The Ministry Governance Model

Governance and Leadership Empowerment in Ministry Organisations

The Nature of Ministry Organisation Governance

In the Christian church and ministry organisation context, governance by a group of board members/overseers has been known in one form or another for centuries. Yet, for many ministries, there is no coherent understanding of what a governance leadership group is for. In the past, little thought has been given to improving ministry organisation governance, but with the increasing complexity now facing churches and ministry organisations, along with the need to continually refine ministry strategies to remain relevant and fulfil the specific purpose of the organisation, it is vital for ministries to differentiate between the role of governance and that of competent and capable empowered leadership. Over recent years ministry leadership 'staff' have become far more adaptive, moving through many approaches to ministry leadership in a continual effort to maintain and improve effectiveness, whilst ministry governing boards have continued to do largely what they have always done.

This is not to demean the intent, energy, and commitment of ministry board members. Many large and well-known ministry organisations exist today only because a dedicated group of activists served as both board members and ministry 'staff' at critical times in those ministries' histories. But surprisingly, in established ministries, although board members are generally successful, competent and experienced persons as individuals, collectively as a governance group they are often ineffective and, in some cases, dysfunctional.

In the broader not-for-profit world, governance boards also tend to be ineffective groups of competent individuals. This is a pervasive problem that has hamstrung ministry organisations globally. In most cases those on governing boards of not-for-profit organisations have some experience and understanding of organisational leadership, and yet, because of their lack of understanding of governance, tend to perform very poorly in their governance role. Extensive consultation with global ministry leaders has revealed that serious issues such as mission drift, leadership failure, ineffectiveness and misuse of resources can almost without exception be traced back to poor governance. Conversely, ministries that are thriving have exceptional leadership-empowering governance.

If a ministry organisation is large enough to have paid staff, it should consider adopting a governance model of board leadership. However, there is much confusion about a governance groups rightful job. Some think it is to manage the affairs of a ministry, to guard and perpetuate culture and praxis, to ensure that all the people in the ministry are catered for, to oversee funds and expenditure and to direct and manage staff. Despite this, there is just one central role for a governance group overseeing a ministry organisation: simply put*, the governing board exists to ensure the specific God-given purpose of the ministry is achieved*. The board is where all authority resides until some is given away to others.

The *Ministry Governance Model* being explored in this paper is not about a particular structure. It is about fundamental principles, designed to be internally consistent, externally applicable, and logical. Adopting overarching logical and consistent principles will often demand major changes in ministry organisation oversight and leadership, because these principles are applied to localised institutions that have for many years been characterised by a hodgepodge of practices, whims of individuals, and capricious decision making.

Such a change is a paradigm shift—not merely a set of incremental improvements to the status quo—and demands great discipline to be put into effect. If the *Ministry Governance Model* is used in its entirety, leadership, accountability for achieving purpose and ministry effectiveness of a ministry organisation can be transformed. Using only parts of a system can result in inadequate or even undesirable outcome. Unlike the traditional practices to which boards and ministry leaders have become accustomed, the *Ministry Governance Model* introduces an integrated *system* of governance.

In order for the implementation of the *Ministry Governance Model* to be successful, the board need to understand oversight of the ministry in a new way, then be disciplined enough to behave in that new way. This will require that those serving on the board of the ministry become more enlightened and more competent than they have been. If it means losing some members of the board as the nature of the ministry's governance changes, that is a necessary price to pay. The *Ministry Governance Model* is not designed to please every board member or ministry leader. It is designed to give ministry organisations competent servant-leaders to govern on their behalf.

The Board as Owner-Representative and Servant-Leader

In business, a board of directors' primary governance responsibility is to be accountable to and 'the voice' of the owners or shareholders of the corporation. But it is not always apparent that not-for-profit organisations, and ministries, also have 'owners' or key stakeholders. Certain not-for-profits, such as trade associations or professional societies, are owned by their members. Beyond such obvious cases of ownership, however, it is useful to think of community-based agencies and ministries as 'owned' by the communities they serve. In community agencies and ministries there is often not a legal equivalent of shareholders, but there is a moral equivalent that could be referred to as the 'ownership', namely, those for whom the ministry exists. Looking at ownership in this very basic way, it is hard to conceive of any organisation that is not owned by someone or some population, at least in this moral sense.

