

KURUMSAL YÖNETİM İLKELERİ IŞIĞINDA

 **SİVİL TOPLUM KURULUŞLARI
YÖNETİM REHBERİ**

GOVERNANCE GUIDE FOR NON-GOVERNMENTAL ORGANISATIONS

“IN THE LIGHT OF CORPORATE GOVERNANCE PRINCIPLES”

CORPORATE GOVERNANCE ASSOCIATION OF TURKEY PUBLICATIONS

GOVERNANCE GUIDE FOR NON-GOVERNMENTAL ORGANISATIONS
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First Edition, İstanbul – January 2014 Pasifik Ofset .Ltd. Şti.
Address: Cihangir Mah. Güvercin Cad. Baha İş Merkezi, A Blok, 3/1 Avcılar – İstanbul
Tel: +90 212 412 17 00 Certification No: 12027
ISBN: 978-605-64531-0-6

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Preface

The reasons behind the escalating efficiency of non-governmental organizations (NGOs) are considered to be the rapid and wide sharing of information by the help of widespread technology use, easily finding followers in wide geography, increase in social sensitivity and increased need of solidarity based on individual isolation. International organizations that are in NGO status are basically setting standards for giant corporations who are manipulating the world of economy. NGOs are contributing on preparation of laws and regulations, forcing them to integrate by media power and rewarding best practices while exposing bad examples to public interest.

The surveys indicate that non-governmental organizations will further enhance their presence both nationally and internationally. Expectation towards these organizations, increasing number of their members and financial power generates a greater pressure on executives. Non-governmental organizations established for serving the society in long term, although they may have different missions, are very close and open to this understanding thanks to their structures. As Corporate Governance Association of Turkey (TKYD) with our faith in the necessity of change in question; we add a new one to our studies related to capital market, private companies, football industry and media organizations with "Governance Guide for Non-Governmental Organizations In The Light of Corporate Governance Principles".

We have to indicate that this guide is an answer to a long term demand, not a designated need or planned work by Corporate Governance Association of Turkey. Many of the NGO Managers or Board Members have told us that they need to know about best practices of corporate governance principles in order to establish a consistent, responsible, accountable, fair, transparent, efficient and participant management structure and also asked for support.

In the past period, TKYD has intellectually contributed in establishment of many NGOs in countries within the region and this cooperation has created an important information database. Our members that have great contribution in the development of NGOs and have great experience together with accumulated information on this topic, have once again

satisfied expectations. I thank in advance our members in terms of responsibilities which they assumed in the process up to this point and which we are sure about their acceptance in the future regarding proliferation of corporate governance.

Corporate Governance Association of Turkey as a non-governmental organization, had targeted preserving best practices within its structure and exemplify to corporations before preparing “Corporate Governance Guide for NGOs”. In this context, we have tried to emerge determination of principles on formation and turnover of Board of Directors, shape workshop group events, provide independent audit and controls together with best practices of transparency principle. As a result of these efforts, we are glad to observe that the understanding of corporate governance has become a business culture of our association and glad to find the opportunity to share these gains with other non-governmental organizations. Undoubtedly there are many elements that need to be improved and this guide will keep its significance in our agenda as we receive thoughts and experiences through other NGOs.

We are aware of our duty as an NGO to leave a better and healthier world to the next generation and we also believe that other NGOs share the same belief with us. We hope that this guide which was prepared by Non-Governmental Organization Working Group headed by Dr. Yılmaz Argüden will be beneficial for all NGOs that share the same goal with us. I hereby thank everybody that contributed to this guide.

Regards,

Mehmet Göçmen

Corporate Governance Association of Turkey
Chairman of the Board

The Aim of the Guide

We have initiated our efforts of preparing this guide based on our belief in the need of corporate governance principles in NGO management. Through our memberships and our duties in NGOs we have observed that in order to benefit from global resources Turkey needs to recognize the standards appreciated by developed countries, establish organizations which respect international ways of business management and by doing so contribute to the solution of world problems in order to benefit from global resources.

In order for our country to attain an effective and a respected place in the world, intergovernmental relations are not enough alone, there is a need for non-governmental organizations which work effectively and will represent our country successfully in this arena. NGOs have a solid presence in this recent era and inter-societal relations have gained great significance for commercial, scientific, cultural, artistic, intellectual arenas. In other words, international relations became “civilian”, gained a non-governmental, non-administrative identification. International organizations and NGOs take part in social resolutions together with elected bodies. The international community and non-governmental organizations are not replacing the elected but supporting them with a participatory understanding and questioning for improvement. We can only achieve our claim of becoming one of the leading countries by embracing participative democracy in every layers of our society.

If we seek for a more prosper and peaceful world, we have to admit that we all have responsibilities and actively take part in non-governmental organizations.

We hope that “Corporate Governance Guide for NGOs In the Light of Corporate Governance Principles” will contribute to the workings of non-governmental organizations and their administrations. **TKYD Non-Governmental Organizations Working Group**

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WHY IS CORPORATE GOVERNANCE IMPORTANT FOR NGOs?

In Turkey, 90,578 non-governmental organizations are in service 4547 of which as foundations and 86,031 of which as associations. Comparatively as of 2009 this figure is 3,3 million in India, 277 thousand in Russia, 1,4 million in USA, 2,1 million in Germany and 1,47 million in France. On a simple calculation, there are one NGO for every 40 people in Germany whereas it is 10 people in France. In Turkey, only one person in 780 citizens has a membership in a non-governmental organization. When we consider that 65% of total NGOs in Turkey are established for charity reasons, we can easily claim that real NGO membership is far below international averages. Definitely one of reasons why contribution of individuals to voluntary studies remains at low level is that effectiveness of non-governmental organizations remains at a limited level.

Corporate governance concept, which was historically brought up for multi partnered companies first and then continuously widened its content, has a fundamental significance for non-governmental organizations as well. NGOs which are defined as “non-profit organizations” or “non-governmental organizations” in international literature, have to provide service in line with their prioritized missions.

Recently, individuals that have higher communication skills through contemporary communication tools, show an ascending interest in participating in decision-making processes which is eventually strengthening democratic culture in the country. On top of it, it is not possible for public institutions to respond to these demands alone. NGOs that are the best reflections of exercising rights and freedoms are increasing their efficiency and influence. Accordingly, they need to build their management structures around the principles of fairness, transparency, accountability and responsibility Conveying the

individuals' demands to the governments through the non-governmental organizations and working of the governments for meeting these demands by taking them into account in accordance with the rule of law are among the indispensable conditions of the democracy and they present the importance of non-governmental organization within democratic order. Looking from the market economy point of view, NGOs have important responsibilities in terms of abatement of experienced economic crisis and their negative effects on society considering from the point of market economy.

“Corporate Governance Guide for NGOs In the Light of Corporate Governance Principles” targets NGOs that operate in various fields with various goals to enrich their traditional management methods with best practices of corporate governance and guide and help them in managing their own strength and efficiency.

