

The logo consists of a blue square containing a stylized 'G' formed by a red and white circle. To the right of the logo, the text 'The Governance Code' is displayed, with 'The' in red and 'Governance Code' in blue.

The Governance Code

**A Code of Practice for Good Governance of
Community, Voluntary and Charitable Organisations in Ireland**

www.governancecode.ie

**This document contains the full Code for
Type B organisations ONLY**

FINAL version: 20th March 2012

Developed by

Boardmatch Ireland
Business in the Community Ireland
Carmichael Centre for Voluntary Groups
Clann Credo – the social investment fund
The Disability Federation of Ireland
ICTR
Volunteer Ireland
The Wheel

In association with

The Corporate Governance Association of Ireland
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1. Introduction

Welcome to your Governance Code: a Code of Practice for Good Governance of Community, Voluntary and Charitable (CVC) organisations in Ireland. All CVC organisations have a responsibility to provide and follow a code of good practice when it comes to how their organisations are run. It is the responsibility of the people who run the organisation – usually called the board or management committee - to make sure this happens.

Up to now, there have been no clear guidelines to help people on the boards of CVC organisations to run their organisations and well run CVC organisations have not had access to a tool which allows them to demonstrate their high standards of governance to their stakeholders. In addition, in the past some organisations have failed and been embarrassed through being run poorly and this can shatter public confidence and trust. This is why we have joined forces to put in place a Governance Code - which has been created **for** the sector **by** the sector.

'Governance' refers to how an organisation is run, directed and controlled. Good governance means an organisation will design and put in place policies and procedures that will make sure the organisation runs effectively.

But good governance is not about rules. It is an attitude of mind. It is about the ethical culture of the organisation and the behaviour of the people on the governing body. This Governance Code aims to make sure that CVC organisations meet their responsibilities and run their organisations efficiently and effectively.

The Governance Code clearly outlines the roles, duties and responsibilities of all those who sit on boards and management committees of CVC organisations. It provides, for the first time, a set of guiding principles for governance as well as clear actions that allow those principles to become real within an organisation. In effect, it provides a 'job description' for people who sit on boards and management committees.

Implementation of this Code will help CVC organisations to perform to the highest standards possible and give confidence to all those involved with them.

The intention is for the Governance Code to:

- Become the standard definition of good practice in governance for the CVC Sector in Ireland and;
- Inform the standards that will be required by both funders and Regulators.

For this to happen, we, as groups and organisations need to adopt it and follow it in large numbers.

This Governance Code can also apply to sports and arts group, clubs and associations and any non-profit organisation.

It is important to note that the Governance Code is not a management guide. That means you will need to refer to other resources for various aspects of management practice. The www.governancecode.ie website will provide links to resources that might help.

1.1 Why should my organisation adopt the Governance Code?

Your organisation should adopt this new Governance Code because it is the right thing to do. In doing so your organisation will benefit in many ways. The fact that you adopt the Code will:

- Reassure current funders that their money is being managed by a well run organisation with good governance;
- Increase transparency – in that everyone knows exactly how the organisation is being run;
- Help you avoid bad risks;
- Help you achieve your goals faster, and;
- Reduce costs.

Widespread adoption of the Code across the CVC Sector will help everyone involved – including the public and the beneficiaries of these organisations – but also the sector itself will benefit.

1.2 What are the principles of the Code?

The Governance Code is based on five main principles, each with three sub-principles. For each principle there are recommended guidelines and actions on how to put that principle in place for your organisation. Having taken the actions, you will then know that you are adopting that particular principle.

The Code has been designed in such a way to make it proportionate and user-friendly for all organisations in the sector no matter what their size or stage of development. This is done through defining three categories of organisations in terms of how governance is done in their organisations. Whilst the five principles remain the same across the three categories, the actions will be different. You are invited to pick from three organisational types to find the set of actions most suitable to your organisation.

1.3 Comply or Explain?

The Governance Code is principles-based, rather than rule-based, and it is voluntary.

It is expected that groups and organisations will compare themselves to the standards outlined in the Code on a 'comply or explain' basis. This means that you measure your organisation against the principle in question, specifically against each of the actions for that principle. (There is a checklist supplied to make it easier for you to do this). After this you make any changes needed to bring your organisation in line.

Having done that, you are now entitled to say that your organisation complies with the Governance Code for community, voluntary and charitable organisations. You should communicate this fact on your website, in your newsletter etc.

If, however, there are reasons why you can't make changes to suit all the suggested actions, you can still adopt the Code. This is only possible if you communicate which actions you do not follow and why, in the same area as you communicate that you adopt the Governance Code. Publishing the explanation means that you are complying with the Code.

In summary, 'comply or explain' means that organisations should make it publicly known how they have complied with the Code and explain where they have not.

1.4 Who had a say in Developing this Code?

Between Autumn 2009 and Spring 2011, a Working Group (see section 7) worked on the development of the Code. They invited feedback on the concept and on the first draft from:

- Sample community, voluntary and charitable groups of all sizes;
- Private funders;
- Regulators;
- Statutory authorities and funders, and;
- Other stakeholders.

All contributors commented that a Governance Code would be very helpful for the Community, Voluntary and Charitable Sector. A complete draft of the Code was then developed and published publicly for a full public consultation. This phase began in May 2011 and finished at end July 2011. It involved:

- Information and consultation events around the country;
- Webinars;
- Surveys, and;
- Written feedback (submissions and comments sent by email).

During the second half of 2011 the Working Group took on board the feedback from the public consultation and finalised the Governance Code. It was published in February 2012, along with a range of checklists and resources to help organisations comply.

1.5 Adoption of and Compliance with the Code

The Code of Governance was published in March 2012 on www.governancecode.ie. Organisations in the Community, Voluntary and Charitable Sector are now asked to schedule time to adopt the Code and work towards complying with the implementation actions that underpin each principle.

The Working Group invites all organisations who decide that they want to adopt the Governance Code to contact us at info@governancecode.ie. We will maintain a publicly available list of the organisations that are 'on the code-adoption journey'.

