

INFORMATION AND KNOWLEDGE BASE

MANAGEMENT OF THE GOVERNING BODY

- Chapter 5 -

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“You gotta dance like there’s nobody watching, sing like nobody is listening and live like it’s heaven on earth” – William W Purkey

- Chapter 5 -

MANAGEMENT OF THE GOVERNING BODY

A competent manager of any governing body is critical to its success and the governing body must ensure that the right person fills this position.

5.1 Executive versus Non-executive Powers

The governing body is there to oversee the management of the governing body and must decide on whether they will perform a non-executive function or perform an executive role.

The non-executive governing body will direct and control the governing body and, from time to time, take high-level decisions, but leave the day-to-day management of the governing body to the manager. In this case a competent and experienced manager in finance, security, administration, medical care services etc., is critical. The correct overall qualification and industry-specific experience are important requisites.

However, if the governing body decides to operate in an executive manner, then the manager in charge of the governing body can be less qualified or experienced. The competency and the level of experience are less critical when members of the governing body come with the experience and perform certain tasks themselves. However, your experienced manager may underperform under an executive governing body if too much interference is the yardstick.

5.2 Duties of the Manager

The duties of a manager will, *inter alia*, include:

- Responsibility for the day-to-day running of the governing body.
- Assisting with the secretarial functioning.
- Controlling income and expenses within the approved budget.
- Ensuring that policies and procedures are implemented and adhered to.
- Ensuring the optimal use of staff.
- Managing the risks and ensuring that the policies, procedures, and mitigating actions on the subject are followed.
- Making sure that the laws and regulations applicable to the governing body are adhered to.
- Ensuring that IT systems operate optimally, and that the necessary back-up exists.
- Networking with bodies representing industry.
- Continuously improving the quality of services provided by the governing body.

5.3 Qualifications of the Manager

A person with a degree in accounting, social science, human resources, or public administration is recommended for the job. As much of the governing body's affairs are focused on the finances, financial controls and financial planning, a strong experience is required. Persons with an industrial qualification such as a Professional Community Association Manager (PCAM) or a Certified Manager Community Associations (CMCA) should also be qualified to function as managers.

5.4 Managing Association

A managing association as a corporate entity, is given the responsibility to manage the affairs of the housing interest together with the requisite powers and duties such as control, administration, and management of the interest for the benefit of all its members.

The following are key facts:

- The association must be properly constituted in accordance with Act 65/88.
- Every member of the housing scheme automatically becomes a member of the association on the day of purchase
- Individuals do not have 'management rights' as it is the association that is given these rights.
- Members cannot cede their rights to any other member or abdicate from his obligation to the association.
- The developer/owner of the housing interest is a member of the association. The association protects the interest of the developer/owner as a member of the association.
- However, members may appoint a proxy (to members or duly appointed persons) to represent them at a general meeting of members and thereby vote in matters pertaining to or relating to the association. The 'member' can be the owner of the developer of the housing interest. The proxy cannot be a 'blanket' proxy and should only be for a specific meeting.
- Good governance requires to maintain a fair and equitable balance in power at meetings and it will be inappropriate for any one member, including the owner or developer, to hold sway over a meeting through exercising a majority vote by proxy.
- The association may assign or cede its powers e.g., to a managing agent. The assigning or ceding cannot be granted to the developer, registered owner, or the life right grantor.
- The managing agent answers to the management association.
- The owner/developer may take steps against the association to ensure compliance to the maintenance of the housing interest to a reasonable standard. This includes suing the association for failure to comply with its legal obligations.
- The association's duties and powers are subject to any restrictions imposed or direction given at the general meeting of members.

5.5 Managing Agents

The appointment of a managing agent is regulated in *Sectional Titles Management Act (STSMA)* and by the *Older Persons Act (OPA)*. In brief, the following rules apply to a managing agent that is appointed.

- The obligations and responsibilities are exactly those of the governors of the governing body. Also take note that the governors must supervise the activities of the managing agent.
- They need to manage the organization professionally with the required experience and skills. They are also responsible for losses if they do not apply the necessary care and skills.
- Has a fiduciary duty towards all members of the body corporate (BC)?
- Must report back to the members every four months. The report must include proposed maintenance work, reconciled cash balances of various funds, income and expense statement and other relevant matters. Inspections of communal areas need to be done every six months.
- The agreement with the agent must cover the detail of the financial, administrative, and secretarial and other functions that will be provided. The agreement must be in writing and signed. Agreement may not exceed three years but may be cancelled by way of a two- month notice.

5.6 Policy Document

The policy document should cover legal, ethical, professional and management principles and directives. The purpose of the policy is to contribute to a sound operational and health care facility. The policy needs to be adapted and owned by residents, governing body, and management.

