

CHRISTIAN HEALTH ASSOCIATION OF KENYA



**GOVERNANCE POLICY GUIDELINES
FOR
CHAK MEMBER HOSPITALS**

NOVEMBER 2008

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FOREWORD

Christian Health Association of Kenya is a national ecumenical network of Protestant Churches' health facilities and programmes from all over Kenya. CHAK member network and Secretariat are committed to providing comprehensive and sustainable quality health services to all people in Kenya inspired by the example of Christ of providing compassionate and wholistic services to the people in need. As we do so, we desire to be responsible stewards who respect international conventions, professional ethics and national health sector policies and standards.

Governance and management have been identified as one of the major challenges facing Church Health Facilities in Kenya. In order to achieve optimal resource mobilization and utilization, we need to strengthen governance and management systems of our health facilities. This calls for commitment to good corporate governance ideals presented in this document which promote transparency and accountability by all stakeholders involved in decision making.

Conflicts in the running of Church Health facilities witnessed between Sponsor/Church, Management, and Community often arise due to lack of clarity in the process and procedures of governance decision making and the relationship and communication between the various stakeholders.

This document is a generic Governance Policy Manual to guide the formation, induction, development, performance and accountability of the Board of Directors/Governors of CHAK member hospitals. It is available for adoption in part or whole by CHAK member Churches and Hospitals to strengthen existing Governance Policies or to become the Hospital Governance Policy Manual.

The Government of Kenya through the Kenya Gazette Notice No. 123 of 21st December 2007, Legal Notice No. 401 created the Government Financial Management, Health Sector Services Fund, which makes it mandatory for all public health facilities in Kenya to have a Health Facility Management Committee/Board for governance oversight. As the Government takes this positive step towards strengthening governance of public health facilities, the Church Health facilities must maintain their leadership by strengthening and ensuring documentation of their own governance and management policies.

CHAK offers this policy technical resource to its member hospitals and would be available to support its adoption and implementation. We are all called upon to be good stewards of the resources, talents and opportunities that God has blessed us with.

Rt. Rev. Joseph Wasonga, CHAK Chairman

CHRISTIAN HEALTH ASSOCIATION OF KENYA

Our Identity

CHAK is a national ecumenical network of Protestant Churches and their respective health facilities and programmes in Kenya

Our Foundation

CHAK's foundation is drawn from Revelation 22:2, which states as follows:- "...on either side of the river stood the tree of life bearing twelve crops of fruit, yielding its fruit every month. And the leaves on the tree are for the healing of the nation." This reflects that CHAK's foundation is that river of life passing through the Nation and on each side, having trees or member health units that produce good fruits and leaves, which in turn provides healing to the sick in our Nation.

Our Vision

All member health units providing comprehensive and sustainable quality health services to all and witnessing to the healing ministry of Christ

Our Mission

To serve and assist member health units in their implementation of the holistic ministry of Christ through planning, advocacy, capacity building, technical support, essential drugs access, medical equipment maintenance, networking, information management, innovative health and HIV and AIDS programmes as well as witnessing for a just and healthy Nation

Our Values

CHAK is a Christian organization whose identity and operations are guided by the following values:-

- Biblical teaching on health and healing following the example set by Christ
- To exemplify the love of Christ through faith and selfless service to the sick
- Desire to reach all people as directed by the great commission (Luke 10:9)
- Respect for professional ethics and quality standards
- Good stewardship, integrity, efficiency and effectiveness in the utilization of resources
- Transparency and accountability to all member health units, stakeholders and partners
- Commitment to quality and promotion of equity
- Non profit nature of our services
- Embrace diversity of our members and partners
- Gender responsive and respect for human rights
- Work as a commitment in service of God and society
- Operate within national health policies, standards and guidelines
- Embrace creativity and innovation
- Recognition of human resource as the most valued asset of the organization and investment in their development, motivation and teamwork

Our Purpose

To facilitate and build capacity in member health units to enable them to deliver accessible, comprehensive and quality health services to Kenyans in accordance with Christian values and professional ethics guided by the national health sector policies

CHAPTER 1: POLICY RATIONALE AND FRAMEWORK

1.1 Introduction

Christian Health Association of Kenya (CHAK) is an association of Protestant Churches and their hospitals and programmes based all over Kenya. It was established in the 1930s as a hospital's committee for the National Council of Churches of Kenya (NCCK) and was later changed to Protestant Churches Medical Association (PMCA) in 1946. In 1982, PMCA's mandate was expanded to facilitating the role of the Protestant Church in the provision of health care services in Kenya, and thereafter became known as CHAK. As of October 2008, CHAK had a network of 468 member health units and member churches countrywide. These include 25 hospitals, 49 health centres, 336 dispensaries and 53 churches and church health programmes as well as 9 nursing training colleges, all affiliated to 33 denominations of the Protestant Church in Kenya.

CHAK's highest body of authority is its Annual General Meeting (AGM), which meets annually to make major policy decisions and receive reports from the Secretariat. CHAK's Board of Trustees is composed of senior church leaders appointed by the AGM. The AGM also elects the Executive Committee (EXCO) every two years, which is responsible for formulating policies, approving operational plans and budgets and as well as ensuring regular financial and programmatic monitoring and evaluation. The Secretariat is charged with the day-to-day running of the Association under the leadership of its General Secretary. It has 4 departments: Health Services Support, Institutional and Organizational Development, HIV&AIDS Programme Department as well as Finance and Administration, all of which are supported by an ICT and M&E unit.

The core functions of the Secretariat are:- advocacy and lobbying on behalf of its membership with the Government and other key stakeholders, capacity building for health workers in its member health units, development, coordination and implementation of various HIV&AIDS programmes and interventions, procurement, installation and maintenance of medical equipment, facilitating access to essential drugs and medical supplies through the Mission for Essential Drugs and Medical Supplies (MEDS), development, coordination and implementation of programmes on health systems strengthening, representing its membership in several health sector policy development, planning and coordination committees in the health sector as well as resource mobilization.

1.2 Rationale and Purpose of the Policy Guidelines

Corporate governance is the process through which institutions and organizations are directed, controlled, and held accountable. It is concerned with effective systems and structures that facilitate proper decision-making, accountability, control and efficiency in the organization. These systems and structures seek to promote leadership and operational guidance that is honest, trustworthy, reliable, credible, transparent, accountable, responsible and with a focused intelligence. CHAK recognizes that good corporate governance and management are essential to achieving efficiency and sustainability of its member health facilities. Through its Institutional and Organizational Department, CHAK provides capacity building for governance and management bodies in its various member health facilities, in areas such as human resource management, corporate governance and financial management. In addition, CHAK supports the development of sound management policies, guidelines and tools for its member health units through its Health Systems Strengthening programme.

