

Key responsibilities of the board

The board is responsible for the overall work of the organisation. It should therefore consider the following issues:

- Recruiting and supporting the CEO to manage the work
- Why the organisation exists – identify its mission, purpose, vision and values
- What work the organisation will carry out – strategic planning
- Legal requirements
- Resources, such as funding and people
- Assessing progress.

These are key areas of concern for the board, as they affect the health of the organisation. While they are board responsibilities, the board may not be directly involved in fulfilling them. For example, it may be appropriate to delegate the work of identifying the mission, purpose, vision and values, or the strategic planning, to the CEO. Another example is assessing progress. The board should be active in considering how it will assess progress, identifying what information it needs, and discussing the findings. However, the bulk of the work (the information collection) is likely to be carried out by those who are closest to the operations – the staff. The one area of responsibility that should be carried out solely by the board is the recruitment of the CEO.

Remember that even if the board delegates these responsibilities, it is still accountable for them. For example, if the CEO and senior staff define the mission, purpose, vision and values, the board should approve them.

In the rest of this section we look at these responsibilities and what they involve.

3.1 Recruit and support the Chief Executive Officer

To avoid having to govern **and** manage the work of the organisation, the board should recruit someone to manage the operations. This person is often referred to as the Chief Executive Officer (CEO) but could also be given a title such as Executive Director, General Director or General Manager. The board delegates responsibility for carrying out the organisation's operations to the CEO. The CEO's responsibilities may include designing projects, recruiting staff and allocating budgets within the boundaries set by the board.

There must be a good relationship between the CEO and the board if the organisation is to fulfil its mission. The terms of this relationship must be clearly stated. If there are any

unclear roles and responsibilities, efforts can be duplicated, important issues can be missed and confusion or even conflict can occur. A good working relationship is not only based on written roles and responsibilities. It is based on the principles of respect and communication. These are important issues to consider when recruiting a CEO. In addition to considering a potential CEO's skills and experience, the board should consider whether the CEO is someone with whom they would have a good relationship. The board must also be confident that the CEO has leadership qualities.

Issues to consider when recruiting a CEO include:

- job description
- list of qualities, both essential and desired, including skills, experience and personal character
- salary and work benefits
- responsibilities and delegated authority.

Some boards may decide to create a special committee to oversee the recruitment process of a CEO. If a board member is interested in applying for the CEO job, he or she should first resign from the board. This will reduce board bias and embarrassment during the recruitment process. If the application is unsuccessful it may not be appropriate for the person to return to the board.

Although the board should avoid interfering in the work of the CEO, it should provide the CEO with support. This is part of accountability. It is unfair to delegate authority and responsibility to someone without giving them encouragement and support. Support is usually given to the CEO by the chairperson of the board. They should aim to meet regularly. Support might involve:

- giving them feedback on their performance – making sure this focuses on successes as well as difficulties
- taking an interest in their spiritual well-being and providing support where necessary
- putting them in contact with peers in other organisations and others in leadership so that they can share ideas
- providing them with opportunities for training in key skills that they lack (see section 5.7)
- providing a listening ear or advice on issues that the CEO faces, such as staff problems.

CASE STUDY
Efficient communication

Although the CEO and the chairperson of the board meet together every two weeks, there is not much structure to their meetings. Sometimes they spend too long chatting and do not have time to discuss important issues. They decide to write a list of items to discuss at each meeting. This includes:

- performance
- urgent issues
- spiritual issues
- prayer

They decide that every six months they will discuss the CEO's job description, delegation of responsibility and authority, and training needs.

REFLECTION

- How good is the relationship between the board and the CEO in our organisation? In what ways could this be improved?
- What is our CEO's job description?
- What qualities are needed for a CEO in our organisation?
- How should the CEO's performance be reviewed?
- What support is given to the CEO? Is this enough?

3.2 Ensure that the vision, purpose, mission, and values are identified

These are key issues at the root of the organisation's existence, which must be defined clearly in order for the organisation to function effectively. If there is no vision, the organisation has nothing to work towards and staff can lose hope. If the mission is not well defined, the organisation can spread its work too thinly and lose its focus. If the purpose is not clear, staff can lose their sense of direction. If the organisation does not have values, the quality of its work suffers.

