

Good Governance

A Code for the Voluntary and Community Sector

Draft for consultation

25 April 2007

Introducing the Code

The voluntary and community sector in Northern Ireland has recognised the need to have its own set of standards in governance. This was also identified by the government through Positive Steps which stressed that a proactive approach in promoting good governance in the sector was needed.

The Code of Good Governance is intended to help and support management committees, executive committees, boards of directors, boards of trustees or any other type of governing body in the voluntary and community sector hereinafter called the management committee/board.

The Code has been adapted from the English Good Governance Code which has been adopted by the voluntary and community sector in England and Wales. The Northern Ireland version of the Code (which varies in language only – the principles are the same) has been produced by the Developing Governance Group which is a group of voluntary and community sector associations, working to improve the quality of governance in voluntary and community organisations in Northern Ireland.

The Code sets out the seven key principles that form the basis of the Code together with the most important supporting principles. The Code sets out best practice, it is not mandatory. Organisations that comply with the Code are invited to state this in their Annual Report and other relevant published material and pledge their support for the Code by signing up to the online charter on communityskillsni.org. Many of the member organisations of the Developing Governance Group will be able to provide practical assistance with subscribing to the Code. A list of contacts and useful resources can be found at the back of this booklet.

The Developing Governance Group see equality as fundamental to the work of all voluntary and community sector organisations so rather than creating a separate ‘Equality’ section, the principle of equality, of ensuring equity, diversity and equality of treatment for all sections of the community, has been applied throughout the Code.

Unlike the National Occupational Standards for trustees and management committee members which was developed as a standard for individual trustees, the Code of Good Governance sets out the principles and practices of good governance in an organisation as a whole.

The Governance Hub in England has produced a toolkit to help the sector get the most from the Code which is available to voluntary and community groups in Northern Ireland also.

Glossary of Terms

Governance is about leadership and ensuring that an organisation is effectively and properly run. It has been defined as “the systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation”

Positive Steps is government’s response to Investing Together - a report of the Taskforce on Resourcing the Voluntary and Community Sector.

Principle 1: Management committee/board leadership

The key principle: leadership is one of the key roles of any management committee/board. Every voluntary and community organisation should be led and controlled by a management committee/board which ensures delivery of its objects, sets its strategic direction and upholds its values.

Supporting principles:

The role of the management committee/board: management committee/board members have ultimate responsibility for directing the activity of the organisation, ensuring it is well run and delivering the outcomes for which it has been set up.

Every management committee/board should have a clear understanding of its roles and responsibilities and should provide leadership to the organisation by:

- Setting the strategic direction to guide and direct the activities of the organisation.
- Ensuring the effective management of the organisation and its activities.
- Monitoring the activities of the organisation to ensure they are in keeping with the founding principles, objects and values.

Principle 2: The management committee/board's responsibilities, legal requirements and obligations

The key principle: the management committee/board members are equally responsible in law for committee/board actions and decisions. They are collectively responsible and accountable for ensuring that the organisation is performing well, is solvent and complies with all its obligations.

Supporting principles:

Compliance

The management committee/board must ensure that the organisation understands and complies with its own governing document, relevant laws, contractual obligations and the requirements of any regulatory bodies.

Internal controls

The management committee/board should maintain and regularly review the organisation's system of internal controls, performance reporting, policies and procedures.

Equality and diversity

The management committee/board must ensure that it upholds and applies the principles of equality and diversity and that the organisation is fair and open to all sections of the community in all of its activities.

Prudence

The management committee/board must act prudently to protect the assets and property of the organisation and ensure that they are used to deliver the organisation's objectives.

Managing risk

The management committee/board should understand and regularly review the risks to which the organisation is subject and take action to manage the risks identified.

Managing staff and volunteers

The management committee/board needs to understand the distinction between employees and volunteers and ensure that good practice in the recruitment and management of both staff and volunteers is in place.

Principle 3: The effective management committee/board

The key principle: the management committee/board should have clear responsibilities and functions and should organise itself to carry out these responsibilities effectively.

Supporting principles:

Management committee/board member duties and responsibilities

Management committee/board members should understand their individual and collective roles, responsibilities and accompanying duties. They should have these clearly outlined in writing for all management committee/board members.

The effective management committee/board

The management committee/board should organise its work to ensure that it makes the most effective use of the time, skills and knowledge of management committee/board members.

Information and advice

Management committee/board members should ensure that they receive the appropriate advice and information they need in order to make good decisions.

Skills and experience

Management committee/board members should have or ensure that they have access to the diverse range of skills, experience and knowledge needed to run the organisation effectively.

Training, development and support

Management committees/boards should ensure that all their members receive the necessary induction, training and ongoing support needed to discharge their duties effectively.

Staff

The management committee/board should ensure proper arrangements for the supervision, support, appraisal and remuneration of all staff including the employee in the most senior position.

Volunteers

The management committee/board should ensure proper arrangements are in place for the recruitment, supervision and support of volunteers including clearly defined written roles and reimbursement of out of pocket expenses. Policies and procedures should refer to volunteers as well as paid staff as appropriate.

Principle 4: Performing, reviewing and renewing management committee/board

The key principle: the management committee/board should periodically review its own and the organisation's effectiveness and take any necessary steps to ensure that both continue to work well and meet legal requirements.

Supporting principles:

Renewal and recruitment

Recruitment of new management committee/board members should be open and focused on creating a diverse, skilled and effective management committee/board. The management committee/board should plan for and have a strategy for its own renewal.

Review

The management committee/board should periodically carry out reviews of all aspects of the organisation's work, starting with its governing document, and use the results to inform positive change.

