Chapter 2: Organisational governance

2.1 OUTLINE OF CHAPTER

It is only through a system of strong organisational governance that beneficiaries can be assured that an organisation established on their behalf is indeed serving their best interests.

This chapter provides guidance on the role of a governing body and its trustees in the effective administration and management of an NGO. Leadership, accountability and transparency are essential ingredients of organisational success.

Specific guidance is provided on how to write a governing document, detailing the standard provisions that it should contain. These include:

- the aims of an organisation
- the powers of the governing body trustees as custodians of the organisation acting on behalf of its beneficiaries or service users
- meetings and administrative procedures
- provisions for membership and meetings
- financial accounts.

More guidance is also provided about trustees: how to select individuals who can contribute the appropriate skills and experience to the work of the organisation; how to ensure that they perform their roles responsibly; and what to do when individual trustees leave the governing body.

The second part of the chapter looks at how to establish a robust governing body by suggesting some possible terms of reference to guide its work and that of the trustees.

Because the development of organisational policy and the scrutiny of its implementation are key functions of the governing body, some guidelines on this are also provided.

The chapter concludes with a summary of factors influencing the success of a governing body, and hence good organisational governance.
2.2 LEADERSHIP

There are different levels of leadership responsibility within an NGO. Typically, the governing document will outline the responsibilities of the governing body as well as the rights and obligations of trustees and members. These can be further specified in terms of reference for the trustees. In addition, the job descriptions of individual staff members, including the Executive Director, will outline leadership roles in the staff team (See Chapter 5: Managing people).

Every organisation has a range of different leadership needs. The duties of leaders break down into four categories outlined in the box below.

GOVERNING BODY LEADERSHIP DUTIES

1. Planning
   • Policy development and oversight for the implementation of policies and procedures.
   • Planning the organisation’s future (long and short term).
   • Deciding which services or programmes the organisation provides.
   • Evaluating or scrutinising the organisation’s programmes and operations on a regular basis.

2. Administration
   • Providing the governing body members with opportunities to grow as leaders.
   • Selecting the Executive Director and evaluating his or her performance.

3. Finance
   • Ensuring financial accountability.
   • Overseeing, reviewing and approving the organisation’s budget.
   • Raising funds and ensuring that adequate funds are raised to support the organisation’s work.
   • Monitoring expenditure against budget.
   • Safeguarding the assets of the organisation.

4. Community relations
   • Ensuring that programmes and services appropriately address community or client needs.
   • Marketing the organisation’s services and programmes.
   • Continuing public relations, which includes an awareness that governing body members are agents or messengers of the organisation in the community.
   • Representing the community and its interests.
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2.3 THE GOVERNING BODY

There are different types of governing body with different names (for example, executive committee, board of governors, board of directors, trustee body, leadership body) but their purpose is always the same:

- to ensure that the organisation serves the interests of its beneficiaries, clients or service users as well as it can.

It is important to think carefully about the role of a governing body in setting the overall direction of the organisation – ensuring that it benefits those whom it seeks to serve, and that it is accountable to these people as the custodian of their interests. Think carefully, therefore, about what purposes the governing body will serve. An example is provided in the box below.

EXAMPLE: ROLE OF THE GOVERNING BODY

- To ensure the organisation’s success by providing clear strategic direction and sound management.
- To provide active leadership of the organisation within a framework of effective checks and balances.
- To set the organisation’s strategic aims and ensure that the necessary financial and human resources are in place for the organisation to meet them.
- To ensure that the interests of beneficiaries are always at the centre of the organisation’s thinking and work.
- To safeguard the organisation’s (financial and human) resources.

Not for profit, charitable or non-governmental organisations can be run in many different ways as specified in the governing document. The trustees are responsible under these rules for controlling the management and administration of the organisation, whether they are called members of an executive or management committee, non-executive directors, trustees or governors. Here the term trustee is used.

Anyone responsible for the overall management and administration of the organisation is a trustee.

A governing body is made up of trustees (the number will be specified in the governing document). It may also comprise some non-voting members who represent particular stakeholder groups. Normally the Executive Director will sit on the governing body but he or she will not be a trustee and will therefore not have voting rights. The Executive Director is selected and appointed by the governing body and is directly accountable to it, usually through the Chair, who is responsible for managing the Executive Director’s performance.

Membership organisations may also choose to specify in their governing document that a certain number of members will be represented on the governing body, either as trustees with voting rights or as non-voting members.
2.4 A GOVERNING DOCUMENT

A governing document outlines the purposes of an organisation and how it will be run. It may also be a trust deed, constitution, memorandum and articles of association, or another formal, legal document.

A governing document is important as an instruction manual for the trustees and other members of the governing body. Depending on how it is written and on local legislation concerning ‘not for profit’ or non-governmental organisations, it may also be a document which carries legally binding obligations.

It is best to develop a governing document when in the process of establishing an organisation, even if this is not required by law or for the purposes of registration. However, such a document can also be written later.

Because the governing document outlines the principles by which the organisation is governed and managed, it is important that its provisions are discussed with key stakeholders (see Chapter 3: Strategic planning: stakeholder analysis).
How to write a governing document
As with any key policy document forward planning will make the task of developing a governing document much easier. The exercise below follows the steps in this process.