Unfortunately the terms *vision*, *mission*, *purpose* and *values* are often confused. Different people define each term differently and relate them to each other in different ways. Here, we outline one definition of each of these terms, which will be referred to in other parts of this book. We point out where we are aware of particular confusion or alternatives to these terms.

The vision

Vision is about how we would like the world to change for the better. It is a dream. It is not something that we can change alone, but something to which we can contribute. Think big – the vision could relate to national or even global level. It could be very general or it could be about improvement in a specific area of life.

BIBLE STUDY

Our vision as Christians

- Read Matthew 28:18-20.
 - Who holds all authority?
 - What does Jesus command?
 - Our goal as Christians should therefore be to make disciples of Jesus. Is this reflected in our organisation's vision? If not, should we change the vision in order to respond to Jesus' command?
 - What part do we play in fulfilling Jesus' command, both individually and as an organisation? How could we do this better?

Ask the question: *What does the organisation want the world to look like in the future?*

For example:

- A world without hunger.
- Respect for all people with disabilities in our country.

The purpose

The purpose of the organisation is what it exists to do, in order to contribute to the vision. It is the core area of the organisation's work. It is something that the organisation has control over and can achieve. It usually responds to a need and relates to the strengths of the organisation. An organisation should only have one purpose. It should not do anything outside of the purpose. If the organisation has more than one purpose, it has probably confused them with strategic objectives. To identify the purpose it should consider the theme that unites those objectives.

Ask the question: *What does the organisation exist to do?*

EXAMPLE 1 An organisation's vision is 'A world without hunger'. There are many issues that make people hungry. However, the key local issue is that people are unable to grow enough food. If they could grow more food, hunger would be reduced. The purpose statement would therefore be:

To help people to increase food production.

EXAMPLE 2 An organisation's vision is 'Respect for all people with disabilities in our country'. There are many ways in which people with disabilities are discriminated against. However, the organisation needs to focus its work. It chooses to concentrate on children's issues and develops this purpose statement:

To ensure access to free education for all children with disabilities.

NOTE The purpose statement must sometimes be stated on legal documents. Some organisations do not have separate mission and purpose statements.

The mission

The mission statement identifies the people the organisation serves, where they are and how they are served. The mission statement therefore unites the vision, purpose and values. It is more active than the purpose statement. It should be clear, brief and easy for people to memorise. It is not a statement of what the organisation does, but the difference it makes. Often this will involve identifying the organisation's niche – what it is that the organisation can do that no other organisation does, or how it can serve a part of the population that no-one else is working with.

Ask the question: *What does the organisation commit itself to do?*

For example:

- To reduce hunger in our country through training, enabling and supporting farmers.
- To enable children with disabilities to reach their God-given potential.

NOTE The terms vision and mission are sometimes used the other way round so that the mission is the change that the organisation wants to see in the world and the vision is the role that the organisation would like to play.

The mission and purpose statements can be useful for fundraising. Well-written mission and purpose statements will capture the attention of donors and enable them to quickly understand what the organisation seeks to do. An organisation's strapline under its logo will usually be drawn from its mission statement.

Strategic objectives

Strategic objectives enable the purpose and mission of the organisation to be achieved (see section 3.3). The key to writing a good strategic plan is to ensure it refers to, is in line with, and seeks to fulfil, the organisation's mission and purpose.

Values

Values relate to what the organisation stands for. They influence the way the organisation acts and give the organisation its identity. Values often make an organisation different from other organisations working to address the same issue. Values relate to what the organisation is already like or what it already does. They are not about what it wants to be like or do.

Ask the question: *What are the things we consider important in the way we act and relate to others?*

Examples of values include: commitment to God, commitment to the Bible, humility, stewardship, faithfulness and prayer.

It is important to review the mission, purpose and vision every few years. These may change over time as the organisation develops and as situations outside the organisation change. However, the organisation's values should not change, though new ones could be identified. The values are key to the foundation of the organisation. If the values of the organisation change, then, in effect, a whole new organisation emerges because its motivation is different. People usually decide to work for an organisation as a member of staff or board member because they agree (or at least do not disagree) with the organisation's values.

REFLECTION

- What are our organisation's vision, purpose, mission and values?
- Do they need to be reviewed?
- Who should carry this out – the board or the CEO?

