

# Governance at a Glance

Basic Guidelines on Governance for  
HIV and AIDS Service Organisations  
in Botswana

**Capacity Building Series**





## Foreword

This publication is part of a *Capacity Building Series* documenting the experiences of the Capable Partners Botswana program in organisational development, and building the technical capacity of local civil society organisations in HIV prevention from 2008-2011.

It is widely recognised that a strong civil society is essential for a successful and sustained response to the HIV and AIDS epidemic in Botswana. Much debate has taken place around the limited capacity of civil society in Botswana, and to date there have been only a few success stories.

For this guideline Family Health International 360 (FHI 360-the newly formed entity after FHI acquired the assets, programmes and expertise of AED), Project Concern International (PCI) and the Botswana Network of AIDS Service Organisations (BONASO) collaborated to create a resource document addressing issues of governance that civil society organisations face in their day to day operations. As a result of working with civil society organisations in Botswana, FHI 360 through the Capable Partners Project (CAP), PCI through the Building Bridges Project and BONASO through its mandate recognised the need for such a guideline to support civil society strengthening in Botswana. We are therefore pleased to introduce you to *Governance At A Glance: Basic Guidelines on Governance for HIV and AIDS Service Organisations in Botswana* as part of the *Capacity Building Series* which features real life experiences of civil society organisations in Botswana actively participating in their own capacity enhancement, and forging stronger and more effective organisations as a result. While the Capable Partners Botswana Project, Building Bridges Project and BONASO contributed a solid capacity building model together with expert facilitation and tools, we believe it is the enthusiastic participation and ownership of the process by our local partners, which has been the most important ingredient for success.

As we look beyond the end of these projects, we thank USAID for the opportunity to contribute to civil society strengthening in Botswana. We wish our partners and other civil society organisations every success in achieving their mandates, and hope this and other publications in the *Capacity Building Series* will prove useful in strengthening organisations, and, by doing so, improve the quality and sustainability of the response to the HIV and AIDS epidemic. Several individuals and institutions have contributed to the case studies, guidance and tools outlined in this and other documents in the series. Particular thanks is given to Constance Formson (Consultant), Davies Mpofu (PCI), Dorothy Tlagae (PCI), Karen Romano (PCI), Sinu Kurian (FHI 360), and Kagiso Pelopedi (FHI 360), for their leadership and creativity in the development of the guideline. We would also like to thank BORNUS, BONELA and BNYC for their participation in the interviews which led to the development of the case studies.

We thank all involved for their commitment and insights.



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# Acronyms

AGM	Annual General Meeting
AIDS	Acquired Immunodeficiency Syndrome
BAIS	Botswana AIDS Impact Survey
BNYC	Botswana National Youth Council
BOCONGO	Botswana Coalition of Non-Governmental Organisations
BONELA	Botswana Network on Ethics, Law and HIV/AIDS
BONASO	Botswana Network of AIDS Service Organisations
BORNUS	Botswana Retired Nurses Society
CAP	Capable Partners
CBO	Community-Based Organisation
CSO	Civil Society Organisation
DMSAC	District Multi-Sectoral AIDS Committee
FBO	Faith-Based Organisation
FHI 360	Family Health International
GoB	Government of Botswana
HCT	HIV Counseling and Testing
HIV	Human Immunodeficiency Virus
IEC	Information Education and Communication
M&E	Monitoring and Evaluation
MCP	Multiple and Concurrent Sexual Partnerships
MoH	Ministry of Health
MLHA	Ministry of Labour and Home Affairs
MSH	Management Science for Health
MTI	Ministry of Trade and Industry
NACA	National AIDS Coordination Agency
NGO	Nongovernmental Organisation
NSF	National Strategic Framework
OVC	Orphans and Vulnerable Children
PCI	Project Concern International
PLWHA	People Living with HIV and AIDS
PEPFAR	President's Emergency Plan for AIDS Relief
PHDP	Positive Health Dignity and Prevention
S&CD	Social and Community Development
SOPs	Standard Operating Procedures
STI	Sexually Transmitted Infection
UNAIDS	Joint United Nations Programme on HIV and AIDS
USAID	United States Agency for International Development
VDC	Village Development Committee



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# SECTION 1: INTRODUCTION

*Civil society organisations (CSOs) play a critical role in the national HIV and AIDS response ranging from implementation of HIV prevention or care and support programmes by community-based organisations (CBOs) to implementation of multi-service, multi-site interventions by non-governmental organisation (NGOs), faith-based organisation (FBOs) and networks. In responding to the interests of many sectors it is important that CSOs have democratic, transparent, and accountable internal governance. In particular, CSOs should have independent governing bodies that make policy and are separate from the staff who run the day-to-day operations of the organisation. Strong governance is therefore vital to the success of CSOs and the interests they serve.*

*Governance at a Glance: Basic Guidelines for HIV/AIDS Service Organisations in Botswana* came about with the support of USAID, and is a direct response to requests from CSOs supported by Family Health International 360 (FHI 360), Project Concern International (PCI) and the Botswana Network of AIDS Service Organisations (BONASO) for guidance and assistance with establishing strong governing

principles and practices within their organisations. This guideline has therefore been developed to help CSOs in Botswana to better understand and appreciate the importance of good governance and enable CSOs put good governance practices in place. The main objective of the guideline is to provide concise but comprehensive information on governance issues to support effective management of CSOs in Botswana.

The governance principles articulated within this document are universal principles of good governance. This guideline also provides country specific case examples of good governance practices. Accompanying this guideline is a CD with governance resources that provide practical how-to advice on various issues of good governance. In addition, several annexes have been included to provide resources for further information and tools on governance including a governance checklist, a summary of select resources found in the resource CD, definitions of the various types of CSOs in Botswana and minimum requirements, the BOCONGO Code of Conduct, a sample constitution and by-laws, sample board policy, guidance on board of directors recruitment and a sample board of directors meeting agenda, all of which organisations can adapt and use. This guideline also includes a glossary of key governance terms for easy reference.



### 1.1 What is the aim of the guideline?

This guideline is intended to provide user-friendly information and resources on governance for use and practical application by CSOs in Botswana. The main objective is to strengthen the capacity of CSO's governing board of directors to provide better leadership, guidance, and support to their organisations.

### 1.2 How was the guideline developed?

This guideline has been developed through stakeholder consultations in addition to primary and secondary data analysis. The main body of the guideline, that outlines the key principles of good governance, has been developed based on a desk review of international, regional, and national literature on governance. The case examples, which make this guideline country specific, have been developed through interviews with the three CSOs showcased.

#### WHO CAN BENEFIT FROM THIS GUIDELINE?

This guideline was designed for a range of NGOs, FBOs, and CBOs implementing HIV prevention, care and support programmes. It serves as a reference guide on universal governance topics, and offers practical guidance on how to implement good governance practices and can therefore benefit organisations of various sizes and in all sectors.

## SECTION 2:

# CIVIL SOCIETY ORGANISATIONS IN THE CONTEXT OF BOTSWANA

*Civil society in Botswana has grown considerably over the years, and there are now a number of CSOs in most development sectors. Most CSOs in Botswana operate under an umbrella organisation. The main umbrella organisations in Botswana are: the Botswana Council of Non-Governmental Organisations (BOCONGO), which is the national umbrella body for NGOs in Botswana, and has more than 117 member organisations; the Botswana Network of AIDS Service Organisations (BONASO), which has approximately 160 members; and the Botswana National Youth Council (BNYC) has more than 16 NGO affiliates.*

Over the years CSOs in Botswana have become an important part of the development process. The 2004 NGO Policy and Policy Guidelines for Financial support of NGOs recognise the importance of CSOs for socio-economic development in Botswana.

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<sup>1</sup>Kebonang, Z., and Lebotse, K.K. Reflections on the Legislative Environment for Nongovernmental Organisations in Botswana. *International Journal of Not-for-Profit Law* 12.4 2010.

<sup>2</sup>Authors findings and analysis while undertaking a costing of OVC service providers in Botswana in 2010

CSOs in Botswana are registered either as a:

- a trust with the Registrar of Deeds at the Attorney General's Chambers, Office of the President
- a company limited by guarantee with the Registrar of Companies at the Ministry of Trade and Industry or as
- a society with the Registrar of Societies at the Ministry of Labour and Home Affairs.

(Refer to Annex 3 for more details).<sup>1</sup> The form in which an organisation is constituted determines its tax liability. Overall, not-for-profit CSOs are tax exempt while CSOs that are for profit and or registered as trusts, are taxable entities.

### Challenges facing CSO in Botswana

A CSO in Botswana is likely to be facing or to have faced many challenges related to organisational capacity, human resources and financial resources. These were the top 3 challenges cited among 19 NGOs sampled in 2010.<sup>2</sup> Of particular concern is the limited amount of financial resources. Due to Botswana's status as a middle income country, outside donor support is limited; and CSOs in Botswana face challenges in diversifying their funding sources and have become dependent on government funding. As a result, the ability of organisations to remain financially stable and independent from government is compromised.

## 2.1 Governing Policies And Documents

Key policy documents for CSOs in Botswana are the 2004 National NGO policy and the Policy Guideline for Financial Support of NGOs. Also in place is the BOCONGO Code of Conduct (Annex 4), which articulates the need for good governance practices across several operational areas.

Having a code of conduct is important because it is a formal expression of an organisation's values and ethics. These values and ethics play an important role in an organisation's success. They should be used as a foundation for the board of directors to actively develop an organisational culture based on transparency, accountability, and integrity. See section 3.2.1 for a more detailed discussion of this topic.

An organisation's governance is fundamentally determined by three key documents: 1) Articles of incorporation (how an organisation is legally registered (see Text Box 2: types of NGOs and CBOs in Botswana); 2) Organisational constitution, and 3) Mission Statement. These documents, along with the minutes of board of directors meetings, budgets, financial statements, organisational strategic plan and policy statements, communicate how an organisation is governed, individual responsibilities, the organisation's history, and the organisation's future plans<sup>3</sup>.

### TYPES OF NGOS AND CBOs IN BOTSWANA

In Botswana NGOs and CBOs are registered as either a Trust, Company limited by guarantee or established by an Act of Parliament (Pty Ltd) or a Society (including an Association, a Club, a Union).

The governance structures applicable to your organisation are often articulated in the basic legal documents for your organisation.

### 2.1.1 The organisation's constitution<sup>4</sup> (Refer to Annex 5 for a sample constitution)

An organisations constitution, regardless of how a CSO is registered, in addition to the legal requirements creates the basis for good governance by inclusion of the following information regarding its governing bodies:<sup>5</sup>

- Name of the governing body or bodies
- Highest and principal governing bodies, with their relationship to other organisational entities
- Basic responsibilities and powers of the board of directors
- Frequency of board of directors meetings, including requirement for an annual general meeting
- Duties of individual board of directors members
- Minimum number of board of directors members
- Membership rules (including eligibility, suspension, loyalty, confidentiality and expulsion)
- Terms of office (length of terms, limits on re-election)
- Minimum number of board of directors meetings per year
- Method of convening meetings (who initiates, how to set dates, who decides agenda, etc.)
- Decision-making procedures (number needed for quorum, how to vote and record decisions)
- Managing conflicts of interests

#### RECOMMENDATION

It is good practice to be signatory to a code of conduct. Make sure the organisations is a signatory to the BOCONGO code of conduct.

<sup>3</sup> Johnson Lassner, K. Guide to Effective CSO Governance. Management Sciences for Health (MSH). 2010.

<sup>4</sup> Excerpted from Johnson Lassner, K. Guide to Effective CSO Governance. Management Sciences for Health (MSH). 2010;

<sup>5</sup> Marilyn Wyatt. A Handbook of NGO Governance. Budapest: The European Centre for Nonprofit Law. 2004; and PWHC. Corporate Governance Toolkit for small and medium enterprises: 2nd Edition. 2005.

## ARE NGOS AND CBOS DIFFERENT?

Both NGOs and CBOs are non-profit independent legally registered organisations focused on improving the welfare of society. The distinction between the two is that CBOs operate within the specific local community in which they are located.

Table 1 below outlines the legal and administrative documents required to guide the operations of any organisation in Botswana.

TABLE 1: LEGAL AND ADMINISTRATIVE GOVERNING ORGANISATIONAL DOCUMENTS	
Legal Documents	Administrative documents, including policies
Societies Act (CAP 47:01)	Vision and Mission statements of the organisation
Certificate of Registration, Deed of Trust, Certificate of Incorporation	Organogram or organisational structure
Constitution	Strategic plan (the strategic plan is usually for a minimum of three years)
Employment Act (covers labour law requirements)	Financial management guidelines — the guidelines address financial budgeting, accounting/recording procedures, internal controls and reporting
Worker's Compensation Act (CAP 47:03)	Human Resource Policy
	License from the Department of Social Service (or S&CD Department) for organisations providing OVC or pre-school services
	Other relevant government policies, protocols and guidelines, including the National Strategic Framework II for HIV/AIDS (2009-2016) and the District HIV and AIDS Plans
	National Capacity Strategic Framework for Botswana HIV/AIDS Service Organisations (2010-2016)

# CASE EXAMPLE 1: BOTSWANA NETWORK ON ETHICS LAW AND HIV/AIDS (BONELA)

## BACKGROUND

The Botswana Network on Ethics Law and HIV/AIDS (BONELA) was registered under the Societies Act in 2002. BONELA is run by a group of full time staff and is governed by a board of directors, which was recently elected in 2010.

**VISION:** Making human rights a reality in response to the HIV and AIDS pandemic in Botswana.

**MISSION:** BONELA promotes a just and inclusive environment for people affected by HIV and AIDS through education, legal assistance, research and advocacy.

**VALUES:** We believe that our existence is inextricably interlinked with that of the community and that our work should reflect the human values of the community.

## Board of director's roles and responsibilities

BONELA's board of directors is responsible for policy direction, strategic planning and decision-making. The board of directors is comprised of seven members: a chairperson, vice chairperson, secretary, vice secretary, treasury, and two additional members, and elections are held every two years. Their backgrounds are in human rights and labour law, corporate law, information technology (IT) and business and accounting. Board members are allowed to serve two consecutive terms. The board of directors remains actively involved in revision of much of the organisation's policies.