EXERCISE: DEVELOPING A GOVERNING DOCUMENT

STEP 1 Identify the main headings to include in the document.

STEP 2 Use these headings for an outline of the document, and consider which stakeholders to consult about different provisions.

STEP 3 Arrange the consultations with the various stakeholders. Make sure that someone is nominated to take notes of key points raised. Highlight those aspects that may be included in the draft document.

STEP 4 If specific points are unclear or ambiguous, then a legal adviser may be able to provide specialist advice.

STEP 5 Once the document has been drafted, key stakeholders may be consulted again, perhaps through a workshop. Make sure that the draft document is circulated in advance with explanatory notes, and that someone is selected to present and explain its contents at the workshop.

STEP 6 After the workshop, incorporate any agreed modifications or additions and ask a legal adviser to take a final look at the document to make sure that it complies with any relevant local legislation.

STEP 7 Once the document has been finalised, it must be approved by the governing body. If the document is written before a governing body has been created, an important item on the agenda of the body’s first meeting will be approval of the governing document.

STEP 8 Make sure that all trustees have a copy of the governing document and that they understand its contents. This is usually the task of the Chair.

For a sample governing document see Appendix 1 of this chapter.
The importance of standard provisions

A number of standard provisions should be included in a governing document. The checklist below includes those which reflect good practice and will help trustees avoid some of the common pitfalls in the management of an NGO. The provisions in the list are explained in the following pages.

CHECKLIST: STANDARD PROVISIONS

1. Name of the organisation and power to amend the name.
2. Aims which clearly set out what the organisation was set up to do (including details of beneficiaries).
3. Powers clearly separated from the aims.
4. Provisions which describe how the trustee body is set up (including how trustees are appointed and the length of time they serve).
5. Provisions which deal with trustee meetings and proceedings at those meetings, including voting and a quorum.
6. Provisions for a membership (if appropriate), including how someone becomes a member, and voting rights.
7. Provisions for members' meetings and proceedings, if appropriate (e.g., annual general meetings, special general meetings).
8. Provisions for keeping the organisation's accounts and the control of its bank account.
9. Provisions that trustees should not have a personal interest.
10. A provision for amending the governing document.
11. A provision for dissolving the organisation.

Provision 1. It is important to consider the name of the organisation carefully because it may not be easy to change it once it is incorporated into the governing document.

Provision 2. The aims set out what an organisation is set up to do. They should therefore be described clearly, using words with a commonly accepted meaning. An organisation may have more than one aim. It is important to remember that:

- the aims should reflect what the organisation intends to do; and
- the aims should be easy to understand.

Below are some points to consider when framing the organisation's aims.

AIMS: SOME POINTS TO CONSIDER

- If the organisation has been established to benefit a particular group of beneficiaries (target group) rather than the community as a whole, this should be clearly spelt out in the aims. Similarly if the organisation is not going to benefit specific individuals or groups, this should be clear.
- If the benefits of the organisation are to be confined to a particular geographical area, that area should be specified.
- It is important to include a power to amend the aims.
Taking the example used in Chapter 1, of the Association of Pastoral Farmers, the objects might read as follows:

- To promote the grazing rights of pastoral farmers with particular emphasis on impoverished female-headed households living in X & Y regions.

- To work in partnership with representative organisations of pastoral farmers to deliver capacity building and other community development programmes.

**Provision 3. Powers** are usually set out in a separate clause immediately following the aims. The trustees of most organisations will need some powers which they can use to help them carry out the aims. Consider carefully what powers the trustees might reasonably be expected to need and include them. This might avoid having to amend the document later.

**EXAMPLE: POWERS OF TRUSTEES**

The trustees have the following powers, which may be exercised only in promoting the aims:

- to provide advice
- to cooperate with other bodies
- to establish a membership structure
- to raise funds
- to make grants
- to deposit or invest funds in any lawful manner
- to insure the property of the organisation against risk and take out other insurance policies to protect it
- to enter into contracts to provide services to or on behalf of other bodies
- to do anything else within the law that promotes, or helps to promote, the aims.

**Provision 4. Trustees** are the people responsible for the general management and administration of the organisation. The governing document should spell out clearly:

- how many trustees there will be
- how they will be appointed
- how long they will serve.

The governing document normally either appoints, or provides for the appointment of, the first trustees of the organisation. These individuals are thus named in the document as the ‘first trustees’.

The following box illustrates some of the key decisions that an organisation will need to make regarding its trustees.
Most organisations appoint at least three trustees, and most have between three and nine. Some organisations (umbrella NGOs or network NGOs) have more than nine trustees, so that all the member organisations have the opportunity to appoint a representative. For the sake of continuity, it is a good idea for the governing document to state that individual trustees will hold office for different periods of time.

For example:
Trustee 1 holds office from April 2000 to March 2003.
Trustee 2 holds office from August 2000 to July 2003.
Trustee 3 holds office from November 2000 to October 2003.

Staggering the terms of office avoids a situation in which all trustee appointments end at the same time. This process may occur naturally as trustees resign or retire from office and new ones are appointed to the governing body.