3.3 Ensure that strategic planning is carried out

Strategic planning involves identifying the organisation’s plan for the coming years. It is an organisation-wide plan and is different from operational or tactical plans, which outline the projects or programmes. Strategic plans outline how the organisation aims to achieve its purpose and mission. Tactical or operational plans can then be produced, which contribute to the fulfilment of the strategic plan. Tactical plans should be made by members of staff, under the direction of the CEO, as they are the implementers of the plans and are better placed in terms of knowledge and skills.

The strategic plan is the ultimate responsibility of the board. In smaller organisations the board may do the strategic planning itself. In larger organisations it may be more appropriate for the CEO and staff to do strategic planning. The main reason for this is that the board may not have the time to do it. However, the board should ensure that it critically reviews and approves the strategic plan to ensure that the organisation’s resources are directed towards its mission.

Where the board develops the strategic plan, the plan should set boundaries and give direction. Within those boundaries, members of staff should have freedom to develop tactical plans as they think best.

The length of time a strategic plan should cover depends very much on the organisation. Most strategic plans look 3–10 years into the future. Tactical plans are shorter-term plans, usually lasting between 1 and 3 years.

It can be helpful to consider a football team. A football team’s strategy is to win a particular tournament so that it can work towards its mission of becoming the best team in the country. As part of this strategic plan, the team may buy and sell players in order to ensure the best quality team. They may also invest money in an assistant coach to ensure that the team is better skilled and motivated.

The tactical plan involves consideration of a particular match that the team needs to play during the tournament. The team may use a different selection of players according to the team they will be playing against. They may also change the team’s formation. These are tactics that will enable them to win the match, which in turn will help them to fulfil the strategic plan to win the tournament.



Terminology

STRATEGIC PLANS AND TACTICAL PLANS

'Strategic plan' refers to planning at organisational level. However, operational plans are sometimes also called strategic plans. To avoid confusion, we prefer to use the term 'tactical plan' for plans at operational level. The tactical plan contributes to the fulfilment of the strategic plan.

Good planning

A good plan (both strategic and tactical) should outline the following:

WHAT – what are the objectives?

WHERE – where is the work to be carried out?

WHO – who are the beneficiaries and who will carry the work out?

HOW – how will the objective be achieved?

HOW MUCH – how much will it cost?

BY WHEN – when will the objective be achieved?

INDICATORS – how will we know when the objectives have been achieved?

Before we start to write a plan, it is important to understand the context that we are working in. This will enable us to assess the risks we face and the limitations on our work. It will also enable us to identify our niche and opportunities. There are two useful tools that can help us to do this – PESTLE analysis and SWOT/BEEM analysis.

PESTLE analysis

PESTLE analysis enables us to look at the environment in which our organisation operates. By logically working through a range of categories we can identify the particular external issues that influence our organisation and ensure that we do not overlook anything. It is good to carry out a PESTLE analysis before a SWOT analysis, as factors that positively or negatively influence our organisation can be transferred to the Opportunities or Threats boxes of the SWOT analysis.

The letters in the word 'PESTLE' relate to six categories that influence our organisation. Within those categories are a number of issues that we should consider.

CATEGORY	ISSUES
P olitical	Political stability, corruption, extent of democracy, level of activism by civil society
E conomic	Economic growth, interest rates, inflation, currency exchange rates, government spending on development
S ocial	Population growth, number of people in poverty, income distribution, labour issues, education, health
T echnological	Research, new discoveries, technology transfer, energy, information technology, communications (e.g. internet and mobile telephone use)
L egal	Laws governing activities undertaken by organisations, employment law, trade law
E nvironmental	Natural hazards, climate change

- Work through the issues associated with each category:
 - Discuss what the issue is in the context we are working in.
 - Identify whether the situation is likely to change in the future.
 - Identify whether the issue, or possible changes in the issue, are likely to affect the organisation, either positively or negatively.

Complete a table like the one on page 37. There is no need to write down the issues that do not affect the organisation.

SWOT/BEEM analysis

A SWOT/BEEM analysis identifies:

- Strengths of our organisation and ... how to **B**uild on them
- Weaknesses of our organisation and ... how to **E**liminate them
- Opportunities that our organisation has and ... how to **E**xploit them
- Threats to our organisation and ... how to **M**inimise them.

