

International governance manual



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Foreword from the Chair of WaterAid international

The creation of WaterAid international is an exciting new development opening up the way for WaterAid to extend our impact and to increase the delivery of our mission.

There is no doubt WaterAid can have a greater impact if we raise and spend funds in more countries and thus extend our good work and influence. Our 2009-15 Global Strategy sets very ambitious targets – delivering services to 25 million people and raising £100m a year by 2015. To achieve this, and subsequent global strategies, we believe the move to a truly global organisation is needed.

By combining the strengths of independent, diverse organisations, speaking with one voice and aligned behind a common vision, mission and set of values we are convinced we will achieve far more than we could as individual entities.

WaterAid international will open up possibilities and our approach allows us to actively attract and develop new Members over the coming years. We anticipate this will open up new fundraising markets, and new countries to work in partnership with to influence and to deliver our work. WaterAid international supported by a small secretariat will also ensure that standards are maintained and that our work is coordinated effectively – playing to the strengths of our Members.

Jeremy Pelczer

Chair of WaterAid international

December 2010

Introduction

As part of our growth into a global organisation, WaterAid has developed its approach to international governance to:

- Coordinate the delivery and review of our Global Strategy to advance our mission
- Facilitate collective global decision making, coordination and shared standards between WaterAid Members
- Support planned growth and open the potential for more WaterAid members

Four principles underpin the relationship between the various WaterAid Members and WaterAid international:

- Achieving WaterAid's mission as effectively as possible is fundamental to all we do and the collective global interests of WaterAid are paramount.
- WaterAid international will only undertake activities that it will deliver more effectively than WaterAid Members.
- WaterAid will only have one delivery organisation in each of the regions or countries where services are provided.
- The membership of WaterAid international will be countries with the capacity to raise significant funds.

A federated model of governance has been adopted and WaterAid international has been created, comprising an international Board, made up of the Chairs of each WaterAid Member, and an additional Trustee from WaterAid in the UK. The Board will be augmented by coopted Trustees, selected for their competencies, skills and experience while embracing diversity. The international Board will be supported by a small secretariat.

This governance manual supports the effective operation of WaterAid international (WAI) and the international Board. It has been developed based on the decisions reached by the Board of WaterAid in the UK, and endorsed by the Boards of Australia and America, in 2009 and 2010. These decisions can be found on our website, www.wateraid.org/who-we-are/how-we-are-governed. Further development was undertaken by the WaterAid international steering group, whose membership included the Chairs of WaterAid in the US, the UK and Australia.

While this governance manual is designed to set out the operation of the international Board, it can also be used as a template for governance manuals for WaterAid Member organisations to promote consistent high standards of governance.

The manual will be revised and reviewed as WaterAid's approach to international governance develops. Members of WaterAid international are encouraged to recommend improvements to these procedures for consideration and approval of the international Board.¹

In this document (and throughout) we use the term international Board to refer to the international governing body of WaterAid international (WAI). The individuals who make up the Board are referred to as Trustees.² This is to avoid the confusion with the term 'Members' which we use to refer to the organisations that make up the WaterAid family.

¹ It has been agreed to conduct the first governance review in 2013.

² As WAI is a UK registered company limited by guarantee, Trustees of the Charity are also Directors under UK Company Law.

Part I – WaterAid as a global organisation

1 Vision, mission and values

- 1.1 The work of WaterAid is bound together by our vision, mission and values as contained in our Global Strategy.

2 The Global Strategy, global standards and global policies

The Global Strategy

- 2.1 The Global Strategy is our overarching approach to addressing the sanitation and water crisis. In order to maximise our impact, all Members are required to contribute to the development and achievement of our Global Strategy.
- 2.2 The international Board owns the Global Strategy and is responsible for approving it. It will also commission the WaterAid Members to review progress against the Global Strategy and to develop each subsequent one.
- 2.3 WaterAid Member strategies must clearly demonstrate how they will contribute to the achievement of the Global Strategy. The international Board will oversee WaterAid Member strategies to ensure that they are achieving this.
- 2.4 To support the implementation of the Global Strategy WaterAid Members are required to follow the Global Standards and to operate in a manner that is consistent with Global Policies.

Global standards

- 2.5 To ensure that WaterAid is operating in a consistent manner the international Board will, from time to time, agree global standards. Compliance with the global standards is mandatory.
- 2.6 These will be in business critical areas where there is a significant risk to the finances, operations, governance or reputation of the global organisation. This may include standards in areas such as ethical fundraising; water quality; crisis management and new countries of operation. Compliance with these form part of the Membership and Licence Agreement and failure to meet a standard may be a breach of the Membership and Licence Agreement.
- 2.7 The international secretariat is responsible for the commissioning and maintenance of these standards; however Members may be delegated responsibility, on behalf of WAI, for their development.
- 2.8 There will be many initiatives that are implemented globally but that would not be seen as global standards. To be a global standard it must be agreed by the international Board and mandatory for all WaterAid Members.

Global policies

- 2.9 To ensure the effective and efficient operation of WaterAid as a global organisation the international Board will, from time to time, agree global policies for application by WaterAid Members.
- 2.10 Global policies are not compulsory but as these policies have been agreed by the international Board (made up of WaterAid Members) it is expected that WaterAid Members will adopt them unless there are compelling reasons why they should not. These reasons need to be communicated to WaterAid international.
- 2.11 Consistent failure to collaborate and cooperate on developing, agreeing and applying global policies can be seen as a breach of the Membership and Licence Agreement.

Global coordination and management

- 2.12 At an operational and managerial level Chief Executives of WaterAid Members are required to work together effectively to ensure the delivery of WaterAid's activities in a coordinated manner.

