Organisational Structures and Systems

AKDN

AGA KHAN DEVELOPMENT NETWORK

"Civil Society Institutions play an essential role in the provision of social services, the protection of the marginalised, and the delivery of development programmes"
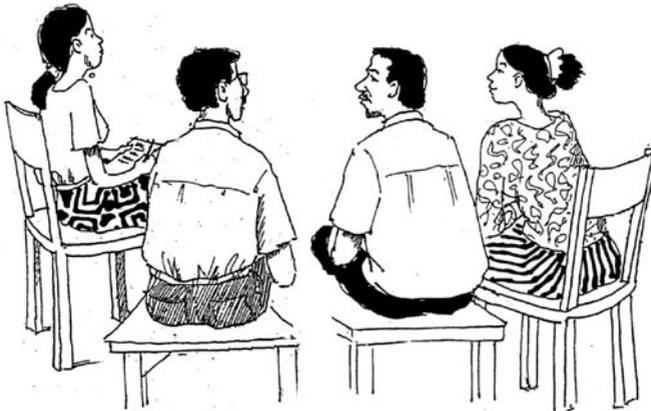
His Highness the Aga Khan, Toronto 18 June 2004

Organisational Structures and Systems

Governing and Managing Organisations

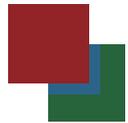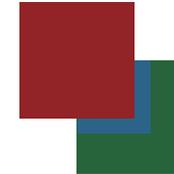### Guidelines for AKDN's work with CSOs No 5

AKDN

AGA KHAN DEVELOPMENT NETWORK

*W*hy you may need these guidelines[1]

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!

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

*D*iscussion points for your organisation

1. Do you have a Manual of Procedures? If so, do you find it useful? If not, do you feel the need for one?

2. Specifically, do you have a Manual of Financial Procedures? Do you find it useful?

3. Do you have a list of your assets? And who can use them?

4. What information do you collect? How do you use that information?

5. Do all the staff have job descriptions? Do all the jobs fit into the mission of the organisation?

6. How often do you have staff meetings? Are they useful?

*A*ction points for your organisation

If you have these documents, please review them. If not, try to design what you need using the guidelines in these pages:

1. A Manual of Procedures

2. A Manual of Financial and Property Procedures

3. Job Descriptions for all staff

*O*rganisational structures and systems

Any organisation that wishes to carry out its mission successfully must have a functioning internal structure, and must have systems that allow it to carry out its work effectively.

One regular problem is discussed in the booklet on the Board and its functions (Booklet 4) – that is the relations between the governance and management of the organisation. An effective organisation thinks carefully about the relations between its members, its volunteers, its staff, its Board and its constituents. An effective organisation will also clarify these relations in writing – by writing a Constitution.

Moving on to the daily running of the organisation, handled by the staff of the organisation, it is important to be systematic and methodical. Methodical procedures are important because they have a direct impact on an organisation's ability to be efficient, trustworthy and credible – pre-requisites for effective functioning. An organisation has a large number of elements, but all have to be managed well.

It is important to be systematic and methodical in the daily running of the organisation

When an organisation starts small with a few members, it may seem unnecessary to develop formal procedures and a waste of time to worry about who should be doing what and where or how information should be stored.

As an organisation grows in numbers, size or complexity, however, the absence of specified procedures can lead to fundamental inefficiency: time is wasted looking for documents and duplicating the work of colleagues. Although it takes a little time and a strong commitment, in the long run establishing formal procedures improves efficiency and minimises conflicts about how things should be done.

Finally it is very helpful if an organisation, while establishing formal procedures, develops a manual to describe these procedures. Staff can then easily refer to it when they are not clear about action to take, and new people can quickly orient themselves by the manual.

The process of preparing this manual can also bring to light areas where no procedures exist, but need to be devised.

Finally a manual establishes a set of procedures that have been agreed by everyone. It can protect staff or volunteers when a Director or Board Chair wants to do something that has not been agreed.

What kinds of procedures should be considered?

Each group's procedures will depend on its structure and mandate. So it is impossible to suggest specific procedures that will be relevant to all groups. But some areas will typically benefit from systemisation.

1. Incoming materials[2]

   a. Who deals with what?

   b. What is the procedure for opening/registering/handling the different categories of materials that are received (correspondence, newspapers, requests for help etc.)?