The need to strengthen accountability and control mechanisms in hospitals is well exemplified in the 2007 Government Financial Management (Health Sector Services Fund) Regulations 2007, which were published in the Kenya Gazette Supplement No. 123 on 21st December 2007 as Legal Notice No. 401. These Regulations provide for the establishment of a Health Sector Services Fund, whose purpose in part is to provide grants to strengthen faith based health facilities through their respective secretariats. The Regulations require all hospitals, including faith based hospitals, to establish a Hospital Management Committee which shall be responsible for overseeing the administration of the funds allocated to their respective facility or generated from user fees and donations. It is therefore advisable that all member health units comply with these requirements, so as to facilitate the strengthening of the partnership with the Government as well as enhance stewardship in the management of resources and accountability to the owning Church, partners and other key stakeholders.

It is on the above premise that CHAK has developed these policy guidelines, the purpose of which is to strengthen current governance and management systems in its member health units. These policy guidelines set out the core principles underpinning corporate governance and management of hospitals and are aimed at providing a comprehensive framework for the

implementation of sound governance measures and assist in periodically monitoring and evaluating their effectiveness. CHAK highly recommends that all member hospitals partially or fully adopt these policy guidelines as the basis of implementing sound governance and management systems and measures in their respective facilities, provided that their revised policy does not conflict with the owning Church Constitution as well as existing relevant national laws, policies and regulations.

1.3 Development of the Policy Guidelines

The development of these policy guidelines involved the following stages:-

- Identification of the issues by CHAK as the umbrella organization for all mission hospitals affiliated to the Protestant Churches in Kenya
- Stakeholders' workshop to develop the policy guidelines
- Compilation of draft policy guidelines
- Detailed review of the draft by a stakeholders forum that included EXCO
- Approval of the final policy document by EXCO
- Dissemination of the approved policy guidelines to CHAK member hospitals, member Churches and other stakeholders

1.4 Pillars of Good Corporate Governance

Various governance authorities and best practices across countries and across contexts identify the following as key pillars in corporate governance.

- Laying solid foundation for management and oversight
- Structure Board of Directors (BOD) to add value to the Hospital
- Recognition and protection of the rights and obligations of all stakeholders
- Strategy and values
- Corporate performance, viability and financial sustainability
- Timely and balanced disclosures
- Remunerate fairly and responsibly
- Strengthen internal control procedures
- Assessment of performance of the Board of Directors
- Recognition and management of corporate risk

- Social and environmental responsibility
- Corporate compliance with Laws and regulations
- Corporate communication

The above pillars are categorized as shown below and form the basic framework around which the policy guidelines were developed. They are as follows:-

- Board structure and operations
- Core business definition
- Strategy and operational controls
- Fiscal responsibility
- Human resources responsibilities
- Compliance to existing national laws as well as relevant regulations and policies

CHAPTER 2: BOARD STRUCTURE AND OPERATIONS

2.1 Introduction

This chapter provides a clear definition and clarification of main issues pertaining to board composition, leadership, and the inherent guidelines on the board's operations in dispensing its mandate. Key considerations include board formation and structure, board orientation and development, managing board's relationships with various stakeholders, approaches to conflict resolutions, composition and working of board committees, the conduct of board meetings, definition of the roles of each of the board officials and members, and ways of evaluating performance of the board as a whole and each of the board officials and members.

2.2 Board Formation and Structure

The formation and structure of the hospital board shall be based on a policy that provides for an appropriate mix of skills to provide the necessary breadth and depth of knowledge and experience to meet the board's responsibilities and objectives. Pertinent issues that must be considered in the formation and structure of the Board are summarized below as policy recommendations:-

Aspect	Policy Recommendations for Hospitals
2.2.1: Appointment of Board Members	<ul style="list-style-type: none">a) Members of the Board shall be appointed by a mandated committee of the owning Church.b) The appointment shall be preceded by a nomination process which shall be based on a criteria set by the mandated committeec) All prospective candidates shall be required to submit their CVs to the mandated committee for perusal.d) The mandated committee shall conduct an interview of all prospective candidates to confirm their qualifications, availability and willingness to serve as members of the Board.
2.2.2: Qualification of Board Members	<ul style="list-style-type: none">a) All members of the Board shall:<ul style="list-style-type: none">• Be people of spiritual and moral integrity based on their past record of performance and commitment

	<ul style="list-style-type: none"> • Have a minimum of KCSE certificate level of education or its equivalent. • An exception to the above academic requirement shall be allowed in areas of the country where the literacy levels are low
<p>2.2.3: Qualifications of the Board Chairperson</p>	<p>a) The owning Church shall appoint the Chairperson from among the members of the Board</p> <p>b) The Chairperson shall:</p> <ul style="list-style-type: none"> • Be a person of spiritual and moral integrity based on his/her past record of performance and commitment • Have a minimum of KCSE certificate level of education or its equivalent. <p>c) The roles and responsibilities of the Chairperson shall be:</p> <ul style="list-style-type: none"> • To convene and chair all meetings of the board • To provide positive and proactive leadership and direction • To serve as spokesperson for the hospital • To provide feedback and accountability to the hospital's owning Church • To be a signatory to the hospital's designated bank account • Approves attendance and records of deliberations on behalf of the board
<p>2.2.4: Composition of the Board</p>	<p>a) The Board shall be balanced taking into account factors such as age, gender, profession, and stakeholder representation.</p> <p>b) In addition, the Board shall be balanced to ensure representation of diverse professions such as Medical/Nursing, Clergy, Management, Accountants, Lawyers, Provincial Administration, Local Authorities and community leaders.</p> <p>c) The recommended minimum and maximum age for Board members shall be 25 and 75 years respectively, taking into account each individual's physical and mental abilities</p> <p>d) Notwithstanding the above, the competence of each individual shall be a key consideration for the selection of all Board members</p> <p>e) As a key stakeholder, the owning Church shall be represented in the Board as considered necessary.</p>

	f) The Ministries responsible for Health (MOH) shall be represented in the Board by an ex-officio member.
2.2.5: Size of the Board	<p>a) The size of the Board shall be between 9 and 15 members.</p> <p>b) Maintaining an odd number is highly recommended for purposes of breaking deadlocks when voting over issues.</p>
2.2.6: Tenure of Board	<p>a) Members of the Board shall serve for a period of 3 years and a maximum of 2 terms</p> <p>b) Members who are appointed by virtue of their office, including ex officio members, shall continue to serve in the Board for as long as they are in office.</p>
2.2.7: Functions of the Secretary	<p>a) The Hospital CEO shall serve as the Secretary to the Board</p> <p>b) His/her duties and responsibilities shall include:</p> <ul style="list-style-type: none"> • Taking minutes during all Board meetings • Maintaining all records of the Board’s deliberations and decisions • Ensure proper implementation of the decisions of the Board • Prepare reports for presentation to the Board • Represent the hospital in all technical meetings • Submit service statistics regularly to MOH and CHAK • Ensure compliance with existing MOH regulations, standards and guidelines • Serve as the team leader of the staff in the hospital • Ensure timely and appropriate referrals of patients
2.2.8: Termination of membership to the Board	<p>a) There shall be a provision for termination of membership to the Board.</p> <p>b) Any unexplained absence from the Board for more than 3 consecutive meetings shall lead to an enquiry to facilitate a decision on termination of membership.</p> <p>c) However, membership may be terminated before the end of a member’s term where he/she is guilty of misconduct or violates any of the regulations of the owning Church and/or facility.</p> <p>d) Termination of membership shall be phased in such a way that at no time shall the Board be composed solely of new members.</p>