A sound understanding of powerful corporate governance for NGOs;

- Allows for better quality and quantity for membership structures which is the basic value for a non-governmental organization
- Upholds the principle of fairness in member relations
- Supports building up of an internal audit system in the light of transparency and accountability, oversees that the activities are in the best public interest and helps preventing corruption and malpractice
- In the light of responsibility principle, ensures compliance with legal regulations, and serves as a model for best practice for members and stakeholders through internalization of these practices
- Ensures establishment of a healthy communication platform among all stakeholders such as the members, media organizations, public authorities, sponsors and supporter institutions on advocated issues and ensures the credibility of the organization,
- While facilitating planning and implementation of managerial rotation process, decreases the losses that may emerge at this stage.
- Helps the governance structure become its best possible version

European Union harmonization process accelerated in the beginning of 2000s, increased the expectations from non-governmental organizations and adoption to certain standards has become a condition. NGOs that are eager to coordinate projects with European Union were

forced to collaborate with the obligations on Project development, Project management, financial reporting, audit and transparency fields. Undoubtedly, meeting these expectations can only be possible by adopting corporate governance principles as a corporate culture.

Definition of Corporate Governance Principles

OECD Corporate Governance Principles are based on 4 basic principles and these principles are recognized throughout the world. The principles are; fairness, transparency, accountability and responsibility.

Fairness; entails the equal treatment of all stakeholders by the management.

Responsibility; is related to companies' compliance with laws and regulations that are aimed to protect communal values. Corporate governance principles emphasize that laws constitute the minimum compliance standards, and that the real responsible behavior can only be realized by voluntarily exceeding the standards set forth by laws.

Transparency; best practice requires the sharing of accurate, clear and comparable information with the public in a timely fashion. This principle encourages regulations aiming to develop opportunities for feedback, not only reactively with respect to activities already conducted, but also proactively with respect to activities being conducted by the company.

Accountability; entails the strategic guidance of the institution, the board of directors' efficient supervision over the management and the board's accountability to the company and its shareholders. As for an NGO, accountability means the legitimate and effective utilization of resources in a manner that is in line with its non-profit essence. An accountable non-governmental organization; values transparency and keeps its records and accounts open to fund providing institutions, right holders and other shareholders.

While implementing 4 basic principles of corporate governance announced by OECD, **efficiency, consistency** and **participation** arises as noticeable concepts as well. In order for an institution to be successful, it should use the sources effectively in accordance with targeted results. Every institution affects not only its own resources but also the whole value chain, therefore embracing **consistency** in all policies would help setting concrete expectations within the value chain and strengthen the chain as a whole. The institutions need continuous development in order to increase their success graphics. And the

development can obtain a sustainable nature with innovativeness on each level, not only on the peak of institution. Therefore, participatory governance understanding makes focusing and continuous development more effectively applicable at the institution.¹

¹ Dr. Yılmaz Argüden

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CREATING A MANAGEMENT MODEL FOR NGOs COMPATIBLE WITH CORPORATE GOVERNANCE PRINCIPLES

“Corporate Governance Guide for NGOs in the Light of Corporate Governance Principles” is designed for NGOs of every scale. But upholding the “one size does not fit all” principle, operative decisions and strategies should be determined by considering data such as the objectives, membership structures and geographies of NGOs in question. In this content, a “strategic road map” should be prepared to implement discussed applications. While strategic road map is one of the most significant tools of calculating institutional performance, it also expresses the strategic agreement between the general assembly and the board of directors. It is important for NGOs to prepare a road map determined by their shareholders. Each NGO should add its responsibilities towards the stakeholders amenable to its influence into its by-laws.

NGOs should prioritize below 3 dimensions in order to create efficiency in implementation of individual existence purposes and secure own sustainability;

1. Developing Content
2. Developing Collaborations
3. Providing Multi-Dimensional Communication (3C Approach)²

“Trust” is the most important notion that affects an NGO’s acceptance within the public sphere, its effectiveness and its result producing performance. Compliance with corporate governance principles in 3C Approaches is crucially important to deepen trust. The last part of the guide offers a questionnaire set which includes guidelines to help prepare this study.

² Management of Volunteer Organizations, ARGE Consultancy Publications (2006)

Rights and Responsibilities of the Board Members

The members of board of directors should accept the fact that the members of the NGOs are the owner and the reason of existence of the organization. In this sense, necessary systems should be established and audited to make sure that conducted activities are shared in transparency, decisions are taken accountably and responsibly, and every member is approached fairly.

Member admission and member exclusion processes of non-governmental organization should be based on objective and predetermined criteria.. Relative decisions and responses should be clear and sufficient in a timely manner. Moreover, there should be a right to object to the decisions taken by the administration.

Basic membership rights can be summarized as follows:

- Obtaining proper and sufficient information regularly, equally and in a timely manner from the NGO
- Participating in general assemblies, analyzing annual reports and audit reports, voting
- Participating in the decision processes

Basic membership responsibilities can be summarized as follows:

- Actively participating in the NGO activities, make contributions,
- Paying membership fees regularly and in time
- Remaining faithful to the objective, mission and vision of the NGO,
- Reading and understanding the NGO's internal regulations and by-laws

The management of the NGOs should share all arrangements regarding these responsibilities with its members in a transparent way.

Structuring the Board of Directors

Board of directors is at the epicenter of corporate governance practices of NGOs just like companies.

Board of Directors in NGOs works and acts as the highest level executive body with the managerial and representative authority granted by the general assembly for a given period

of time and scope.. It should be kept in mind that membership of the Board used to be an honorary duty which is now evolved to be a position that implies important responsibilities as per new law and regulations. Board Members should be aware of their responsibilities and ensure that NGO actions are in line with laws and legislations. Rising stakeholder expectations increased expectations from the Board members and make it necessary to establish a functional risk policy. The new regulation of “Manager Responsibility Insurance” introduced by The Turkish Commercial Code (TTK) points out to a mutual protection system for board members and the NGO that they take part in which is perceived as a good example of corporate governance practice.

