PATHWAYS TO NPO GOOD GOVERNANCE

GOVERNANCE OF NON PROFIT ORGANIZATIONS

- The Good Governance of Non Profit Organizations is an important element in the successful implementation of the organizations programmes and its sustainability

- Non Profit Organizations experience difficulties sometimes with Governance issues due to the volunteer nature of the organisation and its structures

- Role confusion between governing body members and management of the organization also stifles the NPO'S growth, development and optimal functioning

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

WHAT IS GOVERNANCE ?

- Governance means….

  ◊ To steer, ◊ to influence, ◊ to monitor, ◊ to guide

- Governance is… the way in which an organisation ensures effectiveness and accountability through its overall direction (systems and process) by its leadership

WHAT IS GOOD GOVERNANCE ?

❑ **Why is good governance important?**

- It is key to the success of the organisation

- NPO's are working for public benefit

- Increasingly held accountable to outcomes

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

GOVERNANCE

❑ Which people or structures are involved with governance?

- Board

- Principal or project leader/manager

- Management

- Programme coordinators

OBJECTIVES

This presentation seeks to :

1. Explain the concept of
Governance for Non Profit Organizations

2. Differentiate the roles and responsibilities between Governing Board and Management

3. Elaborate on the importance of the
fiduciary responsibility of the Governing Board.

4. List and explain the elements
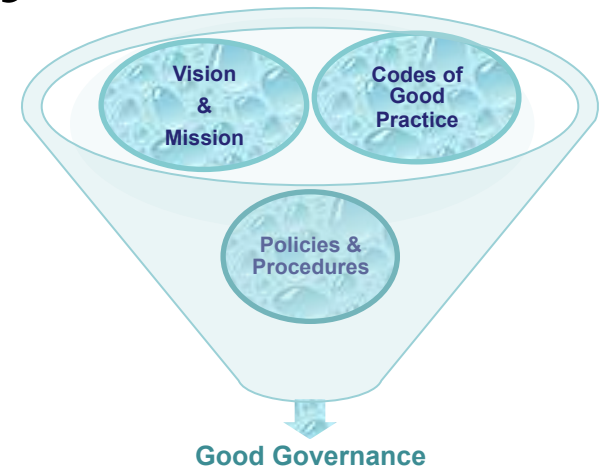for the pathway to Good Governance for NPO'S

OUTCOMES

1. Members of Governing Boards, Management and Staff from the NPO Sector will get a clear understanding of the segregation of powers and functions for non- profit organizations .

 2. Delegates will obtain knowledge on the importance of Good Governance for NPO' S

 3. . Delegates will be equipped with a model of Good Governance for NPO' S
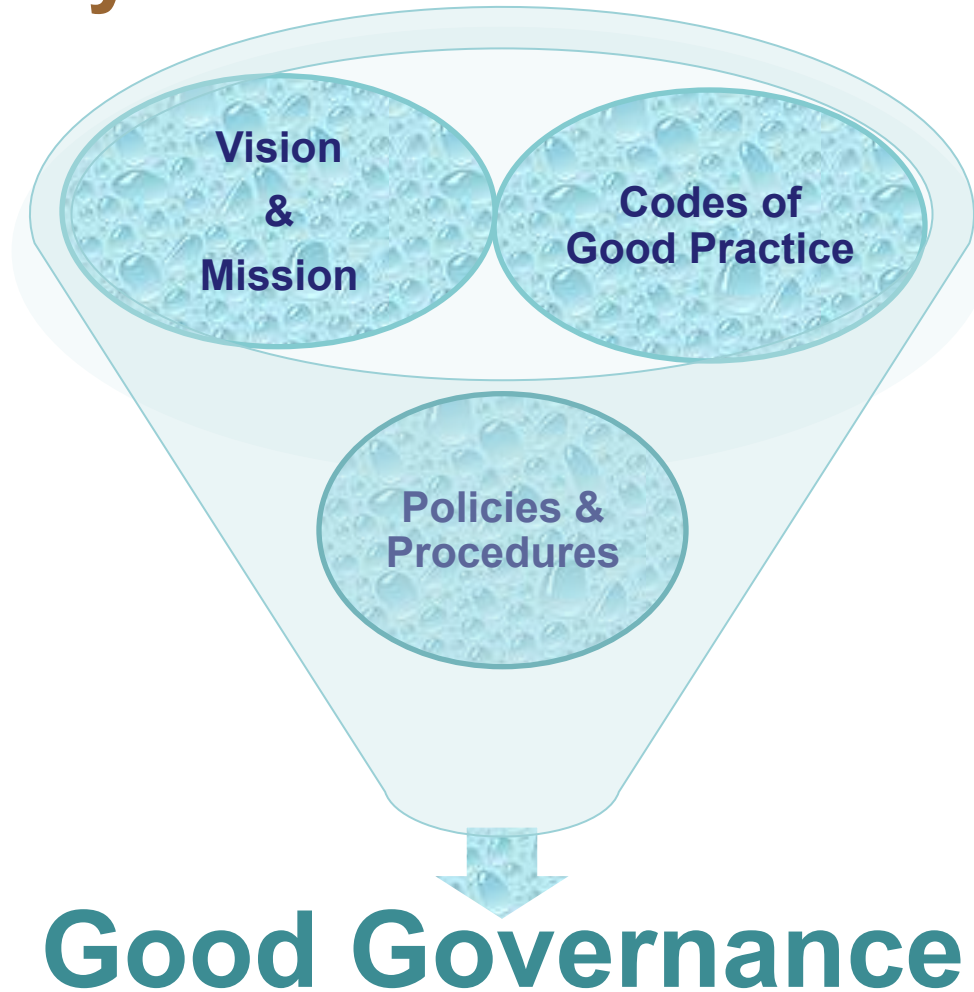
Pathways to Good Governance