The *Ministry Governance Model* considers the board the on-site 'voice' of the ownership. Just as the corporate board exists to speak for the shareholders, the ministry board exists to represent and speak for the interests of the owners. The owners, or key stakeholders of an outreach ministry are the community the ministry is called to reach and serve. A board that is committed to representing the interests of the owners will not make decisions based on the best interests of those who are not the owners. Hence, boards cannot act as if their job is to represent staff, other interested parties, or any non-ownership group.

In most ministries that have paid staff, the board tends to develop their key relationships with the staff. The *Ministry Governance Model* demands that the boards' primary relational obligation is with the owners. It is consistent with the concept of servant leadership that the board is first a servant, before it is a leader (1 Peter 5:1-4). It must lead the ministry subject to its understanding of the needs of the ministry's owners.

It is the board as a body that speaks for the ownership, not each individual board member, except as they contribute to the final decisions and outcomes. While there may be roles and responsibilities for individual board members, they must derive from the roles and responsibilities of the board as a group. Hence, all board members must recognise that it is the board as a collective governance group, not individual board members, that has the authority to govern.

The board speaks with one voice or not at all. The board speaks authoritatively when it collectively makes a decision at a board members' meeting. Statements by individual board members have no authority. This 'one voice' principle makes it possible to know what the board has said, and what it has not said. This is important when the board members give instructions to one or more of the staff. 'One voice' does not require unanimous votes, but it does require all members of the board, even those who did not support or agree with a decision, to respect the decision that was made. Board decisions can be changed by the board, but never by individual board members.

The Necessity of Delegation

On behalf of the ownership, the board has total authority over the ministry and total accountability for the organisation's actions, activities and ministry outcomes. But the board must rely on others to carry out the work, to exercise most of the authority and to fulfill most of the outcomes they are accountable for.

While the board is responsible to see that the ministry as a whole 'works', the actual running of the ministry is substantially in the hands of leadership staff. The board must therefore work to increase the likelihood that the staff will be successful while making certain it really is successful or not. This calls upon the board to be very clear about its expectations and to regularly check that those expectations are being met.

While the *Ministry Governance Model* can work in the absence of a salaried executive leader, the governance role is much more difficult. For the model to be deployed in a ministry that has no 'staff' positions, a volunteer ministry leader, possibly one of the board members, would need to be assigned the overall responsibility for the ministry including oversight of the leaders of the various activities.

The ministry leader can be called Executive Director, President, Chief Executive Officer, or any other title. In this paper the term *Executive Leader* will be used to denote the ministry leader role.

The Executive Leader is the single point of delegation accountable for meeting all the board's expectations for the ministry's health and effectiveness. The board must delegate to the Executive Leader all of the authority that the accountability requires. The use of an Executive Leader position simplifies the board's job. To the Executive Leader, the board states its expectations and desired outcomes for the ministry but does not tell them how to get it done. All the authority granted to the board by the ministry community is granted personally to the Executive Leader. All the accountability of the ministry organisation to meet board expectations is charged personally to the Executive Leader. The board, in effect, has one employee, even though there may be multiple staff employed by the ministry.

The board appoints the Executive Leader; the Executive Leader does not appoint or direct the board. As the board fulfills its responsibility to the ministry community, it creates the Executive Leader role as a key method of fulfilling that accountability. In every case the board is totally accountable for the ministry's activities and outcomes and has, therefore, total authority over the ministry, including over the Executive Leader. The board is responsible for developing the Executive Leader's job description and ensuring that the Executive Leader does the job well. However, the Executive Leader does not determine the board's job role and is not accountable for the board's performance in that role.

As the leader of the ministry, the board (1) must be definite about its performance expectations, (2) assign these expectations clearly, and then (3) check to see that the expectations are being met. Many times, boards fail in most, or all, of these three key steps. Misalignment of expectations between a ministry community, board and an Executive Leader is the cause of many serious debilitating issues.

The Ends/Means Distinction

Often, boards have a hard time knowing what to control and how to control it. The *Ministry Governance Model* provides an approach that enables the board to resolve this quandary. A board needs to demand ministry outcomes in a way that empowers the staff, leaving to their creativity and innovation as much latitude as possible. Ideally, the board must give away as much power as possible, while still retaining its own accountability for results.

