21

PLAYBOOK

Best practices curated
with practitioners

MANAGEMENT

GOVERNANCE

THE GOOD GOVERNANCE TOOLKIT

AXIS BANK FOUNDATION

TABLE OF CONTENTS

Preface

In an era marked by rapid change and complex challenges, the role of governance in the social sector has never been more crucial. Across India, grassroots organisations are tasked with not only addressing pressing community needs but also ensuring that their work is sustainable, transparent, and impactful. Recognising this, there is a growing emphasis on strengthening the governance structures that underpin these organisations, particularly through the cultivation of dynamic and effective Boards.

This toolkit has emerged from a collaborative journey, informed by the wisdom and experience of grassroots leaders who strive daily to create meaningful, lasting change. Through extensive engagement and thoughtful dialogue, we have gathered practical insights and strategies that can empower organisations to reflect upon and enhance their governance practices. The aim is to foster a culture of excellence and accountability that serves not just individual organisations, but the broader ecosystem within which they operate.

We hope that this resource inspires organisations to embrace continuous improvement, institutionalise best practices, and cultivate Boards that are truly equipped to guide them through both opportunities and challenges. By working together and learning from one another, we can collectively raise the standards of governance in the social sector and contribute to a stronger, more resilient India.

Introduction

The Importance of Strengthening Governance in Social Sector Organisations

In the current landscape, it is becoming increasingly vital for social sector organisations to focus on strengthening their governance structures. The presence of stronger, more diverse, and agile Boards significantly contributes to enhancing the resilience and sustainability of mission outcomes. Well-governed Boards are better equipped to steer organisations towards long-term success, ensuring they remain adaptable and effective in achieving their objectives.

Purpose and Scope of the Toolkit

This toolkit has been developed to provide grassroots organisations with practical suggestions to reflect upon the role and significance of their Boards. The intention is not only to highlight the impact Boards can have on their own organisational outcomes but also to encourage the setting of higher standards and expectations across the sector as a whole. By engaging with this toolkit, organisations are encouraged to appreciate and leverage the potential influence their Boards hold, thereby contributing to broader sectoral improvement.

Development and Foundation of the Toolkit

The standards and recommendations presented in this toolkit have been formulated through extensive consultations with thirty grassroots organisations from across the country. These consultations comprised day-long deliberations focused on identifying essential bases for reflection and improvement in governance practices. The collaborative process ensures that the toolkit is grounded in the real-world experiences and insights of diverse rural organisations.

Institutionalising Good Practices and Continuous Improvement

While many organisations may already have effective practices in place—though possibly articulated in different ways—this toolkit serves as a means to institutionalise such practices. It provides a structured approach for organisations to both formalise existing strengths and identify opportunities for further enhancement where necessary.

Acknowledgement

Axis Bank Foundation extends its gratitude to the partner organisations for their valuable insights and recommendations, which have been instrumental in shaping this toolkit. It is with their collective input that this resource is now available as a shared offering for the broader sector. It further extends gratitude to Aarti Madhusudan, an independent consultant who curated and managed the process, designed the toolkit and engaged with participating NGO partners.

Disclaimer

The toolkits included in this resource have been developed through a comprehensive consultative process. While every effort has been made to ensure their relevance and utility, it is important for users to carefully assess the applicability of these toolkits in the context of their own organisations. Users are advised to consider their specific legal and statutory obligations, as well as the implications that may arise based on the nature and type of their entity. Ultimately, the responsibility lies with each organisation to determine how best to adapt and implement the recommendations in accordance with their unique requirements and regulatory frameworks.

Let’s Get Started – Founder/ CEO/ Board Readiness

Effective board and governance strengthening relies significantly on the willingness and preparedness of all parties involved. These tools yield optimal outcomes when there is readiness in the founder or CEO, alignment between the founder or CEO and the Board, as well as among Board members themselves. The purpose of the strengthening process and associated tools is to facilitate thoughtful reflection rather than serve as evaluative tests. Nevertheless, these reflections are designed to inform deliberate decisions regarding actions to uphold, enhance, or validate the current governance practices.
The first step is a Readiness checklist. This may also be done in parallel by the Board members for a more consensus driven approach. The Quiz will help reflect the different level of readiness and priorities of action for strengthening the Boards.

The Readiness Checklist

Steps

1. There are 5 aspects, with 4 parameters each
2. Rank each of the parameter from 1 to 5
3. Ranks | 1 = Not true at all | 2 = Somewhat true | 3 = Mostly True | 4 = True | 5 = Very true
4. Rank all 20 parameters and see the guidance at the end of the quiz
5. Introspect on the rankings, discuss with board members if feasible, and note down your reflections.

Aspects / Parameters

1.Founder mindset - Am I ready to share leadership?
Is there enough trust to have honest conversations?

☐ I want my Board to add real value, not just sign papers
☐ I am open to my Board questioning my decisions
☐ I see governance as support, not control
☐ I am willing to reduce my day-to-day control over time

2.Trust & Safety
Is there enough trust to have honest conversations?

☐ Board members can disagree with me without personal relationships influencing
☐ I trust the intent of my Board, even when I disagree
☐ Difficult issues are discussed, not avoided
☐ There are no major unresolved conflicts right now

3. Role Clarity
Do I really want clearer boundaries?

☐ I am clear where my role ends, and the Board’s begins
☐ I am open to documenting roles and responsibilities
☐ I am willing to let go of some “founder-only” decisions
☐ I am okay being held accountable by the Board

4. Decision-Making
Am I ready to slow down to decide better?
☐ Big decisions are not rushed or emotional
☐ I am open to structured decision-making processes
☐ I do not override the Board once a decision is agreed
☐ I accept that good governance takes time

5. Time & Commitment
Can I stay with this process?
☐ I can invest time over the next 6–12 months
☐ I prepare seriously for Board meetings
☐ I can receive feedback without becoming defensive
☐ I see this as a journey, not a one-time exercise

