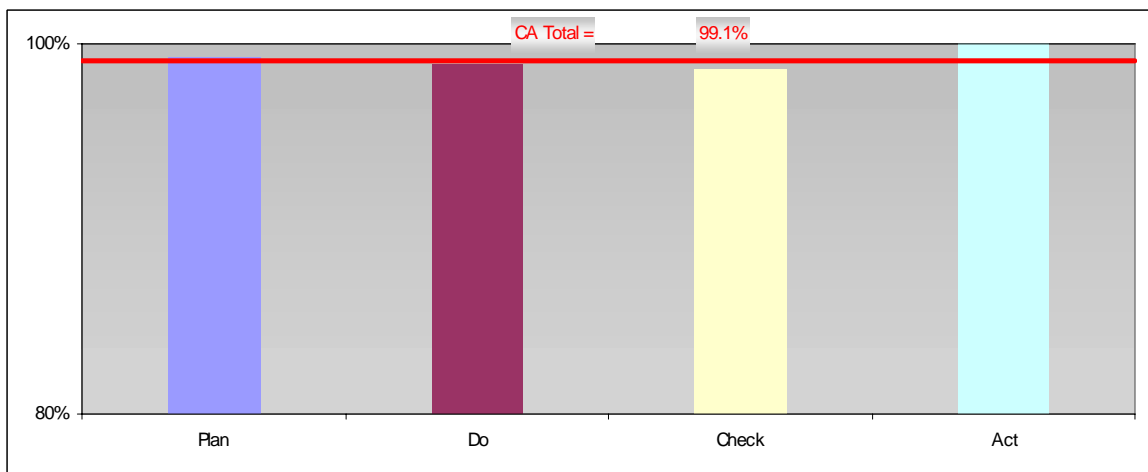
In the case of Children Action, we observe that the assigned weighting shows a greater performance **99.1 %** versus **98.1 %** originally i.e. the Organization's score is better on the key components. *It has to be noted however that at such a level of scoring, the difference between these two scores is not really relevant and does not give additional information.*

The following graphs present the impact of this weighting method on to the Management Components and the Continuous Improvement Steps of the Organization.

7.3.1 By Management Component



7.3.2 By Continuous Improvement Step

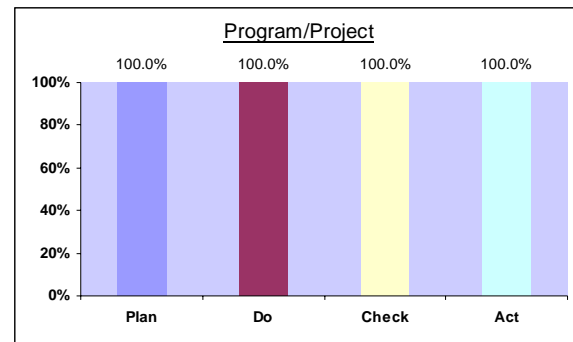
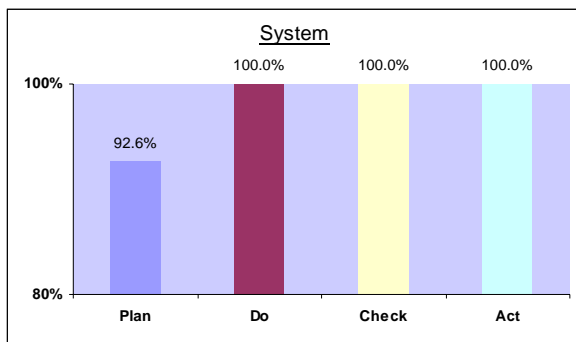


7.4 Management Components Crossed by Continuous Improvement Steps

| Total | | | | |
|--------|-----------------|-----------------|---------|-------|
| System | Program/Project | Human Resources | Finance | CA |
| 97.8% | 100.0% | 100.0% | 96.4% | 99.1% |

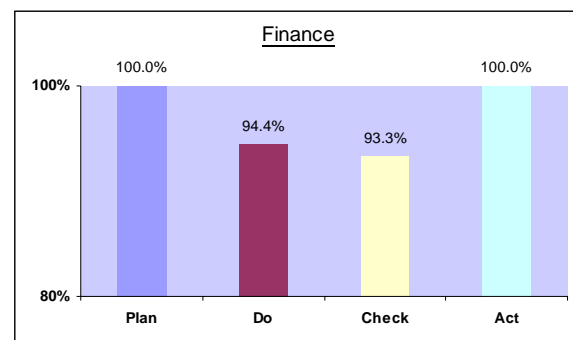
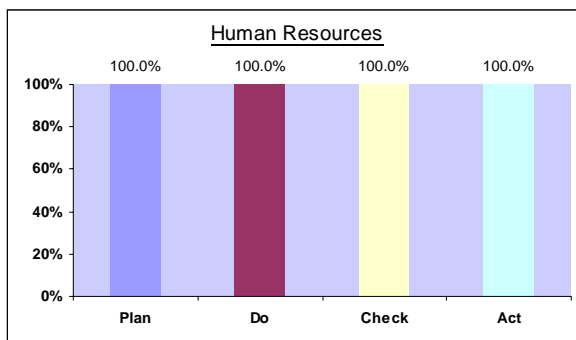
| System | | | |
|--------|--------|--------|--------|
| Plan | Do | Check | Act |
| 92.6% | 100.0% | 100.0% | 100.0% |

| Program/Project | | | |
|-----------------|--------|--------|--------|
| Plan | Do | Check | Act |
| 100.0% | 100.0% | 100.0% | 100.0% |



| Human Resources | | | |
|-----------------|--------|--------|--------|
| Plan | Do | Check | Act |
| 100.0% | 100.0% | 100.0% | 100.0% |

| Finance | | | |
|---------|-------|-------|--------|
| Plan | Do | Check | Act |
| 100.0% | 94.4% | 93.3% | 100.0% |



Note: The above tables/graphs present the score obtained for each step within each management Component.

Mechanics: Rating obtained by each step divided by its perfect score and multiplied by the standard weight by each component.

| # of 0 & 1 | System | Program/Project | Human Resources | Finance |
|------------|--------|-----------------|-----------------|---------|
| Plan | 5.6% | | | |
| Do | | | | |
| Check | | | | |
| Act | | | | |



The following pages provide Children Action with the listing of criteria that were rated 0 or 1 (on a 0 to 3 scale). The purpose here is to enable Children Action to have an overview of these criteria, regrouped by Dimension of Best Practice, so as to set up an Action Plan towards Continuous Improvement.

7.5 Continuous Improvement Recommendations

| Rating | | Questions | Evidence Provided and Comments |
|-----------------------------|---|--|--|
| 1. BOARD OF TRUSTEES | | | |
| 0 | 6 | Is there a Register of Trustee's interest? Is this Register reviewed on a regular basis (12 months or less)? | RO2008, il n'y a pas de registres d'intérêts pour Children Action Roumanie / CH2006 - Le document "Registre des Intérêts" a été remplis par les membres du Conseil et par les membres de la Commission d'Ethique |

Legend : RO 2008 – comment issued during the audit performed at Children Action Romania in 2008
 CH 2006 – comment issued during the audit performed at Children Action Geneva in 2006