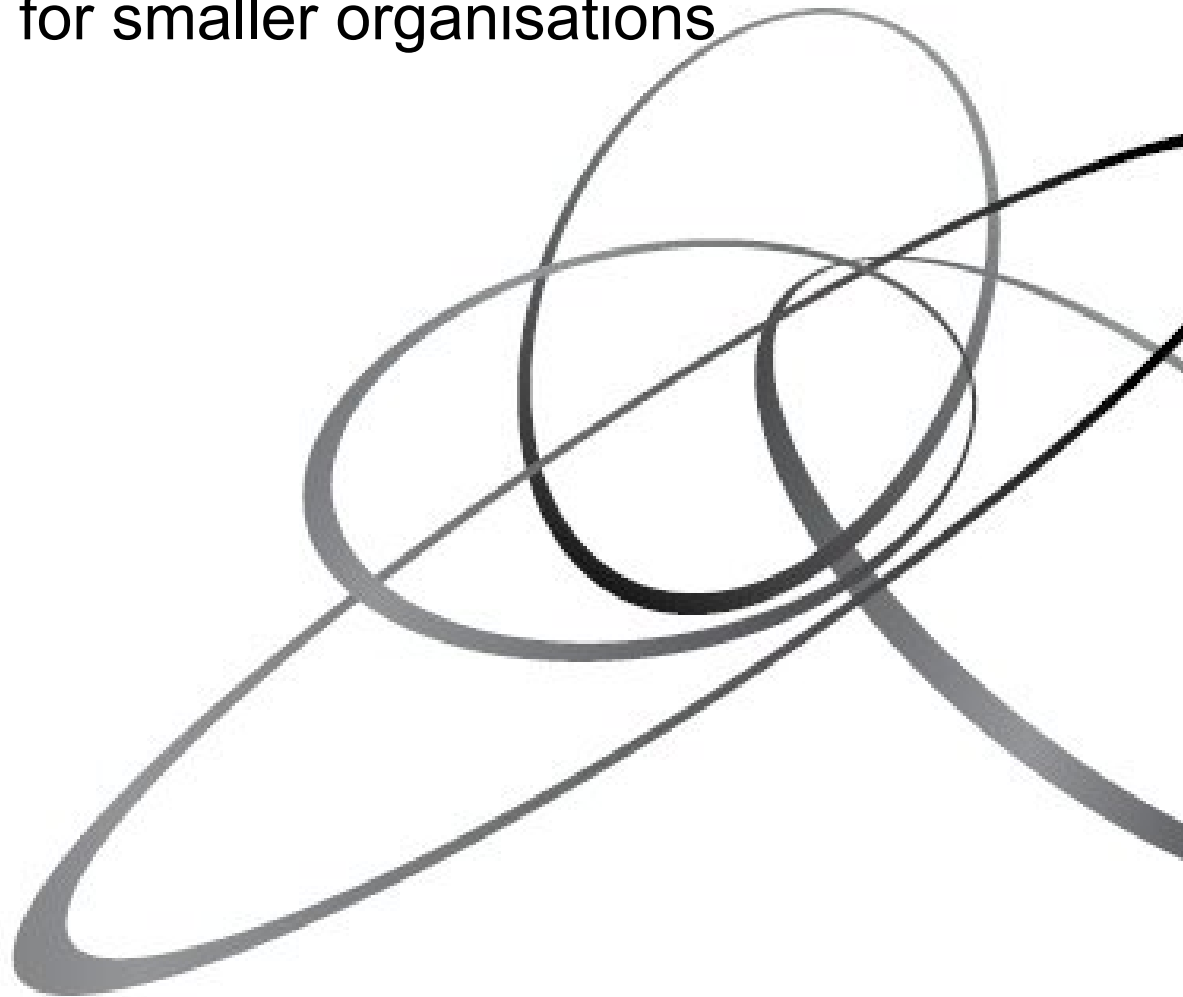


Good Governance

A Code for the
Voluntary and
Community Sector –

Version for smaller organisations



Code Second Edition
Version for Small Organisations
November 2011

**Produced by the Code Steering Group
on behalf of:**

Association of Chief Executives
of Voluntary Organisations
Institute of Chartered Secretaries and Administrators
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Small Charities Coalition
(the Code Founding Group)

With thanks to the Charity Commission

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Introduction

What is this Code about? What is governance?

Governance is about the leadership, direction and supervision of an organisation.

It means making sure that the organisation is well run (or 'governed') and carries out the work it was set up to do. This involves planning for the future, guarding the organisation's **values** and **reputation**, looking after the money and people and being **accountable** for the organisation's actions and decisions.

Why is governance important?