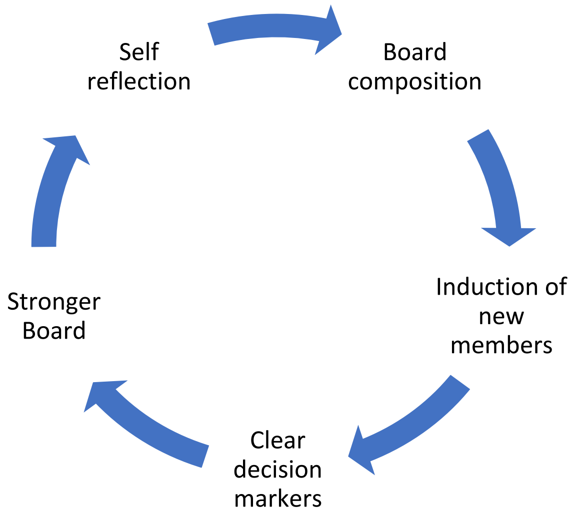
Interpreting results for readiness
Mostly 4s & 5s
You're ready to begin the Board toolkit.
Many 2s & 3s
Start slow. Begin with **role clarity** tools first.
Many 1s
Pause. Address trust, conflict, or expectations before using the toolkit.

Founder Reflections
What am I most hesitant to let go of? Why?
Why does strengthening my Board matter now or not matter now?
What do I need to do to get to a state of readiness?

Using the NGO Board Governance Toolkit

NGOs in India have traditionally grown through the dedication and vision of their founders, who inspire both their teams and the communities they serve. Typically, these Boards consist of committed individuals, often peers, acquaintances, well wishes, who may lack formal governance experience. As the sector evolves, it is increasingly important to consider whether these Boards should adopt new approaches to governance, especially in relation to scaling operations and enhancing organisational resilience.
Reflecting on the relevance and impact of the Board, it is worthwhile to assess if changes are necessary. If so, the Board can take deliberate steps to increase its effectiveness and relevance in meeting the demands of growth and sustainability.

The toolkit presented is designed as a cohesive set of resources that enable Boards to transition from operating based on goodwill and informal practices to adopting a more structured, accountable, and clearly defined governance role. By using these tools together, Boards can strengthen their approach and ensure their responsibilities are met in a transparent and organised manner.



The Governance Cycle

Key Pillars of Good Governance
Good governance within an NGO Board framework can be understood through three core categories of oversight:
1. Purpose Alignment
2. Financial Diligence
3. Leadership Influence

These categories work synergistically to ensure that both the Board and organisational leadership are consistently performing at an optimal level and fulfilling their responsibilities to the organisation.

Oversight Standards and Indicators

Each governance standard is demonstrated by the actions taken by the Board and leadership. The following recommendations provide clarity on how to assess whether each standard is being achieved or is in the process of evolving:

- Observe the degree to which actions align with each standard, noting both implementation and areas requiring further development.
- Regularly review and reflect on the effectiveness of oversight practices to ensure they support the organisation's mission and sustainability.

Standard	Elaboration	Indicators / Indicative Actions
Purpose Alignment	Articulated and agreed upon mission, vision, and long-term goals.	Executive team maintains an open and transparent communication with the Board regarding any potential changes related to the organisation’s mission, overall direction, or shifts within the broader ecosystem. The executive is not authorised to make decisions on mission shifts independently; such matters must be discussed collaboratively with the Board. These discussions recognise that, over the lifetime of an organisation, adjustments to the mission may occasionally become necessary due to a variety of internal or external factors. To ensure ongoing alignment and proper oversight, these discussions about possible shifts in mission or organisational direction should be scheduled at least once every two years. However, the specific frequency may be adjusted based on the nature of the organisation’s cause, its age, or its operational context.
Purpose Alignment	Highest % of programs clearly mapped to the stated mission and strategic priorities.	Reviewing Alignment of Key Programmes with the Mission and Long-Term Goals
Purpose Alignment	Strategic plan presented and approved by the Board	The Board is central to shaping and finalising the organisation’s strategic plan, with members ideally involved in drafting to ensure alignment with mission and goals. Sometimes, a specific Board member leads this process. In larger organisations, Board members may join programme subcommittees for targeted input; otherwise, meetings with the CEO and programme team review the plan before full Board approval. Scheduling these sessions annually lets all stakeholders contribute to strategy.

Purpose Alignment	Assess how well the organization's programs align with its goals and values. Define impact from the mission and organizational perspective, not just the program perspective.	Thoroughly reviewing impact reports helps the Board understand programme results and the factors behind them. Programme leads support these reviews to provide clear insights and justify outcomes. The Board can broaden its perspective through presentations or discussions with funders experienced in similar initiatives, helping place the organisation's impact in sector context. Contextual Relevance and Benchmarking-Assessing and comparing programmes from other organisations allows the Board to benchmark performance, ensuring their own impact is relevant and meets sector standards.
Purpose Alignment	Board Member Selection and Values Alignment	Board member selection and retention should emphasise relevant professional experience. Comprehensive reference checks are vital for candidates without prior connections. Alignment with the organisation's mission and values is essential, especially for members serving on multiple boards or representing the organisation publicly. Focusing on this alignment strengthens governance and ensures consistent representation.
Financial Diligence	Financial Health, Resource Generation and quality of reporting	Financial Health Discussions - The Board regularly reviews the organisation's finances for transparency and accountability, providing oversight and addressing issues promptly. Competence and Rotation of Office Bearers - Office bearers handling finances are competent, with periodic rotation to maintain objectivity and introduce new insights. Support in Resource Generation - The Board actively contributes to fundraising by making direct contributions, assisting the fundraising team, engaging with donors, and using their networks to secure funding for the organisation's growth.
	Financial management policies and annual budgets	Monitoring Financial Risks and Internal Controls - Continuous monitoring of financial risks is crucial. Assessing internal controls ensures reliable operations, while regular audit reviews help detect and manage irregularities early. Review of Financial Systems - Periodic checks confirm that financial systems are effective, meet organisational goals, and comply with regulations. Approval of Auditor and Programme Alignment - Appointing a qualified, independent auditor is essential. It's also necessary to ensure the funding programme aligns with strategic objectives and compliance standards.

