# the Democracy Audit

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Co-operative Solutions
ideas into practice

## The Manual for Practitioners

What is a "Democracy Audit"?

Well, first and foremost, what it is **not**, is a "democratic audit". It is not an audit that is democratically controlled.

It is an independent audit by contracted outside observers intended to "measure", objectively, the state of an organisation's internal democracy.

Many democratic organisations such as voluntary bodies, trade unions, and co-operative societies may be democratic in the sense that this was always the intention and is still the assumed norm. However, a scratch at the surface may illustrate that all is not quite as it should be from a democratic perspective. Organisations often lapse into customs and practice which may save time or appear simpler but in fact slowly diverge from the democratic intent of founders or standards of independent reviewers.

Assessing democracy - performing a "democracy audit" - is not practised in the UK. Occasionally organisations may revisit their principles and their constitutions in order to update them in line with current thinking or modern practices, but rarely do they set out to qualitatively assess the extent to which they may or may not be functioning in an objectively observed democratic way.

Common examples of the gradual erosion of democracy are the perfunctoriness of annual general meetings or the pre-determination of decisions made in committee. These in themselves may not necessarily be "bad" things, but they illustrate the beginnings of a divergence from founding principles.

In some cases the solution may be to alter the practices; in others it may be to revisit and modify the principles. Either way, a democracy audit endeavours to show what divergence is taking place and suggest a course or courses of action to bring practice and principle more closely together again.

Another area of interest for such an audit is the "efficiency" of meetings and other decision-making processes. How much time is spent in meetings and with what outcomes? Can outcomes per unit of meeting time be increased? And how well is internal communications handled?

The following pages outline the methodology. Further documentation is available to illustrate the methodology and provide sample outcomes.

Please feel free to enquire further.

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## THE ASSESSMENT OF DEMOCRACY

Assessing democracy - performing a "democracy audit" – utilises the following procedures evolved specifically for the purpose. The procedures were evolved in theory, but put into practice in several commercial co-operative settings. Far from perfect, what the procedure needs is more refinement through more practical applications in more settings.

### INDICATORS

What are the elements under review?

A. ADHERENCE TO CONSTITUTION:

It is important to determine where the actual authority/responsibility lies. Frequently, democratic organisations may have a formal constitutional structure which outlines where authority/responsibility should lie, but where does it actually lie in practice? Where is the real decision-making taking place - by whom, for whom? How closely is all this related to what the drafters of the constitutional structure intended and what the Members assume? (Does the Constitution need to be changed?)

B. MECHANICS:

In practice, how well do the various mechanisms work?

B.1 ACCOUNTABILITY:

To whom are the decision-makers accountable and to what degree? How far "down" does it go? In a small co-op where everybody is on the board, this is not so much of a problem, but where any delegation is taking place, accountability becomes very important.

B.2 DEMARCATION/DELEGATION:

Good democratic practice does not require all Members to participate in all decisions. Quite the opposite. Proper delegation of collective authority to smaller executive teams or individuals with a clear understanding of the nature of the working brief is vital. Do Members delegate effectively? Do they recognise and respect the limits of their delegated authority/responsibility? Can Members "switch hats" effectively as they shift from general collective to executive or from one works team to another?

C. CLARITY:

How accurately do the participants perceive all of the above? Is there introductory documentation? Is there adequate induction for new/potential Members?

D. SATISFACTION:

How happy, in subjective terms, are participants with the above?

### CRITERIA FOR ASSESSMENT

To ASSESS the Indicators, a number of Criteria suggest themselves. These Criteria can be drawn, roughly, from the following areas. Comparisons should be made with similar groups involved in similar industries. Clearly, there is not much comparative data about at this point in time, but with the increasing use of "democracy audits", national, regional, or sectoral norms can be determined.

METHODOLOGY:

It is essential that a **Period of Review** (PoR) is established at the outset. All elements of the Audit will flow from this. A minimum PoR is considered to be a year previous to the Audit start date, plus a quarter (3 months) into the future. Extended PoRs of 3 to 6 years into the past plus 6 months to a year into the future are, of course, very likely to be incrementally more useful, but also tougher to resource.

It is also essential that a client **Steering Group** (SG) of 2 to 3 Members is established to liaise between Auditors and the wider Membership. The SG will ideally negotiate all accesses and permissions required as well as keeping Members informed about the progress of the Audit.

