



## **A Journey to Success**

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

**[www.governancecode.ie](http://www.governancecode.ie)**

**This document contains the full Code and  
related documents for three different types of organisations**

**October 2016**

**Plain  
English**  
Approved by NALA

The logo icon for 'Plain English' depicts a stylized human head in profile, facing right. The head is composed of a purple outline with a white interior. Inside the head, there are two small purple circles representing eyes and a purple checkmark below the chin, symbolizing clarity and approval.



**A Journey to Success**

**Developed and administered by the  
Governance Code Working Group  
whose members are currently drawn  
from the following organisations:**

**Boardmatch Ireland  
Business in the Community Ireland  
Carmichael Centre for Voluntary Groups  
Charities Institute Ireland  
Clann Credo – the Social Investment Fund  
Disability Federation of Ireland  
Good Governance Solutions  
Volunteer Ireland  
The Wheel**

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# Introduction

This Governance Code is a **voluntary code of practice** for good governance of Community, Voluntary and Charitable (CVC) organisations in Ireland. As the Code has been developed for and by the CVC sector, it offers your organisation a lot of room to decide how it should act while following the principles of good governance.

This Governance Code has **three versions** with practices recommended for very small, medium and large organisations. This makes it possible for all organisations to sign up and comply with the Governance Code.

Those who run CVC organisations are usually called 'boards' or 'management committees'. They are responsible for making sure good practice is used when governing their organisations.

In the past, some boards failed to use good practice when governing their organisations. When organisations don't use good governance and run into difficulty, it can shatter public confidence and trust in the sector as a whole. In contrast, other organisations have showed us how good governance achieves results which gives us confidence and encouragement to follow their example.

## Why should my organisation use this Code?

Your organisation should use this new Governance Code because it is the right thing to do. Adopting the Code will:

- help your organisation set and achieve its goals more efficiently and effectively;
- provide evidence to show that your organisation is performing;
- increase transparency – everyone will know exactly how you are running your organisation;
- help your organisation avoid bad risks; and
- reduce your costs.

## Who is this Code for?

This Code is for people who are accountable for making sure that the organisations they are associated with are properly run. This includes people with the following titles:

- chairpersons,
- directors,
- board members, and
- charity trustees.

## How was the definition of governance developed?

The definition of governance has changed over the years. In more recent times, it has taken on a more 'compliance' approach as there has been a move from a voluntary principles-based concept to a mandatory rules-based model. This change has accelerated since the global financial crisis.

In this 2015 review of the Code, there was an ambition to be clear on what is meant by 'governance' in the context of the CVC sector. To do this, we looked at the OECD's Principles of Corporate Governance 1999 (updated in 2015). These principles define corporate governance as follows:

*'Corporate governance provides the structure through which the objectives of the company are set and the means of attaining those objectives and monitoring performance are determined'.*

This is the definition the Working Group adopted as it put the board's vision at the heart of governance. It means the board is key to forming strategic objectives and overseeing management's achievement of these objectives. And, corporate governance practices are the means by which a board realises its vision.

## How does this Code define corporate governance?

Our definition of 'good governance' is, therefore, one where the **board sets and oversees the achievement of its organisation's objectives**. This helps to lead the organisation on **a journey to success** – a journey led from the boardroom. This Governance Code is a collection of recommended practices to

enable you to set and achieve your organisation's objectives to the benefit of those you serve. It is not about rules. It is about principles guiding you to do the right thing, in the right way.

### What is principles-based governance?

Principles-based governance means that Code users follow principles and **recommended** practices that help boards bring those principles to life.

The principles-based model also means that **boards can choose not to apply a particular practice for whatever reason they see fit**. It might be because the practice is not suitable or relevant to their organisation or they have identified a different practice that will better secure their objectives. While **board discretion** is at the heart of principles-based governance, decisions made by the board must be transparent and explained clearly to the public.

Advocates of the rules-based model of governance can sometimes see this principles-based approach as evasive. Ironically, it is harder for boards to 'comply or explain' as the veracity of their explanations for divergence from recommended practices is then open to public scrutiny. This means that the board is putting its very reputation on the line.