When an individual is nominated by an external organisation to be a trustee, this gives a voice in running the organisation to a member of a group which has an interest in the organisation’s work. This could be a beneficiary, a client, a service user, or the representative of a funding body. These nominated individuals can be a valuable asset to an organisation because they bring external perspectives which prevent the trustee body from becoming too inward-looking.
There is no difference in duties and responsibilities between a trustee selected by other trustees or elected by the members of the organisation and a trustee nominated by an external organisation. However, nominated trustees should be aware that having two roles may bring conflicting demands, especially if they are also members of the external organisation that nominated them. Where a potential conflict of interest for a trustee arises on a particular issue that the governing body is considering, she should not take part in the discussions or vote on that issue.

The governing document must also explain the specific circumstances in which a trusteeship will end. It may contain provisions stating the circumstances in which trustees can be removed from office, as outlined in the box below.

**PROVISIONS FOR TERMINATION OF TRUSTEESHIP**

The governing document may specify that the trustees can remove a trustee who consistently fails to attend meetings, or fails to attend three consecutive meetings. It might also specify that a trustee may be removed if:

- The organisation has conducted an inquiry and is satisfied that there has been misconduct or mismanagement; or
- In broad terms, the individual has failed to protect the organisation’s resources or to ensure that its resources are properly used.

It is a good idea to set a limit to the term of trusteeship and state this clearly in the governing document (together with a re-election procedure).

A trustee may resign at any time although she should give sufficient notice to the remaining trustees. It is important that an organisation maintains a balance between experienced and new recruits. It is wise to consider devising a rota of resignations and successions to allow for experience to accumulate and to prevent a vacuum from developing. A fixed term of office of, for example, three years, can be included as a provision in the governing document.

**Provision 5. Meetings and administrative provisions.** Unless the governing document outlines a basic administrative framework, the trustees will find it difficult to run the organisation efficiently. Consider the list of provisions contained in the box below and add others as necessary.
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PROVISIONS FOR MEETINGS AND ADMINISTRATIVE PROCEDURES

1. MEETINGS
   • What is the minimum number of meetings that the trustees should have each year in addition to an annual general meeting (AGM)?
   • How will meetings of the trustees be arranged?
   • How will emergency or special meetings be called to discuss a particular issue?

2. THE CHAIR
   • How will the Chair be appointed?
   • Will the Chair have the right to a second or casting vote when the numbers of trustees voting for and against a resolution are equal?

3. A QUORUM
   • What number of trustees must be present if a meeting is to be valid (that is, what is the minimum number of trustees needed for a quorum)?

If there are three, four or five trustees, then the quorum might be two, but if there are six or more trustees, the quorum stated could be, for example ‘three, or one-third of all the current trustees, whichever is more’.

The number required for a quorum should not be set too high as this can lead to difficulties when an insufficient number of people can attend meetings.

Provision 6. Membership. For membership organisations the governing document should set out who is eligible to be a member.

For example, membership may be defined in terms of individuals or organisations only, or both individuals and organisations.

The following box lists some key considerations for membership provisions.
MEMBERSHIP PROVISIONS

- **Membership fees**
  Is a subscription or membership fee payable? How often will fees become due (for example, annually or upon becoming a member, etc)?

- **Eligibility**
  How will individuals or organisations apply for membership?
  What criteria will be used for accepting or rejecting applications?

- **Voting rights**
  Will members have any voting rights on the governing body?

- **Termination of membership**
  How may membership be terminated?

It is good practice to **terminate** the membership of an individual or organisation only:

- if good and sufficient reason exists and is explained to the individual concerned; and
- if the individual or organisation concerned has exercised the right to be heard before a final decision is made.

It is important that members understand that they must exercise their membership rights only in the interests of the organisation, and not for any personal gain.

**Provision 7. Members’ meetings.** If a governing document provides for a membership, it is also advisable to provide for general and special meetings of that membership in addition to the regular meetings of the trustees and the AGM. Some questions to consider are presented in the box below.

PROVISIONS FOR MEMBERS’ MEETINGS

1. What type and period of notice will be given before the meeting? *The notice will normally specify the time, place and general nature of the business of the meeting.*

2. How will minute taking and voting be organised? *There may be a Secretary for the governing body or this task may be rotated between its members.*

A suggested format for the minutes of governing body committee meetings is given in Appendix 2 of this chapter.

**Provision 8. Financial accounts and bank accounts.** The governing document should provide for one or more bank accounts to be set up, and make adequate provision for the control of these accounts, including authority for signing cheques. Make sure that the provisions contained in the governing document match those in the financial procedures policy document (see Chapter 4: Managing finances).
Provision 9. Personal interest. The governing document should include provisions for dealing with any conflict of interest that may arise. Trustees should not be able to use their position in the organisation to promote their own personal financial gain, or other personal and direct benefit. For example, there should be a provision requiring trustees to declare their business interests and for these to be recorded.

Provision 10. Amendments. The governing document should set out a procedure by which it may be amended. There are likely to be occasions when this is required to meet changing organisational needs and imperatives.

Provision 11. Power of dissolution. There may come a time when, for whatever reasons, an organisation cannot continue to operate. Therefore the governing document should specify:
- how the organisation may be dissolved
- what will happen to any remaining assets after all debts and liabilities have been settled.