## 1. From DOCUMENTATION

### 1.1. The Minute Book

#### 1.1.1. Decisions taken and translated into Actions

Over a period, how many decisions for action are taken? Of these, how many are successfully actioned and within what period of time? What proportion of Membership able to take action do so? In particular, how much action is carried out which requires action from non-supporters of the Decision.

METHODOLOGY:

This involves trawling through all Minutes kept throughout the Period of Review (PoR) and identifying Decisions for Decision Tracking purposes. All Decisions identified are tagged with the date of the meeting as follows: YYMMDD, followed by a, b, c, etc.

The first few sets of Minutes will be reviewed with the SG to assist in the "grading" or "classification" of Decisions. Decisions are classified as: Routine (R), Major Policy (Ma), Minor Policy (Mi), Supplementary (S), and Carried Forward (CF).

Assistance from the SG will be particularly valuable in determining the difference between Ma and Mi Decisions.

Having identified and tagged Decisions, further research should "Track" those Decisions to see what became of them. Did direct action arise? Was there a report back? Were there a multiplicity of CF and S Decisions associated?

And finally, all identified and tagged Decisions are entered into the Coefficient of Decision-Making (CDM) matrix. This simply divides the number of Decisions taken at a meeting by the number of person hours (number of attendees times hours of meeting) and numerical Coefficients are generated.

#### 1.1.2. Quality of Minutes

How concise are the Minutes? Is there too much or too little detail? Are decisions clearly noted? Are decisions requiring actions consistently carried over into following Minutes? Are Minute items systematically numbered? Are Minutes signed and filed properly.

METHODOLOGY:

Again, trawling through all Minutes kept throughout the Period of Review (PoR) should answer these questions. Naturally judgements and assessments will be subjective to the Auditors but will be mitigated through discussion and past experience.

#### 1.1.3. Reporting back

How thorough is Reporting Back on actions taken? Is the bulk of it taken up with verbose descriptions of other meetings or is it more clearly related to actual tasks undertaken and completed?

METHODOLOGY:

As touched upon above, the Minutes will reveal the extent and usefulness of Reporting Back, particularly when coupled with Interviews of participants.

#### 1.1.4. Ratio of Attenders to Non-attenders (also voting turnout)

What proportion of those eligible actually attend with any regularity? What is the turnout for any voting which may determine who sits on the body in question?

METHODOLOGY:

The Minutes should show who has attended and other records and testimony will show who should have been attending.

1.1.5. Turnover of Officers

How long do Officers stay in post? How long do posts go unfilled and what proportion of the total posts does this represent?

METHODOLOGY:

The Minutes will show how long officers remain in post, however this may be less relevant where the PoR is relatively short.

1.1.6. Sub-committees

In relation to the size of the organisation, how many and how big are the sub-committees? How often and with what regularity do they meet? How accurately are their records kept? How accountable are they? Are their Minutes freely available to Members? Are there confidentiality issues?

METHODOLOGY:

All committees, sub-committees, and task groups need to be identified. If Minutes are kept of their meetings, these should be included in the Audit. A trawl of such Minutes, together with Interviews should answer all these questions.

1.2. The Annual Report and Accounts

1.2.1. Pay differentials

Are there any? If so, how much variation? How often are they reviewed? Is the trend for greater or lesser disparity?

1.2.2. Bonuses

Are there any? What proportion of profits?

1.2.3. Perks and Health & Safety

What proportion of turnover goes on Staff Welfare?

1.2.4. Outside Donations

What proportion of profit goes to outside donations and for what purposes?

METHODOLOGY:

A trawl through the Annual Report and Accounts should provide the answers to all these questions. Answers need to be cross-referenced to the relevant document, page, and paragraph number.

1.3. Constitutional Documents

1.3.1. Articles of Association

To what extent do they vary from standard? What is the intent of any variations? What liabilities are attached to Membership?

1.3.2. Secondary Rules

Are there any? When were they last updated? To what extent are they utilised?

METHODOLOGY:

A trawl through these should provide the answers to all these questions. Examples of model constitutions and rules should be at hand for comparative purposes.

1.4. Other Documentation

1.4.1. Staff turnover

What proportion of Staff turns over annually? What are the usual grounds?

1.4.2. Ratio of Members to Non-Members

What proportion of staff are in Membership? What proportion of NEW staff take up Membership and, on average, after how long? What proportion of staff resign their Membership? What is the involvement of Non-Members?

