Leadership and Governance
Strengthening Local Partner Board Management

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USAID/Accelerating Support to Advanced Local Partners (ASAP)
Overview of Governance and Leadership

Effective Governance

Expected Oversight over Award (USAID)

Linking to Practice
  • Real G & L Challenges facing Local Partners

Questions and answers
Situating our Discourse
USAID states that NGOs are critical change agents in promoting economic growth, human rights and social progress. ... they work with international and local NGOs and their networks to support in-country programs and strengthen their capacity to achieve their missions.
Governance and Leadership

Leadership is defined as ‘a process whereby an individual influences a group or individuals to achieve a common goal’

Governance is the process by which the leadership of an organization makes decisions and takes actions to ensure that the organization conducts itself in accordance with its values, principles and purpose.
So…who Governs?

- A **Board** is a group of external people who work together to
  - set the strategic direction of the organization
  - provide oversight and supervision
  - ensure that the management and operations are legal, effective, efficient and appropriate.

- The Board is ultimately responsible for governing the organization and holds legal responsibility for the organization and its operations.
What is the purpose of a board of directors?

In broad terms:

• To ensure the organization is pursuing its mission and achieving the non-profit “bottom line”
• To promote and protect the public, donor & beneficiary interest (stewardship)
Principles of governance

All boards need to incorporate principles of governance into their operations

– Accountability,
– Fairness
– Transparency
– Responsibility
Three Fundamental Duties (3 Ds)

- Duty of Care
- Duty of Loyalty
- Duty of Obedience
1. Duty of Care

Board members should exhibit the level of care by staying abreast of the organization’s financial health and programmatic accomplishments.

This requires that a director be informed and able to exercise independent judgment, as demonstrated by:

- Regular attendance at board meetings.
- Keeping informed, asking questions.
- Exercising independent judgment.
2. Duty of Loyalty

The Duty of Loyalty is a standard of faithfulness to the organization.

Personal or constituent interests must be put aside in favor of decisions that are in the best interest of the organization.
3. Duty of Obedience

Requires board members to be faithful to the organization’s mission.

Board members should become knowledgeable about the business of the organization and exhibit proper stewardship and governance of the organization’s legal and fiscal responsibilities, programs and services.

Nonprofits rely heavily on the public’s trust when soliciting donations and grants. The public has a right to know that the money will be used for the purpose for which it was given.
Qualities of an effective Board

- Clear mandates and roles
- Clear, relevant by-laws
- Well-balanced, diverse board composition
- Well-oriented board members
- Strong board/executive relationship
- Effective decision-making processes
- Effective fundraising
- Strong financial management
- Effective board meetings
- Rapport among board members
Functions of the Board

**Governance**
- Oversee/evaluate
- Review/monitor

**Leadership**
- In partnership with CEO, guide the mission & direction
- Ensure dedication to, & use of assets for benefit of the public

**Legal Oversight**
- Ensuring the organization is complying with all its legal obligations

**Operational Oversight**
- Ensuring the organization’s work is getting done in all program / operational areas, and ensuring that work is being done ethically, legally & effectively.
## Roles and responsibilities of the Board

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td>Ensure</td>
<td>the organization has clear mission and purpose</td>
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<tr>
<td>Ensure</td>
<td>legal and ethical integrity and maintain accountability</td>
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<tr>
<td>Ensure</td>
<td>adequate resources</td>
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<tr>
<td>Ensure</td>
<td>effective organizational planning</td>
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<tr>
<td>Enhance</td>
<td>public standing</td>
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<tr>
<td>Select</td>
<td>the Chief Executive</td>
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<tr>
<td>Support</td>
<td>the chief executive and assess his or her performance</td>
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<tr>
<td>Provide</td>
<td>proper financial oversight</td>
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<tr>
<td>Recruit</td>
<td>board members and assess board performance</td>
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<tr>
<td>Determine</td>
<td>monitor and strengthen programs and services</td>
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Board and Management

Board responsibilities
- Define the organization’s vision and mission
- Set strategic direction, approve strategic plan and business plan
- Review and approve policies developed by management
- Recruit, evaluate, fire (if necessary) CEO
- Provide financial oversight
- Review and approve budget
- Lead in fund-raising
- Represents the organization publicly

Management responsibilities
- Disseminate vision and mission
- Develop strategic plan and business plan
- Develop work plans based on strategic plan
- Develop policies and manuals (e.g. HRM) for board consideration and approval
- Provide board with financial reports
- Develop budget
- Assist in fund-raising, develop resource mobilization plan
- Represents the organization publicly
Sample board committees

**Finance or Audit Committee**: Composed of treasurer, CEO, and other board members with financial skills (accountants or auditors). Oversees budgets, advises board on approval of overall budget and capital expenditures, ensures that independent audits take place.

**Program Committee**: Reviews current programs, ensures that they are in line with organization’s strategic directions, reviews M&E of current programs, reviews proposed programs.

**Executive Committee**: Usually made up of chair, vice-chair, secretary, and treasurer. Helps make decisions and solve problems between scheduled board meetings.

**Governance Committee**: May include people with legal backgrounds. Leads organization of board development, ethics policy, and board evaluation.

**Ad-hoc Committees**: Can be formed to deal with specific needs such as recruitment of a new CEO or organization of a fund-raising event.
Expected Oversight over (USAID) Awards
Expected Board Oversight

Ensuring that the organization is financially sound and well managed is one of the most important duties of the board.