The board of directors is hands on and meets regularly. However, there is a clear 'separation of powers and understanding of roles' by both board members and the staff of the organisation. Board members provide strategic direction, based on their areas of expertise. For example, the board member with a finance background monitors and ensures financial 'checks and balances' occur. The board of directors also ensures that BONELA is visible and assists in resource mobilisation.

## Succession planning and human resources

BONELA does not have an explicit human resource (HR) policy. However, HR are incorporated into several organisational documents. The board of directors is responsible for the recruitment and performance management of the Executive Director, who in turn is responsible for staffing the organisation. The board of directors will only become involved in HR issues if there is an appeal issue.

## Strategic planning

BONELA has a five-year strategic plan (2007-2012) that articulates the direction of the organisation for the stipulated time period. BONELA's board of directors and staff review and align their programmes to their strategic plan on a yearly basis.

## Financial strategy and reporting

BONELA has developed an accounting policy as an additional financial security measure, and is audited annually. Financial and audit reports are also duly presented to the general assembly.

## Engagement with stakeholders

BONELA has actively marketed its activities to draw public attention to its work. BONELA currently serves on the National AIDS Council (NAC), the highest body in the country focused on developing strategies to combat HIV which puts the organisation at the forefront of policy discussion and development.

## SECTION 3:

# PRINCIPLES AND PRACTICES FOR GOOD CSO GOVERNANCE

This section provides guidance on the principles and practices of good governance.

### 3.1 What is good governance and why is it important?

Governance implies the exercise of power and authority over an organisation on behalf of the community it serves. It is therefore important to remember that governance is a group action. Individual board of directors members do not govern the organisation. Rather, it is through meeting of all governing members that governance takes place.<sup>6</sup>

Where there is no clear governance system, there is likely to be internal conflict, confusion of roles and responsibilities, inefficiency, ineffectiveness and risk to the long-term sustainability of the organisation.

<sup>6</sup>Excerpted from C.E. Dambach, M. Davis, and R.L. Gale. *Structures and Practices of Non-profit Board of Directors*. National Center for Non-profit Board Governance Series. 2nd ed. Washington, DC: BoardSource.

<sup>7</sup>Marilyn Wyatt. *A Handbook of NGO Governance*. Budapest: The European Centre for Nonprofit Law. 2004.

<sup>8</sup>Excerpted from *Strengthening Your Organization*, Section 1: Effective Governance, Help Age International, pages 1-2.

<sup>9</sup>Marilyn Wyatt. *A Handbook of NGO Governance*. Budapest: The European Centre for Nonprofit Law. 2004.

Good governance practices are a basic form of accountability and are a fundamental aspect of facilitating the growth and sustainability of a CSO. They can be defined as 'a transparent decision-making process in which the leadership of an organisation, in an effective and accountable way, directs resources and exercises power on the basis of shared values'<sup>7</sup> or 'the way in which an organisation distributes powers, rights, and accountability.'<sup>8</sup>

Good governance practices for CSOs work in the same way as those for the public and corporate sector. In general, if an organisation has an internal system of checks and balances that ensure that public interest is served, then it can be said to have good governance.<sup>9</sup>

### Why is good governance important?

Good governance is important because it ensures that a CSO:

- serves the interests of its target population(s)
- is accountable to donors, stakeholders, and target population(s)
- has a clear system of making and implementing decisions agreed by the governing body

**Key governance structures<sup>10</sup>**

CSOs are directed and controlled by a governing body, or a board of directors. Depending on how the organisation has been registered, you may also encounter names such as board of governors or board of trustees. The board of directors has a legal, moral, and fiduciary responsibility for the organisation. The 2001 NGO Policy rightly states that ‘good governance is dependent on the existence of democratic institutions within an organisation such as board of directors, management committees and councils’. In some instances board of directors members are also founders of the organisation.

If your organisation has more than one leadership entity, for instance, organisations that have a legally constituted board of directors/executive board of directors and a local management committee or commission, then the organisation’s basic documents

*“Good governance has a formal structure.”*

Marilyn Wyatt

and policies should explicitly define the roles, lines of delegation and reporting, among these entities. For good governance, these structures can and must work together. A well-developed governance structure strengthens accountability and sets the stage for efficient and effective operation of the organisation.

**3.2 Organisational Structures for good governance**

This section provides guidance on codes of conduct, key governance structures, in particular on the composition of the board of directors, accountability, transparency issues, and the roles and responsibilities of the board of directors, the chairperson and the executive director.

**TABLE 2: KEY BOARD OF DIRECTORS POLICIES**

Conflicts of interest	Conflict of interest policies typically require that board members disclose all activities and information that could be considered a conflict. This policy also helps to clarify that board members should refrain from voting on matters presented to the board of directors when there is a conflict of interest.
Attendance and participation	Policies should be in place to require board members to attend meetings and board specific activities. Some boards of directors have policies that remove members from their positions if they are continually absent from meetings. A standard should be developed, agreed upon, and enforced.
Confidentiality	Policies should exist to protect sensitive information from being released. Board members have access to important financial, personnel, and strategic information about the organisation and it should be kept confidential.
Term lengths	There is no standard length of commitment for board members. Some boards of directors choose to limit the time a member can serve, for example, a two-to-three-year term. If a term limit is desired, a clear policy should be established.
Compensation	Board members are volunteers and usually are not compensated for their services, although they are sometimes reimbursed for expenses related to their service. For example, an organisation may in some cases reimburse board members for travel to and from annual meetings if resources permit.

Source: Johnson Lassner, K. *Guide to Effective CSO Governance. Management Sciences for Health (MSH). 2010*



An organisation's committee structure and committee activities should be reviewed frequently. If there are overlapping responsibilities or inactivity within certain committees, then the structure should be revisited. For example, committees that have overlapping responsibilities can be merged and committees that are inactive can be abolished. Committees should operate according to their individual mandates with the goal of improving the operations of the organisation.

**The size of the organisation and its constitution should guide how many committees the organisation should establish.**

**An important committee to have is a finance committee.**

### 3.2.1 CSO values, ethics, and codes of conduct<sup>10</sup>

The reputation of the organisation is a critical factor in determining its value. As such the values and ethics of the organisation need to be explicitly managed as set out in a Code of conduct. As recommended earlier, the organisation should consider becoming a signatory to the BOCONGO Code of Conduct (Refer to Annex 4). The Code of Conduct:

- guides board members and senior executives, at a minimum, as to the practices necessary to maintain confidence in the organisation's integrity; other staff should also have a code of ethics or conduct relevant to them, which may be the same as that for board members or may be a complementary version
- promotes responsibility and accountability of individuals for reporting and investigating reports of unethical practices and
- ensures compliance with legal and other obligations to legitimate stakeholders.

### 3.2.2 Board of directors' policies

It is important that the board of directors develop policies to serve as guidelines for its conduct. Refer to Annex 6 for a sample. Policy direction is one of the key responsibilities of the board of directors. Policies developed should be grounded in and expand upon the regulations set out in the organisation's constitution. Table 2 (left) outlines examples of important policies that boards should adopt. The kinds of policies that organisations develop and adopt will vary and need not be restricted to those outlined in Table 2.

### 3.2.3 Board of directors committees<sup>10</sup>

Committees established within the board of directors are an effective way to distribute work among board members, particularly in areas of their expertise. Committees also enable the board members and the executive director to more closely monitor and address important organisational issues that may not be possible during a larger board of directors meeting. The mandate, policy, procedures, and composition of each committee should be well-defined and transparent.

<sup>10</sup>Johnson Lassner, K. *Guide to Effective CSO Governance*. Management Sciences for Health (MSH), 2010; Wyatt. *A Handbook of NGO Governance*. Budapest: The European Centre for Nonprofit Law, 2004; and PWHC. *Corporate Governance Toolkit for small and medium enterprises*:2nd Edition.. 2005.

Board of directors committees are often formed to: amend by-laws, recruit a new executive director, develop a strategic plan, relocate the organisation, form a new subsidiary, launch a new division, or work with other organisations or coalitions. An ad hoc committee could also be formed to study and find creative solutions to a particular challenge an organisation is facing such as falling membership levels or poor communications.

Committees can be formed for different purposes. Table 3 outlines the most common committees including an overview of their roles and responsibilities with exception of a finance committee which is explained in further detail in section 4.4.

In addition to these committees, another strategic option is to consider forming an advisory council. Advisory councils can include former board members, potential new board members, subject matter

experts, and others who can assist the board of directors by providing expertise and advice in specific areas. It is important to note that while an individual may not be appropriate for a board position, their talent, expertise, or time can be still be valuable and utilized on an advisory council or task force.

The appropriate number of board committees to establish is dependent on the size and mandated responsibilities of the board of directors. A larger board of directors will likely have more committees to ensure that each board member can provide support in a meaningful way and to avoid burnout of board members. However, an organisation should ensure that each committee is necessary to accomplish the established mandates to avoid having too many committees. In general, board members should not serve on more than two committees simultaneously to give board members the opportunity to focus on specific work and effectively contribute to the overall work of the organisation. On the other hand,

**TABLE 3: COMMON BOARD OF DIRECTORS COMMITTEES**

Note: The finance committee is discussed in section 4.4

Committee	Roles	Responsibilities
Nominations Committee	Oversee the selection and appointment processes for the executive director and senior executives.	Review and provide recommendations on the following: <ul style="list-style-type: none"> <li>● Alignment of board members' expertise and current board of directors' needs</li> <li>● Selection criteria and process for appointments</li> <li>● Board member and Executive Director succession plans</li> <li>● Board member and Executive Director performance evaluation</li> <li>● Appointment or removal of board members and Executive Director</li> </ul>
Remuneration Committee	Oversee the remuneration policies and practices of the board of director and senior executives.	Responsibilities include development, review, and implementation of the following policies and practices (if applicable): <ul style="list-style-type: none"> <li>● Executive remuneration and incentive policies</li> <li>● Recruitment, retention, and termination policies and procedures for executives and senior management</li> <li>● Performance-based incentive schemes</li> <li>● Director remuneration policies</li> <li>● Pension or retirement plans</li> <li>● Remuneration disclosures in reports</li> </ul>

Source: PriceWaterHouseCoopers. Corporate Governance Toolkit for small and medium enterprises. 2nd Edition. 2005.



a smaller organisation will likely have a smaller board of directors. In this case, board committees may not be necessary. Each organisation and its board of directors should determine the need for committees based on the needs of the organisation.

### 3.2.4 Board of directors composition and effectiveness

The composition of boards of directors varies by organisation. In Botswana, boards of directors have an average of five to seven members. At a minimum, an organisation's board of directors should consist of a Chairperson, a Secretary and a Treasurer (see Table 4). Additional positions should be assigned and have clear designated tasks related to the organisation's programme areas.

An effective board of directors is not automatic and it does not mean that members are experts in all sectors of an organisation. Building an effective board of

directors requires an analytical and careful process to identify and select the right team of people to assist the organisation with challenges and opportunities. The organisation's strategic plan can serve as a guide for board member recruitment to ensure that the right individuals are selected to carry out long-term objectives of the organisation.

Board effectiveness comes from obtaining the right mix of skills and experiences, teamwork, and encouraging productive debate to meet the goals of the organisation. Additionally, collaboration with the senior management team during this process ensures that individuals that are recruited have technical skills that complement or enhance existing organisational capacity to further expand or develop new programmes while also meeting the operational needs of the organisation. The key focus should be on working together in the interests of the stakeholders. Case Example 2 is an example of a board of directors with complementary skills and experience.

<sup>14</sup>The NGO Café. (2011.) Available: <http://www.gdrc.org/ngo/ngo-board-of-directorss.html> [20 June 2011]

## BOARD OF DIRECTORS SKILLS AND EXPERTISE

Board members should have professional skills or experience that will be valuable to the organisation and/or a respected public image that can be influential in advancing the priorities of the organisation. Overall, organisations should strive to have a board of directors whose members have skills ranging from personnel and financial management, programme implementation, and legal expertise.

The desired characteristics of board of directors members include:

### Skills or Expertise:

Board of directors members should have professional skills or experience that will be valuable to the organisation.

**Commitment:** An essential characteristic is the commitment board members have to the organisation.

They should understand the needs of the organisation and its beneficiaries and should be supportive and promote the organisation and its mission.

**Availability:** Board members should be available to volunteer time to serve on the board of directors and regularly participate in the organisation's activities.

**Diversity:** The board members should have equal representation of gender, age, race and religion; and representatives of the client populations being served.

*Source: Johnson Lassner, K. Guide to Effective CSO Governance Management Sciences for Health (MSH). 2010*

**TABLE 4: DESCRIPTIONS OF BASIC BOARD OF DIRECTORS' MEMBERSHIP ROLES AND RESPONSIBILITIES**

<p><b>CHAIRPERSON</b> Provides overall leadership and direction to the board of directors and the organisation.</p>	<p><b>SECRETARY</b> Provides support to the chairperson by ensuring that the board of directors operates efficiently.</p>	<p><b>SECRETARY</b> Oversees the financial affairs of the organisation to ensure its financial viability and ensure that proper financial records and procedures are maintained.</p>
<ul style="list-style-type: none"> <li>● Ensures appropriate supervision of the executive director/ coordinator, including annual performance review</li> <li>● Assists with management of the organisation (dispute resolution, signing cheques, and staff recruitment)</li> <li>● Develops board meeting agendas with the executive director</li> <li>● Chairs board meetings</li> <li>● Manages the structure and process of the board of directors including creating board committees as needed</li> <li>● Communicates board of directors policies and expectations to the executive director</li> <li>● Explains and models the organisational culture</li> <li>● Represents the organisation in public fora</li> </ul>	<ul style="list-style-type: none"> <li>● Plans board meeting logistics</li> <li>● Collects board meeting agenda items from board members and prepares the agenda with the chairperson</li> <li>● Develops and circulates minutes from board meetings</li> <li>● Obtains signature from the chairperson on board approved meeting minutes</li> <li>● Conducts follow-up with board members to ensure action items are completed</li> <li>● Maintains official files</li> </ul>	<ul style="list-style-type: none"> <li>● Chairs the finance committee, which analyses the organisation's financial situation and recommends budget resolutions to the full board of directors</li> <li>● Reviews and certifies the financial reports provided by staff and accountants and presents them to the board of directors</li> <li>● Prepares spreadsheets to document yearly revenue and expenditures</li> <li>● Leads the development of financial policies and procedures, including documentation and compliance requirements</li> <li>● Represents the organisation during audits or other financial review meetings</li> </ul>

# CASE EXAMPLE 2: BOTSWANA RETIRED NURSES SOCIETY (BORNUS)

## BACKGROUND

The Botswana Retired Nurses Society (BORNUS) is a community-based organisation that was registered in 2003 and has offices in Tlokweng, Kanye, and Morwa. BORNUS was established by a group of retired nurses focused on providing care and support to people living with HIV/AIDS (PLWHAs) and other chronic ailments. In addition to care and support for PLWHAs, BORNUS also runs a day care centre for orphans and vulnerable children. Key to the organisation is a high level of volunteerism.