2.5 THE ROLE OF TRUSTEES

Trustees play a very important role in organisational governance. The next part of this chapter looks at issues concerning trustees that may arise when an NGO is establishing its governing body.

Selecting trustees
Trustees need to be carefully selected and trained to ensure that they contribute their best to the efficient management of the organisation. The box below suggests some guidelines for selecting trustees.

GUIDELINES FOR THE SELECTION OF TRUSTEES

- Trustees must be selected for what they can contribute to the organisation and the delivery of its objects and mission. They should NOT be appointed solely for their status or position in the community.
- Trustees must be able – and willing – to give time to the efficient running of the organisation and the fulfilment of its objects and mission.
- Trustees should be selected on the basis of their relevant experience and skills and must be prepared to play an active role in running the organisation.
- Trustees can be beneficiaries, clients or users provided that arrangements are made to avoid conflicts of interest, such as a trustee voting for something from which he or she might gain personal and direct benefit.

Trustee skills
Prospective trustees should be selected for their ability to make an effective contribution with their skills and experience. The following exercise is suggested to help the organisation think about what types of trustee it needs.
EXERCISE: SELECTING TRUSTEES

STEP 1: ASSESS EXISTING TRUSTEE SKILLS
• List the current skills and experience that are represented on the existing governing body. Include skills such as fundraising, bookkeeping, or management skills.
• An individual’s experience of working for another organisation is valuable. So too is the experience of someone who has been in the same position as the beneficiaries, clients or service users of the organisation OR who is a client or user and thus fully understands the needs of this group.

STEP 2: IDENTIFY GAPS IN SKILLS AND EXPERIENCE
• Assess what skills are lacking on the governing body. Draw up a list of the gaps.
• Make a list of the skills sought in a new trustee. Some of these skills may be essential whereas others may be desirable.
• Some organisations draw up a job description for prospective trustees just as they do when employing new staff.

STEP 3: LOOK FOR BALANCE AND DIVERSITY
• Consider the current balance of the governing body.
• It can be very useful to have a group of individuals who are diverse in terms of age, sex, race or ethnicity, background and skills.
• If the organisation has an equal opportunities policy or a diversity policy, it should apply to the trustees as well as to staff.

The procedures for selecting and recruiting trustees should mirror, to the extent possible, those applied in the selection and recruitment of the NGO’s staff (see Chapter 5: Managing people).

Finding new trustees
Once the skills, competence and experience the organisation needs in its trustees have been agreed, it is a good idea to draw up a list of recruitment sources which may include those outlined in the box below.

RECRUITMENT SOURCES: TRUSTEES

Good recruitment sources might include:
• government
• traditional elders
• religious leaders
• university professors
• international funding agencies.

You could also:
• advertise for trustees in the press
• hold an open day to show potential trustees what the organisation is about.
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It is highly recommended that the organisation approaches other NGOs or international organisations, academic institutions and schools or reputable local businesses to ask whether they know of individuals who might be willing and able to act as trustees. Press advertisements can also be an effective way of reaching a wider group of people as the advertisement can specify the particular skills needed. However, advertising is costly.

Since the role of trustee is normally voluntary and unpaid (bar travel expenses), it is important to find individuals who are not only suitably qualified and experienced, but also committed to the mission and goals of the organisation. In the box below are some factors to consider when selecting trustees.

**FACTORS TO CONSIDER: SELECTING TRUSTEES**

- It is important to make potential trustees aware of the seriousness of their **duties and responsibilities**, but without discouraging them.
- The **commitment** required of a trustee needs to be clear, including the average amount of **time** that trustees are expected to devote to the organisation each week or month.
- When a number of possible recruits have been identified, it is important to consider whether their skills match the **requirements of the organisation**. The person or persons concerned will also need to judge whether the organisation is a suitable one for them.
- The original **specification** of the skill requirements for new trustees can be useful when making selection decisions.
- Make sure that the potential new trustee does not have any personal or business interests that might **conflict** with the organisation’s interests.

After a new trustee has been selected, he or she must be **formally appointed** by the governing body. It is usual for this to take place at the Annual General Meeting or assembly. At this event people will be asked to propose and second the appointment of the selected or nominated trustees.

New trustees should sign the **minute book** of the governing body to show that they accept their appointment and are aware of their duties. This book records the date and time of all meetings and the signatures of those attending the meeting.

**Induction for a new trustee**

Existing trustees, particularly the Chair, should ensure that new trustees have a clear understanding of the work of the organisation and what will be expected of them. It is helpful to arrange an induction, as outlined below.
TRUSTEE INDUCTION

1. Provide the new trustee with a copy of:
   - the organisation’s governing document
   - the latest annual report and accounts
   - the strategic plan and accompanying documents, such as the budget
   - other key organisational policy documents.
2. Give the new trustee details of resources and assets that belong to the organisation.
3. Introduce the new trustee to existing trustees to ask questions about the organisation’s activities and funding.
4. Introduce the trustee to the Executive Director, who should be asked to arrange a tour of the office to meet staff.
5. With time the new trustee might also be encouraged to visit some of the organisation’s clients, beneficiary or target groups and different locations where the organisation has programmes and partners.

Retirement of trustees

There are a number of circumstances in which a trustee may retire from an organisation’s governing body. The box below suggests how to avoid adverse effects on the governing body’s work when this happens.

