# Set up a community-based organisation



**Level 2**

**Learner Manual**

# Set up a community-based organisation

# Level 2

# - Learner Manual -

## The development practice project

These learning materials were generated by the Development Practice project, hosted by the Sustainability Institute and in partnership with Community Connections, AIDS Consortium and Keystone. This project generated a set of competence standards with development practitioners in Cape Town, Johannesburg and Durban, between 2005 and 2009. This manual is part of a set of materials consisting of a competence standard, learner's manual, facilitator's guide and an assessment tool. More information on this project is available on the Development Practice website.

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- The project team for logistics, coordination and editing

Questions and queries on the project and materials can be forwarded to info@developmentpractice.org.za.

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# CONTENTS

# OVERVIEW

Welcome to this manual on **Set up a community-based organisation.**

Many community organisations start out by trying to meet the needs in community. Often they function for a long time in an informal way. For some, the time comes when they want to formalise themselves as an organisation and establish the legal and management structures to support the work that they do.

This course is for those community development workers who are either in an informal community organisation that would like to formalise or for those who are in the process of establishing a new organisation.

Below follows the Specific Outcomes and Assessment Criteria that this learner manual is based on. This means that at the end of your learning period, you will be able to practice all the points listed below. Remember to keep and file proof of your work. This is called a **Portfolio of Evidence**. It is a collection of evidence to show what was learnt during the course and from past experience, including all other training courses attended. Recognition of prior learning (RPL) is when all your learning is taken into account and acknowledged when assessed for a specific standard. At the end of each section there is a symbol for you to check your understanding.

Please read the competency standard below carefully.

# SPECIFIC OUTCOMES AND ASSESSMENT CRITERIA

| Specific outcomes | Assessment criteria |
|---|---|
| *Competence in this standard means that the learner has clearly shown that s/he is able to…* | *Tasks and activities completed by the learner contain the following evidence of competence…* |
| SO1: Develop a mission statement for a CBO | • Issues of concern in the community are identified<br><br>• The purpose of the organisation is clearly expressed in a mission statement<br><br>• The broad approach and activities to address the issues are described |
| SO2: Choose appropriate structures for leading and managing the organisation | • Various types of organisational forms are identified<br><br>• The advantages and disadvantages of each are discussed for their context.<br><br>• A simple leadership structure is proposed<br><br>• Appropriate leadership roles and responsibilities are described and agreed |
| SO3 : Set up appropriate governance systems | • Transparency, accountability and oversight are explained<br><br>• Rules for working together in a transparent and accountable way are agreed and recorded (constitution, code of conduct, values of organisation, procedures etc)<br><br>• Actions to ensure accountability and independent oversight are identified |

# ACTIVITIES

There are a number of activities in the manual. These are an important part of the learning approach and you are encouraged to complete these activities as part of your learning process. They will become part of your own "toolkit" to help you mobilise resources more effectively. Some of these activities can also be used as part of your portfolio of evidence, which you need to compile if you wish to be assessed for competence in this standard.

## Symbols used in this manual

| | |
|---|---|
|  | **Important thought**<br>This sign shows an important thought or idea for you to take note of. |

| | |
|---|---|
|  | **Definition**<br>When you see this sign, a term is explained here. |

| | |
|---|---|
|  | **Self-test**<br>This designates a self-test section - this is an opportunity for you to check your understanding and if you are unclear, to discuss with your trainer. |

## Case study/Example

Case studies or examples will tell you about a practical application of something that has been discussed or covered in the course.

## Individual activity

This sign marks an activity – either during the class or as homework. These activities are important to complete – both for your understanding but also as they can be included as part of your Portfolio of Evidence (PoE) for assessment.

## Group activity

This sign means that this activity is a group work activity.

# INTRODUCTION

In almost all communities in our country you will find a small community project or someone working hard to improve the community in which they live. Community organisations are an important part of each community.  Often they fill the gap between the needs of the people and the services that government is unable to provide.

Community organisations take many forms and have many different purposes. Many community organisations have a very informal structure and work in an informal way. This course does not suggest that every community organisation needs to adopt a more formal structure. If they are functioning well as they are, they may choose to remain that way.