When such organisations have made a board/committee decision that their organisation now actually **complies** with the Code, the Working Group asks that a copy of one-page principles sheet, signed by the relevant board members, is also sent to us. We will then add their name to the publicly available register of organisations which comply with the Code. Any non-profit organisation is welcome to adopt the Code and tell us about it.

As organisations get used to using the Governance Code they will learn things that other organisations can benefit from. We ask them to tell us these tips so that we can tell others. Send your tips to info@governancecode.ie. We hope that by using the website as a central point, people can access new resources and tips which will help make it easier for them to use the Code.

This Code is not a management guide. That means you will need to refer to other resources for various aspects of management practice. The www.governancecode.ie website provides links to resources that might help.

1.6 Who Are The Working Group?

The following organisations from the Community, Voluntary and Charitable Sector were active members of the Working Group:

- Boardmatch Ireland
- Business in the Community Ireland
- Carmichael Centre for Voluntary Groups
- Clann Credo
- Disability Federation of Ireland
- ICTR
- Volunteer Ireland
- The Wheel.

These organisations all have an expertise, interest and track record of supporting organisations in the community, voluntary and charity sector to improve their governance practice.

The Corporate Governance Association of Ireland (CGAI), Arthur Cox (Solicitor) and Sheila Cahill Consulting worked with these organisations as part of the Working Group to develop this Code.

More information on all of the members of the Working Group can be found in Section 7.

The organisations in the Working Group worked together and met every month from Autumn 2009 through to end 2011. Sub-groups were formed to deal with specific aspects of the work between meetings.

The project was not funded and the members of the working group gave their time and commitment on a voluntary basis in the belief that the outcome would be beneficial for all.

The organisations involved in the Working Group share the responsibility for guarding the standards in this Code. They have a written agreement on this. They

have committed to reviewing the Code within three years in light of the experience organisations have in adopting it.

1.7 Acknowledgements

In 2009 Dóchas and the Corporate Governance Association of Ireland (CGAI) published a 'Code of Good Governance for Development NGOs'. (NGO stands for non-governmental organisation.)

The Wheel's view was that that a similar Code could be very useful for the broader Community, Voluntary and Charitable Sector in Ireland. The Corporate Governance Association of Ireland supported this idea.

There followed consultation with members by The Wheel and also by Carmichael Centre for Voluntary Groups respectively, about the interest in adapting the 'Dóchas /CGAI Code' for the broader CVC Sector. After a positive response, a coalition of eleven organisations was invited to form the Working Group to progress developing a Governance Code for the CVC Sector.

Early on in the process the Working Group decided to take a different approach to that followed in the Dóchas/CGAI Code. This was based on their study of:

- Materials produced in the UK from a review of the Governance Code for the Voluntary Sector. The UK Code (which was very similar to the Dóchas/CGAI Code for Development NGOs here in Ireland) had been used in the UK for over five years;
- The Report on Proportionate Governance for Voluntary Groups in the UK, produced by Mike Hudson, Director of Compass Partnership (www.compasspartnership.co.uk), and;
- Materials produced by Sheila Cahill and The Carmichael Centre's training and support service on standards of governance for small community, voluntary and charitable organisations.

The Working Group would like to thank all of the above for sharing their work.

The CGAI team involved in the development of this Code were:

- Alan McDonnell (Chairman)
- Jim Corbett
- Dermot Dwyer
- Conall Lavery
- Liam Marnane
- Tom Quinn.

The Working Group would also like to thank all the groups and individuals in each of their organisations who have contributed. In particular, we thank Sheila Cahill for her work on producing the early text for the Code and its suggested actions, in addition to Femi Atoyebi who has worked with The Wheel, supporting the Working Group and the project - initially as a volunteer for several months.

The National Adult Literacy Agency (NALA) kindly provided a final edit of the Governance Code using plain English guidelines. This was to help users better understand and use it. For more information on all plain English guidelines go to NALA's plain English website: www.simplyput.ie

The Wheel supported and managed the project, including the development of the website www.governancecode.ie. It will continue to provide an 'administrative home' for the Code and the Working Group.

2. How to Use this Code

Once your organisation has made a decision to adopt, and ultimately comply with this Code, there is a clear set of steps, outlined below, to follow.

The Working Group invites all organisations which decide that they wish to adopt the Governance Code and work towards compliance with it to contact us at info@governancecode.ie. We will maintain a publicly available list of the organisations that are 'on the code-adoption journey' to act as an incentive and inspiration to others.

Step 1

Read the Code. It is in three parts:

1. The five principles underpinning the standard and their sub-principles;
2. The definitions of the different organisational types;
3. The list of implementation actions for each of the principles and sub-principles for a particular organisational type.

We have also included an 'Explanation of Terms' to explain specialist words and roles in this Code.

Step 2

Identify your Organisational Type from the three categories provided.

Step 3

- Read the guidelines and actions for your own Organisational Type. Fill in the appropriate checklist for your organisation type. This is available to download from the website. Identify the actions you think you need to take to comply with each principle. Rank the actions and do them in a timeframe that is reasonable for your organisation. (We are aware that completion of the identified actions and thus, compliance with the Code may take several months or sometimes even longer, depending on the level of change required in the organisation.)

If your board believes that the organisation then complies with the Governance Code, and has made a decision about this that is minuted at a board meeting, then proceed to Step 4.

Step 4

- Sign the one-page 'Governance Code Principles Statement' and display publicly, e.g. office wall, on website.
- State in your public materials: "*We confirm that our organisation complies with The Governance Code for the Community, Voluntary and Charitable Sector in Ireland*". (Please do not use the logo or any graphics from www.governancecode.ie).
- If you have chosen not to implement certain implementation actions but still believe that you comply with the Code, explain in the same place, as the public statement, which actions you are not doing and why you are not doing them. Providing the explanation means you comply with the overall Code.

