USAID | GHANA
FROM THE AMERICAN PEOPLE

SUSTAINABLE FISHERIES MANAGEMENT PROJECT (SFMP)

Organizational Development Manual

JUNE 2016

THE UNIVERSITY OF RHODE ISLAND
GRADUATE SCHOOL OF OCEANOGRAPHY
CRC COASTAL RESOURCES CENTER

SNV SMART DEVELOPMENT WORKS

This publication is available electronically in the following locations:

The Coastal Resources Center

http://www.crc.uri.edu/projects_page/ghanasfmp/

Ghanalinks.org

https://ghanalinks.org/elibrary search term: SFMP

USAID Development Clearing House

https://dec.usaid.gov/dec/content/search.aspx search term: Ghana SFMP

For more information on the Ghana Sustainable Fisheries Management Project, contact:

USAID/Ghana Sustainable Fisheries Management Project
Coastal Resources Center
Graduate School of Oceanography
University of Rhode Island
220 South Ferry Rd.
Narragansett, RI 02882 USA
Tel: 401-874-6224 Fax: 401-874-6920 Email: info@crc.uri.edu

Citation: Agbey, S., Tsikata, S., Childress, A. (2016). Organizational Development Manual, 2016. The USAID/Ghana Sustainable Fisheries Management Project (SFMP). Narragansett, RI: Coastal Resources Center, Graduate School of Oceanography, University of Rhode Island. GH2014_CAP002_SNV. 73 pp.

Authority/Disclaimer:

Prepared for USAID/Ghana under Cooperative Agreement (AID-641-A-15-00001), awarded on October 22, 2014 to the University of Rhode Island, and entitled the USAID/Ghana Sustainable Fisheries Management Project (SFMP).

Detailed Partner Contact Information:

USAID/Ghana Sustainable Fisheries Management Project (SFMP)
10 Obodai St., Mempeasem, East Legon, Accra, Ghana

Telephone: +233 0302 542497 Fax: +233 0302 542498

Maurice Knight	Chief of Party maurice@crc.uri.edu
Kofi Agbogah	Senior Fisheries Advisor kagbogah@henmpoano.org
Nii Odenkey Abbey	Communications Officer nii.sfmp@crcuri.org
Bakari Nyari	Monitoring and Evaluation Specialist hardinyari.sfmp@crcuri.org
Brian Crawford	Project Manager, CRC brian@crc.uri.edu
Justice Odoi	USAID Administrative Officer Representative Jodoi@usaid.gov

Kofi.Agbogah
kagbogah@henmpoano.org
Stephen Kankam
skankam@henmpoano.org
Hen Mpoano
38 J. Cross Cole St. Windy Ridge
Takoradi, Ghana
233 312 020 701

Andre de Jager
adejager@snvworld.org
SNV Netherlands Development Organisation
#161, 10 Maseru Road,
E. Legon, Accra, Ghana
233 30 701 2440

Donkris Mevuta
Kyei Yamoah
info@fonghana.org
Friends of the Nation
Parks and Gardens
Adiembra-Sekondi, Ghana
233 312 046 180

Peter Owusu Donkor
Spatial Solutions
powusu-donkor@spatialdimension.net
#3 Third Nautical Close,
Nungua, Accra, Ghana
233 020 463 4488

Thomas Buck
tom@ssg-advisors.com
SSG Advisors
182 Main Street
Burlington, VT 05401
(802) 735-1162

Victoria C. Koomson
cewefia@gmail.com
CEWEFIA
B342 Bronyibima Estate
Elmina, Ghana
233 024 427 8377

Lydia Sasu
daawomen@daawomen.org
DAA
Darkuman Junction, Kaneshie Odokor
Highway
Accra, Ghana
233 302 315894

Gifty Asmah
giftyasmah@Daasgift.org
Daasgift Quality Foundation
Headmaster residence, Sekondi College
Sekondi, Western Region, Ghana
233 243 326 178

For additional information on partner activities:

CRC/URI:	http://www.crc.uri.edu
CEWEFIA:	http://cewefia.weebly.com/
DAA:	http://womenthrive.org/development-action-association-daa
Daasgift:	https://www.facebook.com/pages/Daasgift-Quality-Foundation-FNGO/135372649846101
Friends of the Nation:	http://www.fonghana.org
Hen Mpoano:	http://www.henmpoano.org
SNV:	http://www.snvworld.org/en/countries/ghana
SSG Advisors:	http://ssg-advisors.com/
Spatial Solutions:	http://www.spatialsolutions.co/id1.html

ACRONYMS

CCM	Centre for Coastal Management
CEWEFIA	Central and Western Region Fishmongers Improvement Association
CRC	Coastal Resource Center
CSLP	Coastal Sustainable Landscape Project
DAA	Development Action Association
DFAS	Department of Fisheries and Aquatic Science
DMFS	Department of Marine Fisheries Sciences
DQF	Daasgift Quality Foundation
FtF	Feed the Future
GIFA	Ghana Inshore Fishermen's Association
GIS	Geographic Information System
GNCFC	Ghana National Canoe Fishermen’s Council
HM	Hen Mpoano
ICFG	Integrated Coastal and Fisheries Governance
MESTI	Ministry of Environment Science and Technology
MOFAD	Ministry of Fisheries and Aquaculture Development
NDPC	National Development Planning Commission
NGOs	Non-Governmental Organizations
SFMP	Sustainable Fisheries Management Project
SMEs	Small and Medium Enterprises
SNV	Netherlands Development Organization
SSG	SSG Advisors
STWG	Scientific and Technical Working Group
UCC	University of Cape Coast
URI	University of Rhode Island
USAID	United States Agency for International Development
WARFP	West Africa Regional Fisheries Development Program

TABLE OF CONTENTS

CONTENTS

Acronyms iii
TABLE OF CONTENTS iv
LIST OF FIGURES vi
LIST OF TABLES vi
ABOUT THIS MANUAL 1
ACKNOWLEDGEMENTS 1
INTRODUCTION 2
CHAPTER ONE: GOVERNANCE 3
- Organizational Principles 3
- Legal Status 4
- Board of Directors 5
- Organizational Vision 7
- Mission and Goal of the NGO 7
- Leadership of the NGO 8
- Governing Document of an NGO 9
- Conflict of interest 11

CHAPTER TWO: HUMAN RESOURCES 12
- Salaries and Benefits 19
- Conduct a job analysis 20

CHAPTER THREE FINANCIAL MANAGEMENT 22
- Benefits of good financial management 22
- Financial Management Policy 23
- Setting up Accounting Systems 23
- Roles for Financial Management 23
- Systems Overview 25
- Check Signatories 25
- Cash Policy 25
- Fixed Assets Management Policy 26
- Physical Audit 26
- Consumable Assets Management Policy 27
- Vehicle Management Guidelines 27
- Procurement Practices 27
- Value for Money 28

Open and Effective Competition 28
Ethics and Fair Dealing 28
Accountability and Reporting 28
Equity 28
Purchasing Procedures 28
CHAPTER FOUR MANAGING PROJECTS 29
What is a Project 29
What is a Project Cycle 29
Project Cycle as a Participatory Approach 29
Principles for Project Management 30
Constraints on Participatory Approaches 31
Project Monitoring 32
Project Evaluation 32
Project Monitoring Considers 34
Data Collection 35
CHAPTER FIVE 37
Relationships 37
Relationships with International NGOs 37
Relationships with Government 38
Public Relations 38
CHAPTER SIX 39
Primary Dimensions of Organizational Sustainability 39
Strategic Sustainability -- Ensure Realistic Vision and Goals 39
Program Sustainability-Ensure High-Quality Products, Services and Programs 40
Personnel Sustainability-Ensure Staff Can Effectively and Reliably Perform 40
Financial Sustainability-Conduct Financial Reserve and Contingency Planning 40
Developing a Strategic Plan 40
Structure of Strategic Plan 41
APPENDIX A 42
Questions to ask when developing a Strategic Plan 42
Factors to consider when developing a Strategic Plan 43
SWOT Analysis 45
Identifying strategic issues the organization wants to address 45
APPENDIX B 47
APPENDIX C 55
FINANCIAL MANAGEMENT CHECK LIST 55
Pre-Audit Checklist 56
APPENDIX D 66

LIST OF FIGURES

Figure 1 Backwards Planning model 16
Figure 2 Diagram of Issues to Consider in Task Analysis..17
Figure 3 Diagram of Project Cycle 30
Figure 4 Monitoring and Evaluation Diagram 34
Figure 5 Difference between Smart and Spiced Indicators...36
Figure 6 Detailed Explanation of Smart and Spiced Indicators 36
Figure 7 Developing strategic plan 43
Figure 8 Strengths, Weaknesses, Opportunities, Threats Analysis....................................45

LIST OF TABLES

Table 1 Examples of Organisational Principles 3
Table 2 Human Resource Development..14
Table 3 Human Resource Development Matrix..15
Table 4 Project Management Table 30
Table 5 Participatory Approaches Table 31
Table 6 Types of Project Evaluation and Purpose 33

ABOUT THIS MANUAL

This Manual has been prepared for Local Partners on the Sustainable Fisheries Management Project to help local Non-Governmental Organizations understand the need for organizational development and to get them ready for the USAID FORWARD initiative. The USAID Forward initiative was instituted by the Obama Administration to support local Non-Governmental Organizations to receive direct funding from the donor community.

This is a guidance manual for good practice based on peculiar assessment findings from Local Partners on the Sustainable Fisheries Management Project (SFMP).

Chapter One discusses pertinent issues in governance as regards the Principles to ensure effective administration of a local NGO.

Chapter Two discusses key issues in Human Resource for effective organizational Management.

Chapter Three delves into Financial Management by discussing the Policies and Systems for effective Financial Management.

Chapter Four discusses Project Management and the effective ways of Managing a Project from implementation to evaluation.

Chapter Five discusses critical issues for organizational sustainability such as External Relationships and Partnerships as regards relationship with the donor community, government etc. Also issues of Public Relations is discussed in details.

Chapter Six discusses the strategies for sustainability of a local NGO. The chapter looks at the primary dimension of organizational sustainability by discussing program sustainability, personnel sustainability and financial sustainability. It also gives practical steps to developing a strategic plan.

We hope Civil Society Organizations on the SFMP Project will use this Organizational Development manual as a guide to strengthen their organizations to qualify for the USAID FORWARD Initiative.

The assessment team at SNV to better enhances the content of this manual.

ACKNOWLEDGEMENTS

This Organizational Development Manual has come to fruition as a result of the commitment and dedication of some individuals who contributed in diverse ways such as reviewing the entire work to ensure that it was consistent with the intention of intermediate results seven of the Sustainable Fisheries Management Project (SFMP).

The first people to acknowledge are the folks from SFMP and University of Rhode Island (URI), that Enoch Appiah and Karen Kent respectively. These two individuals spent dedicated time to review the entire document and gave useful feedback to the assessment team at SNV to better enhance the content of this manual.

The assessment team at SNV who spent days in the field and in the office for the technical work deserve commendation because the task was arduous. These individuals are Mrs Sarah Naa Dedei Agbey, Mr Tesfu Ghaber, Senyo Tsikata and the Technical Consultant Mrs Amanda J. Childress-Kanan.

The Civil Society Organizations who were part of this assessment also made very useful contributions and need high recognition for their support and input into the organizational development manual. These Civil Society Organizations Are Hen Mpoano, Friends of the

Nation (FoN), Central and Western Region Fish Mongers Improvement Association (CEWEFIA), Development Action Association (DAA), Fisheries Alliance, Ghana National Canoe Fishermen Council and DAASGIFT Quality Foundation.

The assessment team will also like to acknowledge especially the hard work of Brian Crawford- The Chief of Party for the Sustainable Fisheries Management Project for such an novelty to include capacity building for these local Civil Society Organizations (CSOs) into the project. Ghana will be the better for such laudable initiatives.

INTRODUCTION

What is Organizational Development

Organizational development (OD) is a 'planned and efficient approach to facilitating continuous organization's performance through the involvement of its people'.

Every organization is different. Each has different goals, works in a different context, and is likely at a different stage in its development. In order to assist our partners in better understanding the opportunities and challenges at different stages in their development we look closely and tend to following the four-stage typology based on work by B. Lievegoed and F. Glasl: Pioneering (Nascent) – Pioneering Organizations are flexible and dynamic. Typically, they don't have well defined systems or processes in place and are often dependent on others including their donor, founder or others. Rational (Emerging)

– Rational Organizations are still learning to be organized, formalizing all of their policies, procedures and systems. Integrated (Expanding) – Integrated Organizations mix strong systems with flexibility. Participatory planning is often the preferred approach at this stage. Associative (Mature) – Associative Organizations collaborate successfully with other institutions in their environment to minimize competition and maximize impact.

As we know, organizational change is not a simple, linear process, and over the course of its lifespan an organization will likely experience various levels of success and failure as they grow into mature organizations. Moreover, it may not necessarily be in the best interest of an organization to move 'up' the typology. The goals and operating styles of government departments, for example, are well suited to the rational stage. Likewise, small Community Based Organizations (CBOs) or advocacy organizations may never need to progress beyond the pioneering stage. Thus, the typology is a useful pedagogical tool, but must be carefully explained when used with partners.

Organizational Development should be seen as a long-range effort seeking to strengthen organizations from their core, improving their problem-solving capabilities and ability to cope with changes in their external environment with the help of external or internal consultants, or change agents as they are sometimes called.

The process includes a system-wide process of data collection, diagnosis, action planning, intervention, and evaluation aimed at (1) enhancing similarity among organizational structure, process, strategy, people and culture; (2) developing new and creative organizational solutions; and (3) developing the organization's self-renewing capacity.

Why Organizational Development?

Organizational Development helps the use of resources to increase efficiency and increase productivity. It can be used to solve problems within the organization or as a way to analyze a process and find more proficient ways of doing things**.** Without Organizational Development as part of change management, Non-Governmental Organizations (NGOs) would have a difficult time developing effective change management processes. Organizational development is an important tool in managing and planning organizational growth. Implementing organizational development requires an investment of time and money.

Justifying the costs

The process of organizational development identifies areas of an organization's operations where change is needed. Each need is analyzed, and the potential effects are projected into a change management plan. The plan outlines the specific ways in which the change will improve an organization's operations, who will be affected by the change and how it can be rolled out efficiently to employees.

An organizational development analysis brings together salient demands from both beneficiary groups and staff to help determine the rate of an organization's growth. This information is used to alter the Organization's strategic plan to accommodate future growth.

CHAPTER ONE: GOVERNANCE

Organizational Principles

Governance is the establishment of policies, and continuous monitoring of their proper implementation, by the members of the governing body of an organization. It includes the mechanisms required to balance the powers of the members (with the associated accountability), and their primary duty of enhancing the prosperity and viability of the organization. Organizational Governance (or Corporate Governance) is the set of processes, customs, policies, laws, and institutions affecting the way an NGO or company is directed, administered or controlled

Organizational principles are the fundamental truth or proposition that serves as the foundation for a system of belief or behaviour or for a chain of reasoning of an NGO. The governing body, staff and other key stakeholders share ideas about the NGO's principles so they have a real stake in it and share a common understanding of its purpose and what it stands for.

Table 1 Examples of Organisational Principles

Organizational Principle	How to implement the principle
PARTICIPATORY STRATEGY: A participatory strategy means involving the participants and the community in the organization, starting from when it defines its objectives and ideas all the way through to programme implementation and evaluation	•Approve a governing document that will define roles and responsibilities. • Adopt a management style that supports people. •Plan the involvement of beneficiaries in Measuring effectiveness.

