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 and related documents for the three different types of organisations

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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 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 provides links to resources that will 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 and so on.

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 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
- Dermod 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. We also thank 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 an initial 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 Organisational type. (You can download the checklists from the website homepage).
- 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   Secretary of the Board

[Date]   [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 and 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 tends 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 10 members of staff and may often have hundreds of staff that 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.

Next steps:
- Read through the actions for your Organisational Type.
- 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, wherever you make your public statement of compliance, which actions are not being done and why you are not doing them. The act of providing the explanation means you comply with the overall Code.

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.

Actions that do not apply for particular organisations are shaded grey in the following grids.

Principle 1. Leading our organisation.	Type A	Type B	Type C
1.1 Agreeing our vision, purpose and values and making sure that they remain relevant.	1.1 (a) Agree the purpose of your group. Discuss how the group wants to achieve its purpose and how it wants to work.	1.1 (a) Develop and agree a written statement outlining the organisation's purpose, mission and values.	1.1 (a) Agree a strategic plan for organisation. The plan should include clear statements of its vision, purpose, mission, values, aims and objectives.
	1.1 (b) Make sure 1.1(a) is in line with the written constitution.	1.1 (b) 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).	1.1 (b) Make sure 1.1(a) is reflected in the governing document of the organisation (for example, memorandum and articles of association, deed or trust and constitution).
	1.1 (c) Review at least every three years to make sure that the organisation is still relevant.	1.1 (c) Review at least every three years to make sure the organisation is still relevant.	1.1 (c) Review at least every three years to make sure that the organisation is still relevant.

Principle.	Type A	Type B	Type C
1.1 continued	1.1 (d) Develop and agree written policies where necessary. Review at least every three years.	1.1 (d) Work with staff to develop and agree written policy statements where necessary. Review at least every three years.	1.1 (d) Review and agree written policy statements, where necessary, at least every three years.

Principle.	Type A	Type B	Type C
1.2 Developing, resourcing, monitoring and evaluating a plan to make sure that our organisation achieves its stated purpose.	1.2 (a) Agree and write down a yearly work plan. This plan should have: • most important actions; • timelines to achieve these actions; • the breakdown of the budget, and; • a description of how the money will be raised.	1.2 (a) Work with staff to develop and agree a yearly work plan that sets out: • aims; • objectives; • timelines; • targets; • a budget, and; • funding plan.	1.2 (a) Agree a strategic plan for the organisation that includes: • operational plans; • budget; • key performance indicators, and; • timelines.
	1.2 (b) Agree who is going to take responsibility for the actions to carry out the plan.	1.2 (b) Agree board and staff roles around: • fundraising activities; • funding applications, and; • contact with funders.	1.2 (b) Agree role of board in making sure that there are enough resources to implement the strategic plan.

Principle.	Type A	Type B	Type C
1.2 continued	1.2 (c) Review the plan once a year. Have a discussion about what went well and what could be improved before agreeing a new work plan.	1.2 (c) Make sure there is a monitoring and evaluation system in place.	1.2 (c) Make sure there is a monitoring and evaluation system in place.
	1.2 (d) Not a requirement for this category.	1.2 (d) Ask manager to report progress compared with objectives to board on a regular basis.	1.2 (d) Receive report from CEO on progress compared with agreed key performance indicators.
	1.2 (e) Not a requirement for this category.	1.2 (e) Not a requirement for this category.	1.2 (e) Make sure the discussion of strategic issues is a regular item on the board agenda.

Principle.	Type A	Type B	Type C
1.3 Managing, supporting and holding to account staff, volunteers and all who act on behalf of the organisation.	1.3 (a) Set realistic goals. Divide up the work and review progress of agreed actions at the next meeting.	1.2 (a) Make sure contracts and employment policies are in place and that they cover: • recruitment; • induction; • supervision; • appraisals; • grievance; and, • disciplinary procedures.	1.3(a) Give responsibility for the implementation of board-approved human resource policies and employment contracts to Chief Executive Officer (CEO).
	1.3 (b) Chair makes sure that individual board members report to the board on work that they carry out for the organisation.	1.3 (b) Make sure: • 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 (b) Make sure: • formal arrangements are set up for the ongoing supervision and development of staff; and, • formal arrangements are set up for the supervision and development of the CEO. This should include a yearly or twice-yearly appraisal.