Step 5

Email a copy of the signed one-page 'Governance Code Principles Statement' to info@governancecode.ie along with the date when the board made the decision that the organisation is compliant with the Code. When we get this information, the Working Group will add your organisation's name to the publicly available Register of Compliance with the Code, available on www.governancecode.ie (note that every organisation's name will only remain on the Register of Compliance for 13 months because an annual recommitment to the Code is one of the actions required to live up to its principles.)

Step 6

Conduct a review of the organisation's compliance with the Code within a year. Ensure that this review is done by, or approved by the board. Then contact info@governancecode.ie to tell us of the board's renewed decision about the organisation's compliance with the Code so that your organisation's name can remain on the Register of Compliance. Repeat this 'step 6' annually.

3. The Code: Principles of Good Governance

We, _____ (the governing body),

of _____ (name of organisation) commit to:

Principle 1. Leading our organisation. We do this by:

- 1.1 Agreeing our vision, purpose and values and making sure that they remain relevant;
- 1.2 Developing, resourcing, monitoring and evaluating a plan to make sure that our organisation achieves its stated purpose;
- 1.3 Managing, supporting and holding to account staff, volunteers and all who act on behalf of the organisation.

Principle 2. Exercising control over our organisation. We do this by:

- 2.1 Identifying and complying with all relevant legal and regulatory requirements;
- 2.2 Making sure there are appropriate internal financial and management controls;
- 2.3 Identifying major risks for our organisation and deciding ways of managing the risks.

Principle 3. Being transparent and accountable. We do this by:

- 3.1 Identifying those who have a legitimate interest in the work of our organisation (stakeholders) and making sure there is regular and effective communication with them about our organisation;
- 3.2 Responding to stakeholders' questions or views about the work of our organisation and how we run it;
- 3.3 Encouraging and enabling the engagement of those who benefit from our organisation in the planning and decision-making of the organisation.

Principle 4. Working effectively. We do this by:

- 4.1 Making sure that our governing body, individual board members, committees, staff and volunteers understand their:
 - **role,**
 - **legal duties, and**
 - **delegated responsibility for decision-making;**
- 4.2 Making sure that as a board we exercise our **collective responsibility** through board meetings that are efficient and effective;
- 4.3 Making sure that there is suitable **board recruitment, development and retirement processes** in place.

Principle 5. Behaving with integrity. We do this by:

- 5.1 Being honest, fair and independent;
- 5.2 Understanding, declaring and managing conflicts of interest and conflicts of loyalties;
- 5.3 Protecting and promoting our organisation's reputation.

We confirm that our organisation is committed to the standards outlined in these principles. We commit to reviewing our organisational practice against the recommended actions for each principle every year.

Chairperson of Board

[Date]

Secretary of the Board

[Date]

4. The Code: Organisational Types

The Code caters for three types of organisations. All organisations should be able to find the type which is most appropriate to them.

1. Type A organisations
2. Type B organisations
3. Type C organisations

Below is a description of each of these three types of organisations. You have to decide which description best matches your organisation. Follow the guideline actions for the type of organisation you believe you are. If you feel that none of these definitions describes your organisation, choose the type that comes the closest and follow the guidelines for that particular type.

1. Type A organisations

These groups are run by volunteers and do not employ staff. The members of the board are therefore responsible for:

- Overseeing the work of the organisation (governance);
- Organising the daily work (management), and;
- Carrying out the work of the organisation (operations).

Many such groups operate on less than €10,000 a year although some may have a larger income. They may or may not have a CHY number. Type A groups are usually not incorporated but some may be required to do so by funders.

All-volunteer groups that are 'limited companies' should strive to meet the governance requirements of 'Type B' organisations (except those actions relating to staff, which clearly do not apply).

Some examples of Type A organisations include:

- A local community group which organises visits to older people living alone in rural areas;

- A bowling club run by volunteers which maintains the bowling league for the area organises two special events per year;
- An after-schools / homework club for children from the local school.

2. Type B organisations

These organisations usually employ a small number of staff and many may have a single member of staff. While the most senior (or only) member of staff may have a title such as manager, coordinator or administrator, the people who sit on the board will still have some management and operations responsibilities as well as their governance/oversight role. Annual income may vary considerably from one organisation to the next in this category and many organisations may receive grants from statutory bodies and/or trusts and foundations. A 'Type B' organisation may tend to be incorporated, and may have a CHY number.

Some examples of Type B organisations include:

- A support group for people with a specific medical condition that employs an administrator to respond to information requests, produce a newsletter and maintain the accounts;
- A local community centre that employs a coordinator and a number of part-time staff. The coordinator supervises the work of the staff and brings management decisions to the board.

Any organisation in this category entering into service level agreements with Government departments or statutory agencies should aim to meet the governance requirements and actions of 'Type C organisations'.

3. Type C organisations

The main characteristics of these organisations are that the people who sit on the board focus solely on their governance/oversight role, delegating

management and operational duties to the staff. There is a clear division between the governance role of the board and the management role of staff.

These organisations tend to employ more than ten members of staff and may often have hundreds of staff which in turn, may require a structure based on functional or geographic departments. It is most likely that 'Type C' organisations will be incorporated and may have a CHY number, but this is not always the case.

Some examples of Type C organisations include:

- A national organisation working with homeless people that employs a CEO, a senior management team and over 100 front-line staff delivering a range of services;
- An umbrella group of service providing organisations that employs a CEO with several staff reporting to him/her. Although a small organisation in terms of size, **the CEO takes a high level of management responsibility in line with the organisation's strategic plan leaving the board members to focus on governance/oversight.**

5. The Code: Implementation Guidelines and Actions

We hope that these guidelines will help your organisation act in line with the principles of good governance.

Before you start, remember to **inform us at info@governancecode.ie that you are now embarking 'on the journey' towards adoption** of, and compliance with, the Code, so that we can add this information to the publicly available information we provide.

Read through the actions for Type B organisations. Assess your organisation's performance on the actions using the Checklist provided on the website. Rank the actions that remain to be done in order of priority assigning responsibility and a deadline in each case. Work through the outstanding actions until all actions have been done. Remember, that it may take many months for all of the outstanding actions to be completed, so do not get disheartened by this.