2.2.9: Reappointment of Board Members	<ul style="list-style-type: none"> a) Efforts should be taken to ensure that rotation and/or phased renewal arrangements are made. b) The owning Church shall ensure that some members of the Board are re-appointed for purposes of continuity.
2.2.10: Mandate of the Board	<ul style="list-style-type: none"> a) The mandate of the Board shall be clearly stipulated in the Hospital's Constitution, Strategic Plans and all other relevant internal policy documents.
2.2.11: Compensation	<ul style="list-style-type: none"> a) Members of the Board shall serve on a voluntary basis as a contribution to their community. b) The hospital shall arrange for tea and lunch during all meetings where appropriate. c) Where feasible, transport expenses for reasonably incurred travelling expenses shall be reimbursed to the members.
2.2.12: Integrity of Board Members	<ul style="list-style-type: none"> a) Members of the Board shall observe spiritual and moral integrity at all times during their term in office. b) They shall serve in the best interest of the Hospital at all times while in office, and shall avoid making any decisions that shall amount to a conflict of interest.

2.3 Board Orientation and Development

It is highly recommended that all newly appointed Board members must be properly oriented on their expected duties and responsibilities. In addition, there should be continuous board capacity building to ensure that board members acquire the necessary skills and competencies to perform their tasks. Below are the critical aspects to be considered.

Aspect	Policy Recommendations for Hospitals
2.3.1: Appointment Letters	<ul style="list-style-type: none"> a) All Board members shall be issued with an appointment letter that shall clearly stipulate their duties and responsibilities while serving in the Board b) The appointing authority (Mandated Committee of the owning Church) shall be responsible for the issuance of these letters.
2.3.2: Acceptance by Board Members	<ul style="list-style-type: none"> a) All newly appointed Board members shall sign and return a copy of letter of appointment to indicate their acceptance or rejection of the appointment.

	<ul style="list-style-type: none"> b) A copy of their acceptance/rejection shall be submitted to the appointing authority for further action
2.3.3: Orientation	<ul style="list-style-type: none"> a) After inauguration, all newly appointed Board members shall be inducted into the Board. b) Thereafter, the outgoing Board members shall hand over by or during the second meeting of the new Board. c) The appointing authority shall conduct the orientation of all newly appointed members, preferably before the election of Board Chairperson and other office bearers
2.3.4: Board Training	<ul style="list-style-type: none"> a) All newly appointed Board members shall be trained on basic ICT, strategic planning and governance issues as well as on current trends and developments in the health sector. b) This training shall also equip the members with skills on how to effectively carry out their roles and responsibilities.

2.4 Board - Church Relations

It is important that there exists a healthy communication and working relationship between the Board and the owning Church as far as the day-to-day operations of the Hospital are concerned. Unlike private companies, the mission facilities have to maintain a close relationship between themselves and the sponsoring Church. This relationship must be respected and maintained at all times. Key aspects that must be considered and the policy recommendations are as follows:

Aspect	Policy Recommendations for Hospitals
2.4.1: Appointment	<ul style="list-style-type: none"> a) The owning Church shall be fully responsible for the appointment of members of the Board
2.4.2: Development	<ul style="list-style-type: none"> b) The owning Church shall have direct involvement in the orientation and development of all Board members through training and other means. c) Relevant organs of the owning Church shall be put in place to enhance the Church's direct involvement in the orientation and development of the Board members as well as to ensure general oversight of its decisions and activities, to ensure ownership.
2.4.3: Compensation	<ul style="list-style-type: none"> a) The Board shall create a reasonable compensation scheme which shall be approved by the relevant organ of

	the owning Church.
2.4.4: Senior Staff appointments	<ul style="list-style-type: none"> a) The Board shall identify and appoint the CEO in consultation with the church. b) The Board shall appoint senior hospital management staff in consultation with the owning Church. c) The Board shall approve the recruitment of all other hospital staff conducted by the Management.
2.4.5: Discipline of the CEO	<ul style="list-style-type: none"> a) The CEO shall be answerable to the Board. b) The Board shall be responsible for disciplining the CEO and shall inform the owning Church of all decisions made. c) The owning Church shall channel all issues pertaining to the CEO to the Board for the necessary action.
2.4.6 Remuneration and Continuous Development of the CEO	<ul style="list-style-type: none"> a) The Board shall set reasonable remuneration for the CEO, taking into account his/her qualifications, experience and availability of resources. b) The Board shall also develop a training programme for the CEO to ensure his/her continuous development.
2.4.6: Public Relations	<ul style="list-style-type: none"> a) The Board shall be responsible for all public relations pertaining to the Hospital in consultation with the owning Church.
2.4.7: Social Responsibility	<ul style="list-style-type: none"> a) The Board shall be responsible for overseeing activities pertaining to social responsibility in consultation with the owning Church b) The Management shall dedicate and plan for all activities pertaining to social responsibility with approval from the Board
2.4.8: Benefits the Church Draws from the Facility	<ul style="list-style-type: none"> a) The Hospital shall seek to assist the owning Church to achieve its vision and mission through healing, teaching and evangelism. b) The Hospital shall in turn benefit from the owning Church in terms of image, recognition, goodwill, legal status and infrastructure.

2.5 Board - Management Relations

Aspect	Policy Recommendations for Hospitals
2.5.1: Clarity of Roles	<ul style="list-style-type: none"> a) The duties and responsibilities of the Board and the

	<p>Management shall be clearly defined and readily accessible to all concerned.</p> <p>b) The Management shall develop all strategic plans for the Hospital in consultation with the Board.</p>
2.5.2: Policy Formulation and Implementation	<p>a) The Board shall be responsible for policy formulation.</p> <p>b) The Management shall be responsible for policy implementation.</p>
2.5.3: Working Relationships	<p>a) The Management shall ensure that it seeks the necessary approval from the Board and keep the Board informed on the implementation of its decisions.</p>
2.5.4: Communication	<p>a) There shall be constant communication between the Board and the Management.</p> <p>b) The channels of communication shall be clearly defined, left open and appropriately utilized.</p> <p>c) Communication shall normally be done between the Board Chairman and CEO unless where otherwise delegated.</p>
2.5.5: Performance Evaluation of the CEO	<p>a) The Board shall create performance indicators against which the performance of the CEO shall be evaluated.</p>

2.6 Board - Community Relations

Aspect	Policy Recommendations for Hospitals
2.6.1: MOH (Ministries responsible for health)	<p>a) The MOH shall be represented in the Board as a key stakeholder and as an ex-officio member.</p> <p>b) The Hospital shall:</p> <ul style="list-style-type: none"> • Ensure regular reporting to the MOH on service delivery statistics. • Adhere at all times to national policies, regulations and standards set by the MOH. • Actively participate in MOH activities including the annual planning and District Health Stakeholders Forum (DHSF). • Ensure timely reporting on commodities received such as vaccines, anti-malarial drugs, TB drugs, essential drugs, ARVs, HIV test kits, Reproductive health commodities etc.
2.6.2: Community	<p>a) Suggestion boxes shall be availed at appropriate locations within the Hospital to facilitate feedback from members of the community.</p>

