

HOPE'87 GUIDELINES ON CORPORATE GOVERNANCE¹

1. CORPORATE GOVERNANCE EXPLAINED

1.1 Corporate governance is the set of principles and practices adopted by the Board of HOPE'87 that assures its key stakeholders that the organisation is being managed effectively and with appropriate probity. It provides the structure through which the objectives of the organisation are set, and the means to obtaining those objectives and monitoring performance are determined. The corporate governance framework ensures the strategic guidance of HOPE'87, the effective monitoring of the organisation's management by the Board, and the Board's accountability to its stakeholders, the members and the donors.

1.2 These guidelines are to be used as a reference in conjunction with the Statutes of HOPE'87, the Austrian Law of Associations (in the current version) and other HOPE'87 Manuals and Guidelines, especially the "HOPE'87 Manual on Procedures" and the "HOPE'87 Internal Procurement Guidelines".

1.3 The Board is chiefly responsible for monitoring the organisational and managerial performance, ensuring appropriate stewardship of the organisation's financial resources, and balancing competing demands on HOPE'87.

1.4 In order for the Boards to effectively fulfil their responsibilities, they must have a high level of independence from the organisation's management.

1.5 The Board must also ensure that systems are in place for HOPE'87 to meet its accountability requirements to the donors, to obey applicable laws, and to deal fairly with all stakeholders' interests.

Key roles for the Board in corporate governance

1.6 The main tasks include:

- (a) Contributing to, evaluating, approving and monitoring core business strategies developed by the HOPE'87 management and to review the organizational structure of HOPE'87;
- (b) Monitoring agreed performance measures linked to HOPE'87's strategies;
- (c) Recruiting, supporting, evaluating, rewarding and, if necessary, terminating the Chief Executive Officer/General Secretary (CEO). This also involves the Board in succession planning;
- (d) Ensuring that stewardship frameworks are in place. Stewardship includes establishing policies on risk management, financial controls, internal controls, compliance and public reporting;
- (e) Accepting accountability and responsibility to stakeholders of the organisation;
- (f) Being transparent, including communicating to members, stakeholders and the public, and making information available upon request;

¹ Courtesy of: Leading Your NGO, Corporate Governance, A Reference Guide for NGO Boards

- (g) Developing appropriate structures and ensuring the Board understands its role, operates efficiently and effectively, and avoids conflict of interest;
- (h) Enhancing the reputation of HOPE'87 in the national and international community.

HOPE'87 Board

1.7 The Board is made up of a group of individuals who, as Board members elected at the General Assembly every two years, operate collectively in the interests of HOPE'87.

1.8 The Board has legal responsibility for the governance of HOPE'87. The Board members are responsible for the oversight of the organisation, whereas the organisation's management operates under the direction of the Board. This does not mean that Board members become involved in micro management of HOPE'87. On the other hand, the Board has a responsibility to set the parameters within which the organisation's management operates, the results that are expected, and the necessary reporting required for the Board to effectively monitor and meet its responsibilities to the organisation.

1.9 Board members should keep themselves fully informed of the legal responsibilities and types of liability they may face.

1.10 There are three broad principles of conduct that are applicable to all Board members. These are:

- (a) *Duty of care* – Board members must attend meetings, be prepared to make informed decisions by reading the information provided and requesting additional information if required, and carry out duties in a reasonable and responsible manner.
- (b) *Duty of loyalty* – Board members must make decisions in the best interests of HOPE'87 solely, not of any group they represent, and never for personal gain.
- (c) *Duty of obedience* – Board members must be faithful to the organisation's mission and is not permitted to act in ways that are inconsistent with the central goals of the NGO.

Distinguishing between strategic oversight and management

1.11 The Board provides strategic oversight to HOPE'87 but it does not manage the organisation. Managing HOPE'87 is the role of the Secretary General, which he or she takes up under delegation from the Board.

1.12 The Board appoints the Secretary General (SG) and provides him or her with sufficient delegated authority to manage HOPE'87 on behalf of the Board. The SG reports to the Board and is primarily responsible for carrying out the strategic plans and policies established by the Board. The management of HOPE'87 undertakes planning, strategy and policy development, and budget formulation on the Board's behalf, but it is the Board that must formally endorse these tasks to give them formal status. It is the Board that approves the budget of the organisation.

2. MANAGING THE BOARD

2.1 First and foremost, the HOPE'87 Board holds a position of trust – for the beneficiaries and partners who access HOPE'87 under its oversight, and for the people and organisations providing funding. That means the Board must manage itself in the best interests of its stakeholders.