After this, your organisation can state that it complies with The Governance Code for the Community, Voluntary and Charitable Sector in Ireland. This should be communicated on all public materials. A typical place for this type of public information would be on your website and/or in your annual report/accounts and/or in the reception area of your office.

Remember to email a copy of the signed one-page 'Governance Code Principles Statement' to info@governancecode.ie along with the date when the board made the decision that the organisation is compliant with the Code. When we get this information, the Working Group will add your organisation's name to the publicly available Register of Compliance with the Code, available on www.governancecode.ie.

Note that this statement is only valid for one year. In adopting the Governance Code, organisations are making a commitment to review their compliance with it every year.

If you cannot implement certain implementation actions it is still possible to comply with the Code. You will need to explain, alongside the public statement of compliance, which actions are not being done and why you are not doing them. Providing the explanation means you comply with the overall Code. A typical place for this type of public information would be on your website and/or in your annual report/accounts.

How often should a review be done?

Every year your organisation has to check to see that it is following the Governance Code. At this time you should also check that your organisational type is still the same. If it has changed follow the guidelines for this new organisational type.

Your organisation should make a board decision annually about compliance with the Code. Once made, this decision should be communicated to the Working Group at info@governancecode.ie so that we can maintain your organisation's name on the publicly available Register of Compliance on www.governancecode.ie.

Notes

To make it easier to read the implementation actions, we have used the words 'board' and 'board member' instead of 'governing body' and 'member of the governing board'. If your organisation is not a company limited by guarantee it will not have board members. In this case, the words will refer to the governing body, committee core group or relevant structure. The actions stay the same.

Principle 1. Leading our organisation.	Implementation Actions for Type B
1.1 Agreeing our vision, purpose and values and making sure that they remain relevant.	<p>1.1 (a)</p> <p>Develop and agree a written statement outlining the organisation's purpose, mission and values.</p>
	<p>1.1 (b)</p> <p>Make sure 1.1(a) is reflected in the governing document of the organisation (for example, memorandum and articles of association or deed of trust and constitution).</p>
	<p>1.1 (c)</p> <p>Review at least every three years to make sure the organisation is still relevant.</p>
	<p>1.1 (d)</p> <p>Work with staff to develop and agree written policy statements where necessary.</p> <p>Review at least every three years.</p>
1.2 Developing, resourcing, monitoring and evaluating a plan to make sure that our organisation achieves its stated purpose.	<p>1.2 (a)</p> <p>Work with staff to develop and agree a yearly work plan that sets out:</p> <ul style="list-style-type: none"> • aims; • objectives; • timelines; • targets; • a budget, and; • funding plan.
	<p>1.2 (b)</p> <p>Agree board and staff roles around:</p> <ul style="list-style-type: none"> • fundraising activities; • funding applications, and; • contact with funders.

Principle.	Implementation Actions for Type B
1.2 continued	1.2 (c) Make sure there is a monitoring and evaluation system in place.
	1.2 (d) Ask manager to report progress compared with objectives to board on a regular basis.
1.3 Managing, supporting and holding to account staff, volunteers and all who act on behalf of the organisation.	1.3 (a) Make sure contracts and employment policies are in place and that they cover: <ul style="list-style-type: none"> • recruitment; • induction; • supervision; • appraisals; • grievance; and, • disciplinary procedures.
	1.3 (b) Make sure: <ul style="list-style-type: none"> • formal arrangements are set up for the ongoing supervision and development of staff, and, • staff appraisals are carried out at least once a year.
	1.3 (c) If involving volunteers, put a volunteer policy in place. This policy should cover: <ul style="list-style-type: none"> • recruitment; • induction; • support; • supervision, and; • what happens if problems arise.
	1.3 (d) Make sure staff have up to date job descriptions.

Principle 2. Exercising control over our organisation.	Implementation Actions for Type B
2.1 Identifying and complying with all relevant legal and regulatory requirements.	<p>2.1 (a)</p> <p>Decide if the organisation’s current legal form is appropriate.</p> <p>For example, is your group,</p> <ul style="list-style-type: none"> • an unincorporated association; • a company limited by guarantee; • a trust, or; • a friendly society. <p>Comply with the relevant requirements.</p>
	<p>2.1 (b)</p> <p>If the organisation is a company limited by guarantee, appoint a board member to act as Company Secretary.</p> <p>A non-board member, and possibly a member of staff, but ideally not the Manager, may be considered for the Company Secretary role. This is because one of the two main roles of the Company Secretary is to act as one of the ‘custodians of governance’ within the organisation. If the Manager is the Company Secretary then one of the necessary checks and balances which ensure best practice in governance is removed.</p> <p>A member of staff may assist the Company Secretary in carrying out duties. However, the Company Secretary is responsible for making sure that the duties associated with the role are carried out.</p> <p><i>See Guidance Note on this point (available on website).</i></p>
	<p>2.1 (c)</p> <p>If the organisation is a charity, make sure charity registration is in place and that regulatory requirements are being met.</p>
	<p>2.1 (d)</p> <p>Make sure there is a Safety Statement. This should also identify the person responsible for health and safety in the organisation.</p> <p>Ask this person to report on health and safety matters that arise.</p>

Principle.	Implementation Actions for Type B
2.1 <i>continued</i>	2.1 (e) Make sure policies regarding: <ul style="list-style-type: none"> • employment; • equality and; • data protection are in place.
	2.1 (f) <ul style="list-style-type: none"> • Keep contact details of beneficiaries with their permission in a safe place. • Do not give their details to someone outside the organisation. • Do not keep unnecessary personal information. • Make sure you comply with data protection legislation.
	2.1 (g) Make sure other policies are in place to comply with other relevant law (for example, child protection or food safety).
	2.1 (h) Make sure that you comply with the terms and conditions of public or private grants received, including governance requirements.
2.2 Making sure there are appropriate internal financial and management controls.	2.2 (a) Monitor income and expenditure against budget and cash-flow each quarter or more often.
	2.2 (b) Produce yearly accounts (audited or independently examined as appropriate). Sign off on these.