Good governance is about making sure an organisation is well run. Organisations that are not well governed tend not to make the best of their opportunities and resources. In extreme cases a lack of good governance can put the entire organisation at risk. Good governance therefore plays an essential part in securing the future of an organisation.

Who is this Code for?

This Code is for anyone responsible for or interested in governance. Governance is the responsibility of the '**governing body**'. This is the group of people with overall responsibility for the organisation. In your organisation this group may be called the **board**, the **trustees**, the managing **committee** or some other name. In this Code we have used the term 'the board' to mean the organisation's governing body.

Board members play a vital role in serving their causes and their

communities. They bring passion and commitment as well as skills and experience to the organisations they lead. This Code aims to support them in that role.

Is this Code for our organisation?

This version of the Code has been written to meet the needs of smaller organisations without staff. As organisations grow and take on staff or premises, additional considerations and rules come into play and we have highlighted these with a warning sign. Growth may also mean that more formal structures and practices become necessary. Remember, if your organisation is growing you may find the full Code more relevant to your needs.

Many board members may also have other roles in the organisation (such as that of **volunteer**) and it is always a challenge to distinguish between the different roles. This is particularly true for smaller organisations. Board members may often carry out three different roles - doing the work, managing the work and governing the work. When an organisation starts up, there are usually no staff and the board members do most of the work themselves, but as it grows and staff are employed, more time is spent on managing and governing. Boards need to be aware of the differences between doing, managing and leading, and understand how their role may change as an organisation grows.

What is in it?

The six high level principles apply to all voluntary and community organisations:

- Principle 1: Understanding the board's role
- Principle 2: Doing what the organisation was set up to do
- Principle 3: Working effectively
- Principle 4: Control
- Principle 5: Behaving with integrity
- Principle 6: Openness and accountability

Under each principle we have set out why it is important and included examples to show what the principles mean in practice. The principles also involve legal requirements. We have included the most important of these, but **charity trustees** should also read the guidance from the **Charity Commission** and any other relevant regulators or registrars such as **Companies House**. We have also included activities to help **boards** make sure they understand the organisation and their role and responsibilities in it.

Equality and diversity

Underlying each principle is the need to ensure **diversity** and equality of treatment for all sections of the community. We believe that this is fundamental and an essential part of each principle.

Where to find out more

There is a large amount of information and guidance available for boards. This includes model documents and **policies** and there is no need to repeat them here. We are producing a guide to **general resources** as well as **resources** and **training material** linked to each principle. We have signposted resources for more information and help and added links whenever possible.

Jargon buster (glossary)

Some words used in this publication may not be familiar to everyone. If you see a word or phrase in **purple**, this means you will find an explanation of it in the 'jargon buster' (glossary).

Principle 1: Understanding the board's role

*An effective board will provide good **governance** and leadership by understanding their role - what they are responsible for and what they have to do.*

Members of the **board** need to understand their role and responsibilities, both as a group and as individuals, in relation to:

- what the law says they must do (legal duties)
- looking after the organisation's **assets**
- the rules set out in their **governing document**
- what is happening outside their organisation
- how the organisation is set up and who else is a part of it

and in terms of:

- setting and safeguarding the organisation's **vision, values** and **reputation**
- overseeing the work of the organisation
- managing and supporting staff and **volunteers**, if your organisation has them

Why?

Board members have overall responsibility for their organisation and a **duty of care** towards it. To fulfil this they need to act reasonably in their decision making. This means they need to be well-informed about their role and all aspects of the organisation. It is also important that their decisions and actions reflect the organisation's **values** and underpin everything done in its name.

Members of the board may find it helpful to think about their role and responsibilities in three different ways:

1. understanding the organisation
2. understanding their individual role
3. understanding the collective responsibility

1. Understanding the organisation

Every member of the board should understand all aspects of the organisation that they are helping to lead and govern. The organisation should make sure that all new board members are provided with everything they need to know as part of their **induction** and training. Remember that an organisation includes:

- structures and systems (**committees**, working groups, different offices)
- people (**beneficiaries** or **service users, volunteers, members**, employees)

Things you should do:

- read the **governing document** and check you understand everything in it
- read the latest financial information (**annual accounts**) and current financial plans (**budget**) and check you understand everything in them
- find out if the organisation has agreed **vision** and **values** and ensure you know them
- find out if the organisation has agreed plans for the future and ensure you know them
- find out about the organisation's **members**, **volunteers**, employees and **beneficiaries**
- if your organisation has members, make sure you understand their role in your organisation and what are your responsibilities towards them

2. Understanding their individual role

Every **board member** should understand what they are responsible for as an individual member of the board, and what that means they have to do.

If they have an additional task, such as **Treasurer** or **Secretary**, they need to make sure they understand that role too.

