

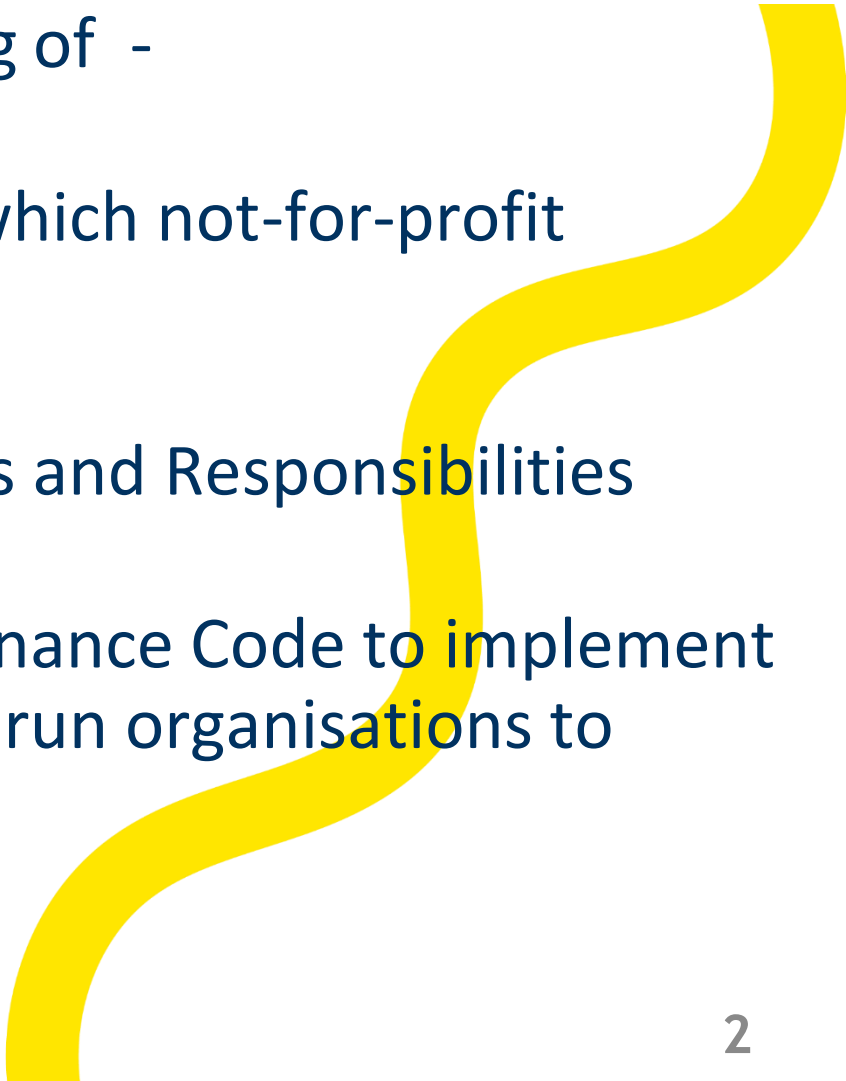
Carmichael.

Key Roles and Responsibilities of Boards in Running a Successful Organisation & Being Governance Compliant

Senan Turnbull Review for **Wicklow** PPN Groups – **30/11/22**


Guiding nonprofits
carmichaelireland.ie

Purpose of this Session


- To create and understanding of -
 - The changing context in which not-for-profit organisations operate
 - The Board members Roles and Responsibilities
 - Using the Charities Governance Code to implement best practice, have a well run organisations to achieve your ambitions
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- The Operational Context for Not-for-Profit Organisations

The Not-for-Profit Sector

- Central to national culture and lifestyle
 - The sector has led on community development, health, youth, active aged, tourism, sport, arts, environment
 - Has been fairly informal... but
 - Attitudes & Expectations are changing
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Changing Nature of Society

- Trust in established order has broken down.
 - Specific examples of 'failure' in all sectors have changed the landscape.
 - Everyone expects - accountability -transparency and -integrity in our -political -business -public services and -voluntary organisations.
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A List to Consider.....

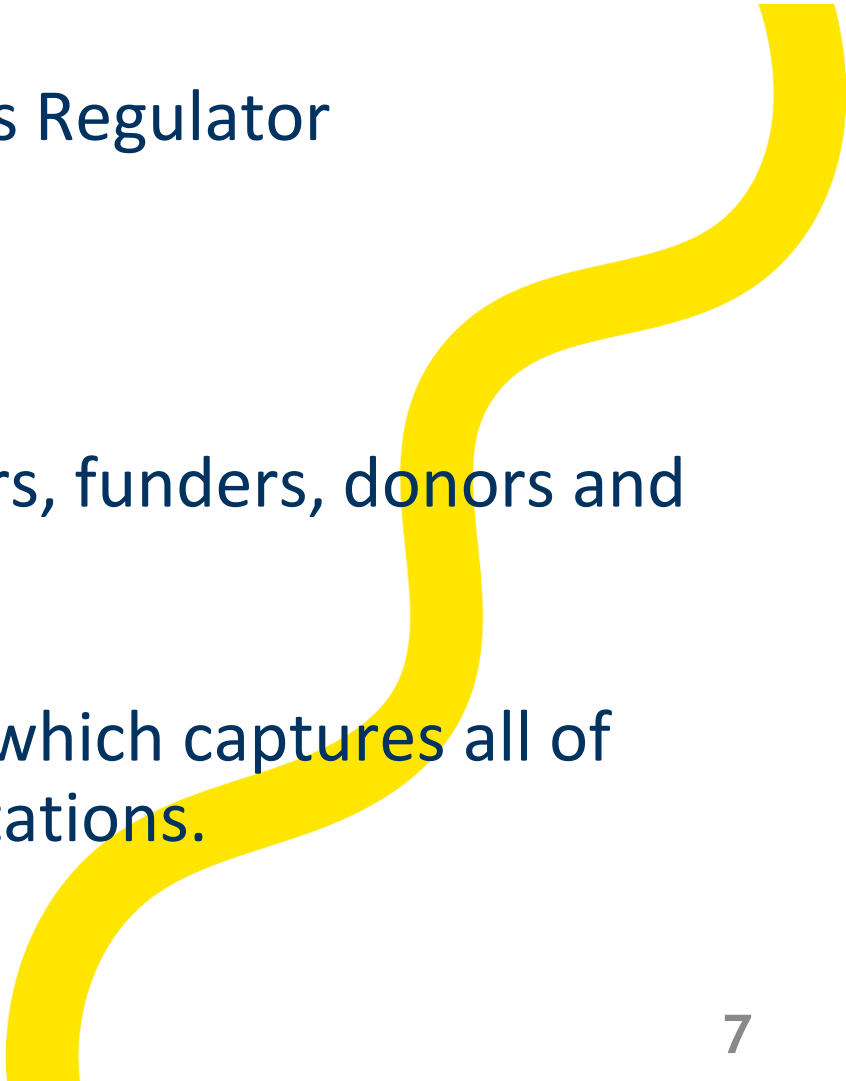
- Central Remedial Clinic & Rehab
 - IFA & Console
 - Olympic Council of Ireland & FAI
 - Scouting Ireland & Order of Malta
 - ICA & Birdwatch Ireland