1.4.3. Business Plan:

Is there a current one? Is it in keeping with aims? Is it good in business terms? Is it clear how many Members were involved in its drafting? Are Members generally aware of and familiar with it?

METHODOLOGY:

Other documentation may have to be accessed to answer these questions. Answers need to be cross-referenced to the relevant document, page, and paragraph number.

## 2. From OBSERVATION

### 2.1. At Meetings

#### 2.1.1. Control of Agenda

Who controls the Agenda? How easy is it for Members to get items on?

#### 2.1.2. Control from Chair

Is the Agenda adhered to? Is business conducted efficiently? Is there a good spread of speakers. Is there sensitivity to less frequent speakers?

#### 2.1.3. Use of Minutes

Are the Minutes central to the functioning of the meetings? Are Matters Arising dealt with thoroughly? Are past decisions pursued for action?

#### 2.1.4. Informal Note Taking

Do others take notes for personal use - especially where they are called upon to take action?

#### 2.1.5. Frequency of Meetings

How frequently are meetings held?

#### 2.1.6. Regularity of Meetings

How regularly (predictably) are meetings held? Are they at times and on days convenient to Members?

#### 2.1.7. Openness of Meetings

Who can attend meetings? Are observers allowed and may they speak? Is information about topics readily to hand?

#### 2.1.8. Ratio of Speakers

What is the proportion of regular speakers compared to non-speakers? How are these distributed in terms of interest groups?

#### 2.1.9. Attention Spans

How long are attention spans on average? Does this accord in any way with time allocated to items?

#### 2.1.10. Speaking times

What are the longest, the shortest, and the average speaking times? To what extent is the time spread among the participants? Is there sensitivity to too much speaking from specific individuals?

#### 2.1.11. Delegation

To what extent are powers of Delegation used? Is there a variance of Delegation depending on whether Management issues or Personnel issues are at stake? Is there resistance to Delegation, and if so, on what grounds? Are Delegated matters reviewed and decision makers held to account?

METHODOLOGY:

Whereas Documentation involves looking into the past, Observation is very much concerned with the present. Auditors are required to sit in on meetings but only to Observe. Equipped with tally sheets, they will be counting the number of interventions of the various participants and, with stopwatches, noting the lengths in time of each intervention. Instrumental to this is watching for the movement of “Focus of Attention” (FoA).

Interviews will also contribute to the assessment of many of these factors.

## 3. From INTERVIEW

### 3.1. Interviews & Survey

Subjective views (or "operative truths") can be determined by questionnaire surveys, by interviews, or by both. It is important to discover how, rightly or wrongly, the Members themselves perceive the organisation. The following are simply areas which interviews and surveys could/should cover.

3.1.1. Atmosphere
3.1.2. Ease of relations between "ranks" or capacities
3.1.3. Informal communication (Gossip)
  a) Speed and efficiency
  b) Ethical/moral tone
3.1.4. Flexibility of Members in task sharing/Co-operation
3.1.5. Willingness to learn
3.1.6. Equal worth
3.1.7. People value
3.1.8. Pay differentials
3.1.9. Training
3.1.10. Commitment to Learning/Teaching democracy
3.1.11. Delegation/Trust
3.1.12. Personal Relations
  a) "Knowing" each other
  b) Knowing each other's work methods
3.1.13. Things done for workforce not "required"
3.1.14. Control of Information
  a) Where held/by whom/in what degree of openness
  b) Inflow of external information
  c) Outflow of internal information
3.1.15. Physical Environment
  a) Any problems

METHODOLOGY:

Whilst Documentation involves looking into the past and Observation is concerned with the present, Interview tends to straddle both. Members are asked to express their understanding of how things are, but also how they think such things came to be and how previous work settings might compare.
Depending on the number of Members and the length of the PoR, Auditors will either Interview directly or simply provide questionnaires or engage in a combination of both. Interviews will often contribute to the assessment of many elements of the full Audit.

## 4. Analysis and Write Up

METHODOLOGY:

This consists of pulling all the above strands into Draft 1 of a coherent report. Draft 1 is intended exclusively for the Membership of the co-operative being audited.
Active **Feedback** should be sought and this should affect the outcome of Draft 2.
Draft 2 is intended to be the final outcome for publicity and archiving purposes.