Principle.	Implementation Actions for Type B
2.2 <i>continued</i>	2.2 (c) Agree and put in place appropriate financial management procedures, systems and controls.
	2.2 (d) Agree spending limits for the manager.
2.3 Identifying major risks for our organisation and deciding ways of managing the risks.	2.3 (a) With the manager, develop a risk management policy and risk management plan for the year. This should identify the plan to deal with each risk identified. Review and up date plan each year.
	2.3 (b) Take out appropriate insurance for example, public liability, buildings and employers insurance.
	2.3 (c) If the organisation owns property or any assets make sure that legal ownership is in the name of the organisation and that the community interest is protected if the organisation ceases to exist. Take legal advice if necessary.

Principle 3. Being transparent and accountable.	Implementation Actions for Type B
3.1 Identifying those who have a legitimate interest in the work of our organisation (stakeholders) and making sure there is regular and effective communication with them about our organisation.	3.1 (a) Identify your key stakeholders and decide how the organisation will communicate with them.
	3.1 (b) Appoint an agreed spokesperson for the organisation.
	3.1 (c) Produce a yearly activity report. Make it widely available as possible (for example, on the organisation's website).

Principle.	Implementation Actions for Type B
3.1 continued	<p>3.1 (d)</p> <p>Meet the reporting requirements of any funder and the relevant regulator (for example, Companies Registration Office or the Charity Regulator, if appropriate).</p>
	<p>3.1 (e)</p> <p>Make sure that the annual meeting is held in line with your governing document. Consider other ways in which members and beneficiaries can be kept informed, such as a newsletter or through your website.</p>
	<p>3.1 (f)</p> <p>State publicly that you comply with the Governance Code, making sure:</p> <p>1) Your organisation’s board of directors signs and displays the one-page document outlining the five principles of the Code. This document should be displayed publicly:</p> <ul style="list-style-type: none"> • on your website; • in your annual report; • in your reception area. <p>2) Your organisation is working on the relevant actions to put these principles in place (use the Checklist, available on www.governancecode.ie). Where you are not as yet working on required actions, explain why.</p> <p>As a result of both action points above, insert the following statement into the Directors report (or other relevant place) in your audited accounts:</p> <p><i>"We comply with the Governance Code for community, voluntary and charitable organisations in Ireland. We reviewed our organisation’s compliance with the principles in the Code on [provide date]. We based this review on an assessment of our organisational practice against the recommended actions for each principle. Our review sets out actions and completion dates for any issues that the assessment identifies need to be addressed."</i></p>

Principle.	Implementation Actions for Type B
3.2 Responding to stakeholders' questions or views about the work of our organisation and how we run it.	3.2 (a) Use the annual meeting to listen to the views of beneficiaries about the work of the organisation.
	3.2 (b) Put a clear system in place for dealing with correspondence, feedback and complaints to the organisation.
3.3 Encouraging and enabling the engagement of those who benefit from our organisation in the planning and decision-making of the organisation.	3.3 (a) Actively seek feedback from the beneficiaries of your organisation.
	3.3 (b) Consult with beneficiaries if significant changes to the organisation are being planned.

Principle 4. Working effectively.	Implementation Actions for Type B
4.1 Making sure that our governing body, individual board members, committees, staff and volunteers understand their: <ul style="list-style-type: none"> • role, • legal duties and • delegated responsibility for decision-making. 	4.1 (a) Make sure that all board members and sub-committee members (if any) understand and are familiar with the Governance Code and the organisation's governing documents.

Principle.	Implementation Actions for Type B
4.1 <i>continued</i>	<p>4.1 (b)</p> <p>Make sure that board members understand that they have a duty to act independently in a personal capacity in promoting the aims of the organisation in line with its governing document. While board members may be nominated by a particular group, they must not act as a representative of that group in acting as a board member.</p> <p>Board members must at all times respect board confidentiality.</p>
	<p>4.1 (c)</p> <p>Agree and document the roles of the officers and ordinary board members and the terms of reference for any sub-committees.</p>
	<p>4.1 (d)</p> <p>Agree and write up a process for decision-making between meetings. Agree the decisions that can be delegated and the decisions that must be taken by the board. Make sure that this is in line with the governing document and get advice if not.</p>
	<p>4.1 (e)</p> <p>Clarify the differences between the responsibilities of the board and the manager.</p>
	<p>4.1 (f)</p> <p>Make sure that board members do not interfere in duties delegated to staff but should hold staff to account through the CEO.</p>
	<p>4.2 Making sure that as a board we exercise our collective responsibility through board meetings that are efficient and effective.</p>
<p>4.2 (b)</p> <p>The chair with the manager or secretary sets the agenda of board meetings.</p>	
<p>4.2 (c)</p> <p>Agenda and minutes of last meeting to be sent before meeting.</p>	

Principle.	Implementation Actions for Type B
4.2 <i>continued</i>	4.2 (d) Start and finish meetings on time. Chair is responsible for: <ul style="list-style-type: none"> • keeping order at meetings, encouraging maximum participation and; • ensuring that decisions are made and implemented.
	4.2 (e) Make sure board minutes follow standard practice, for example, advice sheets from the Office of the Director of Corporate Enforcement.
4.3 Making sure that there is suitable board recruitment, development and retirement processes in place.	4.3 (a) Take time once a year to review the way that the board works and identify improvements.
	4.3 (b) Review the skills, attributes and experience that are needed on the board each year. Decide how you will develop existing board members or recruit new members to meet these needs. Select new board members according to the rules laid out in your governing document and the need to promote equal opportunities and diversity at board level. Consider the extent to which your board is made up of member representatives, beneficiaries or external representatives and what the best mix is.
	4.3 (c) Welcome new board members, explain the work of the board and its committees and help them to get involved. Make sure new board members are given a copy of the governing document, yearly work plan, policy positions, recent board minutes and this Governance Code.
	4.3 (d) Provide appropriate training for board members.