**VISION:** We strive to be the leading provider of integrated preventative, care and support to the infected and affected, to ensure that the beneficiaries are self-reliant and have an improved quality of life.

**MISSION:** BORNUS is a community-based organisation committed to the prevention of the spread of HIV infections and the provision of care and support to the infected and affected members of the community through advocacy, information, education and counselling throughout Botswana.

## Board of directors' roles and responsibilities

BORNUS is overseen by a board of directors that have distinct responsibilities separate from the organisation's management team. The centre director has overall responsibility for the day-to-day management of the organisation and reports directly to the board of directors. BORNUS' board members come from different backgrounds and provide the organisation with a wealth of diverse expertise. The skills and expertise of the board of members vary across sectors including: ministry, law, finance, counselling, media, youth, and medicine. Each member has a strategic role and provides services that contribute to achieving the mission of the organisation. For example, the board member that works in media provides free advertising in the newspaper and the board member with finance expertise reviews and ensures that financial reports are satisfactory before they are presented to the entire board of directors or donors. This has helped the organisation function efficiently and has increased the amount of funding the organisation has received.

## Strategic planning

With assistance from the USAID-funded New Partners Initiative program, BORNUS created a five-year strategic plan (2010-2015) to guide the organisation's work. The strategic plan was developed in collaboration with the board of directors and stakeholders. The strategic plan is integral to the organisation's annual programme planning.

## Human resource management

BORNUS is a small organisation. As such, a human resource (HR) department and succession plan have not been established. Most HR issues are handled by the centre director and an administrative staff member. By policy, BORNUS ensures that a board member is present for all recruitment proceedings and that staff employment letters include important HR information to ensure that all new employees are aware of policies and procedures.

## Financial strategy and management

The finance manager for BORNUS manages the organisation's finances and reports to the centre director. Within BORNUS financial management is in line with the goals and objectives of the strategic plan, and financial reporting is done quarterly to the board of directors and donors.

## Engaging with stakeholders

Consultation between BORNUS and the board of directors, and between the board of directors and the community is a strong element of the organisation. Because it is a community-based organisation, BORNUS has seen enormous rewards from such consultations, including allocation of land, monthly contribution of vegetables and yearly monetary donations.

### 3.2.5 The board of directors: accountability and transparency<sup>15</sup>

The board of directors should be accountable and transparent. The board of directors must be able to explain its actions and the conduct of the organisation as a whole. Being accountable means that the board of directors consistently demonstrates that the organisation's resources are managed appropriately and are used for activities that directly contribute to the mission of the organisation. The board of directors and the organisation's staff are accountable to:

- affiliate members of the organisation
- beneficiaries
- donors
- strategic partners such as other CSOs in the community, schools, etc
- the public
- the government

Transparency means that an organisation openly communicates about its work to affiliated member organisations, beneficiaries, other organisations and the general public. The board of directors can improve accountability by ensuring transparency through clear statements of:

- the organisation's mission, objectives, and policies
- its methods, activities, and achievements, including organisational evaluations and other relevant reports
- its geographic scope
- its organisational structure, and in particular how it is controlled and managed
- its constituency, affiliations, and links to other organisations, if any
- its sources and uses of funds.

### 3.2.6 Role and responsibilities of the board of directors

The board of directors has a legal, moral, and fiduciary responsibility for the organisation, and is its principal governing body. In addition to its legal responsibility, the primary function of the board of directors is governance, or serving as a supervisory and complementary body. Governance duties of the board of directors can include policy decision making, and strategic direction and oversight of the organisation's financial and administrative operations. The board's fiduciary responsibility also requires that it acts as a trustee of the organisation's funds. As a result, the board of directors has a responsibility to both the donors and programme beneficiaries to protect and use funds for their designated purpose.

The overall role of the board of directors is to provide an independent and objective view on an organisation's decisions and to oversee the actions and performance of an organisation's management. The board of directors' roles and responsibilities can be grouped into four main categories as outlined in Table 5 overleaf.

*'Accountability is partially clarified in an organisation's constitution which articulates voting rights and the governance structure. It is also part of the working procedures of the organisation which may require staff decisions to be endorsed by other groups within the organisation.'*

Source: Management Sciences for Health (MSH). 2010. *Guide to Effective CSO Governance*. MSH

<sup>15</sup>Johnson Lassner, K. *Guide to Effective CSO Governance*. Management Sciences for Health (MSH). 2010.

TABLE 5: ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

PLANNING	PERSONNEL	FINANCIAL	PUBLIC RELATIONS
Sets long-term strategic direction of the organisation	Recruits, supervises, evaluates, and terminates the executive director/ coordinator	Oversees the development and approval of financial management guidelines	Serve as a link between the organisation and its stakeholders
Defines and communicates professional and ethical standards for the organisation	Oversees and ensures that all labour laws and policies are followed in the recruitment, resolution of conflicts, and termination of other staff	Reviews and approves the organisation's budget	Communicates the mission and vision of the organisation
Facilitates regular meetings	Oversees the development and approval of Terms and Conditions of Service or HR policies and procedures	Reviews and approves financial reports	Integrates organisational and community interests into programme activities
Sets the rules for its own operation	Approves salary scales and job descriptions	Leads resource mobilisation, including fundraising efforts	Seeks opportunities to enhance the public image of the organisation
Looks after its own (the board's) development	Ensures that the organisation has a clear succession plan	Monitors and approves expenditures	Represents the organisation in public events
Documents all its proceedings		Ensures that expenditures are in line with the approved budget, programme activities, income, and cash flows	
Makes strategic decisions		Ensures that the organisation complies with statutory requirements such as tax returns and financial audits	



*No single relationship in the organisation is as important as that between the board of directors and its chief executive officer.*

*That relationship, well conceived, can set the stage for effective governance and management.*

— John Carver, board of directors that Make a Difference, 1990

### 3.2.7 Role of the Chairperson<sup>16</sup>

The chairperson of the board of directors is a key position with specific responsibilities as outlined in Table 4. The overall responsibility of the chairperson is to provide leadership and direction for the organisation in collaboration with other board members; and manage the structures, processes and responsibilities of the board including drafting the agenda for board meetings and chairing board meetings. Additionally, the chairperson supervises the executive director, conducting annual performance reviews and communicating the board's expectations of the executive director. The chairperson should be chosen carefully and their succession should be planned well in advance. If possible, let the new chairperson serve as deputy chairperson first before assuming the chairperson role. The chairperson leads the board of directors and makes sure that members fulfil their governance responsibilities. In addition, the chairperson works closely with the executive director, supporting him or her in achieving the organisation's goals, and acts as the channel of communication between other board members and staff. A key responsibility is to ensure that board of directors meetings are efficient and effective.

It is important to have a positive working relationship between the chairperson and executive director. Conflicts should be avoided when possible and personal relationships should not be included when considering an individual for a chairperson or executive director position. Longstanding personal relationships between the two can hinder the board's objectiveness and transparency.

### 3.2.8 Executive directors' duties<sup>16</sup>

The executive director is responsible for the day-to-day management of the organisation and plays an important role in ensuring good governance and developing the board of directors. The relationship between the executive director and the board of directors' chairperson is one of the most crucial in the organisation. Overall, it is the responsibility of the executive director to:

- develop, update, and present to the board of directors job descriptions for senior staff and board members
- maintain a good working relationship and good communications with the chairperson
- keep the board of directors informed about the progress of the organisation
- provide orientation to new board members in collaboration with the chairperson
- help the board of directors to understand its role in policy development and promotion of the organisation's work to external parties
- encourage periodic board of directors retreats and other self-study exercises

The executive director is also responsible for the wide-range of legal requirements that an organisation must comply with such as privacy, occupational health and safety, environmental protection, trade policies, taxes and equal opportunity legislation. In addition, the executive director has the following legal and statutory duties:

- to act in good faith and in the best interests of the organisation
- to act with care and diligence
- to avoid conflicts of interest

### 3.3 Boardroom conduct<sup>18</sup>

Most board of directors meetings still follow the formal procedure that requires board members to first request permission from the chairperson to participate in discussions. However, a more informal approach that allows board members to participate without chairperson approval is on the rise. The established meeting procedures and appropriate meeting etiquette should be followed:

- All board members should be given the opportunity to speak, subject to the chairperson's overall control of the meeting.
- Contributions should be thoughtful, concise, informative, and to the point.

- Foul language, emotional behaviour and personal attacks are inappropriate no matter how passionate members may be about the subject under discussion.
- Discussion should be open and candid with appropriate time allowed to discuss important issues.

## RECOMMENDATION

*Because the manner in which the board of directors operates is determined by the chairperson and his or her personal style, the level of formality of board of directors sessions conducted should be agreed upon collectively.*

### 3.3.1 Effective board of directors meetings<sup>19</sup>

Effective board of directors meetings take planning and good management to be efficient. Board of directors meetings should be conducted in an open and inclusive atmosphere that allows for healthy debate by all board members. Although the chairperson has the primary responsibility to ensure that this objective is achieved, individual board members particularly the board secretary (see Table 4) also have roles and responsibilities in facilitating effective board meetings.

Efficient and effective board meetings are facilitated by:

- An appropriate meeting agenda (Annex 8) that allocates sufficient time to each agenda item.
- Effective management of the flow of information to the board of directors to ensure informed and prepared board members.

<sup>16</sup>Johnson Lassner, K. *Guide to Effective CSO Governance*. Management Sciences for Health (MSH). 2010; Commonwealth Foundation. *A Toolkit for Civil Society Organisations in Uganda*. London: Commonwealth Foundation. 2009. and PWHC. *Corporate Governance Toolkit for small and medium enterprises*:2nd Edition. 2005.

<sup>17</sup>PWHC. *Corporate Governance Toolkit for small and medium enterprises*:2nd Edition. 2005.

<sup>18</sup>PWHC. *Corporate Governance Toolkit for small and medium enterprises*:2nd Edition. 2005.; Kenya National Council of NGOs(KNCONGO). *A Guide to good governance of NGOs*. Nairobi: KNCONGO. 2001

- Effective management of discussions to ensure and that conclusions and decisions are reached, that they are clearly understood by all, and that they are appropriately recorded.

### 3.3.2 Board of directors papers<sup>18</sup>

Board papers should be concise, standalone documents that present information the board of directors will require to fully understand issues being raised and, where required, to make an appropriately informed decision.

There is no standard approach to the preparation, form, style, and content of board of directors' papers. The requirements will vary from organisation to organisation and should be specific to the needs of the board of directors. However, there are a number of principles that apply to all organisations to ensure that the preparation of board papers is efficient and that the information presented is easily understood and can be effectively addressed by the board of directors.

#### What should be management's key considerations in preparing a board paper?

Management papers should **not** be 'recycled' as board of directors' papers. The information needs of the board of directors are different from those of management. Though management papers can provide the basis for a board paper, the board paper

## RECOMMENDATION

*The frequency with which your board of directors meetings depends on the internal and external circumstances and specific issues your organisation needs to deal with at a given time. However, as a general guide, the full board of directors should meet no less than quarterly.*

<sup>18</sup>PWHC. *Corporate Governance Toolkit for small and medium enterprises*:2nd Edition. 2005.

itself should be prepared with the board's needs in mind, recognising that they are not part of the day-to-day organisational operations.

The purpose of each board paper should be clearly stated to assist board members in understanding management's needs to be addressed during a board meeting. This can be achieved by allocating each board paper into one of three categories:

- **Informative:** to keep the board of directors informed of matters, for example, relevant press coverage, financial information and programmatic progress reports.
- **Decision-making:** for matters that require the board's decision.
- **Discussion and input:** to facilitate discussion of matters prior to final recommendations, for example, proposals or concept papers seeking the board's input in the planning phase, rather than simply when a final decision is required.

### 3.3.3 Minutes and action items

Minutes are the record of the issues discussed, decisions made and matters arising from board of directors and committee meetings. They are important to ensuring accountability of the board of directors. Minutes should be clear, concise and well structured. They should not contain superfluous information nor be a verbatim recording of the dialogue at the meeting.

#### Finalising minutes of meeting

Minutes are prepared by the board secretary from notes taken during the meeting. The following steps should be followed to finalise the minutes:

- Provide a draft for the chairperson to review. This should be done within a short period after the meeting while discussions and decisions are still fresh.
- The chairperson should review the draft minutes and arrange for any appropriate amendments to be made.
- Circulate a revised draft of the minutes to all board members. This can be done either immediately after the chairperson's review, or alternatively, as part of the papers for the next meeting and ratified at that meeting.

*'It is ultimately up to the board of directors to decide what information it wants and when. The board of directors can expect to get input and guidance on what is appropriate and achievable, but cannot avoid the responsibility of specifying the information it requires so directors can discharge their duties.'*

Source: David White, General Counsel and Company Secretary, Perpetual Trustees Australia Limited

## RECOMMENDATION

*It is good practice to have action items that are cross referenced to board minutes. The action items should note the responsible person and the date by which the action is to be completed.*

### Tracking outstanding issues for management action

An **action items list** will help the board of directors track outstanding issues that come up during board meetings and need to be addressed by management. The list of action items should be maintained by the board secretary, updated after each meeting, and distributed along with the minutes of the meeting. A review of the action items should be a standing item on board meeting agendas. This ensures management is progressing with specific tasks in line with the board of directors' expectations. Once an action has been completed to the board's satisfaction, this should be reflected on the action list prepared after that meeting noting the date of completion, and removed from the subsequent list of action items.

