

NPO GOVERNANCE TOOL BOX SERIES

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WHAT MATERIALS TO BE SHARED WITH THE BOARD MEMBERS



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OUTLINE OF GOVERNANCE TOOL BOX

Tools for identifying, recruiting and developing a Board

- Characteristics of Board Members – [Click here to download](#)
- **What materials to be shared with the Board Members**
- Board Members commitment sheet (to be reviewed every year)
- Areas to be covered in Board Orientation process
- Board Diversity Matrix
- Board Size
- Source for Potential Board Members
- Creating a database of the Board Members

Job description (Including do's and don'ts)

- Chairperson (Including do's and don'ts)
- Board Members
- Secretary
- Treasurer
- Vice-Chairman

Board Evaluations

- Board Evaluation Form
- CEO performance appraisal form

Board Committee

- Executive Committees
- Audit Committee
- Finance Committee
- Human Resource Committee
- Program Committee

Policies

- Human Resource Policy
- Finance Policy
- Conflict of Interest Policy
- Gender Policy

Conducting Meetings/Making Decisions

- Notice
- Setting the Agenda
- Writing Minutes
- Taking Resolutions
- Attendance
- Following up on Decision
- Evaluating a Board Member

Creating a Board Manual

- Need for the Board Manual
- Organization Essentials
- Board Structure and Processes
- Board – ED Relations
- Executive Parameters
- Review of Board Manual

WHAT MATERIALS TO BE SHARED WITH THE BOARD MEMBERS

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1. INTRODUCTION

It is important to ensure that new Board members have adequate information to become familiar with the organization they are to govern as responsible Board members/trustees. This would enable them to understand their role and any expectations clearly. The key information, that needs to be made available to them are:

- Vision, mission, values, objective and principles governing the organization.
- Significant policies and procedures.
- Relevant legal and financial information

The induction process should start as soon as a Board member's appointment takes effect. A well-designed induction programme is essential in helping new members to make relevant contribution to their work on the Board. At the same time all Board members should receive ongoing support and information from the management so that they can develop their understanding of the overall environment within which they work.

While understanding their specific roles in the Board, members should also have a proper orientation of the particular elements and demands of governance and of the key relationships that will impact on the successful performance of their role.

The existing Board members should undertake a more active role in working with newly-appointed Board members, to ensure that they are aware of the expectations for the Board and that the key responsibilities and relationships are well understood. They should brief new Board members on the particular environment within which the board operates. The briefing could include:

- nature of the Organization's work (site visits may be useful),
- the composition of the Board and its various procedures (sub-committees, expected workload, governance and management issues, etc),
- the member's responsibilities to the Chair and other Board members,
- and relationships with the other stakeholders.

2. MATERIALS TO BE SHARED

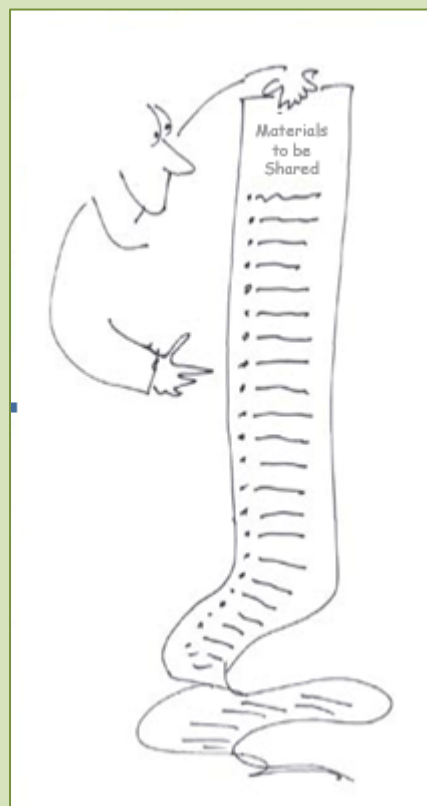
To provide comprehensive information on the activities of the organization and its wider implications of operations etc, the following material may be shared with the Board:

2.01 Governing documents i.e. Memorandum of Association, Bye Laws, and Trust Deed (whichever is applicable):

These are the organization's fundamental documents. They define the need for the organization's existence, its Board members, size of the Board and how it will function, roles and responsibilities of members, rules and procedures for holding meetings, electing office-bearers, and other members. These governing documents gives an idea to the members about the various incorporation compliance requirements as well.

2.02. Annual Report/Activity Report of the Organization:

An annual report is an in-depth and comprehensive report on the activities carried out by the Organization during the year. It outlines the background of the organization and accomplishments made by the organization and in some reports audited annual accounts are also published in it. An annual report needs to be published every year and information on Governing body members, Governance Structure and Organizational Chart, activities and projects carried out by the Organization during the year, achievements made etc can be reported. This document gives an idea of the background of the organization activities, achievements etc.



2.03. Audited Financial Reports:

Audit report is the one of the most important documents, which depicts the financial picture of the organization to society at large, primary stakeholders and community members, internal stakeholders like governing body/board/employees, and other interested parties. Thus, it helps to understand the financial health of organization and by going through previous audit reports, one can gain an overall impression of the financial affairs of the organization.

2.04. Budget:

Every organization, whether small, medium or large has a limited amount of resources to accomplish its stated goals and objectives. Budget is a useful tool for planning, controlling, and directing the resources of an organization. It is also an estimate of or a view to the future, clearly showing the areas where funds will be required. It also serves as a benchmark for evaluating actual performance. It is an alert to an organization as to when a plan is failing and changes are required. A budget, if done properly can become one of the most important tools for management. Every organization must have a budget whether it goes through a formal or an informal process.

