

The Board and its Functions



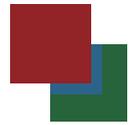
Governing and Managing Organisations

Guidelines for AKDN's work with CSOs
No 4

A K D N

AGA KHAN DEVELOPMENT NETWORK

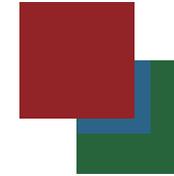
For more information about the AKDN Civil Society Programme, please see http://www.akdn.org/civil_society.asp



“Civil Society Institutions play an essential role in the provision of social services, the protection of the marginalised, and the delivery of development programmes”

*His Highness the Aga Khan,
Toronto 18 June 2004*

The Board and its Functions



Governing and Managing Organisations

Guidelines for AKDN's work with CSOs
No 4

A K D N

AGA KHAN DEVELOPMENT NETWORK

Why you may need these guidelines¹

Some problems appear in organisations of all kinds. Here is a sample:

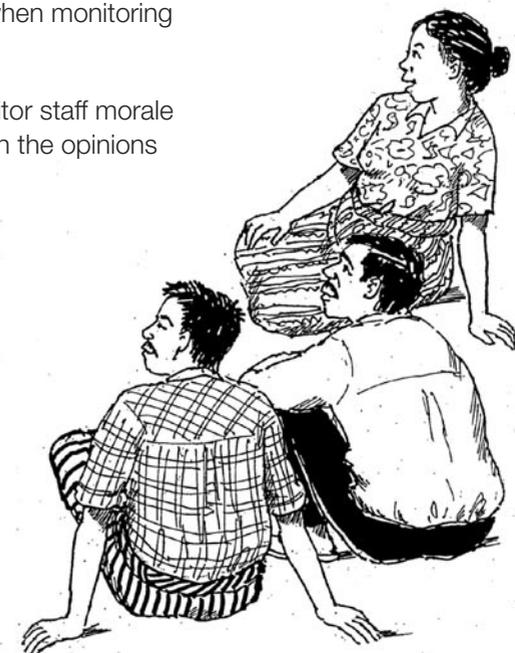
- Board members are unconfident and/or over-committed.
- Managers face the same difficulties.
- The organisation's ideals do not match its day to day reality.
- Meetings are badly planned, badly run and/or badly recorded.
- Decision-making and management structures are not clear.
- Unpaid staff and volunteers lack clear job descriptions and responsibilities.
- It is not clear how to deal with unsatisfactory work performance or behaviour.
- The organisation's haphazard administrative systems hinder rather than help its effective operation.
- Financial management or control procedures are inadequate.
- You find unwillingness to address any of these problems, or inadequate procedures to tackle them.
- The organisation works on technical issues, but does not take a stand on matters of principle, values and ethics.

*If any of these problems affect your organisation,
these guidelines are for you!*

¹ Adapted from "Just About Managing", London Voluntary Service Council 2004

Discussion points for your organisation

1. Do all Board members know and understand the organisation's purpose, priorities and values?
2. Are the Board members broadly aware of their financial and legal responsibilities?
3. Do you feel that the Board and staff genuinely work in partnership?
4. Does the Board understand the importance of strategic thinking (long term, big picture) when making plans and decisions, and when monitoring achievements?
5. Does the Board monitor staff morale and take an interest in the opinions of staff members?



Action points for your organisation

If you have any of the documents below, please review each using the process outlined in this booklet. If you do not have one, try to design whichever is missing:

1. A Code of Conduct for the Board
2. Terms of Reference for all Board Members
3. Terms of Reference for all sub-committees



Boards and their functions

In the non-profit and non-government world, organisations have at least five separate roots:

- Philanthropy and the desire to help people who are considered less fortunate
- The desire to improve local communities through mutual aid and self-help
- The desire to improve conditions through political and economic action
- The desire to take on services provided by the public or private sectors, and
- The simple reality of shared interests.

While these overlap, different organisational histories can lead to significant differences in how each body approaches its work.