However sometimes under pressure from the growing need in the community, in order to be accepted or for funding purposes, community organisations choose to organise themselves in a more formal way. They decide what kind of organisations they want to become (legal structure), develop the rules and procedures for how the organisation will be run (founding document/constitution), select a group of people who will oversee and guide the organisation (governing body) and then ensure that there are people to do the work (staff with a management structure).

If this is what your organisation would like to do, then this course is for you. The suggestions and structures explained in this manual can be adapted and changed to suit your environment and needs.

# SETTING UP YOUR CBO

When you want to start a CBO in your community there are some basic steps that you need to take to ensure that your CBO is set up correctly.

## Steps to set up a CBO

1. Come together to address a need.
2. Discuss a vision and develop a clear direction that will work to address this need (this is the mission).
3. Select your aims and objectives.
4. Set up systems to support and ensure accountability (governance and legal structures).
5. Set up the management or leadership structure to do the work.

# WHAT ARE THE NEEDS IN YOUR COMMUNITY?

Most community based organisations and development work, begin when someone or a group sees a need in the community and wants to do something about it. It often happens in a very informal way. This need is usually an issue that is of concern to the community and affects people directly. Knowing what the community needs, helps the organisation to become clear about **why and what** we are doing. This helps in making sure that the programmes are well-designed, for giving the organisation direction and for showing outsiders (the community and possibly funders) what you do.

# Doing a needs assessment

There are different ways to find out what the community needs. It is important to make sure that the need you are addressing is properly understood. This will also help to ensure that your programme is focused and will convince beneficiaries (and possibly funders) that your programme is needed.

One of the ways of getting to understand the needs and challenges in your community is to do a **needs assessment**. It is important to write down what you find so that you can keep track of changing needs and challenges that your clients and community face.

One way of doing a needs assessment is by talking to people – this is sometimes called an interview or survey. When you do a needs assessment, you need to ask specific questions to find out what the needs are in the community.



## Group activity

Brainstorm some ways that you can find out more about the needs in your community?

Use one of the organisations in the group as an example and think about the programmes of the organisation. What information can you get from the people you work with that would help you understand the needs better? Write down these questions below.

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## Individual activity

Think of your own organisation.  What need does your programme address in the community?

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## Important thought

It is easier as community workers to focus on the problems in our communities and sometimes we forget that there are also lots of strengths and assets in the community. We need to build on these if we want to be successful.

# WHAT DO WE WANT TO ACHIEVE?

Now that we know the needs in the community and its

strengths it is time to look at what the purpose of the

organisation is going to be.  Every community organisation

needs a vision and a mission that explains what they do and

what their purpose is.

## Definition

A vision is an **ideal** picture of the future – a dream of what your organisation sees as the perfect future where the needs that you are working on are met. It is this dream picture that you work towards as an organisation and that guides you to a better future.

## A Mission statement

A Mission describes what you as an organisation will **do** to try and achieve your vision, e.g.:

> **"our mission is to…"**
>
> **"we will strive to…"**
>
> **"we will ensure that…"**
>
> **"we are committed to…"**

## Example of a Mission Statement

*For example for a programme that supports treatment literacy on HIV/AIDS*

Our mission is to educate people about (and promote the use) of effective and lifesaving treatment for AIDS and to build the capacity of medical support staff to offer effective and knowledgeable support to those who are affected and infected by HIV.

## Individual activity

Does your organisation have a mission statement?  If so write it down below.

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Our vision and mission point to where we are going as an organisation.
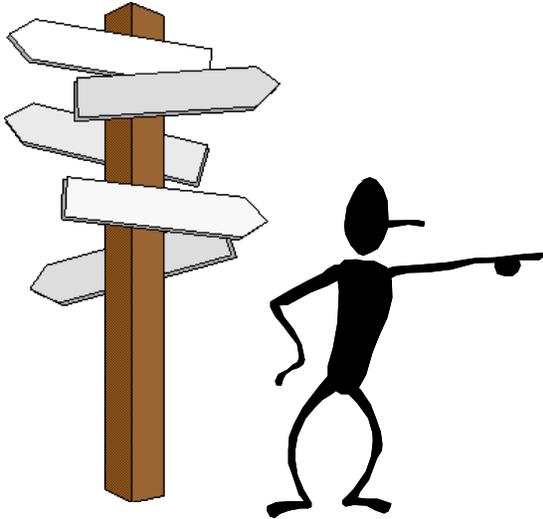
They do not describe the specific activities that you will do.  Before you choose your activities you need to have some aims and objectives. This describes in more detail what you will do as an organisation.