What should a board control? In any ministry, there are uncountable numbers of issues, practices, and actions being decided daily by someone. Using the *Ministry Governance Model*, all of these decisions can be classified as either *ends* decisions or *means* decisions.

'Ends' are always about the impact the ministry has on its key stakeholders; in the case of a ministry organisation this would be all in the ministry's relational 'sphere of influence', primarily those who are engaged in activities of the ministry, but more importantly, those for whom the ministry exists. Ends never describe the ministry community itself or its activities. For example, the 'programs' of the ministry are not ends. Ends are about the ministry's impact on the world that justifies its existence.

Any decision that is not an 'ends' decision is a 'means' decision. Most decisions in a ministry are means decisions; some are very important means. But even if a decision is extremely important, even if law requires it, even if it is critical to survival, unless it passes the ends test, it is not an ends decision. Hence, means include personnel and financial matters, resources, buildings, programs, services, and even governance itself. No ministry was ever formed so it could be well governed, have good personnel policies, a balanced budget, sound resource management, great facilities, or even nicely planned services or programs.

The ends/means distinction is critical. Are ends the same as mission? The answer is usually "no." Consider the following mission statement of a local ministry:

> *"The mission of XYZ Inc. is to be a ministry that loves God, teaches His Word and cares for one another."*

This statement is entirely means, not ends. This ministry can fulfill its mission and yet not grow, reach others, and follow the primary imperatives of Jesus' for his followers. In contrast, consider this broad ends *purpose* statement*:*

> *"The XYZ Inc. exists so that all people in the City of ABC will have an opportunity to know and follow Jesus."*

In the latter, unless the targeted group is benefited in the required way, the ministry is not successful, no matter how many activities or programs they have, or how well it cares for the people in the ministry. Equipping people to love God, study and apply His Word and care for one-another could be worthy *means* to achieve the *end* of reaching all those living in the local community, but it is not an end in itself.

Since the board is accountable for everything, it must exercise control over both ends and means, so having the ends/means distinction does not in itself relieve boards from any responsibility. The ends/means distinction does, however, make possible two entirely different ways of exercising control, ways that, taken together, allow the board to have its arms responsibly around the ministry—without its fingers irresponsibly in it—in ways that for the ministry staff maximises accountability and freedom simultaneously.

The board simply makes decisions about ends and means in different ways, as follows:

a. Using input from the owners (members), staff, experts and anyone in a position to increase the board's wisdom, the board makes ends decisions in a proactive, positive, prescriptive way. The board documents these ends decisions producing 'ends policies'. Ends are statements about the *purpose* of an organisation or entity, why it exists, rather than what it does, or how it does things. Ends statements of a ministry should be grounded in the stated purpose of the ministry and about one or more of the following three things (and only these three):
    i. The desired outcomes of the ministry's work.
    ii. The beneficiaries of the ministry.
    iii. The cost vs worth in the context of the stated purpose – prioritising of the investment of resources (stewardship).
b. Using input from whoever can increase the board's wisdom about governance, servant leadership, visioning, or other skills of governance and delegation, the board makes means decisions about its own job. The board documents these means decisions producing 'Governance Process policies' (about the board's own job) and 'Board-Staff Relationship policies' (about the relationship between governance and staff). Both these categories are means, but they concern means of the board, not the ministry staff.
c. Using input from whoever can increase its sense of what can jeopardize the prudent and ethical conduct of the ministry, the board makes decisions about the staff's means in a proactive, but negative and boundary-setting way. Because these policies set forth the limits of acceptable staff behavior, that is, the unacceptable means, the board documents produced are 'Executive Limitations policies.'

These categories of board policies are exhaustive and no other board documents are needed to govern except the organisational procedures prescribed by the Constitution. This method of governance is often referred to as 'policy governance'.

Executive Limitations (see attached sample *Executive and Financial Limitations Policy*)

What is meant by Executive Limitations? It is insufficient for the board to simply establish Ends and determine through monitoring that those Ends are accomplished. The means by which Ends are accomplished, though interesting, are of little importance to the board unless for some reason they are unacceptable even if they work. Means that are effective but unacceptable are ones that involve improper treatment of people or assets. Although there is no reason for a board to control staff means decisions for reasons of effectiveness, there is reason to control staff means for reasons of prudence, ethics and biblical imperatives.