2.2 The Board has to carry out the following stewardship functions:

- (a) Accountability
- (b) Financial control
- (c) Compliance
- (d) Policy & procedures
- (e) Public reporting
- (f) Risk-management

The role of the Chairperson

2.3 The Chairperson is responsible for managing all meetings and providing leadership in the Board's actions to ensure that it complies with the principles of good corporate governance. The Chairperson serves on and appoints the members of the Internal Audit Committee and the Risk-management Committee.

Board member's commitment

2.4 Board members of HOPE'87 are also committing themselves to:

- (a) Allocate adequate time to attend meetings, review Board papers and participate in Board sponsored events;
- (b) Understand the role and mission of HOPE'87;
- (c) Work collectively with fellow Board members to provide effective leadership to the organisation's management and staff, and accountability to stakeholders;
- (d) Accept their responsibilities and act in the best interests of the Board and NGO.

Meetings and record keeping

2.5 All the Board's business will be conducted through formally and appropriately constituted meetings – whether full Board meetings, Presidium meetings consisting of the Chairperson, the Vice Chairperson and the Secretary of the Board or committees established to advise the Board on aspects of the NGO's business.

2.6 All meetings should be fully documented and records made available to all members, including attendance requirements, quorum and voting, and management of conflict of interest, including:

- (a) Agenda;
- (b) Necessary papers to aid decision making by the Board, which should be circulated to members sufficiently in advance for their full consideration;
- (c) Minutes recording decisions made must be kept and endorsed by the Board at its subsequent meeting.

2.7 Any committee established by the Board must also have a Board defined and endorsed role, clear membership, rules of procedure and, where relevant, formally delegated authority from the Board. The Presidium is properly constituted to progress matters between Board meetings and comprises the Chairperson of the Board and the Vice Chairperson of the Board, who may invite other Board Members to assist.

HOPE'87's support to the Board

2.8 The Management of HOPE'87 has the responsibility to support the Board in its corporate governance. Tasks include:

- (a) Ensuring concise, well-written papers are provided to Board members well in advance of meetings;
- (b) Verbal briefings during meetings are concise, precise and include all relevant facts to aid Board's deliberations and decisions;
- (c) Critical issues are given sufficient priority and are drawn to the attention of the Board in a timely manner;
- (d) Financial and other accountability information, such as performance reporting, are provided to the Board regularly and in a comprehensible form.

Tasks of the Board

2.9 The tasks that need to be carried out in the management of the Board include:

- (a) Preparation of a clear statement of the role and required duties of Board members – including attendance requirements.
- (b) Promoting participation by Board members – participating actively in Board meetings and sub-committees, planning and other Board training and briefing sessions etc.
- (c) Engaging in strategic foresight and providing high-level guidance to the NGO focusing on strategy, planning, performance and reporting.
- (d) Reviewing periodically the HOPE'87 mission to determine its relevance and whether the strategies chosen to support it and the programmes to deliver it are still required;
- (e) Overseeing the management's preparation of operations (annual) and strategic (outlook) plans, and ensure that the strategies and programmes chosen are consistent with the stated mission;
- (f) Providing strategic support (for the management) which includes adopting the annual and other business plans, validating business goals, reviewing budgets/forecasts prepared by the management, ensuring sufficient resources and reviewing regularly the quality of services offered by HOPE'87.
- (g) Building Board's effectiveness through appropriate structures including delegation of responsibilities to special committees and appointing the Internal Audit Committee and the Risk-Management Committee.
- (h) Undertaking key financial functions which are:
Approving a budget that reflects the priorities of HOPE'87 and that it is based on realistic assumptions of funding and costs;
Monitoring and controlling expenditures on the basis of appropriate accounting procedures on basis of up-to-date financial statements at each Board meeting;
Overseeing the stewardship of the HOPE'87 assets and liabilities;

- Approving annual reports, including financial statements.
- (i) Assessing potential cases of conflict of interest and take decision on them.
- (j) Ensuring the compliance of staff members with the HOPE'87 Code of Conduct and all other HOPE'87 Manuals and Guidelines.

3. THE BOARD AND ITS STAKEHOLDERS – ETHICS AND COMMUNICATION

3.1 The main Board functions linked to management of ethics and communication include:

- (a) *Creation of the ethical tone of the NGO* – maintaining an ethical culture, setting the tone, establishing and monitoring corporate values, guarding the integrity of HOPE'87.
- (b) *Protection of reputation* – managing reputation of HOPE'87, public relations and networking, acting as representatives for the organisation and building an appropriate relationship with stakeholders.
- (c) *Acceptance of social responsibility* – often called 'corporate citizenship' but relating to how the organisation deals with the broader national and international community and demonstrates how it is fulfilling its position of trust.
- (d) *Providing reporting and feedback* – ensuring that the organisation reports to its stakeholders honestly and openly, and establishing channels that will enable direct communication, particularly with partners and major donors.