3 WaterAid's global governance structure

The Role of WaterAid international (WAI), the international Board and its committees

- 3.1 To ensure WaterAid's collective resources are used efficiently WaterAid international is 'light touch' and will not duplicate functions or activities better carried out by Member organisations.
- 3.2 The purpose of the international Board is to govern WA international in line with its [Articles of Association](#) and to ensure that the organisation's vision, mission, values and activities remain true to its objectives.
- 3.3 The primary role of WAI is to agree to the Global Strategy (and the process of strategic review).
WAI also holds the WaterAid name and agrees global standards and policies. Members are responsible for ensuring that national strategies contribute to the achievement of the global strategy. Further information on the role of WAI can be found on our website, www.wateraid.org.
- 3.4 Initially, WAI is unlikely to require committees; however the international Board can decide to create committees including, but not limited to, an Audit Committee and a Nominations Committee.

The role of Member Boards

- 3.5 The role of a WaterAid Member Board is to govern the WaterAid Member in line with our vision, aims and charitable objects and to provide strategic direction under the umbrella of the Global Strategy.
- 3.6 Delivery of the Global Strategy is managed by the Chief Executives of Members through the delivery of their business plans under the governance of their respective Boards.
- 3.7 The Trustees of Member Boards are responsible for ensuring legal and statutory requirements are met in compliance with their Articles (or equivalent), the **Membership and Licence Agreement** and national legislation and guidelines.

The role of the international secretariat

- 3.8 The international Board will be supported by a small secretariat that will assist in developing the recommendations that require decisions by WAI.
- 3.9 The secretariat will only directly undertake activities that it can deliver more effectively than WaterAid Members.
- 3.10 The secretariat itself will be small and will remain so to ensure that it does not become an organisation in its own right. Staffing and roles in the secretariat will be developed as the functions are defined.
- 3.11 The recruitment of the head of the international secretariat³ will be the responsibility of the international Board. Support, management and appraisal of the head of the international secretariat will be the responsibility of the Chair of the international Board, reporting as appropriate to the international Board.

4 Fees and investment

- 4.1 Fees payable by members of WAI will be set annually by the international Board to fit with budget cycles.
- 4.2 Administration levy: every Member (both full and associate) will be required to pay a levy to support the running cost of the international Board and secretariat.
- 4.3 Investment fund (payable only by full Members): this will support WAI to grow and develop its membership, without taking funds away from delivering WaterAid's mission. This money will be held by the secretariat as restricted funding purely for the purposes of investment.

³ Job title to be determined

5 Membership of WaterAid international

- 5.1 The **Membership and Licence Agreement** establishes two categories of membership of WaterAid international (WAI) – ‘Associate Members’ and ‘Full Members’.
- 5.2 Full Members are those organisations that the international Board have agreed meet the required criteria.
- 5.3 Associate Members are Members who are being established and who have been licensed to operate as WaterAid.

Criteria for admission as a WaterAid Member

- 5.4 Organisations will join as Associate Members when they are able to meet the criteria and subject to an accreditation process. Associate Members will be licensed to use the WaterAid name and will have observer status on the international Board.
- 5.5 In order to be eligible to become a full member of WAI the Associate member will be required to continue to meet the criteria for Associate Membership and in addition they will meet the criteria for Full Membership. There will be an accreditation process for organisations making the transition from Associate to Full Membership, which will consider whether:
 - They meet the membership criteria.
 - They have complied with the Membership and Licence Agreement.
 - There has been any adverse publicity that could affect the reputation of WaterAid locally or internationally.
 - There have been any disputes between the WaterAid Member and third parties.
 - There have been any incidents of fraud or misconduct associated with the Member and its partners.
 - There has been compliance with global standards and policies.
- 5.6 In the period before accreditation as an Associate Member WaterAid international may provide support and investment to assist in the development towards becoming an Associate Member. The use of the name ‘WaterAid’ will not be authorised to be used publicly until the criteria at 5.4 have been met and accreditation as an Associate Member is agreed.

Membership process

- 5.7 The oversight of the investigation of potential countries that would support a new Member will be the responsibility of the secretariat. The function of new Member development may be delegated.
- 5.8 As part of applying to become an Associate Member, WaterAid international or its delegate will work with the potential Member to identify their suitability for Membership and as appropriate help to develop their capacity to meet the criteria.

- 5.9 The secretariat will recommend to the international Board potential Associate Members.
- 5.10 If it is agreed that the organisation will be admitted as an Associate Member then funding may be allocated to support their establishment.
- 5.11 Associate Members will be subject to regular review and if they fail to pass the accreditation for transition to a full Member after a reasonable period (normally four years) measures will be taken to assist this transition or to remove them as Associate Members and to terminate their licence.
- 5.12 The secretariat will recommend to the international Board those Associate members who fulfill the criteria for full membership at 5.5 for decision.

Maintaining Membership

- 5.13 On an annual basis WAI will review all Members and require a formal submission from any member thought not to be meeting the criteria outlined at 5.4 and 5.5.

6 Scheme of delegation

Delegations to WaterAid Members

- 6.1 The overwhelming majority of work will be the responsibility of WaterAid Members that are best positioned to complete the work successfully on behalf of the global organisation.
- 6.2 Where the delegation involves developing global standards or global policies on behalf of WAI the responsible Member(s) would be expected to involve other Members as required with support from WAI.
- 6.3 Where the international Board agree to delegate an activity to a WaterAid Member then it is carried out by that Member with the authority of the international Board. In effect the international Board delegate an activity to the Member Board, who then delegate it to their Chief Executive.
- 6.4 There may also be some delegations for the management of activities or assets owned by WAI, where Members will undertake activities on behalf of WAI. These delegations will be agreed by the international Board. For example, delegated authority to sub-license the Brand.

Delegations to the secretariat

- 6.5 The head of the international secretariat will be responsible for the day to day running of the WAI secretariat in line with the delegated authorities.