Principle.	Type A	Type B	Type C
1.3 continued	1.3 (c) Where volunteers are involved outside the board make sure their role and who they have to answer to is clear.	1.3 (c) If involving volunteers, put a volunteer policy in place. This policy should cover: • recruitment; • induction; • support; • supervision, and; • what happens if problems arise.	1.3 (c) Give responsibility for developing the volunteer policy to the CEO.
	1.3 (d) Not a requirement for this category.	1.3 (d) Make sure staff have up to date job descriptions.	1.3 (d) Delegate responsibility for job descriptions and staff supervision to CEO.
	1.3 (e) Not a requirement for this category.	1.3 (e) Not a requirement for this category.	1.3 (e) • Agree job description of CEO; • Set yearly performance expectations of CEO; • Agree ways for CEO to report to the board.

Principle 2. Exercising control over our organisation.	Type A	Type B	Type C
2.1 Identifying and complying with all relevant legal and regulatory requirements.	2.1 (a) Decide if the group's current legal form is appropriate. For example, is your group: • an unincorporated association; • a company limited by guarantee; • a trust, or; • a friendly society. Comply with the relevant requirements. If you decide to become a company limited by guarantee, you should follow the Implementation Guidelines for Type B Organisations.	2.1 (a) Decide if the organisation's current legal form is appropriate. For example, is your group, • an unincorporated association; • a company limited by guarantee; • a trust, or; • a friendly society. Comply with the relevant requirements.	2.1 (a) Agree policies, procedures and reporting mechanisms to make sure there is compliance with all relevant legal and regulatory requirements.

Principle.	Type A	Type B	Type C
2.1 continued	2.1 (b) If the group is not a company limited by guarantee, make sure that someone is appointed (usually called a Secretary) to keep track of the group's records, meeting minutes, membership and so on.	2.1 (b) If the organisation is a company limited by guarantee, appoint a board member to act as Company Secretary. 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. 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. ***See Guidance Note on this point (available on website).***	2.1 (b) If the organisation is a company limited by guarantee, appoint a board member to act as Company Secretary. A non board member, including a member of staff, but 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. 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. ***See Guidance Note on this point (available on website).***

Principle.	Type A	Type B	Type C
2.1 continued	2.1 (c) Decide if the group should have a charity number. If yes, register with the Revenue Commissioners and comply with the relevant requirements.	2.1 (c) If the organisation is a charity, make sure charity registration is in place and that regulatory requirements are being met.	2.1 (c) Receive reports on legal and regulatory compliance. Make sure that any issues that have been identified are dealt with.
	2.1 (d) Consider the health and safety aspects of activities. Put a plan in place to deal with any problems.	2.1 (d) Make sure there is a Safety Statement. This should also identify the person responsible for health and safety in the organisation. Ask this person to report on health and safety matters that arise.	2.1 (d) Make sure there is a Safety Statement. This should also identify the person responsible for health and safety in the organisation. Receive reports on any health and safety matters that arise.

Principle.	Type A	Type B	Type C
2.1 continued	2.1 (e) Be aware of the nine grounds of discrimination. Make sure activities are as accessible as possible.	2.1 (e) Make sure policies regarding: • employment; • equality and; • data protection are in place.	2.1 (e) Make sure policies regarding: • employment; • equality and; • data protection are in place.
	2.1 (f) • Keep contact details of beneficiaries with their permission in a safe place. • Do not give their details to someone outside the group. • Do not keep unnecessary personal information. • Make sure you comply with data protection legislation.	2.1 (f) • 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 (f) • 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.

Principle.	Type A	Type B	Type C
2.1 continued	2.1 (g) Comply with other law that applies to activities of group (for example, child protection or food safety).	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 (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.	2.1 (h) Make sure that you comply with the terms and conditions of public or private grants received, including governance requirements.	2.1 (h) Make sure that you comply with the terms and conditions of public or private grants received, including governance requirements.

Principle.	Type A	Type B	Type C
2.2 Making sure there are appropriate internal financial and management controls.	2.2 (a) Monitor income and expenditure against the budget on a regular basis.	2.2 (a) Monitor income and expenditure against budget and cash-flow each quarter or more often.	2.2 (a) Oversee income, expenditure, cash-flow and investments.
	2.2 (b) Draw up a yearly report of income and expenditure.	2.2 (b) Produce yearly accounts (audited or independently examined as appropriate). Sign off on these.	2.2 (b) Sign off on yearly audited accounts.
	2.2(c) Agree and put in place appropriate financial management procedures.	2.2(c) Agree and put in place appropriate financial management procedures, systems and controls.	2.2(c) Agree and put in place appropriate financial management procedures, systems and controls.
	2.2 (d) Not a requirement for this category.	2.2 (d) Agree spending limits for the manager.	2.2 (d) Agree level of financial authority given to CEO, finance sub-committee and senior staff.