### 3.3.4 Access to papers and advice

To effectively discharge his or her duties, the executive director may need to seek external independent advice, at the organisation's expense. Although important, this needs to be carefully managed. Seeking additional information and advice from within the organisation, from either senior management or staff, also needs to be managed appropriately.

#### Seeking external advice on a matter before your board of directors

On occasion, there may be issues before the board of directors or decisions to be made on which both the management and/or the board of directors feel would be prudent to seek independent advice prior to reaching a formal conclusion. For example, in a situation where the executive director, board of directors, or a board committee may wish to obtain independent legal or financial advice. It is within the rights of the executive director to pursue this; however, controls need to exist to ensure the process is properly managed.

Typically, with the consent of the chairperson, an individual board member or committee may engage outside advisors at the expense of the organisation where appropriate. At the discretion of the chairperson, the advice should be circulated to all board and board committee members with the assistance of the board secretary. All board members should have access to the boards' secretary to ensure that such documents and advice can be easily circulated.



### 3.4 Common governance challenges<sup>19</sup>

The two main governance problems CSOs often face are either a weak board of directors, or one that is too involved in the day-to-day work of the organisation. A weak board of directors will result in an organisation controlled by the staff and volunteers, with no monitoring of progress, performance, or financial management. In this context, there is a very real risk of individuals pursuing their own ambitions and agendas, rather than focusing on the beneficiaries and stakeholders. This results in the organisation eventually losing its credibility, and creates difficulties in securing future funding.

On the other hand, a board of directors that becomes too involved in the day-to-day work of the organisation, and tries to control all aspects, will cause conflicts with staff. The result is often an organisation that achieves far less than its potential, at a cost to its beneficiaries and stakeholders. Very often this problem occurs when organisations are in some form of transition. Some board members, particularly those who helped found the organisation, may have trouble letting go of control of the day-to-day work.

In addition to the challenges discussed earlier, the following are some of the common governance challenges faced by CSOs in Botswana:

- absence at planned board meetings which leads to cancellation of board meetings because of an inability to reach quorum
- board members who sit on too many boards, and are unable to give sufficient attention to the development of the organisation
- the ‘founder syndrome’ where the founder of the organisation sits on the board of directors and has difficulty relinquishing control of day-to-day activities
- board members not understanding or acting in opposition to the vision and/or mission of the organisation
- board members not understanding their roles and responsibilities
- conflict between the board’s priorities and those of the donor(s)
- board members with insufficient relevant skills and/or lack of diversity in skills
- board members serving for too long
- board members serving dual roles-as a board member and as staff (e.g., due to funding constraints)
- conflict of interest between board members and management
- lack of transparency in decision making and financial management
- board minutes not recorded or recorded but not approved
- discrepancy between the constitution/deed of trust and services provided by the organisation on the ground
- lack of local community representation on the board

<sup>19</sup>PWHC. *Corporate Governance Toolkit for small and medium enterprises*: 2nd Edition.. 2005.; Kenya National Council of NGOs (KNCONGO). *A Guide to good governance of NGOs*. Nairobi: KNCONGO. 2001

# CASE EXAMPLE 3: BOTSWANA NATIONAL YOUTH COUNCIL (BNYC)

## BACKGROUND

The Botswana National Youth Council (BNYC) is a national NGO established in 1974 to coordinate youth-focused NGOs in Botswana. By working with other organisations, BNYC works to empower youth aged 18-29 who are in-or-out-of-school. The Council strives to empower and inspire youth to become leaders and actively participate in the development of Botswana, in a transparent, accountable, and efficient manner. BNYC is run by full-time staff and is governed by a board of directors.

Currently, the Council helps to guide youth in registering businesses to give them an opportunity to apply for funds from the youth development fund. In addition, the Council helps guide youth in facilitation of activities such as drama clubs, HIV and AIDS outreach events, and rallies such as the Youth Against AIDS forums.

## Board of directors roles and responsibilities

BNYC has nine board members who are elected from their local constituencies and collect votes up to their election to the board of directors. This is advantageous in that elected board members typically have a lot of political influence which has been instrumental in fund raising activities. There is a clear division of roles between the board of directors and staff and the board of directors' involvement in the organisation is limited to resolution of dispute cases as appropriate.

## Strategic planning

BNYC does not have a strategic plan in place. However, the work of the organisation is guided and directed by the National Youth Policy.

## Human resource management

BNYC does not have explicit HR policies. BNYC holds board elections every three years and are eligible to run for two consecutive terms. Elected board members recruit and are responsible for management of the CEO. The CEO in turn is responsible for staffing and management of the organisation. The board of directors only intervenes in appeal cases.

## Financial Strategy and management

BNYC staff provide financial reports to the board of directors and have an independent external audit conducted.

## SECTION 4:

# THE BOARD OF DIRECTORS AND THE ORGANISATION

This section provides guidance on the distinction between the board of directors and the organisation, as well as information on succession planning, and financial management.

### 4.1 Distinction between the board of directors and senior management

Roles and responsibilities of the board of directors and senior management should be distinct. However, the relationship between the two is fundamental to the organisation's governance and management. The board of directors is intended to complement and support the organisation's management

**The effectiveness of your board of directors is as important to the success of your organisation as having qualified and competent staff. The most successful organisations are usually those in which board of directors members and professional staff are aware of, and committed to, their respective roles and responsibilities, and are working together to fulfil these.**

structure. Partnership and collaboration between the executive director and the board of directors enhances the successful implementation of policies, service delivery, administrative tasks, and financial management.

The lines of authority between the different roles in the organisation must be clearly defined, with clear lines of communication and accountability. These roles should be defined based on the organisation's mission. However, although both the executive director and the board of directors share responsibility for helping the organisation fulfil its mission and goals, their responsibilities differ. The executive director is responsible for implementing programme activities and for the overall management of the organisation in order to meet its goals. The board of directors, on the other hand, makes policies, assists in setting the strategic direction of the organisation, and provides oversight and supervision to ensure that the management and operations of the organisation are legal, effective, and appropriate (fair and ethical). As indicated earlier, the board of directors governs and is legally responsible for the organisation.

#### 4.2 Conducting an AGM<sup>20</sup>

The board of directors' principal responsibility is to the stakeholders of the organisation. The annual general meeting (AGM) provides the forum for the board of directors to meet with your stakeholders to discuss the organisation's performance and address matters that require their specific approval. Because the organisation represents the needs and interests of stakeholders it is important that they have a forum to discuss these interests and related matters.

#### What is the secret to an effective AGM?

A key element to a successful AGM is preparation. A successful AGM requires careful preparation to ensure that information is communicated effectively, particularly those that address difficult situations. The key objective during an AGM is to ensure that stakeholders understand the performance, both positive and negative, of the organisation and the key factors that have contributed to that performance. It is equally important that stakeholders are given the opportunity to ask questions and to exercise their statutory rights (for example, voting on the appointment of board of directors members).

The following are the basic preparations for an AGM:

- Define and address the objectives for the meeting. What do stakeholders need to know? What do you want the meeting to achieve?
- The chairperson's address should identify the successes, challenges and lessons learned for the organisation since the last AGM. The executive director may also wish to address the AGM and provide feedback on the financial and operating performance of the organisation since the last AGM. Discussions should represent a balanced account of the organisation's performance and not gloss over problems. The executive director and chairperson should ensure that their addresses are coordinated, consistent, and do not unnecessarily overlap each other.
- An effective approach would be to anticipate potential questions and develop appropriate responses to ensure the board of directors and particularly the chairperson, are able to respond to stakeholder questions in an informed manner.
- The board of directors should be fully briefed by management on stakeholder issues that may have been raised since the last AGM. In addition, ensure that any stakeholder issues raised at the last AGM have been appropriately addressed.

<sup>20</sup>PWHC. *Corporate Governance Toolkit for small and medium enterprises*: 2nd Edition. 2005; Financial Institutions Commission (FIC). *How to conduct an annual general meeting*. British Columbia. 2011.



- Each board member standing for election or re-election should consider how they plan to introduce themselves, what they want stakeholders to know about their skills and competencies and their capacity to contribute to the organisation in the future.
- It is advisable for the external auditor to attend the AGM to respond to any questions raised regarding the conduct of the audit, or the preparation and content of the audit report. The chairperson should allow a reasonable opportunity for members to ask the auditor questions.

### What else can be done to ensure the smooth running of the meeting?

- Prior to the AGM, an invitation to the meeting should be sent to all stakeholders well in advance to ensure full attendance. The invitation should disclose all logistical matters stakeholders will need to know, the matters on which stakeholders are being asked to vote and details of proxy arrangements. The invitation may be distributed electronically.
- Procedures and relevant checklists should be in place to ensure that the organisation's constitution, legal requirements, and other relevant requirements regarding AGMs are complied with.
- Appropriate arrangements need to be put in place to ensure the formalities are addressed for all resolutions passed and arrangements exist for a poll to be conducted if required.
- A running sheet/agenda for the meeting is useful to ensure, as much as possible, that the meeting keeps to the predetermined schedule.

**Being prepared for any eventuality is vital to a successful AGM.**

### Your activities after an AGM

After the AGM, a number of tasks need to be completed.

- The board secretary should prepare minutes of the meeting, ensuring appropriateness and comprehensiveness of issues discussed.
- Any issues raised during the AGM such as a request for further information or clarification of issues discussed during the meeting will need to be documented, and future actions to be taken to ensure action items are completed (for example, investigating a particular issue as a result of a stakeholder's question).
- Stakeholders may like to receive a copy of the minutes of the meeting; this should be facilitated. Any other post-AGM obligations of the organisation should also be addressed.
- Board of directors and management should have a de-briefing session to discuss what went well, what did not, and what can be improved in the future. This kind of discussion will assist in planning for the next AGM.

### 4.3 Succession planning<sup>21</sup>

Succession planning is a critical issue for many organisations. However, this is a common area of governance with which many CSOs struggle. This held true for the three organisations interviewed for the various case examples.

#### Board of Directors

An effective board of directors will ensure that policies are in place to establish succession and selection criteria. The organisation's constitution should specify term limits for board members before he or she is required to submit themselves for re-election. This may result in the voluntary or involuntary retirement of the chairperson. To minimise disruption and ensure continuity of knowledge, it is important that board rotation is staggered so that only a portion of the board of directors is up for re-election at any AGM. A simple first step in board of directors succession planning is to establish a criteria matrix, identifying the mix of

<sup>21</sup>PWHC. *Corporate Governance Toolkit for small and medium enterprises*:2nd Edition.. 2005.

skills, expertise, and experience that are particularly important to the organisation for future recruitment of new board members. See Annex 7 for details on how to recruit a new board member.

### Executive Director

The board of directors needs to be prepared for the fact that the executive director may leave the organisation. The job description for the executive director should be reviewed and if necessary updated to ensure that all current responsibilities are covered or future expectations of the recruited executive director are clearly articulated. Before an executive director leaves an organisation it is imperative that board members meet regularly with him or her to solidify understanding of the daily operational, technical and stakeholder responsibilities of the organisation.

### 4.4 Financial management and audits

Internal financial controls guard an organisation's assets by regulating the handling of funds. Internal controls promote integrity and efficiency. The board of directors is responsible for ensuring that internal controls are established and implemented. Among the most important internal controls the board of directors can introduce are professional accounting standards, segregation of duties for financial responsibilities (for example, invoice approval and bank transfers), and annual financial audits. BONELA

*The ideal situation is to have the finance committee led by a finance professional. If the organisation does not have a finance professional, consider bringing in an experienced outsider as a member of the committee.*

have taken their financial management a step further and developed a financial policy. In addition the organisation has audits conducted yearly (see Case Example 1).

Most organisations establish a finance committee to monitor financial affairs in detail. A key function of the finance committee is oversight of the organisation's budgeting process. The main duties of the committee are to:

- ensure an annual budget is prepared and presented to the board of directors for approval
- ensure reports for the current year are prepared and presented to the board of directors for approval
- monitor income and expenses
- compare current financial conditions to financial projections
- arrange for an auditor

In large organisations, an independent audit is not just a good practice but is usually required by law. A 'clean' audit speaks loudly to donors about an organisation's financial reliability. It is therefore good practice to undertake audits despite the costs involved. Donors increasingly provide financial support to CSOs on the condition that good financial systems are put in place and audits takes place as necessary. In addition, to assessing financial statements, a good auditor will also help make them more efficient.

Whether paid or volunteer, auditors should never be compromised by other relationships to the organisation. Above all, staff members should not perform or commission audits; this is the responsibility of the board of directors. Once completed, it is also the responsibility of the board of directors to confirm that recommendations of the auditor are implemented and the audited financial statements are published in the annual report.

<sup>25</sup>Sources: PWHC (2005).

## SECTION 5:

# BOARD OF DIRECTORS PERFORMANCE ASSESSMENT<sup>22</sup>

This section provides guidance on assessing the performance of the board of directors.

### 5.1 Why assess the performance of the board of directors?

Assessment of the board's performance provides an excellent opportunity to explore a wide range of issues and ensures a consistent message to management. "...Board of directors want to be seen to be applying the same degree of continuous improvement and reviews as is expected of the executive director and the senior management team.

*A number of governance self assessments are available free of charge and serve as useful tool to assess the governance of an organisation. Some of these assessments are provided on the resource CD that accompanies this guideline.*

If board of directors does not deal with internal performance issues then they are hardly entitled to insist that the senior management does.”<sup>27</sup> If done well, assessing the board of directors can be an extremely productive process.

A robust and successful assessment process will give the board of directors:

- a balanced view of its performance, identifying the positive aspects of the board of directors' operations and areas for improvement;
- a benchmark against which the board of directors can assess its progress and performance over time; and
- a basis on which to establish agreed upon performance objectives for the board of directors.

<sup>22</sup>PWHC. *Corporate Governance Toolkit for small and medium enterprises*: 2nd Edition. 2005. ;  
Stan Wallis. *Corporate Governance Conformance or Performance*. Corporate Public Affairs Oration. 2000.