Under most circumstances, the board is not responsible for producing ends, only with defining them. Whoever is directly responsible for producing ends must decide which means to use. It is to the board's advantage to allow the staff maximum range of decision-making about means, for skill to do so is why staff were employed. If the board determines the means of its staff, it can no longer hold the staff fully accountable for whether ends are achieved, it will not take full advantage of staff skills, and it will make its own job more difficult. It is not necessary for the board to tell the staff what means to use. In the *Ministry Governance Model,* the board tells the staff through the Executive Leader what means *not* to use.

Therefore, it is the board's job to examine its values to determine those means which it does not want in its organisation, then to name them. In this way extensive and explicitly circumscribed authority is granted to the Executive Leader. Effectiveness demands a strong Executive Leader, while prudence and accountability to the board demand that the Executive Leader's power be bounded.

This delegation technique has a number of advantages:

1. It recognizes that board interference in operational means makes ends harder and more expensive to produce. Therefore, delegation that minimises such interference is in the board's interest.
2. It accords to the Executive Leader as much authority as the board can responsibly grant. Therefore, there is maximum empowerment inside the local ministry organisation for ends achievement.
3. It gives room for managerial flexibility, creativity and timeliness. Therefore, the ministry leadership can be agile, able to respond quickly to opportunities or threats.
4. It dispels the assumption that the board knows better than the staff what means to use. Therefore, the board does not have to choose between overwork and being amateurs supervising professionals.
5. In this system all means that are not prohibited are pre-approved. Therefore, the board is relieved from meticulous and repetitive approval of staff plans.
6. Most importantly, by staying out of means decisions, except to prohibit unacceptable means, the board retains its ability to hold the Executive Leader accountable for the decisions that take place in the local ministry.

Expressing Board Expectations

The separation of organisational values into categories is a major organising principle for *Ministry Governance Model* boards: Ends, Executive Limitations (the unacceptable means), Governance Process, and Board-Staff Relationship (the latter two are board means divided into two parts). Except for legalities found in articles of incorporation and bylaws, these four categories completely embrace all possible organisational values and no other policies or documents are needed.

The *Ministry Governance Model* requires that the board begin its policy-making in all four categories with the broadest, most inclusive statement first. The board then considers the range of interpretation that such a statement allows, and then determines whether it is comfortable with the statement being given *any* interpretation that is reasonable. If the board would be uncomfortable delegating such a range, that is a signal that the board must define its words more narrowly, moving into more detail one level at a time. Once the board has narrowed its words to the point that it can accept any reasonable interpretation of those words, the board has reached the point of delegation.

> *For example, consider an Executive Limitations policy in which the board is putting certain financial conditions and activities 'off limits.' At the broadest level, the board might say:*
>
> *"The Executive Leader shall not allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Ends policies."*

> *That covers the board's concerns about the organisation's current financial condition at any one time, for there is likely nothing else to worry about that isn't included within this broad proscription.*
>
> *However, a board might think such a broad statement leaves more to Executive Leader interpretation than the board wishes to delegate. So, the board might add further details, such as saying "The Executive Leader shall not: (1) Expend more funds than have been received in the fiscal year to date except through acceptable debt. (2) Indebt the organisation in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 60 days, but in no event more than $20,000. (3) Use any of the long-term reserves. (4) Make a single purchase or commitment, outside of budget line items, of greater than $5,000, with no splitting of orders to avoid this limit. And (5) acquire, encumber or dispose of real property."*

A board might go into less or more detail than in this example. But in any case, these principles stay intact: Policy language moves from the broadest, most inclusive level to more defined levels. Wherever the board policy stops, the Executive Leader is granted authority to use any reasonable interpretation of the board's words. The board is always clear about the authority being given away. The recipient of the board's delegation is always clear about the amount of accountability expected in return. The board can shrink, expand, or change the content of the policy at any time, as long as it does not judge performance retroactively.

Board Discipline, Procedures, and Structure

It is clear that the *Ministry Governance Model* requires a board to govern in an organised, planned and disciplined manner. Not everything is appropriate for board discussion. Matters that have been delegated to the Executive Leader should not be decided by the board or by board committees. Otherwise the board is unable to hold the Executive Leader accountable.