7 Resolving disputes between Members

- 7.1 WaterAid operates in a spirit of collaboration and cooperation. Wherever possible differences should be resolved by discussion between the appropriate members of staff, escalating to the Chief Executives as appropriate.
- 7.2 If the Chief Executives or the Chairs of the Members are unable to resolve a dispute or where the issue under dispute falls within the remit of the international Board, then it would be appropriate to refer the issue to WaterAid international for resolution in which case the international secretariat may be asked to mediate.
- 7.3 In exceptional cases where no consensus can be found, or where a fundamental issue relating to effective operation of WaterAid is under dispute, then the matter can be referred to the international Board for arbitration. The decision of the international Board is final.
- 7.4 WAI will develop effective procedures to facilitate the swift mediation or arbitration on disputes and conflicts of interest.
- 7.5 Where there is a dispute between a WaterAid Member and WaterAid international, the dispute resolution procedure set out in the Membership and Licence Agreement should be used.

8 Failure to meet commitments

- 8.1 The success of WaterAid will be dependent on the mutual trust and respect between WaterAid Members and WAI. All involved will have to work to develop and maintain working relationships that promote global interests to achieve the mission.
- 8.2 Where WaterAid Members do not meet the high standards or breach the terms of the licence (this could be in upholding the vision, mission and values of WaterAid or in performance) there are sanctions, set out in the Membership and Licence Agreement, ultimately leading to the revocation of the licence and the withdrawal of the right to use the name, logo and brand.
- 8.3 Where there is an alleged breach of the Membership and Licence Agreement the investigation process set out in the appendix will apply.
- 8.4 A recommendation will be put to the international Board. The WaterAid Member will have the right to respond to any allegation and the recommendation.

Part II –The international Board and Trustees

1 Equality and diversity

- 1.1 WaterAid recognises the value of having a diverse group of people involved at Board level within the WaterAid Members. This in turn will assist in ensuring the diversity of the international Board. The differences that people bring with them are a resource in the furthering of our aims and objectives.
- 1.2 WaterAid sees diversity as the visible and invisible differences between people – such as gender, race, ethnic or national origin, physical ability, sexual orientation, age, social class, language, religion, education and family/marital status – and recognises that these differences can lead to different ways of thinking, behaving, communicating and working. WaterAid believes that these differences enrich the organisation.
- 1.3 WaterAid will not tolerate:
 - any unlawful or unjustifiable acts of discrimination
 - any form of harassment on any grounds
- 1.4 All Trustees on the international Board are expected to comply with any global equal opportunities and diversity standards or policies. It is expected that all Trustees of the international Board are familiar with this and ensure that their language, behaviour and practice are consistent with its requirements.
- 1.5 WaterAid Members are expected to identify ways to promote diversity at Board level, including ensuring that there are Board members with an understanding of the contexts in which WaterAid operates.

2 The international Board

Who is on the Board?

- 2.1 The international Board is made up of the Chairs of the WaterAid Members (known as appointed Trustees) coopted by the international Board. The Chairs ensure that the international Board is operating with the authority of its Members. WaterAid UK also appoints one additional Trustee.
- 2.2 When appointing Chairs of Member Boards, willingness to sit on the international Board must be a pre-requisite.
- 2.3 In exceptional circumstances the Member may request that another Trustee from their Board is appointed to the international Board.

- 2.4 Two or more Trustees can be coopted by the international Board to allow a balance of independence, skills and attributes. These coopted Trustees should always be in a minority.
- 2.5 Under the Articles of WAI, the maximum number of Trustees is 12 and the minimum is four.
- 2.6 Organisations who are Associate Members will have a non-voting observer status on the international Board. However they will be able to contribute to the discussion at the discretion of the Chair. They will have to absent themselves as requested by the Chair when decisions/ discussions about their membership are being held.
- 2.7 As the maximum size of the Board under the Articles is 12 Trustees, and as the Members consider that any increase in this number could be detrimental to the effective operation of the international Board, when the number of WaterAid Member organisations reaches eight then a process for electing Trustees will be determined by the Board in consultation with the Members. This allows for the additional Trustee appointed by the Board of WaterAid in the UK and up to three coopted Trustees.
- 2.8 The UK Chief Executive also attends the international Board meetings as an observer.

Terms of office

- 2.9 Trustees who are the Chairs of the WaterAid Members will sit on the international Board for as long as they remain Chair of the Member board. Appointed Trustees who are not Chairs of WaterAid Members shall be appointed for terms specified by the appointing Member, subject to a maximum of three years. They are not eligible to serve a further three year term.
- 2.10 All WaterAid Members, as part of the Membership and Licence Agreement, are required to have limited terms for their national Boards. The normal term of office will be a three year term renewable once.
- 2.11 If, under their own Articles/Constitutions, WaterAid Members can offer a further term in exceptional circumstances; the international Board may also offer a further extension in line with its Articles.
- 2.12 Coopted Trustees are appointed for terms of up to three years, renewable once. In exceptional circumstances one further extension may be agreed by the international Board.

Appointing the Chair of the international Board

- 2.13 In the start-up phase the Chair of the international Board has been chosen by the Chairs of the WaterAid Members who sit on the international Board.

- 2.14 It is anticipated that future Chairs of WAI will be selected through an open selection process agreed by the international Board. The process may be delegated to a Nominations Committee, although all appointment decisions will be made by the international Board.
- 2.15 The international Board will decide whether to select the Chair from among existing Trustees or from outside through a search process.
- 2.16 In order to appoint the Chair the role description for the Chair will be reviewed and amended to ensure the skills and attributes required for good governance of the next stage of WAI are incorporated.

Co-opting additional Trustees

- 2.17 Coopted Trustees are appointed by the international Board. They will usually be appointed by an open selection process, based on the role description for a Trustee of WAI with the aim of ensuring that the international Board has the appropriate mix of skills and experience and demonstrates diversity and that it has on it people who are independent of the WaterAid Members.
- 2.18 The full international Board will oversee the selection, until such times as the international Board decide to have a formally constituted Nominations Committee.
- 2.19 Other than in exceptional circumstances coopted Trustees will not be serving Trustees of any WaterAid Member board (Associate or Full) or on the board of those organisations in the process of applying to become a Member.