Organizational Principle	How to implement the principle
TRANSPARENCY AND ACCOUNTABILITY: The organization must be transparent to staff, members, communities and funding agencies, in both financial and programmatic senses.	•Approve and implement financial and administrative policies and procedures including for confidential reporting of non-compliance • Prepare regular and timely quality financial reports for the governing body and other key stakeholders. • Conduct regular systems audits.
PARTNERSHIPS AND TRUST THROUGH Cooperation. Work with and listen carefully to others. **Impact.** If an organization supports a community in achieving real and positive change it will earn respect and reputation **Participation.** People respect and value what they are or have been involved themselves.	• Put the concept of partnership into the NGO's system so that institutions work together. • Collaborate with other key actors in social development. • Establish strong links with the community and plan how best to collaborate.

Legal Status

Procedure for Registering an NGO in Ghana

Get a certificate to commence business and incorporation at the Registrar General's Department. Go to the nearest office of the Registrar General's Department and purchase a set of documents of the Companies Code, 1963 (Act 179), regulations of the private company limited by guarantee. Fill out the form and submit to the department.

The requirements for registration are as follows:

- Four (4) copies of the company's code, 1963 (Act 179), regulations of a private company limited by guarantee.
- Four (4) copies of the returns of particulars of the company under section 27 (1) of the company's code on incorporation.

The minimum length of time needed for registration is about eight (8) working days. To renew registration status, submit an activity report - to the Registrar General's Department after eighteen (18) months of activity. After the second renewal, the organization is required to renew every year.

An NGO must be registered at the Department of Social Welfare, the Ministry of Gender, Children and Social Protection.

For an NGO to gain recognition by the Government of Ghana, it must satisfy the following conditions:

- Must be voluntary, independent and not-for-profit, working to improve circumstances and prospects of disadvantaged people who are unable to realize their potential or achieve their full rights in society.
- Though it must be independent of government control, the NGO must operate within the confines of the framework of National Development Policy and Fundamental

liberties in the laws of Ghana.

- The NGO must not be used to shield private-for-profit enterprises. The NGO must also state clearly their objectives and the objectives must be concise.
- They must also state the manner in which they are governed, in a constitution or bye-law or memorandum according to the law under which NGOs are incorporated, that is the Companies Code, Act 179 of 1963.
- The NGO must also provide a general account of the organization's work method, activities and scope (that is local, National, or International) and links to other organizations.
- The NGO must also provide a statement of sources of income and fields of expenditure.
- The NGO must be managed and controlled by its' members and the NGO must submit annual reports by March of every year to the Department of Social Welfare.

Format for the Annual Report

- Name of NGO and Location.
- Aims and Objectives.
- Activities carried out during the reporting year (Development activities-achievements).
- Total expenditure for the year, broken down in suitable components.
- Number of jobs (or people employed) generated-breakdown in gender and profession/technical areas.

Board of Directors

A board of directors is a body of elected or appointed members who jointly oversee the activities of an organization. Other names include board of governors, board of managers, board of regents, board of trustees, and board of visitors. It may also be called "the executive board" and is often simply referred to as "the board".

A board's activities are determined by the powers, duties, and responsibilities delegated to it or conferred on it by an authority outside itself. These matters are typically detailed in the organization's constitution. The constitution commonly also specifies the number of members of the board, how they are to be chosen, their term limits, when they are to meet etc. In an organization with voting members, the board acts on behalf of, and is subordinate to, the organization's full group, which usually chooses the members of the board. Members of the board should be chosen strategically to serve the needs of the organization in line with its Vision, Mission and Strategic Plans.

Typical duties of Boards of Directors:

- Governing the organization by establishing broad policies and objectives.
- Selecting, appointing, supporting and reviewing the performance of the Chief Executive.
- ensuring the availability of adequate financial resources;
- Approving annual budgets.
- Accounting to the stakeholders for the organization's performance.
- Setting the salaries and compensation of management staff.

Dual Mandate of the Board of Directors

- Advisory: Consult with Management regarding strategic and operational direction of the NGO.
- Oversight: Monitor the NGO's performance and reduce organizational cost.

The responsibilities of the board are distinct from those of management. The board does not manage the NGO.

Boards are expected to be independent to;

- Act solely in the interest of the NGO.
- Free from conflicts that compound judgement.
- Able to take position in opposition to management.

How the Board operates:

- Presided over by a Chair Person who sets the agenda, schedules meetings, and coordinates actions of committees.
- Decision made by majority rule when there is a quorum.
- To inform decisions board relies on materials prepared by management.
- Periodically independent directors meet outside the presence of management.

Board Committees

- Not all matters are deliberated by the full board. Some are delegated to sub-committees.
- Committees maybe standing or ad hoc depending on the issue at hand.
- All boards are required to have audit components, nominating and governing committees.
- On important matters, the recommendations of the committees are brought before the full board for a vote.

Fiscal Committee

The Fiscal Committee is typically a group of people in an organization officially delegated to perform a function, such as investigating, considering, reporting, or acting on a fiscal matter on behalf of the organization.

Roles of the Fiscal Committee

- Reviews existing assessments and financial resolutions adopted by the Board of Directors and suggest new resolutions for adoption.
- At the sole discretion and request of the CEO, the committee may assist in evaluating or investigating specific expenditure issues.
- Recommends an external auditor who shall prepare an annual report and render an opinion on the NGO's books and records of accounts.
- Conducts an annual review of audit reports (internal and external) and report its findings to the CEO who submits to the Board of Directors for deliberations.
- Evaluates the need for an audit of the NGO’s system of internal controls.
- The Fiscal Committee conducts an internal audit of the NGO's books at least once a year.
- The Fiscal Committee defines policies that ensure that the Organization follows transparent accounting practices.

Composition of the Fiscal Committee

- Finance Officer who shall serve as ex officio member.
- Procurement Officer.
- One member of the Board of Directors, who shall serve as an ex-officio member.
- A member of the finance team with a strong Finance background if possible.

Organizational Vision

To ensure that everyone is working towards the same ideals for the future it is important to spend some time reflecting on and defining the organization's vision. No two organizations will have the same vision: this is special and distinctive. It is useful to step back and re-examine the organization's vision at any stage in the strategic planning process. The results of these reflections need not be documented formally, although some points raised will feed usefully into the strategic planning process.

The main purpose of a visioning exercise is to:

- Provide inspiration and allow participants to share creative ideas.
- Help participants to see what they are working towards.
- Encourage team building through debate on areas of agreement and disagreement to reach consensus.
- Encourage organizational and program focus through discussion about what the organization will or will not do, and how people will work together towards shared goals.
- Adjust to changes in the broader context within which the organization does its work.

Mission and Goal of the NGO

A mission statement summarizes what the organization is about. It defines its direction, and tells others how it hopes to achieve its ideals. The mission statement distinguishes an organization from others by specifying what it aims to do and how. A clear and well defined mission is important to focus the organization. It also clarifies the organization's style of working. An NGO that has a mission statement will have a better idea of why it exists, whom it wants to help, and how it will reach its goals. Such a statement is best developed when an organization is founded. However, once an organization has been operating for some time and has a clearer mandate, this may be an opportune moment to write it down.

The organization's members and its staff can join together to share their ideas and to agree on the common purpose of the organization and why it was formed. An organization is formed for the good of its beneficiaries, so they should participate in the process of defining its mission, which will provide a summary of the NGO's agreed mandate. If only a few people take part, others may not have a sense of ownership.

Before developing a mission statement, it may help to read those of some other organizations to get a better idea of how they look.

Characteristics of a Mission Statement

- It is the organization's self-concept.
- It is a broad-based, strategic statement of the NGO's goals, attitudes, orientation, and outlook.
- It is clearly defined to serve as a focal point, to encourage others to identify with the organization's purpose.
- It is long range; it looks into the future of the organization.
- It is brief and to the point.
- It distinguishes the organization from others and shows what makes it different.
- It provides focus for the organization.

Information for a Mission Statement

- Founding date. On what date was the organization formed?
- Purpose. What is the main reason the organization was formed?

- What change does it intend to help bring about?
- Focus. What type of focus does the organization have in terms of its target groups, sectors, themes, strategies?
- Geographical area of work. Where does the organization work?
- Beneficiaries. Who does the organization support (eg refugees, women, street children, poor women and men, pastoralists, landless rural residents, etc)?
- Organizational values. What does the organization stand for?
- Type of organization. What type of organization is it (eg nongovernmental, voluntary organization, independent charity, women's organization, non-profit, non-political, etc)?
- Religious affiliation. Does the organization have any ties to a religious body? If not, the mission statement may state that it is non-sectarian (non-religious) and NGOs who want to use U.S. Government funds must have documented policies and practices to indicate that they do not discriminate based on religion (among other areas of non-discrimination – gender, disability etc).
- Methodology. What is distinctive about the organization's style of working (eg. participatory, inclusive, and empowering).

Check List for Organizational Effectiveness

- Organizational ability to remain detached from party politics.
- Able and committed leadership with solid skills derived either from grassroots experience and connections, or from formal educational qualifications.
- Participatory and democratic involvement of grassroots membership and NGO staff in matters pertaining to organizational and program development (including staff selection).
- Transparent and accountable (to grassroots membership and staff) management.
- Secure donor funding from known organizations with which partnerships have been developed.
- Donors who are committed to capacity building, skills development and conflict resolution.
- Donors who refrain from becoming enmeshed in internal organizational politics, and who are able to adopt non-interventionist methods.
- Donors who are able to gauge the NGO's capacity to absorb and manage resources and who tailor financial and other support to meet this.
- Sound organizational control mechanisms deriving from democratic participation and/ or measurable control systems.
- Development of forward-thinking management and leadership strategies, and reduced reliance on organizational crisis management.
- Investment in human capital without prejudice to individual personalities, and with carefully selected training interventions.

Leadership of the NGO

In a local organization, the Executive Director fills a crucial role in terms of leadership and management and holds many responsibilities that are essential in maintaining the sustainability of the organization. It is important the organization's leadership be competent, have strong relationship building skills, understand new business development and the art of proposal writing, have the ability to multi-task and manage the programmatic aspects of the organization as well as also oversee finance, administration and human resources.

The organization's leadership must be inquisitive, concise and creative. Leadership must be comfortable with and open to change, and must be willing to listen and communicate effectively with others and lastly, they should be deeply committed to the organization and passionate about their mission.

The roles of leadership within a local organization greatly differ depending on the size, structure, and purpose so there are no one size fits all approach, but there are some common characteristics that a Board can look for including a leader. These include someone with a vision, passion and commitment to the organization as evidenced by his/her past work, a solid manager, someone who can engage the community and donors, excel at new business development, a natural relationship builder and someone who can engage the board of directors and fully exploit their time and talent to further the mission of the organization

There are different levels of leadership responsibility within an NGO. Typically, the governing document will outline the responsibilities of the governing body as well as the rights and obligations of trustees and members. These can be further specified in terms of reference for the trustees. In addition, the job descriptions of individual staff members, including the Executive Director, will outline leadership roles in the staff team. Every organization has a range of different leadership needs.

Duties of Management Level Leadership

- Planning.
- Policy development and oversight for the implementation of policies and procedures.
- Planning the organization's future (long and short term).
- Deciding which services or program the organization provides.
- Evaluating or scrutinizing the organization's program and operations on a regular basis.
- Administration.
- Providing the governing body members with opportunities to grow as leaders.
- Hiring and supervising key management position directly and other staff positions indirectly.
- Finance.
- Ensuring financial accountability.
- Putting together the organization's budget for approval.
- Raising funds and ensuring that adequate funds are raised to support the organization's work.
- Monitoring expenditure against budget.
- Safeguarding the assets of the organization.
- Community relations.
- Ensuring that program and services appropriately address community or client needs.
- Marketing the organization's services and program.
- Continuing public relations, which includes awareness that governing body members are agents or messengers of the organization in the community.
- Representing the community and its interests.

Governing Document of an NGO

A governing document outlines the purposes of an organization and how it will be run. It may also be a trust deed, constitution, memorandum and articles of association, or another formal, legal document.

A governing document is important as an instruction manual for the trustees and other members of the governing body. Depending on how it is written and on local legislation concerning 'not for profit' or nongovernmental organizations, it may also be a document which carries legally binding obligations.

It is best to develop a governing document when in the process of establishing an organization, even if this is not required by law or for the purposes of registration. However, such a document can also be written later because the governing document outlines the principles by which the organization is governed and managed, it is important that its provisions are discussed with key stakeholders.

Writing a Governing Document

Step One: Identify the main headings to include in the document.

Step Two: Use these headings for an outline of the document, and consider which stakeholders to consult about different provisions.

Step Three: Arrange the consultations with the various stakeholders. Make sure that someone is nominated to take notes of key points raised. Highlight those aspects that may be included in the draft document.

Step Four: If specific points are unclear or ambiguous, then a legal adviser may be able to provide specialist advice.

Step Five: Once the document has been drafted, key stakeholders may be consulted again, perhaps through a workshop. Make sure that the draft document is circulated in advance with explanatory notes, and that someone is selected to present and explain its contents at the workshop.

Step Six: After the workshop, incorporate any agreed modifications or additions andask a legal adviser to take a final look at the document to make sure that it complies with any relevant local legislation.

Step Seven: Once the document has been finalized, it must be approved by the governing body. If the document is written before a governing body has been created, an important item on the agenda of the body's first meeting will be approval of the governing document.

Step Eight: Make sure that all trustees have a copy of the governing document and that they understand its contents. This is usually the task of the Chair.

Guide for developing a Governing document

Article One: Name of the Organization

Article Two: Status of the Organization

Article Three: Vision and Mission Statement

Article Four: Objectives

Article Five: Values Article Six: Structure

Article Six-One: Board of Directors

Article Six-Two: Executive Director

Article Six –Three: Management Team

Article Seven- Finance

Article Eight: Property of the Organization

Article Nine: Dissolution of the Organization

Article Ten: Integration of the Constitution

Article Eleven: Approval of the Constitution

Conflict of interest

What is "Conflict of interest?"

Ethics defines "conflict of interest" as a situation in which personal and/or financial considerations have the potential to influence or compromise professional judgment in any professional activity. It is important to notice that it is not necessary for such influence or compromise to have occurred before a situation can be identified as a conflict of interest. It is sufficient for the situation to appear to provide the potential for professional judgment to be compromised. Dealing appropriately with conflict of interest and perceived conflict of interest protects the individual(s) involved and the organization from damage to their reputation and from legal and financial risk.

What to do about conflict of interest

Dealing with Conflict of interest falls into three main categories as outlined below. An organization's policies and procedures manuals should define the types of situations and scenarios that constitute conflict of interest as well as the general procedures for dealing with conflict of interest that are acceptable to the organization.