GOOD PRACTICE: RETIREMENT OF TRUSTEES

1. The trustee should write to the Chair (unless specified otherwise in the governing document) giving notice.
2. It is good practice to give fellow trustees adequate notice so that they can find a replacement.
3. A trustee may be able to retire without a replacement being appointed, but this will depend on the provisions in the governing document. A basic rule is that a trustee may not resign unless at least two trustees remain on the governing body. Allowing a trustee to retire or resign without a replacement is not ideal. It is important for every organisation to be equipped with an efficient and effective trustee body.
2.6 TERMS OF REFERENCE

In addition to a more formal governing document, terms of reference can provide a useful guide for trustees about the way in which the governing body works. The box below gives an example.

**EXAMPLE: TERMS OF REFERENCE**

<table>
<thead>
<tr>
<th>ISSUE</th>
<th>SUGGESTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time commitment required of governing body trustees</td>
<td>• Attendance at governing body committee meetings is essential to ensure a quorum. &lt;br&gt; • In addition trustees are expected to: &lt;br&gt;  ◦ participate in at least one of the subcommittees (see below) &lt;br&gt;  ◦ ensure up to date knowledge of all aspects of the organisation’s programme.</td>
</tr>
<tr>
<td>Terms of election and re-election of trustees for the governing body</td>
<td>• Trustees are elected at the AGM for a term of three years but re-election for a further term is an advantage for reasons of continuity. &lt;br&gt;  • Trustees can serve for a maximum of two terms, of up to six years.</td>
</tr>
<tr>
<td>Governing body membership</td>
<td>• Membership of the governing body consists of &lt;br&gt;  ◦ elected voting representatives and &lt;br&gt;  ◦ observers (non voting members) representing other organisations and institutions.</td>
</tr>
<tr>
<td>Frequency of governing body meetings</td>
<td>• The governing body will meet up to six times each year. &lt;br&gt;  • Meetings will take place at the organisation’s office premises. &lt;br&gt;  • Times will be arranged to suit members as far as possible. &lt;br&gt;  • Dates of meetings are set on a rolling basis up to two years in advance for planning purposes.</td>
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</tbody>
</table>

In addition to the main governing body committee meetings which are convened at set dates in the year (for example, every three months), some organisations create subcommittees that meet more frequently (for example, every six weeks) to help with specific aspects of their overall management and administration.

**For example,** a human resources subcommittee might be created to consider issues about the implementation of the human resource management policy, including those relating to staff and performance management (see Chapter 5). A finance subcommittee can help ensure that the organisation’s finances are well managed, according to the terms laid out in a financial procedures policy document (see Chapter 4). A programme development subcommittee can provide guidance and advice for strategic planning and impact assessment.
Membership of such subcommittees is usually informal and includes trustees, non-voting members of the governing body, and members of the organisation's staff. It is important to ensure that the subcommittees draw in individuals with the skills and experience most relevant to the subject area.

**For example**, the Treasurer might be a member of the finance subcommittee together with the Executive Director and other trustees. The Chair might participate in the work of the programme development subcommittee, together with a delegated Programme Officer and others.

Details of subcommittees may also be contained in the terms of reference. See Appendix 3 for an example.

It can also be helpful, especially for new trustees, if the organisation details their main responsibilities in the terms of reference, as set out in the example below.

**EXAMPLE: RESPONSIBILITIES OF TRUSTEES**

Trustees have the responsibility to:

- Read the governing document and be aware of what it says about the objects of the organisation and how its work should be conducted.
- Find out what the organisation does and how it is funded, and be aware of the current state of its finances by reading the latest annual report and accounts, and financial reports submitted to the governing body.

Together, the trustees are responsible for ensuring that:

- The income (including special grants) of the organisation is spent only on work which is appropriate to realisation of the aims as stated in the governing document.
- The organisation is not prone to any financial risk.

The governing body employs an Executive Director to manage the organisation, its staff and finances within a policy framework it sets at committee meetings. The trustees should keep up to date with any decisions made on their behalf by reading the Executive Director’s reports and all documents submitted to it.

Given the significance of trustees’ responsibility to ensure that the organisation is not prone to financial risk, it is advisable to spell it out further as in the following example.
EXAMPLE: FINANCIAL RISK

It is the responsibility of the trustees to:

- Make sure that the organisation is properly insured.
- Formally agree (at a governing body committee meeting) any contracts or commitments which have financial implications.
- Refrain from entering into any contracts (including staff contracts) unless they know that adequate funds are available to cover the costs.
- Anticipate possible future financial commitments (e.g., by setting money aside in case of staff redundancy payments).

2.7 MEETINGS

Different meetings have different purposes and are convened for different groups of people. A General Assembly or Annual General Meeting (AGM) is a meeting for all the members of an organisation, usually for the following purposes:

- The governing body usually reports on the year’s activities at this meeting.
- Elections are held to elect new trustees at intervals specified in the governing document.

A governing body committee meeting is only for the trustees and observer or non-voting members of the body.

Any meeting must be well organised if it is to yield positive outcomes. Some guidelines are given below.