Induction

- 2.20 WAI aims to provide Trustees with the induction and support necessary to carry out their role effectively.
- 2.21 The induction process will aim to bring new Trustees of the international Board (particularly coopted Trustees) rapidly to the point where they can make an active and well-informed contribution to WAI.
- 2.22 Travel to visit WaterAid's programmes and partners is an important part of Trustees' understanding of the issues facing our staff and partners and of the work in country. Furthermore this provides a valuable opportunity for staff and partners to meet Trustees. Appointed Trustees will be expected to have been provided the opportunity to visit WaterAid's work as a result of their role as Chair of the Member board.
- 2.23 It may be appropriate for coopted Trustees to visit country programmes on behalf of the international Board. These visits will be authorised by the Chair of the international

Board and require the agreement of the Chair and Chief Executive of the WaterAid Member accountable for the operations of the country programme being visited.

Meetings of the international Board

- 2.24 The international Board will meet a minimum of once per year although normally it is anticipated it will meet twice a year to agree and review the annual work plan. Dates for meetings are agreed with Trustees in the preceding year.
- 2.25 A set of papers and an agenda is sent out electronically to all Trustees to arrive at least five working days before each meeting.
- 2.26 Generally meetings of the international Board will be held in the UK and in the early years these are likely to run concurrently with UK Board meetings.
- 2.27 The international Board will decide upon the number of attendees for the meeting to be quorate. Until so fixed the number of Trustees who must be present is three or 1/3 of the total number of Trustees, whichever is the greater.
- 2.28 Appointed Trustees can, in exceptional circumstances and at the discretion of the Chair, send a delegate to attend the international Board meeting. The delegate will not have voting rights, although the Chair can accept voting intentions by email prior to the meeting.

Decision making

- 2.29 It is expected that most decisions can be made without a vote. However if this is not possible then a vote will be taken.
- 2.30 Decisions at meetings require a simple majority (see Article 19), however to reflect its size and unique circumstances, the UK representatives must agree with any decision for it to be passed. Unanimous decisions can be made in writing (Article 20).

3 Roles

The role of a Trustee of WAI

- 3.1 Trustees of WAI will work together as part of the international Board. The role and person specification can be found in the Appendix.

The role of the Chair of the international Board

- 3.2 The role of the Chair of the international Board is to provide leadership of WAI, inspiring the international Board through the promotion of the organisation's vision, values and culture and to implement the charitable aims through the global strategic plan, as

agreed by the international Board. Specific responsibilities of the Chair of WAI can be found in the Appendix.

Deputy Chair

- 3.3 The international Board will identify a Deputy Chair to act as Chair in case of the unavailability or incapacity of the Chair.

Appointing other office holders

- 3.4 WAI may decide to appoint other office holders as appropriate.

4 Code of Conduct for Trustees

- 4.1 Trustees are the custodians of the governance process and ultimately liable for ensuring that the charity is effectively administered. Through their collective actions as a Board they are also responsible for the successful development and delivery of the global strategy to further the objectives of WaterAid.
- 4.2 All members of the international Board work within the Articles of WAI, founded under UK law. Trustees appointed by WaterAid Members will therefore work within the laws of the UK while acting in their capacity of international Board members. They will work to promote the interests of WaterAid as a global federation.
- 4.3 WAI Trustees have duties under UK company law, as well as charity law, summarised in the UK Charity Commission's publications. WaterAid also seeks to adhere to good governance practice.⁴
- 4.4 This code of conduct is not a list of Trustees' legal duties. However it is fully consistent with these legal principles.
- 4.5 The code establishes the principles expected of WAI Trustees in order to fulfill these responsibilities by maintaining the highest standards of integrity and stewardship; by ensuring that the organisation is effective, open and accountable; and by ensuring a good working relationship with WaterAid Member organisations and the Secretariat.
- 4.6 The Code of Conduct can be found in the Appendix.

5 Conflict of interest policy

- 5.1 Trustees of WAI are required to operate in the interest of WaterAid globally. To ensure good governance WAI has established a Trustee's declaration process and a register of interests. Trustees are expected to:

⁴ For example Good Governance: A Code for the Voluntary and Community Sector

5.1.2 Sign the Trustees' Declaration before joining the international Board.

5.1.3 Register any interests that may impact on their work with WAI in the register of interests and update this annually

5.1.4 Declare, at the start of the meeting, any potential for conflict of interest that may arise from the topics to be discussed at a Board meeting e.g. any interest in the outcome of an agenda item, a competing interest of a WaterAid Member organisation.

- 5.2 As the international Board is made up of the Chairs of independent WaterAid organisations there is clear community of interest and potential for conflict.
- 5.3 At the beginning of all Board meetings the Chair should call for any conflicts that may arise from the agenda. Where a conflict of interest is declared at a meeting the Chair of the Board will decide whether this requires the individual to withdraw for the discussion.
- 5.4 It is the individual Trustee's responsibility to raise any potential conflict with the Chair.

6 Expenses policies

- 6.1 Under UK charity law Trustees cannot receive any direct or indirect benefit from WaterAid. However reasonable expenses incurred as a result of carrying out Trustee responsibilities are not classed as Trustee benefits.
- 6.2 Trustees can be reimbursed reasonable out-of-pocket expenses incurred as a result of attending Board meetings, committee meetings, official visits to country programmes or in carrying out their duties as requested by the Chair of the Board of WAI.
- 6.3 All expenses should be accounted for in a manner consistent with WaterAid's financial procedures.
- 6.4 Trustees are expected to travel under the same terms as other staff members e.g. economy class air travel, advanced purchase economy train tickets etc. and to stay in modest yet safe and secure accommodation. If Trustees wish to upgrade their travel and accommodation standards themselves this is of course their choice (and at their expense).
- 6.5 Valid reimbursement of expenses includes:
- 6.5.1 The reasonable cost of travelling to and from international Board and sub-committee meetings and on charity business.
 - 6.5.2 The reasonable cost of childcare or dependent care whilst attending international Board meetings.
 - 6.5.3 The costs of postage and phone calls on charity business.