		Risk Mitigation Strategies - Maintaining robust risk mitigation strategies protects assets and supports sustainability.
Leadership and Board engagement	Most appropriate CEO leads the organisation at all times.	The Board is responsible for recruiting and appointing the CEO or Executive Director and determining their suitability for the role. Compliance with applicable laws and regulations is maintained throughout this process.
	CEO’s performance is assessed based on clearly articulated and mutually agreed expectations	Compensation for the CEO and their direct reports is decided by the Board, potentially through formal policies. Clear performance expectations are established, and leadership performance is reviewed regularly to maintain accountability and drive results.
	Nurturing the CEO, including mentorship and guidance	Leadership is supported with ongoing development opportunities to ensure sustained organisational effectiveness.
	Board Composition and Accountability	The Board represents the organisation’s leadership and is accountable for its actions. Every member actively participates, ensuring balanced contributions. Regular rotation encourages self-reflection and welcomes new members genuinely. Board composition is strategically considered, selecting appropriate individuals based on long-term goals and required competencies.
	Roles and Continuity	Office bearers have their roles clearly defined, ensuring clarity in responsibilities and expectations. Invitations to new members and continuity of Board membership are assessed based on individual contributions to the organisation. Office bearers are chosen based on their competencies, supporting effective governance and leadership within the organisation.

Intended Outcomes of the Toolkits

The Board toolkit serves as a reflective and practical resource, designed for immediate application by Board members. Its flexible structure allows boards to adopt selected components or the entire toolkit, depending on their unique requirements. Primarily conceived as a collective exercise, the toolkit aims to foster active engagement among Board members and drive meaningful outcomes.

Transition Objectives

From	To
Founder-dependent	Board-led
Informal decisions	Structured decisions
Passive members	Active contributors
Skill gaps	Balanced expertise
Confusion about roles	Clarity and accountability

Benefits for Board Members and Leadership

- Establish clarity regarding individual identities and responsibilities within the Board.
- Facilitate informed and transparent decision-making processes.
- Align Board composition with the effective fulfilment of roles and organisational objectives.
- Promote smooth onboarding of new members, thereby strengthening the Board's continuity and effectiveness over time.
- Encourage an ongoing process of review and improvement, positioning the toolkit as part of a continuous cycle rather than a one-off intervention.

The 4 Tools — and How They Connect

Tools	Main Purpose	When It Is Used	How It Links to the Others
Tool 1 Board Self-Assessment	Helps the Board reflect on how well it is functioning	Once in 3 years (or before strategic planning)	Identifies gaps that inform the Board Matrix and Induction priorities
Tool 2 Board Composition Matrix	Ensures the Board has the right mix of skills, backgrounds, and representation	During recruitment, restructuring, or after self-assessment	Shows *who is missing*; feeds into induction for new members
Tool 3 Board Member Induction Framework	Helps new members understand the NGO, their role, and expectations	Every time a new member joins the Board	Ensures the Board can meet standards in the Self-Assessment
Tool 4 Decision-Making Checklist	Improves quality, fairness, and documentation of major decisions	At every important Board decision	Makes Board practice align with what the Self-Assessment measures

How the 4 Tool Work together as a System

The Four tools described — namely, the Board Self-Assessment, Board Composition Matrix, Board Member Induction Framework, and Decision-Making Checklist — are designed to function as an integrated system that strengthens NGO governance.

The process begins with the Board Self-Assessment, which allows the Board to reflect on its roles, strengths, and areas needing improvement. This self-assessment is led by the Chair or President and involves both individual and collective input. It helps the Board identify whether it is fulfilling its responsibilities, highlights areas such as financial oversight or potential dominance by founders and examines the effectiveness of office bearers.

Following this, the Board Composition Matrix is used during recruitment, restructuring, or after self-assessment. This matrix visually shows any gaps in Board skills or representation, supporting targeted induction for new members.

Once new members join, the Board Member Induction Framework ensures that they gain a clear understanding of the NGO, their role, and expectations. This framework helps equip the Board to meet the standards identified during the self-assessment process.

Finally, the Decision-Making Checklist is applied during all significant Board decisions. This checklist is designed to improve the quality, fairness, and documentation of major decisions, ensuring that actual Board practice aligns with the benchmarks set during the self-assessment.

By working together, these four tools create a continuous cycle of reflection, recruitment, induction, and sound decision-making. This system ensures that the Board not only identifies and addresses its gaps but also maintains high standards of governance in practice.

Step 1: Start with Reflection

Board Self-Assessment: Key Reflection Questions and Common Issues. Guided Reflection Led by Chair/President

The Board begins its self-assessment by reflecting on essential questions, a process led by the Chair or President. This reflection is conducted both individually and collectively, allowing members to examine the effectiveness of their roles and responsibilities. Key questions include:

- Are we fulfilling our roles properly?
- Where are our strengths as a Board?
- Where do we need to make improvements?
- What are the personal motivations behind each member's participation — why is each of us here? This aspect is considered critical.
- What is the specific role of office bearers, especially the Chair and President, and are they able to perform their duties optimally?

Issues Identified Through Reflection: This reflective exercise helps to highlight several issues that may affect Board functioning, such as:

- Lack of financial or programme oversight
- Founder dominance in decision-making
- Low participation from certain Board members
- Missing expertise in areas like legal, fundraising, or programme knowledge

Link to Board Composition Matrix and Induction Needs: The identification of these gaps directly informs the Board Composition Matrix and induction requirements. Addressing these issues ensures that the Board’s composition and onboarding practices are aligned with organisational standards and strategic objectives.