This is usually represented as a table. It is often easiest to work through the left-hand column first (SWOT) to identify the issues. Then work through the right-hand column (BEEM) to identify what needs to be done in response to the issues. These are objectives. If a PESTLE analysis has been carried out, the positive external influences can be transferred to the Opportunities box and the negative influences can be transferred to the Threats box.

EXAMPLE
Part of Help and Hope's PESTLE analysis

FACTOR	POLITICAL	ECONOMIC	ECONO
ISSUE	Political stability	Economic growth	Govern
CURRENT LOCAL CONTEXT	Stable.	The local economy is growing due to a new road and new clothing factory providing employment.	
POTENTIAL FUTURE CHANGES	Elections next year. Opposition party likely to take power.	National economic prospects are good due to the government investing in tourism and enabling new businesses.	
POSITIVE IMPACT ON OUR ORGANISATION	CURRENT	Good working relationship with local member of parliament.	
	FUTURE	Tourists may provide a market for handicrafts that are produced by poor people. There will be more local and national potential donors.	
NEGATIVE IMPACT ON OUR ORGANISATION	CURRENT		
	FUTURE	Opposition party does not like development organisations and may make it difficult for us to operate.	Inflation may rise so that we have to pay higher wages to our staff.

For SWOT/BEEM analysis, issues for board members to consider include:

- human resources
- funding
- assets
- structure of the organisation
- networks and relationships
- the organisation's current projects and programmes
- the organisation's reputation.

EXAMPLE
Part of Help and Hope's SWOT/BEEM analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Good quality staff • Organisation is well respected, both within and outside the Christian community 	<p>How to build on them</p> <ul style="list-style-type: none"> • Ensure training is provided when necessary • Find new opportunities to talk about the organisation's work
<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of strategic plan • Lack of office space 	<p>How to eliminate them</p> <ul style="list-style-type: none"> • Develop strategic plan • Investigate possibility of changing offices
<p>Opportunities</p> <ul style="list-style-type: none"> • Good working relationship with local member of parliament • Increased tourism provides potential customers for products 	<p>How to exploit them</p> <ul style="list-style-type: none"> • Maintain good contact • Investigate which current and potential products tourists are likely to buy
<p>Threats</p> <ul style="list-style-type: none"> • Possible change in legislation that could restrict our work 	<p>How to minimise them</p> <ul style="list-style-type: none"> • Network with similar organisations to increase influence over government policy

Once we have carried out these analyses we can start to think about our strategy. The strategy should be based on the BEEM analysis – the things that we could do (objectives) – but always with consideration of the things we cannot change. For example, there are some threats that we cannot minimise. These threats do not form part of our strategy but we should not forget they are there.

CASE STUDY
Using the analyses to develop strategy

The PESTLE analysis revealed that there is a rapid increase in tourists visiting the local area, providing a market for handicrafts. This is viewed as an important opportunity for Help and Hope. It is decided that the opportunity should be investigated before any action is taken. The board needs to be sure that there is supply and demand and that Help and Hope has the potential to work in the area of trading. Part of the strategic plan therefore involves investigating this issue.

At the same time, an important observation during the analyses was that rapid increase in large businesses in the area means that many of the current beneficiaries have found paid work and no longer need Help and Hope's help. It may be decided that Help and Hope should seek to address other needs in the area that will contribute to its mission. It may be decided that Help and Hope's mission has already been accomplished and that it should be changed to contribute to its vision for the area.

Another important issue highlighted by the analyses is that wages might need to be increased substantially in order to retain staff and employ new, high quality staff. The board therefore needs to set high targets for fundraising over the next few years.

We cannot address everything at once. We therefore need to prioritise. One way of doing this is to list our objectives and decide whether they are important and whether they are urgent. The objectives that are both important and urgent are our priorities. The next priorities are those objectives that are simply important. The reason for prioritising this way is that urgent issues are often at the forefront of our minds, yet they are often not important at all when compared with other issues.

Copy the grid below and write the objectives in the relevant boxes. The numbers in the boxes show the objectives that should be prioritised.