These three main categories are;

- Avoid: This means that there is no need to act in ways that have the potential to create a conflict of interest scenario. A typical example that is easily avoidable is the use of an office vehicle for carting personal belongings that is linked to one's duties in the organization. This can be easily avoided by not using an office vehicle for personal use at all, or only strictly as defined in the organizations' procedure manual. It is very important to avoid such behaviours since it has far reaching implications for one's professionalism and for the reputation of the organization as other staff and outsiders, including donors, may observe the behaviour. It is very important for an organization to clearly define the appropriate behaviour in its policies and procedures manuals in order to clearly inform staff of expectations and to have a basis for enforcement of best practices.
- Disclose: This means divulging interests, relationships, and potential conflict of interest situations when your organization wishes to do business with an entity or individual. This can arise when your organization is hiring a staff and that potential staff is related in any way to a member of the interview panel, the person who will supervise the person directly or indirectly, the Executive Director or a board member. This relationship should be disclosed and the disclosure documented in writing as soon as possible. Another example is when an organization is trying to rent an office space and the landlord is related to the Finance Officer or Executive Director or a Board member. This should be disclosed and the disclosure documented in writing as soon as possible. A disclosure form has been attached as Appendix B of this document. The organization's procedures manual should specify which person or body within the organization will review and make a decision for potential action regarding the disclosure once a disclosure is made. It should also provide criteria/guidelines for what action to take and how that decision will be documented and monitored.
- Recusal: This is often associated with disclosure. When one sits on a committee or a board that makes decisions about the progress of others or about the sharing of resources and benefits to others, a conflict of interest may require that the professional withdraws or recuses himself/herself from the actual consideration or

decision. This could happen because of the professional's financial interests in or personal ties to one or more of the parties being considered. By disclosing the nature of the association and by stepping out of the decision-making process, the professional ensures that any personal preferences or biases she or he has may unfairly influence the deliberations in favor of one outcome or against others.

Governance documents needed for organizational effectiveness

- Governing document (constitution).
- Administrative and Operational Manuals.
- Strategic plan.
- Standard Operating Procedure Manual.
- Communication Policy document.
- Gender Equality and Social Inclusion Policy (GESI).
- Board Charter.
- Succession Plan.
- Etc.

CHAPTER TWO: HUMAN RESOURCES

This is the resource that resides in the knowledge, skills, and motivation of people. Human Resource is therefore regarded as the scarcest and most crucial productive resource that creates the largest and longest lasting advantage for an organization.

Human Resource typically refers to the individuals or personnel or workforce within an organization responsible for performing the tasks given to them for the purpose of achieving goals and objectives of the organization which is possible only through proper recruitment and selection, providing proper orientation and induction, training, skill developments, proper assessment of employees (performance appraisal), providing appropriate compensation and benefits, maintaining proper labor relations and ultimately maintaining safety, welfare and health concerns of employees, which is the process of human resources management.

Human resources play an important part of developing and making a company or organization at the beginning or making a success at the end, due to the labor provided by employees. Human resource development is to build a better understanding on how to have better employment relations or relationships in the workforce, which in turn is human resources.

At the end of the day, an organizations most precious resource is its people. People are the lifeblood, the heart and soul of an organization and as such they must be valued and treated with respect. They must also be recognized and praised when appropriate for their successes.

What is Human Resource Development (HRD)

The primary responsibilities associated with human resource development include: job analysis and staffing, organization and utilization of work force, measurement and appraisal of work force performance, implementation of reward systems for employees, professional development of workers, and maintenance of work force.

Job analysis consists of determining—often with the help of other local NGOs at the nature and responsibilities of various employment positions. This can encompass determination of the skills and experiences necessary to adequately perform in a position, identification of job and industry (NGO) trends, and anticipation of future employment levels and skill requirements. "Job analysis is the basis of HRD practice because it provides valid information about jobs that is used to hire and promote people, establish wages, determine training needs, and make other important HRD decisions. Staffing, meanwhile, is the actual process of managing the flow of personnel into, within (through transfers and promotions), and out of an organization. Once the recruiting part of the staffing process has been completed, selection is accomplished.

Organization, utilization, and maintenance of work force is another key function of HRD. This involves designing an organizational framework that makes maximum use of an organization's human resources and establishing systems of communication that helps the organization operate in a unified manner. Other responsibilities in this area include safety and health and worker-management relations. Human resource maintenance activities related to safety and health usually entail compliance with labor laws that protect employees from hazards in the workplace.

Performance appraisal is the practice of regularly assessing employee job performance and providing feedback to those employees about both positive and negative aspects of their performance. Performance measurements are very important both for the organization and the individual, as they are the primary data used in determining salary increases, promotions, and, in the case of workers who perform unsatisfactorily, dismissal.

Reward systems are typically managed by HR areas as well. This aspect of human resource management is very important, for it is the mechanism by which organizations provide their workers with rewards for past achievements and incentives for high performance in the future. It is also the mechanism by which organizations address problems within their work force, through institution of disciplinary measures.

Employee development and training is another vital responsibility of HR personnel. HR is responsible for researching an organization's training needs, and for initiating and evaluating employee development programs designed to address those needs. These training programs can range from orientation programs, which are designed to acclimate new staff to the NGO, to ambitious education programs intended to familiarize old staff with a new software system etc.

After getting the right talent into the organization, the second traditional challenge to human resources is to align the workforce with the business—to constantly build the capacity of the workforce to execute the business plan. This is done through performance appraisals. HRD professionals must devise uniform appraisal standards, develop review techniques, train managers to administer the appraisals, and then evaluate and follow up on the effectiveness of performance reviews. They must also tie the appraisal process into compensation and incentive strategies, and work to ensure that legal regulations are observed.

Responsibilities associated with training and development activities, meanwhile, include the determination, design, execution, and analysis of educational programs. The local NGO should be aware of the fundamentals of learning and motivation, and must carefully design and monitor training and development programs that benefit the overall organization as well as the individual. The quality of employees and their development through training and education are major factors in determining long-term sustainability.

Meaningful contributions to business processes are increasingly recognized as within the purview of active human resource management practices. Human resource officers of the local NGO should always contribute to overall business processes in certain respects—by disseminating guidelines for and monitoring employee behaviour, for instance, or ensuring that the organization is obeying worker-related regulatory guidelines—but increasing numbers of businesses are incorporating human resource officers into other business processes as well.

Human Resource Development Perspectives

Table 2 Human Resource Development

Results	Short Term	Individual Development	Performance Management
	Long Term	Career Development	Organization Development
		Individual	Organization
	Focus		

Table 3 Human Resource Development Matrix

How it Works ↓ / Point of Contact →	Work Planning & Review	Compensation Review	Developmental Planning	Career Planning	Human Resource Planning
In Other Words	• Management of objectives • Management by results • Performance appraisals	• Salary review • Merit increases • Bonuses • Benefits & nonmonetary rewards	• Planning for self-improvement and growth • Action planning	• Determining career interests • Setting career goals • Taking the "long view". • Life planning: career counselor	• Continuity or organizational • High potential career planning • Succession planning • Career pathing
				Potential	
Focus	Job	Rewards	Skills	Individual	Organization
Purpose	**Direct & Control Performance** Traditional work supervision	**Motivation** • Reward worker for past performance • Motivate worker for future performance	**Improve Personal Skills** • Knowledge • Attitude • On-the-job skills	**Identify Goals** Determine career goals and clarify career plans	**Maintain Organizational Continuity**
Manager's Role	**Boss** Manager should be assertive and forthright	**Judge** Manager should evaluate performance and provide rationale for decision	**Consultant** Manager provides insights about worker skills and potential; suggests ways to develop and where to focus efforts	**Advisor** Manager shares knowledge about organization, personal experience, etc.; makes worker aware of choices available, possible future, etc.	**Planner** "What's best for the company as a whole?"
Employee's Role	**Subordinate** Employee should accept direction and advice	**Salesperson** Can vary from active to passive, but always concerned that accomplishments and performance be noticed and hopefully rewarded	**Initiator** Employee should be proactive regarding the career options	**Owner** Employee assembles information, weighs alternatives and makes a personal choice	**Resource** Employee should provide advice and recommendations
Power	**Manager** 90% but room for employee input	**Manager** 70% or more, but room for negotiation	**Balanced Input** 50% from both parties	**Employee** 100% ultimate decision rests with employee	**Manager** 100% some employee input, but manager makes final decision

Source: Gilley and Davidson (1993)

Conducting a Task Analysis

To improve job design, NGOs need to conduct task analysis activity which is defined as an intense examination of how people perform work activities. The purpose of such activities is to determine exactly what workers do, how and why.

How to conduct a Task Analysis

In the "Backwards Planning model" shown below, the first step in the Task Analysis phase, Business/ Organizational Outcome, identifies the business Need, the second step, Performance Analysis identifies the performance that is needed to obtain that objective, and the third step, Needs Assessment, identifies the various Learning and Training Needs.

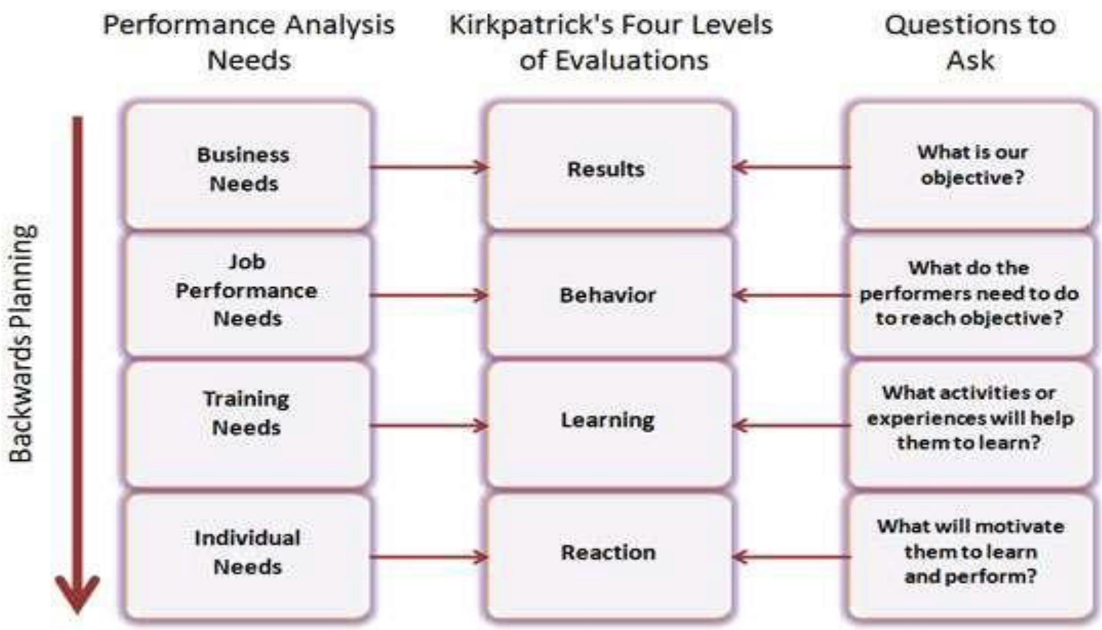

Figure 1 Backwards Planning model

Source: http://www.nwlink.com/~donclark/hrd/isd/tasks.html

Some suggested questions to ask in Task Analysis:

- How critical is the task to the performance of the job?
- To what degree is the task performed individually, or is part of a set of collective tasks?
- If it is part of a set of collective tasks, what is the relationship between the various tasks?
- What is the consequence if the task is performed incorrectly or is not performed at all?
- What level of task proficiency is expected following training?
- What information is needed to perform the task? What is the source of information?
- Does execution of the task require coordination between other personnel or with other tasks?
- Are the demands (perceptual, cognitive, psychomotor) imposed by the task excessive?
- How much time is needed to perform this task?

- What prerequisite skills, knowledge, and abilities are required to perform the task?
- What behaviors or outcomes distinguish good performers from poor performers?

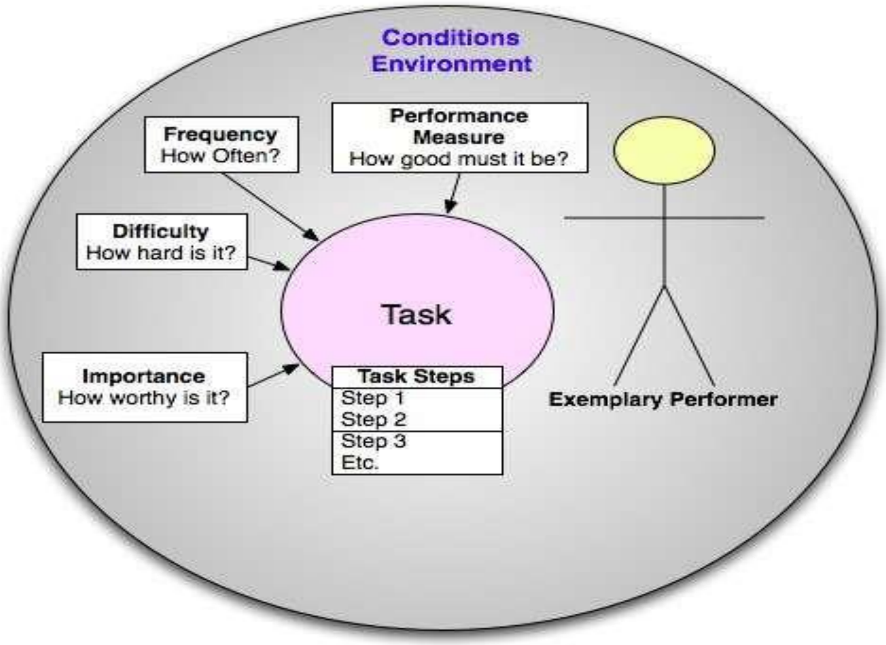

Figure 2 Diagram of Issues to Consider in Task Analysis

Purposes of Task Analysis

- Determines components of competent performance.
- Identifies activities that may be amplified or otherwise.
- Isolates precisely what a worker must know, do, or feel to learn a specific work activity.
- Clarifies condition (equipment, other resources) needed for competent performance.
- Establishes minimum expectations (standards) for job incumbents should perform each task in their job descriptions.

Other Elements of Task Analysis

- Performance Activities: Are the steps in which employees engage in the creation of performance outputs. They are the small steps performers take to complete a task.
- Performance Outputs: Are the tangibles and intangibles employees are paid to produce; in essence, an employee's job.
- Performance Standards: Are the targets used to measure quality of employee performance outputs and the efficiency of delivery of service.

Check List for Managers

- Do employees understand the outputs they are expected to produce and the standards they are expected to meet? (Performance).
- Do employees have sufficient resources, clear signals and priorities and a logical set of job responsibilities? (Performance).
- Are employees rewarded for achieving job goals? (Consequences).
- Do employees know whether they are meeting job goals? (Feedback).
- Do employees have the necessary skills and knowledge to achieve job goals? (Behaviour)
- Do employees have the physical, mental and emotional capacity to achieve job goals?

(Environment and People)

What Managers should not do in an Organization

- Indifference toward employees.
- A sense of superiority.
- Favoritism.
- The belief that employees are easily replaceable.
- The belief that they are all knowing and infallible.
- Breach trust and confidentiality.

Common Mistakes of Managers in an Organization

- Failing to conduct performance appraisals.
- Failing to provide performance standards.
- Failing to delegate work assignments.
- Failing to develop their employees.
- Lacking patience with employees.
- Changing priorities and work requirements.
- Criticizing employees rather than their performance.
- Responding to issues ad hoc on a case by case basis rather than in a standard and consistent manner based on written policy and procedure.
- Creating paranoid working environment.
- Passing "expensive jokes."
- Failure to recognize individual or team accomplishments and achievements.

Some Performance Hindrances in an organization

- Criticizing: Making negative comments about employee performance, attitudes and decisions are all forms of criticisms.
- Stereotyping: Some managers label their employees and place them into categories.
- Advising and Providing Solutions: Giving employees the "Solution" to their problems in a way that interferes with their ability to solve problems themselves.
- Ordering: Ordering is a process of commanding employees to do what one wants. This could lead to sabotage.
- Threatening: Trying to control the employee's actions by warning to negative consequences or by coercing them.
- Reassuring: Managers try to let their employees feel they have the power to do everything. In this case when things do not go as expected it may affect the relationship.