The board of directors should meet within seven working days following their assignment at the general meeting and assign people for the positions specified below:

- Chairman of the Board of Directors
- Deputy Chairman of the Board of Directors
- Secretary to Board of Directors
- Accountant

Board of Directors is responsible for directing and auditing the NGO. This general responsibility context can be elaborated as follows:

1. Managing the NGO within the framework of constitutional goals and operations determined in its by-laws and to make and implement all sorts of decisions within the limits of its authority in this context
2. Representing the NGO or authorizing one or more people for this duty
3. making the transactions related to income and expense accounts of the NGO, selecting the person or persons to collect incomes and give authorization and withdraw authorization for them
4. Preparing regulations for all activities in order for the members, NGO bodies and employees to implement provided that they are not against its bylaws
5. Preparing the forthcoming period’s budget determining entry fee, annual fee and membership participation fee in line with the revenue
6. To follow the procedures about the members who do not pay yearly contributions or their participation shares

7. Selecting delegates who will represent the organization in federations in which the NGO is actively involved
8. Implementing General Assembly decisions and regulations, supervising the implementation of the budget
9. Conducting the association's business account table or balance sheet and income table and the report explaining the works of the board of directors at the end of each activity year and submit it to the general assembly
10. Executing other matters assigned by the NGO's by-laws and legislation
11. Determining the mid and long term goals of the NGO, revising strategies in line with these goals, taking reformatory precautions if necessary
12. Hiring the general secretary who will carry the NGO to projected goals, determining his/her authority and scope of duty, evaluating his/her performance, determining his/her auxiliary rights and price policies
13. Ensuring harmonious and constructive operation of board of directors, commissions, working groups and professional workers on the way to effectively and productively reaching institutional goals of the NGO, establishing necessary organizational structure
14. Creating and coordinating the communication policy with the stakeholders
15. Generating and implementing ethic codes for the NGO, publicize through website, determining institutional values and standards
16. Auditing the NGO's activities to ensure their compliance with the legislation and their accord with best practice standards
17. Orienting content development works with value creation content to stakeholders, auditing correspondence of the publications
18. Conducting and executing basic principles to develop cooperation
19. Managing income creating activities by a department or person developing projects, implementing income generating projects that will create value for the stakeholders



A typical Board of Directors has 10 basic duties according to National Center for Nonprofit Boards (NCNB)

1. Determine the organization's mission and purpose
2. Select the Professional Executive Director
3. Support the Professional Executive Director and review his/her performance
4. Ensure that the institution has set its short, mid, long term goals
5. Monitor and develop projects and services
6. Manage resources effectively
7. Preserve assets and monitor financial auditing
8. Act as an efficient and competent Board of Directors
9. Be the assurance of the institution's legal and ethical standards
10. Promote the reputation of the institution



Board of Directors should not participate in daily administrative actions, this has to be undertaken by NGO employees or if not possible by members or volunteers within the framework of clearly specified authority and responsibilities. For the duties that require Board of Directors leadership, the Board should conduct a task assignment as in work groups within the Board members. In order to increase the efficiency of the Board meeting, it is a well-known practice to compose an "Execution Committee" formed by the Chairman of the Board, Deputy Chairmen, Accountant and General Secretary which evaluates daily operations.

Dissociation of administrative and executive powers implies a differentiation among duties and employees. The general rule is: Executive sustains institutional functions while developing Board policies, monitoring and offering the institution a strategic guidance. This does not imply that employees will not be involved in the strategy development processes or board members will not interfere with daily operations.

The board of directors conducts its monitoring duty with a view to manage the NGOs' institutional management practices suitable for the benefit of members and shareholders in line with corporate governance principles and takes precautions if required. However, it should be noted that board members do not only have responsibility for monitoring and approval, but also they should undertake responsibilities within the activities of the NGO in accordance with their expertness as stated below. On the other hand, expert personnel of

the NGO can provide valuable feedback to the Board with both their connection to members and their own accumulation of experience and knowledge. At this point, it is recommended to reserve written job descriptions since there is a thin and important line between two sides.

The issues about management rules given below are of high importance from the point of positive effect of corporate governance application on the performance of the NGO and compliance to legal responsibilities:

- Identifying the criteria for Board of Directors membership (such as members who can contribute to realization of objectives, who has high level of information and ability, who are reputable and recognized in the field of activities of non-governmental organizations or in society, and who are senior members whose membership exceeds a certain period of time, etc.)
- Establishing a Board of Directors whose members are specialized in required fields and predetermined content
- Selecting Board members, orientation and formation of forthcoming management
- Number of Board members, decision making mechanisms
- Arranging the points related to the operations of the Board into a systematic
- Preventing conflicts of interest, refraining from Board Members' individual and professional interests to overcome NGO's interests
- Establishing an assessment system for general performance of the NGO
- Structuring and monitoring commissions and work groups

Board of Directors meetings should be held at least once in 2 months with high level of participation, attendance of the members should be monitored and a certain amount of attendance condition should be settled and members with different backgrounds and experiences should be encouraged to contribute to decisions making processes. In this direction, Board members should be involved to processes equally and should be encouraged to be participative even if they oppose. Board members do not receive remunerations for the services they undertake.

Duties of the Chairman to the Board of Directors

Chairman carries responsibilities to the general assembly and stakeholders while leading the Board of Directors which is established to accomplish NGO's mission and vision. Considering that NGO's are non-profit organizations which are only interested in public interest, this issue once again emerges as one of the most significant one. In person of chairman, fairness principal of corporate governance understanding comes into prominence and in this sense, certain duties of the chairman are listed below:

1. Scheduling the board meetings,
2. Setting the agenda (along with secretary general and board of directors' secretary),
3. Leading the discussion in the meetings, ensuring especially following the agenda and obeying the rules,
4. Coordinating the board effectiveness outside the meeting,
5. Assigning commission presidents,
6. Employing the secretary general and following related performance assessment,
7. Ensuring good operation of the board and assessment of their own performance,
8. Representing the organization in high level networking activities.

Compliance Program for Board Members

Preparing a compliance program for the Board of Members who are elected by the General Assembly is an opportunity and a requirement for securing the contribution of these members to the NGO. Subjects to be conveyed through compliance program are listed below:

- NGO's mission, vision and field of operation
- Authorities, volunteers and employees of the NGO
- Products and services of the NGO
- Regulations and procedures, legal limitations
- Risks faced by the NGO and risk policies

- Membership analysis report

Compliance program coordination is conducted by the secretary of board of directors under the leadership of chairman.

It is suggested to prepare a guide agreeable to all members with the aim of increasing efficiency in management of NGOs, facilitating the limited duration in board meetings and maintaining the organizational memory. The guide which presents the principles formed in accordance with decisions taken from the day the NGO started its activities, will enable the board of directors to focus on strategic issues by preventing similar issues brought up to agenda in different periods. This guide will minimize the orientation period for recently employed staff, hence allowing them to adjust faster and start contributing to the NGO as soon as possible.

Mutual Positioning of the Board and General Secretary

The position and title of the secretary general may vary among different institutions. However, recommended approach is to hold secretary general out of board of directors and in the event of including the secretary, not to give right to vote. While existence of this person as the highest authority in terms of activities and operation of non-governmental organization in the board of directors can contribute positively to make strategic decisions, he/she should not take part in discussions such as performance and wage evaluation.

In this respect, dissociation of secretary general with chairman maintains its validity as a basic institutional governance principle in terms of separating duties of audit and monitoring within the scope of implementing these two duties. While the secretary general takes responsibility for the issue of implementation of issues performed within the framework of principles determined by the board of directors, chairman should take part in the determination of issues related to the strategy by means of ensuring effectiveness of board members.