Effective boards know that their work must produce three key results: (1) A consistent relationship between the organisation and the ownership. If the board is to make Ends decisions on behalf of the owners, it must know what the owners think. (2) Written governing policies in the four areas, using the principles described. (3) Organisational performance consistent with the board's Ends and Executive Limitations policies.

Producing these three key results is what board meetings are for and every meeting agenda should exemplify the board working to perform its job. A board must decide how much, in what detail, and at what level of excellence it will pursue its purpose in the ensuing year. By doing so, it takes control of its own agenda, planning meetings that enable the production of these deliverables.

In taking responsibility for its own performance, the board confronts the challenge of acting effectively as a group of equals where no one has authority over anyone else. The first action of a group of equals is to create a position of Chairperson, a first among equals, to help it stay on task. While it is important that each board member take responsibility for the board's group behavior, the board grants the Chair the extra authority required to make rulings that keep the board on track. Even so, the superior role resides with the board as a group and the Chair is only the servant-leader of the board.

The Chair does not have authority over the Executive Leader. Only the board collectively has authority over leadership staff, and it exercises that authority through carefully crafted policies. It is harmful for the Chair to tell the Executive Leader what the board wants, for the board must speak for itself. Both the Chair and the Executive Leader work for the board as a whole, but their roles do not overlap because they are given authority in different domains. The Chair's job is to see to it that the board gets its job done, as described in Governance Process and Board-Staff Relationship policies. The Executive Leader's job is to see to it that the staff gets its job done, as described in Ends and Executive Limitations policies.

Board Treasurers may threaten Executive Leader accountability as well as the one voice principle. If the Treasurer has financial management authority over the Executive Leader, the board cannot hold the Executive Leader accountable for that. The board should accept responsibility for financial governance and require the Executive Leader to be accountable for managing finances so that performance compares favorably to policy. The appropriate use of a Treasurer is to assist the board in making financial policy, never to judge Executive Leader compliance against the Treasurer's own expectations.

In keeping with the 'one voice' principle, the board can allow no structures or practices in which board members or board committees exercise any authority over staff. Many ministry boards have a myriad of traditions that violate the one voice principle, such as placing the Chair between the board and the Executive Leader. It is common for boards to underestimate the amount of board member interference in operations. Such interference, even when well-intended, undermines the board's ability to hold the Executive Leader accountable, for the Executive Leader can argue that their actions were taken in compliance with a board member's instruction.

Advice is a concept often carelessly used in ministry boards. It may be that the board, board committees, or individual board members offer advice to staff. But advice, if it is really advice, can be rejected. If staff has any doubt that advice given by the board or one of its members cannot safely be turned down, the clarity of board-to-staff delegation will be undermined.

Traditional boards frequently create committees to assist or advise the Executive Leader or staff, such as committees on finances, program and other such staff means issues. Such committees often create confusion. They constitute interference in the Executive Leader's sphere of authority and accountability and damage the board's ability to hold the Executive Leader accountable.

Ministry Governance Model boards should use committees only to help the board to do its own job. Hence, a committee that identifies areas of financial exposure that the board might address in an Executive Limitations policy is legitimate. But a human resources committee that advises on or intervenes in personnel issues is not. For the board to request advice or assistance with its own job is acceptable and does not compromise accountability, but to impose help or advise on staff is destructive to accountability.

It is critical that boards be visionary and provide long-term leadership. Boards must persevere with the arduous, complex task of describing purpose and ethics/prudence boundaries. Forming those values into clear policies is hard work. Speaking proactively for the ministry community requires a strong commitment not to take reactive refuge in rituals, reports, and approvals.

This requires board member expertise relevant to governance, not management. Board members should not be recruited based on them having skills that mirror the skills of staff. Governance excellence requires members who can think conceptually and with a long-term perspective, who welcome a diversity of opinions but abide by group decisions. They must be able to speak on behalf of the ministry community rather than from their own or some splinter group perspective. They must place organisational accountability above personal gratification.

Evaluation

Evaluation of performance is as integral to the board's job as it is to any ministry staff. However, proper evaluation is impossible unless the board has first stated its expectations and adopted a process of self-evaluation. Evaluation of staff performance cannot occur appropriately unless the board has done its job first.