It does not help to have too many aims. Try to limit your organisations aims to about 3 or 4.  This helps you keep the focus.

Once you have your aims you can look at the activities to make all of this happen!

When planning your activities, answer the following questions:

- What will we do? (activity)
- When? (timeframe)
- Who will do it? (person or persons responsible)
- What will it cost? (budget and resources)

Here is an example of how we can put all of these things together.

## Example: Activities to address a specific issue or need

| AIM | To develop life skills amongst at risk youth over a one-year period. | | |
|---|---|---|---|
| **OBJECTIVE** | Facilitate weekly life skills workshops for Imizamo Yethu High for up to 50 youth (13-16 years) during the 2007 school year | | |
| **What?** | **When?** | **Who?** | **Resources?** |
| Organise youth focus groups to identify needs | January 2007 | Facilitation team | Time and transport |
| Design workshops based on needs | Finish design by February 2007 | Facilitation team | Time, books |
| Produce workbooks | End March 07 | Project manager | Stationery, paper, printing |
| Run workshops | Weekly April 07 – Nov 07 | Facilitators | Art materials, paper, staff |
| Evaluate workshops | January - February 2008 | Project manager | R10 000 for the cost of evaluation |

## Group activity

In your groups, identify one specific need in the community.  Use the table below to plan some activities that you can use to address this need.

| AIM | | | |
|---|---|---|---|
| **OBJECTIVE** | | | |
| **What?** | **When?** | **Who?** | **Resources?** |
| | | | |
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## Self-test

You should be able to:

- Identify issues of concern in the community

- Express the purpose of your organisation in a mission statement

- Describe the broad approach and activities to address the issues

Please ask your facilitator if you are unsure of any of the above

# CHOOSING THE RIGHT STRUCTURE TO LEAD AND MANAGE THE ORGANISATION

Once we are clear on what our organisation is going to do, we need to agree on how we want to work together and how we want our organisation to function.

## Different legal structures

There are different ways of organising into a formal structure. There are also many different kinds of civil society organisations: some are set up to make a profit for their members, others are not for profit but to provide some form of service or benefit to their members or the public. What they all have in common is that they are not part of government (which is why they are sometimes called *non-governmental organisations NGOs).*For many community organisations, it is enough that they meet and work together to achieve a common goal. Those that draw up a constitution together become a **voluntary association.**

### Definition

The Non-Profit Organisations Act (No 71 of 1997) defines a Non Profit Organisation as:

*a trust, company or other association of persons -*

*(a) established for a public purpose; and*

*(b) the income and property of which are not distributable to its members or office bearers except as reasonable compensation for services rendered*

What this means is that non-profits are set up for public purposes and that the income and property of the organisation cannot be given or shared amongst its members or staff unless in the form of payment for services (in other words a salary).

In setting up a non-profit organisation, the most common structures that are chosen are a voluntary association, a trust or a section 21 company. Each of these has its own rules and requirements and it is important to understand these when choosing your structure. In this manual we are going to concentrate on the voluntary association.

**Voluntary association**

A **voluntary association** is what most community organisations choose to be. It is created by having an agreement with three or more people to form an organisation so that you can work together to achieve a common non-profit objective. It does not need to be registered with any formal institution.

A group of people with executive powers (described in the constitution) are appointed for governance – the governing body.

Voluntary organisations are easy to set up and cheap to maintain as they do not need lots of complex management and regulation. This can be a disadvantage as

some funders prefer the more formal structures of a trust or company. However, if you establish a good track record, this will speak for itself.

The other two legal structures are:

- **Trust**

A trust is a written agreement in which a founder hands over property and/or money to a group of people (the trustees) to manage for the benefit of others.

- **Section 21 company**

A **Section 21 company** is registered like a business however they do not share the money with shareholders or members like in a for-profit business.

## Individual activity

Do you know which legal structure your organisation is?  If you are not sure find out from your organisation.

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Each different structure has certain advantages and disadvantages.

## Group activity

As a group discuss what you think the advantages and disadvantages of each of these structures are.