6.5.4 Communications support e.g. the cost of making documents available in Braille or in another language.

6.5.5 The costs of accommodation and subsistence whilst attending Trustee business.

- 6.6 Difficulties can arise when it is not clear that the expense is wholly and exclusively incurred for the benefit of the charity. Charity lawyers have indicated that grey areas include travel abroad related to the work of the charity e.g. a programme visit where a Trustee stays on for a private holiday. In such cases reimbursable costs need to be linked with the primary purpose of travel.
- 6.7 Trustees who wish to contribute to WaterAid for the cost of a visit do this as an unrelated gift.

Health and insurance

- 6.8 Trustees are encouraged to consult their own medical adviser before travelling to ensure they carry sufficient prescribed medication with them, are fully immunised and take protective measures to combat the incidence of illness or tropical diseases while travelling.
- 6.9 Tickets and travel arrangements can be organised by WaterAid.

7 Appraising the performance of the international Board

- 7.1 The international Board will regularly review and assess its own performance, that of individual Trustees and of committees, standing groups and other bodies.
- 7.2 The Board will ensure that:
- 7.2.1 At least every two years, it sets aside time to formally review its own performance and functioning as a team.
 - 7.2.2 The performance of individual Trustees is regularly assessed and appraised, either by the Chair or another Trustee, or by using external assistance.
 - 7.2.3 The performance of the Chair is likewise assessed and appraised, either by another Trustee, the Board as a whole, or using external assistance.
 - 7.2.4 The performance of sub-committees, standing groups and other bodies is similarly appraised and reviewed.
- 7.3 The results of these appraisals should be used to make necessary changes and improvements, to inform the creation of appropriate training programmes, and to guide Trustee renewal and recruitment.

An appraisal procedure for individual Board Trustees

7.4 Board member performance will be reviewed six months before the end of their first term and appointment for a second term will depend on delivering high value during the first term of office. Earlier reviews can be carried out in circumstances where conduct or performance is not up to the required standards.

8 Financial arrangements for WaterAid international

8.1 The initial financial arrangements for WAI are:

8.1.1 The international Board will request the UK Board to provide accountancy support for WAI. This will include banking, processing of financial transactions, bookkeeping and provision of management accounts.

8.1.2 The international Board will request the UK Board to prepare an annual report and accounts for WAI, in compliance with the WAI Memorandum of Association.

8.1.3 The financial year for WAI will be April to March.

8.1.4 The international Board will request the UK Board to engage auditors for the external audit of the WAI annual accounts on its behalf (if required under Companies Act and/or Charities Act).

8.1.5 Appointment of auditors, auditor remuneration and external audit plan will be brought to the December international Board meeting.

8.1.6 The international Board will request the UK Board to provide internal audit services to WAI, as required.

Appendix

Part I, Section 3

Role of WAI

- i. Approve the Global Strategy (and the process of monitoring its delivery and review) – including vision, mission and values.
- ii. Hold and protect the name, logo and reputation of WaterAid.
- iii. Establish, review and maintain the Membership criteria for Associate and Full Members.
- iv. Attract and develop new Members by:
 - Agreeing a membership development plan (including allocations from the investment fund and expected returns on investment) to support the delivery of the Global Strategy.
 - Monitoring the progress and investment in the development of existing and new Member countries.
- v. License the name and logo to WaterAid Members through the Membership and Licence Agreement once the membership criteria have been met. Agree the process for sub-licensing of the name to suitable third parties for fundraising purposes, in line with global standards and policies.
- vi. Ensure Members meet the conditions of membership and the Membership and Licence Agreement and protect WaterAid's reputation. The Board will:
 - Commission internal auditors to carry out routine checks or WaterAid's external auditors for in depth enquiries.
 - Oversee performance improvement procedures.
 - Terminate Membership and Licence Agreements and withdraw use of the WaterAid name where the criteria are no longer met.
- vii. Agree and promote global standards and policies.
- viii. Ensure that the work of WaterAid member organisations is effectively coordinated to deliver the Global Strategy through:
 - Agreeing the criteria and deciding which Member country will manage programmes, fundraise and engage in policy influence work in specified countries – In line with the Global Strategy.
 - Agree the allocation of income from an international source that has not been explicitly directed to a Member.
 - Aggregating global data on WaterAid's performance.
 - Monitoring the consolidated performance of Members in implementing the Global Strategy.
 - Conduct dispute resolution procedures where a dispute between Members has been escalated to the international Board or is between a Member and WAI.
- ix. Continually assess and review (including through external review) the capacity and performance of the international Board and take measures to develop and strengthen it.
- x. Approve a common approach to risk management

The international Board also has a responsibility to:

- Ensure the solvency, financial strength and good performance of WaterAid international.
- Ensure that WaterAid international complies with all relevant laws, regulations and requirements of its regulators.
- Appoint (and if necessary dismiss) the head of the international secretariat and provide supervision and support.
- Act reasonably at all times (individually and as a Board) in the interests of the whole WaterAid organisation and of its present and future beneficiaries and Members.