Importance of Performance Management

- Increasing employee productivity and quality of work.
- Enhancing organizational communication.
- Improving employee understanding of organizational expectations.
- Developing organizational commitment to change.
- Improving employee self-esteem.
- Creating better employee relations.
- Rewarding performance improvement appropriately, this encourages better productivity.
- Providing more effective and meaningful training.

- Providing specific, measurable, meaningful and timely feedback to employees regarding their performance which improves employee performance.
- Improving managerial practice.
- Enhancing managerial quality.
- Providing long-term meeting opportunities for employees.
- Improving employee performance.
- Attracting and retaining quality employees.
- Improving organization’s effectiveness.

Salaries and Benefits

When determining what your organization will pay for wages and salaries, it is important to understand the economic conditions of the region in which you function, the volume of potential employees and Ghana’s labor requirements in place. When determining what to pay, the first consideration is placement of the role organizationally which can be determined through job evaluation/classification. The second consideration is the job relevant skills and experience the applicant possesses which may impact their placement in the salary range upon recruitment.

There are many situations in which you will be faced with deciding what to pay an employee.

- A new hire.
- An existing employee due for an increase.
- An existing employee moving into a new role.
- A valuable employee who is considering leaving because of compensation
- Market conditions.
- Scarce skill or nice specialty.

It is important to ensure that the approach taken is guided by the corresponding compensation philosophy, is applied consistently. Ensuring that established guidelines are followed will prevent offering a compensation package so tailored to a person that the organization is jeopardized by having too heavy a financial burden or that flexible arrangements actually hinder the critical work from being completed. It takes a carefully crafted balance between the organizational needs and the individual considerations to arrive at the optimal compensation structure.

Checklist for determining Salaries and benefits

- What will the role be doing?
- How much responsibility will they have?
- Will they manage financial resources or valuable assets?
- Will they supervise others?
- How specialized are the skills required to do the job? How much experience do they need to have?
- Are there others doing the same work? Are their responsibilities established? Is there alignment?
- How many people could potentially apply?
- Can you find a comparable job in a salary survey or on a job-posting website? How would not having this role filled impact your business? What is your range for this role? How does it compare to other roles already in place? How critical is the role to the achievement of organizational goals?
- What is the cost of living in your region? What is the minimum wage?

- Have they been considered in your compensation strategy?

How to determine Salaries and Benefits in an Organization

Determining base pay is directly linked to your compensation philosophy and financial reality which often aren't aligned, especially in up and coming organizations that are still growing. Having a clear understanding of what role, the position plays in the organization, including the complexity of the required responsibilities and tasks, is factored into the equation along with data on market and sector comparatives. Organizations that take the time to ensure they have factored in all of the following components will be more effective in managing their competitiveness externally as well as their consistency and credibility internally.

Create job descriptions

Job descriptions should define the requirements and responsibilities of a job that has been created to meet an organizational need. Job descriptions are an important element of your organization's overall compensation philosophy when they are used to develop a consistent salary structure based on the relative level of duties, responsibility and qualifications of each position in the organization. It is important these are reviewed and updated with some regularity to ensure they remain relevant to the exercise and are an accurate reflection of the work for each respective position.

Have a Pay Structure

Pay structures are helpful when standardizing your organization's compensation practices as they reflect the grouping of jobs based on relative worth. Typical pay structures can have several grades or levels with each having a minimum or maximum salary associated. These could be identified by hourly wages or annual salaries. A number of levels may exist for a role or types of roles linked together, and for each, a cedi value would be associated. Creation of pay structures are based on internal and/or external data.

- The most basic salary structure is one in which each job class is a level with a single salary for all incumbents within the level.
- This is seen as somewhat limited as employees (or potential employees) come with a variety of experience and skills and therefore should not all be compensated at the same rate.
- An alternative to the basic salary structure is to incorporate salary ranges for each of the different job levels.
- Placement in the range is based on established criteria outlining experience, skill, potential and fit.
- The scale is usually created by evaluating the market comparative data however, the placement of the person in the salary range is usually based on their skill and ability against other employees in the same role.
- Criteria for moving through a salary grade must align with the compensation philosophy and should be described in the Compensation Policy.

Conduct a job analysis

Conducting an analysis of each job by department to determine which tasks are being done and by who will help both in determining if you have the most effective alignment of tasks to roles and in developing your job descriptions. This is important as compensation structures are built based on the level of skill and experience required for a certain role to perform core functions.

Should you find inconsistencies or inefficiencies, you should conduct a review to evaluate the appropriateness of the tasks assigned to that role. From there you determine if the job description and associated compensation warrants changing or not.

Perform job evaluation

Job evaluation is the process for assessing the relative worth of jobs within an organization. Paying fairly based on internal relative worth is called Internal Equity. A comprehensive analysis of each position’s tasks, responsibilities, knowledge, and skill requirements is used to assess the value to the employer of the work performed and provide an internal ranking of the jobs. Job evaluation is a measurement of the internal relativity of the position and not the incumbent in the position. Job evaluation can be used independently, although it is usually part of a compensation system designed to provide appropriate salary ranges for all positions. This process will ensure an equitable and defensible compensation structure which compensates employees fairly for job value.

Time Sheets

Time sheets help in several ways to manage the effectiveness and efficiency of time allotted to particular task. A timesheet is a method used for recording the amount of a worker's time spent on each job. Time sheet is a sheet either on-line or paper format with the data arranged in tabular format showing hours spent on a particular assignment. This data is submitted to your line manager for approval and recording purposes of time spent various projects and cost centers.

Employee time tracking is highly important for running a more efficient and profitable organization. Knowing and tracking the amount of time spent on particular tasks will help to analyses the quality of employee performance and productivity. In addition, the most strategic use of timesheet data is the long term planning. In this case you can use the information to better estimate the future projects. An NGO that uses time effectively will have, less wasted time, better results and greater success. Time tracking is also a requirement for justification of employee compensation charged to USAID and many other international donors funded projects. Timesheets must be filled out and approved only after work is completed (not ahead of time) and payment to the employee should not be made until the document is approved and submitted. See appendix “D” for a sample time sheet.

Code of Ethics

These are a set of guidelines issued by an organization to its workers and management to help them conduct their actions in accordance with its primary values and ethical standards. On every new job an employee is given a Code of Ethics document for that organization explaining all the rules, regulations and expectations the organization demands from each and every employee. Code of Ethics requires the highest standards for honest and ethical conduct, including proper and ethical procedures for dealing with conflicts of interest between personal and professional relationships.

In principle Code of Ethics reflect an organization’s core values. It contains broad statements that reflect an organization’s obligation to such concerns as:

- Commitment to diversity.
- Promotion of good community relationships.
- Respect for cultural differences and how to respond when customs and laws in other countries conflict with our standards and expectations.
- Environmental responsibilities and actions.
- Safety practices.

- Protection of intellectual property.
- Financial and accounting maintenance and reporting practices.
- Compensation standards.
- Regulatory compliance.
- Professional standards and expectations.

Why have a Code of Ethics

- To outline accepted/acceptable behaviours.
- To promote high standards of practice.
- To provide benchmark for staff and board to use for self-evaluation.
- To institute a framework for professional behaviour and responsibilities.
- As a means for occupational identity.
- As a mark of occupational maturity.

Human Resource documents needed

- Human Resource Manual.
- Code of Ethics.

CHAPTER THREE FINANCIAL MANAGEMENT

Financial management is not just about keeping accounting records. It is an important part of program management and must not be seen as a separate activity left to finance staff. Financial management entails planning, organizing, controlling and monitoring the financial resources of an organization to achieve the objectives of the organization. Within a donor funded organization this also means ensuring the resources are spent in accordance with not only the organizational rules and regulations but also the donors' rules.

We have seen that financial management is often given a low priority in many local organizations resulting in weak financial planning and monitoring systems. But these organizations are operating in a rapidly changing and competitive world. If organizations are to thrive and succeed in a competitive and challenging environment, managers need to develop the necessary understanding and confidence to make full use of financial management tools and have the full support of the board of directors.

An organization can only achieve effective financial management if it has a sound organizational plan. A plan in this context means having set objectives and having agreed, developed and evaluated the policies, strategies, tactics and actions to achieve these objectives.

Sound financial management will involve long-term strategic planning and short-term operations planning. Financial planning should be part of an organization's ongoing planning process.

Practical tools and checklists can significantly improve efficiency for smaller organizations that are just beginning to implement more formal processes and comply with donor requirements. Please see Appendix "C" for a financial management checklist.

Benefits of good financial management

Solid financial management will help an organization to:

- Make effective and efficient use of resources.

- Achieve objectives and fulfil commitments to stakeholders.
- Become more accountable to donors and other stakeholders.
- Gain the respect and confidence of funding agencies, partners and beneficiaries.
- Gain advantage in competition for increasingly scarce resources.
- Prepare for long-term financial sustainability.

Financial Management Policy

The financial management policy is critical for any organization because it lays down procedures to ensure that the organization's resources (both financial and material) are put to their proper use. It is important that this policy is well understood by staff and members of the governing body, because they are all responsible for good management of resources. Normally members of the governing body and the Executive Director play the key roles in developing such a policy, but it may be useful to involve other members of staff, in particular those with responsibility for finance. It is advisable to have a single, comprehensive policy document dealing with financial management and accounting procedures, rather than a series of separate ones. It will be easier to monitor its implementation and to update it.

The policy document will outline the financial management procedures of the organization and specify the roles and responsibilities of staff and governing body members. It is common to state in the document itself that it cannot be changed without the formal approval of the governing body. Before embarking on the details of the policy it is useful to start with a discussion about the purposes it will serve.

Setting up Accounting Systems

The first thing to do when setting up an accounting system is to decide who is responsible for what in terms of financial management. It is very important that financial responsibilities are shared and clearly demarcated.

One of the most important principles of sound accounting management is that all financial transactions should be prepared by one person and reviewed by another.

The segregation of responsibilities means ensuring that the person nominated to make payments by cash or check should not be a check signatory, or be responsible for petty cash. The purpose of segregating responsibility in this way is to ensure that checks and balances are built into the system regardless of how few or many staff an organization employs.

Roles for Financial Management

Governing Body (Board of Directors)

The Board of Directors are the trustees who hold the organization's assets in trust for the beneficiaries and funders and are responsible for ensuring that they are used to achieve the aims for which the organization was established. Trustees are duty bound to ensure that proper account books and records are kept, that annual reports and accounts are prepared, and that these conform to any relevant local legislation. It is the responsibility of the trustees and all staff to ensure that the organization's financial systems and procedures are adhered to at all times and to report any discrepancies immediately: in the case of staff, to their line manager, and in the case of the Executive Director or trustees, to the governing body.

Executive Director

It is the responsibility of the Executive Director to ensure that all financial systems and procedures specified in the policy document are in place and that the staff adhere to them, to report any discrepancies in a timely fashion to the Chair and to take the appropriate disciplinary action against staff found to be in breach. The Executive Director will rely on the assistance of the accountant to ensure the smooth financial operation of the organization on a day-to-day basis.

Specifically, the Executive Director:

- Presents accurate, timely and high quality financial information and reports to the governing body.
- Formulates the annual budget.
- Monitors financial outcomes against the budgets on a monthly basis and takes appropriate action.
- Facilitates the annual audit.
- Reports annually to the governing body on a competitive quotation process for all annual contracts for goods, services, insurance, etc.
- Ensures that all staff adhere to the financial procedures outlined in the financial procedures policy document.
- Authorises petty cash top-ups against expenditure documented by the Office Manager.
- Keeps abreast of any changes in financial legislation and regulations affecting the organization.
- Directs and coordinates financial strategies and plans, linking these to the annual work plan.
- Ensures adequate insurance to cover assets and liabilities.
- Checks records of incoming checks and cash against bank statements.
- Banks incoming receipts at least weekly.
- Keeps the checks book in an appropriate, secure and safe place.

Finance Officer

Before committing the organization to any expenditure for goods or services or to any financial liability, a finance officer must be satisfied that he or she has the necessary authority. A breach of the organization’s financial policies and procedures could be considered serious misconduct and could lead to disciplinary action.

Specifically, the Finance officer:

- Records all incoming checks and cash and ensures the security of these until they are banked and also keeps the asset register.
- Maintains an up-to-date record of all assets and regularly checks that these are secure and well maintained.
- Prepares expenditure documentation for appropriate authorization.
- Checks orders received against invoices and keeps records of orders placed but not yet received.
- Manages petty cash float, subject to cash count and checks by the Executive Director whenever a top-up is requested.

Systems Overview

It is also important to specify in full in the policy document how the organization will record its financial transactions, including petty cash. Some organizations will keep manual records of their transactions; others will use a computerized accounts system.

Under the manual system a separate bank book must be maintained for each bank account, as well as a cash book for the main cash float. These books are usually referred to as ledgers. Two different systems can be used: a single entry ledger system or a double entry ledger system.

A single entry ledger system must include:

- The date of the transaction.
- A description of how the money was spent or received.
- A voucher number.
- An 'amount in' or 'amount out' column representing income or expenditure.
- The current balance, calculated by simply adding or subtracting the total from the previous current balance. At the beginning of each new page, the balance carried forward is entered from the bottom of the previous page.

In the double entry ledger system:

- The current balance is calculated by subtracting total expenditure from total income.
- The budget codes are entered across the top of the ledger: budget sub-headings can be included under each main heading as desired.
- As with the single entry ledger system, each transaction is entered in the 'amount' column but income is listed separately in the column on the left and expenditure in the column on the right.
- After the amount has been entered in the appropriate column it is entered again under the appropriate budget heading or sub-heading. This means that at the month end, it is easy to calculate how much has been spent under each budget heading.

Check Signatories

It is good practice to require that all checks are signed jointly by at least two of the named signatories and to specify that for checks over [to *be decided by the local NGO*] one of the signatories must be the Chair of the governing body.

Indeed, it is prudent to specify that any check above [to *be decided by the local NGO*] must be approved by the governing body at one of its routine committee meetings. This will ensure that no checks for large amounts of money are cashed without full knowledge and authorization. It is essential to spell out clearly the minimum sums for which different signatories are empowered to sign checks and who these signatories must be.

Cash Policy

The governing body should decide in principle the ceiling on the amount of petty cash to be maintained in the office at any one time. This amount should be specified in the financial procedures policy document. It is the responsibility of the Executive Director to ensure that these limits are adhered to. Petty cash float levels will usually be enough to last a week. The amount of the petty cash float is best fixed. When it falls below a certain level it must be topped up from the bank, to restore it to its original level.

When the petty cash float becomes low, a petty cash top-up request form must be completed by the Finance Officer and authorized by the Executive Director. The same person cannot prepare *and* authorize a petty cash top-up request form

It's also important to have random (unannounced) petty cash count verifications. This is when a member of the Board of Directors or the Executive Director goes to the person managing the petty cash and requests to see the box for a petty cash audit. They will then physically count each bill and coin cross checking it with the records for not only the amount but also the note denominations. It should then be documented with the date and signature of the person performing the count as well as the petty cash custodian.

Fixed Assets Management Policy

Registration

All fixed assets with a purchase price over a specified amount must be registered by the [e.g. Office Manager] in a register and a copy of the purchase invoice must be kept with the register. The register must be updated monthly to include newly purchased assets.

Physical Audit

Identification of fixed assets must be undertaken under the supervision of the Treasurer or Chair of the governing body in the following circumstances:

- In the month before the end of the financial year.
- During an audit visit.
- During the handover of the Executive Director to a successor.