IMPORTANT	Important but not urgent 2	Important and urgent 1
	Not important and not urgent	Urgent but not important
		URGENT

The strategic plan should have a wide view. It should only focus on the things that are important to the organisation as a whole – things that are particularly relevant to its mission and purpose. For example, if there is anything that poses a great threat to the fulfilment of the organisation’s mission, it should be addressed. Operational issues should be addressed in the tactical plans.

A strategy should be achievable. It is therefore unwise to have too many objectives. The number and size of the objectives will depend on the size of the organisation, the capacity of the board and staff, and the length of time the strategy covers.

The following list is a guide to the kinds of issues that could be included in a strategic plan:

- **budget priorities** – how funds will be allocated, e.g. operational (projects and programmes), human resources, capital (e.g. buildings, office equipment)
- **organisational structure** – is the current structure working, or would the organisation function better if departments were merged or divided, or if line management responsibilities were changed?
- **staff issues** – is there a need for any new staff policies? Do staff need new support services, such as Information Technology help or dining facilities?
- **financial issues**
- **fundraising** – targets, potential new sources of funds
- **public relations.**

The strategic plan should indicate specific issues that should be addressed in the tactical plan. It is important that this linkage between the plans is made. If the strategic plan stands alone, no work would be done and the mission would not be fulfilled. If the tactical plan is developed without any reference to the strategic plan, lots of work could be done but the mission might not be fulfilled. This part of the strategic plan is sometimes called the ‘critical success factors’. The strategic plan will only be able to fulfil the mission if the tactical plan addresses a number of important issues.

If the board writes the strategic plan, the critical success factors should clearly indicate what the board would like the CEO to do. To give the CEO freedom, the strategic plan should avoid stating how this might be done. For example, a critical success factor might be that the CEO should set up a fundraising department.

Structure of a strategic plan

There are many different ways of structuring a strategic plan. Here we outline one possible structure:

- State the organisation’s vision, mission, purpose and values.
- Give some background to the organisation as some of the objectives in the plan may be in response to recent events in its history.
- List the objectives.
- List the critical success factors.

While the tactical plan may cover many pages, there is no need for a strategic plan to be more than ten pages long. The strategic plan is an overview and states what needs to be done. The tactical plan states how things will be done and therefore needs to be more detailed.

The strategic plan should be revisited each year, though it will not necessarily need to be changed. The lifetime of a particular strategic plan depends on many factors, including changes inside and outside the organisation. The easiest way to decide whether a strategic plan needs to change is to revisit the PESTLE and SWOT/BEEM analysis. If the content of these has changed, and the changes are considered important or urgent, then the strategic plan may have to be adapted, or rewritten completely.

REFLECTION

- Does our organisation have a strategic plan?
- If not, who should write one – the board or the CEO?
- Do our tactical plans contribute to the strategic plan?
- Should we review the environment our organisation is working in (using SWOT and/or PESTLE analyses) more often?

3.4 Ensure that legal requirements are fulfilled

Organisations work within a legal context. There will always be national laws that affect organisations, even if they are not registered. For example, if an organisation has paid members of staff, it is expected to comply with the country’s employment laws.

Registered organisations may be expected to fulfil many legal requirements. This can put an additional burden on the institution. However, it is worth noting that these legal requirements are usually for the good of the organisation in the long run. In some countries, it can be beneficial for organisations to become registered because there may be tax benefits and other allowances.

Registering a development organisation

To decide whether it is worth registering an organisation, it can be helpful to ask the following questions:

- With which government agency do we register?
- What types of organisations can register?
- What is the registration process? Consider documentation and financial cost.
- What legal restrictions do registered organisations face? Consider funding issues and governance issues.
- What are the benefits of registering an organisation? Consider tax benefits, ability to open a bank account in order to improve financial accountability, and ability to access government funding.

Since the board is responsible for the well-being of the organisation, it should ensure that all legal requirements are considered. It can therefore be helpful to have a board member who has a legal background, who knows the legal environment or who at the least is able to engage with complicated legal documents.

There may be legal requirements for the following:

- keeping minutes of board meetings
- keeping detailed accounts
- contracting workers
- commissioning independent annual financial audits
- having bylaws (see page 24).

Laws change. It is therefore helpful to give responsibility to a board member to monitor the legal environment. Some of this work can be delegated to the CEO, who in turn could delegate to a relevant member of staff if the organisation is large. For example, the personnel director could be responsible for ensuring that the organisation is up-to-date on employment law. If there is a member of staff responsible for the building and facilities, they could monitor health and safety law.