 - Banks/Irish News & Media

 - FÁS/Gardaí

 - It's about minimising **RISK** to your **REPUTATION**
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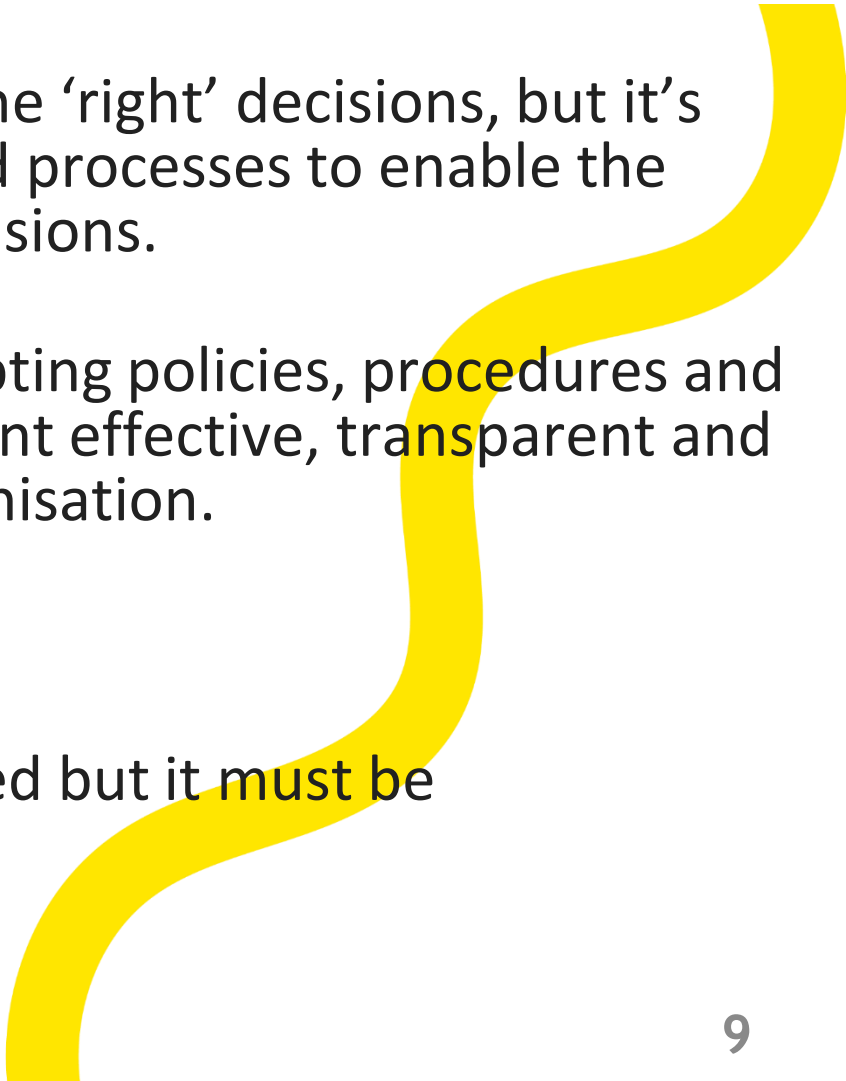
A New 'Context'

- Charities Act 2009 - Charities Regulator
 - Companies Act 2014
 - Requirements from members, funders, donors and the public.
 - **'GOVERNANCE'** is the term which captures all of these legal and other expectations.
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Governance

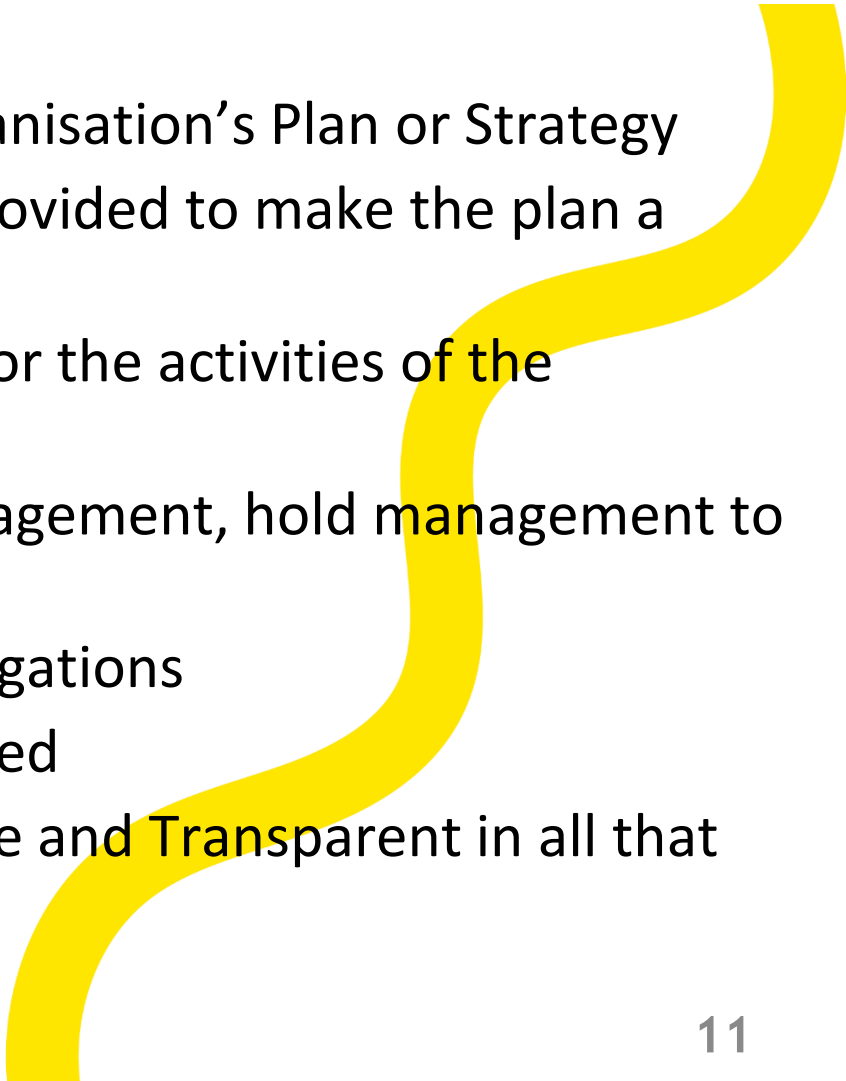
- “the **duties and responsibilities of the trustees/directors** to put in place **systems and processes** to ensure that the organisation **achieves and sustains its objectives with integrity**, and is managed in an effective, efficient, accountable and transparent manner.
- (adapted from the Consultative Panel on the Governance of Charities, Charities Regulator 2018)
- **Governance is the Board’s responsibility**
- **Management is delegated to staff**