Lost or stolen items

The Chair or Treasurer of the governing body must be advised of any lost or stolen items. **Theft is a disciplinary offence.**

Depreciation

Depreciation is set at a level of three years for computers and printers, 10 years for office furniture and five years for vehicles. Depreciation will be calculated when end of year accounts is prepared and as advised by the auditor.

Disposal

Where an asset is no longer required its sale or disposal must be authorized by the Chair or the Treasurer of the governing body. Equipment, vehicles and other inventory with a life of 5 years or a purchase price of $5,000 or more should require permission in writing from the Chief Finance Officer or BOD's. In addition, the donor (example in the case of a vehicle) usually has their own set of requirements when it comes to disposing of fixed assets so the local beneficiary NGO needs to be sure by checking with their donor's representative to ensure full compliance.

Retained Assets

Assets held beyond the write-off period must be retained on the register and given a nominal value.

Private use of the organization's assets including vehicles, motorcycles, printers, papers, office phones, cameras, iPads, computers or photocopiers is not permitted but only in special cases, as determined by written policies and procedures. The staff member bears the full actual cost. Should a movable asset be damaged or lost while in the care of an employee for private use, the organization may ask the employee to bear the full cost of repair or replacement.

Consumable Assets Management Policy

Registration

All items with a purchase price over a specified amount must be entered in a register. This will be kept by the Office Manager [or other specified post holder] and updated monthly. In addition to the assets, organizations will have expendable and non-expendable supplies. Expendable supplies are similar to consumable assets but not of high value (valued below a specified amount and therefore not included in the register of consumable assets). Nonexpendable supplies are similar to fixed assets but of less financial worth, for example filing in-trays for the office or wheelbarrows and hoes for a project. As these items will not be covered by assets policy, an inventory statement is necessary. This should cover the following areas:

- How does the organization register expendable and non-expendable supplies?
- Who can use which supplies and under whose authority?
- How are the supplies monitored?
- What action will be taken when supplies are damaged or lost?

Vehicle Management Guidelines

The Administrator coordinates vehicle use according to the guidelines that the organization has established for use and authorization.

- The driver keeps a vehicle logbook to provide a full record of where the vehicle went, how long it took, what the distance was, and how much fuel and oil has been purchased and used. The passenger must sign the vehicle logbook after each trip.
- The unauthorized use of vehicles is a disciplinary issue.
- A vehicle control white/blackboard will record where the vehicle is, how long it will be away from the office, and the names of the driver and passengers.
- The Finance Officer [or another senior member of staff] must check the vehicle logbook weekly.
- Staff authorized to use the vehicle for personal reasons must pay market rate for each kilometre driven and must be approved in advance.
- Seatbelts must be worn at all times and on all journeys.
- Speed limits must be observed at all times [specify appropriate limits, e.g. for asphalt roads and non-asphalt roads].
- The Finance Officer must ensure that the vehicle is properly insured, serviced and maintained, and that health and safety rules are observed. Any discrepancies must be reported to the Executive Director who will also carry out spot checks on documentation concerning the vehicle, including bills for servicing.
- In the event of a road accident the details must be reported in full and immediately to the Executive Director.

Procurement Practices

Proper and successful procurement of an organization rests on core principles of behavior- the Five Pillars of Procurement. They are best described as pillars because if any one of them is broken the procurement system falls down.

The Five Pillars are:

- Value for Money.
- Open and Effective Competition.
- Ethics and Fair Dealing.

- Accountability and Reporting.
- Equity.

These Guidelines address those five pillars and prescribe a minimum set of standards that are to be observed.

Value for Money

This is an essential test against which an NGO must justify a procurement outcome. Price alone is often not a reliable indicator and NGOs may not necessarily obtain the best value for money by accepting the lowest price offer that meets mandatory requirements. Best value for money means the best available outcome when all relevant costs and benefits over the procurement cycle are considered.

Open and Effective Competition

This requires:

- A framework of procurement laws, policies, practices and procedures that is transparent, i.e. they must be readily accessible to all parties.
- Openness in the procurement process.
- Encouragement of effective competition through procurement methods suited to market circumstances.

Ethics and Fair Dealing

In procurement, if all parties comply with ethical standards they can:

- Deal with each other on a basis of mutual trust and respect.
- Conduct their business in a fair and reasonable manner and with integrity.

Accountability and Reporting

This involves ensuring that individuals in the organization are answerable for their plans, actions and outcomes.

Openness and transparency in administration, by external scrutiny through reporting, is an essential element of accountability.

Equity

The word `equity' in the context of these Guidelines means the application and observance of policies which are designed to advance persons or categories of persons disadvantaged by unfair discrimination.

Purchasing Procedures

All anticipated expenditure must be authorized through an **annual purchasing plan,** prepared by the Executive Director at the same time as the budget and approved by the governing body as part of the annual business planning and budget process.

- Expenditure must be authorized at the requisition stage, not after receipt of goods or services. Before any purchases or orders over specified amount] are made, a purchase order form must be filled out.
- Purchases or orders of between the sums of [specified amounts A and B] must be authorized by either the Executive Director or Accountant; those between [C and D] must be authorized by the Executive Director; those between [E and F] by one trustee signatory and those over [G] by two trustee signatories (one of whom must be the Treasurer).

Purchases of regular supplies or services are made from preferred suppliers only on the following basis:

- Their prices are competitive.
- Their products or services are of good quality.
- The NGO has a transparent relationship with suppliers and providers.
- A comparative review of competitiveness (including reliability, etc.) is undertaken by the Executive Director and approved by the governing body annually.
- In the case of purchases over [specified amount] the Accountant or Office Manager must ask for quotations from at least three potential suppliers. The Executive Director will then sign for and approve the selected quotation.
- All purchase transactions must be entered into the accounts and secure records kept by the Accountant and Executive Director.
- All outgoing invoices for the organization must be drawn up by the Executive Director or the Accountant and copies must be kept on file.

Financial Management documents needed

- Financial Management Manual.
- Procurement Manual.
- Accounting Procedure Manual.

CHAPTER FOUR MANAGING PROJECTS

What is a Project

Projects are a planned set of interrelated tasks to be executed over a fixed period and within certain cost and other limitations. Some projects do not involve any direct funding, but do demand considerable non-financial support or in-kind support. In the broadest sense of the term, 'a project' can be defined in terms of four general characteristics:

- It has an output or set of outputs defined by an overall goal or strategic aim.
- It is planned, implemented and evaluated over a clearly demarcated period of time.
- It has a pre-determined input of resources (financial or material and human).
- It uses specific ways of working.

The impact of projects that have more tangible outputs and outcomes is much easier to evaluate than the impact of projects which aim to change the way people behave, think and believe. However, it is possible to define impact indicators or indicators of achievement for most projects, even the least apparently tangible.

What is a Project Cycle

A project cycle can be shown as a complete circle with learning at its center. Lessons can be learnt from both the successes and failures.

Project Cycle as a Participatory Approach

Project design involves the community, rather than being something an NGO staff member does in the office.

- Project monitoring and evaluation are guided first and foremost by listening to clients or beneficiaries.
- Significant project decisions are made with the participation of the target group and beneficiaries, and are based on consensus.
- A key component of any project is changes in attitudes and behaviour in the name of sustainable long term change.

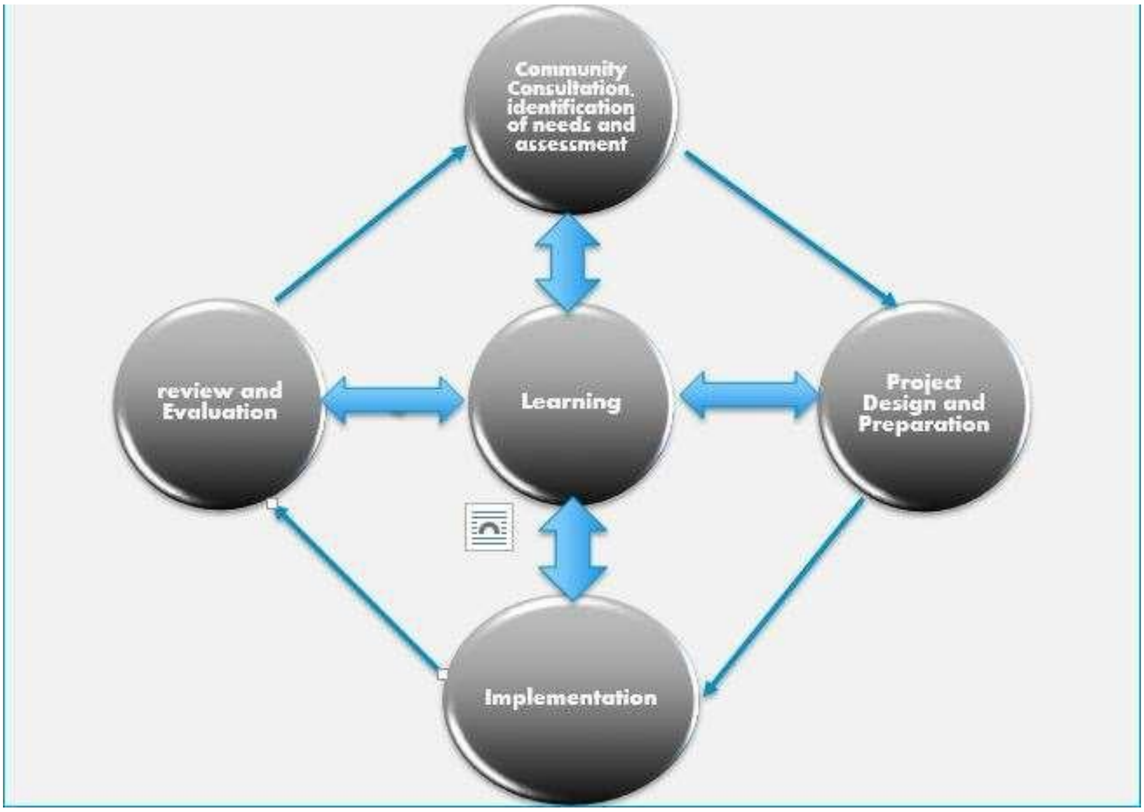

Figure 3 Diagram of Project Cycle

Principles for Project Management

Table 4 Project Management Table

Principles	**Ways to implement them**
1. Use participatory strategy	Approve a governing document that will define roles and responsibilities Adopt a management style that supports people Plan how the beneficiaries will measure the NGO's effectiveness
2. Design the project to be sustainable	Set indicators Involve community members in project implementation Secure funding for the entire project Solicit community contributions
3. Build on community and participants contributions	Ensure that income generated from the project is used to develop the project further

Principles	Ways to implement them
4. Be transparent and accountable	Approve and implement financial and administrative policies and procedures Prepare financial reports and share them with funding agencies and beneficiaries Conduct both internal and external audits
5. Build partnerships through associations, participative and open approaches	Practice working in partnership [Collaborate with other key actors Establish strong formal and informal links with the target community

Constraints on Participatory Approaches

Table 5 Participatory Approaches Table

Issue	How to tackle it
Problems with funding agencies Mandate often limited to specific objectives, areas or target groups Different values Funding limited, short term or allocated to specific areas Insufficient flexibility to meet different needs	**Relations with funding agencies** Reduce dependence through: local fundraising, raising money through income generation activities community contributions in cash or kind to projects • Talk in a constructive way, avoid confrontation
Problems with local organizations (BGO & CBO) Members serve individual interests NGOs do not use participatory methods NGOs are not transparent Organizations lack training and capacity in project management skills • Mandates are limited to specific objectives, areas and target groups	**Relations with NGOs and CBOs** Be flexible and patient; listen and communicate with different members of the community Persuade those involved in the project that dialogue is important
Problems with the Community Influential members (elders, police and local authorities) seek to advance their own interests • Other members are in the 'backseat,' but this does not mean that they are not ready to support good initiatives	**Relations with the community** Learn to recognize potential activists Avoid problem-makers Trust and use relevant experience and skills Look for resources in a group, place or situation Do not focus on problems: look for solutions

Project Monitoring

There is a growing emphasis on demonstrating performance and outcomes rather than simply counting inputs or producing outputs, which changes the emphasis in monitoring and reporting requirements. Monitoring is the continuous process of assessing the status of project implementation in relation to the approved work plan and budget.

Monitoring helps to improve performance and achieve results. The overall purpose of monitoring is to ensure effectively managed results and outputs, outcomes and results through measurement and assessment of performance. If a project is poorly designed or based on faulty assumptions, however, even the best monitoring is unlikely to ensure its success. Particularly important is the design of a realistic chain of results, outcomes, outputs and activities.

Monitoring is a way of getting feedback on the usefulness of the work that we do for the people we are trying to help. Monitoring is an integral part of everything that we do.

Non-profits organizations sometimes see monitoring as an add-on activity that, in the best case scenario, might indirectly support their work. If you want your projects to be relevant and to make a difference, monitoring has to be an integral part of the project process.

Monitoring starts with being absolutely clear about what we want to achieve: if we are not clear about the changes we seek to bring about, then we will only be able to get feedback (monitor) on what we do, not the results of our actions.

Monitoring is not only about observing and listening, but also about assessing information, learning from it and adjusting one’s approach if necessary.

Project Evaluation

Project Evaluation is the rigorous analysis of ongoing or completed activities that determine or support management accountability, effectiveness, and efficiency. Project Evaluation deals with measuring the extent to which targets are being met, and detecting the factors that hinder or facilitate their realization. It also involves establishing cause- effect relationships about the extent to which a particular output produces the desired outcome.

It is important to periodically assess and adapt project activities to ensure they are effective. Evaluation can help identify areas for improvement and ultimately help realize goals more efficiently. Evaluation enables projects to demonstrate success or progress. The information collected allows for better communication of program impact to others, which is critical for public relations, staff morale, attracting and retaining support from current and potential funders.

Evaluation falls into two main categories: The Formative Evaluation and The Summative Evaluation. The Formative evaluation is conducted during program development and implementation and is useful if direction is needed on how best to achieve project goals or improve project in general. The Summative evaluation is undertaken once the project is well established and will tell you to what extent the project is achieving its goals.

Table 6 Types of Project Evaluation and Purpose

Type of Evaluation	Purpose
Formative	
1. Needs Assessment	Determines who needs the project, how great the need is, and what can be done to best meet the need. A needs assessment can help determine what audiences are not currently served by project and provide insight into what characteristics new projects should have to meet these audiences' needs
2. Process or Implementation Evaluation	Examines the process of implementing the program and determines whether the program is operating as planned. Can be done continuously or as a one-time assessment. Results are used to improve the program. A process evaluation of a project may focus on the number and type of participants reached and/or determining how satisfied these individuals are with the project
Summative	
1. Outcome Evaluation	Investigates to what extent the program is achieving its outcomes. These outcomes are the short-term and medium-term changes in program participants that result directly from the program. For example, EE outcome evaluations may examine improvements in participants' knowledge, skills, attitudes, intentions, or behaviours
2. Impact Evaluation	Determines any broader, longer-term changes that have occurred as a result of the project. These impacts are the net effects, typically on the entire school, community, organization, society, or environment.

Monitoring and Evaluation (M&E) are closely interlinked and they are often presented together (as M&E), but they are different in nature. It is a two-step process and each part intervenes at different stages in the project cycle. Monitoring is the process of constantly checking and reviewing what you are achieving. Evaluation is conducted once the project has already been running for a certain period of time, allowing you to go deeper into the examination of longer-term changes in practices and behaviour. Hence, the information compiled through the monitoring system will serve as a basis for the more in-depth evaluation of the project. While this manual focuses on the monitoring process, it also contributes to evaluation since the tools and thinking behind the two processes are very similar and mutually reinforcing.