Principle.	Type A	Type B	Type C
2.2 continued	2.2 (e) Not a requirement for this category.	2.2 (e) Not a requirement for this category.	2.2 (e) Appoint an audit committee of three or more directors. The chair of the organisation's board can be an audit committee member but cannot chair the audit committee. At least one of this committee should have recent and relevant financial experience. Have written terms of reference that describe the role of the committee and its responsibilities. The terms of reference should be available on your website. Include specific terms of reference for: **Monitoring and review**: • of the accuracy of the financial statements of the organisation; • announcements about the organisation's financial performance and financial controls;

Principle.	Type A	Type B	Type C
			2.2(e) continued
			• control and risk management systems;
			• the effectiveness of the organisation's internal audit role;
			• the external auditor's independence and the effectiveness of the audit process;
			• arrangements by which staff of the organisation may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.
			(The audit committee should make sure that there are arrangements for independent investigation of such matters and for appropriate follow-up action).

Principle.	Type A	Type B	Type C
			2.2(e) continued **Approval:** • approving the terms of engagement of the external auditor. **Recommendations:** • making recommendations to the board about the appointment, pay and conditions of the external auditor. The board then puts these recommendations to the members for their approval in a general meeting. The organisation's annual report should include a description of the audit committee's work.

Principle.	Type A	Type B	Type C
2.3 Identifying major risks for our organisation and deciding ways of managing the risks.	2.3 (a) Think about problems that may arise, and the risks that may be needed to achieve the organisation's aims. Agree a yearly plan for dealing with major risks. For example: • garda vetting for volunteers if they work with children or vulnerable adults; • doing regular back-ups of your database or mailing list; and, • monitoring the plans which have been put in place to pay back a bank loan.	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 (a) Do a full risk assessment each year. This will involve: • identifying and understanding the risks facing the organisation; • assessing and mitigating the risks to ensure they are within the organisation's risk appetite as set by the board. and; • ensure the processes, accountability and resources are in place to manage the organisation's exposure to risk.

Principle.	Type A	Type B	Type C
2.3 continued	**2.3 (b)** Take out appropriate insurance for example, public liability insurance or buildings insurance.	**2.3 (b)** Take out appropriate insurance for example, public liability, buildings and employers insurance.	**2.3 (b)** Delegate the responsibility of making sure there are appropriate levels of insurance and other risk treatments in place. Receive report each year.
	2.3 (c) If group owns property or any assets make sure that legal ownership is in the name of the group and that the community interest is protected if the group closes. Take legal advice if necessary.	**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.	**2.3 (c)** If the organisation owns property or any assets make sure that legal ownership is clearly in the name of the organisation and that the community interest is protected if the organisation ceases to exist. Take legal advice if necessary.
	2.3 (d) Not a requirement for this category.	**2.3 (d)** Not a requirement for this category.	**2.3 (d)** Delegate the responsibility of developing, testing and updating continuity plans to the CEO. These plans will help to minimise disruption of services in a crisis.

Principle 3. Being transparent and accountable.	Type A	Type B	Type C
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) Decide who you need to communicate with and how you will do that taking into account your time and financial resources.	3.1 (a) Identify your key stakeholders and decide how the organisation will communicate with them.	3.1 (a) Identify your key stakeholders and make sure there is a strategy in place for communicating with them appropriately.
	3.1 (b) Appoint an agreed spokesperson for the group.	3.1 (b) Appoint an agreed spokesperson for the organisation.	3.1 (b) Appoint an agreed spokesperson for the organisation.

Principle.	Type A	Type B	Type C
3.1 continued	3.1 (c) Produce a yearly activity report. Make it widely available (for example, on your website if you have one).	3.1 (c) Produce a yearly activity report. Make it widely available as possible (for example, on the organisation's website).	3.1 (c) Ensure that the organisation's annual report and accounts are widely available and easy to access on the organisation's website and elsewhere. The annual report should identify the: • chair; • the deputy chair (where there is one); • the CEO and; • any other members of the board and the chairs of subcommittees. It should also set out the number of meetings of the board and its committees and individual attendance by directors.