As ultimate responsibility belongs to the board, the board should oversee and approve any changes in organisational policy in relation to legal issues.

REFLECTION

- What legal requirements should we know about?
- Do we need help from an outside legal specialist, or is there someone in our organisation who can understand legal issues?

3.5 Ensure the organisation has enough resources to fulfil its mission

The board is responsible for protecting the organisation's assets and ensuring that it is able to fulfil its mission. This involves a number of different resources, including money, staff and facilities (such as an office, power and stationery).

The strategic plan should state what resources are needed to fulfil it. If more staff or particular facilities (such as a warehouse) are required, the plan should state this, in addition to the funds needed. The board should write or approve the annual budget, according to the organisation's needs for the coming year.

In smaller or newer organisations where the board is involved in operations as well as governance, board members could initially have an important fundraising role. In order to reduce their burden, the board should eventually consider delegating the responsibility to staff. It is worth employing a fundraiser if they will raise more money than the cost of their salary and overheads. When responsibilities for fundraising activities are delegated to staff, the board could write a fundraising policy, which states limits on how the organisation should be financed. For example, there may be potential sources of funding that the board does not think the organisation should pursue because they could damage its reputation. The policy could specify what proportions of the organisation's funding

should come from different types of donors, in order to reduce risk. The board should provide fundraising targets according to what the strategic plan hopes to achieve.

The board should ensure good use of the organisation's finances as it is accountable to God, to beneficiaries and to donors. This can be done in a number of different ways:

- Identify and approve the annual budget, ensuring it covers the activities identified in the strategic plan and maintenance of the organisation's assets, such as buildings.
- Monitor fundraising progress and whether income is keeping up with planned expenditure.
- Monitor use of funds by studying monthly or quarterly financial reports drawn up by the finance director and board treasurer.
- Commission an independent financial audit each year to ensure that the financial systems and processes are sound, efficient and effective.
- Ensure that risks are assessed and managed so that money is not unnecessarily wasted.



An organisation cannot exist or function without people. It is important that the board values staff. In registered organisations, the board is the legal employer of all staff (even if the authority for recruiting them is delegated to the CEO). It is therefore legally responsible for their working conditions. The board should set policies regarding the need for job descriptions, staff appraisal and grievance procedures. It should oversee the setting and review of salary scales. However, all other procedures involved in recruiting staff should be identified by the CEO and appropriate staff.

An important asset is the organisation's reputation. If the reputation is damaged, there are implications for funding, and people might not want to be involved with the organisation. Board members have an important part to play in maintaining the organisation's reputation. They could consider policies that protect it, such as a code of conduct. They should use opportunities to talk about the organisation in their daily life and speak at public engagements in order to raise its profile.

REFLECTION

- What role does the board play in fundraising? Is this appropriate?
- In what ways does the board monitor the use of the organisation's funds? Is this enough to protect the organisation's assets or should more procedures be put in place?
- Do staff feel valued? In what ways does the board show it values the organisation's staff? What procedures are in place to protect staff?
- How do outsiders view our organisation? What role could the board play in raising the profile of our organisation in our community or in the wider area?

Guidelines for board members about financial issues

Although the detailed work of budgeting and financial reporting needs some specialist expertise and may be overseen by the Treasurer, it is the responsibility of the whole board to set the boundaries for the organisation's financial affairs.

When setting the annual budget the Board should consider:

- Is the budget balanced, or does it show a surplus or a deficit?
 - Is it appropriate for us to be spending all of the organisation's income, or should we be trying to save some money as reserves for any difficult times in the future?
 - If we already have some reserves, do we have enough or do we have more than we really need?
- Have all necessary costs been included in the budget?
 - Do we need to set aside any funds for the replacement of vehicles and equipment when they are worn out (depreciation)?
 - Do we need to set aside funds for any future costs, such as repairs or refurbishment of the office building, retirement benefits for staff?
 - Are we paying fair salaries to enable us to recruit and keep high quality staff?
- Is our income likely to continue at the same level or change up or down?
 - Are any donor commitments coming to an end?
 - What are we doing to find other sources of income?
- Was there anything special about last year's financial wellbeing?
 - Is it wise to base this year's budget on last year's results?
 - How might changes in the environment in which we work impact on our normal patterns of income or expenses?