Considering from the point of duty and authority distribution, secretary general is responsible for making plans related to operations of NGOs, representing, managing the

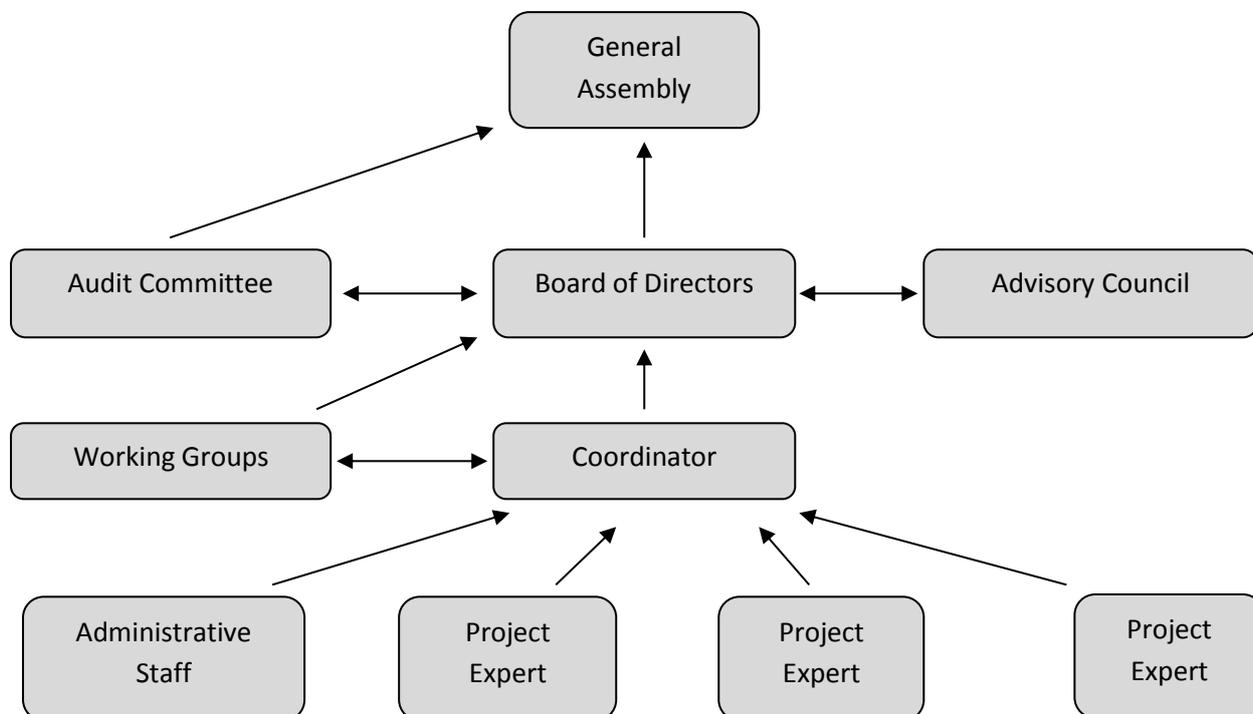
personnel and taking administrative decisions. In addition, General Secretary reports about accomplished tasks to the Board and evokes approval process when needed. Board of Directors deliver observation and guidance duties without getting involved in details.

Cooperation between board of directors and secretary general and establishing a healthy communication are of critical importance for NGOs in terms of conducting productive studies and focusing of main activity fields. Otherwise, there may occur a disruption between the goals and limited resources.

Council, Commission, Working Groups and Committees

Board of directors can establish council, commission, working group or committees in accordance with demands from members or when considers necessary. This configuration should be revisable according to conditions of the day. It will be helpful to divide people according to communications network, expertise and experiences.

These working groups within a configuration from top to the bottom; will direct the activities of non-governmental organization by determining the heading and its subheadings. With the help of these topics, they will be able to focus on these subjects while undertaking a supervisory duty. In order to strengthen the communication between working groups and board of directors, a division of labor can be conducted inside the board of directors in accordance with expertise area of members, but chairmen of working groups should be selected among active working group members rather than board members of the non-government organization.



Sample Organizational Chart for NGOs

Advisory Council

Advisory Council is not an obligatory body to be established by an NGO but may provide important gains. For a certain period of time, periodical meetings will maximize the benefit taken from the studies of this board, through which activities of the board of directors acting with the authority granted by General Assembly can be assessed, issues relating to the strategy will be discussed and ideas about possible cooperation and projects can be enriched.

Advisory Council may be formed by participation of previous Chairmen, board members, founders and those who are equipped with expertise widely accepted intended for the mission of the NGO. If the number of Council members is desired to be higher, requesting attendance from the members who have been serving as Board members since the foundation of the non-governmental organization will maintain these people's sense of belonging and provide their contribution consequently by periodic meetings.

Audit Committee

The establishment of an Audit Committee is obligatory. Basically Audit Committee has a bilateral benefit for the NGO; auditing association's accounts and reporting to the General Assembly and Board of Directors while presenting recommendations that will increase the efficiency of the Board of Directors.

Studies of the Audit Committee planned to be gathered in each quarter contribute to the work of the board of directors, also are of utmost importance in general meetings; the quality of the audit work will increase the feeling of trust in the NGO and contribute to its reputation in the long term.

Internal Audit

Internal audit is an independent and impartial assurance activity that intends to improve system and processes of an institution and to add value. Internal audit helps the company to attain its intended targets by procuring a systematic and disciplined approach to evaluate and improve company's risk management, internal control and corporate governance processes. Internal audit is a substantial mechanism that advances transparency and accountability principles in NGO's.

The generally accepted approach in the decision making process of the NGO Board of Directors and managers is conducting information flow to the Board, inspect the information quality (accurate and comprehensive), evaluate and take NGO managerial decisions based on this evaluation. Transparency is of critical importance in decision making mechanism. At this point, internal audit mechanism is an important corporate governance tool both for members and the Board of Directors.

Independent Audit

Independent audit has an important function in securing necessary level of transparency and accountability and in building trust. Board of Directors who are authorized for a certain period of time by the General Assembly, to carry out and announce an independent audit report framed by generally accepted audit standards is considered a good corporate governance practice. The "Audit Report" prepared as a result of auditing of financial tables should be read carefully by the members for independency and objectivity purposes given the fact that the activity report containing financial tables is prepared completely by board of directors and the administration.

Publishing the activity report and independent audit report on the website for the purpose of enlightening the public contributes to accountability and transparency; it will also become an important corporate governance practice in terms of access to financial resource and establishing communication with shareholders.

