

Towards Improving Governance of Charities Organization

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The Perspective

Charities organization are private organizations characterized primarily by humanitarian or cooperative, rather than commercial, objective, that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development. Non-Government organizations (Charities organization) are the groups or institutions or organizations that are not reducible to the administrative grasp and work on 'non-profit' basis with the principles like social equality, altruism and human development as their foundations. Social service is associated with India since ancient times.

The primary function of a Charities organization is to give benefit to the public by performing worthy causes that helps the public at large. They generally function as a welfare organization and work for the improvement of the society through their charitable function. There are three basic legal forms of charitable entities under Indian law: Trusts, Societies, and section 8 companies. The legal framework governing the charitable institution will depend on the purpose and scope of the activities which NGO would desire to engage in.

The steady rise of Charities organization has captivated the imagination of some policymakers, activists, and analysts leading some observers to claim that Charities organization are in the midst of a "quiet" revolution. The most highlighted success of Charities organization could be seen in their achievement in influencing government to bring out various development-oriented policies and laws. Few of such laws and policies include: Right to Information, Integrated child development scheme(ICDS), Integrated child protection scheme(ICPS), MNREGA, Juvenile justice, Nirmal gram initiative, Rastriya swasthya bhima yogna(RSBY), Various policies on women development, forest and environment development, anti-trafficking, people with disability etc.,

Charities organization and Governance

Charities organization are helping men and women shape their own destinies in freedom, and by so doing, helping to build a safer, better world for us all. NGO activism will likely become an even greater fixture on the world stage. It is welcomed by those who view the world as a global village. NGO accountability and best practices need to keep pace with the other two civil society sectors-government and private business. Good Governance is important in Charities organization because it affects how a charity is run and the services that the organization provides. The survival of these Charities organization depends on donors and funders. The competition among Charities organization and the desire to cultivate multiple revenue streams to resist donor capture requires these organizations to be transparent and accountable. Charities organization that have a better quality of governance will be better in gaining public trust, and, hence, will be in a better position to secure donations from the public. Despite its size and complexity, there is a dearth of academic research in the not-for-profit sector on issues of governance. Effective governance practices are critical for nonprofits of all sizes. Governance is about:

- ◆ agreeing to the purpose and objects of the charity
- ◆ ensuring that policies and activities help in achieving those objects
- ◆ formulating broad strategies to carry out the charity organization's purpose effectively
- ◆ monitoring charity organization's performance
- ◆ ensuring that it operates within the law.
- ◆ Ensuring the charity is run in a way that is legal, responsible and effective
- ◆ Being accountable to those with an interest or 'stake' in the charity.

Charities organization need strong governance, with robust structures, processes and good behaviors to best serve their beneficiaries and their cause. Proper corporate governance not only ensures that your nonprofit meets legal and ethical standards, but it will improve the overall strength of the organization. A focus on rules and procedures increases efficiency in the workplace. When new potential projects or hurdles arise, a responsive and proactive structure with proper procedures ensure the nonprofit organization has the right framework to succeed and expand.

Framework for improving governance in Charities organization

The coming decade will hold unprecedented challenges for Charities organization's to respond creatively and resourcefully to overcome hurdles and seize opportunities and in that scenario good governance will not be a matter of checklist practices but ensuring organizations don't stand still, and that they remain relevant. The media attention on governance issues, increased stakeholder awareness and vigilance makes it imperative for Charities organization's to create and imbibe effective governance mechanism and structure based on the following tenets.

- ◆ **Strategic planning:** The charity is set up to achieve certain aims for the benefit of the society and / or its members. The vision and mission of the charity should be clearly expressed and the charitable work should be carefully planned and implemented. The Board should, from time to time, review and approve the objectives of the charity. This is to ensure that the charity's objectives and work are relevant to the needs of the public. The programs and activities conducted by the charity determine the charitable work that the charity sets out to accomplish. They should be carefully planned, tracked and reviewed to ensure that they are relevant to the mission and vision of the charity. The charity should ensure that its operations and programs are directed towards achieving its objectives.
- ◆ **Human resource management :** Human resources are important assets of the charity. The charity should have policies in place for staff and volunteers who run its operations and programs.