Principle.	Type A	Type B	Type C
3.1 continued	3.1 (d) Meet the reporting requirements of any funder or relevant regulator.	3.1 (d) Meet the reporting requirements of any funder and the relevant regulator (for example, Companies Registration Office or the Charity Regulator, if appropriate).	3.1 (d) Receive report from CEO on compliance with reporting requirements of relevant regulators and funders.
	3.1 (e) Hold an annual meeting of members and anyone else who may be interested and report on the activities of the year.	3.1 (e) 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.	3.1 (e) Make sure the AGM is held in line with the governing document. Ensure that there is a communications strategy in place.

Principle.	Type A	Type B	Type C
3.1 continued	3.1 (f) State publicly that you comply with the Governance Code, making sure: 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: • on your website; • in your annual report and; • in your reception area. 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.	3.1 (f) State publicly that you comply with the Governance Code, making sure: 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: • on your website; • in your annual report; • in your reception area. 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.	3.1 (f) State publicly that you comply with the Governance Code, making sure: 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: • on your website; • in your annual report; • in your reception area. 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.

Principle.	Type A	Type B	Type C
3.1 continued		*3.1 (f) continued* As a result of both action points above, insert the following statement into the Directors report (or other relevant place) in your audited accounts: *"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."*	*3.1 (f) continued* As a result of both action points above, insert the following statement into the Directors report (or other relevant place) in your audited accounts: *"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."*

Principle.	Type A	Type B	Type C
3.1 continued	3.1 (g) Not a requirement for this category.	3.1 (g) Not a requirement for this category.	3.1 (g) Make sure all the codes and standards of practice to which the organisation subscribes are publicly stated and are available.
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 people's views about the work of the organisation.	3.2 (a) Use the annual meeting to listen to the views of beneficiaries about the work of the organisation.	3.2 (a) Make sure the AGM is run so that it allows beneficiaries to express their views 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.	3.2 (b) Put a clear system in place for dealing with correspondence, feedback and complaints to the organisation.	3.2 (b) Make sure there is a clear method whereby stakeholders can communicate with the organisation throughout the year.
	3.2 (c) Not a requirement for this category.	3.2 (c) Not a requirement for this category.	3.2 (c) Receive yearly reports on complaints received, and action taken, to make sure that the complaints system is working.

Principle.	Type A	Type B	Type C
3.2 continued	3.2 (d) Not a requirement for this category.	3.2 (d) Not a requirement for this category.	3.2 (d) Monitor key stakeholders' views on the organisation's reputation and take remedial action when necessary.
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 group. (This could be done regularly on a word of mouth basis, or you may want to do something more formal such as a yearly survey.)	3.3 (a) Actively seek feedback from the beneficiaries of your organisation.	3.3 (a) Make sure that your beneficiaries are consulted during the strategic planning process.
	3.3 (b) Use the annual meeting to consult with your beneficiaries if you are planning to make significant changes to the way that you do things.	3.3 (b) Consult with beneficiaries if significant changes to the organisation are being planned.	3.3 (b) Make sure beneficiaries are involved appropriately in decision-making processes.

Principle 4. Working effectively.	Type A	Type B	Type C
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.**	4.1 (a) Make sure that all board members and sub-committee members (if any) understand and are familiar with the Governance Code and the constitution.	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.	4.1 (a) Make sure the board induction process includes an overview of the role of the board and individual board members, the Governance Code and the organisation's governing document.

Principle.	Type A	Type B	Type C
4.1 continued	4.1 (b) 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. Board members must at all times respect board confidentiality.	4.1 (b) 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. Board members must at all times respect board confidentiality.	4.1 (b) 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. Board members must at all times respect board confidentiality.

Principle.	Type A	Type B	Type C
4.1 continued	**4.1 (c)** Identify a chair, secretary and treasurer for the group and decide when and how the positions will be rotated.	**4.1 (c)** Agree and document the roles of the officers and ordinary board members and the terms of reference for any sub-committees.	**4.1 (c)** Appoint a sub-committee with a governance remit to do a yearly review of: • board roles; • the terms of reference and; • membership of sub-committees.
	4.1 (d) Decide and record how decisions will be taken at meetings and between meetings if necessary.	**4.1 (d)** 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.	**4.1 (d)** Make sure there is a copy of the schedule of matters reserved to the board in the board handbook.