Activity Report

Activity report of an NGO, is a significant instrument for announcing yearly operations and it enables stakeholders to audit them. It is essential for an activity report to at least include below information as a good corporate governance practice:

- Message from the Board of Directors
- Information about Board Members and Top Management
- Management Structure
- Brief Information on Activities
- Financial statements and footnotes
- Independent Audit Report

While preparing the activity report, it is important that accrued document should not become a presentation brochure. Briefly exposing the fields of development as well as already achieved prosperous results will generate trust amongst stakeholders. Activity report is an instrument of accountability which demonstrates how the administration uses the fee paid by the members for contributing the mission of the organization. Successful preparation of the report will highly contribute to the knowledge of the membership candidates' about the organization, their willingness to embrace the mission of the organization and become a member.

Risk Management

Risk can be defined as the obstacles and uncertainties on the pathway of achieving organizational targets. Risk management creates ultimate awareness for Board of Directors and stakeholders concerning current and prospective risks and opportunities, allows them to effectively manage the impacts of a negative circumstance to be less destructive and to maximize the benefits arising from a positive circumstance by taking necessary actions.

The priorities of the risk management function are the configuration of inner-organizational duties independent from individuals, sampling best practices for business work flows, discussing operations within the organization, documenting and enforcing corporate structure in order to maximize benefit. Therefore, risk management system grounds the basis of organizational transparency and awareness while it empowers the “corporate” perception in investor’s and stakeholder’s minds and eases the penetration to financial sources. This mechanism favors Board of Directors in conducting supervisory duty on execution function while securing management by legislations and corporate governance principles for members.

Risk Management for an NGO defines below duties:

- Determining the external and reputational risks of an NGO in financial, operational, strategic and legal fields
- Identifying Key Risk Indicators (KRI) for the mission of the organization and tracking through previously-assigned tools
- Defining limits concerning potential effects of organizational goals
- Preparing action plans to act swiftly to exceeding limits, disaggregating responsibility and regularly communicating with people in charge
- Informing the General Assembly and the Board of Directors by periodical risk reports

Strategic Planning and Key Performance Indicators

Strategic planning determines the intended targets, direction and strategies in line with the corporate vision and goals by considering the current sources.

Generally;

- Current situation
- Goals
- 3 stepped “Road Map” which identifies tools to accomplish these goals
- **Analysis of Current Situation:** a dissertation that analyses similar local and international NGO’s with resembling foundation structures and activities. SWOT analysis (strength, weaknesses, opportunities and threats) is one of the tools in this dissertation. The success ratio in achieving foundation goals of the NGO can be a part of this analysis as well.
- **Goals:** The accomplishment ratio of the strategic goals since the foundation period and update necessities in these goals are subjects of this analysis
- **Tools:** Tools to accomplish intended targets are considered as strategic planning components that are at disposal of the Board of Directors and execution professionals. Practically, 3-5 years plans are preferred.

A **Pestel Analysis** that reviews political, economic, social, technological, legal and environmental factors will be lucrative for internalizing and observing intended goals.

A **Stakeholder Map** consisting of members, society, media, other NGOs, business world, international related parties, public and employees, will ease clarifying analysis related to target accomplishment.

A **Strategic Planning Matrix** that contains the above mentioned content, will compose and assess Key Success Indicators in a measurable manner with determined timing which reflects a reputable sample of governance application.



PROJECT ASSESSMENT TEMPLATE

NGOs develop and implement projects to efficiently achieve their goals and mission while creating added value. It is strongly recommended that the Board of Directors should briefly and objectively answer the below mentioned questions in project planning and renewal periods.

The most effective way of efficient utilization of sources would be to select the right project and plan by accurate definition of the project. 3 main criteria in selecting the right project are: **Impact, Value Creation and Sustainability of Value**

It is critical for the project to cooperate with the NGO's mission and main operation field and also predefinition of envisaged value together with concerning parties. On the other hand, the value that will be created by the project should aim a sustainable impact not a one shot approach.

There are some common points of consideration by the donors who create funds for the NGO:

1. Projects that satisfy a genuine demand
2. Management of the donations by a trustworthy and effective executive staff
3. Creating an opportunity for the economic reproduction when a decent model is originated
4. Procuring periodical income sources to cover the costs of the project
5. Regularly assessing and transparently sharing the outcomes and the benefits of the project



1. Does the project comply with the corporate mission and vision?	<i>It is strategically important for an NGO to implement projects that are compliant with its mission and vision. Any complication occurring at this point will fail to meet stakeholders' expectations and harm corporate perception. Periodically updating mission and vision statements during strategic studies and ensuring that the studies are in line with the statements will enhance NGO's efficiency. In this context, supervising the compliance of the project with mission and vision statements during assessment is significant for constructing a responsible management structure.</i>
2. Is the project sensible for public? Does it correspond with any genuine public demand?	<i>Non-Governmental Organizations are nonprofit institutions that are founded to serve general public interest. Therefore, in the planning process they take the responsibility for executing socially value added projects. Realizing a project without members' and stakeholders' common sense may end up with shrunk members and stakeholders map.</i>
3. Is the evaluated project the best choice in terms of source utilization?	<i>Non-Governmental Organizations are generally operated by limited human resources, determinate organizational and budgetary realities. During the evaluation period of socially sensible projects that are compliant with the mission and vision statements, discussing and prioritizing all alternatives that consider limited sources will contribute in making the right decision.</i>
4. Does the project have potential to obtain financial support?	<i>Procuring the intended impact of the project is closely related with sufficient budget allocation. It is important to elaborate desired budget and avoid from huge budget limitations that will have a negative impact in project efficiency. Independent audit expenses should be added at the end of the project to create reasonable assurance to the Board of Directors .In order to accurately indicate support levels from the potential sponsors and make accurate forecasts for financial direction, it is always recommended to initiate contacts with potential sponsors during preparation period. However, sponsors and other financial aids should not bare the risk of harming NGO reputation and cooperation alternatives should be selected delicately</i>
5. Is this project reiterating any other NGO's activities?	<i>One of the important threats for non-governmental organizations that intend to harvest social benefit and act in limited capacity is reiterating existing implementations that causes negative utilization of sources. Any project that meets the above mentioned criteria should be inspected thoroughly whether it presents any resemblance with other NGOs' projects. NGO's are obliged to efficiently manage the membership fees and project budgets therefore they only can support projects which has clearance in resemblance investigation. As for the</i>