Part I, Section 5

Criteria for Associate Membership

- i. Shares and upholds WaterAid's vision, mission, values, identity and Global Strategy and will adhere to global standards and policies as prescribed by WAI.
- ii. Has legal registration and status as a not-for-profit body in their country.
- iii. Has a realistic operational or business plan that demonstrates a sustainable and significant contribution to the delivery of WaterAid's Global Strategy and a budget indicating the investment required which should be approved annually by WAI.
- iv. Has the management capacity to raise significant net income from national sources including a plan to achieve an appropriate balance of unrestricted and restricted income and to become self-sustaining in terms of core costs.
- v. Has a viable plan to develop financial and management capacity to achieve independence
- vi. Has established a diverse voluntary governing body (Board of Trustees or similar) that provides committed and dynamic leadership.
- vii. Will adhere to (or exceed) national standards relating to charity / non-profit law and fundraising practice.
- viii. Their constitution (or similar governing document) shall have a provision that restricts payments and other benefits to members of its governing body (and people or organisations connected with them) to such extent as may be acceptable to WAI from time to time.
- ix. Has an active risk management programme that identifies and mitigates operational, financial and reputational risks.
- x. Has a realistic plan to develop public contact, constituency and support.

An Associate Member must also demonstrate the following additional commitments by the end of their first year as an Associate as well as continuing to demonstrate the criteria above:

- i. Complying with the Membership and Licence Agreement.
- ii. Active participation in the development of WAI.
- iii. Evidence of upholding WaterAid's values.

- iv. A transition plan for moving from Associate to Full Member including timetable and the milestones along the way, ensuring compliance with the Governance Manual and Membership and Licence Agreement which should be approved by WAI.
- v. Has the leadership in the Chief Executive (or equivalent post holder) and Chair to drive the creation of a sustainable organisation along with the commitment to WaterAid's vision, mission and values.
- vi. Has established governance procedures for their Board that:
 - a. Requires the Board to meet at least four times per year.
 - b. Meets the expectations of good governance as established in the WAI governance manual that includes a Code of Conduct.
 - c. Has time limited terms for all Board members – normally of one term of three years, which can be extended to a second term subject to satisfactory performance.
 - d. Has procedures for reviewing Board performance.

Criteria for Full Membership

- i. Has had legal registration and status as a not-for-profit body in their country for a minimum of one year.
- ii. Has demonstrated sustainable and significant contribution to the delivery of WaterAid's Global Strategy.
- iii. Has demonstrated the capacity to raise significant net income from national sources with an appropriate balance of unrestricted and restricted income.
- iv. Is demonstrating a rate of return on investment in fundraising that meets benchmarked NGO standards (normally 1:4).
- v. Is self-sustaining in terms of core office running costs (i.e. raising enough unrestricted funding to no longer require investment from WaterAid international in office running costs.)
- vi. Is a net contributor of the equivalent of at least £500,000 per annum to international work.⁵
- vii. Is demonstrating viable progress towards financial and management independence.
- viii. Has a Chief Executive or equivalent and Chair who have demonstrated the leadership to continue to develop and drive the creation of a viable and sustainable organisation with a staff team committed to WaterAid's vision, mission and values.
- ix. Is delivering a plan developing public contact, constituency and support.

Part I, Section 6

Delegations to the head of the international secretariat

- i. Develop and implement annual and long term plans and budgets for WAI based on the requirements of the international Board.
- ii. Ensure that there is an assessment of risks to WaterAid as a global organisation and a risk assessment specifically for WAI.
- iii. Provide regular reports detailing income and expenditure against the approved organisational budget for WAI to the international Board at the quarterly meetings. Any

⁵ For countries raising and spending funds in the same country then the international Board can take this into consideration.

concerns that arise outside of the reporting schedule will be drawn to the attention of the Chair of the international Board.

- iv. Manage the plans, budgets, property and staffing resources of WAI within this policy framework.
- v. Draw to the attention of the international Board any need to update governance procedures to comply with changes to the operating context.
- vi. Present the long-term operational and financial rolling plans and budgets for WAI and the annual budget for the coming year along with a risk assessment and statement on reserves.
- vii. Submit a detailed annual income and expenditure budget for the coming financial year based on the approved long term plan and budgets (for approval by the international Board).
- viii. Review and approve six monthly re-forecasts. Provide a quarterly update on financial performance (including income and expenditure, balance sheet, cash flow and reserves information) and six month re-forecasts to the international Board.
- xi. Vary the three year financial allocations by a total amount not exceeding 10%. Any variation in excess of this must be approved by the international Board.
- x. Commit expenditure in line with amounts delegated by the international Board from time to time. For items outside the budget or that are over delegated expenditure limits the head of the international secretariat requires approval of the Chair of the international Board and another Trustee (who shall not be the Chair of the Audit Committee if constituted).
- xi. Operational responsibility for banking. Opening of new bank accounts requires a resolution signed by the head of the international secretariat and the Chair of WAI.
- xii. The head of the international secretariat is delegated responsibility with the Chair of the Audit Committee (or the Chair of the international Board if there is no Audit Committee) for approving and signing the Audit Engagement Letter.
- xiii. The head of the international secretariat will advise the international Board of the projected staffing establishment in the long term and annual plans and will report on staffing establishment annually to the international Board.
- xiv. Subject to the appropriate policies and procedures the head of the international secretariat will be responsible for the guidance, support and supervision of staff within the secretariat.
- xv. Salaries within the international secretariat will be set with reference to WaterAid in the UK's salary policy and scales. The international Board will approve the salary of the head of the international secretariat.
- xvi. The head of the international secretariat will be expected to report any fraud or irregularity that involves significant risk to the organisation, the Brand or the Intellectual Property (e.g. deception, mismanagement or misbehaviour that is likely to lead to significant financial loss or liability, loss of life or sickness or any other potential reputational damage) to Chair of the Audit Committee (or the Chair of the international Board if there is no Audit Committee).
- xvii. The head of the international secretariat is also expected to report any irregularity that involves significant risk to the organisation to the Chair of the international Board. Appropriate reporting will then be made to the international Board.