Principle.	Type A	Type B	Type C
4.1 continued	4.1 (e) Not a requirement for this category.	4.1 (e) Clarify the differences between the responsibilities of the board and the manager.	4.1 (e) Make sure there is a written statement of the division of responsibilities between the chair and CEO including the CEO's delegated authorities.
	4.1 (f) Not a requirement for this category.	4.1 (f) Make sure that board members do not interfere in duties delegated to staff but should hold staff to account through the CEO.	41 (f) Make sure that board members do not interfere in duties properly delegated to staff but should hold staff to account through the CEO.
	4.1 (g) Not a requirement for this category.	4.1 (g) Not a requirement for this category.	4.1 (g) Make sure newly appointed board members, sign a code of conduct and terms of reference setting out their 'fiduciary duties'. These are the legal duty of one party to act in the best interests of another. These duties relate mainly to assets, property, statutory obligations and the organisation's expectations of board members.

Principle.	Type A	Type B	Type C
4.2 Making sure that as a board we exercise our collective responsibility through board meetings that are efficient and effective.	4.2 (a) Have regular meetings with sufficient notice.	4.2 (a) Make sure that the board meets regularly and in line with your governing document.	4.2 (a) Make sure that the board meets regularly and in line with your governing document.
	4.2 (b) Have an agenda for each meeting.	4.2 (b) The chair with the manager or secretary sets the agenda of board meetings.	4.2 (b) The chair and CEO agree the agenda of board meetings.
	4.2 (c) Take minutes and agree them at the next meeting.	4.2 (c) Agenda and minutes of last meeting to be sent before meeting.	4.2 (c) Agenda, minutes of last meeting and reports or papers outlining proposals to be sent before meeting in an accurate, timely and clear manner.

Principle.	Type A	Type B	Type C
4.2 continued	4.2 (d) Start and finish meetings on time. Chair keeps order at meetings, encourages participation and ensures that decisions are made.	4.2 (d) Start and finish meetings on time. Chair is responsible for: • keeping order at meetings, encouraging maximum participation and; • ensuring that decisions are made and implemented.	4.2 (d) The chair is responsible for ensuring: • board meetings run to time; • enough time is allowed for discussion; • maximum participation; • adequate information is available and; • decisions are made and implemented.
	4.2 (e) Not a requirement for this category.	4.2 (e) Make sure board minutes follow standard practice, for example, advice sheets from the Office of the Director of Corporate Enforcement.	4.2 (e) Make sure board minutes follow standard practice, for example, advice sheets from the Office of the Director of Corporate Enforcement.

Principle.	Type A	Type B	Type C
4.2 continued	4.2 (f) Not a requirement for this category.	4.2 (f) Not a requirement for this category.	4.2 (f) Make sure individual board members have reasonable access to independent professional advice (for example, financial or legal advice) where they think it necessary to fulfil their responsibilities.
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 identify ways in which the working of the board could be improved.	4.3 (a) Take time once a year to review the way that the board works and identify improvements.	4.3 (a) Agree a yearly board review process. This process will include a review of: • the board; • the performance of the chair; • the performance of individual board members; • the sub-committees' performance, structure, size, make up and; • adequacy of information for board meetings. The Company Secretary to make sure that any changes agreed are in line with the governing document.

Principle.	Type A	Type B	Type C
4.3 continued	4.3 (b) Take time once a year to discuss who might be interested in joining the board and who might want to leave. Agree who you would like to invite onto the board, bearing in mind the need for a mix of skills and diversity in terms of background and experience. (Make sure that you follow your own rules about election to the board as laid out in your constitution.) 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 (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 (b) Agree a strategy for board recruitment which: • meets the need for a mix of skills and experience; • promotes equal opportunities and diversity at board level, and; • is in line with the governing document. Consider the extent to which your board is made up of member representatives, beneficiaries or external representatives and what the best mix is.

Principle.	Type A	Type B	Type C
4.3 continued	4.3 (c) Welcome new board members, explain the work of the board and its committees and help them to get involved. Make sure they have a copy of the constitution and this Governance Code.	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 (c) Agree and put a comprehensive induction programme in place for new board members. Make sure new members develop a clear understanding of their roles and responsibilities including compliance with the principles of this Governance Code. Agree a skills development programme to fill gaps in the new board member's competencies that may be needed for their role.
	4.3 (d) Not a requirement for this category.	4.3 (d) Provide appropriate training for board members.	4.3 (d) Provide appropriate training for board members.