	<i>cooperation with other NGO's, they have to take the reputation risk into consideration.</i>
6. What is the essential human resources in the project? Can volunteers take part in?	<i>There are limitations of human resources in an NGO as of budgetary limitations. However NGO's may overcome this complication by involving volunteers. It is vital to manage, select and orientate the volunteers.</i>
7. Are there any collaboration possibilities in the project? What kind of contribution can this collaboration bring to the project?	<i>One of the ways of efficient utilization of sources for an NGO is building up collaborations. Specialties affecting project accomplishment, data corresponding requirements, connections enforcing efficiency or accessibility to locations may be needed in various projects. At this point, collaboration with the right parties will not only increase impact but also ease dispersion. For example, collaborating with a related Ministry in project for students will spread the project nationwide. Collaboration or voluntarily cooperation with companies that own distribution channel can be utilized in carrying donations to people that are in need. Or a collaboration with a specialized NGO in health care services may be established. Collaborations may be built with public, private and civilian organizations. Basic principles on collaborations should be developed by the Board of Directors. Information transfers should be based on corporate governance principles with the collaborated institution. Regular information sharing on selection of collaborated parties and performance of selected projects invigorate trust within stakeholders.</i>
8. What will be learned from the project? How will it be developed?	<i>NGO and its stakeholders hold the opportunity of learning from the acquisitions of project's experiences, project developments and results. Associating projects with NGO's content development targets is substantial. Besides from survey, investigation and questionnaire based content development projects, other project outcomes should be planned to converge into "gained information" at the starting stage. The content development potential of a project is expected to be a valuable evaluation criterion.</i>
9. Is the project compatible with communication policies? What kind of communication plan will be needed?	<i>NGO's who are motivated to present solutions for social needs confronts the major complexity of selecting the right project problem. Multi-dimensional project demands/alternatives may assort the NGO from its mission, main operations and intended messages to the society. That's why communication policy is very important. The integrity of the message in the corporation should be considered in every project. Projects with a possibility of complexity in perception and lack of integrity should not be selected. Regarding the selected projects, NGO should deliver healthy and accurate information flow utilizing right channels and within corporate governance principles.</i>
	<i>Project sources should be eligible for NGO's problem</i>



10. What is the “impact zone” of the project? Is it compatible with the NGO’s target audience?	<i>solving goal and meet with the basic target audience. This factor that directly affects the message integrity and the trust of stakeholders can only be obtained by identifying the target audience at the starting stage. Project impact zone should be defined by multi-dimensional factors like the definition of target audience, the total number of audience, the zone of activity etc.</i>
11. What is the “value” created by the project? What will be gained in the contrary of offered sources? Is the balance of source and gained value ratio correct?	<i>The value that will emerge by the project should be defined. Source and gained value ratio should be optimized. Project’s structural goals should be planned to maximize this ratio.</i>
12. Is the value created in project for once? Does the value and/or project have sustainability?	<i>During the project selection and construction process, characteristics like maximizing value creation, achieving successive impact of the value, enabling sustainability and allowing learning should be considered. NGO’s are expected to create multi-dimensional values. For example, in a project of encouraging reading habit among children, they are not expected to only gain reading habit but also discover the discernment of information, narrate to others, develop leadership and project management abilities of a reader. The created value is not limited with delivering y amount of books to x amount of children. Children that are involved in the project should incite their friends for reading and the project should create a “snowball effect” by repeating periodically.</i>



4

CORPORATE GOVERNANCE CLASSIFICATION FOR NON- GOVERNMENTAL ORGANISATIONS QUESTION – ANSWER SET

I. SHAREHOLDERS

INTERNAL SHAREHOLDERS (Project Partners/Members)

Easing of Usage of Membership Rights	<i>1. Is the result informed to the applicant after the board of directors resolve on positive/negative decision at the most in thirty days in written upon the membership application?</i>	Yes or No
	<i>2. Is the member with accepted application recorded in the registry kept accordingly?</i>	Yes or No
	<i>3. Are there any obstacles for members in applying for exclusion from membership anytime by a petition?</i>	Yes or No
	<i>4. Are there any obstacles for those excluded from the membership to object to the board of directors within 30 days from the date of notification?</i>	Yes or No
	<i>5. Is the right of each member to join activities and management of non-governmental organization considered?</i>	Yes or No
	<i>6. Does the non-governmental organization avoid practices which observe language, race, color, gender, religion and sect, family, coterie and class difference and which break equality and discriminate certain members?</i>	Yes or No
Debriefing and surveying right	<i>7. Are all members treated equally in the matter of using debriefing and surveying right?</i>	Yes or No
	<i>8. Is all information necessary for healthy utilization of membership right provided to members?</i>	Yes or No

	9. Is it ensured that general meetings are conducted in accordance with legislation in force, regulations/authenticated contract and internal arrangements of non-governmental organization?	Yes or No
	10. Are documents such as activity reports, audit reports for the benefit of members prepared?	Yes or No
Right to Attend the General Meeting	11. Is the list of members with right to attend the general assembly kept available in the meeting place by preparing healthfully?	Yes or No
	12. Is the general meeting ensured for gathering once in a year (if it is possible) but no less than once in 3 years?	Yes or No
	13. If general meetings are arranged in a location different from the center of non-governmental organization and where members are in majority, is this issue specified in non-governmental organization regulations?	Yes or No
	14. Are they ensured that members sign the list of attendance's section which corresponds their name before entering the meeting place and members out of the list cannot cast votes?	Yes or No
	15. Are all agenda items voted separately in general meetings?	Yes or No
	16. In the regulations of the non-governmental organization, are there any provisions for taking decisions in the general meeting about amendment in regulations of non-governmental organization, admission/separation of organization into a federation/confederation, purchase/sales, renting/leasing of tangible/intangible assets changing assets of the non-governmental organization, international activity of non-governmental organization, admission or separation from foreign non-governmental organization and organizations?	Yes or No
Right to Vote	17. Are there any provisions in the regulations/authenticated contract of non-governmental organization regarding limitation of members' right to vote in general meeting and/or usage of right to vote after a certain period of time passed upon acquisition of that right?	Yes or No
	18. Are the rule of one right to vote for every member and rule for no usage of this vote by any other members obeyed in the general meeting?	Yes or No
	19. Is the rule of no right to vote for honorary members obeyed?	Yes or No

EXTERNAL SHAREHOLDERS (Volunteer person and organizations, benefactors, public authorities, other non-governmental organizations)	<i>20. Can the non-governmental organization develop real collaborations with local communities, NGOs and other institution and establishments with an aim of sustainable development fulfilling social needs?</i>	Yes or No
	<i>21. Is support provided such as information, document, training etc. necessary for ensuring external shareholders understand and internalize the objectives and principles of the non-governmental organization?</i>	Yes or No
	<i>22. Are the questions about whether benefactors' s aids are utilized in accordance with the objectives of non-governmental organization, about status of projects continuing with provided donations etc. answered in detail based on documents?</i>	Yes or No

PUBLIC DISCLOSURE AND TRANSPARENCY

Principles and Tools of Public Disclosure	<i>1. Has the board of directors of non-governmental organization prepared a body of principles which can be referred as information policy?</i>	Yes or No
	<i>2. Has the non-governmental organization shared rules of ethics created by the organization, with the public within the framework of information policy?</i>	Yes or No
	<i>3. Does the non-governmental organization have a Website?</i>	Yes or No
	<i>4. Is the website of non-governmental organization actively used for public disclosure?</i>	Yes or No
	<i>5. Are donation, aid methods and bank account numbers added to the website of non-governmental organization in a way to attract attention?</i>	Yes or No
	<i>6. Are information and explanations such as membership, voluntariness added to the website of non-governmental organization in a way to attract attention?</i>	Yes or No
	<i>7. Is there information regarding the current management structure in the website of non-governmental organization?</i>	Yes or No
	<i>8. Is the final version of non-governmental organization's regulations/authenticated contract included in the website of non-governmental organization?</i>	Yes or No
	<i>9. Are activity reports of the board of directors included in the website of non-governmental organization?</i>	Yes or No