Step 2: Fix the Composition

The Role of the Board Matrix
The Board Matrix serves as a critical tool for evaluating the composition of the Board in relation to its expected responsibilities over a three to five-year timeframe. This evaluation is conducted in alignment with the strategic objectives of the organisation and considers the executive support necessary to fulfil these goals. By systematically assessing the Board’s structure, the Matrix ensures that the Board is well-positioned to guide the organisation effectively into the future.

Alignment with Strategic Goals
The Matrix scrutinises whether the current and prospective Board members possess the skills and expertise required to advance the strategic aims of the organisation. This forward-looking approach focuses on identifying gaps and ensuring that the Board remains adaptable and responsive to changing needs.

Identification of Archetypes
Within the Matrix, Board members are categorised into functional, programmatic, and signalling archetypes. Each archetype is selected with a clear rationale, reflecting the organisation’s requirements and long-term vision. This categorisation helps the Board to maintain a balanced mix of expertise and perspectives.

Building a Pipeline for Potential Members
A pipeline of potential Board members is developed as part of the Matrix exercise. The process involves not only identifying suitable candidates but also discussing the method by which they will be invited to join the Board. This ensures that the Board’s composition remains robust, and that succession planning is in place.

New members identified here must go through Induction.

Step 3: Strengthen Individual Board Members

The induction process plays a pivotal role in ensuring that both new and, at times, existing Board members fully comprehend and internalise their responsibilities and motivations for serving on the Board. A structured induction helps members transition from simply being supporters of the organisation to actively governing its direction and policies.

Effective induction leads to increased participation among Board members, reduces ambiguity regarding their roles, and fosters greater clarity in their contributions to the organisation's mission.

Key Outcomes of the Induction Process
- Transition from Supporter to Governor: Members evolve from passive supporters to active governors, taking ownership of their fiduciary and strategic responsibilities.
- Enhanced Participation: Board members become more engaged in discussions and decision-making, contributing meaningfully to the organisation’s objectives.
- Reduced Role Confusion: Clear delineation of roles and responsibilities minimises misunderstandings and ensures that each member knows their specific function within the Board.

Areas of Increased Understanding

- NGO's Mission and Programmes: Members gain a comprehensive understanding of the organisation's purpose and the programmes it undertakes.
- Financial Realities: Induction covers financial aspects, providing insight into the organisation's fiscal landscape and resource management.
- Legal Duties: Board members are informed of their legal obligations, ensuring compliance and responsible governance.
- Expected Time Commitment: The induction clarifies the time requirements for Board service, helping members manage their schedules effectively.
- Decision-Making and Accountability: Members learn about the processes by which decisions are made and understand who is accountable for those decisions.

By completing the induction, Board members are better prepared to utilise tools such as the Decision-Making Checklist, thereby strengthening their contribution to the Board's effectiveness and accountability.

Step 4: Improving Accountability in Board Decision-Making

To enhance accountability in Board decisions, the Decision-Making Checklist serves as a practical tool applied during actual Board proceedings. This checklist prompts Board members to critically evaluate each decision by addressing the following key questions:

- Is this a Board decision or a staff decision?
- Do we have sufficient information to proceed?
- Have the associated risks been thoroughly discussed?
- Are we documenting the rationale behind the decision?

By systematically considering these questions, the Board ensures that decisions are made in alignment with the organisation's strategic plan and delivery commitments. The process also promotes the following values:

- Decisions are not personality-driven, but rather objective and impartial.
- All actions are transparent, fostering trust and clarity within the organisation.
- Each decision remains aligned with the organisation's mission.
- Decisions are executed with clarity, leaving no ambiguity regarding responsibilities or outcomes.
- Most importantly, decisions are based on the current needs of the organisation, ensuring relevance and responsiveness.

This structured approach strengthens Board accountability and ensures that every decision contributes meaningfully to the organisation's objectives.

Toolkit 1 - Board Self-Assessment

Scorecard Framework for Good Governance

The scorecard is designed to address three key aspects that underpin effective governance within grassroots organisations:

- Purpose Oversight: Ensuring that the Board maintains a clear and collective stewardship of the organisation's mission and long-term purpose.
- Financial Diligence: Promoting responsible financial management and oversight.
- Leadership and Board Engagement: Focusing on multiple aspects that support active participation and collaborative leadership among Board members.

Guidelines for Using the Scorecard

This scorecard serves as a tool for Board-led self-assessment rather than external evaluation. Each Board member is encouraged to score each statement independently, after which the results should be discussed collectively to gain shared insights.
For every statement, Board members should assign a score using a 1–5 scale. It is important that the reasons for each score are openly shared during the discussion, fostering transparency and mutual understanding within the Board.

| 1 = Not in place / rarely happens | 2 = Happens occasionally, informally | 3 = In place but inconsistent | 4 = Largely in place and working well | 5 = Fully in place, consistently practiced |

The objective is **learning and prioritisation**, not perfection. It also is intended to enable actions to be taken in a more consultative fashion, engaging the entire Board

Toolkit 1 | Board Self-Assessment
Section A: Purpose Oversight (Why We Exist)

Key Question: Are we clearly and collectively stewarding the organisation's mission and long-term purpose?

#	Statement	Score (1–5)	Reasons for the score
A1.1	The Board has a shared understanding of and aligns with the organisation's mission and long-term vision		
A1.2	The Board understands the larger context or the system in which the organisation's mission / vision is set in.		
A2	The mission and vision are formally reviewed at least once every 2–3 years		
A3	Most programmes clearly align with stated strategic priorities		
A4	The Board actively discusses *why* programmes projects, and specific assignments continue, change, or stop		
A5	The Board provides strategic and technical inputs, thematic expertise, and reviews impact and outcomes, not just activities		
A6	Board decisions prioritise mission over short-term funding or reputational gains		

Reflection Questions
- Where are we most aligned on purpose?
- Where do funding or operational pressures dilute mission focus?

Toolkit 1 | Board Self-Assessment
Section B: Financial Diligence (Sustaining the Mission)

Key Question: Are we ensuring financial diligence while staying aligned to purpose?