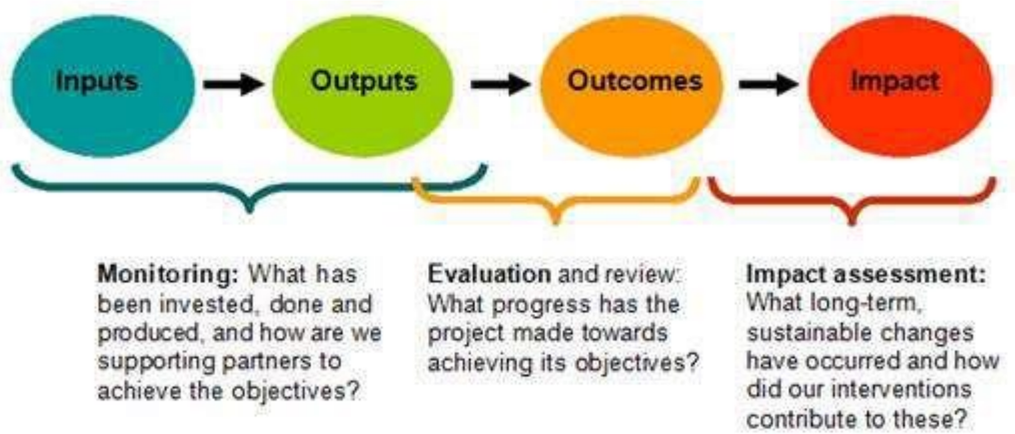

Figure 4 Monitoring and Evaluation Diagram

Good monitoring consists of the following:

- Focus on results and follow -ups: It looks for "what is going well" and "what is not progressing" in terms of progress toward the intended results.
- Regular communication by the project coordinator or manager: The project coordinator or manager should be dedicated to assessing progress, looking at the big picture and analyzing problem areas. They should ensure continuous documentation of the achievements and challenges as they occur and avoid having to try to remember the events some time later.
- Regular analysis of reports: The project coordinator or manager should review project –related reports, including financial reports, by the implementing partners to serve as a basis for their analysis.
- Use of participatory monitoring mechanisms to ensure commitment, ownership, follow -up, and feedback on performance: These include outcome groups, stakeholder meetings, steering committees, and focus group interviews.
- Ways to objectively assess progress and performance based on clear criteria and indicators stated in the logical framework matrix of the project document: The project team should agree on a performance measurement system by developing indicators and baselines.
- Active generation of lessons learned, ensuring learning through monitoring tools, adapting strategies accordingly and avoiding repeating mistakes from the past.

Project Monitoring Considers

- Inputs: The use of money, staff, time and resources.
- Activities: The things that we do and how we do them e.g. training event.
- Outputs: The processes, products, goods and services that the project produces through the activities it conducts. For example: workshops, training manuals, research and assessment reports, and strategies.

- Outcomes (also called results): The observable positive or negative changes in the actions of social actors that have been influenced, directly or indirectly, partially or totally, by outputs.
- Strategy: Determining whether the results/outcomes observed have been achieved thanks to the planned intervention and strategy, or as a result of some other factor.
- Impact: Long-term, sustainable changes in the conditions of people and the state of the environment that structurally reduce poverty, improve human well-being and protect and conserve natural resources. An organization can only contribute partially and indirectly to these enduring results in society or in the environment. Hence, during project implementation it will not be possible to measure the overall impact, only whether the planned outcomes have been realized.

Check list of things to be monitored

- What work and activities have been done, versus what should have been done.
- How long it has taken, versus how long it should have taken.
- What it has cost, versus what it should have cost.
- The quality of things produced and delivered, versus what was planned.
- The quantity of things produced and delivered, versus what was planned.
- How people are reacting to our activities, versus what was assumed.
- The benefits people are drawing from the activities, versus what was planned.

Data Collection

Quantitative data collection methods: These are used to collect data that can be analyzed in a numerical form. Quantitative approaches focus on measuring and counting. They focus on questions such as who, what, when, where, how much, how many, and how often. The most common quantitative research tool is the survey. Questions are asked according to a defined questionnaire so that the answers can be analyzed numerically.

Qualitative data collection methods: These are designed to generate an in-depth picture among a relatively small sample of people (or institutions) about, for example, how certain things are perceived or understood. Qualitative research explores the questions 'how' and 'why.' Among the techniques used are interviews, focus groups, participatory observation and other forms of enquiry

SMART and SPICED Indicators

While there are no set rules to selecting indicators, one popular guideline has been to use the acronym 'SMART': indicators should be Specific, Measurable, Attainable and action-oriented, Relevant, and Time-bound. This guideline tends to suit quantitative indicators in particular. Another acronym recently suggested is 'SPICED': Subjective, Participatory, Interpreted, Communicable, Empowering and Disaggregated. SMART describes the properties of the indicators themselves, while SPICED relates more to how indicators should be used.

Essentially, one's choice of indicator depends on what stakeholders he/she wants to measure or the type of changes they want to better understand and assess. The SPICED approach puts more emphasis on developing indicators that stakeholders can define and use for their own purposes of interpreting and learning about change, rather than simply measuring or attempting to demonstrate impact to meet donor requirements.

The SPICED approach is a very useful tool for thinking about how to set participatory objectives and indicators. It is qualitative; it appreciates local understandings of change and is a good tool for thinking about why it is important to work with communities.

SMART indicators	SPICED indicators
• Specific (to the change being measured)	▯ Subjective
• Measurable (and unambiguous)	▯ Participatory
• Attainable (and sensitive)	▯ Interpreted (and communicable)
• Relevant (and easy to collect)	▯ Cross-checked
• Time bound (with term dates for measurement)	▯ Empowering
	▯ Diverse and disaggregated

Figure 5 Difference between Smart and Spiced Indicators

SMART indicators

Specific and simple: Identify concrete events or actions that will take place

Measurable: Quantify the amount of resources, activity, or change to be expended and achieved

Appropriate and achievable: Logically relate to the overall problem statement and desired effects of the intervention

Realistic: Provide a realistic dimension that can be achieved with the available resources and plans for implementation

Time-bound: Specify a time within which the objective will be achieved

SPICED indicators

Subjective: Consider the special position or experience of the informants that gives them unique insights

Participatory: Develop indicators together with those best placed to assess them

Interpreted and communicable: Define the exact meaning of each indicator as it might differ from context to context

Cross-checked and compared: Assess the validity of assessment by cross-checking and by using different informants, methods, and researchers

Empowering: The process of setting and assessing indicators should be empowering in itself and allow groups and individuals to reflect critically on their changing situation

Diverse and disaggregated: There should be a deliberate effort to seek out different indicators from a range of groups, especially men and women. The information needs to be recorded in such a way that these differences can be assessed over time.

Source: MDF 2005

Figure 6 Detailed Explanation of Smart and Spiced Indicators

Ranges of questions that can help people gain greater insight when collecting data which are;

Focus questions: What aspects of your community life concern you?

Observation questions: What do you see? What do you hear?

Analysis questions: What do you think about…? What are the reasons for…?

Feeling questions: How do you feel about the situation?

Visioning questions: How would you like it to be?

Change questions: How can the situation change for it to be as you would like?

Questions to explore alternatives: How could you reach that goal? Are there any other ways?

Considering the consequences: How would each of your alternative ideas impact on others?

Considering the obstacles: What keeps you from doing what you intend to do?

Personal involvement and support: What will it take for you to participate in the change? How can I support you?

Personal action questions: Who do you need to talk to? How can you get others to work on this with you?

Documents needed for Project Management:

- Project Management Manual.

CHAPTER FIVE

EXTERNAL RELATIONSHIP AND PARTNERSHIPS

Local NGOs need to work with governments and its subsidiary agencies to achieve its goals. They are able to gain access to new resources, including funding and in-kind support as well as information, expertise and skills as a result of partnerships with government agencies and other NGOs. When an NGO is in its embryonic stages, it might find rent-free space for its activities through relationships with other NGOs, a local government office or a university.

Partnerships with local and international NGOs could enhance NGOs to reach new populations with their public education messages and broaden their base as regards mobilization efforts. Fledgling NGOs can use external relations and partnerships to build organizational visibility and capacity.

Partnerships can range from informal and casual to formal and structured. You can have relationships where you talk to each other regularly to share information, ideas and experiences. NGOs should carefully think of organizations to build partnerships with when they are developing their short, medium to long term strategic plans and what structured form such partnerships should take.

Relationships

Other NGOs can be sources of information and ideas, partners for projects, and allies for your cause. Get to know the ones working in your community — their issues, target populations and services. They can be especially helpful when you are just starting up and trying to define your mission and carve out your niche. Later, as you plan new projects and activities, you will want to know who is doing similar work so you can coordinate your efforts and avoid duplication. Make it a point to get to know other NGOs in your area, even if they are pursuing different missions. They probably care about your issue and may become strong allies.

You also need to know who is working on your issue in other cities/ towns/ metropolitans/ municipals and districts and at the national and international levels. NGOs can learn from each other by sharing experiences and lessons learned.

NGOs working on the same issues in different places can work together to address the root cause that cross geographic boundaries. Effective partnerships take time to build. NGOs often see each other as rivals, competing for resources, support, visibility and even public praise. To begin to see each other as partners, you need to get to know each other and build trust. You can start by contacting another NGO for a meeting to get acquainted.

Relationships with International NGOs

Relationships with international NGOs offer small NGOs access to information about global standards and practices that affect their work. The international organizations are important members of support networks who will speak up and defend small NGOs when necessary. International NGOs value partnership with local NGOs for the local knowledge and close community relationships they have and because working with local NGOs favors sustainable impact of project investments. Local NGOs should strategically choose and pro-actively manage their relationships with international NGOs to foster partnerships of the type they decide will best achieve their vision and mission.

Relationships with Government

NGOs need to build relationships with the government elected and appointed officials to accomplish their mission. At times, the relationships may be confrontational; at other times they may be cooperative.

The role of NGOs is to hold governments accountable. Sometimes, an NGO may monitor a particular government agency or elected official to make sure they are doing their jobs and spending public resources appropriately. If they are not, that's when NGOs need to speak up and demand changes.

NGOs also need to cooperate with governments in providing outreach, education or services. NGOs and governments can work together to develop solutions to community needs, run joint projects, or carry out public awareness campaigns

Public Relations

Public relations (PR) are the wayorganizations, individuals communicate with the general public and media. The significance of Public Relations is to communicate with targeted audience directly or indirectly through media with an aim to generate and keep a positive image and create a strong relationship with the audience. Examples include through press releases, newsletters, public appearances, etc. as well as utilization of the World Wide Web.

The use of the Press

An organization, should establish collaborative relationships with the editors/publishers of all major local news outlets. An organization should also establish relationships with local offices of international news outlets.

Press releases should be issued by the organization on a regular basis, ideally every month. Press releases can cover success stories and organizational news, or announce important organizational plans. Press releases should be brief, succinct, and include quotes from organization representatives or individuals involved in or connected to specific projects, milestones, or plans.

Through its relationships with news media, the organization should also encourage editors/publishers to conduct interviews with organization representatives, especially when a milestone has been achieved or is about to be achieved.

Promotional Materials

Before preparing promotional materials, there should be reflection on who the audience for the materials is and what your purpose for communicating to that audience is. For example, materials aimed at relations with beneficiary populations and stakeholders may be very different than those for the general public or for peer organizations or for donors. Public Relations activities across the board can benefit significantly from the availability of various promotional materials, which can be mailed, e-mailed, shown, or handed out as needed. Promotional materials about the organization must include, at the minimum, a printed information packet containing:

- A letter from the organization Board Chair. A Vision Statement.
- A mission statement.

- A description of activities/services. A list of accomplishments to date. Press clippings (if any).
- Success stories.
- A financial-contribution form for donors.

Promotional materials can also comprise PowerPoint files and short documentary clips highlighting the general work or success stories of the organization.

The organization can choose to produce longer documentary films about the organization. Such films can be screened at a variety of public events, including seminars, conferences, benefit concerts and exhibitions, etc. Newsletters are another important promotional tool. Produced on a monthly or quarterly basis, newsletters can be posted online, on the organization's website, and/or printed for distribution. An effective newsletter is one which features lively graphics and an upbeat tone, and includes a letter from the organization Board Chair (or development officer), success stories, reprints of interviews, and a contribution form. In general, articles appearing in newsletters must touch equally on achievements and milestones on the one hand, and areas of need on the other.

Strong relationships are based on shared goals, trust or mutual benefit. Regardless of where your NGO is in its lifecycle — just starting up or well established — you need to invest time and energy in building relationships with other NGOs and your governments. Your relationships with them will certainly change over time, but they are always critical to your NGO's sustainability.

Documents needed for External Relationship and Partnerships

- Policy document on External Relations and Partnerships.

CHAPTER SIX

SUSTAINABILITY

Organizational sustainability is often misunderstood to mean primarily financial sustainability. That misconception occurs because, when an organization becomes unsustainable, the symptoms of that problem show up in the finances. However, organizational sustainability -- or the surviving or even thriving of an organization -- depends on much more than effectively managing the organization's finances.

Primary Dimensions of Organizational Sustainability

Strategic Sustainability -- Ensure Realistic Vision and Goals

If an organization is trying to do far too much, it will likely not have enough resources, including not enough money to do what it wants to do. One of the most important considerations to have a realistic vision and goals for the organization. If these are not realistic, then many of the other activities in the organization will not be realistic, as well. The solution is not to keep trying to get more money.

Program Sustainability-Ensure High-Quality Products, Services and Programs

If your organization does not have high-quality services and programs, then clients' participation will eventually decline as will funding. That's why it's so important to do a few things very well, rather than a lot of things not so well. The solution is not to keep trying to get more money to offset deficits. The solution is to pick which services and programs you can do very well, do them -- and keep proving your strong results.

Personnel Sustainability-Ensure Staff Can Effectively and Reliably Perform

If your Staff do not fully understand their jobs or are not resourced to do their jobs, then your services and programs will be not being as effective as they could be. As a result, you'll make less impact than you expected or the impact you do make will not be much. Be sure Staff are fully trained and supervised well. Also be sure that, if a member of the organization cannot do his/ her job, that someone else can do that job in a timely fashion.

Financial Sustainability-Conduct Financial Reserve and Contingency Planning

If the above 3 dimensions are not effectively addressed, then symptoms show up in the finances when there's not enough funds. However, there are two financial practices you should be doing as an organization regardless of whether you have enough money or not, and they include:

- Achieving a financial reserve -- obviously this is done over time and before a financial crisis occurs.
- Doing contingency planning -- plan for what will happen if you get 10% less money than planned for the upcoming year and for what will happen if you get 30% less.

Developing a Strategic Plan

Strategic planning is a disciplined process for making key decisions and agreeing on actions that will shape and guide what an organization is, what it does, and why it does it (as well as what it does not do and why). Planning is an important aspect of strategic thinking and management.

By working on a strategic plan together a team can:

- Think creatively about the focus and direction of the organization’s work.
- Strengthen team approaches by defining together a clear focus and direction.
- Develop plans collaboratively with partner organizations, beneficiaries and other organizations.
- Provide a framework against which to monitor progress, learn from experience and make the changes necessary to improve effectiveness and impact.
- Enable decisions to be made about the best use of the human and financial resources available.

Strategic planning can be done in different ways, and many books and manuals have been written describing various approaches. An NGO that has been operating for a number of years and can determine its own priorities from a relatively secure income base is best placed to develop a full five-year strategic plan to guide its work. Smaller, newer, less financially secure organizations may find that a more detailed annual team work plan is more realistic.