When reviewing financial reports the Board should consider:

- Has income arrived as expected in the budget? If not, why not?
 - Do we expect income to arrive later and do we need to reduce any budgeted expenditure in the meantime?
 - Do we have enough money to meet existing commitments such as salaries?
- Is expenditure on target?
 - If it is less than budgeted, are we behind schedule with project work?
 - If it is more than budgeted, are we ahead of schedule, or overspending somewhere?
 - Are we sure that expenditure is being controlled properly by those with delegated authority for approving payments?

When setting up policies and systems the Board should consider:

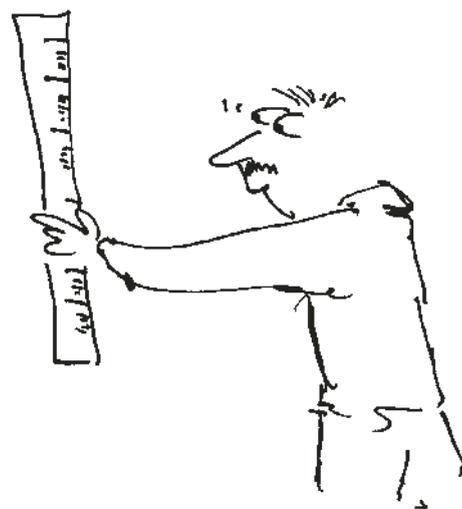
- Do we have an appropriate system of financial controls that:
 - prevent the improper or unwise use of the organisation's funds and
 - protect our staff from temptation or suspicion of any improper use of funds?

- Do we have an accounting system and skilled staff, to ensure that we can rely on the accuracy and completeness of any financial information presented to us?
- Do we have clear and reasonable policies governing the use of funds and other assets where there may be some personal benefit to individual staff or board members? For example, use of vehicles, telephones, and allowances for travel expenses.
- Do we have clearly-communicated and fair policies for employees concerning issues such as rates of pay, other benefits, working hours, leave entitlement, and disciplinary procedures?

3.6 Assess progress

As the board is responsible for ensuring that the organisation's mission is achieved, it is important to assess progress. This enables the organisation to learn lessons in order to improve performance in the future.

Assessment is an important aspect of accountability. For example, relationships where there is delegation of responsibility or authority should be assessed. Funding relationships should also be assessed. This is why organisations usually produce an annual report which looks at how donated money has been spent.



Since the achievement of the organisation's mission is dependent on a number of factors, assessment needs to be carried out at a number of levels:

ORGANISATIONAL LEVEL Is the organisation's mission being achieved?

BOARD LEVEL Is the board functioning efficiently and effectively? Is it adding value to the organisation?

STAFF LEVEL Are the CEO and staff carrying out their roles efficiently and effectively?

FIELD LEVEL What is the impact of individual projects and programmes on poor people?

The board should ensure that assessment is carried out at every level, though the CEO is responsible for carrying out assessment at staff and field levels. The field level assessments are often the best way to assess performance at organisational level, though it is also important that the internal workings of the organisation are efficient.

At staff level, it can be helpful if each member of staff has a set of annual objectives that are linked to their job description. At the end of the year, they should discuss whether they have achieved these with their line manager.

Assessment can be done in a number of ways:

- Written reports and financial statements.
- Verbal assessment, such as interviews.
- Observation. For example, board members could visit the organisation to watch CEO and staff performance.
- Self-assessment – this can be done as individuals or as a group.
- Asking someone from outside the organisation to carry out the assessment so that objectivity is not lost. This could include using an independent financial auditor, and contracting external consultants to evaluate projects and programmes.

Whenever assessments are carried out it is important that the assessment identifies areas that need to be addressed and that action is taken. Too often, if assessments are carried out at all, they are done and then quickly forgotten about. If the assessment shows slow progress or lack of success, people often try to ignore it and hope that things will improve. Even assessments that show good progress identify some areas that could be improved upon. It is important to remember two key reasons for carrying out assessments:

- To celebrate success.
- To look at what can be done better.