- xviii. This scheme of delegation will be reviewed regularly to ensure it is relevant to the circumstances of the day.
- xix. The international Board at its sole discretion may revoke this scheme of delegation or any part thereof at any time.

Part I, Section 8

Investigation process

By being very clear about expectations of Membership WaterAid would hope to resolve any disputes that potentially could lead to the international Board having to terminate Membership.

If there is evidence that a Member is failing to deliver, comply with the Membership and Licence Agreement or maintain the Global Standards and Policies then the following process will be followed:

- i. The international Board will ask the secretariat to investigate the circumstances. They may utilise the services of professional advisors as required. They may also ask another WaterAid Member to undertake or support the investigation as appropriate.
- ii. The secretariat will present their findings to the international Board and the member will be given the opportunity to present their case as well.
- iii. The international Board will be responsible for making a decision. The Member against whom the allegation has been made will absent themselves from the discussion and will not be entitled to participate in any vote.
- iv. If the international Board determines that there is a failure to meet the required standards it will detail the improvement process required in writing and require that these should be met within a reasonable and specified period of time.

If after this period has elapsed the Member is not compliant the case will be reviewed and either an extension given if this is deemed appropriate or a notice will be served as specified in the Membership and Licence Agreement terminating Membership and removing the right to use the name and logo.

Part II, Section 3

The role of a Trustee of WAI

The role of a Trustee of WAI is to:

- i. Approve and regularly review WaterAid's vision, mission, global strategy, global standards, global policies and values.
- ii. Ensure that WAI complies with regulatory and statutory requirements and to exercise overall control over WAI's financial affairs.
- iii. Review the Memorandum and Articles of Association of WAI.

The following qualities and skills are expected to be demonstrated by all WAI Trustees and should be used as the basis for selecting coopted Trustees.

- i. Committed to WaterAid's vision, mission and values and a way of working that demonstrates this. Able to communicate this enthusiasm to others.
- ii. A good understanding and acceptance of the legal duties, liabilities and responsibilities of Trustees and clear on the difference between governance functions and management functions.
- iii. Able to work well as part of a diverse team of Trustees.
- iv. Able to think and operate in the strategic interests of WaterAid.
- v. A good communicator with excellent leadership and interpersonal skills, able to both empower and challenge supportively.
- vi. Well connected and willing to engage with contacts and/or fulfill an ambassadorial role for the benefit of WaterAid.
- vii. An understanding of the context in which WaterAid works (and a willingness to learn more) with an interest in international affairs
- viii. Able and willing to devote the necessary time to the role and a willingness to travel to visit WaterAid's programme work.

Responsibilities of the Chair of the international Board

- i. To appoint and give direction and support to the most senior staff member in the WAI secretariat
- ii. To chair the international Board in particular by:
 - a. Planning the annual cycle of meetings.
 - b. Giving direction to policy and strategic decision making.
 - c. Ensuring that the Board makes clear decisions in the interests of WaterAid globally on strategy, policy and risk exposure.
- iii. To monitor the performance of the international Board.
- iv. To develop the international Board and to ensure that members are properly inducted and supported.
- v. To update and monitor the code of conduct for international Board members and the scheme of delegation.
- vi. To represent WaterAid as a global organisation.

Person specification

- i. A proven track record of leading a large organisation in the public, voluntary or commercial sectors as Chair, Chief Executive or Director.
- ii. Strong connections and reputational credibility ideally gained in the field of international development and/or the provision of safe water and sanitation.
- iii. Excellent networking with a record of achievement and willing to engage with contacts for the benefit of WaterAid.
- iv. A good understanding of the social, economic and political context in which WaterAid works and a willingness to further develop this understanding.
- v. Able to effectively chair a diverse Board of Trustees in governing a complex international organisation.
- vi. Understanding of and ability to promote effective governance practices in the context of a UK limited liability company and registered charity.
- vii. Understanding of diversity as part of good governance.

Personal qualities

- i. Commitment to the mission, aims and ethos of WaterAid.
- ii. A great communicator and ‘people person’.
- iii. Able to work as part of and to lead a diverse team.

Aptitude and skills

- i. The ability and willingness to represent WaterAid and to play an ambassadorial role.
- ii. The confidence and ability to provide support to Trustees and to evaluate the performance of the Board.
- iii. The ability to provide supervision and guidance to the head of the secretariat
- iv. Independence of thought and judgement with a willingness to accept and promote democratically made decisions of the international Board irrespective of personal opinion.

Other requirements

- i. Time and enthusiasm to dedicate to the role of Chair. The commitment to prepare for and attend international Board meetings; to represent the organisation; and to interact with the Chairs of the Member organisations.
- ii. A willingness to travel to visit WaterAid’s work.
- iii. A commitment to the Trustees’ code of conduct.

Part II, Section 4

Code of Conduct**General**

- i. WAI Trustees will act with probity, due prudence and should take and consider professional advice on anything in which the Trustees do not have expertise themselves.
- ii. WAI Trustees will administer the organisation and all its assets in the interest of current, potential and future stakeholders

- iii. Trustees hold themselves accountable to the organisation's stakeholders including the public for the Board's decisions, the performance of the Board and the performance of WAI.
- iv. Except where legally authorised, Trustees should not gain financial or other material benefit for themselves, their families or their friends from their Trusteeship of the Charity.
- v. A Trustee of WAI will not place themselves under any financial or other obligation to outside individual organisations that might influence their performance of official duties.
- vi. Trustees will conduct themselves in a manner that enhances the reputation of the organisation.

Where Trustees are aware of anything that could be damaging to the reputation of the organisation or to its staff individually or collectively this will be raised immediately with the Board and the head of the Secretariat.