	<p>b) The Hospital shall:</p> <ul style="list-style-type: none"> • Conduct community outreach services where appropriate and encourage dialogue. • Participate in community health activities through Community Health Workers. • Encourage innovations from community support groups. • Seek to understand and adequately respond to the concerns and needs of development partners.
2.6.3: CHAK	<p>a) CHAK shall:</p> <ul style="list-style-type: none"> • Continue to advocate on behalf of its membership, to facilitate regular engagement with MOH and support. • Facilitate development projects in the Hospital as feasible. • Facilitate capacity building trainings and seminars for health workers in the Hospitals. • Facilitate Board orientation and development trainings and seminars. <p>b) Hospitals shall:</p> <ul style="list-style-type: none"> • Participate in CHAK activities e.g. Annual General Meetings (AGM). • Regularly submit reports and service statistics to CHAK. • Create and maintain sound governance and management systems and structures as recommended by CHAK.

2.7 Conflicts and Conflicts Resolution

Aspect	Policy Recommendations for Hospitals
2.7.1: Church - Board	<p>a) The relationship between the owning Church and the Board shall be clearly defined and stipulated, and details of the same shall be made readily accessible to all concerned.</p> <p>b) It shall specify the following:</p> <ul style="list-style-type: none"> • Reference guidelines on the respective duties and responsibilities of the Board and the owning Church • Structure and relationships between the two • Conflict resolution mechanisms • Reporting relationship between the Board and the owning Church and vice versa • Nature, scope and content of all reports to be submitted by the Board to the owning Church <p>c) CHAK may be called upon to evaluate the conflict causes and facilitate dialogue for conflict resolution.</p>

<p>2.7.2: Board – Management</p>	<p>a) The duties and responsibilities of the Board and the Management shall be clearly defined and made accessible to all concerned.</p> <p>b) The Board and the Management shall at all times adhere to their defined duties and responsibilities.</p> <p>c) Where lack of clarity exists the owning Church or CHAK may be called upon to facilitate interpretation for better understanding.</p>
<p>2.7.3: Disclosure of Conflicts of Interest</p>	<p>a) Any Board member who has a direct and/or indirect interest in any contract and/or proposed contract with the Hospital shall disclose the nature of his/her interest to the Board.</p> <p>b) Any member who discloses such an interest shall not be entitled to participate in any deliberations, and vote on any issue pertaining to the said contract. Where he/she does vote, his/her vote shall be null and void.</p> <p>c) The Board shall develop guidelines that shall clarify how Board members and the Management shall disclose any existing conflicts of interest.</p>
<p>2.7.4: Management – Church</p>	<p>a) The owning Church shall channel all its communication to the Management through the Board Chairman.</p> <p>b) Where the owning Church’s direct involvement in the Hospital day-to-day operations is necessary, e.g. through prayers, fellowship, communion and evangelism, the owning Church and the Hospital may create and document a mutually beneficial arrangement to regulate the nature and extent of this involvement.</p> <p>c) It is also recognized that the Church may need to be involved in the operational issues regarding the legal status and engagement with international partners.</p>
<p>2.7.5: Board – CHAK</p>	<p>a) There shall be regular and timely communication between the Board and CHAK to facilitate proper deliberation and preparation of the issues raised by both sides.</p> <p>b) The Hospital shall ensure timely and quality reports are availed to the Board for subsequent submission to CHAK.</p>
<p>2.7.6: Board – MOH</p>	<p>a) There shall be regular and timely communication between the Board and the MOH to facilitate proper planning and implementation of the Hospital’s activities.</p> <p>b) To ensure that the Hospital submits all its reports</p>

	regularly to the MOH, the Management shall specify the time and date on which all such reports shall be submitted by the relevant departments.
2.7.7: Board –Regulatory Agencies	<p>a) The Board shall ensure that it maintains good public relations with the relevant Health Sector Regulatory Agencies.</p> <p>b) Any reimbursements to Regulatory Agency staff shall be according to pre-approved procedures and rates.</p>

2.8 Board Committees

Committees	Policy Recommendation for Hospitals
2.8.1: Executive Committee	<p>a) Every Hospital shall have an Executive Committee.</p> <p>b) The Executive Committee shall exercise such powers and carry out such duties as may be clearly prescribed in writing by the Board.</p> <p>c) All decisions made by the Executive Committee shall be subject to the written approval of the Board.</p> <p>d) The Committee shall have not less than 3 members and not more than 7 members whom shall include the Chairman, Secretary, Treasurer/Chairman of Finance Committee, CEO, Hospital Administrator and Medical Officer in Charge.</p> <p>e) It shall be chaired by the Board Chairman or his/her appointee.</p> <p>f) The Committee shall meet at least four times each year.</p> <p>g) The TORs for the Executive Committee are stipulated in Appendix 3 annexed hereto.</p>
2.8.2: Health Services Committee	<p>a) Every Hospital shall have a Health Services Committee which shall ensure that the core business of the Hospital is carried out efficiently and effectively.</p> <p>b) It shall be composed of 2 Board members and selected Heads of the various Departments.</p>
2.8.3: Finance and Audit Committee	<p>a) Every Hospital shall have a Finance and Audit Committee which shall:</p> <ul style="list-style-type: none"> • Review, monitor and recommend improvements to internal control and financial reporting processes, • Oversees the hospital internal and external audit

	<p>processes.</p> <ul style="list-style-type: none"> • Provide independent advice to the Board on matters pertaining to the facility’s accountability and financial responsibility. • The Committee shall source and propose external auditors to full Board for appointment. • Negotiate audit fee and recommend to the Board • Be involved in mobilizing resources beyond patient fees • Review costing of services and Budget proposals • Monitor implementation of the Hospital Procurement Policy <p>b) The Committee shall meet at least 4 times each year.</p>
<p>2.8.4: Human Resources Committee</p>	<p>c) Every Hospital shall have a Human Resources Committee which shall be responsible for:</p> <ul style="list-style-type: none"> • Recommending a staffing establishment and reviewing it every year to ensure optimum staffing levels to carry out the core functions of the hospital • Recruiting and screening all candidates for the position of the CEO and forward the same to the Board for appointment • Interviewing of candidates for senior management and technical positions and recommend to the Board for appointment • Approving the negotiation parameters and contents of the Hospital’s Collective Bargaining Agreement, including the establishment of remuneration guidelines which are to apply under the agreement, and the review of the reasonableness of proposed staff pay rates and the equity and fairness of the remuneration setting process • Annual review of the CEO’s and Management remuneration package • Reviewing and approving the recommendations made in consultation with the CEO in relation to the performance and remuneration of staff • Defining the CEO’s duties and responsibilities and annually reviewing his/her performance and terms and conditions of employment • Developing a Human Resource Policy for the Hospital and approving delegation of authority and other key human resource management procedures • Review and recommend annual Human Resource Development plan and further training sponsorship scholarship allocations • Ensuring the implementation of the process relating to