A ministry's effectiveness and health are the only fair evaluation of Executive Leader performance. Since the Executive Leader's job is to see to it that the ministry meets the board's expectations, there is nothing more and nothing less to evaluate when assessing the Executive Leader. Therefore, the board's evaluation of the ministry's performance is the same as board evaluation of Executive Leader performance. The Key Performance Indicators (KPI's) for the ministry should be the measurable outcomes that are intrinsically tied to the purpose (ends) of the ministry. The Executive Leader needs to be held accountable for achieving these ends but is solely responsible and trusted to develop and deploy strategies, processes and methods (means) that will achieve the KPI's. Monitoring the evaluative data is an ongoing activity, perhaps as frequently as monthly, and the board may wish to have a formal evaluation of the Executive Leader once each year. However, the Executive Leader's formal evaluation is only a summary of the accumulated monitoring data, not something in addition.

Monitoring information must speak *directly* to whether board expectations set by the board in its Ends and Executive Limitations policies are being fulfilled. This discipline not only makes it unnecessary for the board to absorb mountains of data, but it keeps evaluation fair. The Executive Leader will know ahead of time the criteria on which they will be judged, since monitoring information must describe actual performance compared to expected performance.

When monitoring is defined, reports tend to be straightforward and transparent. Monitoring is more exact and requires less board meeting time. Ideally, monitoring data should be provided to board members prior to meetings, so meeting time can be used for board education and deliberation. Removing monitoring from board meetings allows those meetings to focus on creating the future rather than reviewing the past.

For each Ends and each Executive Limitations policy, the board will have set a frequency and a method of monitoring, after which the process runs automatically. The method of monitoring should include a report from the Executive Leader, judgment by a disinterested party (for example, an auditor), and/or direct board inspection. Effective monitoring rarely needs to be discussed in the board meeting, except for board members to affirm that they have received and read the provided reports.

> *For example, the Executive Leader may provide a financial report that shows expenditure is within the boundaries set in their Executive Limitations. This can be noted after any clarifying questions on details are addressed.*
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> *Further, a report may be provided of the status of the development of a new ministry initiative to reach young families. As this is a means to achieve an end of providing an opportunity for all people in the ministry's sphere of influence to know and follow Jesus, it just needs to be noted that this is on track. It is not the board's role to dig into detail, but just to ensure that this is happening.*

Notice that the information is brief, only enough to answer the questions of compliance with Executive Limitation and Ministry Ends policy. Board members should adopt a 'prove it to me' attitude, so if the information submitted is insufficient to convince them, more detail can be added.

Using a similar approach, when the board seeks to evaluate itself, it compares its actual behavior and accomplishment with the behavior and accomplishment it committed to in its Governance Process and Board-Staff Relationship policies. Effective boards tend to self-evaluate on a frequent basis, every meeting if possible.

Board Meetings

When the board takes responsibility for its own performance, board meetings become governance-focused meetings, rather than management meetings for the board. Board meetings occur because of the need for board members to learn together, to contemplate and deliberate together, and to decide together. Board meetings are not for reviewing the past, helping staff do its work, or performing ritual approvals of staff plans. As a result, many board meetings may not look like traditional board meetings at all, but rather will be learning and studying sessions.

The Executive Leader is always present at board meetings but is not the central figure and may or may not have voting rights. It is feasible for the Executive Leader to be recognised as a full member of the Board, but preferably this would be in an ex-officio capacity. However, if the Executive Leader is a full member of the Board, for the *Ministry Governance Model* to effectively work the governance/executive relationship between the board and the Executive Leader would need to be maintained.

Other staff might be present when they have input on matters the board is to decide. Board committees might be used to increase the board's understanding of factors and options, but never to assume board prerogatives or remove difficult choices from the board. The real work must take place in the board meeting.

Therefore, board meetings should be more about the long-term future than the present or short-term future, more about ends than means, more about a few thoroughly considered large decisions than many small ones. And by their very nature, meetings should demonstrate that the board's primary responsibility is to the owners, not the staff.