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## Self-test

You should be able to:

- Identify various types of organisational forms

- Discuss the advantages and disadvantages of each


Please ask your facilitator if you are unsure of any of the above.

# LEADERSHIP IN THE ORGANISATION

Now that you know what the legal structures are that organisations can use, we need to take a look at who is leading and managing the organisation and how they do it.

## Roles and responsibilities of a leader

A good leader will do a number of different things in a group. Below are some:

- **Observe the team** – to notice where the problems are. What are the strengths and weaknesses? What jobs are being done and what still needs to be done?

- **Identify critical issues** – Identify together as a team the things that are important for success

- **Learn ways to solve key problems** – Try to involve people and get them to participate in solving the problems themselves

- **Practice what you preach** – Remember that if you preach about listening well or participation and empowerment, you need to demonstrate this as a leader too. There cannot be different rules for the leader than for those s/he leads as this builds anger, dislike and mistrust.

- **Observe people's feeling** - note how people feel particularly about difficult issues and try and make time to discuss this and sort it out in the group

- **Be aware of the needs of the group** – more on this in the next chapter.

- **Listen** – listen to people and try to be non-judgemental. Do not interrupt people when they are speaking and try not to jump to conclusions about what they are saying but ask questions to clarify

- **Be flexible** – be prepared to change for the group and to let go of some of your ideas and opinions.

- **Encourage feedback and openness** – try to encourage these practices in your team and take seriously the feedback you receive about your actions. There is more on this later in this manual.

- **Be accountable** – always take responsibility for what you do, right or wrong.

Adapted from *The New Toolkit for CBOs,* Vol 3, pg 6

## Group activity

What do you as a group think the roles and responsibilities of a good leader are?

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Some organisations have a structure where one main person is in charge and makes most of the decisions and passes this on to others. In such a structure there is not a lot of participation and consultation with staff.

Other organisations have more of a *team based* structure where decisions are shared and management's role is more about co-ordinating and supporting staff.

## Individual activity

What kind of structure does your organisation have? What are the benefits and the challenges of the kind of leadership structure that your organisation has chosen?

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Leadership needs to help motivate staff and volunteers. It also needs to build a sense of ownership and participation.

In many CBOs the governing body forms the main leadership structure of the organisation. The governing body therefore also has some roles and responsibilities as the leaders of the organisation. For the governing body to offer good guidance and support to the organisation, they should have skills and knowledge across a wide range of legal, management, financial, personnel, community and other specialist skills. These members need clear 'jobs' with specific roles as office bearers. They should agree to these and to a code of conduct for the organisation.

The constitution describes which office bearers you should have and sometimes it describes some of their responsibilities. Most organisations have a chairperson, a treasurer and a secretary (while others have vice-chairs, sub-committees and other portfolios).



## Group activity

In groups, brainstorm the skills and responsibilities of these office bearers:

**The chairperson**

*Skills*

_____

_____

_____

*Responsibilities*

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## The Treasurer

*Skills*

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*Responsibilities*

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## The Secretary

*Skills*

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*Responsibilities*

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**Self-test**

You should be able to:

- Propose a simple leadership structure for your organisation

- Describe appropriate leadership roles and responsibilities

Please ask your facilitator if you are unsure of any of the above.

# SETTING UP APPROPRIATE GOVERNANCE SYSTEMS

Most small community organisations start out with founding members. These members often are the first members of the governing body and they do the work of the organisation. However as organisations grow and develop, there needs to be separation between those who do the work of the organisation (the staff or volunteers) and those who take on the organisation and its accountability (the governing body). This helps to ensure good governance.

|  | **Definition** |
|---|---|
| Governance is the way in which an organisation distributes powers, rights and accountability. | |

## What is the role of the governing body?

Good governance requires that the governing body works in an effective way to ensure accountability, correct legal practice and quality functioning of the organisation. The governing body is ultimately responsible for the organisation and its delivery. This can be a very difficult task – especially as governing body members are volunteers and often they have other responsibilities outside of their governing body responsibility.

## Individual activity

What do you think the role of the governing body is?

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The different stages in the development of an organisation call for different things from the governing body. For example, in an organisation that is still establishing itself, the governing body might be very involved and play quite an active role in

the organisation as it supports its development but as the organisation matures the governing body plays a less involved role and more of an oversight function.