Not everything a board member does for an organisation is automatically part of their board role. If they are also involved in day-to-day work as a **volunteer**, then they need to keep this separate from their work as a board member. It is important that they are

clear about which role they are undertaking at any given time. This is also true if the board members are also users of the organisation's services.

As a minimum you must:

- accept ultimate responsibility for the organisation
- always act in the best interests of the organisation and its beneficiaries
 - put aside any other interests you might have – regardless of how you were appointed
 - not regard yourself as representing the views and interests of a particular group of the membership or of a partner organisation that elected/appointed you
 - only use your knowledge and experience of other groups or organisations you are involved with where this contributes to a fair and independent board decision (for more information on **conflict of interest** see Principle 5: Behaving with Integrity)
- act reasonably
- make sure the organisation is financially healthy
- keep the organisation's **assets** safe and only use them to achieve what the organisation was set up to do
- recognise and respect that in law, all board members are equally responsible

Things you should do:

- read a basic introduction to **trusteeship** (if your organisation is a **charity**)
- read any **role descriptions** for **board members** that your organisation has produced

3. Understanding the collective responsibility

Collective responsibility means that ALL board members share legal responsibility for the board's decisions, but each individual can also be held personally responsible for poor decisions. This applies even if you were not at the meeting or did not agree with the decision. If you do disagree, it is important that you ensure that your disagreement, and why you disagree, are recorded.

As a minimum you must:

- recognise that you are collectively responsible, along with all the other board members, for the whole organisation and everything it does

Things you should do:

- make sure that individual board members do not act on behalf of the board without the board's prior agreement
- where the board has delegated decisions or actions to individual board or staff members or

volunteers, make sure that the person completes the task as agreed and reports back to the board



Employment of Staff

Employing a staff member means additional roles and responsibilities for board members. There should be proper arrangements for selection, supervision, appraisal, setting salaries and particularly lines of communication. The relationship between the board and staff member should balance the need for support, scrutiny and challenge.

If this applies to your organisation then you will need to look into this area in more detail and may wish to read the version of the full Code.



Assets

Managing or owning a valuable **asset**, such as a building, means that board members have additional roles and responsibilities and legal obligations.

If this applies to your organisation then you will need to look into this area in more detail and may wish to read the version of the full Code.

Principle 2 – Doing what the organisation was set up to do

*An effective board will provide good **governance** and leadership by making sure the organisation does what it has been set up to do.*

The board will do this by:

1. making sure the organisation's **purposes** remain relevant and valid
2. making plans for the future and setting a **budget** that matches those plans
3. **monitoring** progress against the plans and finances against the budget
4. reviewing and amending the plans and budget as necessary
5. **evaluating** the results the organisation achieves and the changes it brings about

Why?

The organisation's **purposes** are its reason for existing. **Board members** should be committed to these purposes. They should make sure they choose the best possible ways to achieve them, regularly consider whether there are better ways and always strive to improve.

The board should always make decisions in the best interests of the people or cause that the organisation exists to help (its **beneficiaries**).

The board must also make sure the organisation stays focussed on its own purposes and is not distracted by other purposes or activities, no matter how worthy or important those other purposes are. It must resist the temptation to pursue funding opportunities that do not match the organisation's purposes (sometimes called 'mission drift').

1. Making sure the organisation's purposes remain relevant and valid

It is vital to keep the organisation's **purpose** up to date, so that all the time, effort and money invested in achieving that purpose is focussed on something that is truly necessary. It is also essential to stay within the law as you do so.

As a minimum you must:

- make sure that everything the organisation does falls within the scope of its **objects**. These objects are defined in the **governing document** – for a small organisation this

document is usually called the 'constitution'

Plus, if your organisation is a registered charity:

- read, understand and consider the Charity Commission's guidance on public benefit and the requirements for reporting on public benefit in your Annual Report

2. Making plans for the future and setting a budget that matches those plans

If you are not clear about where you are going and why, or about how you expect to get there, the chances are your organisation will not achieve as much as it could. It may run into difficulties as a result of not thinking through what lies ahead and not planning how it is going to get to where it wants to go.

Things you should do:

- gather up to date information about your beneficiaries' needs on which to base your plans
- gather up to date information about outside factors that may affect your plans (such as Local Authority priorities, and what work is being done by other organisations)
- consider whether there would be advantages in working with other organisations
- set clear goals, ways to achieve them and how to measure whether they have been achieved
- make sure that your plans can be resourced – that you will

have enough people and money to carry them out

3. Monitoring progress against the plans and finances against the budget

Monitoring progress helps you to see what is going as planned and what is not. Progress information gives you the opportunity to make changes and developments as work is taking place. In particular, it helps you to anticipate where you might need to take action to deal with potential problems before they become real difficulties.