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- ◆ **Financial management and controls:** The charity should have sound financial management and comply with applicable laws and regulations, to ensure that its resources are used legitimately and can be accounted for.
- ◆ **Operational controls:** The charity should ensure that basic operational controls are in place with documented procedures for financial matters in key areas, including: • Procurement procedures and controls; • Receipting, payment procedures and controls; and • System for the delegation of authority and limits of approval.
- ◆ **Disclosure and transparency:** The charity should be transparent and accountable in its operations. The charity should provide information about its mission, structure, programs, activities and finances, as well as be responsive to requests for information. The charity should ensure that its fundraising activities preserve the integrity and transparency of the charity. The charity should make information available to its members and donors about its: • Programs; • Activities; • Financials; and • Board members and executive management.
- ◆ **Public image:** The charity should build up its image to be consistent with its objectives. The charity should accurately portray its image to its members and donors.
- ◆ **Conflict of interest:** Management and staff should act in the best interests of the charity. Clear policies and procedures should be set and measures be taken to declare, prevent and address conflict of interest. The charity should set in place documented procedures for Board members and staff to declare actual or potential conflicts of interest at the earliest opportunity.
- ◆ **Program management:** The programs and activities conducted by the charity determine the charitable work that the charity sets out to accomplish. They should be carefully planned, tracked and reviewed to ensure that they are relevant to the mission and vision of the charity. The charity should ensure that its operations and programs are directed towards achieving its objectives and the outcomes of each program are clearly defined.
- ◆ **Budget Planning and Monitoring:** An annual budget should be prepared for the charity's plans. It should be regularly monitored. Financial statements with comparative budget figures should be presented at the Board meeting, with analysis and explanations given for major differences. Conducting surveys and analyzing data is key. It takes time to interpret the data in a way that makes it usable for the sector. Keep a checklist for each event, fundraising campaign, etc. to help measure your outcomes against your goals.
- ◆ **Investment management:** The process should be overlooked by a finance or investment committee. The legal and fiduciary responsibilities of managing investment assets pose a significant challenge for Charities organization of all sizes and complexity.
- ◆ **Timekeeping :** Like an advertising agency that is accountable for how staff time is spent, a nonprofit is accountable to its funders for tracking operational time. This becomes a challenge when timesheets are required for grants and funding or when employees question the number of hours they work. Organizations can provide excel spreadsheet, use Google drive, or various online time tracking programs. Time tracking is important and often overlooked in the pace of just working so hard!
- ◆ **Culture of ethics and accountability:** Losing public confidence erodes the very foundation upon which the charity organization is built. A great place to start is with a code of ethics that is rooted in the values, vision, and mission of the charity. The adoption of a formal code provides staff, board, volunteers, and stakeholders with clear guidelines for making ethical choices. At the heart of the charity and stakeholder relationship is trust. Goodwill earned by responsible governance practices ensures that donors give, volunteers serve, and the public benefits.
- ◆ **Board governance:** The charity is run by a group of individuals called the Board. Members of the Board are people elected or appointed based on the rules of the charity's governing instrument. The Board is responsible to comply with its governing instrument and all relevant laws and regulations. The Board makes sure the charity is run well and responsibly, so that the charity would continue to be effective, credible and sustainable
- ◆ **Board Roles and Composition:** Board members should know their responsibilities and the charity's work, to ensure that the charity is well-managed and fulfils its objectives. All Board members of the charity should exercise independent judgement and act in the best interests of the charity. There should be governing instruments on issues such as: • The Board's composition; • Election or appointment process; a clear distinction should be made between their Board role and their operational work. The Board may consider setting term limits for all Board members to ensure steady renewal of the Board. These may be set out in the charity's governing instrument.
- ◆ **Board Committees:** The Board should have committees with documented terms of reference – stating how, when, who and what has to be done – to oversee Audit, program and services, Investment, risk management. Proceedings and decisions of Board and committee meetings should be minuted and circulated to the members as soon as practicable.
- ◆ **Service delivery:** In the decision to financially support a charity organization, the service delivery is one of the most important factor that influences donors/financial supporters to back the charity organization. Charities organization often tell their stories by illustrating their impact on the lives of a single individual, family or member. While powerful, it doesn't replace a solid performance tied to specific, measurable outcomes.
- ◆ **Risk management:** Effective risk management plan including inter-alia, risk identification, risk assessment, risk mitigation and risk control is key for a charity organization. From executive staff to volunteer leadership, proactive steps taken to mitigate risk improve the likelihood that the charity organization won't be derailed by an unanticipated event.

Conclusion

Charities organization have been playing a very active role in the developmental process of our country because there are certain areas in the growth process which always need extra attention and consideration and that is also why these setups have emerged as the pioneer planners, catalysts, facilitators and coordinators. Over the years, Charities organization have found a place in the Five Year Plans of the government. Charities organization working with enhanced accountability, by providing alternative solutions to the development, in collaboration with the government and market promise a sustainable and inclusive development structure which will elevate the Human Development Index of the people in India.