## 5.2 How do we approach the board of directors' assessment process?

The most appropriate approach for an organisation depends on the size, structure, and dynamics of the board of directors as well as the personal views of the board of directors. Some boards adopt a very limited assessment process, only allowing the chairperson to have informal discussions on the boards' effectiveness with individual board members. Other boards undertake a more formal approach and use a combination of:

- external facilitators
- assessment questionnaires
- confidential interviews
- a workshop discussion of the findings.

The use of a facilitator can be key to the success of the process as it allows board members to express their views and concerns confidentially and on an anonymous basis, knowing that these issues will be flagged for attention. These issues can then be discussed in a constructive manner to increase performance. The most comprehensive programmes go further than this and include:

- 360° feedback, which incorporates the views of management
- assessment of the performance of the chairperson
- assessment of the performance of board members

# GLOSSARY OF TERMS

**Advisory board of directors:** a committee of persons selected by a board of directors to provide specific advice and information to the board of directors and management. Advisory board of directors members are not board members, have no powers, and owe no duties as board member of the organisation. The key difference is that an advisory board of directors ‘advises’ only and has no power of decision making.

**Annual general meeting (AGM):** a meeting that official bodies and associations involving the public, are often required by law, or an organisation’s constitution, charter, or by-laws to hold. An AGM is held every year to elect the board of directors and inform their members of previous and future activities.

**Articles of incorporation:** the legal document filed with the appropriate government agency to establish the civil society organisation as a registered organisation.

**Board of directors:** the most common English name for a CSO’s governing board of directors. The board of directors constitutes the ultimate legal authority for the CSO. This oversight body takes many different forms, depending on the cultural or national context.

**Capacity building:** the strengthening of the ability of an organisation to manage itself and achieve its mission effectively.

**Civil society:** the set of institutions, organisations, and behaviours situated among the state, the business world, and the family. Specifically, this includes voluntary and non-profit organisations, philanthropic institutions, social and political movements, other forms of social participation and engagement, and the values and cultural patterns associated with them.

**Civil society organisation (CSO):** a not-for-profit, non-state organisation, a community-based association, and/or other group (distinct from both the governmental and business sectors) that advance a collective or public good. These organisations are also referred to as non-profit organisations, non-governmental organisations (NGOs), charities, or voluntary organisations.

**Code of conduct:** a formal expression of an organisation’s values and ethics.

**Constitution (by-laws):** a set of rules adopted by a CSO for governing its meetings and affairs. They define the structure and legal responsibility of how the organisation is run, which should define the structure, size, and duties of the board of directors.

**Executive directors:** a full-time employee of the organisation who assumes the full range of a director’s responsibilities and duties. Executive directors provide organisational knowledge to the board of directors for meetings and deliberations.

**Fiduciary responsibility:** requires exercising a higher degree of care than one normally would for one's own personal affairs. A person who holds something in trust for others acts in a fiduciary capacity as a trustee. For example, the governing board of directors of a CSO holds in trust funds donated or provided by others and has a fiduciary responsibility to both donors and programme beneficiaries of protecting and using the funds for their designated purpose.

**Finance committee:** a committee of the board of directors whose principal function is to assist the board of directors in producing accurate financial statements in compliance with all applicable legal requirements and accounting standards. Risk management can also be a major focus.

**Governance:** a system of oversight that provides overall vision, direction, and purpose to an organisation through a structure—a board of directors—separate from the day-to-day management of the organisation.

**Management:** responsible for overseeing the day-to-day operation of the organisation.

**Mission statement:** a description of an organisation's identity, the people it serves, its geographic scope, and how the organisation accomplishes its purpose.

**Non-government organisations (NGOs):** private organisations of a charitable, research, or educational nature that are concerned with a wide range of social, economic and environmental issues. They may act on an international, national, or local scale. Some raise money from the public and from governments to help fund development projects. Others attempt to educate the public and campaign on major local, national or global issues or lobby governments and international agencies to change public policies.

**Organisation:** a structure of recognized and accepted roles that unite a group of individuals who are working toward a common purpose. These roles are joined together in a logical fashion so that, taken together, they discharge the work required to meet the organisational purpose. Individuals within organisations occupy roles with specific responsibilities that are integrally linked to those of other members.

**Strategic plan:** a plan that looks beyond the internal realities of an organisation to consider the impact of external events and trends on the work and effectiveness of the organisation.

**Strategic planning:** the process of developing a strategic plan to achieve the long-term goals of an organisation that involves a time horizon that extends beyond a single fiscal year (unlike an operating plan and budget).

**Terms of reference:** provisions that describe the purpose and structure of a project, usually created during the early stages of project management.

**Values:** the organisation's guiding principles, a set of common agreements about how the organisation conducts itself and relates to its stakeholders.

## ANNEX I: GOVERNANCE CHECKLIST

This checklist is intended to help you adopt and put in place good governance practices. In completing this checklist it is important to be as honest and open as possible. It is helpful to complete this assessment in conjunction with a self assessment such as the one available at: <http://www.hivcode.org/silo/files/final-governance-.pdf>. This assessment is also available in the resource library that accompanies this guideline under the folder “self assessments.”

Once you’ve established the state of your governance structure, develop a plan to put in place the aspects of good governance that are lacking in your organisation. There are a number of resources available in the resource library that will serve as templates that you can adapt and use for your organisation.

FEATURES	GENERAL PRACTICE	IN PLACE (YES/NO/?)
HR and succession planning	<ul style="list-style-type: none"> <li>- Does your organisation have adequate HR policies and procedures in place?</li> <li>- Is there a plan to appoint the successor of the CEO and to fill board of directors vacancies?</li> </ul>	
Strategy setting and planning	<ul style="list-style-type: none"> <li>- Has your organisation set overall strategic goals?</li> <li>- Are there plans to achieve those goals and evaluation measures?</li> </ul>	
Risk management	<ul style="list-style-type: none"> <li>- Does your organisation have a framework in place to identify, assess, and treat risks on a continuing basis?</li> </ul>	
Financial strategy and reporting	<ul style="list-style-type: none"> <li>- Does your organisation implement a schedule of financial reporting?</li> <li>- Is there a regime of external and internal audit?</li> <li>- Are budgets approved before implementation?</li> </ul>	
Consultation	<ul style="list-style-type: none"> <li>- Does your organisation consult with its stakeholders: members, clients, the community and funding providers?</li> </ul>	
Roles and responsibilities	<ul style="list-style-type: none"> <li>- Does your organisation exercise specific roles and responsibilities as outlined in the legislation under which the organisation is incorporated?</li> </ul>	
Performance	<ul style="list-style-type: none"> <li>- Is there a means of assessing three areas of performance: the board of directors, the CEO, and the organisation as a whole?</li> </ul>	
Conduct and ethics	<ul style="list-style-type: none"> <li>- Does your organisation have a code of conduct that guides its members in their interactions with one another and the organisation’s employees?</li> </ul>	

## ANNEX 2: RESOURCES

This resource is accompanied by a CD with select governance resources that your organisation can adapt and use to strengthen your governance system.

**Resources used to compile this guideline**

Board Source Governance Series. (2009) Beginning with Richard T. Ingram's *Ten Basic Responsibilities of Non-profit Board of directors*, this series features concise books on planning and evaluation, fundraising, financial responsibilities, developing the board of directors and other topics.

Commonwealth Foundation. (2009) *A Toolkit for Civil Society Organisations in Uganda*. London: Commonwealth Foundation.

Financial Institutions Commission (FIC). (2011) *How to conduct an annual general meeting*. British Columbia: FIC. Available: [www.fic.gov.bc.ca/pdf/responsibilities\\_strata/guide08.pdf](http://www.fic.gov.bc.ca/pdf/responsibilities_strata/guide08.pdf)

Kenya National Council of NGOs (KNCONGO). (2001) *A Guide to good governance of NGOs*. Nairobi: KNCONGO.

Institute of Directors. (2002) *King report on corporate governance for South Africa 2002*. Johannesburg: IOD.

Kebonang, Z. and Lebotse, K.K. (2010) Reflections on the Legislative Environment for Nongovernmental Organisations in Botswana. *International Journal of Not-for-Profit Law*. Vol. 12, no. 4, November 2010 / 54.

Management Sciences for Health (MSH). (2010) *Guide to Effective CSO Governance*. MSH Available:

<http://erc.msh.org/toolkit/toolkitfiles/file/Guide%20to%20Effective%20CSO%20Governance.pdf> [6 June 2011]

OECD. (2004). *OECD Principles of corporate governance*. Paris: OECD.

PriceWaterHouseCoopers. (2005) *Corporate Governance Toolkit for small and medium enterprises: 2nd Edition*. Available: [http://www.himaa.org.au/Governance/toolkit\\_print.pdf](http://www.himaa.org.au/Governance/toolkit_print.pdf) [6 June 2011]

Wyatt, Marilyn. (2004) *A Handbook of NGO Governance*. Budapest: European Centre for Not-for-Profit Law, <http://www.ecnl.org/index.php?part=13publications&pubid=18>

**Websites of Interest:**

*Board Source* ([www.boardofdirectorssource.org](http://www.boardofdirectorssource.org)) is a non-profit organisation that provides practical information, tools and best practices, training and leadership development for board of directors members of non-profit organisations worldwide.

*BoardnetUSA* ([www.boardofdirectorsnetusa.org/public/home.asp](http://www.boardofdirectorsnetusa.org/public/home.asp))

*Dorothy A. Johnson Center for Philanthropy and Non-profit Leadership* <http://www.npgoodpractice.org>

*Global Forum on NGO Governance* (<http://ngoboardofdirectorss.org/>) is a worldwide forum that supports resource-sharing and idea exchange for all who work with, or serve on, the board of directors of non-governmental organisations.

*Governance Matters* ([www.governancematters.org](http://www.governancematters.org))

*Independent Sector* ([www.independentsector.org](http://www.independentsector.org)) provides helpful publications, tools, standards, codes and principles.

*Midwest Center for Nonprofit Leadership* (<http://bloch.umkc.edu/mwcnl/boardofdirectors%20resources/intro.htm>)

*National Council of Nonprofit Associations* ([www.ncna.org](http://www.ncna.org)), is a network of state and regional associations of nonprofits in the United States; it offers sample policies.

*Society for Nonprofit Organisations* ([www.snpo.org](http://www.snpo.org))

*Volunteer Consulting Group* ([www.vcg.org](http://www.vcg.org))



### ANNEX 3: TYPES OF CSOS IN BOTSWANA AND THE MINIMUM REQUIREMENTS TO OPERATE

A **society** is registered with the Registrar of Societies in the Ministry of Labour of Home Affairs (MLHA). At a minimum, to register and operate as a society, the board of directors (and management) must comply with the following:

- The organisation must be registered with the Office of the Registrar of Societies, in MLHA, in compliance with the Societies Act (CAP 18:01).
- Submit annual financial returns to the Office of the Registrar of Societies.
- Submit audited accounts annually to the Office of the Registrar of Societies.
- Ensure that an up-to-date constitution and a list of office—bearers of the organisation are kept with the Office of the Registrar of Societies. Therefore, every time the constitution is revised or a new board of directors is elected, the revised constitution and their names must be submitted to the Office of the Registrar of Societies.

To register, the organisation must:

- Submit an up-to-date constitution to the Office of the Registrar of Societies.
- Have a minimum of 10 board members.
- Pay the required registration fee of P500.

*Note: It takes a maximum of two weeks to register an organisation under the Registrar of Societies Act. If the organisation is a faith-based organisation (FBO), a Statement of Faith must be attached as an annex.*

A **trust** is registered with the Registrar of Deeds at the Attorney General's Chambers, Office of the President. At a minimum, to register and operate as a trust, the board of directors (and management) must comply with the following:

- The organisation must be registered with the Deeds Registry, Attorney Generals Chambers, and must have a Notarised Deed of Trust.
- Submit annual financial returns to the Office of the Deeds Registry.
- Submit audited accounts annually to the Office of the Deeds Registry.
- Ensure that an up-to-date Notarised Deed of Trust and a list of office-bearers of the organisation are kept at the Office of the Deeds Registry. Therefore, every time the Deed of Trust is revised or a new board of directors of trustees is elected, the revised deed and their names must be submitted to the Office of the Deeds Registry.

A **company limited by guarantee (Pty) Ltd.** is registered with the Registrar of Companies in the Ministry of Trade and Industry (MTI). At a minimum, to register and operate as a company, the Board of directors (and management) must comply with the following:

- The organisation must be registered with the Office of the Registrar of Companies, in MTI, compliance with the Companies Act (CAP 47:01).
- Submit annual financial returns to the Office of the Registrar of Companies.
- Submit audited accounts annually to the Office of the Registrar of Companies.
- Ensure that an up-to-date Memorandum of Articles and a list of office-bearers of the organisation are kept with the Office of the Registrar of Companies. Therefore, every time the Memorandum of Articles is revised or a new board of directors is elected, the revised constitution and their names must be submitted to the Office of the Registrar of Companies.

*Note: It is the primary responsibility of the board of directors to make sure that all the above legal requirements are met to comply with the local laws of Botswana. Failure to meet the requirements is an offence for which the office-bearer may be fined up to P1, 000.*

## ANNEX 4: BOCONGO CODE OF CONDUCT

**NGO Code of Conduct**

Code of Conduct drafted by the Botswana Council of Nongovernmental Organisations (BOCONGO).

**1. DEFINITION OF TERMS**

Code of Conduct: is defined as a “prevailing standard of moral and social behaviour”.

Sector: shall mean the “NGO sector”.

NGO: is a legally formed autonomous organisation that possesses non-profit making status and whose primary motivation is to improve the well being of the people.

Note: definition of any other word contained in this document will be read with the same meaning and interpretation as may be contained in the Constitution or written laws of Botswana.