Things you should do:

- use your plans and budget as tools to help the board lead and control the organisation. Make sure they are available before and at board meetings
- decide what essential information the board needs to enable it to make good decisions and to run the organisation effectively. This includes financial information. Make sure the information is available in good time
- make sure all board members are able to understand and interpret all the information they receive, including the financial information

4. Reviewing and amending the plans and budget as necessary

For your plans and budgets to stay relevant and useful, they must be kept up to date.

Things you should do:

- set aside time regularly to consider whether your plans and **budget** are still valid and if not, decide what changes to make – out of date plans and budgets are of no use

5. Evaluating the results the organisation achieves and the changes it brings about

Evaluation is the important step of learning from the past to help you make good decisions about the future. It also enables you to demonstrate your organisation's value to others, a vital factor in attracting resources of all kinds.

Things you should do:

- measure the changes you achieve – often called **outcomes**
- ask your **beneficiaries** and other interested parties for their thoughts and feedback
- review what worked well, what did not and why

- look for ways your organisation could improve. You may find it useful to compare your organisation to other organisations or to **quality standards**.
- use this information to help you set your next plans and budget
- In the longer term, look for ways to measure the broader, lasting changes your organisation achieves, often called **impact**
- remember to celebrate your successes
- consider whether the organisation could achieve its aims more effectively by working closely (collaborating) or even merging with another organisation
- consider whether the organisation has completed everything it was set up to do and whether it is still needed or should consider closing

Principle 3 – Working effectively

*An effective board will provide good **governance** and leadership by working effectively both as individuals and as a team.*

The board will do this by:

1. making sure the board has the necessary skills, experience and **diversity** to work effectively
2. finding and recruiting new board members with the skills, experience and diversity the organisation needs
3. providing suitable **induction** for new board members and providing learning and development opportunities for existing board members
4. holding regular, planned meetings
5. maintaining effective board relationships
6. checking on how well the board is performing from time to time

Why?

Boards need to work effectively as individuals and as a team for the benefit of the organisation and its **beneficiaries**. This will only happen if board members have the right mixture of skills, knowledge, experience and perspectives.

Good, open working relationships will help the board to use these attributes most effectively. Regular, well planned, well attended meetings make best use of the valuable, limited time the board has together. These characteristics and ways of working should enable board members to ask difficult questions and challenge constructively in a way that makes their final decisions robust.

The board should also reflect **diversity** in its widest sense, as a broad range of backgrounds and perspectives strengthens decision making.

1. Making sure the board has the necessary skills, experience and diversity to work effectively

Things you should do:

- find out what skills exist amongst your board members – do a **skills audit**
- if you identify skills gaps within your board you can recruit more board members, develop existing board members' skills or invite individuals with specialist skills to share their knowledge with your board

2. Finding and recruiting new board members with the skills, experience and diversity the organisation needs

As a minimum you must:

- follow the rules in your **governing document** that control the recruitment, appointment and retirement of **board members**. This may affect where you can advertise your board vacancies
- make sure potential board members are allowed to join your board (there are several legal reasons why someone may be ineligible for board membership or **charity trusteeship**)
- follow any rules in your governing document that set a minimum and/or maximum size for the board. Unless your governing document says you need more, the recommended minimum for most charities is 3 board members

Things you should do:

- create **role descriptions** for the board, reflecting the needs identified by the **skills audit**
- think about whether the board is ready to recruit new members – are you prepared to change the way you do things in order to bring in the people that you require, e.g. timing of meetings, providing travel, childcare or other expenses?
- advertise as broadly as possible and make appointments based on merit to encourage **diversity** within the board

- use a 'declaration of eligibility' – a form that board members sign to confirm they are eligible to be appointed

3. Providing suitable **induction** for new board members and providing learning and development opportunities for existing board members

Things you should do:

- make sure new board members feel welcomed and informed so that they can make the best and most effective contribution to your board meetings and organisation
- whenever possible, invest in the personal development of your existing board members, whether to fill skills gaps as identified in the skills audit or to increase confidence and well-being

4. Holding regular, planned meetings

As a minimum you must:

- meet the requirements stated in your governing document relating to frequency of meetings, the **quorum** and **minute** taking

Things you should do:

- meet as often as is necessary to address the needs of the organisation and make well informed decisions
- circulate an **agenda** before meetings and plan meetings before they start

- take **minutes** of your meeting, clearly noting what decisions have been made and why, what actions are to be taken, who is to do each action, and when each action must be completed
- each **board member** should come to meetings well prepared and should contribute constructively during meetings

5. Maintaining **effective** board relationships

It is important to keep your board fresh, engaged and responsive to your organisation's changing needs.