Good Governance

- It's **NOT** about always making the 'right' decisions, but it's about having clear practices and processes to enable the making of the best possible decisions.
 - Good Governance is about adopting policies, procedures and structures to support the efficient effective, transparent and accountable running of an organisation.
 - Its **how** you **do** your business.
 - It doesn't have to be complicated but it must be **comprehensive** and **consistent**
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- The Roles and Responsibilities of Boards

Roles & Responsibilities of a Board

- Provide Leadership
 - Develop, own and review the Organisation's Plan or Strategy
 - Ensure adequate Resources are provided to make the plan a reality
 - Develop Policies to set out limits for the activities of the organisation
 - Delegate delivery of strategy management, hold management to account
 - Ensure compliance with Legal Obligations
 - Assess Risk and ensure it is managed
 - Be, and be seen to be, Accountable and Transparent in all that you do
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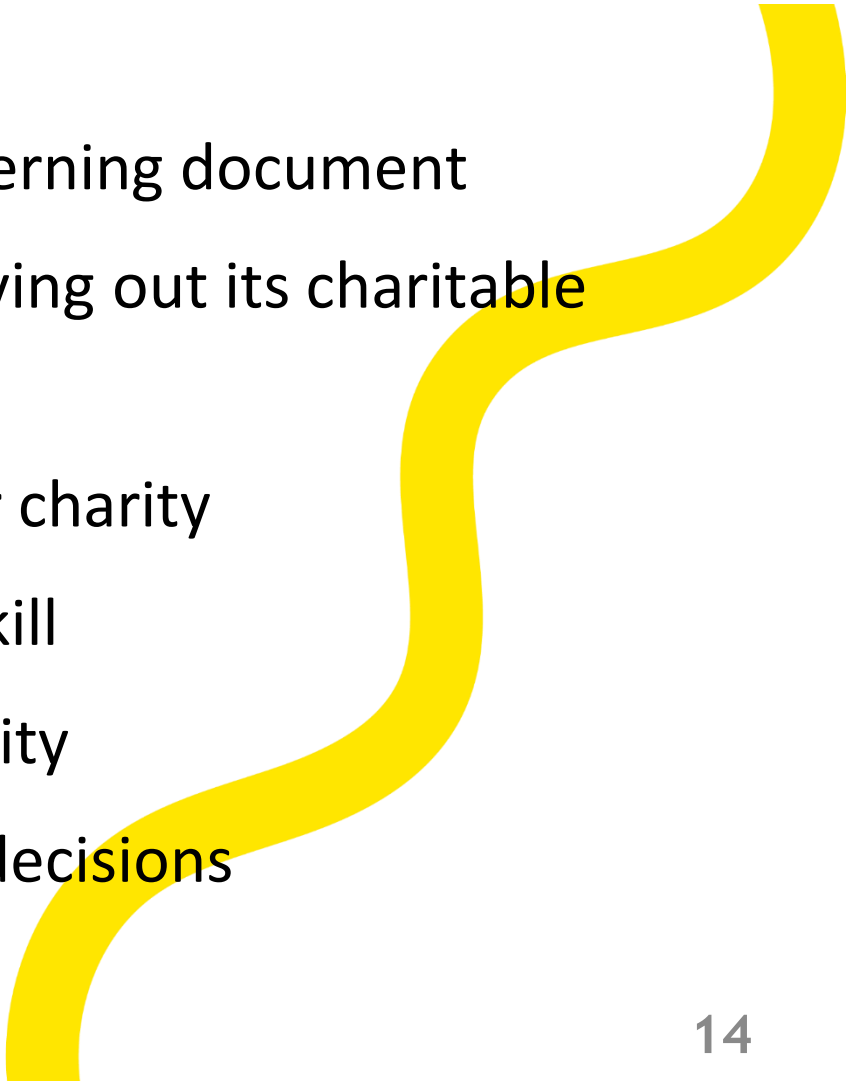
Duties of Directors 1-Companies Act 2014

- Act in good faith and in company's interest
- Act honestly and responsibly in conduct of company affairs
- Act in accordance with company's constitution
- Not use company property/information/opportunity for personal/third party gain without shareholder approval/constitutional support
- Not fetter judgement unless in company interests/shareholder approval
- Avoid conflicts of interest
- Act with due care, skill and diligence
- Have regard to interests of employees/members
- Have regard to the interest of members with entitlement to appoint director

Duties of Directors 2 - Companies Act 2014

- Maintaining a Register of Members
- Maintaining a Register of Directors and Company Secretaries
- Maintaining proper books of account, portraying a 'true and fair' picture
- Preparing annual financial statements - having financial statements audited
- Holding an AGM-Providing a written report to company members
- Ensuring minutes of AGM/EGM, Board, sub-committees are kept
- Ensuring the annual report is completed and returned
- Ensuring legal obligations/reports are met