#	Statement	Score (1–5)	Reasons for the score
B1	The Board understands the organisation's financial position and risks		
B2	The organisation has at least 3–6 months of operating reserves (or a clear plan to build them)		
B3	The Board reviews revenue concentration risk (dependence on 1–3 funders)		
B4	Budgets are aligned with strategic priorities, not just funding availability		
B5	Financial reports are timely, clear, and discussed meaningfully during AGMs, Board meetings, Financial reviews and as part of Statutory compliances reporting		
B6	There are basic financial policies and internal controls in place and timely reviewed and updated		
B7	Board members actively support resource mobilisation (networks, advice, introductions)		

Reflection Questions
- Are funding choices driving the mission, or the other way around?
- Where is the organisation most financially vulnerable?

Toolkit 1 | Board Self-Assessment
Section C: Leadership & Board engagement (How We Are Led)

Key Question: Is leadership being supported, challenged, and held accountable appropriately?

#	Statement	Score (1–5)	Reasons for the score
C1	There is clarity on the respective roles of the founder, CEO (if different), and Board		
C2	The Board has agreed performance expectations for the CEO/founder-CEO		
C3	CEO/founder performance is reviewed at least annually		
C4	The Board provides mentorship and strategic guidance, not just oversight		
C5	Difficult conversations (performance, boundaries, succession) are addressed openly		
C6	Legal and regulatory compliance is regularly reviewed by the Board		

Reflection Questions
- Where does founder authority unintentionally limit Board effectiveness?
- What support does the founder/CEO most need from the Board right now?

Toolkit 1 | Board Self-Assessment
Section D: Board Functioning (How We Work Together- as part of leadership and Bd engagement)

Key Question: Do we have the right people, roles, and behaviours to govern well at this stage?

#	Statement	Score (1–5)	Reasons for the score
D1	Board members understand their role beyond legal compliance and proactively respond to the organization requirements, and sectoral developments		
D2	All Board members have intent and willingness to contribute meaningfully; there is no "dead weight" There is no impediment to collaborative action within the Boar		
D3	Board meetings focus on strategic issues, not only operations		
D4	There is a clear and practiced Board rotation or renewal approach		
D5	Board composition reflects current and future strategic needs		
D6	Office bearer roles (Chair, Treasurer, etc.) are clearly defined		
D7	New members are selected based on competencies and values alignment		

Reflection Questions

- What skills or perspectives are missing on the Board today?
- Which Board roles need to change as the organisation matures?

Toolkit 1 | Board Self-Assessment
Section E: Governing Culture & Principles (How We Choose to Govern as part of leadership and Board engagement)

Key Question: Are our behaviours consistent with the kind of governance we aspire to?

#	Statement	Score (1–5)	Reasons for the score
E1	The Board acts as a collective, not as individuals or factions		
E2	Diverse viewpoints are encouraged and respected		
E3	Decisions are based on evidence, not hierarchy or personality		
E4	The Board is willing to revisit decisions when context changes		
E5	Accountability to key stakeholders (community, donors, staff) is taken seriously		

Reflection Questions
- What Board behaviours strengthen trust? Why are these important?
- What behaviours weaken governance effectiveness?

Toolkit 1 | Board Self-Assessment
Action Planning

After scoring, identify **no more than 3 priority areas** for the next 12 months.

Priority Area	Why This Matters Now (State against strategic goals agreed	Board Action	Owner	Timeline

Applying Using the Scorecard Effectively

To ensure continuous improvement in governance, it is essential to revisit this assessment either annually or during significant transition points, such as changes in funding, leadership, or organisational scale. Tracking progress **Assessment Results**

1. Reset Board Agendas: Utilise assessment outcomes to realign Board meeting agendas, ensuring that discussions address the most pressing governance issues.
2. Revisit Board Composition: Consider whether the current Board membership is suitably aligned with organisational needs and strategic priorities.
3. Clarify Founder–Board Compact: Use the findings to strengthen mutual understanding and agreements between the founder and the Board.
4. Align Policies to Organisational Context: Regularly review and update policies so they remain relevant to the organisation's evolving needs and circumstances.

Benefits of Self-Reflection

A Board that engages in honest self-reflection regarding its effectiveness is better positioned to safeguard the organisation's mission, provide robust support to leadership, and enhance organisational resilience.

Strengthening Board Governance

To strengthen governance, the Board must hold itself accountable for approving and implementing key policies. While not all policies will be applicable at all times, heightened awareness and consideration of relevant policies are vital for effective Board functioning.

Toolkit 2 - The Decision-Making Framework

This toolkit is designed to assist the CEO or founder and the Board chair in systematically reviewing accountability owners with respect to key decisions that are required within the organisation. The structured approach outlined below will help clarify roles and expectations for both the Board and the CEO, ensuring effective governance and decision-making.

Purpose of the Toolkit

The toolkit enables the identification and review of accountability holders for crucial organisational decisions. This process supports the Board and leadership in aligning responsibilities according to the organisation's type, its stage of development, and the Board's capacity. The toolkit at the start of the process will help set up baseline and establish goals for transition.

How to Use the Toolkit

1. The CEO or founder and the Board chair collaborate initially to populate the toolkit.
2. Once the preliminary review is complete, the toolkit is shared with the rest of the Board for further discussion and refinement.
3. The toolkit is available in Excel for functionality. Download the Decision-Making Framework (Excel) here.
4. Once the responses are compiled, the toolkit will help visualise where decision-making authority resides and clarify who holds accountability for each key organisational decision.
5. If accountability for a decision is misaligned during review, corrective action should be taken unless there is a solid, well-documented reason not to.
6. Discuss these findings with the Board and key stakeholders to create a plan to transfer accountability to the Board if needed. This may include reassessing Board membership, review roles, and improving governance structures and processes to maintain proper accountability and high governance standards.