Summary

The *Ministry Governance Model* recognises that every governing board is obligated to fulfill a crucial link in the 'chain of command' between the owners, whether legal or moral in nature, and staff of the ministry. The board does not exist to help staff, but to give the ministry 'owners' the controlling voice. The board's authority is best employed by operating as an undivided unit, prescribing the ministry's ends, and only limiting staff means when necessary. This governance model enables extensive empowerment to staff while preserving controls necessary for accountability. It provides a values-based foundation for discipline, a framework for precision delegation, and a long-term focus on the local ministry's ends.

XYZ MINISTRY

Executive and Financial Limitations Policy (sample)

1. BACKGROUND:

The purpose XYZ Ministry is to….

XYZ Ministry currently operates as an incorporated association (or other incorporated entity) and as such is required to function within the limitations of the Corporations Act or *any other applicable Acts*.

2. CONTEXT:

To facilitate optimum effectiveness, the governance board of XYZ Ministry recognises its responsibility as being generally confined to governance ensuring the association is operating within budget and in accordance with the strategic plan; both of which it has approved along with policies to govern the operation of the association. The implementation of the strategic plan, management of the budget and subsidiary policy development are the responsibility of the Executive Leader. The "Executive Limitations" policies compel the Executive Leader to act within acceptable boundaries of prudence and ethics and comply with the policies and budgetary constraints established by the XYZ Ministry governance board. The Executive Leader is responsible for the employment and management of all XYZ Ministry staff and any directives by the board for implementation by staff are to be communicated to the Executive Leader.

3. OBJECTIVES:

This policy pertains to the authority of the Executive Leader and its primary objectives are:

a) To ensure the association is managed in accordance with its constitution and the policies that govern its operation.

b) To ensure that the association is managed within budget.

c) To ensure that the association is managed in accordance with the strategic plan.

d) To ensure the instructions of the Ministry organisation governance board are completed within the time frames specified.

e) To establish the powers and limitations of the Executive Leader with respect to expenditure that exceeds budgetary allocations or deviates from the purpose for which the resources have been assigned in the strategic plan.

f) To establish the powers and limitations of the Executive Leader with respect to planned or unplanned activities that fall outside of the strategic plan.

4. RISK MANAGEMENT

In order to control risk and to seize opportunities the Executive Leader shall design, implement, uphold and evaluate prudent and effective instruments for risk management. These include identification, assessment and monitoring of risk as well as preventive and corrective measures. Risk is not limited to economic risk only. Public trust is a prerequisite that cannot be overestimated and requires integrity in culture, transaction, and behaviour.

5. CONSTITUTION AND GOVERNING POLICIES:

The Executive Leader shall ensure XYZ Ministry is managed in accordance with best practice and sound Biblical principles and ethics.

a) The Executive Leader shall immediately upon becoming aware that XYZ Ministry, the Executive Leader themselves, or staff have breached or failed to conform with any of the provisions of its constitution and governing policies, inform the governance board Chairperson.

b) The Executive Leader shall immediately upon becoming aware that XYZ Ministry's governing policies are either deficient or fail to meet current and varied regulatory requirements, inform the Chairperson.

c) The Executive Leader and Chairperson (in consultation with the Ministry organisation governance board) are to collectively determine what action needs to be taken in respect to constitutional and policy failures and the Executive Leader is to implement the agreed upon plan of action.

6. REGULATORY REQUIREMENTS:

a) The Executive Leader shall immediately upon becoming aware that XYZ Ministry, the Executive Leader themselves, or staff have failed to conform with any regulatory requirement, inform the Chairperson.

b) The Executive Leader and Chairperson (in consultation with the board) are to collectively determine what action needs to be taken in respect to regulatory failure and the Executive Leader is to implement the agreed plan of action.

7. BUDGET AND FINANCIALS:

a) The association and staff shall ensure that all transactions are within the constraints of XYZ Ministry's 'Bank Authority Controls' policy.

b) The Executive Leader shall immediately upon becoming aware that XYZ Ministry projected expenses are likely to exceed projected income by $????, inform the Chairperson.

c) Provided the overall budget and cash flow allows, the Executive Leader may authorise any expenditure of up to $???? outside of budget line items, without reference to the Chairperson.

d) The Executive Leader must submit any proposed expenditure in excess of $???? of budget allocations or expenditure that is likely to result in a budget deficit, to the Chairperson.