Boards are a part of the management function of any non-profit and non-government organisation (also known as civil society organisations or CSOs). At its most basic, management can be defined as:

“ensuring that an organisation has clear objectives, and makes the most effective and efficient use of resources in order to achieve those objectives”

Boards play their part in management, along with staff and volunteers, and a good organisation ensures that all who are involved in management have a clear understanding of their roles and functions.

Good management ensures that people give the best and get the best in any organisation and that the organisation is able to do what it wants and needs to do, without wasting precious time, energy, money or other resources.

It helps to distinguish between:

1. Responsibility for managing the organisation (setting and monitoring long and medium term objectives, and developing policies)
2. Responsibility for day-to-day management of the organisation's work (what the organisation does, how it does it, and how well the work is done, the people who do the work, and resources)
3. Responsibility for managing a team, department or project
4. Each person's individual responsibility for managing their work



Organisations are extremely varied. In small organisations, the first two responsibilities lie with a few people. In medium to large organisations, these different responsibilities lie with separate individuals.

The term “governance” is increasingly used for the big picture, long term and legal aspects of ensuring that an organisation is properly run, and “management” for ensuring that the work gets done within this framework.

Every organisation has a governing body which is legally and financially responsible for the organisation (in the case of AKDN agencies it is a Board). Broadly the Board is responsible for ensuring that the organisation knows what it is supposed to be doing, has enough people and money to do it, and does it well.

Why have a Board?

Organisations have Boards:

- To ensure that the organisation meets the needs of its members, its users, its clients and/or the community it serves. AKDN agencies also have Boards to manage the organisation at the direction of His Highness the Aga Khan and report back to him on its work
- To draw on people's experience or expertise in making decisions about the organisation
- Because donors or funders want to know financial and other decisions are being made properly, and not just by one or two people
- Because organisations registered under the law are often required to have a Board

Managers and staff in CSOs sometimes feel a Board is more trouble than it is worth and say Board members constantly interfere with their work, or, at the other extreme, never show any interest in the organisation.

Board members, on the other hand, may feel that paid workers or volunteers are more interested in their own careers than the organisation. It is essential that staff, managers and Board members do not see themselves as adversaries, but as partners working together to achieve the organisation's goals.

overnance responsibilities

The Board is responsible for governance: ensuring the organisation operates properly and effectively, and achieves its agreed objectives. Governance involves:

- Understanding and regularly reviewing the ethos and values that underpin the organisation's work, and ensuring that Board members, employees, volunteers and others involved with the organisation understand these values and how they apply to their work
- Maintaining a long term overview of the organisation and all its work
- Making strategic and major decisions about the organisation's objectives, policies and procedures
- Ensuring decision-making procedures are transparent (people know who makes decisions and how they are made, and accountable (decisions are reported to the people who have a right to know about them)
- Ensuring that the needs and interests of relevant people and bodies are considered when making decisions
- Ensuring that adequate resources (especially people and money) are available to carry out activities, and making decisions about how to proceed when resources turn out not to be available
- Monitoring the work of the organisation, especially progress towards objectives
- Ensuring appropriate action is taken when work is not being done, or is not being done properly
- Taking legal responsibility for the organisations and all its actions

roblems of Boards

The Board may be an august body made up of “the great and the good” – people committed to the organisation and its work, but it may be very far removed from the day-to-day reality of the workers and the organisation's users or beneficiaries.

In this case it would be sensible for representatives of staff or users to meet the Board and explain their situation.

Alternatively the Board may be made up of members or service users primarily interested in what the organisation can provide for them now, rather than its long term development.

In this case it would be good to widen Board membership to include other people with a wider perspective.

If the Board includes staff or Board members from another organisation there can be conflicts of interests between two organisations that a person represents. Rule must be set – usually requiring the Board members to excuse themselves – so that the conflict of interest does not affect the organisation's operations.

Another problem can come from over-frequent turnover of Board members. Board members should be appointed or elected for a two year term at least.