Decoding the Framework (This section should precede the insertion of the Excel sheet)

1. The standards remain consistent, subject to periodic evaluation for continued relevance (refer to columns A and B of the toolkit).
2. Column C is designed to capture tasks that demonstrate the application of these standards, providing the Board with flexibility to add or remove specific actions as needed.
3. Column D specifies the primary accountability holder responsible for decisions resulting from tasks aligned with each standard; this is a restricted field.
4. Column E assigns one of three possible decision types to the accountability holder for each aspect, also as a restricted field.
5. Column G identifies the required type of Board participation for each decision.

All restricted fields permit the Board to adjust their level of involvement in decisions based on the organisation's life cycle stage and other governance-impacting factors.

Once the toolkit has been completed, both the Board and the CEO can filter any column to assess the scope of Board engagement relative to the standards and decision-making processes. This enables identification of opportunities and gaps, supporting informed planning for future governance enhancements.

Toolkit 3 - The Board Composition Matrix

Context

Toolkit 3, known as the Board Composition Matrix, serves as a structured framework that enables founders and CEOs to institutionalise the process of inviting new Board members. The effectiveness of a Board member is determined by their awareness of local culture, strong understanding of the socio-political environment, and deep insight into community issues and dynamics. These qualities are essential for meaningful contributions to the Board's capacity.

Purpose and Structure of the Matrix

The Board Composition Matrix is designed for Boards to input specific profiles of individuals they intend to induct. This approach ensures that the selection process is systematic and remains aligned with the organisation’s needs.

How to Use the Toolkit

1. Review your organization’s legal documents to ensure Board changes comply with required member counts and term limits.
2. Identify key Board decisions based on organizational structure and use a framework to determine optimal composition.
3. Set main strategic goals for the next three years and outline the Board’s expected support.
4. List the required member archetypes to help meet strategic objectives.
5. The founder/CEO and Chair should jointly fill out the Board composition matrix to align perspectives.
6. Present the matrix to the Board for discussion and consensus on the ideal profile.

Key Assumptions for the Board Composition Matrix

1. All members are aligned with the vision of the organisation.
2. All members uphold the core values inherent to the organisation.
3. Diversity on the Board is understood and agreed upon collectively.
4. Every member is expected to contribute equally in their designated role.

The matrix helps assess if the Board’s composition is optimal for achieving its mission. The listed archetypes accommodate various Board types and stages, though not all are relevant at all times; the Board adjusts as needed to enhance effective decision-making.

Alignment and Review Process

This toolkit builds on Toolkit 3 to align with changes and maintain Board effectiveness. All modifications must follow legal term limits and composition criteria. The Board may populate and finalises the toolkit by consensus, fostering objective decisions about membership. The Board may review this annually during strategic planning or when replacing members due to term limits or other changes, as outlined in Toolkit 1 self-assessment.

Indicators	Current profile (% as total will change) Date	Desired profile (% as total will change)	Rationale for desired profile against influencing the strategic goals
Age • 19-34 • 35-49 • 50-64 • 65 and above			
Gender • Female • Male • Other			
Competencies for Governance • Legal background • Financial background • Demonstrated governance experience • HR management experience • Technology			
Resources • Money to give • Access to money • Access to other resources (foundations, corporate support) • Availability for active participation (writing proposals, solicitation visits)			
Location of the Board member			
Main current role • Corporate • Consultancy • Academic • Media • Political • Government service • Own business • Works in/ associated with other NGOs • Retired professional			

Predominant skill • Financial management • Law • Fund Raising • Marketing • Special programme focus(health, public policy, education etc) • Public Relations • Communication • Technology			
Member of other Boards (governance experience allows for translation of good practice)			

What are some archetypes that may be considered especially for organisations working in rural India? These will apply to almost all organisation / Board life stages

Key Archetypes for potential Board members

Organisations, especially those operating directly at grassroots, regardless of their life stage or Board composition, benefit from considering certain archetypes that contribute value and perspective to their work. The following archetypes can be found across almost all organisations and Boards, each bringing distinct strengths and potential challenges.

A Community Anchor

The community anchor is an individual with direct experience of the communities served by the NGO. This person ensures that the cultural context remains central to organisational discussions and decisions. Their perspective is particularly useful during the design phase of programmes, as they possess a nuanced understanding of the intersectionality of issues and have historical awareness of socio-political influences and impacts.

Strengths

- Keeps the inherent cultural context at the centre of discussions and decisions.
- Useful in programme design to address issues within the community.
- Understands intersectionality of issues more effectively.
- Has historical awareness of socio-political variables and their impact.

Potential Challenges

- May resist innovation and risk-taking.
- May prioritise personal perception over objective engagement.
- May subconsciously use social hierarchy to influence participation and decision making.

A Systems Professional

This archetype refers to someone who has worked within the complexity of building or experiencing interventions influenced by multiple systems such as policy, practice, community, and corporate interests. Systems professionals understand how to navigate the impact of various variables on organisational decisions, often have access to influential networks, and can help the organisation build its footprint in urban contexts where funding sources are more accessible. They are adept at applying lessons across different contexts.

Strengths
- Understands navigation through the impact of different variables on decisions.
- Has access to influencing networks and individuals who can add value to programme design and strategy.
- Can help build the organisation’s presence in urban contexts, making funding more accessible.
- Applies learning across various contexts.

Challenges
- May “over professionalise" too quickly.
- May not visualise practical implications and instead approach matters theoretically.

A Technology Professional
The technology professional understands the use of technology and processes to build greater efficiency, thereby reducing operational costs. They bring process design elements to the organisation and can advise on using technology to scale, sustain, and report more efficiently. However, challenges arise if their expertise is not aligned with the organisation’s execution capability, which can lead to frustration.

Strengths
- Builds greater efficiency through process design across the organisation.
- Advises on utilising technology for scaling, sustaining, and reporting efficiently.

Challenges
- May struggle to apply expertise within the context of execution capability, potentially causing frustration.