Things you should do:

- keep your board at a good working size. It is often difficult to make decisions with more than about 12 people. Ultimately the number should reflect the skills and **diversity** required to lead your organisation effectively
- act quickly and positively to deal with any relationship strains or breakdowns, using external facilitation or mediation if

- necessary to overcome differences and difficulties
- consider adopting a code of conduct which sets out expected standards of behaviour and what happens if they are not met
- where the organisation has **volunteers** or paid staff, make sure the board maintains a positive working relationship with them
- make sure there are ways for your **members, services users, supporters, volunteers** etc to contribute appropriately and meaningfully to board level decision making

6. Check how well your Board is performing from time to time

Things you should do:

- Reflect on how well the board is governing the organisation and how well it functions as a group, and identify any areas that need improving. You should do this individually for board members, and also for the whole board.

Principle 4 – Control

*An effective board will provide good **governance** and leadership by exercising effective control.*

The board will do this by:

1. making sure the organisation understands and complies with all the legal requirements and regulations that apply to it
2. setting good internal financial management controls and regularly ensuring that they are still effective
3. setting good internal **policies** and **procedures** and keeping them up to date
4. regularly identifying the major risks the organisation faces, reviewing them, and putting procedures in place to manage them
5. properly defining and supervising any delegation

Why?

The **board** is responsible for everything the organisation does. Board members need to be confident that everyone acting in the name of the organisation complies with their directions, the law and any relevant regulations. Controls give a board confidence that what they want to happen in their organisation is actually happening when they are not there.

1. Making sure the organisation understands and complies with all the legal requirements and regulations that apply to it

As a minimum you must:

- find out what laws and regulations apply to your organisation and make sure you comply with them
- protect the **assets** of the organisation and make sure they are only used to achieve the organisation's **objects**
- comply with the organisation's **governing document**

If you are not sure what laws and regulations apply, think about:

- **who the activity is for:** look to see if there are any laws or regulations relating to these groups of people - for example; children, **vulnerable adults**, disabled people, ex-offenders. Certain groups of people are protected against discrimination when they receive services from you so you need to be familiar with equality law.
- **who is delivering the activity:** look to see if there are laws

relating to these groups of people for example; **volunteers**, contractors, employees

- **what kind of activity it is and what it involves:** for example; driving, providing food, teaching, advising, counselling, care provision, providing therapies – what certificates, licenses or qualifications are necessary? Who should hold these - is it the premises, the person running the activity, the **board** or a member of the board?
- **where the activity takes place:** for example; in people's homes, in a public space, in your own premises
- **what structure and status your organisation has:** for example; **company**, trust, **unincorporated association**, **charity**

If you are not sure you have covered everything you need to, you should take advice before you go ahead.

Things you should do:

- decide who on the board will ensure that the board is kept up to date with legal and **regulatory** changes that affect the organisation

2. Setting good internal financial management controls and reviewing them regularly

Weak controls make it easier for things to slip off track and more likely that issues will not be noticed until there is a significant problem.

An organisation with weak controls can also become a target for fraud.

Your controls should enable you to show that any money you have has been used well.

Things you should do:

- make decisions about the following matters and record them in a simple **policy** document:
 - how much is kept in petty cash, and how it can be claimed
 - how expenses are agreed and claimed
 - how invoices are paid
 - how salaries and other payments to workers are paid and recorded
 - how you keep track of any money owed to the organisation
 - keeping collected cash secure: any time you are handling cash you need to think about where it is stored and how many people count it. It is good practice to have two people counting
 - how many signatures are required on cheques and who are the signatories. You should never pre-sign cheques because of the risk of fraud. There have been a number of instances where pre-signed cheques have been used fraudulently and not noticed by the bank
 - who is given **delegated authority** to place orders

- or buy things, and how much they can spend
 - what financial information is recorded
- make sure the **board** receives regular reports on income and expenditure and looks to see whether that matches what is expected and planned for. Funding small organisations is always tricky and activities tend to cost more than you expect

3. Setting good internal policies and procedures and keeping them up to date

Policies and **procedures** do not need to be long and complicated, but should be robust enough to steer the organisation through tricky decisions. The policies and procedures you need are mainly determined by what your organisation does and how it works.

Things you should do:

- find out which policies and procedures your organisation should have and make sure you put them in place
- check that the policies and procedures you have put in place are followed, training people where necessary
- Set out a basic timetable for review – typically a review every 12-18 months is sufficient

4. Regularly identifying the major risks the organisation faces, reviewing them, and putting procedures in place to manage them

Life is full of risks. If we did not take some risks, we would never do anything. The fact that there is a risk

is not a problem in itself – it is how your organisation manages the risk that matters. Managing risk is really about common sense (using your good judgement in an organised, practical way). It is not hard, but does require a bit of time and thought.