What is the life span of a strategic plan and how often should it be updated?

It is advisable to plan for at least five years, while accepting that it will be much easier for more established and better funded organizations to adopt a forward thinking approach. It is usual for a strategic plan to be revisited annually as part of the program review process. (An annual report might also be written at the same time.) The plan can be amended and modified to reflect developments that have taken place over the year. However, the more detailed annual team work plan will be more specific and will therefore probably require quite substantial modification at the end of each year.

Structure of Strategic Plan

- Executive summary.
- Vision statement.
- Mandate and scope of work.
- Summary analysis of external and internal environment.
- Main strategic issues.
- Four or five agreed strategic aims with accompanying strategies.
- Assessment of human resource (staff) needs.
- Budget projection.

Please see Appendix "A" for a handy guide to developing a strategic plan.

Document for Organizational Sustainability

- Strategic Plan.
- Policy document on overheads.
- Succession Plan.
- Fund raising Strategy.

APPENDIX A

Questions to ask when developing a Strategic Plan

- Who will be involved in the process (which staff, stakeholders, beneficiaries, external advisors)? What will their precise roles be? What roles will different members of the team and the governing body play? How will counterparts, partner organizations and beneficiaries contribute? Who will be involved from outside the organization? What kind of external perspectives and experiences will help in planning?
- How much time will be set aside for strategic planning? And over what period of time? How much time will different members of the team allocate to strategic planning? What is the timetable?
- Planning will be quicker and easier if relevant documents are collected in advance. Who will be responsible for collecting the relevant documents?
- Who will be responsible for ensuring that written notes of the discussions are kept? Who will be responsible for providing administrative support for the planning process?
- How much will the strategic planning process itself cost?

The process might start with a discussion about:

- What MUST the organization do (that is, what is its mandate as determined by relevant legislation, policy etc)?
- What COULD the organization do, given its experience and skills, etc?

For any organization there will always be some things that it ‘must do’ and others that it ‘must not do’. What an organization ‘must do’ and ‘must not do’ will be influenced by national legislation and the national policy environment.

Finally, an organization’s own policies and governing document will determine the parameters of its mandate and scope of work.

Factors to consider when developing a Strategic Plan

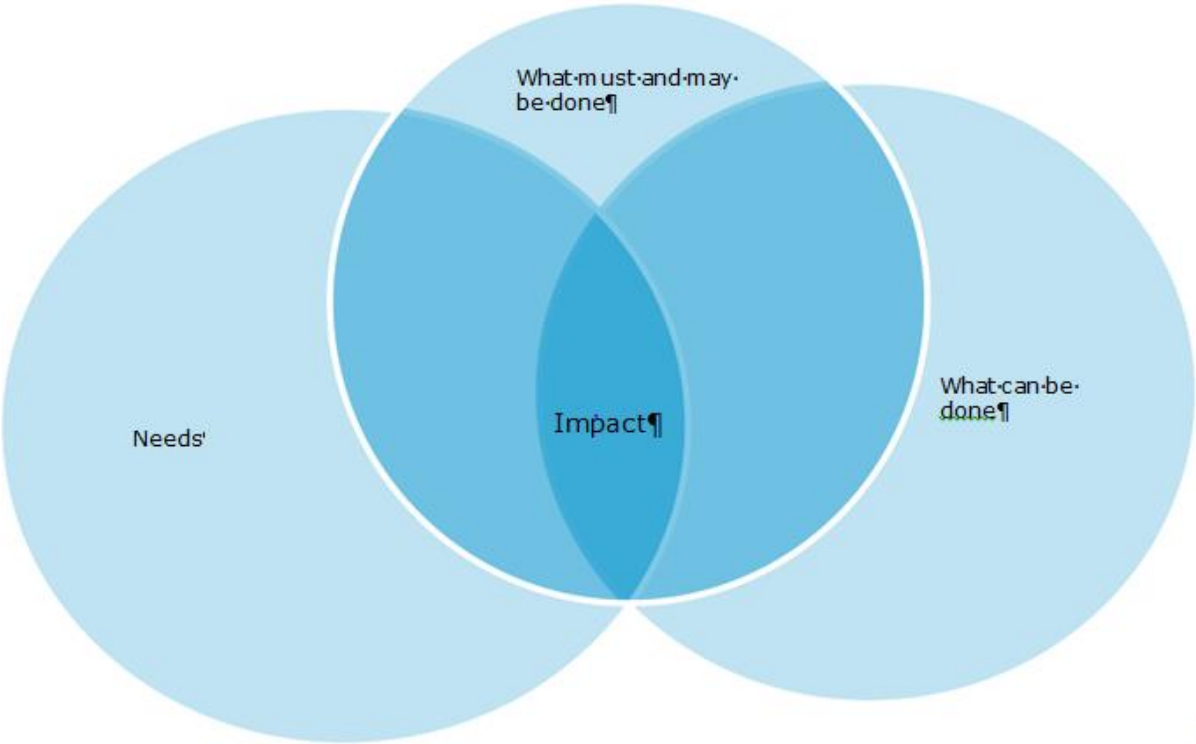

Figure 7 Developing strategic plan

Factors to consider: mandate

- Legal status of the organization in the country where it is working.
- National laws that affect the operation of NGOs.
- Existing agreements with international donors and other funding bodies.
- The expectations of stakeholders.
- The governing document.

How to do a stakeholder analysis

Stakeholders are individuals, organizations and others who:

- Are in a position to influence the organization's work or place demands on it.
- Are affected by or can affect the work of the organization.
- Have an interest in the organization's work or can lay claim to an interest. Undertaking a stakeholder analysis can help to:
    - Identify who has a say about the organization's work and their relative importance.
    - Clarify the content and scope of others' influence.
    - Highlight any tensions and contradictions in the demands being made on the organization.
    - Help an organization to clarify its mandate. It is particularly important to consider the position of any stakeholders whose interest is not clear, or is changing.

Organizational capacity

Identifying the human and financial resources and capacity available to the organization means looking at:

- The skills, experience, knowledge and expertise of current staff as well as their roles and responsibilities.
- Overall income trends, including present and projected financial resources.

Program effectiveness

To draw lessons about program effectiveness derived from the organization's past and current programs, scrutinize the main areas of funding and other support that the organization provides, and also the advocacy and capacity building work that it is doing. Additional factors to consider when examining program effectiveness are:

- Areas where the program has been most effective or least effective and the reasons for this.
- The skills and capacities of partner organizations.
- Any results that have emerged from monitoring and evaluation or program reviews.

Distinctive competence

Identifying areas of strength and distinctive competence can help to clarify the factors that distinguish the organization from others. It will enable it to see where it has types of programming and styles of working that are innovative and different.

Analyzing strengths, weaknesses, opportunities and threats

The analysis of the **external** and **internal environment** in which an organization is operating can be helped by using a SWOT matrix.

Purpose of the SWOT

The purpose of SWOT is to help identify the key opportunities and threats for the organization's work in the external context of the program.

- To help identify the internal strengths and weaknesses of the organization, this will dictate its capacity to respond effectively to the opportunities and constraints.
- To help prepare for the identification of strategic aims by drawing out tensions between organizational capacity and the needs that the organization is trying to address.

SWOT Analysis

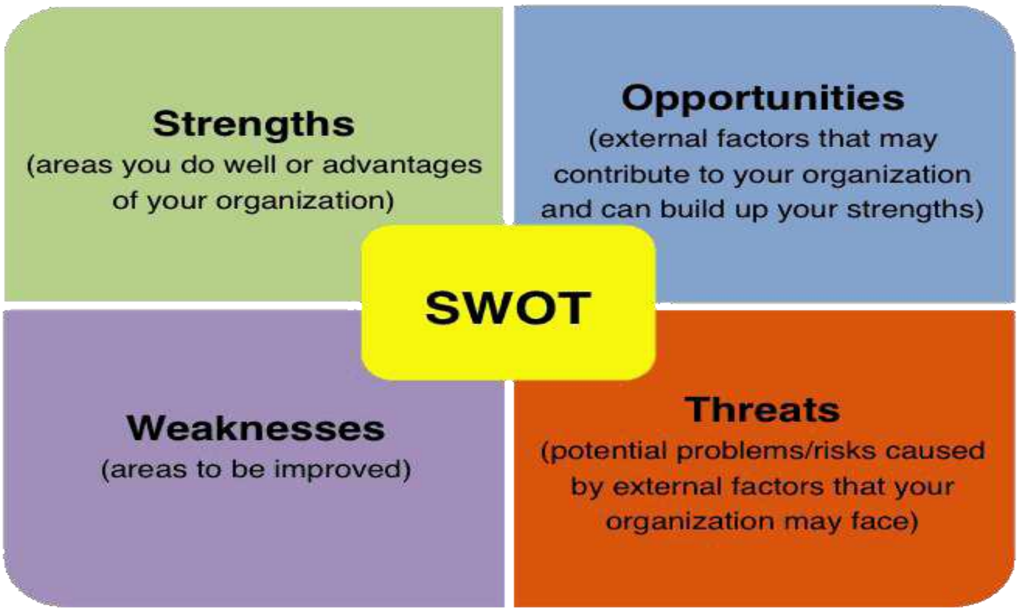

Figure 8 Strengths, Weaknesses, Opportunities, Threats Analysis

Identifying strategic issues the organization wants to address

What are strategic issues?

Strategic issues are best stated and written down as questions because this will help highlight areas where the organization needs to make choices and decisions. They may relate either to the aims of the organization, or to its mandate, or to the analysis of the external and internal environment and the results of the SWOT analysis. They will thus comprise a combination of program and organizational capacity issues.

It is important to identify the strategic issues that have emerged from the analysis so far because this helps to:

- Focus attention on really important issues.
- Identify the major choices facing the organization.
- Highlight areas needing change.
- Provide insights about how to resolve the issues.

In addition to strategic program issues, the analysis undertaken so far will have raised some strategic issues that relate to organizational capacity.

Some of these will relate specifically to the program and will thus be tackled through the strategies an organization adopts in its work on a particular strategic program aim.

Others will cut across the organization’s work and may be best addressed through an internal capacity building plan.

Identifying Resource Needs

Once the strategies have been defined for each of the organization’s three or four strategic aims, it is necessary to work out what human and financial resources will be needed over the next three years to achieve the aims of the strategic plan.

Internal Capacity Development Plan

During the strategic planning process, a significant number of strategic issues will have been identified that relate to organizational capacity, its strengths or weaknesses. Where these relate directly to the final strategic aims, it is important to link them to the strategies for achieving those aims. However, some issues will be broader and are best addressed by developing an internal capacity building plan. This will help to ensure that the organization successfully builds on the strengths it has identified and minimizes or overcomes its weaknesses. The internal capacity building plan may be just a one-page document. It should specify what areas of capacity need to be addressed and how they will be addressed.

Costing the Strategic Plan

This step concerns the resources that will be needed to implement the strategic plan. They will need to cover the strategies identified for each strategic aim and the internal capacity building plan.

At this stage it is sufficient to have an estimate of projected costs to cover the Five-year period.

APPENDIX B

INSERT LOGO HERE

ANNUAL CONFLICT OF INTEREST DISCLOSURE FORM

FOR Organization X GHANA EMPLOYEES

2015

______________________________	______________________________
Name	*Sector*
______________________________	______________________________
Title	*Date*

In order to ensure the best services to our clients and partners, it is the policy of ORGANIZATION X Ghana to address issues of actual, potential and perceived conflicts of interest involving employees. At ORGANIZATION X, transparency and accountability are non-negotiable and a must in our daily work and actions. This disclosure form is valid for 2015 and a new form should be submitted if and when a conflict arises.

Please read the below sections and seek clarification from HR or the Country Director/Executive Director for anything that is unclear. Ignorance is not an excuse and any violation of the conflict of interest policy of ORGANIZATION X is reason for immediate termination.

Disclosure of Confidential Information

You have a responsibility to protect the security of any confidential information provided to, or generated by, ORGANIZATION X. You will not pass on any information that has come to your attention during or in connection with your duties and of which confidentiality is appropriate to outsiders, without written authorization from the Country Director/Executive Director. This includes sensitive information related to ORGANIZATION X (business) matters, disclosure of which can reasonably be expected to harm the organization.

Nepotism, Conflict of Interest & Misuse of Power

1. You will not misuse or abuse your position or power, or any information acquired or derived in the course of your duties, to pursue private interests or those of your family, friends, or associates.

2. You shall not misuse or abuse your position or power towards others under any circumstance, including matters of psychological, sexual or physical intimidation or harassment.

3. Your official conducts and performance of your duties should always be professional and objective and not be influenced by personal relationships or considerations.

4. You shall not accept nor give gifts to anyone ORGANIZATION X does business with. A gift must be declared if it has a value of 25 GH Cedis or more. Gratuities or other personal compensation from any entity or person ORGANIZATION X does business with is strictly forbidden while employed with ORGANIZATION X. The acceptance or provision of gifts should be made transparent and communicated to your immediate superior/manager.

5. You will not be involved in bribery, kickbacks, coercion or threats of any kind, either for personal or professional purposes, under any circumstance.

6. Where personal relationships occur between ORGANIZATION X staff members, such relationships are expected not to interfere with their working relationships and daily activities. The staff involved is expected to notify their immediate superior/manager of the relationship, following which the manager may determine, at their own discretion, whether any action, such as relocation to a different working team, is necessary. Any such disclosure will be treated sensitively and in strict confidence but must be declared.
7. The employee shall not engage in activities that are incompatible with the proper execution of her/his functions, tasks and duties or with the proper implementation of ORGANIZATION X programs.

Representation

ORGANIZATION X is an organization with no political or religious affiliation so it is important that employees are not seen to represent ORGANIZATION X in any of these fora. In activities outside ORGANIZATION X, the following should be observed:

1. You should not use your position in ORGANIZATION X to convince ORGANIZATION X staff, clients, partners, suppliers or LCBs to support any business or activities.
2. You should not let your business or involvement in the mentioned associations negatively affect your professional relationship with the categories of people mentioned in (1) above or their work.
3. ORGANIZATION X resources such as stationery, phone, vehicles, and business cards should not be used to support any outside business or activities.
4. The activities may not be conducted during ORGANIZATION X official working time.
5. You should not use ORGANIZATION X information, tools (both soft and hard) to benefit yourself in these associations without prior approval.

Disclosure, Independence and Partiality

ORGANIZATION X expects staff to use their sound judgment. To ensure transparency, this form is designed to identify and disclose potential conflicts.

All employees of ORGANIZATION X in Ghana will ensure that independence and impartiality are maintained in the provision of their services to both internal and external clients. Employees will not engage in activities that may affect their independence of judgment and integrity in relation to their duties. It is each employee's obligation to inform the leadership of ORGANIZATION X Ghana of any circumstances that may potentially:

- Place them in an actual or potential conflict of interest
- Cause them to lack independence
- Cause an impairment of impartiality.

Where such potential exists, employees will inform the Employer about the same and necessary steps shall be taken to ensure that their independence and impartiality are maintained in the provision of services to ORGANIZATION X clients and Partners. The disciplinary measures spelt out in the Terms and Conditions of Employment including the Local Capacity Building Policy shall apply in cases where the employee commits an offence. Depending on the seriousness of the matter, any of the steps mentioned in the Terms and Conditions of Employment can be dispelled with at the discretion of the Employer. Any violation of this policy can be grounds for immediate termination of employment.

