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Running a Successful Organisation/Being 'Governance' Compliant

Senan Turnbull   for Wicklow PPN

Workshop 4 of 4.   April 12th 2021

Guiding nonprofits
carmichaelireland.ie

Overview of this Final Workshop

- A review of the six principles we covered in the first three Workshops - questions, comments arising from your work to date……..

- Looking ahead at;

- Resources to assist in developing policies and procedures.
- Moving towards Compliance

- **Summary of Slides - Principles 1-6**

The Six Principles

advancing its charitable purpose	behaving with integrity	leading people
exercising control	working effectively	being accountable and transparent

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Principle 1: Advancing Charitable Purpose

- **Five CORE Standards**

- 1.1.Be clear about the purpose of your organisation

- 1.2.Consider whether or not any private benefit arises

- 1.3.Agree an achievable plan for at least the next year

- 1.4.Make sure your charity has the resources it needs to do the activities you plan

- 1.5.From time to time, review what you are doing

Principle 1: Advancing Charitable Purpose

• **Three ADDITIONAL Standards**

1.6. Develop your charity's strategic plan and associated operational plans.

1.7 Make sure there is an appropriate system in place to:
    - monitor progress against your plans; and
    - evaluate the effectiveness of your work.

1.8. From time to time, consider the advantages and disadvantages of working in partnership with other charities, including merging or dissolving (winding up).

Principle 2: Behaving with Integrity

- **Three CORE standards**

- 2.1.   Agree the basic values that matter to your charity and publicise these, so that everyone involved understands the way things should be done and how everyone is expected to behave.

- 2.2.   Decide how you will deal with conflicts of interests and conflicts of loyalties. You should also decide how you will adhere to the Charities Regulator's guidelines on this topic.

- 2.3.   Have a code of conduct for your board that is signed by all charity trustees. It must make clear the standard of behaviour expected from charity trustees. This includes things like maintaining confidentiality and what to do in relation to: gifts and hospitality, and out-of-pocket expenses.

Principle 2: Behaving with Integrity

- There are NO ADDITIONAL STANDARDS for this Principle as behaving with integrity applies equally to all charities, whatever their size or complexity

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Principle 3 - Leading People

- **Four CORE Standards**

- 3.1. Be clear about the roles of everyone working in and for your charity, both on a voluntary and paid basis.

- 3.2. Make sure there are arrangements in place for the effective involvement of any volunteers, including what to do if any problems arise.

- 3.3. Make sure there are arrangements in place that comply with employment legislation for all paid staff including:
  - recruitment;
  - training and development;
  - support, supervision and appraisal;
  - remuneration (money paid for work) and dismissal.

- 3.4. Agree operational policies where necessary, to guide the actions of everyone involved in your charity.

Principle 3 - Leading People
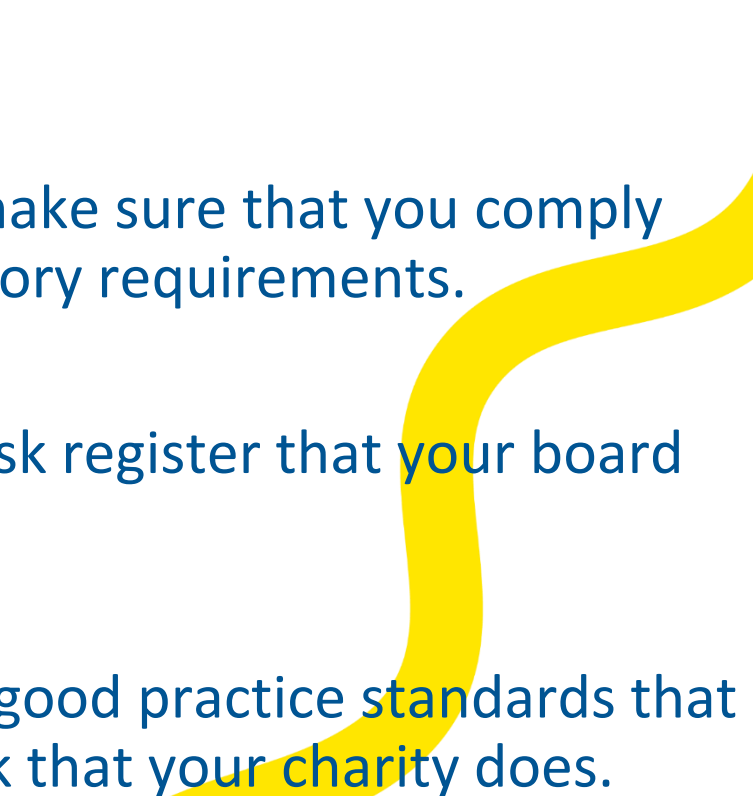
- **Three ADDITIONAL Standards**

- 3.5. Make sure to document the roles, legal duties and delegated responsibility for decision-making of: individual charity trustees and the board as a whole; any sub-committees or working groups; staff and volunteers.