Things you should do:

- use a simple system to identify the risks your organisation faces, decide which ones you need to do something about, decide what action(s) to take and check that those actions are done. You will need to think about:
 - what could go wrong – how serious it would be and how likely to happen
 - what you can do to prevent it going wrong
 - what you can do to minimise the effects if it does go wrong
 - how you would manage any remaining effects
- take out appropriate insurances
- set aside suitable **reserves**
- make sure you have good practices in place throughout your organisation – it is the best way to reduce your risks
- consider whether the organisation's **legal structure** is suitable (do you need to incorporate as a **company** with limited **liability**?)

5. Properly defining and supervising any delegation

Delegation is a normal and expected thing to do. The board cannot do everything – other people such as staff and **volunteers**, or sometimes sub-

committees, usually take on tasks or functions on the **board's** behalf. However, the board must make sure that things will not get out of hand when they delegate.

As a minimum you must:

- know what the board cannot delegate; in particular that it

cannot delegate ultimate responsibility

Things you should do:

- set clear limits to **delegated authority**, ideally in writing
- set out how and when those holding delegated authority must report back to the board

Principle 5 – Behaving with integrity

*An effective board will provide good **governance** and leadership by behaving with integrity – showing their honesty and having strong **ethical** principles.*

The board will do this by:

1. protecting and promoting the organisation's **reputation**
2. taking decisions and actions based on ethical standards
3. identifying, understanding and managing **conflicts of interest**
4. ensuring that its decisions are made independently

Why?

The **board**, as individuals and as a group, have overall responsibility for all the organisation's **assets**, not only its material assets such as money, but its invisible assets such as its reputation. By establishing and upholding clear **values** and an honest, fair and open culture within the organisation, and by visibly behaving with integrity, they will gain respect from **beneficiaries**, other interested parties, and the wider public. This in turn helps attract donations, good people and other organisations that it may be useful to work with.

Before doing something, it is often useful to think 'how could this be perceived by someone outside the organisation?' This will help you ensure that you are protecting the organisation's reputation and the interest of your beneficiaries.

1. Protecting and promoting the organisation's reputation

An organisation's reputation is hard to build and easy to lose. Losing your good name can mean reduced donations, fewer people willing to be **volunteers** or board members and fewer organisations willing to work in partnership with yours.

Things you should do:

- consider introducing a code of conduct for board members that establishes appropriate standards of behaviour. A code of conduct often refers to the 'Nolan Principles' which are selflessness, integrity, objectivity, **accountability**,

- openness, honesty and leadership
- be clear about who is authorised to speak on behalf of the organisation, especially to the media

2. Taking decisions and actions based on ethical standards

Many **voluntary organisations** hold very strong principles and believe that these should be the foundation of every decision and action the organisation takes.

Things you should do:

- consider agreeing and writing down a statement of the main **values** and principles your organisation believes should underpin everything it does, and refer to it when making decisions.

3. Identifying, understanding and managing conflicts of interest

A **conflict of interest** is any situation where either of the following may influence, or appear to influence, a **board member's** decision making:

- the board member's personal interests
- interests or loyalty that the board member owes to another person or body

(Where the conflict is caused by responsibilities or loyalty that the board member has to another person or body, this is sometimes called a **conflict of loyalty**, to distinguish it from a conflict where a board member has a personal financial interest.)

This could include:

- when a board member is paid for services they provide (except expenses)
- when payment is made to another organisation that a board member also has an interest in
- when the organisation employs a board member (or former board member), or their partner
- where the board member is also a **beneficiary**
- where the organisation deals with another organisation with which a board member is personally connected

Board members should understand that conflicts of interest are not problems in themselves, but need to be managed carefully so that they do not affect the independence or integrity of the organisation.

As a minimum you must:

- make sure that all conflicts of interest are identified and properly managed
- make sure the organisation complies with the law (for example, the Bribery Act 2010; any requirement to disclose payments to board members in the organisation's **accounts**)

Things you should do:

- maintain a 'register of interests' - all board members list any personal or business relationships that could be seen to influence or clash with the work of the organisation. Update it regularly and when new members join the board

- ask at the beginning of meetings whether anyone has a conflict to declare about anything on the **agenda**
- write and implement a conflict of interest **policy** and **procedure** describing what interests should be declared, what actions to take to manage **conflicts of interests** when they arise, and what records to keep about the decisions made and actions taken
- write a clear expenses policy so that **board members** know what are acceptable expenses



A **charity trustee** cannot receive any benefit from their charity in return for any service they provide unless they have express legal authority to do so – from a clause in the charity’s **governing document**, or the **Charity Commission**, or by law.