### What is a Public Declaration of Compliance?

A Public Declaration of Compliance is a public **statement** of an organisation's compliance with the Governance Code. Boards are required to make a public Code Compliance Declaration. The process involved in making this declaration is detailed in Section 1 – The Seven Steps.

Boards should know that the '**comply or explain**' process requires very careful consideration by directors and should not be taken lightly. Stakeholder and public opinion of the board's reputation will be viewed poorly if explanations are found wanting. On the other hand, if the explanations for divergences are fully

explained and transparent, it will immediately generate greater confidence – and resources.

When a board has publicly made its Code Compliance Declaration, including any explanations for divergence from some practices, it is considered to be fully compliant with the spirit of this principles-based Code.

Such principles-based governance should then be open to stewardship by key stakeholders assessing and rating the quality of a board's compliance with the spirit of the Code.

### **What does Code Compliance Stewardship mean?**

Code Compliance Stewardship is the process of safeguarding the interests of others by examining how well a board complies with the Code and their explanations for any divergence from the recommended practices for the organisation. Stewardship can involve monitoring and engaging with boards of organisations that:

- have declared and registered full compliance, and
- are registered as being 'On-the-Journey' for three years or more.

Stewardship will entail holding boards to account on matters such as:

- strategy,
- performance,
- risk management,
- financials,
- corporate governance, and
- explanations for any non-compliance with the Code.

Stewardship is done on behalf of those:

- supporting the organisation; or
- depending on the organisation.

For this principles-based governance model to work at its best, it needs informed

stewardship by representatives of these key stakeholders. These are the people who have an interest in assessing a board's effectiveness in setting and achieving its strategic goals through its adherence to the Code's practices. They should particularly examine the strength of the board's explanations for any divergence from its recommended practices.

The Working Group has issued a comprehensive set of **Stewardship Guidelines** to enable and empower stakeholders conduct structured assessments and award ratings. These ratings will hold boards to account for the quality of their compliance with the Code's practices in the setting and pursuit of their organisations' objectives.

Typically, such stewardship will come from the key stakeholders of a community, voluntary or charitable body adopting the Code. They could be: a member; donor, sponsor or philanthropic organisation; a regulator; or a state funding agency. **A steward is someone who has a personal, professional or vested interest in the organisation's vision and objectives.**

The CVC Code is highly proportionate in that it has three versions with practices recommended for very small; medium; and, large organisations know as Types A, B and C. The Stewardship Guidelines are written for use by Type C organisations as they are the most likely to attract stewardship reviews. If stewards are required to assess Type A or Type B organisations, we recommend that they be supportive and primarily focus on advising organisations on areas with potential for improvement.

The Stewardship Guidelines accompany this Governance Code. You can download them from the Code's website.

### **What is 'ethical leadership'?**

Principles-based governance refers to how an organisation is run, directed and controlled to achieve its strategic objectives. It is also an attitude of mind. It is about the ethical culture of the organisation and the behaviour the members on the governing body exercise as they work to achieve these objectives.



The objectives are the 'what' and the culture is the 'how'. The chair and members of the board set the tone-at-the-top through everything they do. This tone ripples down through the organisation so that it becomes its **ethical culture**. Principles-based governance is most effective when it operates in an ethical culture environment – an environment that is consciously nurtured by its leaders.

The Governance Code addresses how ethical leadership should be formed. It outlines the roles, duties and responsibilities of all those who sit on boards and management committees of CVC organisations. It provides a set of guiding principles for governance as well as recommended practices that allow leaders to foster ethical governance in an organisation.

For this to happen, we, as community groups, non-profit organisations, sports and arts bodies, charities, clubs and associations need to adopt the Code and follow its recommended practices. But, we need to do so with a mind-set that it's the right thing to do and that we are doing it the right way.

### What are the principles in this Code?

The Governance Code is based on **five principles each with three sub-principles** which contain the practices<sup>1</sup> recommended to implement the principles.