- 3.6. Make sure that there are written procedures in place which set out how volunteers are: recruited, supported and supervised while within your charity; and the conditions under which they exit.

- 3.7. Decide how you will develop operational policy in your charity. You also need to decide how your charity trustees will make sure that the policy is put in place and kept up to date.

Principle 4 - Exercising Control

- **Six CORE Standards**

- 4.1. Decide if your charity's current legal form and governing document are fit for purpose.
- 4.2. Comply with relevant laws and regulatory requirements
- 4.3. If your charity raises funds from the public, adhere to the Charities Regulator's guidelines
- 4.4. Make sure you have appropriate financial controls in place
- 4.5. Identify any risks your charity might face and decide how to manage them
- 4.6. Make sure your charity has appropriate and adequate insurance cover

Principle 4 - Exercising Control

- **Three ADDITIONAL Standards**

- 4.7. Have written procedures to make sure that you comply with all relevant legal and regulatory requirements.

- 4.8. Make sure there is a formal risk register that your board regularly reviews.

- 4.9. Consider adopting additional good practice standards that are relevant to the particular work that your charity does.

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Principle 5 - Working Effectively

- **Nine CORE Standards - 1**

- 5.1.   Identify charity trustees with relevant skills

- 5.2.   Hold regular board meetings. Give enough notice before meetings and provide prepared agendas

- 5.3. Board agendas should include activities, finance and conflicts of interests and loyalties

- 5.4. Make sure that there is enough information to make informed decisions which are recorded accurately in the minutes

- 5.5. Consider introducing term limits for your charity trustees, with a suggested maximum of nine years in total

Principle 5 - Working Effectively

- **Nine CORE Standards - 2**

- 5.6. Recruit suitable new charity trustees as necessary and make sure that they receive an induction

- 5.7. Make sure all of your trustees understand their roles, their governing document and this Code.

- 5.8. Commit to resolving problems and emerging issues as quickly as possible

- 5.9. From time to time, review how your board operates and make any necessary improvements

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Principle 5 - Working Effectively

- **Five ADDITIONAL Standards - 1**

- 5.10. Make sure you send out board packs with enough notice and include all relevant reports and explanatory papers to enable informed decision-making.

- 5.11. Make sure that you have a charity trustee succession plan in place and consider how you can maximise diversity among your charity trustees.

- 5.12. Put in place a comprehensive induction programme for new charity trustees.

Principle 5 - Working Effectively

- **Five ADDITIONAL Standards - 2**

- 5.13. Conduct a regular review that includes an assessment of: the effectiveness of your board as a whole, office holders and individual charity trustees;

- adherence to the board code of conduct; and

- the structure, size, membership and terms of reference of any subcommittees.

- 5.14. Do regular skills audits and provide appropriate training and development to charity trustees. If necessary, recruit to fill any competency gaps on the board or of your charity.