Principle 5. Behaving with integrity.	Type A	Type B	Type C
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 (a) Make sure the chair leads the board in developing an ethical culture in line with the values of the organisation.	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.	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 (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 (c) Make sure the code of conduct gives clear guidelines on the receipt of gifts or hospitality by board members.	5.1 (c) Make sure the code of conduct gives clear guidelines on the receipt of gifts or hospitality by board members.

Principle.	Type A	Type B	Type C
5.1 continued	5.1 (d) Make sure all board members sign a commitment to the code.	5.1 (d) Make sure all board members sign a commitment to follow the code on appointment.	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 at least every three years.	5.1 (e) Review your code of conduct each year.	5.1 (e) Review your code each year to ensure it meets developing ethical standards expected by stakeholders and society.
	5.1 (f) Be fair by consistently applying the same ethical standards to every person and situation.	5.1 (f) Be fair by consistently applying the same ethical standards to every person and situation.	5.1 (f) Be fair by consistently applying the same ethical standards to every person and situation

Principle.	Type A	Type B	Type C
5.2 Understanding, declaring and managing conflicts of interest and conflicts of loyalties.	5.2 (a) Hold a discussion about the issues of 'conflict of interest' and 'conflict of loyalty.' Develop a policy on each of these.	5.2 (a) Hold a discussion about the issues of 'conflict of interest' and 'conflict of loyalty.' Develop a policy on each of these.	5.2 (a) Hold a discussion about the issues of 'conflict of interest' and 'conflict of loyalty.' Develop a policy on each of these.
	5.2 (b) 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 on at a 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. Conflicts of interest must be recorded in the minutes. Conflicts of loyalty may be serious enough to be conflicts of interest.	5.2 (b) 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. Conflicts of interest must be recorded in the minutes. Conflicts of loyalty may be serious enough to be conflicts of interest.	5.2 (b) 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. Conflicts of interest must be recorded in the minutes. Conflicts of loyalty may be serious enough to be conflicts of interest.

Principle.	Type A	Type B	Type C
5.2 continued	5.2 (c) Not a requirement for this category.	5.2 (c) Establish a register of directors' interests. Update it each year. Board members **must** notify the board of any relevant changes in their interests when they happen. These should be recorded in the register.	5.2 (c) Establish a register of directors' interests. Update it each year. Board members **must** notify the board of any relevant changes in their interests when they happen. These should be recorded in the register.
	5.2 (d) Not a requirement for this category.	5.2 (d) Not a requirement for this category.	5.2 (d) Make sure the board induction process includes information and policies about conflicts of interest and conflicts of loyalty.

Principle.	Type A	Type B	Type C
5.3 Protecting and promoting our organisation's reputation.	5.3 (a) Make sure all board members understand their responsibility to act as champions for the group by promoting its work and reputation.	5.3 (a) Make sure all board members understand their responsibility to act as champions for the organisation by promoting its work and reputation.	5.3 (a) Make sure all board members understand their responsibility to act as champions for the organisation by promoting its work and reputation.
	5.3 (b) 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 group.	5.3 (b) 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.	5.3 (b) 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.
	5.3 (c) Make sure the code of conduct clarifies that board members have a duty to maintain the confidentiality of board meetings.	5.3 (c) Make sure the code of conduct clarifies that board members have a duty to maintain the confidentiality of board meetings.	5.3 (c) Make sure the code of conduct clarifies that board members have a duty to maintain the confidentiality of board meetings.

Principle.	Type A	Type B	Type C
5.3 continued	5.3 (d) Not a requirement for this category.	5.3 (d) Not a requirement for this category.	5.3 (d) Make sure the safeguarding and promoting of the organisation's reputation is dealt with in the communications and risk management strategies.

6. Explanation of terms

The following explanation of terms is how they are understood and used in the Governance Code for Community, Voluntary and Charitable 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 must 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 causes (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 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:
- 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.

Communications 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 a role that may be held by a corporate entity for example, an accounting or law firm.

Comply: To act in line 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.

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 themself 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 that nominated them. However, in all cases, regardless of how they got onto the 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 that nominated them. Conflicts of loyalty may be sufficiently serious to amount to conflicts of interest.

Constitution: This is a document that 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.

Corporate governance: See governance.

Data protection policy: A policy that reflects data protection rules and applies them to the systems of the organisation so that 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 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.
- In the case of a friendly society – the rules.

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 is a 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.

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 it was set up 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