**2. PREAMBLE**

We, the NGOs operating in Botswana, take cognisance that the social, economic and political transformation in Botswana and the process of globalisation are creating new opportunities and demands on the NGO sector. NGOs need to remain relevant and responsive to the needs and aspirations of the people they serve and to respect their cultural values and human rights. NGOs must be transparent in their actions and accountable for resources they use. In developing this Code of Conduct, the NGOs are guided by Botswana’s Vision 2016, which states that (a) Botswana will be a society distinguished by the pursuit of excellency through a culture of discipline, (b) Botswana of the future will be a community oriented democracy, and (c) Botswana of 2016 will emphasise the accountability of all citizens from the state president down to community leaders for their actions and decisions.

The Code of Conduct will enable NGOs to respond to the challenges of sustaining democratic and participatory institutions and strengthening an enabling environment in which people can determine collectively or individually their destiny. In view of this, NGOs reaffirm their commitment to:

- i. Sustain and adhere to the basic principles of democracy, social justice, equality, human rights and good governance.
- ii. Protect the integrity of their independence and autonomy.
- iii. Remain responsive to the needs and aspirations of the people they serve.
- iv. Promote the application of best practices within the context of sustainable human development.
- v. Support and encourage people’s participation in the development process as the norm or the policy and not an option or a privilege.

**3. From the above premise, NGOs commit themselves to achieve the goals set out in the preamble and implement the guidelines set out below in the Code of Conduct.****3.1 Establishing an Enabling Environment**

NGOs commit themselves to:

- i. Promote an enabling environment that will facilitate the respect, protection and sustenance of the freedom of association, expression and conscience.
- ii. Promote and sustain an enabling environment in which communities can effectively participate in development issues that affect their lives.
- iii. Establish an enabling environment for staff to be creative and resourceful to the best interest of the organisation, their beneficiaries and for their own growth and development based on mutual trust, honesty, and personal commitment.

**3.2 Values**

- i. While NGOs will remain diverse entities pursuing different interests, they commit themselves to pursue and sustain institutional values that are based on the desire to improve the welfare of the people and enhance people’s awareness of their development needs and rights.
- ii. Institutional values shall also be derived from the search for excellence, respect of culture and history of the people and promotion of people centred sustainable development.
- iii. Individual values of board of directors members, staff, volunteers and partners shall not compromise the integrity of institutional values.

**3.3 Transparency**

The NGO sector commits itself to ensure that NGO management institutions including Board of directors of Directors, Board of directors of Trustees, Executive Committees, Councils and secretariats shall remain transparent in all their functions.

**3.4 Governance**

- i. NGOs shall ensure the existence of democratic management institutions and that the people who serve in them are democratically elected through a participatory process.
- ii. NGOs shall ensure that, once people are elected to positions of power or authority, they do not perpetuate their stay and should demonstrate high moral values and integrity.
- iii. Adequate political and social space shall be given to NGOs, staff and project beneficiaries for them to determine their niche, roles and responsibilities in society and development in general.
- iv. Management institutions shall be guided by basic principles of social justice, political wisdom and the ability to accept the shifting balance of power from institutions to people and communities.
- v. All NGOs shall develop clear policies and management guidelines as the basic foundations for best practices.
- vi. NGO leaders shall avoid potential conflict of interest between their political and NGO interests.

**3.5 Accountability**

NGOs reaffirm their commitment to:

- i. Be accountable for their actions and decisions, not only to donors and governments but also to project beneficiaries and staff.
- ii. Be accountable for financial resources received from donors, government, members, other partner organisations or self-generated activities.

**3.6 Fundraising and Resource Mobilisation**

NGOs take cognisance that resource mobilisation poses great challenges to the sustainability of NGO interventions. In view of this, NGOs commit themselves to:

- i. Be transparent in their fundraising practices to all stakeholders.
- ii. Involve communities in all fundraising being done on their behalf or in their names.
- iii. In the event that an NGO intends to raise funds from more than one donor and in the interest of being transparent, to provide the appropriate information to all interested parties of their intention to do so.
- iv. Avoid diverting funds to purposes other than that for which the funds were raised.
- v. Ensure that financial support does not compromise their independence, autonomy and hence their ability to speak for the people.

**3.7 Financial Management**

NGOs commit themselves to adhere to professional standards of accountancy and audit procedures as stipulated in law and in particular to:

- i. Fulfil all statutory financial management and reporting requirements.
- ii. Establish proper and effective financial management policies, procedures and systems.
- iii. Establish an effective financial monitoring system through proper accounting systems.

**3.8 Management of Human Resources**

- i. NGOs shall recognise and respect that staff are individually different, resourceful in their own way and display loyalty to the institution in different forms.
- ii. Staff rights, dignity and freedom of association, conscience and expression shall be respected and protected. It is these elements that make people different but bind them together by a common understanding of why they are pursuing common goals in the NGO sector.
- iii. NGOs shall develop and implement clear policies, guidelines and procedures that relate to staff welfare, development and safeguarding of their rights.
- iv. Staff recruitment, promotion and opportunities for development and training shall be given to all staff on the basis of merit and qualifications.
- v. NGOs will initiate, where possible and practical, incentives that will help them to retain professional and technically qualified staff.

## ANNEX 4: BOCONGO CODE OF CONDUCT

**3.9 NGO Management**

To be effective partners in the development process, NGOs shall ensure that they will take the initiative to:

- i. Define clearly management and staff roles and responsibilities to avoid conflicts within the organisation. Such roles shall be properly documented and communicated to all concerned.
- ii. Mainstream participatory management processes in all functions of the organisation to enhance ownership and the quality of decision-making.
- iii. Encourage the creation of new leaders and improvement of existing leadership.
- iv. Articulate their organisational vision, mission, values and objectives and have them understood by all stakeholders.

**3.10 Capacity Building**

NGOs commit themselves to build and strength their capacity given the increased demand for services, new and challenging roles and responsibilities and in particular:

- i. Focus on strategic priority areas such as project development and management, fundraising, human resource development and technology.
- ii. Ensure that programmes contain components of capacity building and strengthening, especially with regard to human resources.
- iii. Establish partnerships between and among them in order to tap into expertise that already exists within the NGO sector.
- vii. Empower their staff and project beneficiaries in decision-making by decentralising decision-making and skills training.

**3.11 Networking, Co-ordination, Co-operation and Communication**

Networking, co-ordination, co-operation and communication among and between NGOs is based on shared values, visions and objectives. NGOs commit themselves to improve co-operation and networking, especially through the sectoral networks and in particular to:

- i. Promote and support networking modalities that will facilitate the reduction of competition and duplication of activities.
- ii. Support and promote networking activities that facilitate information sharing and exchange of experiences among and between the various stakeholders. Information sharing should not compromise institutional confidentiality where necessary.
- iii. Improve communication with staff, project beneficiaries and other stakeholders as a strategy of ensuring that everyone has the right information on projects and other activities.
- iv. Take into account the principle of the right to know while considering access to information by stakeholders.
- v. Improve co-ordination among themselves, especially when dealing with common issues of concern and/or the same community groups. These will minimise competition, reduce duplication and increase efficient resource use.
- vi. Develop voluntary strategies to improve co-ordination among NGOs. However, improved co-ordination should not mean compromising individual institutional independence, rights and freedoms.

**3.12 Partnership**

Recognising the need to build and strengthen sustainable partnerships based on equality, trust and honesty, NGOs will:

- i. Respect individual institutional values, policies, visions and objectives and will work together to find solutions and to achieve agreed goals using their complementary but different skills and experiences.
- ii. Support and promote partnerships that facilitate the pooling of resources, sharing power in decision-making, planning, promoting effective co-ordination and being accountable to each other.
- iii. Sustainable partnerships should result in shared vision, responsibility and accountability.

**3.13 Representation at National, Regional and International Fora**

- i. NGO representation in national, regional and international fora will always be based on an organisation's primary mandate and programme focus.
- ii. NGOs will ensure proper consultations among the sector members on key issues in order to ensure a fair national representation of the NGO sector views.
- iii. NGO representatives to such forums have an obligation to report back to the NGO community on the outcomes of their mission.

### 3.14 Programme Development and Management

NGOs have a moral responsibility to ensure that projects they initiate are sustainable and economically viable, and in particular such projects will:

- i. Be responsive to community needs and aspirations and contribute to their overall development directly or indirectly. Such projects should not be donor driven.
- ii. Not be detrimental to the well being of the communities.
- iii. Promote and support effective community participation by empowering communities to take responsibility and ownership.
- iv. Provide enough political and social space for communities to determine the modes of implementation and project management relevant to them.

## 4. The management of the Code of Conduct

The management of the Code of Conduct will be vested with people of high moral and social integrity, who respect the rule of law, human rights and subscribe to the principles of participatory methodologies. The people will serve in the following institutions:

- i. Trustees: An independent body, composed of three eminent persons, will be established as a Board of directors of Trustees.
- ii. The Board of directors of Trustees will be the custodian of the Code of Conduct.
- iii. The Board of directors of Trustees will oversee the implementation and management of the Code of Conduct and specifically focus on policy issues and not day to day operations unless otherwise required.
- iv. The Board of directors of Trustees will be assisted by an NGO Task Force.
- v. The Task Force will be composed of seven NGO representatives elected by all NGOs at an NGO Forum.
- vi. The NGO forum will be convened by the Board of directors of Trustees with assistance from the secretariat.
- vii. The Task Force will be responsible for creating awareness of the Code of Conduct among NGOs and other stakeholders; ensuring the mainstreaming of the Code of Conduct in all NGO operations and functions; monitoring and evaluation of the implementation process; facilitating the management of conflict resolutions; receiving and hearing complaints from NGOs and other stakeholders in relation to the Code of Conduct and thereafter recommending action to be taken by the complainant and the NGO itself; and recommending any changes of the Code of Conduct to the NGO Forum.
- viii. The elections of the members of the Board of directors of Trustees and the Task Force shall be conducted in a democratic and participatory manner and in accordance with the guidelines agreed and contained in the Code of Conduct operational guidelines.
- ix. The operation and management of both the Board of directors of Trustees and the Task Force, including election procedures, powers and limits, and the day to day administration of both bodies will be developed and contained in the Code of Conduct operational guidelines.
- x. Once a year, the Task Force, with the assistance of the secretariat, shall organise an NGO Reflection Forum where NGOs will collectively review their performance with regard to the implementation of the Code of Conduct.
- xi. The Code of Conduct will apply to all NGOs operating in Botswana and will be linked to the National NGO Policy.
- xii. Amendments of the Code of Conduct shall only be done after the approval of the majority of NGOs attending an NGO forum specially constituted to review the Code of Conduct.
- xiii. BOCONGO will be the secretariat of the Code of Conduct.

## 5. The Monitoring and evaluation of the code of conduct

Monitoring and evaluation will focus on the way in which the Code of Conduct is impacting peoples' behaviour and organisational culture and how they are conducting business in light of the requirements of the Code of Conduct in general.

- i. NGOs individually and collectively shall be responsible for monitoring themselves and their performance in relation to the requirements of the Code of Conduct.
- ii. The management and the staff shall voluntarily monitor and evaluate their own performance and that of their organisations.

## ANNEX 5: SAMPLE CONSTITUTION AND BY-LAWS

## SAMPLE CONSTITUTION AND BY-LAWS

A constitution and by-laws are written to guide an organisation in its operations and activities. These documents should be clearly worded, intentionally structured, and kept up-to-date to meet the needs of the student organisation.

The constitution:

- Establishes the broad structure and fundamental principles of an organisation
- Should be straightforward and comprehensive
- Should be difficult to amend

The by-laws:

- Outline the rules of procedures for an organisation
- Should be consistent with the constitution
- Tend to be easier to amend than the constitution

The following sample constitution and by-laws are provided as a guideline to assist you in writing or revising your organisation's constitution. There are many ways to structure an organisation, so feel free to write your constitution and by-laws to meet the needs of your organisation.

## SAMPLE CONSTITUTION

Constitution of \_\_\_\_\_ (Name of your organisation)

## Article I: Name

Section 1: The name of this organisation shall be... (Provide actual name which will be used for all official business), hereafter referred to as...

## Article II: Purpose

Section 1: The purpose of this organisation shall be... (State the purpose, aims, and function of the organisation)

## Article III: Affiliations

Section 1: This organisation is affiliated with... (Indicate if your group has an affiliation with any district, national or international organisations and explain the relationship. Organisations with national affiliations must submit their national constitution or statement of purpose. If your organisation has no affiliation, this section may be omitted.)

## Article IV: Membership

\*Section 1: The majority of the membership of this organisation shall consist of \_\_\_. (A statement like this is required for your constitution. If your organisation allows non- members, you should indicate the guidelines for those members in this section as well.)

\*Section 2: This organisation... (All registered organisations should include in their constitution a non-discriminatory policy statement: "This organisation and its members shall not discriminate against any individuals for reasons of race, national origin, color, religion, gender, age, veteran status, sexual orientation, and/or ability status.")

Section 3: Membership in this group shall be open to all who are interested and... (List the criteria for membership to your organisation, if you have any)

## ANNEX 5: SAMPLE CONSTITUTION AND BY-LAWS

### Article V: Officers

- Section 1: The officers of the organisation shall consist of... (State all officer titles and duties – examples below)
- A. President – The President shall...
  - B. Vice President – The Vice President shall...
  - C. Secretary – The Secretary shall...
  - D. Treasurer – The Treasurer shall...
  - E. Etc.
- Section 2: The qualifications for each office... (State the qualifications, if any, for the offices)
- Section 3: The term of each office shall be... (Example: one year from Oct. 1 to Sept. 30. Make sure elections are held before the term expires.)
- Section 4: Should an officer's position become vacant during his/her term, the following will take place...

### Article VI: Meetings

- Section 1: Regular meetings of the organisation shall be held... (Consider how often you would like to meet, who calls the meeting, etc.)
- Section 2: Special meetings of the organisation shall be held... (Consider who has authority to call these meetings, how much notice is required, etc.)

### Article VII: Amendments

- Section 1: This constitution shall be amended by a vote of (2/3, 3/4, etc.) majority of the membership at any regular or special meeting. (Note: The constitution should not be amended easily or frequently)
- Section 2: Provision for advance notice of amendment shall be... (Explain how eligible voting members will be informed of the proposed amendment such as posting, notification by email, announcement at two consecutive meetings, etc.)