	<p>the review of directors' and committee members' allowances</p> <ul style="list-style-type: none"> • Periodic review of the Salary Structure and compensation system • Considering important human resource management issues such as management succession planning /knowledge management • Providing advice and guidance to the CEO on resolving human resource management issues of substance such as staff development and discipline
2.8.5: Ad Hoc Committee	<p>a) Where necessary, Ad Hoc Committees shall be created to address issues that may arise but which do not fall within the purview of the other Board Committees</p> <p>b) The TORs for each Committee so formed shall be clearly defined and stipulated, and the same shall be made readily accessible to all concerned</p> <p>c) Once an ad hoc committee has completed its task as mandated by the Board, it shall cease to exist</p>
2.8.6: Composition of Board Committees	<p>a) Membership to Committees of the Board shall be based on the qualifications, experience and skills required</p>
2.8.7: Reporting Relationships	<p>a) All Board Committees shall deliberate on issues the purpose of which they are formed and report to the Board for the necessary approval before implementation of their respective decisions</p> <p>b) The Board shall deliberate on reports submitted by all the Committees and approve and/or suggest necessary amendments before implementation.</p> <p>c) An exception to this shall be limited to decisions that the Committees are mandated to make and implement as stipulated in their terms of reference</p>

2.9 Board Meetings

Aspect	Policy Recommendation for Hospitals
2.9.1: Convening	<p>a) The Chairperson shall convene all Board meetings through the Secretary</p> <p>b) The schedule of all Board meetings shall be set annually or ahead of time</p>

	<p>c) The Secretary shall send formal invitation to all Board members after consultation with the Chairperson.</p> <p>d) A notice of at least 14 days shall be given in writing to all Board members</p>
2.9.2: Frequency	<p>a) All Board meetings shall be convened at least on a quarterly basis or when necessary between scheduled times</p> <p>b) The quorum for all meetings shall be 50% - including the Chairperson, Vice Chairperson or another member designated to chair the meeting and excluding those in attendance.</p> <p>c) Special meetings may be called to address urgent matters provided that at least 7 days notice is given to all members</p>
2.9.3: Agenda	<p>a) Every Board meeting shall have a structured agenda which shall contain the following information:</p> <ul style="list-style-type: none"> • Apologies • Approval of previous meeting minutes • Matters arising • Reports on finance, operations, development, and any other reports due. • AOB <p>b) It is recommended that the Board begins the meeting by deliberating on any new business to allow adequate attention to new business while ensuring shorter and most productive meetings.</p>
2.9.4: Documents	<p>a) All documents pertaining to Board meetings shall be sent to all Board members at least two weeks prior to the date of the said meeting.</p> <p>b) The Secretary shall ensure that all Board members have received the said documents within good time by conducting the necessary follow-up.</p>
2.9.5: Confidentiality	<p>a) The Secretary shall ensure that all deliberations during all Board meetings are kept strictly confidential and are not disclosed to unauthorised parties.</p> <p>b) All Board members shall be expected to observe confidentiality at all times.</p>
2.9.6: Duration	<p>a) Generally, all Board meetings should not go beyond 3 hours unless it is extremely necessary.</p> <p>b) Any special Board meetings are exempted from this general rule.</p>

2.9.7: Board Meeting Evaluation	a) Board members shall endeavour to evaluate their conduct of their meetings as per the Sample Board Meeting Evaluation Tool annexed hereto and marked Appendix 2.
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2.10 Duties of the Office Bearers

Office Bearer	Policy Recommendations for Hospitals
2.10.1: Chairperson	a) The Chairperson of the Board shall: <ul style="list-style-type: none"> • Convene and chair all Board meetings • Be the chief spokesperson of the hospital on all policy issues • Be a signatory to the Hospital’s designated Bank accounts • Provide advice on all strategic issues facing the Hospital • Be the link with the owning Church on all strategic issues
2.10.2: Secretary	a) The CEO shall serve as the Secretary to the Board b) He/she shall: <ul style="list-style-type: none"> • Ensure that all resolutions duly passed by the Board are properly implemented • Be a signatory to the Hospital’s designated bank account • Be the custodian of all records and documents pertaining to the Board and its meetings • Interpret and implement existing and relevant national policies, regulations and guidelines • Be the link with the owning Church on all operational issues
2.10.3: Treasurer/ Chairperson of the Finance Committee	a) The Treasurer of the Board must have a background in finance/accounting/management. b) He/she shall: <ul style="list-style-type: none"> • Receive all financial reports pertaining to the Hospital and present the same to the Board. • Chair the Finance and Audit Committee of the board. • Advise board on financial matters • Be a signatory to the hospital’s designated bank account on amounts beyond certain limits as set by the Board. • Scrutinize the Hospital’s accounts in advance and clarify financial issues to the Board, especially those relating to capital expenditure. • Where the Hospital has a substantive Finance Department, the role of the Treasurer shall be to receive and present annual financial reports to the Board for approval.
2.10.4: Board Members	a) All Board members shall: <ul style="list-style-type: none"> • Attend all meetings • Give technical support to the Board

	<ul style="list-style-type: none"> • Contribute professional input during deliberations • Participate in the Board Committees where appropriate • Represent special interests in the community
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2.11 Board Performance Evaluation

Dimension	Policy Recommendations for Hospitals
2.11.1: Overall Board Performance	<ul style="list-style-type: none"> a) The Board of the owning Church shall conduct an annual evaluation of the Board’s performance. b) Whenever possible or necessary, such an evaluation may be conducted by an external consultant hired by the Board of the owning Church for that purpose. c) This evaluation shall be based on a well developed performance appraisal tool that incorporates tools currently used by the government. A Sample Board Evaluation Tool is annexed hereto and marked Appendix 1.
2.11.2: Evaluation of the Board Members	<ul style="list-style-type: none"> a) All Board members shall be evaluated on the basis of a performance appraisal tool, which shall incorporate sample government performance criteria for similar health facilities.
2.11.3: Evaluation of the Chairperson	<ul style="list-style-type: none"> a) The Chairperson shall be evaluated by the mandated Board/Committee of the owning Church. b) The evaluation shall be based on a performance evaluation tool.
2.11.4: Disclosure of Corporate Governance achievements	<ul style="list-style-type: none"> a) The Executive Committee shall disclose Corporate Governance achievements to the Board quarterly and to the stakeholders annually by way of an annual report. b) The Board shall present the Hospital’s annual report to the owning Church, during the owning Church’s AGM/Council/Assembly/Conference. c) The Annual report shall include a section on Governance and Board performance.