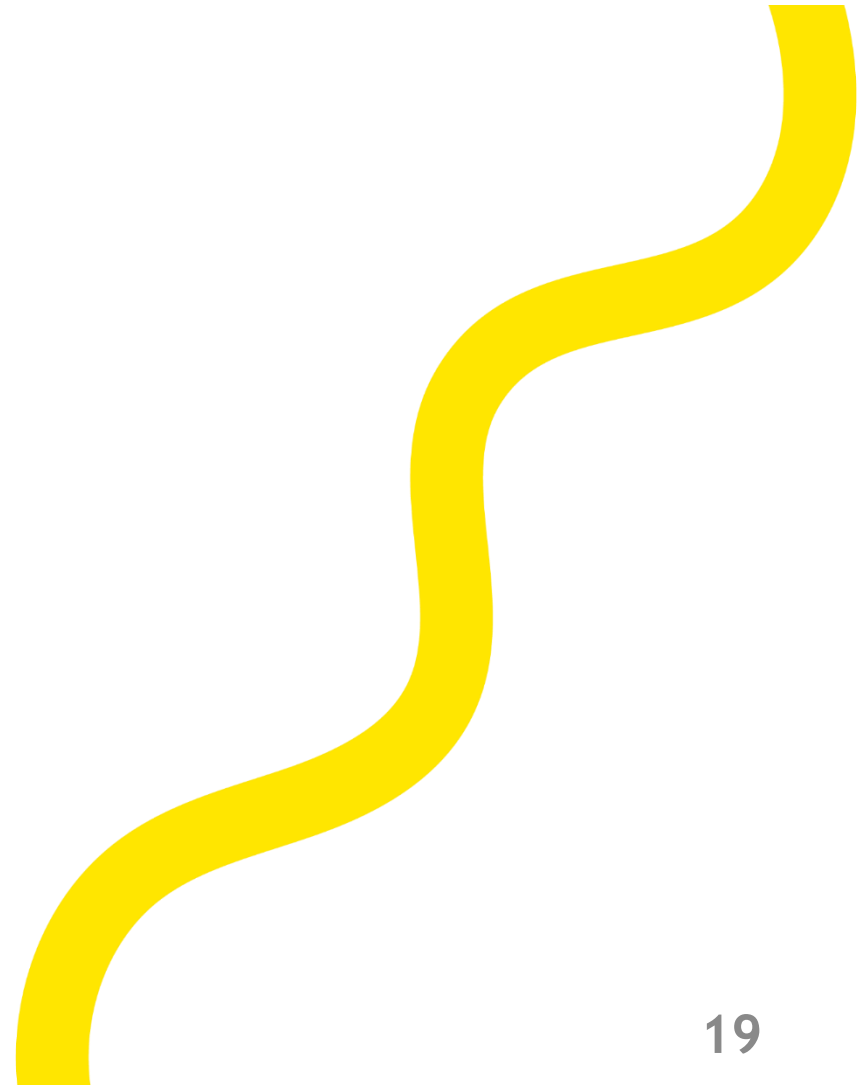# Principle 6 - Being Accountable and Transparent

- **Five CORE Standards**

- 6.1. Make sure that the name and Registered Charity Number (RCN) of your charity is displayed appropriately
- 6.2. Identify your stakeholders and decide how you will communicate with them.
- 6.3. Decide if and how you will involve your stakeholders in planning, decision-making and reviews
- 6.4. Make sure you have a procedure for dealing with queries, comments and complaints
- 6.5. Follow the reporting requirements of all of your funders and donors, both public and private

Principle 6 - Being Accountable and Transparent

- **Three ADDITIONAL Standards**

- 6.6. Produce unabridged (full) financial accounts and make sure that these and your charity's annual report are widely available and easy for everyone to access.

- 6.7. Make sure all the codes and standards of practice to which your organisation subscribes are publicly stated.

- 6.8. Regularly review any complaints your charity receives and take action to improve organisational practice.

- **Resources**

Resources - 1, CRA

Charities Governance Code Toolkit - Guidance Notes and Templates

Charity trustees are responsible for the governance of their charity and should make sure that the six principles of the Charities Governance Code are being applied. In order to assist and provide practical support to charity trustees in their efforts, the Charities Regulator is committed to developing a suite of guidance documents and templates. To download a document, click on the document title below to access it.

Sample Completed Compliance Record Form ⌄

Compliance Record Form ⌄

Charity Trustee Duties and Roles ⌄

Meetings and Minutes ⌄

Planning and Risk ⌄

Recruitment and Induction ⌄

General note on 'other' legal and regulatory requirements ⌄

Resources - 2, Carmichael Ireland

- 'Carmichael Ireland' have complied a very comprehensive list of Resources from a wide range of sources and have put them together for each Standard in the Code

- https://www.carmichaelireland.ie/app/uploads/2020/05/Carmichael-Resources-available-to-help-with-implementation-of-CRA-Gov-Code.pdf

- They have also developed a sample Trustees Handbook available at https://www.carmichaelireland.ie/resources/

- And they have guidance on Agendas and Minute taking
- https://www.carmichaelireland.ie/app/uploads/2020/03/Set-Agendas-Take-Effective-Minutes.pdf