8. STRATEGIC PLAN:

a) The Executive Leader shall inform the Chairperson of the board in a timely manner upon becoming aware that any of the key reporting activities (KRA's) and key performance indicators (KPI's) are unlikely to be completed within the time frame allocated and are likely to have a major impact on the associations performance.

b) The Executive Leader in consultation with the board will determine what action needs to be taken in the case of non-compliance with KRA's and KRI's and the Executive Leader is to implement the agreed plan of action.

c) The Executive Leader will not commit the association to any major activity or initiative without first discussing it with the board and seeking their approval.

9. OFFICE SYSTEMS:

a) The Executive Leader shall ensure that XYZ Ministry has appropriate administrative systems to manage its processes and achieve its goals.

b) The Executive Leader shall immediately upon becoming aware that XYZ Ministry's office systems need an urgent upgrade, inform the Chairperson.

c) The Executive Leader and Chairperson (in consultation with the board), are to collectively determine what action needs to be taken in respect to upgrading its systems and the Executive Leader is to implement the agreed plan of action.

10. DATA INTERGRITY:

d) The Executive Leader shall ensure that XYZ Ministry has appropriate controls to safeguard the integrity of its data and communications systems.

e) The Executive Leader shall immediately upon becoming aware that XYZ Ministry's data has been accessed, compromised, or damaged, inform the board.

f) The Executive Leader and Chairperson (in consultation with the board) are to collectively determine what action needs to be taken in respect to the failure to conform and the Executive Leader is to implement the agreed plan of action.

11. STAFF:

a) The Executive Leader will treat all paid and volunteer staff with respect and serve them to develop their skills either via personal mentoring or providing training and supervisory support. The Executive Leader will also ensure staff treat other paid and volunteer staff with the same degree of respect.

a) The Executive Leader shall employ staff in accordance with its employment policy and where the Executive Leader considers employing a person via another arrangement, the Executive Leader is to first discuss the proposal with the board and seek their approval.

b) The Executive Leader shall utilise and manage volunteer staff in accordance with its volunteer policy.

c) The Executive Leader shall ensure the job descriptions for paid staff and volunteers reflect the roles and duties expected of them.

d) The Executive Leader may review staff salaries outside the budget but by no more than 5% of the staff member's current salary. Where the Executive Leader wishes to increase a staff member's salary by more than 5%, he or she must first seek the permission of the board.

e) The Executive Leader shall notify the board upon becoming aware that a staff member has committed a crime or done anything that, in the opinion of the Executive Leader, will adversely impact on the reputation of the association and/or the Christian Faith.

f) The Executive Leader shall notify the board upon becoming aware that a staff member has been injured in the course of their work.

g) The Executive Leader shall notify the board upon becoming aware that a staff member has sustained a personal injury (mental or physical) or experienced a family tragedy likely to prevent their return to work for one week or more.

h) The Executive Leader is to notify the Ministry organisation governance board if a member of staff resigns or has a dispute with the Executive Leader, or other member of staff, that has not been able to be resolved.

i) The Executive Leader is to notify the board if, in the opinion of the Executive Leader, another staff member needs to be employed to ensure KRA's and KPI's may be completed in a timely manner or to resource a new initiative.

j) The Executive Leader may employ staff on a temporary basis of not more the three months, budget permitting.

12. POLITICAL AFFILIATION & ASSOCIATION:

The Executive Leader shall not publicly align with or endorse any political party, leader or candidate, nor will they engage in any political campaign, organisation, or movement that identifies with or represents a particular political orientation, agenda or ideology.

13. THEOLOGICAL/DENOMINATIONAL POSITIONING:

The Executive Leader shall not publicly favour, endorse, or advocate for any denomination, Christian ideology or theological perspective other than the core theology and imperatives of XYZ Ministry that is grounded in the XYZ Ministry's Statement of Faith and Doctrinal Statement and XYZ's other foundational documents.

14. EMERGENCY EXECUTIVE LEADER SUCCESSION:

In order to protect the Ministry organisation governance board from sudden loss of the Executive Leader's services, the Executive Leader shall ensure at least one other staff member is familiar with the board and Executive Leader's responsibilities and processes such that a successor could take over in an interim role with reasonable proficiency.