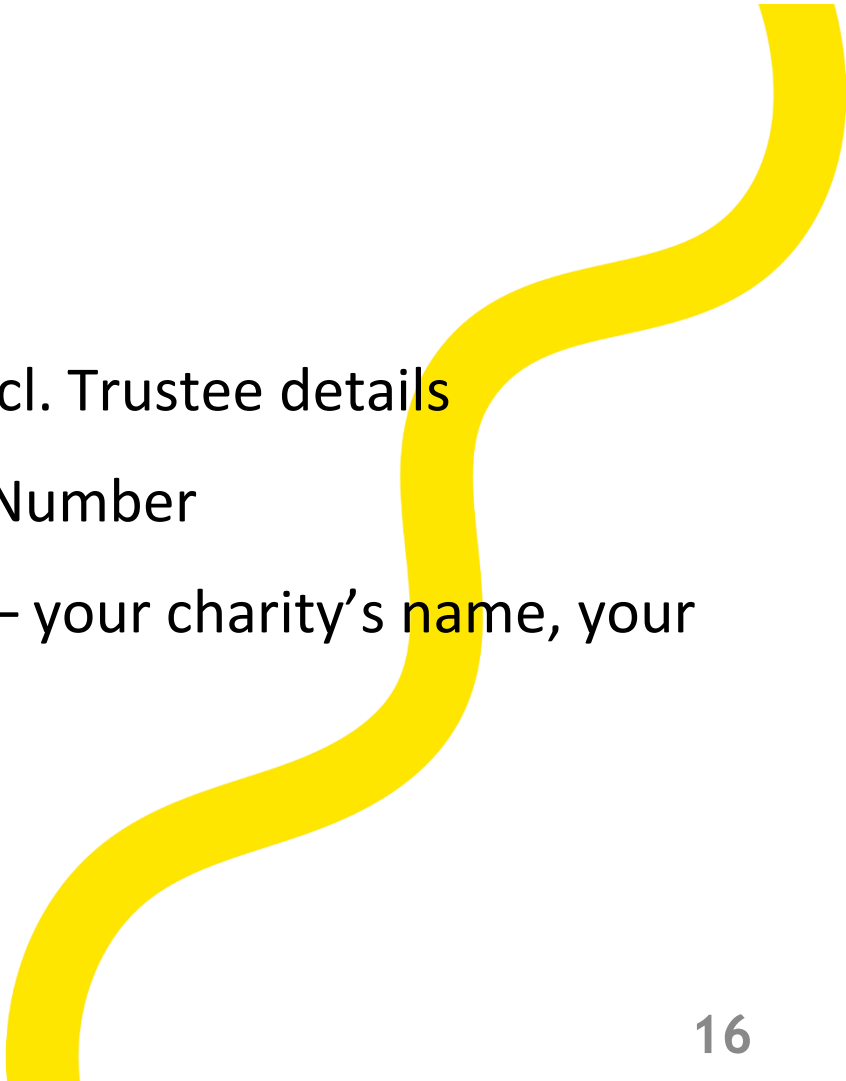
General duties of Trustees - Charities Act 2009

- Comply with your charity's governing document
 - Ensure that your charity is carrying out its charitable purposes for the public benefit
 - Act in the best interests of your charity
 - Act with reasonable care and skill
 - Manage the assets of your charity
 - Make appropriate investment decisions
- 

Additional duties of Trustees - Charities Act 2009

- ENSURE that your charity -
- is registered on the Charities Regulator's Register of Charities
- keeps proper books of account
- prepares and furnishes financial accounts to the Charities Regulator
- prepares and furnishes an annual report to the Charities Regulator
- informs the Charities Regulator if you are of the opinion that there are reasonable grounds for believing a theft or fraud has occurred (Disclosure obligation)
- complies with directions issued by the Regulator


Compliance with the Regulator's requirements

- Annual Activity Report
 - Annual Financial Statement
 - Keep your Records up to date – incl. Trustee details
 - Publicise your Registered Charity Number
 - Seek consent for certain changes – your charity's name, your constitution
 - Give notice if winding up
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Company Secretary

- Every company is legally obliged to appoint a Company Secretary
- S/he support the company and its directors to operate within the remit of their roles
- Provides guidance to enable compliance with relevant legislation
- No formal qualifications are required to become the secretary of a CLG
- Companies have a duty to ensure that the person appointed has the skills necessary to discharge their duties
- A company secretary can be held liable for negligence -however, they are not expected to have a greater degree of skill than might reasonably be expected from a person with their level of knowledge and experience

Management's Role

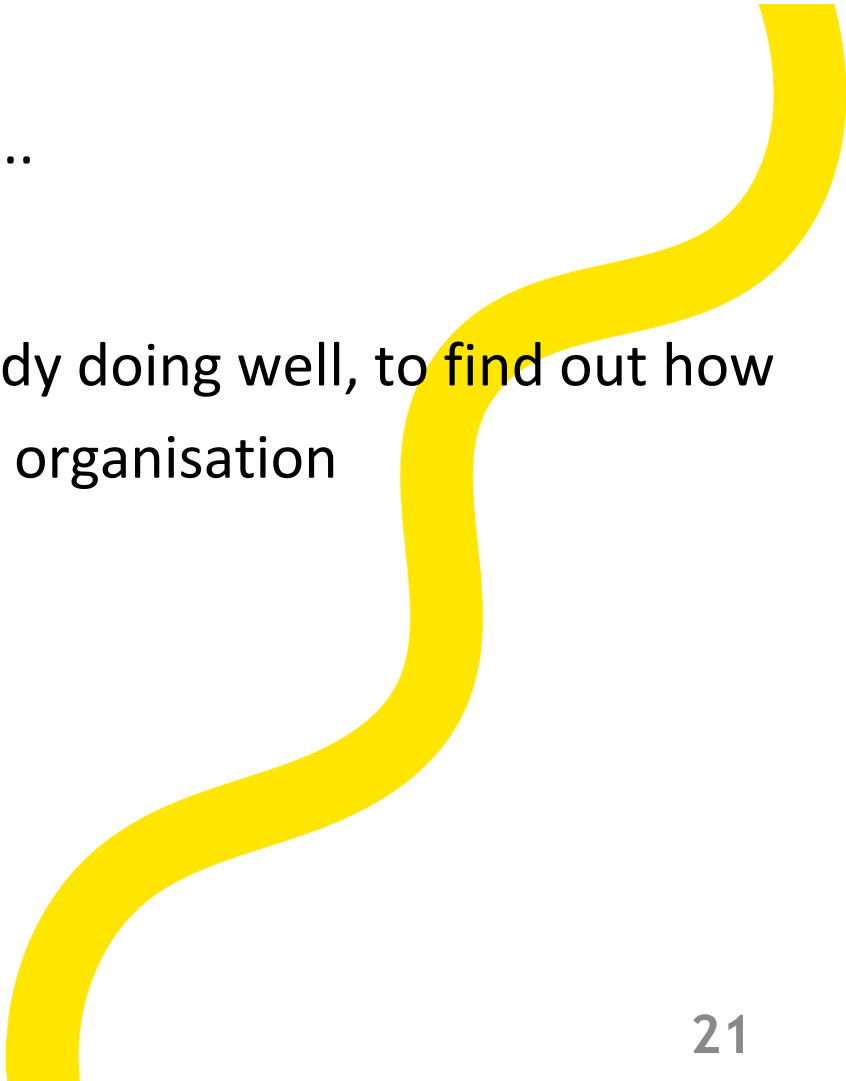
- Execute Strategy
 - Develop & deliver operational plans to achieve goals
 - Provide clear and timely reporting on progress against goals
 - Inform the Board of all significant developments within the organisation and in the external environment
 - Support the Board in attending to its governance responsibilities
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- The Charities Governance Code