A Marketing Professional
This archetype is someone who deeply understands the vision of the founder or organisation, helping it articulate and position its work to potential stakeholders. Marketing professionals often have access to potential funding resources through their connections and can guide the articulation of impact in ways that inspire resource mobilisation. However, if their work is not grounded in a deep understanding of the organisation’s context, there is a risk of misrepresentation. Proper induction and testing are essential.

Strengths
- Likely to have access to potential funding resources via their career connections.
- Can guide articulation of impact to inspire all types of resources.

Challenges
- May misrepresent the cause or organisation if lacking contextual understanding; induction and testing are key.

Fundraising as a Board Responsibility
Fundraising is an essential responsibility for all Board members and should not be restricted to only a few. Despite its continued elusiveness in Board participation, consistent and continual efforts are necessary to encourage Boards to integrate fundraising when planning succession.

Practical Steps for Easing Out Non-Contributing Board Members

Ensuring active participation and contribution from Board members is vital for effective governance within an organisation. However, in a culturally relationship-driven environment, it can be challenging to transition non-contributing members out of the Board. The following structured approach outlines practical steps to address this issue, maintaining respect and transparency throughout the process.

1. Align Board Roles with the Organisation's Strategic Plan
Begin by introducing a Board plan that mirrors the organisation's strategic plan. The Board should meet with the CEO to approve this plan and collectively identify the roles that each member is willing to play. This alignment ensures that Board members are clear about their responsibilities and contributions within the broader organisational context.

2. Define Success for Each Board Member
Ask each Board member to articulate what success looks like for them over a three-year horizon. Collate and converge these responses to ensure they are consistent with the founder or CEO's aspirations. This process helps to establish shared goals and expectations, fostering unity and clarity within the Board.

3. Understand Motivations and Constraints
Identify the motivations and constraints influencing each member's participation on the Board. Explore why they chose to be part of the Board and what factors enable or hinder their engagement in their designated roles. Understanding these aspects can inform strategies to address participation issues constructively.

4. Formalise Expectations in Writing
Clearly outline expectations for the Board as a whole and for individual members wherever possible. Document these expectations and seek formal sign-off from all members. Additionally, include a discussion of these expectations in the first Board meeting of the year to reinforce accountability and shared understanding.

5. Offer Alternative Roles to Non-Contributing Members
Identify members who are not participating or contributing as required. Offer them alternative roles, such as "well-wishers" or patrons, and clarify that their engagement will be sought as and when the need arises. This approach allows for continued positive relationships while ensuring the Board remains active and effective.

6. Develop a Respectful and Transparent Exit Plan
Consultatively create a respectful exit plan for departing Board members. Ensure the process is transparent and communicated openly to all stakeholders. This initiative should be approached as a process that prioritises dignity and clarity for everyone involved.

7. Conduct Board Matrix and Development Exercises Regularly
Carry out a Board matrix or development exercise every three to four years. Even if the organisation's needs remain unchanged, undertaking this exercise consciously will strengthen Board accountability mechanisms and maintain alignment with organisational objectives.

Toolkit 4 - Board Member Induction Framework

Context

The Board Member Induction Framework is specifically designed to assist CEOs, Founders, and Board Chairs in establishing a systematic and engaging process for inducting new members onto the Board. This tool ensures that new members are introduced to the organisation in a manner that is both structured and comprehensive. Additionally, existing Board members may be invited to participate in the induction process should they wish to revalidate their understanding and learnings about the organisation.

Main Standards Covered in the induction

1. Purpose Alignment: The induction process emphasises the importance of aligning every Board member with the organisation's mission and objectives. This ensures that all members are working towards a common purpose and understand the strategic direction of the organisation.
2. Financial Diligence: A key aspect of the induction is to familiarise members with the organisation's financial practices and responsibilities. This includes understanding financial statements, governance processes, and maintaining a high standard of accountability.
3. Leadership and Board Engagement: The framework also focuses on cultivating leadership qualities and enhancing Board engagement. It encourages active participation, collaboration, and effective communication among Board members to foster a cohesive and productive governance environment.

Board Member Induction and Engagement Framework

Purpose Alignment

To ensure that new Board members internalise the vision of the organisation and understand its evolution, <u>a one-on-one conversation is facilitated with the CEO, Founder, or Chair</u>. This session, lasting at least an hour, is led by the Founder or an existing Board member. The discussion focuses on the organisation's potential for impactful change, offering a big-picture perspective. Vision documents are shared in advance to support this process.

Board members are encouraged to review vision documents independently, either in presentation format or as originally created. Self-directed work is expected to deepen understanding. Additionally, early annual reports and strategy reports are provided for further self-study, enabling Board members to appreciate the historical context and strategic direction.

Programme Understanding

To gain a better grasp of the organisation's programmes, <u>new Board members interact with senior team members and participate in field visits</u>. This immersive experience, which takes up to half a day, is led by programme leads and field staff. The interaction is designed to highlight organisational impact through storytelling, voices from the field, and insights from beneficiaries.

For a clearer understanding of immediate strategic objectives, the programme lead presents a concise summary, typically via a pre-read and a single slide outlining broad strategic goals. The CEO oversees this process to ensure alignment with organisational priorities.

Financial Diligence

A comprehensive understanding of the <u>organisation's financial health is facilitated through meetings with the accounts head and the auditor</u>. This engagement includes both interactive sessions and pre-read materials, and is scheduled over the course of one day. The finance head leads these discussions, providing essential financial information to the Board members.

Leadership and Board Engagement

To help Board members internalise their roles, a session is organised to develop the current Board role. This includes a presentation of governance expectations, typically comprising three to four slides and summarised pre-reads. Legal documents, where relevant, are also included for review. The session lasts two hours and is led by an existing, engaged Board member.

Further presentations are conducted on the principles of governance, ensuring that Board members are familiar with core standards and practices. The Founder, CEO, or Chair presents the key goals for the Board for the year, ensuring clarity on annual objectives.

The engagement and accountability of individual Board members are formalised through self-declaration and structured processes, supporting transparency and responsibility.