The role of the Board has to fit the history and the culture of the organisation. The organisation's constitution will spell out the role of its Board. This does not mean that Boards cannot change, or learn how to fulfil their roles better. The role of the Board should be discussed openly within the Board itself and between the Board and the staff.

The governing body has some specific **legal requirements**:

Members of the governing body of an NPO must follow the legal responsibilities that are described in the constitution and in the law. In each organisation this might be a little different, but the governing body needs to make sure that they know and understand what is expected of them. These include:

- Drawing up an annual report for the AGM

- Having a AGM

- Proper financial management systems and opening a bank account

Other responsibilities can also include:

1. **Keeping the organisation focussed on the mission, purpose and objectives.**
2. **Selecting, supporting and monitoring the performance of the director/manager of the programme**
3. **Planning for the organisation.** The Governing body should check and approve the plans provided by the professional staff.
4. **Managing Resources.**
5. **Monitoring of the organisation's programmes and services.**

6. **Building the image of the organisation.**

7. **Being the final decision maker.**

The system of governance needs to be transparent and accountable. This means that people need to know what is happening in your organisation and you need to be able to explain how you spend money and run your organisation.

There are certain things that you can do to ensure that the board functions well and is accountable.

- Having a good induction process for new board members when they start in the organisation – this would mean that you would give them good information about the history of the organisation; its policies, the constitution; the vision and mission of the organisation and all other relevant information that they would need to know exactly what the organisation does and how it operates.

- Having a code of conduct for board members that all members sign

- Holding regular AGMs

- Having 'job descriptions' for the board

- Running effective and productive meetings – regularly but not too often

Running effective meetings is also an important way to ensure that everyone in the organisation works well together and are accountable. Remember the following at the meeting:

- Give everyone a chance to speak.

- Listen attentively to the inputs from staff and volunteers.

- Delegate the responsibilities of the meeting e.g. minute taking to different people (this will build the capacity of staff and volunteers).

- Encourage open discussion of issues on the agenda.

- Manage conflict effectively in the meeting should it arise.

**Group activity**

In your groups think of other rules or procedures that an organisation needs to ensure that it functions well and is accountable for what it does.  Make a list below

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## Documents that help with good governance

There are different documents that can be used to form the 'rules' of working together in a transparent and accountable way. These include:

- A constitution

- A code of conduct

- Procedures for activities in the organisation e.g. how to run effective meetings; good communication in the office etc.

### Definition

**A constitution** is important because it says what your organisation does, how it will be structured, and how it will run. It includes the duties of each member. In this way, your constitution guides its members on how the organisation will function. It is a legal document

Most funders want you to give them a copy of your organisation's constitution before they will think about funding it. Banks generally also want to be given a copy of your constitution.

## Writing a constitution

To write your constitution, you need to get together to discuss and agree on how you see the organisation working. Below are

some of the common areas that you need to include in a constitution and some questions to guide your discussions for each:

## 1. Name

Write down the full name and abbreviation of the organisation and what kind of organisation it is.

## 2. Legal status

Describe the legal structure of your organisation.

## 3. Mission, aims and objectives

Define the organisation's mission, aims and objectives.

## 4. Membership

Discuss:

- Who may join and how? For example, filling in membership forms;
- The duties and privileges of members;
- The amount, if any, of membership subscription fees;
- What happens if members do not pay their subscription fees for a certain period. Will they cease to be members of your organisation?

## 5. Structure and decision-making

Discuss and write:

- What structures should exist such as AGM's, general meetings, an executive board, sub-committees, etc;

- The notice-period required for certain meetings;

- What quorum is needed to make meetings constitutional;

- What responsibilities certain structures or positions have;

- What powers and duties each structure has.

## 6. Meetings procedure

Discuss and write:

- Who will chair the meetings;

- How voting will take place;

- How minutes are recorded, read and approved.

## 7. Election of office-bearers

Discuss and write:

- How office-bearers are elected. For example, by verbal nominations and a show of hands or by nomination forms and a ballot;

- How the result of the voting procedure is announced;

- How vacancies are filled.

## 8. Staff

Where an organisation does employ staff, it must say:

- How staff are appointed;

- What their positions and duties are;

- To whom they are accountable.