Regulatory Burden.....?

- Using the Standards of the Governance Code should not be seen as an additional burden,.....but as
- An opportunity to examine an organisation's policies, procedures, practices and structures and where necessary change how you operate to achieve the best practices set out in the Standards
- Making these practices the everyday way of working will strengthen your organisation's capacity to achieve its objectives

The Code is...

- A tool, NOT an end in itself but
 - A process of analysis and review
 - A means, to see what you're already doing well, to find out how you can improve/benchmark your organisation
 - Proportionate to your size
 - A long-term project
 - Driven by the board
 - ALL about culture
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The Six Principles



advancing
its charitable
purpose



behaving with
integrity



leading people



exercising
control

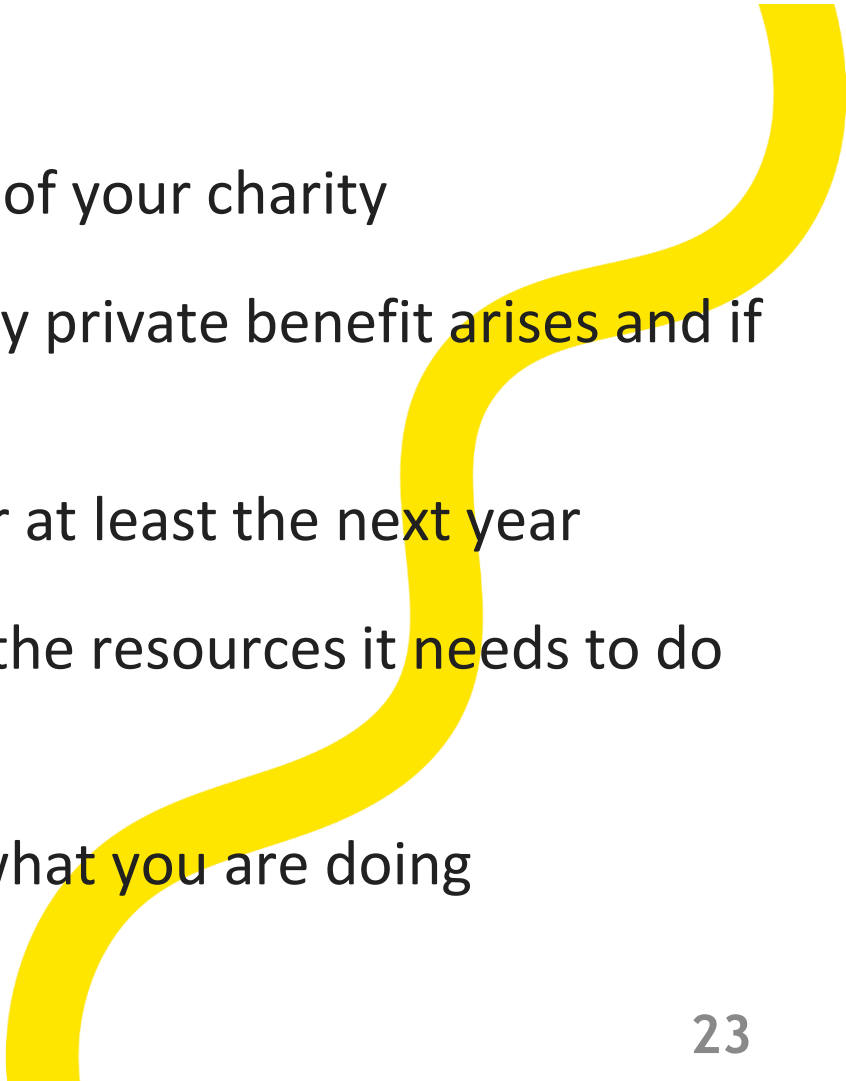


working
effectively



being
accountable and
transparent

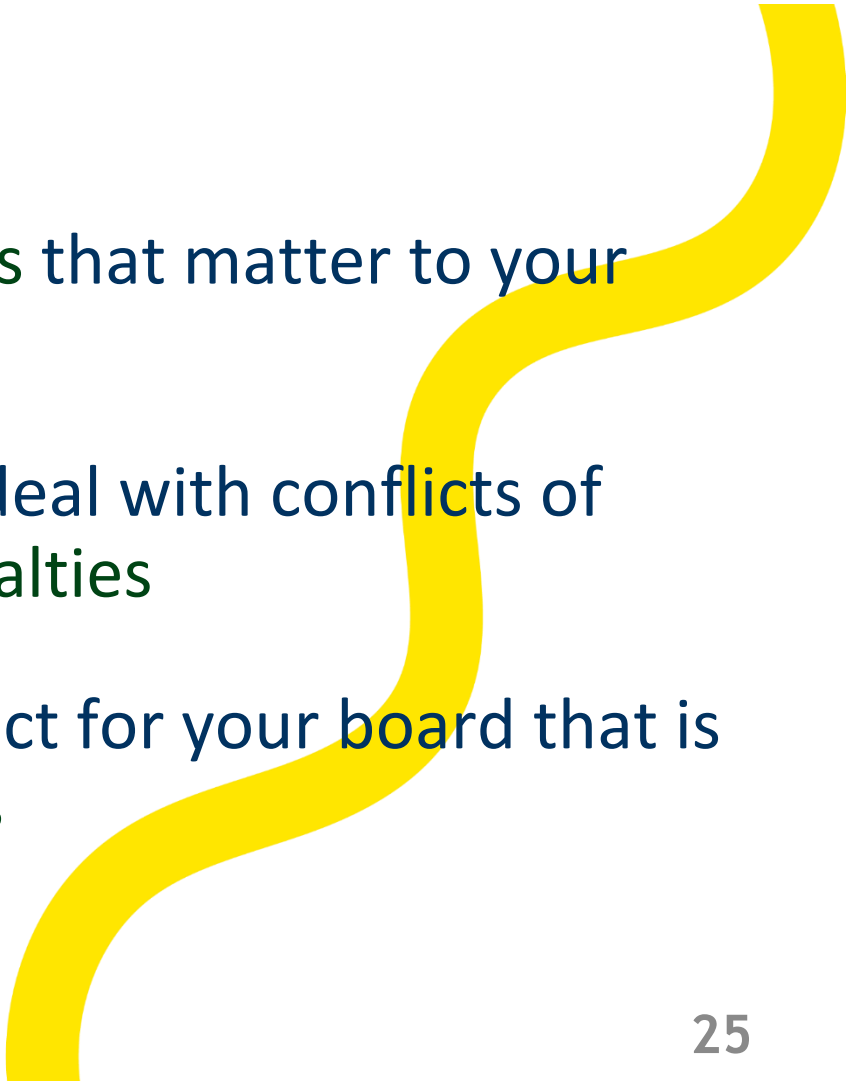
Principle 1 - Advancing Your Purpose

- CORE Standards
 - 1.1. Be clear about the purpose of your charity
 - 1.2. Consider whether or not any private benefit arises and if it is reasonable and necessary
 - 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 Your Purpose

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

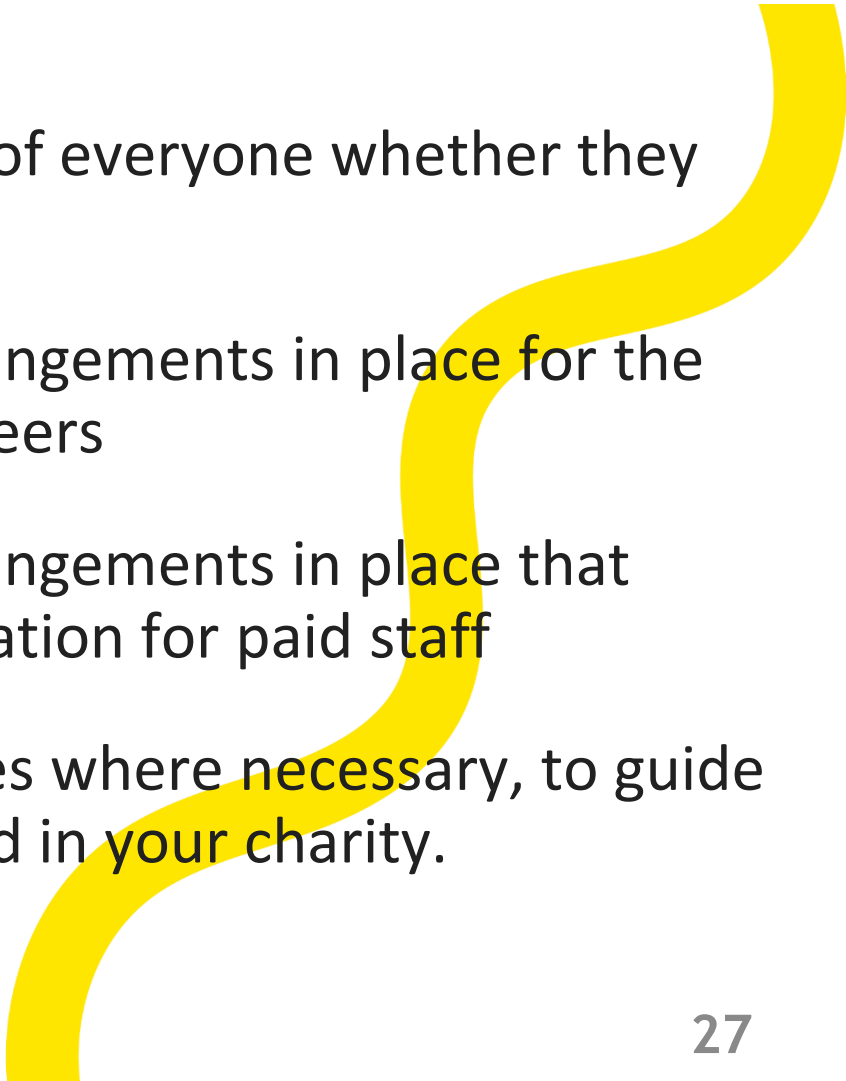
Principle 2 - Behaving with Integrity

- CORE Standards
 - 2.1. Agree the basic values that matter to your charity and publicise them
 - 2.2. Decide how you will deal with conflicts of interests and conflicts of loyalties
 - 2.3. Have a code of conduct for your board that is signed by all charity trustees
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Principle 2 - Behaving with Integrity

- ADDITIONAL Standards
- *There are no Additional Standards for this Principle as behaving with integrity applies equally to all charities, whatever their size or complexity*
- *Integrity is absolute, there are no degrees of it*

Principle 3 - Leading People

- CORE Standards
 - 3.1 Be clear about the roles of everyone whether they are staff or volunteers
 - 3.2 Make sure there are arrangements in place for the effective involvement of volunteers
 - 3.3 Make sure there are arrangements in place that comply with employment legislation for paid staff
 - 3.4 Agree operational policies where necessary, to guide the actions of everyone involved in your charity.
- 

Principle 3 - Leading People

- **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

- 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

- 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

- **CORE** Standards 1
- 5.1. Identify charity trustees with relevant skills to undertake any designated and other roles
- 5.2. Hold regular board meetings. Give enough notice before meetings and provide prepared agendas
- 5.3. Board agendas should include reporting on 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