Date Ratified (Insert date the constitution is initially ratified)

Date Revised (Insert date the constitution is revised)

Date Revised (Insert date the constitution is revised)

Date Revised (Insert date the constitution is revised)

## ANNEX 5: SAMPLE CONSTITUTION AND BY-LAWS

## SAMPLE BY-LAWS

By-Laws of \_\_\_\_\_ (Name of your organisation)

## Article I: Membership

Section 1: The procedure for selection of membership...

Section 2: Dues for this organisation shall be... (Indicate amount, if any, and how often they are paid)

Section 3: Membership responsibilities shall include...

Section 4: Membership shall be terminated by...

## Article II: Selection of Officers

Section 1: The selection of officers shall be done by... (Clearly state election rules and voting procedures, eligibility for each office, and when the elections take place during the academic year)

Section 2: The provisions for removal of an officer include...

## Article IV: Committees

Section 1: All permanent committees shall be formed by... (Clearly list each committee and the function and specific duties of each)

Section 2: All ad-hoc committees shall be formed by... (Clearly list each committee and the function and specific duties of each)

## Article V: Rules of Order

Section 1: This organisation shall be governed by... (Specify source of parliamentary procedure for your organisation. Most groups use "Robert's Rules of Order" in cases when it is applicable and consistent with the organisation's constitution and by-laws.)

## Article VI: Amendment

Section 1: These by-laws may be amended by a vote of ... (Should be similar to constitution, but tend to be easier to amend. Example: simple majority vote, 2/3 vote, etc.)

Date Ratified (Insert date the by-laws are initially ratified)

Date Revised (Insert date the by-laws are revised)

Date Revised (Insert date the by-laws are revised)

Date Revised (Insert date the by-laws are revised)



## BOARD GOVERNANCE

### I. Board Job Description

The purpose of the Board, on behalf of the moral ownership, is to see that (insert name of organisation) 1) fulfils its social compact with the community and 2) in doing so, serves as a wise steward of its resources while preventing unacceptable actions and situations.

- The job of the Board is to represent the moral ownership in determining and demanding appropriate organisational performance. Accordingly:
  1. The Board is responsible for maintaining the connection between the (INSERT NAME OF ORGANISATION) and its “moral owners.”
  2. The Board will produce written governing policies in the following areas:
    - a. Mission-based outcomes, which describe what good (results), for whom (recipients) and at what cost
    - b. Organisational health, which defines expectations of, and limits the framework for, executive actions and decision-making.
    - c. Board Governance process, which specifies how the Board will ensure excellence in governance and monitor its own performance.
    - d. Board-CEO linkage, which describes the relationship between the Board and the CEO and describes the CEO role, authority and accountability.
  3. The Board will hold the CEO accountable through monitoring of his or her performance against board established policies and will take corrective action as needed.

### II. Governing Style

The Board provides strategic leadership to (INSERT NAME OF ORGANISATION). In order to do this, the Board will:

1. Look to the future and keep informed of issues and trends that may affect the mission and organisational health of (INSERT NAME OF ORGANISATION).
  2. Make decisions based on knowledge of community needs and best practices and in accordance with the mission.
  3. Be proactive and visionary in its thinking.
  4. Encourage thoughtful deliberation, incorporating a diversity of viewpoints.
  5. Work together as colleagues, encouraging mutual support and good humour.
  6. Have the courage to lead and make difficult decisions.
  7. Commit to excellence in governance, including regularly monitoring, assessing and improving its own performance.
- The Board will monitor and discuss the Board’s process and performance at each meeting.
  - In governing, the Board will fulfil its legal responsibilities of:
    1. The Duty of Obedience that requires board members to be faithful to the mission of \_\_\_\_\_ in its policies and actions.
    2. The Duty of Care that requires that in fulfillment of his/her duties, a Board member owes \_\_\_\_\_ the care that an ordinarily prudent person would exercise in a like position and under similar circumstances.
    3. The Duty of Loyalty that requires Board members to always put the best interest of \_\_\_\_\_ first when making decisions affecting the organisation.

## ANNEX 6: SAMPLE BOARD POLICY

## III. Code of Conduct

- The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and professional decorum when acting as board members.
- In their capacity as governors, board members must demonstrate unconflicted loyalty to the interests of the ownership of (INSERT NAME OF ORGANISATION).
- Board members must avoid conflicts of interest with respect to their fiduciary responsibility.
  - a) Members will annually disclose their involvement with other organisations, vendors, or any other associations that currently do business or may do business with (INSERT NAME OF ORGANISATION).
  - b) Annually, all members will sign a full disclosure and conflict of interest statement.
  - c) Information exclusive to (INSERT NAME OF ORGANISATION) shall not be used by board members for personal gain or the gain of a family member or associate.
  - d) It is the Board member's obligation to immediately disclose to the Board any and all impending conflict of interest. That member shall absent herself or himself without comment from both the deliberation and final decision-making.
  - e) Board members must not use their positions to obtain employment or special considerations at (INSERT NAME OF ORGANISATION) or agencies with whom (INSERT NAME OF ORGANISATION) has formal contracts for themselves, family members or close associates. If a Board member desires employment at (INSERT NAME OF ORGANISATION), he or she must first resign.
  - f) There will be no self-dealing or any conduct of private business or personal services between any board member and (INSERT NAME OF ORGANISATION). Once procedures are established by the Board, then an exception may apply for arrangements which meet established procedures for openness, competitive opportunity and equal access to inside information.
- Members will respect the confidentiality appropriate to issues of a sensitive nature.
- Board members are expected to attend every regularly scheduled meeting. A member with more than two ((2) consecutive absences from regularly scheduled meetings is automatically dismissed from the Board. The Board may consider to reinstate.

## IV. Decision-making Process

- The Board will make decisions by a process of careful deliberation, seeking out the wisdom and experience of many voices as appropriate, which may include its moral ownership, consumers, staff, volunteers, board members and others with knowledge of its mission.
  - a) The Board will strive for consensus of opinion in its decision-making.
  - b) If consensus isn't reached after a reasonable period of deliberation, to be determined by the chair, then a super majority of 75% of members present for a quorum will make the final decision.

*NOTE: These are options. Each Board needs to decide what type of process it will use (e.g. Robert's Rules of Order, Quaker process or something else) and what types of decision-rule you wish to use (consensus, unanimity, majority, super-majority, etc). This needs to conform to what is in your bylaws – or your bylaws need to be adapted to fit your decision. Both need to be in accordance with state law.*

**V. Role of the Chair or Board President**

- The Chairperson assures the integrity and fulfilment of the Board's process.
- The Chairperson assures that the Board conducts business consistent with its own rules.
  - a) The Chairperson will assure that deliberations will be fair, open, thorough, timely, orderly and to the point.
  - b) The Chairperson is empowered to chair board meetings and exercise the commonly accepted power of that position.
  - c) The Chairperson has no authority to supervise or direct the CEO. (this is pure policy-governance. Other organisations adapt this to have the Chair supervise the CEO on behalf of the Board and in accordance with the Board's written policies).
  - d) The Chairperson may represent the Board to outside parties in announcing board-stated positions.

**VI. Board Committee Principles**

- Board committees are created to do board work and should never interfere with delegation from board to CEO.
  - a) Committees will be used sparingly and ordinarily in an ad hoc capacity.
  - b) Committees will assist the Board by preparing policy alternatives and implications for board deliberation.
  - c) Board committees may not speak or act for the Board except when formally given such authority. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO.
  - d) Board committees cannot exercise authority over staff.
  - e) No majority of members of a board committee that has helped the Board create policy on some topic shall be used to monitor organisational performance on that same topic.

*Note: Again, this is pure policy-governance. Many boards do have committees – this should be in agreement with your bylaws.*

## ANNEX 6: SAMPLE BOARD POLICY

## VII. Cost of Governance

- The Board will invest in and develop its governance capacity.
  - a) This investment may include training, third-party monitoring (e.g. audit), administrative costs, and other activities as needed to ensure the Board's ability to fulfil its moral and legal obligations and to represent and link to the moral owners.
- The cost of governance will be integrated into strategic planning and annual budgeting.

## VIII. Board Nominations Process

- The Board seeks to recruit individuals as Board members who are committed to the mission and governing process of the (INSERT NAME OF ORGANISATION).
- The Board seeks out candidates who possess the following characteristics:
  - a) Demonstrated passion for the mission.
  - b) (Specific to agency mission)
  - c) A reflection of the diversity of cultures, abilities, family structure, race, socio-economic status and geography of our service area.
  - d) Support the Board governing structure and can meet board work expectations.
  - e) Will engage in deliberative and collegial decision-making.
  - f) Are committed to their stewardship responsibilities
  - g) A knowledge of (mission specific) systems, organisation development, change management, strategic thinking, organisational growth, or strategic legal and (Insert name of organisation) issues.
- In the process of recruiting and nominating candidates, the Board will request from all candidates:
  - a) Letter of interest
  - b) Resume or summary of experience
  - c) Interview by board members
  - d) References to verify demonstrated competencies
- In the process of determining final candidates, the Board will:
  - a) Conduct an initial screening of letters of interest/resumes
  - b) Interview promising candidates
  - c) Invite potential candidates to a board meeting to observe the process
  - d) Check for competencies
  - e) Discuss the qualifications of nominees and their value to the Board
  - f) Provide finalists with adequate information about (INSERT NAME OF ORGANISATION)'s mission and governance for the candidate to make a knowledgeable and informed decision on their fit for the Board
- Final Board selection will be made in accordance with the provisions outline in the by-laws.

EXECUTIVE LIMITATIONS

I. Staff Recruitment, Compensation and Benefits

With respect to employment, compensation and benefits to employees, consultants, contract workers and volunteers, the CEO shall operate (INSERT NAME OF ORGANISATION) in a manner which is legal, ethical, non-discriminatory and protects (INSERT NAME OF ORGANISATION)'s public image, fiscal integrity and tax-exempt status.

- a) All employees shall be employees at will.
- b) Employees of (INSERT NAME OF ORGANISATION) shall have a:
  - Demonstrated commitment for the mission.
  - A commitment to ....
- c) Compensation and benefits should be reasonable within the STATE and REGION marketplace.
  - In no instance shall excess benefits (value of compensation in excess of value of services) be given to a disqualified person (anyone in a position to exercise substantial influence over (INS NAME OF ORGANISATION)).
  - Compensation data will be collected for similar organisations and will serve as a benchmark in determining compensation and benefits to (INSERT NAME OF ORGANISATION) employees.
  - Reasonableness criteria shall be documented.
- d) Compensation and benefits should be flexible enough to attract and retain employees who are best able to assist (INSERT NAME OF ORGANISATION) in achieving its mission, including the ability to:
  - Attract a diverse workforce
  - Provide opportunities for professional growth
- e) (INSERT NAME OF ORGANISATION) should strive to develop a compensation and benefit system that allows full-time employees to maintain an acceptable quality of life.
- f) Only the Board of Directors can change the CEO's compensation and benefits.
- g) The CEO should not incur any compensation or benefit obligations over a longer term than revenues can safely be projected, in no event longer than one year, and in all events subject to losses of revenues.

Compensation And Benefits Policy Will Be Monitored:

How	Frequency
.....	.....

ANNEX 6: SAMPLE BOARD POLICY

II. Treatment of Staff and Volunteers

All staff and volunteers of (INSERT NAME OF ORGANISATION) will receive fair, humane and dignified treatment and shall be afforded all rights guaranteed under municipal, state or federal law. Accordingly,

- a) (INSERT NAME OF ORGANISATION) practices will promote pluralism and diversity within its staff and constituencies.
- b) The CEO will draft, with legal advice, and maintain written policies that reflect the policies of the Board, clarify personnel rules for staff, provide for effective handling of grievances, and protect against wrongful conditions such as nepotism and grossly preferential treatment for personal reasons.
- c) (INSERT NAME OF ORGANISATION) shall provide equal employment opportunity and advancement to qualified individuals without regard to gender, race, age, religion, cultural background, ability, sexual orientation or military status. RIPIN will not discriminate against any staff member or volunteer on this basis.
- d) The CEO shall not discriminate against any staff member for expressing an ethical dissent.
- e) Staff must avoid conflicts of interest.
- 1) There must be no self-dealing or any conduct of private business or personal services between any staff member and the organisation except as meet established board procedures for openness, competitive opportunity and equal access to inside information.
- 2) Staff will disclose their involvement with other organisations, with vendors or any other associations which might produce a conflict.
- 3) Staff will annually sign a full disclosure and conflict of interest statement.
- 4) Staff will immediately disclose and recuse themselves from all discussions and decisions on which they have a material conflict.
- 5) Any employee who wished to engage in any paid activity in any field directly related to the work of the agency must have prior approval from the CEO.
- e) Staff shall have the ability to bring grievances to the Board when (1) internal grievance procedures have been exhausted and (2) the employee alleges either that (a) board policy has been violated to his or her detriment or (b) board policy does not adequately protect his or her human rights.
- f) The CEO will assure that all staff and volunteers have been informed of their rights under this policy.

Treatment of Staff and Volunteers policies will be monitored:

Method:	Frequency:
<input type="checkbox"/> Internal (report from CEO)	.....
<input type="checkbox"/> External (hiring of outside monitor)	.....
<input type="checkbox"/> Direct inspection (Board inspects)	.....

### III. Treatment of Consumers

- (INSERT NAME OF ORGANISATION) shall establish in writing and implement procedures, conditions and practices in which all consumers or those applying to be consumers are treated in a manner which is fair, dignified, humane, legal, ethical, safe, appropriately protects confidentiality or privacy, and is not unnecessarily intrusive.
- (INSERT NAME OF ORGANISATION) shall promote diversity and provide equal opportunity for participation to qualified individuals without regard to gender, race, age, cultural background, disability, sexual orientation or veteran status.
- The only information solicited from clients should be information necessary for (INSERT NAME OF ORGANISATION) to best serve their needs.
- (INSERT NAME OF ORGANISATION) shall ensure that consumers have a clear understanding of what may be expected and what may not be expected from the services provided.

#### Treatment Of Consumers Monitoring Policy

Treatment of Consumers Policy will be monitored:

- Internal report from CEO by review of routine evaluations (final reporting to be determined).
- Externally as available through existing outside evaluations.
- Direct monitoring through board inspection of written policies in \_\_\_ of each year.