CHAPTER 3: CORE BUSINESS

Aspect	Policy Recommendations for Hospitals
3.1: Ownership and Autonomy	<ul style="list-style-type: none"> a) Unless expressly stated otherwise, the owning Church shall at all times continue to be the owner of the Hospital. b) The nature and extent of any existing relationship with the Government must be carefully negotiated and expressly stipulated. c) The core business of the Hospital (evangelism through quality health care) shall be clearly defined to reflect the relationship between the Hospital and its owning Church. d) The owning Church shall develop its capacity to properly manage and account for any financial support received by the Hospital from the Government.
3.2: Legal Status	<ul style="list-style-type: none"> a) Upon the written request of the owning Church, CHAK shall facilitate the drafting of any legal instruments pertaining to ownership, to safeguard the autonomy and identity of its Hospitals. This may create avenues for financial support from the Government e.g. through Constituency Development Fund (CDF) and Health Sector Services Fund.
3.3: Structure	<ul style="list-style-type: none"> a) There is need for all Hospitals to have clear entity status. b) Notwithstanding ownership by the Church, independent facility structures need to be developed with clear linkages to the owning church through fully constituted Boards and Management.
3.4: Determination of Core Business	<ul style="list-style-type: none"> a) The Board shall determine the core business of the Hospital and approve any new areas of service expansion/development. b) Generally, the core business of all the Hospitals shall be to promote Christian love and compassion through the provision of quality, affordable and accessible health care services to all Kenyans. c) The core business shall be defined as clearly as possible, to avoid any possible digression to non-core businesses that may give rise to regulatory issues with bodies such as the Kenya Revenue Authority (KRA).
3.5: Core Business vs. Other Priorities	<ul style="list-style-type: none"> a) There shall be no conflict whatsoever between the core business and any other businesses that the Hospital may be involved in e.g. establishing and managing income

	generating activities as an additional source of income.
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CHAPTER 4: STRATEGY AND OPERATIONAL CONTROLS

Aspect	Policy Recommendations for Hospitals
4.1: Appointment of CEO	<ul style="list-style-type: none"> a) The CEO shall be appointed by the Board in consultation with the owning Church. b) Where possible, an external professional recruiting consultant may be engaged to assist in the recruitment of a CEO. He/she shall be sourced by the Board through a competitive tendering process. c) The qualifications and job description of the CEO shall be developed by the Board in consultation with the relevant owning Church.
4.2: Strategic Planning	<ul style="list-style-type: none"> a) The Management shall develop the Hospital’s strategic plan, through a participatory process that involves input from all departments and sections. b) The Board shall be fully involved in developing the Hospital’s strategic plan as well as in shaping its vision, mission, and core values. The owning Church shall be consulted in determining the vision to ensure consistency with the Church vision. c) The Management shall present to the Board the formulated strategy for its approval. d) All strategic plans shall have a clear execution plan articulated in Annual Operational Plans.
4.3: Management Performance Evaluation	<ul style="list-style-type: none"> a) The Board shall conduct a performance evaluation of the Management. b) It shall create clear guidelines detailing under which circumstances the owning Church shall be involved in this process.
4.4: Performance Reports	<ul style="list-style-type: none"> a) There shall be clear guidelines on the nature and contents of all reports to be prepared by Management and presented to the Board. b) The Management shall be responsible for submitting regular, accurate and timely reports to the Board on the performance of the Hospital. c) The Board shall evaluate all submitted reports and assess the risks inherent in the said reports.

4.5: Risk Management	<ul style="list-style-type: none">a) The Management shall be responsible for managing the Hospital's risks.b) The Board shall provide the necessary leadership in the identification, analysis, evaluation, and management of potential Hospital's risks.
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CHAPTER 5: HUMAN RESOURCE

Aspect	Policy Recommendations for Hospitals
5.1: Human Resource Committee	<p>a) There shall be a Human Resource Committee, which shall establish a Staffing Structure and human resource management plan and offer advice on how best to manage the human resources in the Hospital.</p>
5.2: Determination of Duties and Responsibilities of the CEO	<p>a) The Board shall competitively source for the services of an external consultant who shall assist in the development of duties and responsibilities of the CEO as well as assist in developing and negotiating performance contracts.</p>
5.3: Appointment of Key Staff	<p>a) All key positions in the Hospital shall have proper job descriptions to ensure that their appointment by the relevant appointing authority is properly done.</p>
5.4: Staff Appraisal	<p>a) The Board shall review all existing staff appraisal tools to ensure that they are up-to-date and reliable.</p> <p>b) The Management shall conduct staff appraisals on all staff annually.</p>
5.5: Rewards/ Compensation	<p>a) The Board shall set a policy on fair remuneration to promote staff retention and motivation.</p> <p>b) CHAK shall initiate and facilitate a salary harmonization process across its member health units and work towards entering into an MoU with the GOK through the MOH on Human Resource and financial support.</p> <p>c) There shall be a comprehensive guideline on the levels of compensation/reward for the various categories of facilities based on resource and income generation capacity.</p> <p>d) There shall be a minimum salary scale for each level of staff.</p> <p>e) Each Hospital shall endeavour to motivate its employees through other benefits/bonuses that are not tied to salary/compensation</p>
5.6: Succession Plan	<p>a) The Board shall set policies aimed at promoting continuity within the Management</p> <p>b) This shall include a succession plan that shall detail how key positions in the Hospital shall be managed when they fall vacant.</p>

CHAPTER 6: FISCAL RESPONSIBILITY

Aspect	Policy Recommendations for Hospitals
6.1: Finance and Audit Committee	<p>a) Every Hospital shall have a fully functional Finance and Audit committee which shall set comprehensive categories of costs and revenue items for planning and budgeting.</p>
6.2: Resource Mobilization	<p>a) All Hospitals shall endeavour to mobilize resources from the Government, private sector, development partners and other donors.</p> <p>b) CHAK and development partners shall collaboratively build the capacity of the Board and the Management on resource mobilization and investment, to sustain the Hospital's operations.</p>
6.3: Endowment Plans	<p>a) Every Hospital shall develop a clear investment plan under the leadership of its Board.</p> <p>b) The owning Church shall develop endowment funds which shall be run by a Trust that shall exist independent to the Board and the Management.</p>
6.4: Financial Reports	<p>a) The Management shall ensure that the Hospital regularly submits financial reports that are accurate and timely.</p> <p>b) All financial reports shall meet the set criteria of acceptable standards.</p>
6.5: Financial Controls	<p>a) The Board shall:</p> <ul style="list-style-type: none"> • Support the development of financial policies and guidelines in line with GAAPs, which are well documented and widely known by all users. • Spearhead trainings in integrity and leadership. • Create a clear structure on separation of duties and responsibilities to promote financial accountability and transparency • Regularly review and evaluate implementation of financial policies and guidelines.
6.6: Financial Audits	<p>a) The Board shall set clear guidelines to clarify the separation of the financial audit function from the broader management function.</p> <p>b) It is recommended that the large hospitals should have an internal auditor to be responsible for continuous review and strengthening of internal control systems and procedures.</p> <p>c) The Internal Auditor shall report the day-to-day financial</p>