- 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

Principle 5 - Working Effectively

- 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

- **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.*

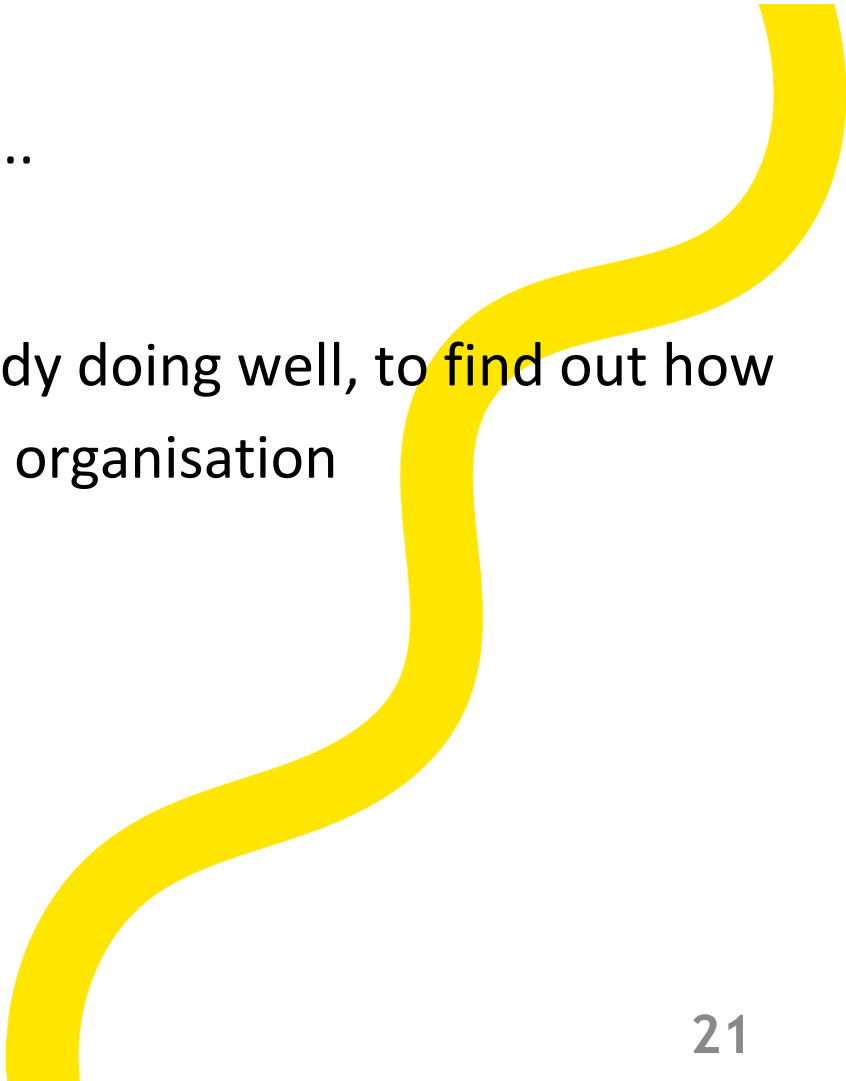
Principle 6 - Accountable & Transparent

- **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 - Accountable & Transparent

- 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 charity subscribes are publicly stated.*
- *6.8. Regularly review any complaints your charity receives and take action to improve organisational practice.*

The Code is...

- A tool, NOT an end in itself but
 - A process of analysis and review
 - A means, to see what you're already doing well, to find out how you can improve/benchmark your organisation
 - Proportionate to your size
 - A long-term project
 - Driven by the board
 - ALL about culture
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Comply or Explain

- The Code is compulsory for registered charities and advisable for all other not-for-profits.
- Charities have to report on their compliance at the end of 2020 and for all subsequent years.
- Honesty is the best policy. If a charity cannot demonstrate their compliance with any Standards they should say so, but also have a plan to achieve compliance within a reasonable time.

Comply or Explain - 2

- Some Standards might not apply to any particular charity eg no staff, no fundraising. In this case the record can indicate that the organisation does not need to COMPLY to a Standardbut this must be based on fact not just casually decided on.
- If an organisation decides that they do not want to follow any particular Standard it must EXPLAIN why and what alternative approach they are adopting to meet the Standard, i.e. 'comply (with the standard) or explain (what the alternative approach is)'.

Proportionality

- ‘Proportionality’ applies to the level of evidence required.
- Smaller organisations (in general) will need less detailed documentation than larger ones.
- They will have to have the documentary evidence relating to at least the full range of the 32 Core Standards, but the policies, procedures, plans etc can be shorter/less comprehensive than for larger organisations.
- Complex organisations will also have to cover all of the 17 Additional Standards