10. Are periodical financial tables and reports included in the website of non-governmental organization?	Yes or No
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	11. Is the address of the website included in letterhead of non-governmental organization?	Yes or No
	12. If the board member/manager of the non-governmental organization in the position of granter is also a board member/general manager of another non-governmental organization in the position of fund raiser, is this issue announced to public at once?	Yes or No
Periodic Financial Tables and Reports in Public Disclosure	13. Are financial statements and postscripts prepared by professional accountant general and/or Sworn Financial Consultancy in accordance with current legislation and international accounting standards?	Yes or No
	14. Are financial statements and postscripts of non-governmental organization audited by independent audit companies?	Yes or No
	15. Does the non-governmental organization prepare annual activity report?	Yes or No
	16. Are the conflicts of interest emerging between non-governmental organization and management, public authorities and other NGOs and the policies applied to prevent conflicts of interest included in the annual activity report?	Yes or No
	17. Is the obligation for informing the local authority in 15 days by the printing house about the serial and raw numbers of document to be used for collecting incomes of non-governmental organization as per related Law taken into consideration?	Yes or No
	18. Does the non-governmental organization take care of eliminating any noncriminal errors and deficiencies against the provisions of related law and regulations which were detected by auditing authorities within thirty days upon written statement from local authority?	Yes or No
	19. Is the non-governmental organization able to fulfill its obligation to submit the activities by year-end, results of income and expense processes along with a declaration in time to the local authority until the end of April?	Yes or No
Important Event and Developments Required to be Announced to Public	20. If any agreement/collaboration is conducted about leaving some part or the whole of activities to external person or institutions (activity transfer) because of its effect of financial state and/or activity results of non-governmental organization, is this issue announced to public at once?	Yes or No
	21. Is it publicly announced that if significant amount of increase/decrease or termination of relations in the formation of income with a benefactor, partner, supplier, volunteer group because of its effect of financial state and/or activity results of non-governmental organization?	Yes or No

II. STAKEHOLDERS

Non-Governmental Organization Policy Regarding Stakeholders	1. Do corporate governance practices of non-governmental organization guarantee the rights of stakeholders regulated by legislation and mutual agreements?	Yes or No
	2. Do the board members and managers utilize donations provided for reaching non-governmental organization's mission in a way to bring income according to market conditions or better than these conditions?	Yes or No
	3. Do the board members and managers utilize donations in a way to achieve maximum gain, suitable for the purpose, without causing unnecessary loss of non-governmental organization assets and raising no doubts?	Yes or No
	4. Is the assistance provided as assets and service from benefactors and suppliers assigned for the service of users fairly without any discrimination of language, religion, politics between beneficiaries?	Yes or No
	5. Are the conditions of the beneficiaries for benefiting from opportunities provided by the non-governmental organization regulated by regulation/authenticated contract and/or internal procedures?	Yes or No
	6. Is care given for fulfilling the real needs of beneficiaries with aids and fulfilling these needs in due time?	Yes or No
	7. Is it possible to incorporate beneficiaries into objectives and activities of non-governmental organization and ensure at least they support the NGO as volunteers?	Yes or No
Human Resources Policy	8. Does the non-governmental organization have a human resources policy?	Yes or No
	9. Are the criteria for personnel admission specified in black and white and obeyed?	Yes or No
	10. Does the non-governmental organization provide secure working environment and conditions for the personnel and conduct improvements in these environment and conditions?	Yes or No
	11. Are precautions taken by the non-governmental organization to protect the workers against discrimination of race, religion, language and gender and to respect human rights and to protect the workers against physical, psychological and emotional ill-treat intercompany?	Yes or No

Ethical Principles and Rules	<i>12. Has the board of directors of non-governmental organization established the ethical principle and rules of the company?</i>	Yes or No
	<i>13. Have the ethical rules established by the board of directors of non-governmental organization been submitted to the information of general assembly?</i>	Yes or No
	<i>14. Do the ethical rules include sustainable improvement objective which meets the needs of determined target audience of non-governmental organization and the framework of the cooperation with local/nation/global communities, other non-governmental organizations and institutions?</i>	Yes or No
	<i>15. Do the ethical rules include the issues that non-governmental organization act objectively in its studies and adopts policies in its all internal and external activities supporting multiplicity, gender equality and balance, justice and no discrimination?</i>	Yes or No
	<i>16. Do the ethical rules include the issue that mission, policy and activities of non-governmental organization are based on honesty, transparency and openness principles and the organization adopts these as undertaking?</i>	Yes or No
	<i>17. Do the ethical rules include precautions and sanctions against bribery and malpractice that will potentially be carried out by personnel and other serving bodies?</i>	Yes or No
	<i>18. Do the ethical rules include the issue that board members will not bow to pressures that may emerge as a result of the duty in non-governmental organization and will not accept any financial benefits?</i>	Yes or No

III. BOARD OF DIRECTORS AND MANAGERS

Board Composition and Election	1. As a principle for membership of Board of Directors, is the condition of proposing nominations among people who can contribute to realization of objectives of non-governmental organization, with higher level of information and ability, who is qualified with reputation and recognition in the society?	Yes or No
	2. Are the general principles regarding member selection to the Board of Directors included in regulations/authenticated contract and/or internal legislations of non-governmental organization?	Yes or No
	3. Is the member count of the Board of Directors determined in a way to enable board members to conduct productive and constructive studies, to make fast and rational decisions and to arrange structure of committees and their actions effectively?	Yes or No
Basic Functions of Board of Directors	4. Is the mission/vision of the non-governmental organization determined by the board of directors and shared with the public?	Yes or No
	5. Does the Board of Directors present the objective of non-governmental organization to the various shareholders including members, benefactors, volunteers, contributor, media and personnel in a way open, informative and	Yes or No
	6. Does the board of directors continuously and effectively review level of objective reaching, activities and past performance of the non-governmental organization?	Yes or No
	7. Does the board of directors establish a risk management and internal control mechanism that can minimize the effects of risks for non-governmental organization and ensure effective operations?	Yes or No
	8. Can the board of directors provide appropriate human resource, financial and material resources by means of monitoring financial mechanism, ensuring the development of resources and supporting to the mobilization of resources?	Yes or No
	9. Does the board of directors ensure presentation of non-governmental organization in society and create a connection between members, contributors, benefactors and other shareholders?	Yes or No
	10. Has the board of directors established commissions to carry out its duty and responsibilities correctly?	Yes or No
	11. Is the administration organ of the institution (or organs) defined competent in main documents (for instance, regulations, authenticated contract etc.) and are clear arrangements prepared regarding the authority and objectives of these organs?	Yes or No