Every assessment should therefore result in an action plan. This plan should contain all the activities that need to be carried out in response to the findings of the assessment. However, be realistic about how soon these can be achieved and how many issues can be addressed at once. Action should be incorporated into the following year’s planning process.

Action planning table

Assessment finding	Action required	Priority (high, medium, low)	Person responsible	Deadline	How progress will be measured

In assessing the organisation’s progress the board may find it helpful to consider where it is in the organisational lifecycle. Like people, organisations go through infancy, adolescence and maturity. There are different needs during those phases, as shown in the table below. Board members need to recognise issues that the organisation is facing, and that the response may be to make significant changes to the way the organisation is structured and managed.

	Infancy	Adolescence	Maturity
GREATEST NEEDS	<ul style="list-style-type: none"> • Leadership skills • Vision and mission • Strategies • Resources • Programmes 	<ul style="list-style-type: none"> • Improved systems • Leadership • Networking • Collaboration 	<ul style="list-style-type: none"> • Policy issues • Research analysis • Leadership • Advocacy
TRAINING NEEDS	<ul style="list-style-type: none"> • Basic skills • Strategic planning • Programme design and implementation 	<ul style="list-style-type: none"> • Efficiency • Effectiveness • Evaluation 	<ul style="list-style-type: none"> • Sustainability • Rejuvenation • Good practice

REFLECTION

- Is our organisation good at assessing its work? Are there some areas or levels of our work that we are better at assessing than others?
- Do we view assessment as a negative thing? How can we encourage people to view assessment as a positive thing that helps us to improve our work and celebrate what we have done?
- What areas of work should we start to assess?
- How might we do this?
- At which stage of the organisational lifecycle is our organisation?
- Do the needs of our organisation match those in the table above?
- What can be done to meet those needs?

Threats to progress¹

In all phases of the organisation’s lifecycle there are a number of common errors which threaten successful progress towards achieving objectives. Board members should be aware of these:

- NEGATIVE CULTURE** **Symptoms** Core relationship values of affirmation, participation and empowerment are replaced by blame, exclusion and judgment, lack of corporate worship and prayer.
Results Loss of openness, poor morale, complaining among staff, loss of staff.
- NO STRATEGIC PLAN** **Symptoms** The organisation has not identified its values, mission or vision, or if they exist they are outdated or lack ownership. Future is based on ‘faith’ instead of careful planning. No measurable strategic goals exist.
Results The staff take control of strategic direction instead of the process being led by the board. Confusion or disagreement about purpose and priorities lead to unfocused ministry and ineffective and inefficient use of resources.

¹ Based on the ‘Seven deadly sins’ in Stahlke (2003)

DISEMPOWERMENT	<p>Symptoms Staff are not adequately involved in making decisions that affect them. Leaders make decisions. Staff may not proceed without permission.</p> <p>Results Ineffective and inefficient service delivery, wasted staff potential, poor morale, high staff turnover.</p>
ABUSE OF POWER	<p>Symptoms One or more individuals are given or take on more authority than is necessary for their delegated responsibility. Other staff submit.</p> <p>Results Overconfidence, interference in the work of others, staff discouragement, broken relationships, manipulation.</p>
UNCLEAR EXPECTATIONS	<p>Symptoms Goals are not linked to the strategic plan but set by those in authority with no consideration of available resources. Expectations are assumed but not expressed.</p> <p>Results Staff have no way of knowing when they have succeeded. Differing expectations lead to misunderstandings and breakdown of relationships.</p>
LACK OF FINANCIAL RESPONSIBILITY	<p>Symptoms Financial planning is poorly documented and lacks detail. Those without good financial knowledge leave the responsibility to those with financial skills.</p> <p>Results Unstable financial condition, unexpected financial crises, waste, potential fraud.</p>
WEAK ACCOUNTABILITY	<p>Symptoms Accountability mechanisms are poorly defined, not used or do not exist. Poor performance or behaviour is tolerated and treated with understanding and forgiveness. Annual performance reviews are rare or non-existent.</p> <p>Results Successful employees are not affirmed. Weak employees are not supported. When forgiveness fails to produce change in unacceptable performance and behaviour, judgment and unfair dismissal follow with accountability and discipline never happening.</p>

REFLECTION

- Which of these threats has our organisation experienced or is our organisation currently experiencing?
- What can be done to address them?