Declaration

My responses on this form are correctly stated to the best of my knowledge and belief. Should an actual, possible or perceived conflict of interest arise in my responsibilities, I recognize that I have the obligation to notify the Employer, and to abstain from any participation in the matter until the Employer can determine whether a conflict exists and how that conflict shall be resolved. If any relevant changes occur in my affiliations, duties or financial circumstances, I recognize that I have a continuing obligation to file an amended conflict of interest disclosure form with the Employer. I also understand that ignorance is not a defense to a violation and that I have been given an opportunity to ask questions and seek clarification.

I understand that the information on this form is solely for use by the Country Director and is considered confidential information. Release of this information within ORGANIZATION X will be on a need-to-know basis only, unless when required by law or statutory regulations.

________________________ ________________________

Signature Date

Please complete the following questions, and submit this form to the Country Director/Executive Director.

1. Are you or a member of your immediate family (spouse, parent, children, siblings) an officer, director, trustee, partner (general or limited), employee or regularly retained consultant of any company, firm or organization that presently has business dealings with ORGANIZATION X Ghana or which might reasonably be expected to have business dealings with ORGANIZATION X Ghana in the coming year?

________Yes ________No

If yes, please list the name of the company, firm or organization, the position held, and the nature of the business which is currently being conducted with ORGANIZATION X Ghana or which may reasonably be expected to be conducted with ORGANIZATION X Ghana in the coming year:

____
____
____
____
____

2. Do you or does any member of your immediate family have a financial interest, direct or indirect, in a company, firm or organization which currently has business dealings with ORGANIZATION X Ghana or which may reasonably be expected to have such business dealings with ORGANIZATION X Ghana in the coming year?

______Yes__________ No

If yes, please list the name of the company, firm or organization, the nature of the interest and the name of the person holding the interest, and the nature of the business which is currently being conducted with the Organization or which may reasonably be expected to be conducted with ORGANIZATION X Ghana in the coming year:

____
____
____
____
____

3. Do you or does any member of your immediate family have a financial or personal interest in an entity in which ORGANIZATION X Ghana has a financial or other vested interest (for example a client organization or LCB).

_______Yes_______No

If yes, please provide details below:

____
____
____
____
____

4. Have you or an immediate family member accepted kickbacks, gifts, gratuities, lodging, dining, or any other benefit as a result of the business of ORGANIZATION X Ghana?

_______Yes_______No

If yes, please provide details below:

____
____
____
____
____

5. Do you run a business whereby ORGANIZATION X employees are some of your clients e.g. money lending, clothing etc?

_______Yes_______No

If yes, please provide details below:

____
____
____
____
____

6. Do you or your immediate family members have direct or indirect interests in a company or organization that provides services similar to those of companies or organizations sub-contracted by ORGANIZATION X? For example Consultancy firms, office supplies companies, etc.

_______Yes_______No

If yes, please provide details below:

____
____
____
____
____

7. Are you involved in any part-time employment or activities that require from your work week? For example part-time consultancy, part-time lecturing etc.

_______Yes_______No

If yes, please provide details below:

____
____
____
____
____

8. Other, please use this space to declare any other type of actual, perceived or potential conflict of interest:

Please provide details below:

____
____
____
____
____

Please add additional pages as needed.

If any material changes to the responses provided on the annual disclosure form occur before the next form is due, the employee is required to update the information on this form in writing, and submit the update to the Country Director, ORGANIZATION X Ghana.

__________________________ __________________________

Employee Signature **Date**

Management Assessment: Conflict of Interest

_____No Conflict of Interest

_____Potential Conflict Exists

ACTIONS:____

____

____

____

__________________________ __________________________

Country Director **Date**

APPENDIX C

FINANCIAL MANAGEMENT CHECK LIST

Basic Financial Management Checklist

Accounting Records

- Are the books of account up to date, reconciled and in good order?
- Are supporting documents filed and complete?
- Could you follow a complete transaction from start to finish through the accounting records?
- Does the bank reconciliation show any unusual or unexplained items or activities-ex. old checks, delayed banking of cash?
- Is the Chart of Accounts up-to-date, user-friendly and available to everyone who needs it?

Financial Statements

- Is income broadly in line with expenditure, or as planned?
- Is there enough cash available to pay off immediate debts?
- How long ago since the last external audit was conducted?
- What was the auditor’s opinion? If it was a qualified opinion, what action has been taken?

Budget Monitoring Reports

- Are reports circulated regularly and promptly?
- Is income and expenditure broadly in line with the budget?
- Are there any unusual variances? Are there properly explained?
- Are linked budget items behaving consistently?
- Do the figures match the narrative progress reports?

Internal Control

- Is there adequate separation of duties in practice?
- Complete a spot check on the cash – are there any ‘IOUs’ or unexplained shortages?
- Is there a higher than usual use of cash
- Complete a spot check on the salaries records – look for ‘ghost workers’ and check that tax has been paid to the authorities.
- Is there one supplier who suddenly seems to be used more often than others?
- Check the assets register – is all equipment listed and where it is supposed to be?
- Are insurance policies up to date?
- Are the safe, stock rooms and cash box keys kept secure at all times?

Behavioural change

- Are there any staff that have an obvious lifestyle changes – such as new spending patterns (e.g. new car/house that’s outside of their means?) or signs of alcohol/drug abuse?
- Is there someone who is always the first in and last out of the office and/or takes no holidays?

Pre-Audit Checklist

1. General

Ref	Checklist Item	Y/N N/A	Notes
A1	**Does the organization have an up-to-date Organization Chart which shows the staffing and committee structure?** *If not, they should describe the staff and Board set-up to help you draft an organogram.*		
A2	**How many staff and/or Trustees are involved in financial administration for the organization?** *It is useful to note the job titles and approx. how many hours they spend on finance admin work.*		
A3	**Have any of the staff received finance- related training and/or possess accountancy qualifications?** *Note details of qualifications/duration of training.*		
A4	**Does the organization have a Finance Manual – i.e. written down procedures which cover financial rules, routines and processes?** **If yes, who has access to the manual?** *Try to get sight of the manual or other written procedures to establish how recently it was written/updated.*		
A5	**Does the organization use a computer to store its accounting records? If yes, which program(s)?** **Does the organization use a computer to produce financial reports? If yes, which program(s)?**		
A6	**What are the NGO's main sources of income?**		

Ref	Checklist Item	Y/N N/A	Notes
A7	**What financial trends are apparent (e.g. funding growing or drying up)?**		

2. Budgeting and Planning

Ref	Checklist Item	Y/N N/A	Notes
B1	**Which of the following budgets does the organization have:** Project budgets? (e.g. those relating to one activity or donor-funded project) core costs (administration/overheads) budget Organization-wide budgets (i.e. consolidating all activities)? Cash budgets or cash flow forecast? Others? [specify] *Try to get copies or sight of the most recent budgets available, noting the period they refer to.*		
B2	**What process is used to produce the organization's budgets?** *Find out who is involved, when they are produced, what method is used. Is there a link to the organization's mission and objectives?*		
B3	**Is the organization's annual budget formally approved by the Board and entered in the minutes?** **Are significant changes to the budget approved by the Board?** *This could be verified by sight of the Minutes book.*		

3. Accounting Records

Ref	Checklist Item	Y/N N/A	Notes
C1	**Which of the following basic accounting records does the NGO keep:** Cashbook? Analyzed cashbook? Petty cash book? A file of invoices/receipts for all expenditures? A file of receipts/vouchers for incoming funds? A file of bank statements for each bank account held? A fixed assets register?		
C2	**Which of the following additional accounting records does the NGO keep:** Payroll records? General ledger/nominal ledger? Journal book? Accounts Payable/Purchase Ledger? Accounts Receivable/Sales Ledger? Others:		
C3	**How recently were the books updated?** Within the last 7 days? Within the last 14 days? Within the last 30 days? More than 30 days ago? More than 60 days ago?		
C4	**Were the accounting records available for your inspection? If not, why?**		
C5	**Is the organization aware of and complying with the accounting requirements of:** the NGO's governing document? Statutory regulations?		

Ref	Checklist Item	Y/N N/A	Notes
C6	**Are the annual financial statements formally approved by Board members at an annual meeting?** *This could be verified by sight of the Minutes book*		
C7	**If relevant, what arrangements are made for accounting for and managing foreign exchange?**		

4. Internal Controls

Ref	Checklist Item	Y/N N/A	Notes
D1	**Which of the following policy and procedures are written down:** Delegation of authority (i.e. who signs what on behalf of the organization and within what limits – checks, purchase orders, leases, contracts, etc.) Cash handling and banking? Procurement and payment (i.e. how to order/purchase goods and services) Use and control of vehicles **Are these communicated to all staff and trustees?**		
D2	**Is there any segregation of tasks to provide automatic 'double check'?** *Need to establish whether the financial admin tasks are shared by staff or concentrated in the hands of one or two people.*		
D3	**Which of the following controls over incoming funds are followed:** Numbered duplicate receipts issued for all incoming cash and checks? Cash received and counted in the presence of more than one person?		

Ref	Checklist Item	Y/N N/A	Notes
	Cash coming in and petty cash floats kept separate at all times? Incoming receipts banked promptly and regularly? (at least weekly)? All incoming money banked and no amounts held over for petty cash “feeding”? *Variations should be explained*		
D4	**What controls are in place over receipt books issued by the NGO?** *For example, numbered duplicate books signed for and checked.*		
D5	**What precautions are taken to ensure that cash, check books and other valuables held on the premises are safeguarded?** **Are keys of safe or cash box signed for?** **Is insurance held to cover contents of safe or cash box?**		
D6	**Which of the following controls over purchases are followed:** Supporting documentation held for all items of expenditure (i.e. invoices, vouchers, receipts)? All expenditure properly authorized on a Payment Voucher? Invoices checked against orders made? Records kept of orders placed but not carried out? The quality and quantity of goods supplied checked against orders made? Payments only made against original invoices (i.e. not on monthly statements or photocopies)? Regular stock-taking undertaken?		

Ref	Checklist Item	Y/N N/A	Notes
D7	**Which of the following controls over payments by check are followed:** Conditions set down in the governing document about who can sign checks complied with? At least 2 signatories on the bank mandate? Checks and never signed in blank? A nominated signatory may not sign a check made payable to themselves? All check expenditure is recorded in the cashbook and noted with the relevant check number? Check stubs completed at time of payment? Checks signed only with proper documentary evidence of the nature of the payment?		
D8	**Which of the following controls over payments by petty cash are followed:** Every effort made to minimize cash payments? All payments by cash made from a cash float? The cash float drawn from the bank and not from incoming money? All petty cash payments have supporting documentation? Supporting documentation authorized by someone other than the cashier or claimant? Amounts of claim entered on a petty cash voucher? All payments noted in a petty cash book? All topping up withdrawals from bank noted in the petty cash book?		
D9	**Which of the following controls over the NGO's bank accounts are complied with:** All bank accounts held in the name of the NGO, not individuals? Instructions to open or close accounts properly authorized and / or reported to Trustees?		

Ref	Checklist Item	Y/N N/A	Notes
	Secure records held for all bank accounts? Regular bank reconciliations carried out? Bank statements regularly inspected by the Trustees?		
D10	**Which of the following checks on accounting records are made:** Cross checks made between bank statements and income and expenditure records to ensure no discrepancies between records? Checks made by someone other than the original recording officer (e.g. Internal Auditor)? Any restrictions placed on donated income identified and observed?		
D11	**If the organization has paid employees:** Are personnel records kept and held separately from wages records? Are salary levels properly authorized and recorded? Are checks made to verify existence of employees? Are cash payments for wages and salaries avoided whenever possible? If cash payments made, are they paid out by someone other than the payroll clerk and signed for? Are staff employed under a proper contract of employment? Is compliance with statutory tax regulations ensured?		
D12	**If the organization owns fixed assets (vehicles, office equipment, buildings, etc.):** Is an Assets Register/inventory held and updated regularly? Are assets checked regularly to ensure that they are still in good repair and in the proper location?		

Ref	Checklist Item	Y/N N/A	Notes
	Has insurance cover been considered? Is the use of fixed assets reviewed annually to ensure they are put to best use and serving the NGO's interest? Are vehicles fitted with appropriate security and kept in a safe place overnight? Are buildings properly safeguarded?		

5. Financial Reporting and Monitoring

Ref	Checklist Item	Y/N N/A	Notes
E1	**Does the organization produce financial statements (including a Balance Sheet and Profit & Loss or Income & Expenditure account)? If yes:** How often? Period covered by the most recent statements? Who receives copies of the financial statements? *Obtain copies of the latest set of statements if available.*		
E2	**Are the annual financial statements subjected to an independent audit by a qualified professional? If yes:** When was the last external audit conducted and by whom? Was the audit report qualified or unqualified? *Obtain a copy of the latest audited statements if available..*		
E3	**Does the organization produce periodic reports for managers which compare performance against budgets? If yes:** How often? Period covered by the most recent report? Who prepares the reports? Who receives copies of the reports? *Obtain copies of the latest budget*		

Ref	Checklist Item	Y/N N/A	Notes
	comparison reports if available.		
E4	**Does the organization produce periodic reports for DONORS which compare performance against budgets? If yes:** Which donors? How often? Who prepares the reports?		

6. Minimum Financial Management Standards

Minimum Requirements

Standard	**Why**
1. A valid supporting document for every transaction (securely filed and stored for the	Protection for staff, evidence and details of transaction.
2. A cash book for every bank account, reconciled every month.	To organize and summarize transaction information; check for
3. A Chart of Accounts – used consistently in the accounting records and budgets	Principle of consistency; to facilitate production of financial
4. A budget detailing costs and anticipated income for all operations.	Planning, fundraising, control and reporting.
5. Clear delegation of authority – from governing body through the line management	To know who is responsible for what and within what limits.
6. Separation of duties – sharing finance duties between at least two people.	To prevent temptation to steal and reduce opportunity to commit
7. Annual financial statements – preferably audited by an independent person.	Accountability to stakeholders; transparency.

Good Practice

Standard	Why
8. Additional accounting records when staff are employed (wages book) or assets owned (assets register).	To meet statutory and audit requirements; for control purposes.
9. Budgets based on real activity plans, which include the full cost of running a project.	Realistic, more likely to meet targets.
10. Budgets with clear calculations and notes.	Easy to read and make adjustments. Easy to justify calculations.

Standard	Why
11. Separate core costs budget.	Encourages active management and financing strategy for core costs.
12. Monthly cash flow forecast.	Helps to identify and take action to avoid short-term cash flow problems.
13. Use of Cost Centres when working with multiple donors and/or projects.	To separate restricted funds and related transactions; to facilitate reporting to managers and donors.
14. Funding grids, if more than one donor is funding an organization or project.	To avoid double-funding situations and identify areas of shortfall.
15. Budget monitoring reports at least monthly to managers (and also regularly to beneficiaries).	To monitor progress; control purposes.
16. Written policies and procedures, including a code of conduct for staff & board members.	To prevent confusion about organization rules and expected practice.
17. Diversified funding base – mix of restricted and unrestricted funds.	Less vulnerable to financial shocks; helps to build up reserves.
18. A reasonable level of reserves.	Less vulnerable to financial shocks; helps overcome cash flow problems

APPENDIX D

Sample of a Time sheet

Name of Staff:

SAP No:

Activity:

Month:

Dates	Detailed Activities	Activity Location	Total Hours	Days
	TOTALS		**0**	**0**

Signature of Staff

Signature of Project Manager/Supervisor

Sample of a Fixed Asset Register

FIXED ASSETS REGISTER

List of Assets for..						
Sl. No.	Description of Assets	Qty.	Date of Purchase	Make/Brand	Supplier Name	Value Per Pc. ($)
1						
2						
3						