Budget is also a significant document for any organization with the donors. The budget sets out in detail what the organization will do, including where the money will be spent on and what results are to be achieved. Also, during a given time frame, the plans and budgets enable the organization to compare it with actual performance.

2.05. Document on the Sub-committees of the Board:

Sub-committees play an important role in implementation of various tasks in governance. It ensures less burden on Board and participatory decision making process. It could also be a learning experience for many others to work in some sub-committees. These sub-committees can be formed internally in the board or some outside members can also be included in these committees. An organization may have different committees to distribute the responsibility and make people accountable. Examples of the Sub-committees are Finance Committee, Procurement Committee, Program committee and Working Committee etc. These committees are recommendatory in nature and generally do not have decision making powers. They are formed as per needs of a particular Organization.

2.06. Conflict of Interest Policy, if any

Conflict of interest is a situation in which outside interests affect or are perceived to affect the ability of an individual to make fair and impartial decision on behalf of the NGO. Conflict of Interest can exist when

- Opportunities for direct material gain are involved;
- When close associates or family members stand to benefit
- Personal interests or loyalties conflict and compete with those of the NGO

A conflict of interest policy helps in resolving such situations. It helps in dealing impartially with situations in which an individual's multiple interests compete or collide. There should be a clearly defined policy to ensure that any conflict of interest is properly dealt with.

2.07. Board Manual, if any

A Board manual serves several functions. It orients Board members towards its mission. It serves as the board's "operating manual" providing information on the board's structure and operations. It outlines the board members' roles and responsibilities, and generally serves as a resource about the organization and the Board. It is important that a Board Manual be kept up-to-date and familiar with each of the documents in the manual.

2.08. Brochure/ Publications of the Organization

A brochure is somewhat like an annual report but it has more crisp information about the organization and can provide quick overview. A brochure is a type of leaflet which introduces you to the organization, and inform about the objectives and activities.

If an organization has its own publications, the same can also be shared with the new Board members so that an understanding on the subject with which the organization is dealing can be developed. These handy documents can orient a new person into the organization easily and quickly.

2.09. Recent minutes of the meetings of the board and committees

Minutes forms an essential part of meetings. It serves as an evidence on the discussions and action points agreed upon. It records what actions have been decided upon, who is responsible and what the milestones and deadlines are. After the meeting, the minutes are approved in the next meeting and circulated to all the members. It serves as a record of the meeting's procedure and outcome. Minutes are an internal documentation procedure and it helps in providing information to new members.

2.10. Profile of the Board Members

Sharing of profile with new members will give them an understanding of other members and help in interaction in future. It fosters trust, cohesion and communication among board members.

3. CONCLUSION

A well organized induction or sharing information to the new members integrates them into the organization and they develop better understanding of the Organization. Given below as an **Annexure1** is a tool "Analysis of Induction Tool Kit", which will be useful to new members in processing the information, shared by the organization.

*Analysis of Induction Tool Kit is given as *Annexure 1*

Watch out for the next issue on” Board Members Commitment Sheet”.



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EXERCISE

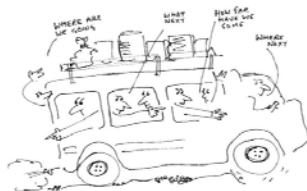
Analysis of Induction Tool Kit

Name of Document	What to Look for	Take Notes
Governing Documents	<ul style="list-style-type: none"> Total number of members 	
	<ul style="list-style-type: none"> Term 	
	<ul style="list-style-type: none"> Election/Selection process 	
	<ul style="list-style-type: none"> Key roles & responsibilities 	
	<ul style="list-style-type: none"> How many meetings 	
	<ul style="list-style-type: none"> Risks Observed, if any 	
Annual Report	<ul style="list-style-type: none"> Organizational Hierarchy 	
	<ul style="list-style-type: none"> Focus Activities 	
	<ul style="list-style-type: none"> Major Projects 	
	<ul style="list-style-type: none"> Achievements 	
	<ul style="list-style-type: none"> Challenges 	
Annual Financial Statements	<ul style="list-style-type: none"> General Funds 	
	<ul style="list-style-type: none"> Designated Funds 	
	<ul style="list-style-type: none"> Total Income 	
	<ul style="list-style-type: none"> Total Expenditure 	
	<ul style="list-style-type: none"> Major Donors 	
	<ul style="list-style-type: none"> Significant Liabilities 	
	<ul style="list-style-type: none"> Key Assets 	
Budget	<ul style="list-style-type: none"> Overall funding 	

	<ul style="list-style-type: none"> • Key expenditure heads 	
	<ul style="list-style-type: none"> • Overhead costs 	
Sub-committees	<ul style="list-style-type: none"> • Various sub-committees 	
	<ul style="list-style-type: none"> • Mandate 	
Conflict of Interest	<ul style="list-style-type: none"> • Areas of Conflict 	
	<ul style="list-style-type: none"> • Disclosures 	
	<ul style="list-style-type: none"> • Risks Observed, if any 	
Board Manual	<ul style="list-style-type: none"> • Role of Board 	
	<ul style="list-style-type: none"> • Sub-committees 	
	<ul style="list-style-type: none"> • Key decisions to be made 	
	<ul style="list-style-type: none"> • Roles of office bearers 	
	<ul style="list-style-type: none"> • Appointment/ Appraisal of Chief Functionary 	
Brochure/Publications	<ul style="list-style-type: none"> • Background 	
	<ul style="list-style-type: none"> • Key Activities 	
	<ul style="list-style-type: none"> • Future Plans 	
Minutes	<ul style="list-style-type: none"> • Major decisions taken 	
	<ul style="list-style-type: none"> • Concerns, if any 	
Profile of Board Members	<ul style="list-style-type: none"> • Key Persons 	

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