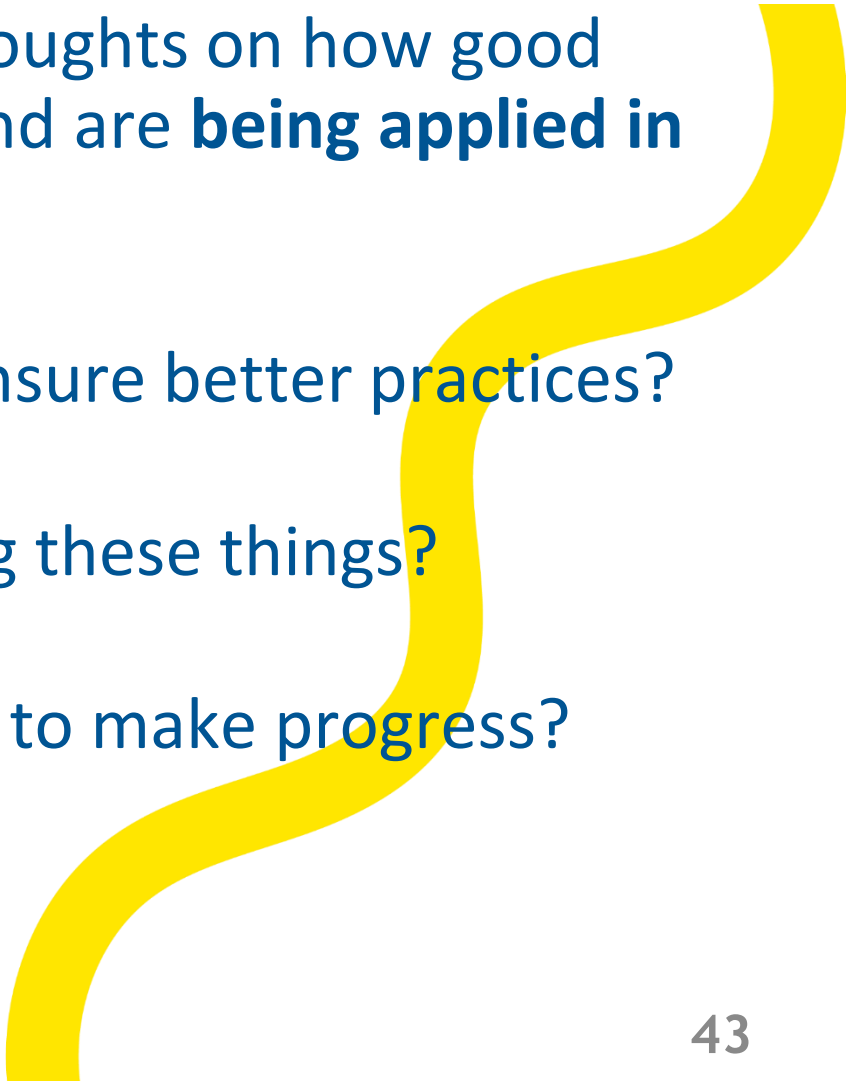
Compliance Process

- 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

Summary

- Working through the Code is a daunting task for any organisation, especially the majority (of charities) which are local organisations without a management team and often with boards drawn from a common background.
- Taking time to work through the process in a planned and detailed way will pay dividends in terms of future organisational capacity and effectiveness.
- Copying templates and others' documents without examining and re-writing them to suit your particular circumstances will not lead to good governance and a sustainable organisation.
- Organisations will need leaders, a plan *and maybe some external support* to be able to meet the Standards.

Discussion / Q&A

- What are your immediate thoughts on how good governance practices **exist** and are **being applied in your organisation** ?
 - What **needs to be done** to ensure better practices?
 - What **obstacles** exist to doing these things?
 - What can **you do** from today to make progress?
- 

Successful Boards

- Are clear about their overall purpose
- Are clear on the role & responsibilities of every person on the Board & Committee and the delegated responsibilities of staff
- Share out the work
- Prepare for and follow-up on meetings
- Produce timely, clear and complete documents to advance and record their work.
- Have agreed ground rules for meetings i.e. Standing Orders

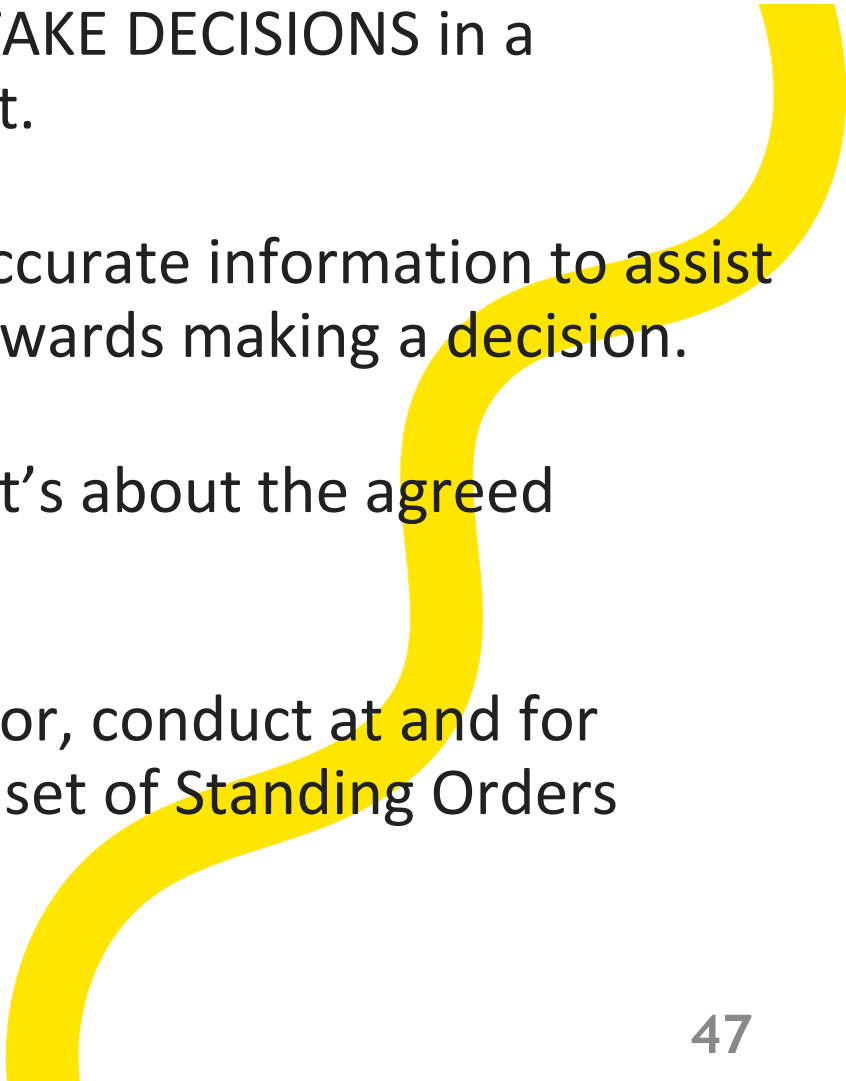
Role of EVERY Member

- To ensure that the organisation sticks to its purpose, policies & processes
- To use their skills and experience to give direction through effective planning and decision-making
- To ensure smooth running of the Board/Committees – conflict, communication styles and conduct at, and between meetings

Officers

- **Chairperson** -a natural LEADER with the experience, skills and time to:
 - Oversee and develop the organisation.
 - Support and challenge the Staff.
 - Able to represent the organisation externally
- **(Company) Secretary** - understands the legal requirements of the role
- **Treasurer** - What is their role?
- **President? Vice Chair? Others?**

A Good Meeting

- The purpose of a meeting is to TAKE DECISIONS in a leadership and oversight context.
 - Good decisions need timely & accurate information to assist the Board in their discussions towards making a decision.
 - Who said what is unimportant, it's about the agreed outcome
 - Use a clear process in planning for, conduct at and for recording decisions e.g. adopt a set of Standing Orders
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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>
- cro.ie
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