Principle 5. Behaving with integrity.	Implementation Actions for Type B
5.1 Being honest, fair and independent.	5.1 (a) Make sure the chair leads the board in developing an ethical culture in line with the values of the organisation.
	5.1 (b) Develop and agree a code of conduct for board members that outlines the expected standards of behaviour and what happens if they are not met.
	5.1 (c) Make sure the code of conduct gives clear guidelines on the receipt of gifts or hospitality by board members.
	5.1 (d) Make sure all board members sign a commitment to follow the code on appointment.
	5.1 (e) Review your code of conduct each year.
	5.1 (f) Be fair by consistently applying the same ethical standards to every person and situation.

Principle.	Implementation Actions for Type B
<p>5.2 Understanding, declaring and managing conflicts of interest and conflicts of loyalties.</p>	<p>5.2 (a) Hold a discussion about the issues of 'conflict of interest' and 'conflict of loyalty.'</p> <p>Develop a policy on each of these.</p>
	<p>5.2 (b)</p> <p>Each board member and anyone else present must tell the board if they believe they have a conflict of interest on a matter to be decided at the meeting. Unless the board decides otherwise, they must leave when the board is discussing or deciding on that matter. The person concerned should be told what decision was reached.</p> <p>Conflicts of interest must be recorded in the minutes.</p> <p>Conflicts of loyalty may be serious enough to be conflicts of interest.</p>
	<p>5.2 (c)</p> <p>Establish a register of directors' interests. Update it each year.</p> <p>Board members must notify the board of any relevant changes in their interests when they happen. These should be recorded in the register.</p>
<p>5.3 Protecting and promoting our organisation's reputation.</p>	<p>5.3 (a)</p> <p>Make sure all board members understand their responsibility to act as champions for the organisation by promoting its work and reputation.</p>
	<p>5.3 (b)</p> <p>Make sure the code of conduct makes it clear that each board member has a duty not to do anything that may damage the reputation of the organisation.</p>
	<p>5.3 (c)</p> <p>Make sure the code of conduct clarifies that board members have a duty to maintain the confidentiality of board meetings.</p>

6. Explanation of terms

The following explanation of terms is how they are understood and used in the Governance Code for community, voluntary, charity organisations in Ireland.

Accountable: Answerable to.

Annual Report: This is a document setting out the yearly operational and financial activities of an organisation.

Annual General Meeting (AGM): The yearly meeting of the members of an organisation. Its purpose is to:

- Approve the previous year's financial statements;
- Confirm appointments to the governing body;
- Make decisions in which the members must be involved, and;
- Confirm the appointment of a person to review the annual accounts (in the case of a company, the auditor).

By law companies limited by guarantee have to have an AGM.

Annual work plan: This is a schedule of tasks for the coming year. It gives details of the resources to accomplish these tasks.

Articles of association: In a company limited by guarantee the articles of association set out the members' rights, directors' power and how the organisation makes decisions. (This is one of the two formal governing documents which are used to set up a company limited by guarantee. The second is the Memorandum of Association.)

Assets: Money or other valuables (for example, premises) belonging to an individual or a business.

Beneficiaries: This is the group of people, animals or objects/ideas (such as buildings, climate, democracy) which an organisation has been set up to help, support, preserve or advance.

Board: See governing body.

Board handbook: This is an information guide for board members on how a board works.

Board induction process: This is a process which aims to familiarise a new board member with the governance code of the organisation.

CEO (chief executive officer): The person responsible for managing the activities of an organisation. This person reports to the governing body and this is usually a paid position. This person may be known by other names such as:

- Administrator;
- Managing director;
- Manager;
- Coordinator and sometimes;
- Director (which is not to be confused with those people who are members of the board of directors of the organisation).

Chair: The person who leads the governing body.

Code of conduct: A document setting out expected standards of behaviour of members of an organisation and the procedures in place if these standards are not met.

Communication strategy: The method by which information about an organisation is communicated both internally and externally.

Company limited by guarantee (also called a company limited by guarantee without a share capital):

This is a type of legal entity normally chosen by voluntary organisations, charities and community groups because:

- It is a distinct legal entity and in law is considered to be separate to its members or board members;
- It is a democratic structure; the company is controlled by the members who elect the Management Committee, usually known as the Board of Directors;
- Members cannot benefit from any profits made;
- Each board member's liability is limited to a nominal sum which they guarantee to pay if the company has debts on winding up.

Company secretary: This is a person appointed by the directors of a company who is responsible for making sure that the company complies with company law. This person is not necessarily the same person who carries out the secretarial duties (for example takes the minutes) or has the title of Honorary Secretary within a particular organisation. It is an office that may be held by a corporate entity for example, an accounting or law firm.

Conflict of interest: A conflict of interest arises when your private interests compete with your professional duties. A conflict of interest may arise, for example, if a board member influences the awarding of a contract to a company owned by a family member. It is legal to award a contract to the best qualified company, even if that company is owned by a relative, but the board member themselves could not be part of the decision making process. This would be a conflict of interest, because their own family would benefit financially from his position.

A conflict of interest can also happen in relation to connections the board member might have that are unrelated to family connections, but to do with others with whom he/she may have a business connection.

Conflict of Loyalty: arises where a board member may be involved in board decisions and may be (or perceived to be) potentially influenced by considerations other than the best interests of the organisation. This might happen when the board member has come onto the board as a nominee of a particular group e.g. members in a particular county, a funding body, beneficiaries or staff. This situation may possibly cause the board member to think that they should act in the interests of the grouping which nominated them. However, in all cases, regardless of their route onto a board of directors, all board members should act in the interests solely of the organisation on whose board that they sit, rather than acting in the interests of the grouping which nominated them. Conflicts of loyalty may be sufficiently serious to amount to conflicts of interest.

Constitution: This is a document which sets out the basic rules for governance (see also governing document).