Performance appraisal

The management committee/board should regularly review and assess its own performance, that of individual management committee/board members and of sub-committees, standing groups and other bodies.

Principle 5: Management committee/board delegation

The key principle: the management committee/board should set out the functions of sub-committees, officers, staff and anyone performing duties on behalf of the management committee/board in clear delegated authorities and should monitor their performance.

Supporting principles:

Effective delegation

The management committee/board should ensure that staff, volunteers and anyone performing duties on behalf of the management committee/board have sufficient delegated authority to carry these out. All delegated authorities must have clear written limits relating to budgetary, reporting and other matters.

Terms of reference

The management committee/board should set clear terms of reference for sub-committees, standing groups, advisory panels, etc.

Monitoring

All delegated authorities must be subject to regular monitoring by the management committee/board.

Principle 6: Management committee/board integrity

The key principle: the management committee/board should view maintaining the integrity and interest of the organisation as a primary overriding duty. They should act reasonably at all times in the interests of the organisation and of its present and future beneficiaries, users and/or members. All individual management committee/board members should act according to high ethical standards and ensure that conflicts of interest are properly dealt with.

Supporting principles:

No personal benefit

Members of the management committee/board must not benefit from their position beyond what is allowed by their governing document and the law and only when it is in the best interests of the organisation.

Dealing with conflicts of interest

Members of the management committee/board should identify and promptly declare any actual or potential conflicts of interest affecting them, including conflicting loyalties which may arise when members are appointed as representatives of other organisations.

Probity

There should be clear guidelines for receipt of gifts or hospitality by management committee/board members.

Principle 7: Management committee/board openness

The key principle: the management committee/board should be open, responsive and accountable to its users, beneficiaries, members, partners, funders and others with an interest in its work.

Supporting principles:

Communication and consultation

Each organisation should identify those with a legitimate interest in its work (stakeholders) and ensure that there is regular and effective communication with them about the organisation.

Openness and accountability

The management committee/board should be open and accountable to stakeholders about its own work and the governance of the organisation.

Stakeholder involvement

The management committee/board should encourage and enable the engagement of key stakeholders such as users and beneficiaries, in the organisation's planning and decision-making.

CONSULTATION PERIOD

Copies of the draft Code can be accessed from www.communityskillsni.org or for further information contact the Secretariat which is provided by Denise McCann, NICVA and Denise Hayward, Volunteer Development Agency.

The Developing Governance Group welcomes your comments on the draft Code of Good Governance. Please send your comments to denise.mccann@nicva.org by **Friday 29 June 2007**.

The Developing Governance Group is made up of the following sector support organisations:

<p>Age Concern NI 3 Lower Crescent BELFAST BT7 1NR Tel :9024 5729 pmcgeown@ageconcernni.org www.ageconcernni.org</p>	<p>Community Change Philip House 123-137 York Street BELFAST BT15 1AB Tel: 9023 2587 margaret.ferguson@communitychange-ni.org www.communitychange-ni.org</p>	<p>Help the Aged Ascot House Shaftesbury Square BELFAST BT2 7DB Tel: 9023 0666 infoni@helptheaged.org.uk www.helptheaged.org.uk</p>
<p>NICVA 61 Duncairn Gardens BELFAST BT15 2GB Tel: 9087 7777 denise.mccann@nicva.org www.nicva.org</p>	<p>NIPPA 6c Wildflower Way Apollo Road BELFAST BT12 6TA Tel: 9066 2825 shirleyh@nippa.org www.nippa.org</p>	<p>NITAP 34-36 Henry Street BALLYMENA BT42 3AH Tel: 2564 5676 info@nitap.org www.nitap.org</p>
<p>NI Sports Forum House of Sport Upper Malone Road BELFAST BT9 5LA Tel: 9038 3825 lynegreenwood@nisf.net www.nisf.net</p>	<p>YouthNet 5th Floor, Premier Business Centres 20 Adelaide Street BELFAST BT2 8GD Tel: 9033 1880 cmohare@youthnet.co.uk www.youthnetnico.uk</p>	<p>St John Ambulance NI Knockbracken Healthcare Park Saintfield Road BELFAST BT8 8RA Tel: 9079 9393 districthq@ni.sja.org.uk</p>
<p>Sport Northern Ireland House of Sport Upper Malone Road BELFAST BT9 5LA Tel: 9038 1222 info@sportni.net www.sportni.net</p>	<p>Volunteer Development Agency 129 Ormeau Road BELFAST BT7 1SH Tel: 9023 6100 denise@volunteering-ni.org www.volunteering-ni.org</p>	

Online help and support in adhering to these principles

www.diycommitteeguide.org	A useful resource of practical help and support for management committees/boards. A signposting directory which includes links to all Developing Governance Group members. Tel: Volunteer Development Agency for a hard copy.
www.governancehub.org.uk	Code of Governance Toolkit – a practical guide to the English Code of Good Governance. Free to download or buy a hard copy, £15 inc p&p, from NCVO Tel 020 7713 6161
www.dsdni.gov.uk	Best Practice in Finance and Governance in the Voluntary and Community Sector - a directional and support aid developed by Government and the Sector representatives. It highlights the Government's requirements of the sector particularly when providing grant aid. Tel: 9082 9432 for a hard copy or download from web
www.communityskillsni.org	Download draft Code of Governance. This site can also be used to sign up to the online charter on the Code.
www.nicva.org	Specialist Governance and Charity section containing frequently asked questions and various advice notes.
www.communityni.org	Training information, events and eMentor on human resources.
www.volunteering-ni.org	Specialist information and guidance on all aspects of volunteering.