## 9. Discipline

Discuss and write:

- What kind of behaviour is expected of members;

- What kind of behaviour is unacceptable;

- How an investigation or disciplinary hearing is instituted;

- How members may be disciplined and dismissed.

## 10. Financial control

Discuss and write:

- Who is responsible for keeping financial records and who are they accountable to;

- Who is allowed to sign cheques as per organisational policy;

- Who has to approve withdrawals from the organisation's account beyond a certain limit;

- Who is responsible for drawing up financial statements;

- When the organisation's financial year will begin and end;

- Whether audited statements are necessary and when and to whom they are submitted, for example, once a year to an AGM.

## 11. Affiliation

State:

- To whom the organisation is affiliated;

- What responsibilities or duties this carries.

## 12. Amendments to the constitution

Discuss and write:

- What percentage of the membership is needed to vote in favour of amending the constitution;

- How a member or members wishing to propose an amendment must notify the relevant structure.

## 13. Dissolution of the organisation

Discuss and write:

- What percentage of the membership is needed to vote in favour of dissolving the organisation;

- What decision must be taken with regard to the organisation's assets;

- The appointment and duties of a liquidator.



# Important thought

Once a constitution is written and accepted it can be difficult to change (amend), therefore the fewer changes you need to make the better. A version of a model constitution is attached at the end of this manual but should be used for reference only and not copied exactly as each organisation has its own particular needs and structure.

# Code of conduct

**Definition**

**A code of conduct** is a set of <u>rules</u> outlining practices for an individual or organization.

**Example:  Code of Conduct**

The following Code of Conduct and Ethics will be adhered to by all Directors, Board of Management Members, Managers and employees, as well as volunteers.  The commitment is grounded on the belief that all service delivery should be based on high moral, ethical and legal standards.

I, …………………………………………. …., hereby undertake to

- Promote the vision and mission of _____(*name of organisation*)

- Serve the interest of _____ (*name of organisation)* by providing a quality service.

- Ensure that the needs of clients are addressed in a professional manner,

timeously and adequately.

- Treat all information about the clients and their circumstances as confidential and to promote the individuals' right to privacy.

- Ensure that external and internal political, commercial or personal interest does not influence or affect the professional advice and support given to clients.

- Conduct all business on behalf of _____ (*name of organisation)* in line with the legal and regulatory framework applicable to the service area.

- Act honestly, avoid potential misrepresentation and subscribe to the highest ethical standards in conducting the affairs of the organisation.

- Immediately disclose any potential or real conflict of interest that may exist, or that may be perceived to exist, or that I become aware of.

- Commit myself to the highest level of team work and collaboration with all partners in the service delivery loop.

- Not discriminate against any individual on the basis of race, colour, creed, sex, sexual orientation, age, place of origin or national ancestry, family or marital status, religion, political persuasion or disability.

- Comply with all Policies and Procedures as laid down by _____ (*name of organisation).*

- Protect and use the organisation assets for the express purpose of promoting the business of the organisation and to report any abuse, improper or fraudulent use of the resources.

- Promote open and constructive communication within and outside the organisation.

- Maintain the required records prescribed in the Policy and Procedure Manuals.

- Continue to take responsibility for my own professional and personal development.

Signed : _____

Date:     _____

## Individual activity

Now think of your own organisation.  Which of the following do you have:

- A constitution

- A code of conduct

- Policies and procedures

- Minutes and agendas for meetings

If you are not sure, go back to your organisation and find out.  Make sure that you know what your organisation's constitution and code of conduct is.   If your organisation does not yet have these tools, then you can develop them.

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## Self-test

You should be able to:

- Record rules for working together in a transparent and accountable way

- Explain transparency, accountability and oversight

- Identify actions to ensure accountability and independent oversight

Please ask your facilitator if you are unsure of any of the above.

# ADDENDUM

## A Model Constitution

This is a model constitution provided by the NPO directorate (department of Welfare – you can access this online on http://www.welfare.gov.za/npo/model.pdf). It is important not to just copy this but to use it as an **example only** and work out your own so that it is relevant to your organisation. For example, deciding how many members should be on your board and what makes a quorum will all be different for each organisation.