Continuity plans: This is a plan to determine how the company will be maintained in the future.

Comply: To act accordance with the Code of Governance.

'Comply or explain': This is an approach used in corporate governance. Rather than setting out strict rules, organisations are expected to use a principles-based code or explain publicly why they are not implementing it.

Corporate governance: See governance.

Data protection policy: A policy that reflects data protection rules and applies them to the systems of the organisation so they comply with the relevant Data Protection law.

Delegate: To give another person the authority to do work and/or to take decisions on your behalf.

Delegated authority: This happens when the governing body authorises the CEO or manager to take a decision on their behalf to facilitate efficient management or administration. It can also happen between a CEO or Manager and other staff.

Director: A member of the board of directors of a company limited by guarantee.

Employment policy: This policy sets out an organisation's guidelines on the employment of individuals. The guidelines on recruitment, induction, supervision and appraisals and the grievance and disciplinary procedures may be in one or more documents.

Equality policy: A document setting out the steps an organisation is taking to make sure that it is following the principle of equality. When developing policy, organisations need to take the nine grounds of discrimination and equality legislation into account.

Financial management procedure or system: The procedure or system in place for managing and controlling the financial resources of an organisation.

Governance: Governance refers to how an organisation is run, directed and controlled. Good governance means an organisation will design and

put in place policies and procedures that will make sure the organisation runs effectively.

Governing body: The appointed representatives responsible for the making sure that the organisation is run in line with the governing document.

- In the case of a company – the board of directors;
- In the case of a trust – the trustees;
- In the case of a club – the committee.

Depending on the nature of the organisation the governing body may be called other names such as:

- The board of directors;
- The council;
- The governors;
- The management committee or;
- The national council.

Employees are not normally members of the governing body.

Governance code: A set of guidelines setting out the systems and processes involved in steering an organisation.

Governing document: The founding document of an organisation that sets out its basic rules.

- In the case of a company – the memorandum and articles of association;
- In the case of a trust – the trust deed;
- In the case of a club – the constitution, the charter, the regulations, the rules or the statutes.

Health and safety policy: A document setting out the health and safety procedures in an organisation.

Incorporated: means that a group is established as a separate legal entity, usually as a company limited by guarantee, but also can be as a cooperative or friendly society.

Internal audit function: An internal audit is an organisation's self examination. It analyzes the activities, processes and procedures of a business. This audit identifies weak links in an organisation's systems as well as opportunities for improvement. It also acts as a feedback mechanism for the management and board. It is an independent process within an organisation.

The audit committee report to the board. It is important to make sure that there is clarity about the:

- Purpose;
- Authority;
- Activities;
- Responsibility and performance

of the internal audit function between board, audit committee, CEO and senior management.

Key performance indicator: This is a measurement of the degree of progress towards an organisation's aims and objectives.

Legal entity: An individual or organisation which is permitted by law to enter into a contract, and be sued if it fails to meet its contractual obligations.

Manager: The person with direct responsibility for managing the various resources of an organisation.

Memorandum: The memorandum gives details of:

- A company's name;
- Its Objects;
- The limits of the members' liability if the company has to be wound up.

(This is one of the two formal governing documents which are used to set up a company limited by guarantee. The second is the Articles of Association.)

Mission: The main aim of a group, an organisation or a person. Also called 'purpose'.

Mission statement: a written statement of the mission.

Nine grounds of discrimination: Under the Employment Equality Act 1998 and the Equality Act 2004 there are nine legal grounds of discrimination. They are:

1. Gender;
2. Marital status;
3. Family status;
4. Sexual orientation;
5. Religion;
6. Age;
7. Race;
8. Disability and;
9. Membership of the travelling community.

Objects: the objects of an organisation describe the reason for the organisation's existence.

Performance review: This process where the effectiveness of the board, the chair and individual board members is formally considered. Staff should also have performance reviews. These should be done every year.

Property: That which is legally owned by an individual or entity.

Policy: A course of action proposed or adopted by an organisation or person.

Purpose: The main aim of a group, an organisation or a person. What the organisation seeks to do. Also called 'mission'.

Register of directors' interests: A list of the interests and loyalties of the directors which may conflict with the interests of the organisation.

Risk: A risk is the potential that a chosen course of action or activity (including no action) will lead to an undesirable outcome. Almost any human endeavour carries some risk, so it is not possible to avoid risk.

Risk appetite: The level of risk that an organisation is willing to accept.

Risk assessment: The overall process of evaluating the likelihood and consequence of risk to the organisation.

Risk management policy: A policy setting out how the risks which have been identified by the risk assessment procedure will be managed and controlled.

Schedule of matters reserved for the board: This is a list of the decisions that only a board can make and which cannot be delegated.

Shadow director: This is a person who, although not officially a member of the board, instructs other directors on what to do and those directors follow their instructions. Individuals who act in this way have the same liability as properly appointed directors. A shadow director could be the paid CEO, if it can be shown that they are effectively in control of the board.

Another example of a shadow director might be the founder of the organisation, who is no longer on the board, but who effectively still exerts significant influence over the board and the direction of the organisation.

Stakeholder: A person or group with an interest (a stake) in the actions or policies of an organisation, which means they may affect the actions or policies and/or be affected by them. Key stakeholders might include:

- Members;
- Beneficiaries;
- Funders;
- Staff;
- Volunteers;
- The general public, and;
- Regulators.

Statement of the division of responsibilities: This is a statement which sets out the responsibilities of the chair and the CEO. This document should include the CEO's delegated authority.

Strategic issues: These are matters concerned with the delivery of the overall mission, values and objectives of an organisation's strategy.

Strategic plan: This is a document setting out an organisation's mission, vision, values, aims and objectives for the medium to long term and how these will be achieved.

Terms of reference: A set of guidelines setting out the function of a grouping such as the board, a committee or a sub-committee. The terms provide information on purpose, goals, main activities and calendar. Terms of reference are often agreed at the start of an activity, for example, a project or the work of a third party committee.