## ANNEX 6: SAMPLE BOARD POLICY

## IV. Financial Condition and Activities

With respect to the actual, ongoing financial condition and activities, the CEO will operate (INSERT NAME OF ORGANISATION) in a sound and prudent fiscal manner for short- and long-term financial health, not deviating materially from board-stated priorities.

1. Accordingly:
  - a) total expenses shall not exceed available organisational resources
  - b) unrestricted operating expenses shall not exceed unrestricted operating income
  - c) all other board policies (see Budgeting) are met
2. The CEO will maintain internal financial reports sufficient to monitor the financial activity of (INSERT NAME OF ORGANISATION) in accordance with all other financial policies. The CEO will:
  - a) Prepare a monthly “top line report” as defined by the Board
  - b) Prepare monthly balance and income statements compared to budget
  - c) Maintain internal controls as defined by the standards of the American Institute of Certified Public Accountants to provide reasonable assurance on the reliability of financial reporting, effectiveness and efficiency of the operation, and compliance with applicable laws and regulations.
  - d) Maintain internal controls as defined in federal A133 audit requirements.
3. The CEO will accurately prepare and file on a timely basis all reports, fees and documentation required by federal, state, and local government.
4. The CEO will settle payroll and other debts in a timely manner.
5. Any single purchase of \$\_\_\_ or more needs a check co-signature by either the President or Treasurer of the Board in order to ensure the purchase is legitimate and properly documented. Any single purchase which commits \_\_\_ % or more of the total (INSERT NAME OF ORGANISATION) annual budget must be approved by the Board.
6. The CEO shall not indebted (INSERT NAME OF ORGANISATION) in an amount greater than can be repaid by certain, otherwise unencumbered revenues within thirty days. The CEO must seek board approval before incurring any debt.
7. The CEO will aggressively pursue receivables after a reasonable grace period.

Financial Condition and Activities Policies will be monitored:

- Internal top line report, prepared by Ex Director and presented to Board monthly
- External, annually by audit performed by CPA. An A133 audit is required when federal grants or contracts exceed \$300,000 per year.



## ANNEX 6: SAMPLE BOARD POLICY

### V. Financial Planning and Budgeting

The CEO will prepare financial plans and annual operating and capital budgets that achieve approved Ends policies and promote the long-term stability and sustainability of (INSERT NAME OF ORGANISATION).

1. Accordingly, the CEO will prepare an annual budget:
    - a) in which expenses do not exceed the amount of funds which are conservatively expected to be received in that period.
    - b) in which temporarily and permanently restricted assets will be segregated to ensure that (INSERT NAME OF ORGANISATION) complies with donor restrictions and requests.
  - c) which includes an operating reserve at no less than \_\_\_\_ (e.g. three months) of operating expenses.
  - d) in which spending on program activities is targeted at no less than \_\_\_\_ (e.g. 75%) of total annual expenses based on industry acceptable allocations in a full-cost accounting system.
  - e) in which spending on personnel is no more than \_\_\_\_% of total expenditures.
  - f) which funds depreciation.
  - g) which includes a capital expenditure budget.
2. In addition, the CEO will prepare and maintain:
    - a) a long-term financial plan.
  3. The annual budget will be reviewed and revised at the sixth month of the Fiscal Year to assure continued compliance with all Board financial policies.

Financial Planning and Budgeting policies will be monitored:

- Annual budget: internal report: prepared for \_\_\_\_ board meeting
- Long-term financial plan: Internal report, annually during budget preparation
- Revised budget: Internal report, prepared for \_\_\_\_ board meeting

### VI. Asset Protection

1. The CEO will protect and adequately maintain all tangible and intangible assets of (INSERT NAME OF ORGANISATION). Accordingly, the CEO will
  - a) Maintain theft and casualty insurance of at least 80% of replacement value and liability insurance to cover board, staff and the organisation in an amount greater than the average for comparable organisations.
  - b) Assure that only bonded personnel have access to material amounts of funds.
  - c) Assure that plant and equipment are adequately maintained and repaired
  - d) Assure that the organisation, its board or staff are not unnecessarily exposed to claims of liability.
  - e) Approve purchases only in the instances that he or she is sure that 1) prudent protection has been exercised against conflict of interest, 2) comparative prices and quality have been investigated for all purchases over \$500, 3) all purchases over \$\_\_\_\_ have been subjected to stringent criteria for comparison of long-term cost and quality.
  - f) Assure that intellectual property, information and files are protected from loss or significant damage.
  - g) Invest or hold operating capital only in secure instruments such as interest-bearing, insured savings or checking accounts and bonds of no less than AA rating.
  - h) Protect (INSERT NAME OF ORGANISATION)'s public image and credibility at all times.
2. The CEO will not encumber or dispose of real property with a current market value of \$\_\_\_\_ or more without Board approval.

Asset Protection policies will be monitored:

- External; by auditor during annual audit
- Direct board inspection: annually with the audit

## ANNEX 6: SAMPLE BOARD POLICY

**VII. Grants and Contracts**

Grant funds must be used in prudent, lawful and ethical ways and in accordance with donor restrictions. In addition, the CEO shall:

- a) Only enter into those grant arrangements in which (INSERT NAME OF ORGANISATION) has a reasonable expectation of delivering the promised activities and results.
- b) Any subcontractors must also be reasonably expected to deliver promised activities and results and to use funds in prudent, lawful and ethical ways. All subcontracts of state and federal funds must conform to grant requirements.
- c) Not enter into grant or contract arrangements which place the financial solvency of (INSERT NAME OF ORGANISATION) at risk.
- d) Assure that temporarily restricted and permanently restricted assets are appropriately segregated to ensure compliance with donor restrictions.
- e) Seek approval by the Board of Directors for any grant request which alters the Ends priorities set by the Board or which affects any board governance prerogatives.

Grants and Contracts Policies will be monitored:

Method:	Frequency:
Internal (report from CEO)	Monthly
External by auditor	Annually

**VIII. Fund raising, lobbying and political activity**

The CEO will operate any fund raising, lobbying or managerial activity not discussed elsewhere in a manner which is legal, ethical, prudent and embodies sound business practices.

- (INSERT NAME OF ORGANISATION) shall comply with all applicable local, state and federal laws regulating fund raising.
- The CEO will meet all IRD requirements on a timely basis.
- Fund raising practices should meet the following standards for ethical practices outlined by the Council of Better Business Bureaus ([www.cbbb.org](http://www.cbbb.org) or [www.give.org/standards/index.asp](http://www.give.org/standards/index.asp)) and the Association of Fundraising Professionals:

## ANNEX 6: SAMPLE BOARD POLICY

- a) On request and in accordance with donor wishes, prospective donors will be provided with an annual report, audited financial statements and/or Form 990. Those documents will include sufficient information to provide a basis for informed giving decisions.
  - b) Annual fund raising costs shall be reasonable over time.
  - c) Solicitations, promotional and informational materials, distributed by any means, shall be accurate, truthful and not misleading, in whole or in part, and shall include a clear description of the programs and activities for which funds are being requested.
  - d) (INSERT NAME OF ORGANISATION) shall, to the best of its ability, ensure that general contributions are used in accordance with donors' wishes or (INSERT NAME OF ORGANISATION)'s stated purposes. Restricted gifts will be used in accordance with donors' specific requirements. Donor gifts shall be acknowledged on a timely basis.
  - e) (INSERT NAME OF ORGANISATION) will establish and exercise adequate controls over fund raising activities conducted by staff, volunteers, consultants, and contractors, including commitment to writing of all fund raising contracts and agreements.
  - f) (INSERT NAME OF ORGANISATION) will not engage in compensation-based fund raising based on a percentage of charitable contributions raised.
  - g) (INSERT NAME OF ORGANISATION) will honour donor requests for confidentiality and shall not publicize the identity of donors without prior permission.
  - h) Donors shall, on a scheduled basis, have the opportunity to have their names removed from lists that are sold, rented to or exchanged with other organisations.
  - i) Donor lists shall not be rented, sold or exchanged with other organisations.
  - j) Fund raising practices should encourage voluntary giving and should not apply unwarranted pressure.
- The CEO may conduct revenue generating activities not directly related to the exempt purposes of (INSERT NAME OF ORGANISATION). At no time, however, may unrelated revenues or activities devoted to the production of these revenues become substantial.

### BOARD-CEO LINKAGE

#### I. Transition Policy

- All existing policies remain in place until amended by the Board of Directors.

#### II. Executive Constraint

The CEO shall operate (INSERT NAME OF ORGANISATION) in a manner which is lawful, prudent, and in accordance with commonly accepted non-profit business practices and professional ethics.

- The Board's sole official connection to the operating organisation, its achievement, and conduct will be through a Chief Executive Officer.
- Only decisions of the Board acting as a body are binding on the CEO.

#### III. Accountability of the CEO

- The CEO is the Board's formal link to (INSERT NAME OF ORGANISATION)'s operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the CEO.

#### IV. Delegation to the CEO

- The Board will instruct the CEO through written policies.
  - a) From time to time, the Board may change its Ends and Executive Limitations policies, thereby shifting the boundaries between board and CEO responsibilities.
- As long as the CEO uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities.

#### V. Monitoring CEO Performance

- The Board will provide systematic and rigorous monitoring of CEO job performance.
- CEO monitoring will be based on expected CEO outcomes as expressed in the CEO job plan approved by the Board.
- In every case, the standard for compliance shall be any reasonable interpretation of the Board policy being monitored.
- The Board will acquire monitoring data by any of the following methods:
  - a) internal reports prepared by the CEO
  - b) external reports prepared by a third-party selected by the Board
  - c) direct inspection by a designated member or members of the Board, including inputs from selected community owners and staff.
    - All policies that instruct the CEO will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule.

#### VI. Communication & Support to the Board

- The CEO shall communicate with the Board in a timely and sufficient manner to keep the Board informed and prepared for its work.
  - a) The CEO shall submit monitoring information required by the Board in a timely, accurate, and understandable fashion, directly addressing the Board policies being monitored.
  - b) The CEO shall report and prepare recommendations and suggest corrective action in a timely manner on any actual or anticipated non-compliance with any policy of the Board allowing sufficient time for the Board to consider corrective action.
  - c) The CEO shall keep the Board informed of relevant trends, anticipated adverse media coverage, material external and internal changes, particularly changes in assumptions upon which any board policy has been or is being established.

## ANNEX 7: BOARD OF DIRECTORS RECRUITMENT

According to the BOCONGO Code of Conduct “NGOs shall ensure the existence of democratic management institutions and that the people who serve in them are democratically elected through a participatory process.” Below are a few tips to assist with the recruitment process of board members:

- Start 3 months before expiry of the term of current board of directors/members
- Recruit board members with a variety of skills and interests and backgrounds, including: health care professionals, legal experts, organisational managers, senior community members, etc.
- Identify board members who are committed to their duties on the board and will complete their term.
- Assess current board of directors members’ qualities and contributions to the performance and growth of the organisation. The board chairperson should consult with members who have not fulfilled their responsibilities, and map a way forward. If appropriate, they should be requested to resign.
- If board members are interested in serving an additional term, their performance on the board should be assessed before another term is considered.
- Ensure that invitations for new applications for Board of directors membership are widely advertised e.g. through kgotla meetings, local clinic notice board of directors, local post office notice board of directors, VDC meetings etc.
- Look within your organisation first. This is where you are more likely to find people who sincerely support your cause, people who have already demonstrated a level of involvement either through their membership, service as volunteers or those willing to offer financial and other support, as well as those using the services of the organisation.
- Elections: The need for free and fair elections cannot be over emphasized. NGO/CBOs should respect and adhere to the electoral process set forth in the organisation’s constitution or Deed of Trust.
- Orientate new board members within three (3) months of their election and before handover of the office responsibilities

### Selection criteria of new Board of directors members

Clearly state the minimum qualifications and other relevant expertise required to serve on the Board of directors. Consider the following qualities:

- An understanding of and an interest in your organisation’s mission and the people that your organisation serves.
- A sense of integrity: A willingness to place the good of beneficiaries above personal interests and subscribing to high ethical standards.
- Skills to work effectively with others/team player: Serving on a board of directors requires members to work as a team, respecting each other’s views, respecting the democratic process, communicating with tact and diplomacy, thinking strategically, and visionary leadership.
- A willingness to learn and grow: Individuals who value and have a positive attitude towards learning will support appropriate board of directors development activities to enable the board of directors to deal with organisational change and development.
- A commitment of time: Prospective board of directors members must be both willing and able to commit some of their time to carry out their responsibilities.
- A willingness to use special skills for the good of the organisation: The special skills that each board of directors member brings to the board of directors are worthwhile only if the individual is willing and able to use them.
- Geographical location : Consider the prospective board of directors member’s geographical location and ensure that it will not affect practical operations of the board of directors
- An ability to support an organisation’s resource mobilization/fund raising initiatives and bring forth new ideas in this regard
- A sphere of influence and willingness to use their connections to mobilize support and resources for the organisation.

**Available resource:** Board of directors recruitment check list (also available in the resource library under “Board of directors aids”).

## ANNEX 8: SAMPLE BOARD OF DIRECTORS MEETING AGENDA

The following sample agenda outlines a standard format for a board meeting. This sample can be customised to the particular culture and purpose of the organisation.

Ideally, an agenda also includes suggested times in which to address each topic.

(Name of Organisation)

Board of directors Meeting Agenda

(Month Day, Year)

(Location)

(Planned Starting Time to Ending Time)

ACTIVITY	ACTION
Minutes from previous meeting	Approval
Executive Director's Report	Discussion
Finance Committee's Report	Approve Budget Changes etc
Development Committee's Report (non-profit)	Approve Fundraising Plan etc
Board of directors Development Committee	Approve Plans for Retreat
Adopt Resolution to Change By-Laws etc	
Any Other Business	
- Old	
- New	
- Announcements	
Roundtable Evaluation of Meeting	
Review of Actions from Meeting	
Adjourn	

*Note: Frequent reasons for poor board of directors meetings: insufficient time to review materials before the meeting, insufficient member participation and poor time management during the meeting.*