The policy should, *inter alia*, cover the following subjects:

- Introduction to the governing body.
- Founding documents.
- Mission Vision, Objectives and Values.
- Structures of the governing body.
- Election of governing body governors and conditions prevalent.
- Appointment of staff.
- Pricing model.
- Sustainability model.
- Financial policies including cost recoveries, reporting, annual financial statements, and credit policy.
- Corporate governance practices by the governing body.
- Waiting list procedures.

- Admission age.
- Language.
- Resident representation.
- How the *Older Persons Act* is adhered to and the rights and obligations of residents.
- Code of conduct for residents.
- Code of conduct for personnel.
- Code of conduct for governing body.
- Code of conduct for service providers.
- In-sourcing and out-sourcing policy.
- Environmental and green living issues.
- Visitor rules.
- Types of property ownerships offered and what costs are carried by the governing body and the resident for each type of ownership.
- Life right model – purchase and sales conditions and payback.
- Security.
- Independent living.
- Clinic services.
- Home care.
- Frail care.
- Hospitalisation.
- Step down services.
- Dementia care.
- Palliative care.
- Canteen, laundry, and other facilities.
- Resolving disputes.
- Garden and other maintenance.
- Communication.
- Activities offered and the rules around them.
- Fund raising activities and the structure in place to do this.
- Risk Management.

5.7 Standard Operating Procedures

Standard operating procedures (SOP) set out the ways in which operations are conducted, the controls exercised whilst conducting the operations and any other information that clarifies the procedures to be followed in doing a specific job.

In any specific job or group of jobs procedures are followed in a specific sequence and controls established at certain critical points. These need to be written down and understood by the person/s performing the job and the manager managing these staff members.

Standard operating procedures are useful to:

- Add to a job description.
- Analyse the process and improve on the practices and streamline the way things are done.
- Assist new employees to quickly catch up as to how a job is performed and how he/she fits into the total picture.

Areas where standard operating procedures are necessary are:

- Finance
- Security
- Care in general
- Frail care centre
- Catering
- General administration
- And to a lesser extent for maintenance, gardens, etc.

Subjects to be covered by each SOP can be found under the appropriate chapters.

5.8 Service Level Agreements (SLAs) and Standards between Departments

Where one department delivers a service to another department within a governing body and these departments are the responsibility of different managers, it is important to put service level agreements (SLA) in place. These SLAs are the same as those that would exist between the governing body and an independent service provider.

5.9 Year Planner

One of the most frustrating aspects in managing a governing body is to try and remember what needs to be addressed at monthly, quarterly, or yearly intervals. It is so easy to forget to give important management matters the necessary attention at the appropriate time. The governing body's year planner is an easy tool for both management and the governing body to ensure that all important matters are given attention at the right time.

5.10 Continuous Improvement

A governing body should strive to continuously improve its services. The following basic steps, inter alia, could be followed:

- Identify the different services provided and prioritise them.
- Appoint a small team to work on the quality improvement objective.
- The team must understand the business process for each service offered.
- Break down the services offered into sub-services.
- Set standards for each sub-service and decide on the indicators to measure the quality of the service.
- Consider new technology that can be used to improve the specific service.
- Measure the current service by assessing the service and comparing it with the pre-set indicators.
- Establish an improvement plan that sets the targets to be achieved and the resources required.
- Allocate funds needed to make the improvements.
- Ensure that the expected results are achieved.

General resident satisfaction surveys can be conducted to get a general feel as to the quality of services supplied by the governing body. The areas surveyed could, *inter alia*, cover the following:

- Overall quality of life in the facility
- Office services
- Security services
- Health services
- Maintenance
- New upgrades
- Emergency response
- Communication
- Other facilities like club, tennis courts etc.
- General image of the facility

5.11 Project Management

From time-to-time security upgrades take place, new buildings are erected, and new developments are incorporated into the governing body. One does not need to overdo the professional management of such projects but at least apply some basic project management principles to these activities.

The basic steps in any project to be approved, implemented, and successfully enjoyed are:

- Define the project and describe the result, what is to be achieved and the benefits the new project will deliver. Also list what the project is not so that there are no disappointments at governing body level afterwards.

- Cost benefit calculations must be done, and it is a good idea to look at the various alternatives and to either scale down or scale up the project.
- Get quotations for the project and use suppliers to do presentations on the project to be able to understand the details better and to update the project with these ideas.
- Decide on a suitable supplier.
- Prepare the supply contract and the service level agreement for approval by the governing body. Payment terms should be included.
- Draw up an implementation plan with the supplier and set the targets to be achieved. This is of the utmost importance to be able to measure and check progress of the project.
- Ensure that the project is carried out according to specifications and as per quotation.
- Take corrective action where the deadlines are not met.
- On completion, the final inspection and the necessary tests must be carried out.
- Conduct a post-mortem of the project and learn from the process.