Activity Foundations of the Board of Directors and its duties and responsibilities	12. <i>Since the board of directors represents various shareholders of non-governmental organization, does the board of directors ensure that the leadership is conducted collectively, to focus on the objective of the non-governmental organization and that the non-governmental organization does not serve for special agenda of certain individuals or groups?</i>	Yes or No
	13. <i>Have the mechanisms been established which provide timely and correctly information to the members of board of directors regarding developments substantially effecting the non-governmental organization?</i>	Yes or No
	14. <i>Does the board of directors continuously and effectively cooperate with managers while fulfilling its duties and responsibilities?</i>	Yes or No
	15. <i>Does the board of directors ensure that general meetings are conducted in accordance with legislation in force, regulations/authenticated contract and internal arrangements of non-governmental organization and comply with general meeting decisions?</i>	Yes or No
	16. <i>Does the board of directors take necessary precautions in order for organizational structure to meet today's conditions?</i>	Yes or No
	17. <i>Has the board of directors analyzed the activities of board of directors served in the previous period?</i>	Yes or No
	18. <i>Does the board of directors ensure effective and productive operation of committees in determining working principles?</i>	Yes or No
	19. <i>In meetings of board of directors, is it possible to discuss subjects in the agenda clearly and with every aspect and recording reasonable and detailed dissenting vote reasons of members related to dissenting issues into decision book and transferring to the auditors in written?</i>	Yes or No
	20. <i>Does the board of directors take decisions related to selection of chairman and vice chairman, also regarding duty distribution and establishment of committee in the first meeting arranged within a month following the selection?</i>	Yes or No
	21. <i>Do the members of board of directors attend every meeting in principle?</i>	Yes or No
	22. <i>Is the meeting of board of directors arranged at least one in a month regularly and as planned earlier and when considered necessary without any limitation of time and without delay?</i>	Yes or No
	23. <i>Does each member have a right to vote at the meetings of the board of directors?</i>	Yes or No
	24. <i>Are the board meeting and decision quorum included in regulations/authenticated contract and/or internal legislations of non-governmental organization?</i>	Yes or No
	25. <i>Is a secretariat established under the authority of chairman in order to serve all the board of directors members with the intent of keep documents related to board meetings in an orderly manner?</i>	Yes or No

Financial Rights Provided to Board of Directors	26. <i>Since it is assumed that the members of board of directors is based on volunteer service, is the nonpayment principle adopted?</i>	Yes or No
	27. <i>Are payment criteria for expenses of board members such as traveling, accommodation, special training and the expenses made by the board members while they performing their duties specified in black and white?</i>	Yes or No
Number, Structure and Independence of Committees	28. <i>Are there enough number of committees established in order to perform duties and responsibilities of board of directors correctly in accordance with requirements and condition of non-governmental organization?</i>	Yes or No
	29. <i>Is the condition for attendance of at least two members from board of directors in the committees provided?</i>	Yes or No
	30. <i>Do the committees put all their studies down in black and white and keep them recorded?</i>	Yes or No
	31. <i>Does the committee chairman provide written reports to the board of directors regarding activities after the committee meeting?</i>	Yes or No
	32. <i>Has the non-governmental organization established a committee responsible for audit in order to observe financial and operational activities in a healthy way?</i>	Yes or No
	33. <i>Are selection of independent audit institution and initiation of the audit process by preparing the audit agreements and the studies in all phases of independent audit institution realized under the committee responsible for auditing supervision?</i>	Yes or No
	34. <i>Does the committee responsible for auditing gather at least once in three months?</i>	Yes or No
Responsibilities of Members	35. <i>Is institutional administrative committee established in order to monitor adaptation of corporate governance principles, conduct improvement studies accordingly and provide suggestions for the board of directors?</i>	Yes or No
	36. <i>Does each member act in accordance with foundation objectives of non-governmental organization being aware of the fact that this is a social-communal service corporation based on voluntariness?</i>	Yes or No
Managers	37. <i>Do the members participate equally to the obligatory dues in order to realize the objectives of non-governmental organization and meet its debts which are included in regulations or even though these obligations are not included in regulations of non-governmental organization?</i>	Yes or No
	38. <i>Do the managers ensure business matters conducted in accordance with mission, vision, objectives, strategies and politics?</i>	Yes or No
	39. <i>Does executive officer/general manager undertake any other duties out of the non-governmental organization apart from assignments given by the board of directors to protect benefits of non-government organization?</i>	Yes or No

Assessment Table

Based on Capital Markets Board Corporate Governance Principles, the coefficients that may be used for calculation in evaluation system are given below;

Shareholders	Public disclosure and transparency	Stakeholders	Board of directors
<i>Has 25% weight, includes 22 question. The effect of each application on corporate governance grade is calculated as 1.1364 points.</i>	<i>Has 25% weight, includes 21 question. The effect of each good application on corporate governance grade is calculated as 1.1905 points.</i>	<i>Has 15% weight, the relevant section includes 18 question. The effect of each good application on corporate governance grade is 0.8333 points.</i>	<i>Has 35% weight, the evaluation is conducted with 39 questions. The effect of each good application on corporate governance grade is 0.8974 points.</i>

Verification;

Shareholders $22 \times 1.1364 = 25$

Public disclosure and transparency $21 \times 1.1905 = 25$

Stakeholder $18 \times 0.8333 = 15$

Board of Directors $39 \times 0.8974 = 35$

A Total of 100 Points

Evaluation of the Corporate Governance Grade

Between 7 and 10	Between 5 and 7	Between 1 and 5
<p><i>The non-governmental organization has adopted to corporate governance principles highly. Internal control systems are established and effective. Possible risks for non-governmental organization are determined and actively controlled. Rights of inner shareholders are justly protected. Activities of public informing and transparency are at high level. Rights of stakeholders are justly protected. Structure and working conditions of the board of directors are in line with principles of corporate governance.</i></p>	<p><i>Principles of Corporate Governance are adopted on a middle level. Inner control systems are established on a middle level and working, however, are in need of improvement. Possible risks for non-governmental organization are determined and in need of improvement. While rights of internal shareholders are protected, need improvement. Activities of public informing and transparency are considered but need improvement. While rights of stakeholders are protected, need improvement. Certain improvement requirements exist in the structure of the board of directors and working conditions.</i></p>	<p><i>Principles of Corporate Governance are adopted on a minimum level. Inner control systems are established on minimum level and not effective. Possible risks for non-governmental organization are not fully determined and not yet taken under control. There is a need for improvement on a high level on the rights of internal shareholders, public informing and transparency, rights of stakeholders, structure and working conditions of the board of directors in terms of corporate governance principles.</i></p>

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