What are these pathways and how do they relate to one another?

Vision & Mission

Codes of Good Practice

Policies & Procedures

Good Governance

Pathways to NPO Good Governance

Vision & Mission

Codes of Good Practice

Policies & Procedures

Good Governance

Pathways to Good Governance

Pathway 1: Vision & Mission

- What is a Vision and Mission?

What   How

Vision
&
Mission

Pathways to Good Governance

Pathway 2: Codes of Good Practice

- Requirement as per NPO Act

- Based on the Constitution of South Africa

- **Purpose:** To encourage and support NPOs in their contributions to SA people by: -

  – creating an environment for NPOs to flourish

  – To encourage NPOs to maintain adequate standards of governance, transparency and accountability

- Address relationships, service delivery, transparency, accountability, governance and management

Codes of Good Practice

CODES OF GOOD PRACTICE
Code 1: Principles

- Common value systems
- Being responsive to the needs and welfare of the people
- Respecting the rights, culture and dignity of all people
- Participatory democracy
- No discrimination
- Acknowledging that every human being has a unique value and potential
- Believing in the dignity, equality and worth of all people
- People-centred development
- Courteous and respectful

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

CODES OF GOOD PRACTICE

Code 2: Leadership

- Requires enthusiasm and initiative
- Ensures that the NPO has a clear vision, mission and objectives and that the members and office bearers adhere
- Ensures policies are in place and all members adhere
- Ensures that NPO's work is promoted
- Ensures that NPO is governed fairly, impartially and responsibly, and that it adheres to all relevant legal requirements
- Keeps communication open
- Encourages innovation from all members

CODES OF GOOD PRACTICE

Code 3: Accountability and transparency

- NPO is accountable for decisions & actions to general public

- Regular evaluations and updating of programmes that include stakeholders and community input

- Regular impact evaluations of programmes and services in community

- AGM with full, open and accurate disclosure of relevant information concerning goals, programmes, finances and governance

- Regular strategic planning sessions

- Progress reports

- Independent accounting officers and audited statements

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

CODES OF GOOD PRACTICE

Code 4: Management and Human Resources

- Develop adequate and acceptable systems of assessing skills, experience and qualifications, levels of responsibility and performance

- Develop clear policies and procedures that relate to all employees or members. Policies must adhere to the Labour Relations Act and other relevant legislation to protect the rights of members

- All members must execute their duties professionally and competently

- Establish and maintain disciplinary and grievance procedures with clear lines of authority and accountability

- Clear and transparent procedures for employing new staff and disengaging existing staff

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

CODES OF GOOD PRACTICE

Code 4: Management and HR – Cont.

- Clear staff-development policies that seek to empower all staff and volunteers to increase their skills

- Management to adopt interactive leadership styles and an 'open door' policy to facilitate good communication between staff and themselves

- Maintain confidentiality

- No engagement in "conflict-of-interest" actions

- Promote the efficient, economic and effective use of resources

- Develop and implement mechanisms to monitor the use of staff time

- Internal procedures and control to ensure proper use of organisational assets

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

CODES OF GOOD PRACTICE

Code 5: Finances

- Appropriate financial systems and employ qualified persons to administer and manage these systems

- Comply with accepted accounting and auditing practices

- Conduct annual financial audits

- Prepare realistic project or organisational budgets, then monitor and adhere to them

- Have clear policies on loans and staff advances

- Develop a policy regarding the receipt of outside honoraria and/or remuneration to avoid 'double' or inappropriate payment

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

CODES OF GOOD PRACTICE

Code 5: Finances – Cont.

- Formally charge members for any attempt at fraud, theft or misappropriation and report this to the relevant authorities

- Keep fund-raising and administration costs to a minimum

- Ensure that funds provided are used only for the intended purposes

- Ensure that the funding base of the NPO is diversified

- Set up mechanisms for purchasing cost effective goods and services; members not to have vested interests

- Ensure that contracts encourage the participation of small/emerging businesses, particularly owned by previously disadvantaged sectors

- Train volunteers and staff involved in fundraising.