A **director** of a **company** that is not a charity can receive payment for services that they undertake for the company, but there are still legal requirements on the management of **conflicts of interests**.

4. Ensuring that its decisions are made independently

Every board member should understand how important it is that decisions and actions taken by the organisation are not influenced, or

seen to be influenced, by anything other than the needs of present and future **beneficiaries**.

Things you should do:

Ensuring independence can be difficult, but there are particular times when board members should be aware that their independence could be at risk and consider their decisions or actions carefully:

- accepting funding - this may have consequences, such as changing your relationship with the funding organisation – for example, if the funder is the local authority, then it may mean not wanting to criticise them
- speaking on behalf of the organisation – it is important to ensure that your personal view is not confused with, or presented as, the organisation’s viewpoint
- accepting gifts or hospitality (‘free lunches’) – no board member should accept anything for free that could appear to influence their decisions. It can be helpful to have simple written guidelines (a policy) about gifts and hospitality
- any situations where individual board members have other interests that could conflict with needs of the beneficiaries

Principle 6 – Openness and accountability

*An effective board will provide good **governance** and leadership by being open and **accountable**.*

It is the role of the board to give the lead in this both internally (e.g. to its members) and externally (e.g. to funders).

The board will do this by:

1. communicating openly, informing people about the organisation and the work it does
2. listening and responding to the views of **beneficiaries**, supporters and funders and any others with a legitimate interest in the organisation's work
3. handling complaints **impartially, effectively** and **efficiently**
4. considering the organisation's responsibilities to the wider community e.g. the environmental impact

Why?

Accountability needs to be real.

There should be genuine, open, two-way communication that celebrates successes and shows a willingness to learn from mistakes. This helps to build trust and confidence. This is particularly important when speaking on behalf of the community or services users.

Being accountable means making sure that anyone who is interested in your organisation is well informed about what it does and what it plans to do next. They should know (or be able to find out) how to have their say about those things. It means being able to show where their input has been taken into account, even when you do not adopt their particular suggestions or ideas.

1. **Communicating openly, informing people about the organisation and the work it does**

As a minimum the organisation must:

- be fully compliant with any legal requirements to publicise **annual reports** and **accounts**
- hold an annual meeting for **members** and other interested parties if required by the **governing document**
- comply with equality legislation

Things you should do:

- make sure all information is relevant, up to date and easily accessible, e.g.

- copies of the latest editions of newsletters, reports etc. are displayed and back copies are also readily available
- feed-back from **consultations** and questionnaires is readily available
- display your equal opportunities and **diversity** statement prominently

2. Listening and responding to the views of beneficiaries, service users, members, supporters and funders and any others who are interested in the organisation's work.

Things you should do:

- provide a variety of opportunities to hear and respond to views such as :
 - open meetings;
 - suggestion box or book;
 - readers' views/letters in the newsletter;
 - email pro-forma on the website.
- set a **policy** about listening and responding to feedback and opinions e.g. within a set number of working days for any written communication

3. Handling complaints impartially, effectively and efficiently

You should be prepared for occasional complaints.

Sometimes complaints can be a positive benefit to the organisation and help it to improve its service.

Things you should do:

- have a complaints **policy** in place
- respond to complaints promptly and treat the complainant with courtesy and respect

4. Considering the organisation's responsibilities to the wider community e.g. the environmental impact

Your organisation is part of the wider community and you will want to ensure you have good relationships with your neighbours.

Practical examples could be:

- leaving the premises quietly when it is late at night
- showing environmental responsibility when disposing of rubbish
- turning off lights and equipment when not in use
- avoiding duplication of activities and services by making joint provision with other groups/organisations

Things you should do:

- provide easy ways for the local community to get in touch over any issues and include them in consultations as appropriate
- write and implement a simple environmental policy

Founding Group Contacts

The **Code Steering Group** provides stewardship for the Code. It is made up of representative of the **Code Founding Group**: the Association of Chief Executive Officers (ACEVO), the Institute of Chartered Secretaries and Administrators (ICSA), the National Council for Voluntary Organisations (NCVO) and the Small Charities Coalition (SCC), with support from the Charity Commission and an independent chair.

Association of Chief Executives of Voluntary Organisations (ACEVO)

ACEVO connects, develops and represents the third sector's leaders which include chief executives, chairs, trustees, directors and senior managers.