The board needs to ensure that the organization has sufficient resources to fulfill its mission.

At all times the board should be aware of the general financial condition of their organization.
Establishing Internal Controls

• It is the duty of the board to ensure that internal controls are both established and implemented.

• Internal controls promote both integrity and efficiency - when they are in place as explicit board policy, internal controls reassure donors and constituents that the organization’s resources are used wisely and well. Among the most important internal controls the board can introduce are:

  — Professional accounting standards; separation of transactional responsibilities; Sound investment policies and annual audits.
Credibility and Accountability

- Accountability is about efficient and effective service delivery. Organizations must have systems, policies and procedures in place to:
  - Effectively manage funds
  - Effectively manage and deliver services (grant scope)
  - Monitor performance in meeting stated goals and objectives
  - Demonstrate the outcomes of funding
  - Conduct evaluation and report to donors
A well governed organization

- Is able to use the board as a source of innovation and a conduit for new ideas
- Has greater resilience in times of crisis or change
- Has greater potential to positively impact the lives of those they serve!
- Has greater legitimacy
Leadership and Governance
Strengthening Local Partner Board Management

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USAID/Accelerating Support to Advanced Local Partners
Leadership and Governance in Action

Session Objectives

- Share key activities conducted through ASAP’s board governance capacity strengthening activities in ASAP countries in sub-Saharan Africa
- Review learning from our approach working with leadership and boards
- Highlight the appreciative inquiry process
- Review Board of Directors and leadership responses from the NUPAS Plus Assessment
Areas of Board Role

• Strategy
• Oversight
• Advisory role to management
Leadership and Governance Boards: What we found

- Boards are comprised of hard working, multi tasking inspirational leaders
- Boards work in alignment with executive leadership
- Our NGOs work in some of the poorest places of the world with unique challenges
- Board members and executive leadership showcase innovative thinking to seize opportunities that secure funding
- Our NGOs are managing large, complex projects, with talented technical teams driving the agenda
- NGOs make an impact in their communities with sustainable projects
Leadership and Governance Boards: What we found

- Some Boards are not fully functional they lack effective governance
- Board charters are not used adequately as a point of reference
- Boards are often hand-picked and reinforce “Founder Syndrome”
- Delegation of authority processes generally lacking
- Declaration of interest practice not in use
- Board composition does not allow for appropriate deliberations and voting of key issues
- Executive top leadership is dominant within the organization
Leadership and Governance Boards: What we did

- Introduced **leadership** and **governance coaching and training** for Directors and top leadership.
- Used a **collaborative approach** from the outset – achieved buy-in from leadership to refresh governance processes.
- Guided on prioritization of key improvement action plans – including quick wins for leadership.
- Clarified the roles of the Board – **to Govern** versus **Executive Management** who **Runs the organization**.
- Regular touch base meetings and progress review meetings.
The Board’s role in Strategy: What we found

- NGOs lacked a clear strategy roadmap
- Strategic plans are not fit for purpose – often created from a parent NGO and not adopted to local context
- Board Members held conflicting agendas about the future of the organization
- Monitoring and evaluation strategy implementation not in place - not aware
The Board’s Role in Strategy: What We Did

- Clarified the Board’s role of **Custodian** of Strategic plan and how it is closely linked to performance management
- Ensured there is strategic **alignment** between the Board and senior management activities
- Supported **executive leadership** to take a **fresh look** – work with the board on regularly reviewing the strategy
The Board’s Role of Oversight: What we found

- Weak finance management and risk management systems in place
- Board not getting disclosures on risks facing the NGO from management
- No training on risk/fraud management
- No escalation of fundamental finance/risk issues to the Board
- No designated risk owner – risk register
• Brought in understanding of the Board’s role in having **enough visibility** into NGO’s operations, processes.

• Created opportunities for Boards to discuss **oversight of senior** management’s **collective** ownership and **individual** accountability for compliance with regulation, risk management and fraud

• Ensured development of **internal control systems** that mitigate risks, safeguard assets, and improve financial reporting

• Highlighted the importance of a **system of checks and balances** that brings in **accountability** and transparency

• Shared risk management process/tools
Boards were not supporting the CEO

Boards did not have a clear understanding of the role of the Board role versus Executive Director

A disconnect existed between the Board Chair and Executive Lead

A lack of transparency existed between the Board and Management

A lack of quality in the recruitment of Board members

Board member terms too long with lack of rotation
Set out to enhance the Board’s Advisory role: by focusing them on key areas of accountability including:

• **Decision making authority** – organizes who is responsible for making decisions

• **Organizational structures** that define and clarify responsibilities for operational, control and reporting processes

• **Organizational design** that is understood by top leadership, managers, employees and key stakeholders – sends a message that the NGO is managed in the best interest of their stakeholders
Board’s Advisory Role to Management: What We Did

- Coached Board to take advisory role seriously
- Advised Boards to bring in members with expertise e.g. financial accounting,
- Developed Board tools e.g. Skills Matrices, Board Evaluation tools etc
- Regular training (yearly) of Board on relevant governance issues
- Induction and mentoring of new Board members
Some areas we advise the Governance Boards on …..

Maximise your effectiveness with a Fresh Approach
Questions and Discussions
Thank you!

Resources
Boardsource.org
Knowhow.ncvo.org.uk
Ngopulse.org
P Lencione’s 5 Dysfunctions of a Team