	<p>operations to the CEO and a designated member of the Finance and Audit Committee.</p> <ul style="list-style-type: none">d) All Hospitals shall conduct comprehensive audits (i.e. on all systems in the Hospital, other than the financial systems).e) The Books of Accounts shall maintained and externally audited annually by an External Auditor appointed by the Board.f) The External Auditor shall present his report to the Board and/or the mandated Committee of the owning Church.
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CHAPTER 7: COMPLIANCE TO POLICIES AND REGULATIONS

Aspect	Policy Recommendations for Hospitals
7.1: Constitution	<p>a) All Hospitals shall ensure that they adhere to their existing Constitutions.</p> <p>b) Any requests for an exemption(s) from the terms of the Constitution shall be in writing and subject to the written approval of the Board.</p> <p>c) All Hospitals shall create a Code of Conduct, which shall be developed in consultation with employees at all levels and shall be consistent with the Constitution of the owning Church.</p>
7.2: Compliance to Internal Policies	<p>a) The Board shall ensure that the Management adheres to all existing internal policies and procedures as well as to any recommended guidelines by CHAK.</p> <p>b) A systems audit may be conducted annually or when necessary to ensure compliance.</p>
7.3: Professional Bodies	<p>a) The Management shall ensure that all health workers are duly registered with the relevant professional bodies such as the Medical Practitioners and Dentists Board, Nursing Council of Kenya, Radiation Protection Board, Pharmacy & Poisons Board, Medical Laboratory Technicians & Technologists Board and Clinical Officers Council.</p> <p>b) CHAK and the MOH shall continue to advocate for the streamlining of registration requirements with the relevant professional bodies e.g. the nature of examinations to be sat and from which institution.</p>
7.4: Statutory Requirements	<p>a) The Management shall ensure that the Hospital complies with all existing and relevant statutory requirements e.g. Operating licenses, National Social Security Fund (NSSF), Kenya Revenue Authority (KRA), National Hospital Insurance Fund (NHIF), Pensions - RBA, National Environmental Management Authority (NEMA) e.t.c.</p> <p>b) Dialogue with the relevant regulatory agencies shall be initiated and encouraged at different levels by CHAK and the Hospital, depending on the nature of issues to be addressed.</p>
7.5: Trade Unions	<p>a) The Board and the Management shall:</p> <ul style="list-style-type: none"> • Ensure cordial and respectful relationship with all relevant trade unions • Endeavour to treat all its employees with respect,

	<p>understanding and fairly, so that they are not encouraged to join any trade unions</p> <ul style="list-style-type: none"> • Recognize the rights of all employees to join a trade union of their choice • Facilitate an enabling environment for dialogue and negotiations to promote harmonious industrial relations
7.6: MOH	a) The Management shall ensure that the Hospital complies with all existing national policies, standards, guidelines and regulations set by the Ministries responsible for Health, to facilitate quality service delivery.
7.7: International Conventions	<p>a) The Management shall ensure that the Hospital observes all international conventions and treaties pertaining to health and to which Kenya is a signatory.</p> <p>b) The Board and the Management shall be fully sensitized on the contents and importance of these international conventions.</p>
7.8. Agreements with Development Partners	<p>a) The Board and the Management shall ensure that the terms and conditions of all contracts, MOUs and any other agreements with development partners are carefully negotiated and scrutinized before they are signed.</p> <p>b) The Board and the Management shall ensure that the Hospital duly complies with the terms and conditions of any such agreement.</p>

CHAPTER 8: POLICY IMPLEMENTATION AND REVIEW

8.1 Management Responsibility

- a) CHAK shall provide technical support in the dissemination, adoption and implementation of these policy guidelines.
- b) The Management of the hospital shall be responsible for coordinating the implementation of these policy guidelines in their respective facilities.

8.2 Policy Implementation and Dissemination

- a) These policy guidelines shall be implemented in consultation with the owning Church and other relevant stakeholders.
- b) These policy guidelines shall be disseminated to the HFC, the Management, the owning Church and other relevant stakeholders, using the full range of information and communication system available to each facility.

8.3 Monitoring and Evaluation

- a) CHAK shall facilitate the monitoring, evaluation and review of these policy guidelines.
- b) All lower level member hospitals shall develop an M&E system to monitor the effective implementation of these policy guidelines.

8.4 Policy Guidelines Review

- a) These policy guidelines shall be reviewed periodically as the need arises and revised where necessary, in consultation with the owning Church.

CHAPTER 9: MISCELLANEOUS

9.1 *Amendments*

- a) Any additions, alterations or amendments to these policy guidelines shall be in writing and subject to the approval of EXCO.
- b) Where a hospital facility adopts these policy guidelines, any additions, alterations or amendments to its governance policy shall be in writing and subject to the approval of its Board, in consultation with its owning Church.

9.2 *Approval for Dissemination and Adoption*

These policy guidelines have been approved for dissemination, adoption and implementation by **EXCO meeting on the 19th day of November the year 2008.**

APPENDIX 1: BOARD EVALUATION TOOL

On a scale of 1-5, valuate your board on the following issues

(5=Very Good, 4 Good, 3 Average, 2 Fair, 1 Poor. NA=Not Applicable)

TOTAL Best possible score: 100

	INDICATOR	5	4	3	2	1
1	The roles of the board and staff are well defined and respected.					
2	The board participates fully in visioning and strategic planning.					
3	Each board member has an up to date job description and has signed it.					
4	The board sets fund raising goals and is involved in the generation of resources.					
5	The board's nominating process ensures that membership is appropriately diverse.					
6	Board members receive initial orientation and ongoing training, including mentoring.					
7	The board regularly reviews the policy documents.					
8	The board has a process for handing urgent matters between meetings.					
9	The board has an attendance policy and an annual calendar of meetings					
10	Meetings have written agendas and materials are distributed in advance of the meeting.					
11	The board has a process for managing conflict.					
12	An audit or financial review occurs annually.					
13	The board is involved in accurate reporting of programs and financial resources					
14	The board has a process to regularly review staff performance.					
15	The board has comprehensive personnel policies that have been reviewed by a professional.					
16	Each board member feels involved and interested in the					

	board's work.					
17	The board takes time regularly to understand CHAK member hospital issues and patients concerns					
18	Care is taken that necessary skills and professional expertise are present on the board.					
19	The board understands and follows CHAK member hospital policies and procedures.					
20	The board is involved in interpretation and communication to the community and church					

Please list three to five points on which you think the board shall focus its attention in the next year. Be as specific as possible.

- 1
- 2
- 3
- 4
- 5

APPENDIX 2: TORs FOR THE BOARD EXECUTIVE COMMITTEE

1. Appointment of Executive Committee

- The Board of Directors may appoint the Executive Committee to serve the purposes set forth in these Terms of Reference, and delegate the duties and responsibilities set forth herein to the Executive Committee.
- The Executive Committee will report to the Board of Directors as provided below.

2. Purpose

- The Executive Committee may exercise the authority of the Board of Directors in the management of the affairs of the hospital when the Board of Directors is not in session.

3. Composition

- The Executive Committee shall be composed of five directors including the Chairman of the Board (who shall chair the Committee), and the Chief Executive who shall be the secretary of the Committee.