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

CODES OF GOOD PRACTICE

Code 6: Responsibility

- Promoting and advocating social welfare, involving social integration, social development, nation building and social justice

- Being volunteer-driven, non-governmental, non profit and independent

- Developing and maintaining accessible and relevant services

- Attempt to provide services in a form and language which is acceptable to the communities served

- Maintaining structures that ensures transference of power to all levels

- Promoting community, volunteer personnel and consumer participation in structures and services

- Striving to uphold social justice, democracy and human rights

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

CODES OF GOOD PRACTICE

Code 7: Implementation

- The organisation and its affiliates will subscribe to these codes of practice

- In signing these codes, the organisation commits itself to regular internal reviews to ensure that it is adhering to these codes

- The organisation and its affiliates agree that if they are found to be in transgression of these codes, they will be dealt with appropriately according to the organisation's constitution and the relevant statutory requirements

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

Pathways to Good Governance

Pathway 3: Policies & Procedures

- **Policy:** a deliberate plan of action to guide decisions and achieve rational outcomes

- **Procedure:** specified series of actions or operations which have to be executed in the same manner in order to always obtain the same result

Policies & Procedures

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

Pathways to Good Governance

Pathway 3: Policies & Procedures - Cont

Seven C's to Avoid Procedure Errors

1. **Context** - Actions must properly describe the activity to be performed
2. **Consistency** - All references and terms are used the same way every time, and the procedure must ensure consistent results
3. **Completeness** - There must be no information, logic, or design gaps
4. **Control** - The document and its described actions demonstrate feedback and control
5. **Clarity** - Documents must be easy to read and understandable
6. **Correctness** - The document must be grammatically correct without spelling errors
7. **Compliance** - All actions should fulfill the goal and should work efficiently and effectively

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

Pathways to Good Governance

Pathway 3: Policies & Procedures - Cont

What policies are thus needed in an NPO? Policies that address the Codes of Good Practice

- **Code 1: Principles**
- **Code 2: Leadership**
- **Code 3: Accountability and transparency**
- **Code 4: Management and Human Resources**
- **Code 5: Finances**
- **Code 6: Responsibility**
- **Code 7: Implementation**

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

Pathways to Good Governance

Pathway 3: Policies & Procedures - Cont

- **Code 1: Principles**
  - Code of Conduct
  - Child Protection policy

- **Code 2: Leadership**
  - Vision, mission & objectives
  - Governance Policy
  - Management policy
  - Conflict of interest
  - Communication policy

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

Pathways to Good Governance

Pathway 3: Policies & Procedures - Cont

- **Code 3: Accountability and transparency**
  - Monitoring and Evaluation policy

- **Code 4: Management and Human Resources**
  - HR policies: Recruitment, Employment equity, Disciplinary, Grievance , Leave, Absenteeism, Harassment, etc
  - Staff development policy
  - Health and wellness policy
  - HIV/Aids policy
  - Disaster management policy
  - Volunteer policy

Pathways to Good Governance

Pathway 3: Policies & Procedures - Cont

- **Code 5: Finances**
  - Finance & Administration policy
  - Staff loans

- **Code 6: Responsibility**
  - Service delivery policy
  - Asset management policy

- **Code 7: Implementation**
  - Supervision policy
  - Performance management policy
 - Review & evaluation policy

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

Governance and Management

Role clarification of the governing board and Management:

The governing Board:

1. Hold the Fiduciary responsibility
2. Vision bearers
3. Policy formulation and guidance
4. Oversight role and Independent
5. Term of Office is short, e.g. 1-2years
6. Volunteers a service
7. Guardian of resources/finances
8. Act as employer on behalf of the NPO
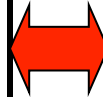
Management:

1. Manage the day-to day business
2. Directed by the Vision of the org
3. Guided by the Policies of the org
4. Reports on progress to the GB
5. Employed Full-time / Part-time
6. Reasonably compensated/salaried.
7. Reports on financial management
8. Are employees of the NPO

RESPONSIBILITIES OF GOVERNANCE BOARD vs MANAGEMENT COMMITTEE

BOARD REPONSIBILITIES	OVERLAPPING RESPONSIBILITIES	MANAGEMENT RESPONSIBILITIES
•Policy determination •Fiscal oversight and budget approval •Hiring, supervising, evaluating & firing of executive director/CEO •Establishing priorities and allocating resources •Setting personnel policy	•Policy formulation •Fundraising •Community relations •Budget development and fiscal reporting	•Programme management •Personnel administration •Day-to-day operations •Reporting to board

THANK YOU

Elwin Gallant
Social Worker
Department of Social Development
Nelson Mandela Metropole
Tel : 041 4065762
Fax : 0865499060
Cell : 0834509007
Email : elwin.gallant@ecdsd.gov.za