1 New Oxford Street
London, WC1A 1NU
T: +44 (0) 20 7280 4960
F: +44 (0) 20 7280 4989
E: info@acevo.org.uk
W: <http://www.acevo.org.uk>

3 Albion Place, Leeds, LS1 6JL
T: +44 (0) 113 243 2333
F: +44 (0) 207 280 4989

Charity Commission

The Charity Commission for England and Wales is established by law as the regulator and registrar of charities in England and Wales. It aims to provide the best possible regulation of these charities in order to increase charities' efficiency and effectiveness and public confidence and trust in them.

Charity Commission Direct
PO Box 1227, Liverpool L69 3UG
T: 0845 3000 218
F: 0151 7031 555
E:
enquiries@charitycommission.gsi.gov.uk
W: <http://www.charity-commission.gov.uk>

Institute of Chartered Secretaries and Administrators (ICSA)

ICSA is the international qualifying and membership body for the Chartered Secretary profession and a recognised authority on corporate governance.

16 Park Crescent, London W1B 1AH
T: (+44) 020 7580 4741
F: (+44) 020 7323 1132
E: info@icsaglobal.com
W: www.icsaglobal.com

National Council for Voluntary Organisations (NCVO)

NCVO is the largest umbrella body giving voice and support to civil society in England. NCVO's Governance and Leadership team champions, supports and enables good governance and effective leadership in civil society organisations. They provide information and support, high quality publications, consultancy and a range of training and events.

Regent's Wharf
8 All Saints Street, London N1 9RL
T: 020 7713 6161
F: 020 7713 6300
E: ncvo@ncvo-vol.org.uk
W: <http://www.ncvo-vol.org.uk>

Small Charities Coalition (SCC) and Charity Trustee Networks (CTN)

These recently-merged organisations provide a range of information and networking opportunities especially for smaller charities and their trustees. These include a Trustee bulletin, Chairs bulletin, a listing of training and development opportunities, networks and resources:

24 Stephenson Way, London NW1 2DP
T: 0207 391 4812
F: 0207 391 4808
E: info@smallcharities.org.uk
W: www.smallcharities.org.uk
W: <http://www.trusteenet.org.uk>

Other useful contacts

Black Training and Enterprise Group (BTEG)

The Black Training and Enterprise Group (BTEG) is a national organisation providing a voice to government for black and minority ethnic service providers.

2nd Floor, Lancaster House
31-33 Islington High Street
London
N1 9LH
T: 020 7843 6110
F: 020 7833 1723
E: info@bteq.co.uk
W: <http://www.bteq.co.uk>

Community Matters

Community Matters is the nationwide federation for community associations and similar organisations across the UK. Originally established as the National Federation of Community Associations in 1945, it has played a key role in promoting and supporting action by ordinary people in response to social, educational and recreational needs in their neighbourhoods and communities.

12-20 Baron Street
London
N1 9LL
T: 020 7837 7887
F: 020 7278 9253
E: info@communitymatters.org.uk
W: www.communitymatters.org.uk

Companies House

The main functions of Companies House are to incorporate and dissolve limited companies examine and store company information delivered under the Companies Act and related legislation and make this information available to the public.

Crown Way
Maindy
Cardiff
CF14 3UZ
T: +44 (0)303 1234 500

F: 029 20380900
E: enquiries@companies-house.gov.uk
W: <http://www.companieshouse.gov.uk>

Directory of Social Change (DSC)

Directory of Social Change is an independent charity with a vision of an independent voluntary sector at the heart of social change. It provides essential information and training to the voluntary sector to enable charities to achieve their mission and runs courses and publishes charity and voluntary sector books on fundraising, management, organisational and personal development, communication, finance and law.

24 Stephenson Way
London, NW1 2DP,
T: 020 7391 4800
F: 020 7391 4808
E: training@dsc.org.uk
W: www.dsc.org.uk

Federation House
Hope Street, Liverpool, L1 9BW
T: 0151 708 0117
F: 0151 708 0139
E: research@dsc.org.uk

Locality

Locality is the leading nationwide network of settlements, development trusts, social action centres and community enterprises.

We help people to set up locally owned and led organisations. We support existing organisations to work effectively through peer-to-peer exchange of knowledge and best practice on community asset ownership, collaboration, commissioning support, social enterprise, community voice and advocacy.

Locality also works to influence government and others at national and local level to build support and investment for the movement.

33 Corsham Street
London
N1 6DR
T: 0845 458 8336
E: info@locality.org.uk
W: <http://locality.org.uk>

**National Association of Councils for
Voluntary Action (NAVCA)**

NAVCA is the national voice of local
support and development organisations in
England. We champion and strengthen

voluntary and community action by
supporting our members in their work with
over 160,000 local charities and
community groups.

The Tower, 2 Furnival Square
Sheffield, S1 4QL
T: 0114 278 6636
F: 0114 278 7004
E: navca@navca.org.uk
W: <http://www.navca.org.uk>