The five principles of our Code	
Principle 1	• Leading the organisation
Principle 2	• Exercising control over the organisation
Principle 3	• Being transparent and accountable
Principle 4	• Working effectively
Principle 5	• Behaving with integrity

<sup>1</sup> These are set out in Appendix 2.

These principles are expected to stand the test of time, but the Code is flexible and should be capable of changing as needs be. You, as subscribers to the Code, will be the primary influencers of change as we will rely mostly on your input to our consultations.

While the Code expects your organisation's compliance declarations to relate to its current practices and principles, you are welcome and encouraged to add to them. If your organisation operates in an environment that is at the coal-face of changing governance expectations which you believe will eventually become the standard, take the lead and add that standard to your Public Declaration of Compliance. We welcome you aboard the Governance Code and to sharing future discoveries of best practice as together we undertake our **journey to success**.



THE  
CODE'S  
PRACTICES  
CHART A JOURNEY  
FROM THE BOARDROOM  
TO THE REALISATION OF VISIONS  
**A Journey to Success**

## Section 1: How to use this Code

To use this Code, you follow seven steps.

<b>Step 1</b>	<b>Read the Code</b>
<b>Step 2</b>	<b>Identify your organisation type</b>
<b>Step 3</b>	<b>Tell us that you are making a start</b>
<b>Step 4</b>	<b>Review and improve practices (use the appropriate checklist)</b>
<b>Step 5</b>	<b>Complete the forms</b>
<b>Step 6</b>	<b>Display your 'Public Statement of Compliance'</b>
<b>Step 7</b>	<b>Self-assess</b>

**Step 1**      **Read the Code**

Read the Code to satisfy yourself that it will help lead your organisation on a **journey to success**. Decide to start the journey towards compliance.

The Code has three main parts:

1. The **five principles** underpinning the standard and their sub-principles (see principles on page 9 and Appendix 2 for principles and their sub-principles);
2. The definitions of the different **organisation types** (see Section 2 below); and
3. The list of **recommended practices** for each of the principles and sub-principles for a particular organisation type (see Appendix 2).

We have also included:

- a 'Plain English Glossary of Terms' (see Appendix 3) to explain specialist words and terms in this Code, and
- useful resources (see page 18).

## Step 2 Identify your organisation type

Identify your organisation type from the three types outlined in Section 2 below and assess what parts of the Code apply to your organisation.

## Step 3 Tell us that you are making a start

Inform us at [info@governancecode.ie](mailto:info@governancecode.ie) that you are going to start to use the Code. You do this by completing Form 1 '**On the Journey**' (see Appendix 1) and mailing it to us. We will then add your organisation's name to the publicly available list of 'On the Journey' organisations on our website.

Being 'On the Journey' means that your organisation has made a formal commitment to undertake a process to comply with the Code. It does not mean that it has complied with the Code.

## Step 4

## Review and improve practices (use the appropriate checklist)

Identify the appropriate checklist for your organisation's type (see Appendix 2 for descriptions of elements of the checklist). You can download the actual checklists for your type of organisation from the Governance Code website homepage:

[www.governancecode.ie](http://www.governancecode.ie).

Fill in the checklist by:

- identifying the recommended practices you think you need to introduce to comply with each of the five principles;
- ranking the recommended practices that need to be addressed in order of priority and assign a reasonable deadline for your organisation to achieve these practices; and
- working to achieve these practices. (We know that introducing the identified practices and achieving compliance with the Code may take several months or perhaps longer. This will depend on the level of change required in your organisation.)

If your board believes that the organisation complies with the Governance Code, and has made a decision about this that is minuted at a board meeting, then go to Step 5.

## Step 5

## Complete the forms

Complete Form 2 (Public Statement of Compliance) in Appendix 1. If relevant, please also complete Form 3 (Explanations Form) in Appendix 1. Email Form 2 (and Form 3 if relevant), to the Governance Code on [info@governancecode.ie](mailto:info@governancecode.ie).

When the Code Working Group tells you that your organisation has been entered on our website's 'Compliance List', move to Step 6.

At this point, your organisation is considered compliant for **three years** from the date of the board meeting at which you declared yourself compliant. This is the date that you put on your 'Public Statement of Compliance.'