 *The Board may be very far removed from the day-to-day reality of the workers*

he Chair and other officers

The Chairperson's role has two parts, one practical, the other institutional:

- Planning and running meetings of the Board, ensuring that everything is covered and decisions are made when required, keeping order, helping the group deal with differences of opinion and conflicts, being sure that everyone who wants has a chance to speak.
- Ensuring that the organisation as a whole sets and sticks to its policies and priorities, then serving as a spokesperson for the organisation, making essential or emergency decisions between committee meetings, working closely with the manager to ensure work is being done properly and to help staff with difficulties.



The other usual officers for a Board are:

- A Vice-Chair
- A Board Secretary
- A Treasurer

Sometimes Boards will set up Sub-Committees and Working Groups. All such Committees and Groups need clear Terms of Reference.

Ideally every organisation should have a Code of Practice for Board members which is available to all stakeholders. Through this the Board members should police themselves, but others involved in the organisation can also monitor the performance of the Board.

 *Every organisation should have a Code of Practice for Board members which is available to all stakeholders*

Varying responsibilities

Organisations divide responsibilities between Board and staff differently. While certain issues are always Board responsibilities and others staff tasks, there are overlaps. See the diagram on this page. It is best if responsibility in the overlaps is clearly defined.

In all cases the CEO (Chief Executive Officer) of the organisation sits on the Board and acts as the link between the Staff and the Board. He or she, however, does not usually have voting rights on the Board.



The background to these guidelines

The AKDN Civil Society Programme has produced a series of internal booklets to help those involved with AKDN agencies to acquire the skills they need to build and strengthen effective civil society organisations (CSOs).

There are basically four types of institutions for whom these booklets are intended:

1. *The Jamati Institutions: National Councils, ITREB, GRB, NCAB, and EPB*
2. *The Boards of the Service Companies – AKHS, AKES, AKPBS*
3. *Associations set up by the Service Companies or by other AKDN agencies to support the purposes of their programme – such as PTAs, school management committees, nurses associations, midwives associations, teachers associations, tenants associations*
4. *CSOs outside AKDN agencies which support their purposes*

All such organisations involve people who have committed themselves to improving the society in which they live by what they do and how they behave. Commitment and voluntarism may, however, not be enough for an effective organisation – specific organisational skills are needed as well. And these skills can be learnt.

The following booklets are also available in this series:

1. *Problems in Managing Organisations*
2. *Skills in Managing Organisations*
3. *Improving Management*
4. *The Board and its Functions*
5. *Organisational Structures and Systems*
6. *Managing People and their Work*
7. *Managing Finance*
8. *Building a More Civil Society*

Illustrations: Petra Rohr-Rouendaal, "Where there is no artist", Practical Action Publishing, 2007



AKDN Civil Society Programme

www.akdn.org/civilsociety

Civil Society Programme Pakistan

AKF Pakistan
House 1, Street 61
Sector F-6/3
Islamabad, Pakistan
Tel: 92 51 227 0512
Fax: 92 51 227 6815

Civil Society Programme Afghanistan, Kyrgyzstan, Tajikistan

AKF Tajikistan
Rudaki 137
Building "Tajikmatlubot", 4th floor
Dushanbe 734003
Tajikistan
Tel: 992 372 247650
Fax: 992 372 510061

Civil Society Programme, East Africa (Kenya, Uganda, Tanzania)

AKF East Africa
ICEA Building (8th Floor)
Kenyatta Avenue
Nairobi
Kenya
Tel: 254 20 227369
Fax: 254 20 248286

Civil Society Programme, Mali

AKDN Mali
Immeuble UATT
sis Quartier de Fleuve
Route de L'Archeveche, 1er etage
Bamako
Mali
Tel: 223 222 0695
Fax: 223 222 3466

Civil Society Programme Headquarters

1-3 Ave de la Paix
1202 Geneva
Switzerland
Tel: 41 22 909 7200
Fax: 41 22 909 7291