GUIDELINES FOR MEETINGS

<table>
<thead>
<tr>
<th>RULE APPLIES TO:</th>
<th>POINTS TO REMEMBER</th>
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</thead>
<tbody>
<tr>
<td>Governing body meetings</td>
<td>- Be sure to have a quorum present.</td>
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<tr>
<td></td>
<td>- Establish how many people are required to vote.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>All meetings</th>
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<tbody>
<tr>
<td>- Always take minutes of meetings. Copies of the minutes should be typed up and distributed to those present and those who have sent apologies. A copy should also be kept on file.</td>
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<tr>
<td>- At the start of a meeting, begin by reviewing the minutes of the previous meeting and checking to see if any actions have been completed.</td>
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<tr>
<td>- Always have an agenda for the meeting.</td>
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<tr>
<td>- Always give those who wish to speak the opportunity to do so, and listen respectfully to their opinions.</td>
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</tr>
<tr>
<td>- Make decisions based on what is best for the organisation and its target group, not because of opinions, fear, anger or favouritism.</td>
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<tr>
<td>- After a decision is taken, always decide who will take the action, and when it should be completed by. Make sure that all members understand the decision.</td>
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</tbody>
</table>
2.8 ORGANISATIONAL POLICY DEVELOPMENT

One of the governing body’s most important roles is to support the development of the organisation’s policies and, once these have been developed, to monitor their effective implementation. Its support and guidance can be given through a structure of subcommittees or through the routine committee meetings. However, as policy development can be a time consuming business it is probably best achieved in smaller and more focused meetings. The governing body must any case formally approve any policies that the organisation develops.

It is advisable to keep the number of policy and procedural documents to an absolute minimum to avoid unnecessary bureaucracy. It is also important to ensure that the policies are ready to hand. Policy documents that live in filing cabinets serve little practical purpose other than assuring trustees and staff of their existence. Working policy documents, on the other hand, will be referred to frequently until their contents have been fully internalised by those responsible for overseeing their implementation.

This guidance manual recommends the development of two main organisational policy documents:

- a financial procedures policy document (Chapter 4)
- a human resource management policy document (Chapter 5)

Each of these may include a large number of headings and subheadings. The specific policy guidance contained under these can always be drawn out and photocopied separately as necessary. It is helpful to have well indexed policy documents, as this makes it much easier to find the relevant section.

In addition to their roles in helping to develop organisational policy, the trustees and governing body are responsible for ensuring that the policies are effectively and fully implemented and where they are not, to take the appropriate remedial action. See Appendix 4 for questions the governing body might consider when scrutinising organisational policies.

For example, in rare cases it may be necessary for the governing body to reprimand the Executive Director and request him or her to ensure that the situation improves within a specified time frame.
## 2.9 CONCLUSION: SUCCESSFUL GOVERNING BODIES

Some success factors for governing bodies are listed below. It may be useful to consider which are the most important.

<table>
<thead>
<tr>
<th>CHECKLIST: SUCCESS FACTORS FOR GOVERNING BODIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Their trustees represent the interests of stakeholders and carefully monitor the actions of senior executives to promote and protect those interests.</td>
</tr>
<tr>
<td>2. They link the organisation to influential stakeholders outside the organisation, thereby promoting the organisation’s mission while ensuring attention to important concerns in society.</td>
</tr>
<tr>
<td>3. They are composed of highly qualified trustees.</td>
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<tr>
<td>4. They exercise independent and objective thinking in appraising the actions of senior executives and in introducing strategic change.</td>
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<tr>
<td>5. They pay special attention to their own composition to ensure an appropriate mix of internal and external trustees, and the inclusion of minority representatives.</td>
</tr>
<tr>
<td>6. They have a well-developed structure: that is, they are organised into appropriate committees to perform specialised tasks (eg to review the work of the Executive Director and to audit the organisation’s financial transactions).</td>
</tr>
<tr>
<td>7. They meet frequently to discuss progress in achieving organisational goals and to provide counsel to executives.</td>
</tr>
<tr>
<td>8. They assess the Executive Director’s performance at least once a year to provide guidance on leadership style.</td>
</tr>
<tr>
<td>9. They conduct strategic reviews to determine the fit between the organisation’s strategy and the needs of its environment.</td>
</tr>
<tr>
<td>10. They formulate and follow the ethical codes that govern the behaviour of the organisation’s executives and employees.</td>
</tr>
<tr>
<td>11. They help the organisation look to the future by challenging trustees to clarify their visions for the organisation and fit it with the needs of society.</td>
</tr>
</tbody>
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APPENDIX 1

A SAMPLE GOVERNING DOCUMENT: SAVE SOMALILAND TREES ORGANISATION

Save Somaliland Trees was formed as a result of a group of environmental activists wanting to come together to respond to the urgent need of the worsening situation of trees and plant life in the Somaliland countryside and urban areas. These activists want to support local communities through training and education to maintain their own sustainable environmental systems.

Article 1: NAME OF THE ORGANISATION
1 The name of the organisation is Save Somaliland Trees (SST).
2 The office of the organisation is in Hargeisa.
3 The emblem of the organisation is a drawing of two people planting a tree together.

Article 2: STATUS OF THE ORGANISATION
1 SST is a voluntary, humanitarian, non-governmental, non-profit making, non-political and non-partisan organisation.
2 SST has legal status and personality; it has the legal right to sue or to be sued in its own name.