## Step 6

## Display your 'Public Statement of Compliance'

When your organisation's details have been included on the Code's 'Compliance List', display the Public Statement of Compliance (together with the Explanations Form, if relevant) publicly, for example on your office wall, in your newsletter or annual report, and/or on your 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”.

You may now use the Governance Code logo, which you can request from the Governance Code at [info@governancecode.ie](mailto:info@governancecode.ie).

## Step 7

## Self-assess

**Each year**, you should self-assess your practices against those recommended in this Code, to ensure that you are still compliant. This review should be done by, or approved by, the Board.

**Every third year**, you need to let us know that your Board has reviewed your practices and still considers that your organisation is compliant with the Code. You do this by completing Form 2 (Public Statement of Compliance), and, if relevant, Form 3 (Explanations) in Appendix 1, and emailing it to the Governance Code on [info@governancecode.ie](mailto:info@governancecode.ie).

When the new date to which you are now considered compliant is uploaded to the 'Compliance List' on our website, you can continue to say that you're compliant with the Code.

## Section 2: Organisation types

This Code caters for three types of organisations.

1.	<b>Type A organisations</b>
2.	<b>Type B organisations</b>
3.	<b>Type C organisations</b>

Below is a description of each of these three types of organisations. You have to decide which description best matches your organisation. Follow the recommended practices (see Appendix 2) for the type of organisation you believe your organisation is. If you feel that none of these definitions describes your organisation, choose the type that comes the closest and follow the recommended practices for that particular type of organisation.

### 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 of these groups operate on little or no income, although some may have a larger income. They may or may not have a CHY number (charitable tax status awarded by the Revenue Commissioners) and or a Charities Regulator Authority (CRA) number. Type A groups are usually not incorporated, but some may be required to become incorporated by funders.

Examples of Type A organisations include:

- a local community group which organises visits to older people living alone in rural areas;
- a sports club run by volunteers which maintains the bowling league for the area and organises two special events a year; and
- an after-schools / homework club for children from the local school.

All-volunteer groups that are Companies Limited by Guarantee (CLG) should strive to meet the governance requirements of 'Type B' organisations (except for those recommended practices relating to staff that clearly do not apply).

## 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 between organisations 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 and or a Charities Regulator Authority (CRA) number.

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; and
- a local community centre that employs a coordinator and a number of part-time staff. The coordinator supervises 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 recommended practices 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 staff. There is a clear division between the governance role of the board and the management role of staff.

These organisations will employ any number of staff. It is likely that 'Type C' organisations will be incorporated and **may** have a CHY number and or a Charities Regulator Authority (CRA) number.

Examples of Type C organisations include:

- a national organisation that employs a CEO, a senior management team and front-line staff delivering a range of services; and
- an umbrella group or service providing organisation 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.

## Useful resources

You can find **Guidance notes** on the role of the company secretary in an organisation and on term limits for board members on the Governance Code website.

There is also a '**Useful Resources**' section on the Code website.

The website also has a '**Frequently Asked Questions**' (FAQs) section, a '**Step by Step**' diagram that helps illustrate the journey, and a **Plain English glossary**.

# Appendices

## **Appendix 1**

### **Forms 1, 2 and 3**

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This Appendix contains forms that you will need as part of becoming compliant with the Governance Code. Their use is explained in the “How to use this Code” step-by-step process described in Section 1. The forms are:

<b>Form 1:</b>	<b>On the Journey</b>
<b>Form 2:</b>	<b>Public Statement of Compliance</b>
<b>Form 3:</b>	<b>Explanations (if relevant)</b>

For clarity, each form begins on a new page.

## Appendix 1: Form 1 – On the Journey

### Request to be added to the 'On the Journey' Register of the Governance Code for Community, Voluntary and Charity Organisations in Ireland



Name of organisation:

Address:

Email:

Phone:

Geographic area of operation (1):

Nature of work/services (2):

We confirm that at our board meeting on \_\_\_\_\_ we committed to start the process to become compliant with the principles of the Governance Code for a Type \_\_\_\_ organisation as set out in the Governance Code for Community, Voluntary and Charity Organisations in Ireland.