Trust: A Trust is a legal entity which charities sometimes use to structure their organisation. Its governing document is called the 'deed of Trust' and the members of its governance body are called Trustees.

Trustee: In the sense of the Charities Act 2009, is a person who sits on the governing board of any charitable organisation, regardless of how it is legally made up so it includes, for example, members of the board of a company limited by guarantee, members of the management committee of an unincorporated association.

Unincorporated Association: This is a legal form used by a large number of community, voluntary, charity organisations, clubs and associations. Most such organisations start up as an unincorporated association with a constitution and rules. Some organisations subsequently decide to change to the more structured form of being a company limited by guarantee.

Vision: The view of the preferred future as held by a particular group of people or an organisation.

Volunteer policy: A policy dealing with the recruitment, induction, support and supervision of volunteers and setting out the procedures for implementing the policy and dealing with problems, if they arise.

7. About the Organisations Involved

The following organisations all came together to develop this Governance Code as a result of their shared aim of improving governance practice across the community, voluntary and charity sector in Ireland. The result of improved governance practice will be better outcomes for the people that organisations in the sector serve. All of the following organisations have a track record in standing for, supporting and promoting high standards of governance in the sector.

Boardmatch Ireland

Boardmatch Ireland supports the development of the community and voluntary sector (the not-for-profit sector) by strengthening boards and management committees. Boardmatch Ireland provides a web-based matching service where people can register their interest in volunteering on not-for-profit boards. These candidates are then matched, based on location, skills and preferred area of interest, to not-for-profit organisations who have also registered their board opportunities. Boardmatch Ireland also provides bespoke supports to boards of not-for-profit organisations through its Training and Executive Search services.

www.boardmatchireland.ie

Business in the Community Ireland

Since its inception in 2000, the mission of Business in the Community Ireland (BITCI) has been to harness the power of Irish business to maximise its positive impact on all its stakeholders. It is a non-profit organisation specialising in advice and guidance to leading companies on corporate responsibility and corporate community involvement.

A business driven network, with major social initiatives, BITCI's membership is drawn from Ireland's most progressive companies.

BITCI has the unique expertise to train and develop capacity on corporate responsibility within organisations; to improve their companies' reputation, competitiveness and profitability through communicating their social, environmental and community management impacts. www.bitc.ie

Carmichael Centre for Voluntary Groups

Carmichael Centre is the first and largest shared services centre for the community and voluntary sector in Ireland. Each year we support 47 resident member charities located within the Centre in Dublin 7, 100's of associate members located throughout Ireland, 1000's of volunteers, boards members, managers and staff who avail of training, information, organisational supports and meeting facilities. Every day, we are committed to delivering services that help to build stronger charities nationwide. www.carmichaelcentre.ie

Clann Credo

The Social Investment Fund has a simple goal: to support people and assist in the building of stronger communities. It supports community businesses, voluntary organisations, social enterprises and charities by providing accessible loan finance. If loan finance can help, it wants to put money to work where it can make a real difference. Since its establishment 15 years ago, Clann Credo's mission has been to use finance exclusively for social purposes. www.clanncredo.ie

The Disability Federation of Ireland

Disability Federation of Ireland (DFI) is the national support organisation for voluntary disability organisations in Ireland who provide services to people with disabilities and disabling conditions.

We work to ensure that Irish society is fully inclusive of people with disabilities and disabling conditions so that they can exercise fully their civil, social and human rights. There are 127 organisations within membership or as associates in DFI. www.disability-federation.ie

ICTR

ICTR is a membership organisation of charities, focused on creating a policy climate in which philanthropy can thrive - through a combination of taxation and regulatory reform. Since the ICTR was formed in 1991, we have organised a number of campaigns to optimise tax effective giving, reduce the tax burden on the sector, and ensure regulation is appropriate to the needs of Irish charities. www.ictr.ie

Volunteer Ireland

Volunteer Ireland is the national volunteer development agency and a representative body and support agency for all local Volunteer Centres in Ireland. Volunteer Ireland's vision is for an Irish society in which everyone who wants to, has access to meaningful volunteering opportunities and where the contribution of volunteering is valued and recognised as an intrinsic component of active citizenship. Volunteer Ireland work to inspire, promote, support and celebrate voluntary activity in Ireland and abroad.

The Wheel

The Wheel is Ireland's representative and support umbrella group for community, voluntary and charity organisations. We represent their shared interests to Government and other decision-makers; we help them get things done; and, we help to foster a better public understanding of the contribution that the community and

voluntary sector makes to Irish life. We are a 'one stop shop' for and about the charity sector in Ireland. www.wheel.ie

The Corporate Governance Association of Ireland (CGAI)

The CGAI is a professional association of members certified in corporate governance post-graduate studies. It provides its members with continuous professional development programmes and other resources to enable them to keep abreast of this continually evolving subject. It seeks to promote best practice in governance across the commercial, public and voluntary sectors by developing Codes of Good Governance in partnership with like-minded organisations as well as providing qualified candidates for board positions. www.cgai.ie

Sheila Cahill Consulting

Sheila Cahill founded and runs this training and consultancy business based in Limerick, Ireland. She specialises in governance training for boards and management committees and helping organisations to develop their own monitoring and evaluation systems. Sheila has worked for over twenty years in the community and voluntary sector, focusing on organisational capacity building since 1995. www.sheilacahill.ie

Arthur Cox

Arthur Cox is one of Ireland's leading law firms with over 300 lawyers, including more than 100 partners. It is an "all-island" law firm, with full-service offices in Dublin and Belfast, as well as offices in London and New York. Arthur Cox has a long history of involvement in the community and voluntary sector in general, and with charities in particular. The firm advises on changes to legal structures/re-organisations, the role of trustees/directors and governance issues, applications to the Commissioners of Charitable

Donations and Bequests for Ireland, tax advice including applications for tax exemptions all asset types and drafting and negotiating security documentation, the acquisition, disposal and maintenance of property; licence applications and fundraising queries. www.arthurcox.com