Support Provided

To facilitate a smooth induction, each new Board member is paired with a Board buddy. The support is delivered in person where possible, and through one-on-one meetings or calls. Over a series of engagements totalling approximately one hour, the Board buddy offers free-flowing guidance, drawing on their experience to help the new member acclimatise and fulfil their role effectively.

The Board induction is a mandatory requirement for new Board members and is the first step towards communicating the serious role that a Board member needs to play

Annexure A - Policy & Manual Recommendations

This section summarizes recommended policies and manuals for effective organisational operations.

1. HR & Administration
- Recruitment: Hiring procedures.
- Structure: Organisational roles and reporting lines.
- Roles: Responsibilities by position.
- Payroll: Compensation management.
- Welfare: Staff support initiatives.
- Administration: Process protocols.
- Gender Policy: Equity and inclusion principles.
- Learning & Development: Employee growth paths.

2. Finance & Investment
- Financial Controls: Accuracy mechanisms.
- Budgeting: Planning and monitoring.
- Accounting: Record-keeping standards.
- Investments: Decision criteria.
- Authority Matrix: Approval limits.

3. Procurement
- Methods: Procurement processes.
- Vendor Management: Supplier oversight.
- Approval Thresholds: Spending limits.

4. Programme Management
- Vision & Mission: Programme purpose.
- Goals: Activity targets.
- Themes: Key focus areas.
- Target Groups: Key stakeholders.
- Implementation: Execution strategies.
- Stakeholder Engagement: Involvement methods.

5. POSH Policy
- Procedures to prevent and address workplace sexual harassment per regulations.

6. Safeguarding Policy
- Child Protection: Safety measures.
- Fraud Prevention: Anti-fraud protocols.
- Whistle Blower: Confidential reporting.
- Grievances: Complaint resolution.
- Applicability: For all stakeholders.

7. Risk & Governance
- Risk Assessment: Identification and evaluation.
- Governance: Oversight structures.

8. Knowledge Management
- Methods & Processes: Capturing and sharing knowledge.
- Stakeholder Engagement: Inclusive knowledge-sharing.

Annexure B - Recommendations: Board Reviews and Approvals

The following outlines the key areas requiring the Board's review and approval to ensure strong governance, effective oversight, and alignment with the organisation's mission and strategic priorities

1. Appointment of the Chief Executive Officer and other key managerial personnel (KMPs) to ensure leadership roles are filled by individuals aligned with the organisation's vision and values.

2. Review of the programme strategy, annual plan, and long-term plan to provide guidance that ensures alignment with organisational objectives and sustainability.

3. Approval of the Annual budgets, with budget utilisation consistently monitored to maintain financial discipline and optimise resource allocation.

4. Oversee compliance with all statutory and regulatory requirements, ensuring adherence to relevant laws and regulations.

5. Review significant audit queries raised in internal and external audit reports and implement appropriate corrective actions as required.

6. Review of programme evaluations, so findings can inform decision-making and improve organisational effectiveness.

7. Review progress on action items from previous Board meetings should be consistently tracked and reviewed to promote accountability and ensure completion.

8. Approve all relevant policies and procedures, establishing a strong framework for governance and operational management.

9. Approve remuneration structures and key performance indicators for KMPs to enhance transparency and foster a performance-oriented culture.

10. Approval of annual financial statements by the Board is recommended to ensure accurate, complete, and reliable financial reporting.

11. Review and approve staff welfare measures, helping to create a positive and supportive workplace environment.

12. Review and approve the Risk management frameworks and policies to assess emerging risks and enable mitigation measures.

13. Define and approves delegation of financial powers to maintain effective internal controls and clear authority levels.

14. Review and approve Organisational policies to ensure they remain current, comprehensive, and effective in guiding operations.

Annexure C - Recommendations for Board Sub-Committees and their Roles

Sr. No.	Name of the Sub-Committee	Suggested Roles and Responsibilities
1	Investment and Finance Committee	• Provide overall financial oversight and stewardship • Review and monitor the organisation's financial health • Ensure adequate liquidity and operating reserves • Identify and mitigate financial and investment risks • Review financial reports and key audit observations • Report regularly to the Board on financial matters
2	Human Resource Committee	• Guide HR strategy aligned with organisational goal • Review organisational structure, leadership capacity, and succession planning • Oversee learning and development plans • Review remuneration frameworks and key performance indicators (KPIs) • Promote inclusion, equity, and staff welfare initiatives
3	POSH Committee	• Ensure compliance with POSH Act and related regulations • Implement and periodically review the POSH policy • Address complaints in accordance with prescribed procedures • Promote awareness and prevention of sexual harassment at the workplace
4	Programme Committee	• Provide strategic oversight of programmes aligned to mission and long-term goals • Review programme performance, outcomes, and impact (not operations) • Guide programme strategy, relevance, and course correction • Share key insights and recommendations with the Board

KNOWLEDGE PARTNER

Ms Aarti Madhusudan
Governance Counts
governancecounts@gmail.com

RESOURCE ORGANISATIONS

Action for Social Advancement

Aga Khan Rural Support Programme (India)

Agri Entrepreneur Growth Foundation

Bharat Rural Livelihoods Foundation

Center for Advanced Research and Development

Centre for Youth and Social Development

Child in Need Institute

Collectives For Integrated Livelihood Initiatives

Contact Base

Development Support Centre

Enable India

Gram Vikas

Harsha Trust

Himmotthan Society

Ibtada

Manjari Foundation

Medha Learning Foundation

Navinchandra Mafatlal Sadguru Water & Development Foundation

Northeast Initiative Development Agency

Professional Assistance for Development Action

Rajarhat Prasari

Samaj Pragati Sahayog

Sarv Seva Samity Sanstha

Self-Reliant Initiatives through Joint Action

Seva Mandir

Seven Sisters Development Assistance

Shroffs Foundation Trust

Transforming Rural India Foundation

Trust Community Livelihoods

Udyogini

Voluntary Association For Agricultural, General Development, Health And Reconstruction Alliance

Watershed Organisation Trust

February 2026