2. Outgoing materials

   a. What outgoing materials need to be approved beforehand (i.e. what are the rules regarding press releases: letters to government officials: board of directors or membership: campaign documentation etc.)?

   b. Who gets copies of what?

   c. Where are copies of outgoing materials filed?

   d. Is there any standard format for letters, documents, etc?

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[2] This section is taken from Amnesty International "Organisation Matters".

3. Storage and retrieval of information

a. Where are press clippings, case files, statistics, information on abuses, background information, employee and fund-raising information etc. filed and by whom?

b. Are there any general guidelines regarding information storage and retrieval (i.e. centralized or decentralized, chronological with most recent documents at the front or the back of the file, etc.)?

c. Will specific issue or project files be kept?

d. Where will the files be located and who will have access to them?

4. Financial procedures

a. Who is authorised to sign cheques?

b. Who is authorised to make purchases? How is this done? Is prior approval necessary?

c. How are incoming funds handled?

d. How can petty cash re-imbursement be claimed? What petty cash expenditures are justifiable?

e. How are salaries paid?

f. How will the budget be monitored and by whom?

Procedures for storage and retrieval of information should be clear

5. Employee procedures

a. How will staff and board members etc. be recruited? Are there any special considerations such as avoiding discrimination? What will be the conditions of service?

b. Under what conditions can a member of the Board or staff be removed? Are warnings necessary?

c. Will staff performance be regularly reviewed? According to what criteria and how often?

d. Who will handle employee grievances and how?

e. How will the staff, board, and membership be kept informed of each other's activities (i.e. regular or periodic mailings, newsletters, annual meetings, staff meetings etc.)?

f. What vacation and sick day policies will be instituted?

g. How will a prolonged absence from the organisation (due to illness, family emergency, etc.) be dealt with?

6. Other procedures

a. How will requests for information that do not directly pertain to your mandate be handled?

b. If the information you handle is sensitive or you are working in a hostile environment, what security precautions need to be taken?

S olutions

The following sections discuss the issues these procedural questions raise and offer solutions.

Financial procedures

It is very useful for the organisation to spend some time at the start of its life or the start of a programme to set up a system for its financial procedures, and, once this is agreed, for all staff and the Board to have a copy. This document should state:

- How and where cash is kept
- Who has responsibility for authorizing any expenditures
- For what things money can be spent
- How the expenditures are documented
- How the books of account are kept
- How regular financial reports are prepared

Inventory

The organisation must also keep a list of all property and assets that belong to it, and list who is in charge of each one, and where they are kept – e.g. motorcycles, buildings, computers. It is also useful to have an agreed policy about how these assets can be used and by whom.

Information collection

A good organisation tries to collect information that helps it to design better programmes. It tries to collect facts, not just opinions, and uses those facts in its discussion with stakeholders.

Job descriptions

Everyone who works for the organisation should have a job description which says what the person is meant to do, to whom the person reports, what wages and benefits the person will receive, and for what period of time the job description is set.

Without job descriptions, there is a very great danger that the Director will tell everyone to do everything (creating confusion), or tell people to do things which benefit the Director and not necessarily the organisation. For the staff members, a job description tells them clearly what is expected of them.

The job descriptions should, of course, be in line with the mission of the organisation. An organisation should not have staff who do not play a role in its mission.

Everyone who works for the organisation should have a job description

Staff meetings

Everyone who works for the organisation should get together once a month to discuss what they have achieved, what changes have occurred, and what else needs to be done. A good time to do this is when holding a review of the Workplan. Meetings can be very boring if they are not handled well. Draw up the agenda, set a time limit, and ask for everyone's participation. Try to make meetings interesting and useful to the staff. Make sure that somebody keeps a record of decisions to guide you in the future.

Personnel procedures

It is also very useful for the organisation to spend some time at the start of a programme to agree a staff policy, and, once this are agreed, to provide all staff with a copy. The document should state:

- How staff are recruited
- The ranges of staff salaries
- What benefits (if any) staff are entitled to
- How staff can expect increases in their salary (if any)

General

Once you have these structures and systems in place, you will find them very helpful when a dispute arises. Instead of arguing, both sides can consult the record of structures and systems commonly agreed, and use them as a guide.

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*

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