- vii. WAI Trustees will make decisions together and take joint responsibility for them. The extent to which any one Trustee or a small group of Trustees is empowered to speak for or take action on behalf of the organisation or the Board is a matter for all Trustees to decide together. Such decisions should be recorded.
- viii. Trustees accept that in fulfilling their role as a Trustee of WAI their responsibility should be solely to WAI and they will focus the expertise they bring from other spheres of their lives for the benefit of WaterAid.
- ix. Trustees are expected to be familiar with WaterAid's approach to diversity and equality.
- x. Individual Trustees must not act on their own on behalf of the Board, or on the business of the organisation, without proper authority from the Board.
- xi. Trustees are expected to attend Board meetings wherever possible. If a Trustee misses three consecutive Board meetings the Chair of the international Board may, after consultation with the other Trustees, decide to remove them from office.

Declaration of interests

- i. To ensure open and transparent exchange of information between Trustees, potential Trustees will be asked to sign a declaration regarding their suitability to join the Board.
- ii. Trustees will also be asked to disclose their interests in the WAI register of interests. The information provided will be maintained in this register in compliance with the Data Protection Act.
- iii. Trustees are asked to keep the information they have registered up to date when there is a material change in their interests and the accuracy of the register will be confirmed on an annual basis.
- iv. As the Board is made up of the Chairs of independent WaterAid organisations there is clear community of interest and potential for conflict.
- v. A conflict of interest policy applies.

Meetings of the international Board of Trustees

- i. A set of papers and an agenda is sent out to all Trustees electronically at least five working days before each meeting to allow time for these to be read in advance. Trustees are expected to prepare for and contribute appropriately and effectively to meetings.

- ii. Trustees are expected to foresee and avoid any conflict of interest. Where one arises e.g. where a WaterAid Member organisation will benefit as a result of a decisions by WAI the Trustee who is also Chair of the board of the Member organisation is expected to declare the interest and if the board requires it, to absent themselves from any discussion or vote taken on the matter.
- iii. Any transaction under which a Trustee will benefit either directly or indirectly must have proper legal authority.
- iv. Confidential information or material provided for, or discussed at a Board meeting should remain confidential and within the confines of the Board and should not be discussed outside the Trustee body.
- v. Trustees have a responsibility to develop and ensure the maintenance of a properly constituted, balanced and competent Board. This includes clear procedures for the selection, election, training, retirement and, if necessary, removal of Trustees.

Staff

- i. Trustees are expected to understand, accept and respect the difference in roles between the international Board, Member Boards, the secretariat and the Chief Executives to develop a mutually supportive and loyal relationship.
- ii. Global standards and policies agreed by Trustees should be expressed in unambiguous and practical terms, so that those responsible for implementing those policies are clear what they need to do. Directions should come from the Board as a whole. A sub-committee of the Board (if constituted) may be delegated the responsibility for clarifying or interpreting the requirements of the Board on specific issues, but the international Board retains decision making authority.
- iii. Trustees should ensure there is a clear understanding of the scope of authority delegated to WaterAid Members.
- iv. Having given delegated authority, Trustees should be careful – individually and collectively – not to undermine it by word or action.
- v. Trustees should act fairly and in accordance with good employment and equal opportunities principles in making decisions affecting the appointment, recruitment, professional development, appraisal, remuneration and discipline of the secretariat staff.

Part II, Section 5

Declaration of interests

WaterAid international Trustee Declaration

I, _____ (name of Trustee) declare that I:

- Have provided a full CV to WaterAid international and am aged over 18 years.
- Have declared any conviction for an offence involving deception or dishonesty.
- Am not an un-discharged bankrupt.
- Have not previously been removed from trusteeship of a charity by a Court or by the UK Charity Commissioners.
- Am not under a disqualification order under the UK Company Directors' Disqualification Act 1996.
- Am, in the light of the above, not disqualified by the UK Charities Act 1993 (section 72) from acting as a charity Trustee.
- Undertake to fulfill my responsibilities and duties as a Trustee in good faith and in accordance with the law and the WaterAid international Trustees Code of Conduct.
- Have declared my interests in the register e.g. directorships, trusteeships, significant investments, positions of employment, relationships with WaterAid staff or beneficiaries of WaterAid, official positions in membership organisations, groups and political parties that may have an impact on my work with WaterAid. I will specifically notify any such relevant interest at any meeting at which Trustees are required to make a decision as is consistent with the WaterAid international Declaration of Interests Policy and the Trustee Code of Conduct.
- Do not have any financial or other interests in conflict with those of WaterAid international (either in person or through family, business or employment connections) except those that I have formally notified in the register of interests.

Signed

Name of Trustee

Declaration of Interest

I have read WaterAid international's Governance Manual including the Code of Conduct, and Conflict of Interest Policy.

Name:

I am currently employed as:

I am a member of the following boards and associations

Other interests that may be relevant are:

Signed and dated

Register of Interests

As stated in the Trustee Declaration, Trustees are asked to declare any interests that may impact on their work with WAI in the Register of Interests. The Register of Interests will be available to WaterAid's Trustees for inspection and will be maintained in compliance with the Data Protection Act.

Declared interests may include:

- trusteeship of a WaterAid Member Board.
- connection with the water and sanitation industries.
- family or close ties with members of WaterAid's staff or Trustees.
- relevant self-employment, directorships, trusteeships or equivalent positions and other appointments or positions of authority.
- relevant financial interests.

Trustees will be asked to update their entries in the register annually – normally before an AGM. The Annual Report of Trustees will include a statement indicating that a declaration of interest procedure is in place and indicating if Trustees have any competing interests.

Gifts

Occasionally Trustees or staff may receive a gift, benefit or an offer of hospitality arising from their position at WaterAid. Any item of a significant value must be declared and recorded and the register is available for the Board for review.

Cover: WaterAid/Caroline Irby

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WaterAid transforms lives by improving access to safe water, hygiene and sanitation in the world's poorest communities. We work with partners and influence decision makers to maximize our impact.

WAI registered charity number 1137900 (England and Wales), company registration number 07238796