1. **Name**

**1.1** The organisation hereby constituted will be called **e.g. Masimbambane Pre-School.**

1.2 Its shortened name will be **e.g. MP** (hereinafter referred to as the organisation).

1.3 Body corporate

The organisation shall:

- Exist in its own right, separately from its members.

- Continue to exist even when its membership changes and there are different office bearers.

- Be able to own property and other possessions.

- Be able to sue and be sued in its own name.

## 2. Objectives

2.1 The organisation's main objectives are to e.g. **To provide community service to all the communities regarding STD/HIV/AIDS and other related diseases and their conditions.**

2.2 The organisation's secondary objectives will be to: e.g. **To work in collaboration with other organisations that mainly deal with health transformation and education.**

## 3. Income and property

3.1 The organisation will keep a record of everything it owns.

3.2 The organisation may not give any of its money or property to its members or office bearers. The only time it can do this is when it pays for work that a member or office bearer has done for the organisation. The payment must be a reasonable amount for the work that has been done.

3.3 A member of the organisation can only get money back from the organisation for expenses that she or he has paid for or on behalf of the organisation.

3.4 Members or office bearers of the organisation do not have rights over things that belong to the organisation.

## 4. Membership and General Meetings

4.1 If a person wants to become a member of the organisation, she or he will have to ask the organisation's management committee. The management committee has the right to say no.

4.2  Members of the organisation must attend its annual general meetings. At the annual general meeting members exercise their right to determine the policy of the organisation.

**5.  Management**

5.1  A management committee will manage the organisation. The management committee will be made up of not less than e.g.6 members. They are the office bearers of the organisation.

5.2  Office bearers will serve for one year, but they can stand for re-election for another term in office after that. Depending on what kind of services they give to the organisation, they can stand for re-election into office again and again. This is so long as their services are needed and they are ready to give their services.

5.3  If a member of the management committee does not attend three management committee meetings in a row, without having applied for and obtaining leave of absence from the management committee, then the management committee will find a new member to take that person's place.

5.4  The management committee will meet at least once a month. More than half of members need to be at the meeting to make decisions that are allowed to be carried forward. This constitutes a quorum.

5.5  Minutes will be taken at every meeting to record the management committee's decisions. The minutes of each meeting will be given to management committee members at least two weeks before the next meeting. The minutes shall be confirmed as a true record of proceedings,

by the next meeting of the management committee, and shall thereafter be signed by the chairperson.

5.6 The organisation has the right to form sub-committees. The decisions that sub-committees take must be given to the management committee. The management committee must decide whether to agree to them or not at its next meeting. This meeting should take place soon after the sub-committee's meeting. By agreeing to decisions the management committee ratifies them.

5.7 All members of the organisation have to abide by decisions that are taken by the management committee.

## 6. Powers of the organisation

The management committee may take on the power and authority that it believes it needs to be able to achieve the objectives that are stated in point number 2 of this constitution. Its activities must abide by the law.

6.1 The management committee has the power and authority to raise funds or to invite and receive contributions.

6.2 The management committee does, however, have the power to buy, hire or exchange for any property that it needs to achieve its objectives.

6.3 The management committee has the right to make by-laws for proper management, including procedure for application, approval and termination of membership.

6.4 Organisations will decide on the powers and functions of office bearers.

**7. Meetings and procedures of the committee**

7.1 The management committee must hold at least two ordinary meetings each year.

7.2 The chairperson, or two members of the committee, can call a special meeting if they want to. But they must let the other management committee members know the date of the proposed meeting not less than 21 days before it is due to take place. They must also tell the other members of the committee which issues will be discussed at the meeting. If, however, one of the matters to be discussed is to appoint a new management committee member, then those calling the meeting must give the other committee members not less than 30 days notice.

7.3 The chairperson shall act as the chairperson of the management committee. If the chairperson does not attend a meeting, then members of the committee who are present choose which one of them will chair that meeting. This must be done before the meeting starts.

7.4 There shall be a quorum whenever such a meeting is held.

7.5 When necessary, the management committee will vote on issues. If the votes are equal on an issue, then the chairperson has either a second or a deciding vote.