Resources - 3, The Wheel & Pobal

- 'The Wheel' have a range of supports available on their site including on Funding & Finance, Governance, Risk & Management and Promoting your Work

- https://www.wheel.ie/advice-guidance

- 'Pobal' have published three Guidance documents on Good Governance, Financial Management and Human Resources

- https://www.pobal.ie/managing-better-toolkits/

Resources-4 Volunteer Ireland & Boardmatch

- Volunteer Ireland have a wide range of material regarding all aspects of volunteering

- https://www.volunteer.ie/resources/factsheets-and-guides/

- The Dublin Volunteer Centre might be of assistance in finding volunteers for all kinds of roles https://volunteerdublincity.ie

- Boardmatch might be of assistance in finding board members

- https://www.boardmatch.ie

•Moving towards Compliance

How to use the Code

- Read and understand the **principles** and **standards** and assemble the documentary evidence you already have against each standard

- Create lever-arch folders with dividers numbered for each of the 32/49 standards and put the documents which you believe provide the 'evidence' that you comply with each standard into their relevant sections (some documents can satisfy a number of standards)

- Agree a work programme to find/develop the documentation which needs to be developed/updated to to meet the standards

Compliance Record Form(s) - (CRF)

- Until recently only one Form
https://www.charitiesregulator.ie/media/1610/charities-governance-code-compliance-record-form-editable-and-downloadable.docx

- Now here are two - new one for 'Small, Volunteer Only, Charities.
https://www.charitiesregulator.ie/media/2141/sample-completed-compliance-record-form-non-complex-charities-final.pdf

Compliance Record Form (CRF) - 1

Principle 1: Advancing Charitable Purpose
CORE STANDARDS   ds

1.1   Be clear about the purpose of your charity and be able to explain this in simple terms to

        anyone who asks.

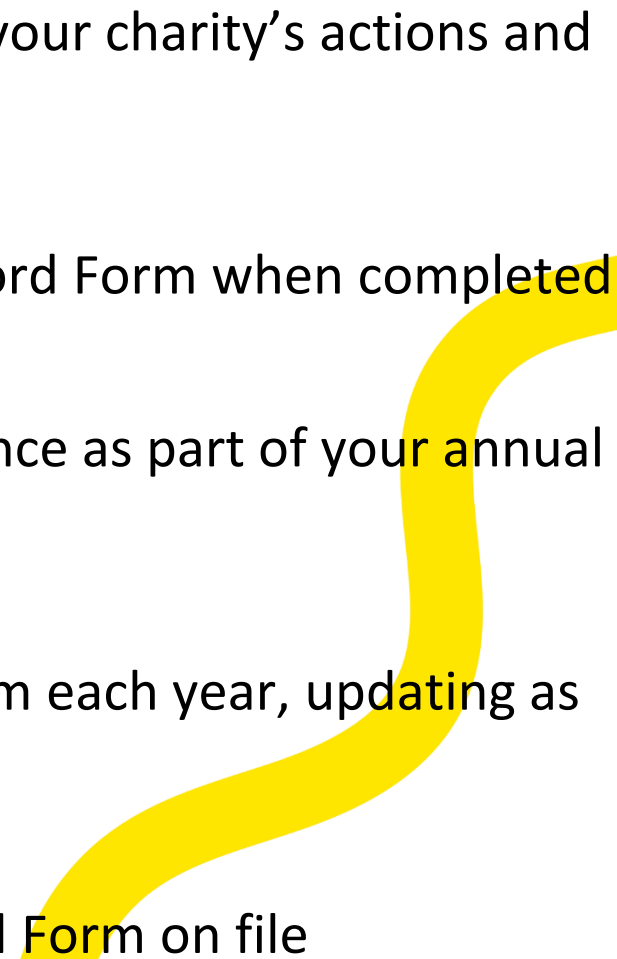| Actions our charity takes to meet standards:	Evidence of our actions:

Compliance Record Form (CRF) - 2

Charities Governance Code Compliance Record Form - SAMPLE

Principle 1: Advancing charitable purpose CORE STANDARDS

1.1   Be clear about the purpose of your charity and be able to explain this in simple terms to anyone who asks.

Actions our charity takes to meet standards:	Evidence of our actions:
All charity trustees read the **Charities Regulator's guidance on 'What is a Charity'** as well as our charity's Governing Document.	Minutes of Meeting dated [Insert Date] *(List all relevant minutes)*
Each charity trustee has been provided with the most recent copy of the charity's governing document, understands it and refers to it as necessary.	Minutes of Meeting dated [Insert Date] *(List all relevant minutes)*
Charity's main object (as per the governing document) is included at the top of every board agenda and our governing document is available for reference at board meetings.	Secretary's copy of the Board papers for each meeting held in [2020].
Our charitable purpose and objectives are clearly stated in [the Annual Report, Website, etc...]	Website/ Facebook page [enter as appropriate]. Annual Report

Your Compliance Process

- Fill in Compliance Record Form with your charity's actions and evidence for each standard

- Trustees sign-off on Compliance Record Form when completed

- Report to Regulator on your compliance as part of your annual reporting requirement

- Maintain the Compliance Record Form each year, updating as necessary

- Keep each annual Compliance Record Form on file

Reporting to the CRA

- Annual Reporting FAQs on the CRA website - everything you need to know

- https://www.charitiesregulator.ie/en/information-for-charities/annual-reporting

- https://www.charitiesregulator.ie/media/1501/annual-report-user-guide-revised-2-august.pdf

- Normally submitted no later than 10 months after your year end.

Reporting in 2021 - 1

- **Declaration A:** <u>fully compliant</u>- *declaration publicly displayed on the Register from the date that the Annual Report is filed*

- **Declaration B:** <u>partially compliant with the Charities Governance Code, with a free text box allowing the charity to explain what standards it is not in compliance with and why.</u> *- not publicly visible on the Register, unless the charity specifically requests that the declaration is shown along with the reason for partial compliance*

- **Declaration C:** <u>has not started implementing the Charities Governance Code, with a free text box allowing the charity to explain why it is not in compliance</u> *- not publicly visible on the Register*

Reporting in 2021 - 2

- Charities will be required **to declare their compliance status as at the date they file their Annual Report, not the date of their financial year end.** This gives charities the opportunity to complete the process of implementing the Charities Governance Code right up to the date of filing their Annual Report in 2021. i.e until the end of October 2021

- The Board will have to consider the CRF and - as they would with the Annual Financial Statement - satisfy themselves that the statements in it are based on the evidence available.

- It is a formal declaration by the Board to a statutory regulator and needs to be given appropriate time and attention.

- https://www.charitiesregulator.ie/media/2036/information-note-charities-governance-code-reporting-in-2021.pdf

Comply or Explain

- There is an expectation that organisations will **comply** with what each Standard asks/implies regarding best practice.

- Organisations however are entitled to interpret exactly what each standard means in its unique context and to decide how, or not, to comply with any particular Standard.

- If there is a decision not to comply this must be **explain**ed in the CRF.

- Such an explanation should be based on fact, e.g we don't employ any staff, we do not fundraise or that you have chosen a different approach to that implied in the Standard.

Proportionality

- The Regulator expects all Charities to meet all 32* of the Standards set out in the Code. (*Some will choose the 49)

- There is flexibility in the language used in many of he Standards as to what each one means to every individual organisation.

- Proportionality means that the level of evidence to be available has to be more comprehensive if the organisation is a 'complex' one, e.g. the scale of the budget and plan for an organisation with €50K turnover will be different from one with €1M, but each will have to have a written, and reported on, budget

Summary

The Code is……

- A tool not an end in itself

- A means to see what you're already doing well, … and to find out how you can improve your approach

- Proportionate to your size

- A process

- A long-term project

- Driven by the board/committee

- ALL about culture - striving to meet the highest standards

- Thank you for attending the Workshops.

- Go n-eirí libh

- My thanks also to Helen and Grainne for putting the Course together and their support to me in developing the Workshops.

- **senanturnbull@gmail.com**

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- charitiesregulator.ie

https://www.charitiesregulator.ie/media/1609/charities-governance-code.pdf

https://www.charitiesregulator.ie/media/1610/charities-governance-code-compliance-record-form-editable-and-downloadable.docx

https://www.charitiesregulator.ie/media/2141/sample-completed-compliance-record-form-non-complex-charities-final.pdf

- [cro.ie](cro.ie)

- www.carmichaelireland.ie/courses

- governancecode.ie

Guiding nonprofits
carmichaelireland.ie