Article 3: MISSION STATEMENT
Save Somaliland Trees, founded in 1998 by environmental activists, intends to reverse the environmental degradation that is occurring now in Somaliland’s rural areas so that rural and nomadic populations have continued access to the natural resources on which they have depended for so many years. Save Somaliland Trees supports communities throughout Somaliland, but is focused on the areas in the northwest region. Its work is implemented through jointly planned and implemented community and SST activities.

Article 4: OBJECTIVES
The objectives of the organisation shall be to:
1 Improve the environmental conditions for nomads and rural people.
2 Advocate for the improvement of environmental legislation.
3 Raise awareness about the need to stop harmful environmental practices.
4 Serve as a forum for sharing experiences and information on environmental issues.

Article 5: VALUES
SST is committed to:
1 ensuring that all people, rural or urban, have access to the environmental resources they need
2 implementing projects according to the needs of the local communities, not of SST
3 providing support that will have a very long term positive effect on the environment and community
4 encouraging communities to understanding the relationships between their daily activities and their environment.
Article 6: STRUCTURE
Save Somaliland Trees will be structured according to the following system:

- Congress
- Board of Directors
- Director
- Management Team
- Project/Office Staff.

The project and office staff’s responsibilities are described in their job descriptions, contracts, and SST’s personnel policy.

6.1 CONGRESS
- The purpose of the Congress is to be an advisory board for helping SST to achieve its mission.
- The Congress is the highest organ of SST.
- The members of the Congress are those environmental activists who support the work of SST and who have made a financial contribution to SST in accordance with its membership policy. The Congress membership will be reviewed each year at its Annual General Meeting (AGM) and those who have not paid for more than three months will be dismissed from their duties.
- The Congress holds its AGM every year in January. The Congress may hold an extraordinary meeting if two-thirds of its members request one.
- The responsibilities of the Congress are:
  - approving appointments to the Board of Directors
  - approving the constitution and membership policies
  - reviewing the achievements of the previous year
  - contributing to the design of the plan for the next year.
- Cessation of the Congress membership is by:
  - not paying membership fees for more than three months
  - vote of the Congress members by at least 2/3 of all members
  - death
  - resignation.

6.2 BOARD OF DIRECTORS (BOD)
1 The BOD’s purpose is to provide organisational leadership.
2 The BOD is answerable to the Congress and supervises the Director.
3 The BOD term is one year but members may be re-elected for up to three years.
4 The BOD members are nominated by the management team of the organisation and then approved by the Congress at its AGM.
5 The BOD will have seven members.
6 The responsibilities of the BOD are:
  - making decisions about the organisation that are not part of the daily running of SST
  - approving organisational policies, structure, programmes, and plan of action or strategic plan, and budget
  - organising the Annual General Meetings of the Congress
  - fundraising, with the help of the management
  - overseeing the affairs of SST between Congress meetings
  - proposing all membership policies, including determining and adjusting the membership subscription as necessary, for approval by the Congress
  - approving financial transactions above five thousand dollars
  - auditing, monitoring and evaluating the organisation.
7 The meetings of the BOD are monthly.
8 Cessation of BOD membership outside of the annual vote is by:
   - dismissal by the Congress by a 2/3 majority vote of all members
   - death
   - resignation.

6.3 EXECUTIVE DIRECTOR
1 The purpose of the Director is to be the leader of the organisation’s daily activities.
2 The Director is answerable to the BOD and is the head of the Management Team.
3 The Director is hired on an open contract by the BOD and may be employed as long as the BOD is satisfied with his or her work.
4 The responsibilities of the Director are:
   - implementing the policies of the organisation
   - representing SST when signing agreements on behalf of SST
   - hiring and dismissing the heads of departments and projects
   - approving all financial disbursements
   - ensuring financial transparency of the organisation
   - coordinating the running of day-to-day activities
   - promoting SST and ensuring good relations with the community and government
   - reporting quarterly on all activities to the BOD.
5 Cessation of the Director position is by:
   - end of contract
   - dismissal by the BOD by five or more votes, in accordance with SST’s personnel policy
   - death
   - resignation.

6.4 MANAGEMENT TEAM
1 The purpose of the Management Team is to implement SST’s daily activities.
2 The Management Team is answerable to the Director, and supervises the departments and projects of the organisation.
3 The Director hires the Management Team members depending on their experience and qualifications in accordance with SST’s personnel policy.
4 The members of the Management Team are the Director and heads of the departments.
5 The responsibilities of the Management Team are:
   - implementing daily activities
   - supporting the staff of the department and managing the departmental resources
   - appointing and dismissing project or departmental staff after receiving approval from the Director
   - assisting the Director in making managerial decisions
   - reporting weekly to the Director about the ongoing activities of the projects in the department.
6 The meetings of the Management Team should be at least weekly.
7 Cessation of Management Team membership is by:
   - dismissal by the Director in accordance with SST’s personnel policy
   - death
   - resignation.
Chapter 2: Organisational governance

Article 7: FINANCE
The income of SST shall be derived from:
1 contributions from the beneficiaries of SST’s work
2 fees paid by the Congress members
3 funds provided through agreements with development agencies for implementing projects.