4. Duties and Responsibilities

The Committee shall have the following specific duties:

- Exercise, in circumstances in which it is impossible or impractical to convene a meeting of the Board and after receiving the appropriate delegation from the
- Board, the powers of the Board as they relate to the approval of, authorization for, or consent to any corporate action of the hospital that would otherwise require the approval of the Board itself;
- Provide a forum for hospital management to seek comment in an informal manner on broad policy and planning matters relating to the administration of the hospital before their presentation to and approval by the Board or by its committees;
- Review and approve certain human resources transactions involving senior staff in particular decisions related to hiring and promotion.
- Review and approve changes to the commitment and signing policies of the hospital
- Report to the Board in respect of such matters arising from the performance of the foregoing duties.

5. MEETINGS

- The Committee shall meet at such times as it may determine or upon notice from the Chairperson.

7. DECISIONS

- The CEO/Secretary shall keep and maintain books containing the minutes of the proceedings of each meeting of the Committee.
- Minutes of each meeting of the Committee, or a summary of those minutes, shall be submitted to the next occurring meeting of the Board.

APPENDIX 4: TOR FOR FINANCE & AUDIT COMMITTEE

The Finance and Audit Committee reviews, monitors and recommends improvements to internal control and financial reporting processes, and oversees Finance's internal and external audit processes. It provides independent advice to the CEO and Management Board on matters pertaining to Finance's accountability and financial responsibility.

Specific Terms of Reference include:

- **Financial reporting:** Oversee the hospital's financial reporting processes on behalf of the Board and report the results of its activities to the Board.
- **Assessment of accounting, financial and internal controls:** discuss with management and the external auditors, the adequacy and effectiveness of the accounting and financial controls; review with the external auditor any audit problems or difficulties and management's response.
- **Risk management framework:** provide periodical reports to the Board on the most significant risks facing the hospital and the mitigation strategies and practices adopted by management.
- **Appointment of external auditors:** make recommendations to the Board of Directors on choice and performance of the external auditors and on resolution of disagreements between management and the auditor regarding financial reporting. The committee shall not recommend the engagement of the external auditors to perform any non-audit/assurance services that may impair their independence.
- **Assessment of the external audit:** at least on an annual basis, discuss with the external auditors:
 - The audit firm's internal quality control procedures and any issues which have been other entities regarding such procedures
 - All relationships between the external auditor and the hospital (to assess the auditor's independence).
- **Independence of the external auditors:** review and assess the independence of the external auditor.
- **Scope of the external audit:** discuss with the external auditors the overall scope of the external audit, including identified risk areas and any additional agreed-upon procedures. The committee shall also review the external auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level.
- **Appointment and oversight of internal auditor:** appoint and review performance of the internal Auditor; review the overall scope, annual plans and budget for internal audit activities; review all key internal audit reports; maintain direct access to the internal Auditor, who reports to both the committee and the CEO.
- **Communications with stakeholders:** review the annual financial report and annual audit and any other matters required to be communicated to the committee by the external auditors under generally accepted auditing standards; review all representation letters signed by management to ensure that the information provided is complete and appropriate; establish procedures for the receipt, retention, and treatment of complaints received by the company regarding accounting, internal accounting controls,

or auditing matters, and the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters.

- **Committee performance:** perform an evaluation of its performance at least annually to determine whether it is functioning effectively by reference to current best practice.

GLOSSARY

Below is a glossary of terms that have been used in this policy document. The users of these policy guidelines may modify the interpretations given to these terms to suit their respective needs, provided that they do not distort their meaning as used in the document.

1. Accountability

It refers to the acknowledgement and assumption of responsibility for actions, decisions and policies within the scope of an individual's duties and responsibilities and encompassing the obligation to report, explain and be answerable for the resulting consequences of his/her actions.

2. Authority

It refers to a claim of legitimacy, justification and right to exercise power that an individual has by virtue of his/her duties and responsibilities. It includes the power to make decisions and to command or require another to do certain things

3. Beliefs and Values

These refer to the underlying principles about what an institution believes to be moral, ethical and right. They form the foundation of an institution and guide the behavior of its employees and the nature of activities that it engages in.

4. Board member

It refers to a member of the Board of Directors.

5. Code of Conduct

It refers to a standard of moral and ethical behavior that is expected or prescribed by the Board.

6. Conflict of Interest

It refers to a situation in which a person in a position of trust has competing professional or personal interests that directly or indirectly compromise his/her ability to fulfill his/her duties impartially and in the best interests of his/her employer. A conflict of interest exists even if no unethical or improper act results from it.

7. Disclosure

It refers to the giving out of timely and accurate information and accountability reports, either voluntarily or to be in compliance with legal regulations or workplace rules. These reports include management circulars as well as annual and interim financial statements.

8. Diversity

It refers to disagreements and opposing points of view that are by members of the Board when deliberating of issues.

9. Directors

This refers to the Chair, and any other individuals who have been appointed by the relevant appointing authority to be members of the Board for a specified term

10. Duty of care

It refers to the duty of members of the Board to adhere to a reasonable standard of care expected of others in a similar position, while exercising their powers and discharging their duties and responsibilities. This means that they must at all times act in good faith and in the best interests of the institution, by exercising the due care and diligence that a reasonably prudent person would exercise in comparable circumstances.

11. Empower

It refers to develop the capacity of individuals with the necessary skills and information and delegating duties and responsibilities to enable them to act, communities.

12. Evaluation

It refers to the process of measuring the performance of institutions and its employees against established and desired benchmarks that are based on the institution's values, standards, goals, and objectives.

13. Executive relationship

It refers to the relationship between the Board, the Chairperson, and the owning Church

14. Governance

It refers to a structure and process to direct and monitor decisions made that pertain to the management of the affairs of an institution

15. Intellectual property

It refers to intangible creations of the mind such as musical, literary, and artistic works; inventions; and symbols, names, images, and designs used in commerce, including copyrights, trademarks, patents and related rights

16. Mission

It refers to the underlying reason for the existence of an institution or corporation. In the context of the Christian organizations, it also refers to the underlying calling to expand the Kingdom of God through evangelism.

17. Policy

It refers to a deliberate plan of action by the Board, to guide decisions and achieve rational outcomes. While law can compel or prohibit behaviour, a policy merely guides actions toward those that are most likely to achieve a desired outcome.

18. Proactive

It refers to the ability of an individual to anticipate and see a situation as an opportunity, regardless of how threatening or how bad it looks; and to influence the system constructively instead of merely reacting to it.

19. Procedure

It refers to a set of guidelines developed by an institution on how internal policies are to be interpreted, executed and implemented, to ensure that the most desirable results are obtained irrespective of the circumstances.

20. Protocol

It refers to the terms of reference and set criteria for conducting specific activities in an institution.

21. Prudence

It refers to the caution exercised in the manner in which an individual conducts himself/herself as it pertains to organizational and individual performance

22. Strategic leadership

It refers to how an institution intends to realize its goals and objectives when taking advantage of opportunities and addressing challenges that arise.