7.6 Minutes of all meetings must be kept safely and always be on hand for members to consult.

7.7 If the management committee thinks it is necessary, then it can decide to set up one or more subcommittees. It may decide to do this to get some work done quickly. Or it may want a subcommittee to do an inquiry, for example. There must be at least three people on a sub-committee. The

sub-committee must report back to the management committee on its activities. It should do this regularly.

## 8. Annual general meetings

The annual general meeting must be held once every year, towards the end of the organisations financial year. The organisation should deal with the following business, amongst others, at its annual general meeting:

- Agree to the items to be discussed on the agenda
- Write down who is there and who has sent apologies because they cannot attend
- Read and confirm the previous meeting's minutes with matters arising.
- Chairperson's report
- Treasurer's report
- Changes to the constitution that members may want to make.
- Elect new office bearers
- General
- Close the meeting

## 9. Finance

9.1 An accounting officer shall be appointed at the annual general meeting. His or her duty is to audit and check on the finances of the organisation.

9.2 The treasurer's job is to control the day to day finances of the organisation. The treasurer shall arrange for all funds to be put into a bank account in the name of the organisation. The treasurer must also keep proper records of all the finances.

9.3  Whenever funds are taken out of the bank account, the chairperson and at least two other members of the organisation must sign the withdrawal or cheque.

9.4  The financial year of the organisation ends on eg 31 March 2002 (please cover a full 12 months period).

9.5  The organisation's accounting records and reports must be ready and handed to the Director of Non-profit Organisations within six months after the financial year end.

9.6  If the organisation has funds that can be invested, the funds may only be invested with registered financial institutions. These institutions are listed in Section 1 of the Financial Institutions (Investment of Funds) Act, 1984. Or the organisation can get securities that are listed on a licensed stock exchange as set out in the Stock Exchange Control Act, 1985. The organisation can go to different banks to seek advice on the best way to look after its funds.

**10. Changes to the constitution**

10.1  The constitution can be changed by a resolution. The resolution has to be agreed upon and passed by not less than two thirds of the members who are at the annual general meeting or special general meeting. Members must vote at this meeting to change the constitution.

10.2  Two thirds of the members shall be present at a meeting ("the quorum") before a decision to change the constitution is taken. Any annual general meeting may vote upon such a notion, if the details of the changes are set out in the notice referred to in 7.3

10.3 A written notice must go out not less than fourteen (14) days before the meeting at which the changes to the constitution are going to be proposed. The notice must indicate the proposed changes to the constitution that will be discussed at the meeting.

10.4 No amendments may be made which would have the effect of making the organisation cease to exist.

## 11. Dissolution/Winding-up

11.1 The organisation may close down if at least two-thirds of the members present and voting at a meeting convened for the purpose of considering such matter, are in favour of closing down.

11.2 When the organisation closes down it has to pay off all its debts. After doing this, if there is property or money left over it should not be paid or given to members of the organisation. It should be given in some way to another non-profit organisation that has similar objectives. The organisation's general meeting can decide what organisation this should be.

This constitution was approved and accepted by members of _____

_____

At a special (general) meeting held on the _____ (day) of _____

_____ (month) _____(year).


_____          _____

Chairperson                                             Secretary

# USEFUL WORDS

Constitution                 Rules that govern an organisation

Founding Document            means any document setting out the organisation's aims and how it is to be administered. It may be a trust deed, constitution, or memorandum and articles of association. This is the document in terms of which the organisation is constituted.

Governing Body               means the management committee of a voluntary association, sometimes called a board or committee (in a trust this is a board of trustees and a board of directors of a company). It refers to anyone who is elected or appointed to one of these bodies and who performs a governance function in the organization.

Legal Requirement            Is required by the law of the land

Organisation                 A group of people that work together to change something or make something happen

Policies                     Guidelines or rules that the organisation agree to use to operate effectively

Quorum                       The minimum number of people it takes to have an official meeting declared valid

Resources                    What you need to use to achieve your goal e.g. human skill and physical resources such as equipment and materials

| Tax Exempt | Because of particular circumstances, the law says that you do not have to pay tax. |

The learning materials for Development Practice and Management were specifically designed to complement and give substance to the competence standards drafted with the assistance of community based development practitioners in South Africa. It is envisaged that practitioners, capacity builders, grant-makers and others will use these standards and learning materials, improve them and in turn share their learning with others via www.developmentpractice.org.za.

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