Receiving, disbursement and reporting of the organisation’s funds will be defined by the SST financial policy.

Article 8: PROPERTY OF THE ORGANISATION
All property of SST shall be registered in the name of the organisation and managed and used according to the organisational fixed asset and inventory policy.

Article 9: DISSOLUTION OF THE ORGANISATION
Save Somaliland Trees will only be dissolved by joint resolution of the Congress, Board of Directors, Director, and Management Team supported by a vote of no less than 4/5 of all delegates present. If less than 2/3 of all delegates are present, then the vote may not be passed, regardless of its outcome.

Article 10: INTERPRETATION OF THE CONSTITUTION
The responsibility for the interpretation of the terms of this constitution or any matter arising in connection with its meaning is that of the Congress by a 2/3 majority, with at least half of all delegates present.

Article 11: APPROVAL OF THE CONSTITUTION
The Congress of Save Somaliland Trees, whose signatures are attached, approves this constitution on 1 May 2000. This constitution is binding until the ratification of a later one by unanimous agreement of the Congress of SST.
APPENDIX 2

SUGGESTED FORMAT FOR MEETING MINUTES

MINUTES OF [write the name of the group having a meeting here]
MEETING

Date of meeting: [write down the complete date]

Place of meeting: [write down the exact place of the meeting]

Time of meeting: [write down the starting and finishing time]

1. Persons attending: [list everyone who was at the meeting and his or her title]

2. Agenda: [list what items are to be discussed, and if the group approves the agenda]

3. Minutes of the previous meeting: [record any changes to the previous minutes and whether they were approved by the group]

4. Reports: [record who said what; you may have a subheading for each person who presented a point]

5. Matters arising: [give a brief report on the main points discussed]

6. Action points for follow-up: [list the actions that have been agreed during the meeting, as well as who will do what, and when]

7. Any other business: [briefly report and record what actions are to be taken, and by whom]

8. Next meeting: [list the exact date, place, and time of the next meeting]
EXAMPLE: SUBCOMMITTEES: ROLES AND RESPONSIBILITIES

Subcommittees and roles

A finance subcommittee will be established to:
- Monitor implementation of the financial procedures policy.
- Ensure that systems are in place for the sound management of the
  organisation’s material and financial resources.
- Provide ideas about fundraising opportunities.
- Review in depth the monthly or quarterly financial statements.

A programme development subcommittee will:
- Provide advice and ideas for the strategic plan and annual update.
- Contribute to the monitoring and evaluation of programme impact.
- Consider programme reports from the staff team.
- Advise on ways to develop the programme or service and increase
  its impact.

A human resource management subcommittee will:
- Assess all issues relating to the staff body, including the
  appointment of new staff, disciplinary issues and staff grievances.
- Make recommendations to the governing body on staff issues.
- Monitor the implementation of the human resource management
  policy.

Roles of subcommittee members

- Subcommittee members are required to oversee and support the
  different areas of work.
- Members of the governing body are invited to sit on the
  subcommittees of their choice.
- The approximate number of meetings is three or four per
  committee per year. The length of a meeting is usually two or three
  hours.
- The subcommittees have some independent decision making
  powers but recommendations are taken to the governing body for
  ratification.
APPENDIX 4

TEN QUESTIONS FOR THE GOVERNING BODY TO CONSIDER BEFORE APPROVING POLICY

1. Does the policy reflect the organisation's missions and goals?
2. Is the policy realistic? Can it be implemented?
3. Is the policy in agreement with an international standard (such as the Generally Accepted Accounting Procedures for finance)?
4. Does the policy meet local standards and local regulations?
5. Does the policy outline clear lines of responsibility and accountability?
6. Does the policy explain how it is to be implemented and/or enforced?
7. Does the policy state the consequences of any failure to comply with its provisions?
8. Are there financial costs of implementing the policy and if so, can the organisation meet the costs?
9. Does the policy take sufficient account of gender and diversity?
10. Is the policy sufficiently flexible to endure for a long time?
APPENDIX 5

QUESTIONS:
FINANCIAL SCRUTINY BY THE GOVERNING BODY

General
- Does the organisation have a positive end of month and end of year balance?
- Who owes money to the NGO? Has the number of debtors increased significantly from the previous year?
- Who does the NGO owe money to? How much? Has the number of creditors increased?
- Are project supplies and office equipment being maintained well?

Expenditure
- Are expenses in line with the budget? Are there significant variances?
- Have there been any major changes in expenditure?
- Are there any items of expenditure that have not been budgeted for?
- Is the value of fixed assets appropriate for an organisation of this size?
- Is the petty cash system being managed properly?

Income
- Is income generally in line with the budget?
- Has all income been received as budgeted?
- What fundraising events are expected for the coming year? Is the cost of holding these events in the budget?
- What percentage of the organisation’s income is from abroad and what percentage is raised locally? Has this percentage changed, or will it change?
- Is earned income increasing or decreasing?

Year-end outcome
- What is the expected balance of the organisation’s finances at the end of the year?
- What steps are needed to change the year-end outcome (if any)?
- Is the financial policy being implemented properly?
- Is the organisation running well? Do project results show this?
- What is the ratio of current assets to current liabilities? (A good ratio is about 1.5:1.)
- Does the organisation have any savings?