**Chairperson name** in BLOCK CAPITALS:

Signature:

Date of signature:

**Secretary name** in BLOCK CAPITALS:

Signature:

Date of signature:

(1) Example: Nationwide/ Region/ County or part of/City, or part of/Town. Please name the area.

(2) Example: Youth/ Environmental/ Sport / Residents Association and so on. Please be as specific as possible.

Please scan and email this form when completed to:  
[info@governancecode.ie](mailto:info@governancecode.ie)

## Appendix 1: Form 2 – Public Statement of Compliance

### Public Statement of Compliance with the Governance Code for Community, Voluntary and Charity Organisations in Ireland



**Name of organisation:**

**Address:**

wish to state that we have completed the process as set out for a Type \_\_\_\_\_ organisation and now comply with the principles and practices of the Governance Code for a three-year period from \_\_\_\_\_ when our Board certified our compliance.

**Principle 1. Leading our organisation**

We do this by: Agreeing our vision, purpose, mission, values and objectives making sure that they remain relevant; Developing, resourcing, monitoring and evaluating a plan so that our organisation achieves its stated purpose and objectives; 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: Identifying and complying with all relevant legal and regulatory requirements; Making sure there are appropriate internal financial and management controls; Identifying major risks for our organisation and deciding ways of managing the risks.

**Principle 3. Being transparent and accountable**

We do this by: 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; Responding to stakeholders' questions or views about the work of our organisation and how we run it; 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: Making sure that our governing body, individual board members, committees, staff and volunteers understand their: role, legal duties, and delegated responsibility for decision-making; Making sure that as a board we exercise our collective responsibility through board meetings that are efficient and effective; Making sure that there is suitable board recruitment, development and retirement processes.

**Principle 5. Behaving with integrity**

We do this by: Being honest, fair and independent; Understanding, declaring and managing conflicts of interest and conflicts of loyalties; Protecting and promoting our organisation's reputation.

See also the attached Explanations Form (Form 3), which sets out where we do not comply with specific practices and the reasons why. [Delete if this does not apply.]

**Email:**

**Phone:**

**Geographic area of operation (1):**

**Nature of work/services (2):**

**Chairperson name** in BLOCK CAPITALS:

**Signature:**

**Date of signature:**

**Secretary name** in BLOCK CAPITALS:

**Signature:**

**Date of signature:**

1. **Example:** Nationwide/ Region/ County or part of/City, or part of/Town. Please name the area.
2. **Example:** Youth/Environmental/Sport/Residents Association. Please be as specific as possible.

Please scan and email this completed form to: [info@governancecode.ie](mailto:info@governancecode.ie)

## Appendix 1: Form 3 – Explanations

**Explanations of why our organisation has decided not to comply with one or more recommended practices of the Governance Code for Community, Voluntary and Charity Organisations in Ireland**



**Name of organisation:**

**Address:**

In the full Code document, an organisation can comply with the Code while not adopting all of the practices normally associated with full compliance. If your organisation has decided not to comply with one or many aspects of the Code, please set out the details below. Use additional sheets if necessary.

Indicate clearly the specific practices that are not being adopted (by using the number from the relevant checklist) and explain in adequate detail why you have decided not to comply with those aspects of the Code. (This is called the 'Comply or Explain' process.)

**Name of organisation:**

**Address:**

**Organisation type (A, B, or C):**

**Date that your board signed Public Statement of Compliance:**

Practice number	Practice statement	Explanation of why organisation has not complied
<i>Example: 2.2(e)</i>	<i>Example: Appoint an audit committee of three or more directors...</i>	<i>Example: We have only two directors on our audit committee, because our Board only has seven members.</i>

Add more lines if necessary

**Chairperson name in BLOCK CAPITALS:**

**Signature**

**Date of signature:**

**Secretary name in BLOCK CAPITALS:**

**Signature:**

**Date of signature:**

Please scan and email this form to: [info@governancecode.ie](mailto:info@governancecode.ie)

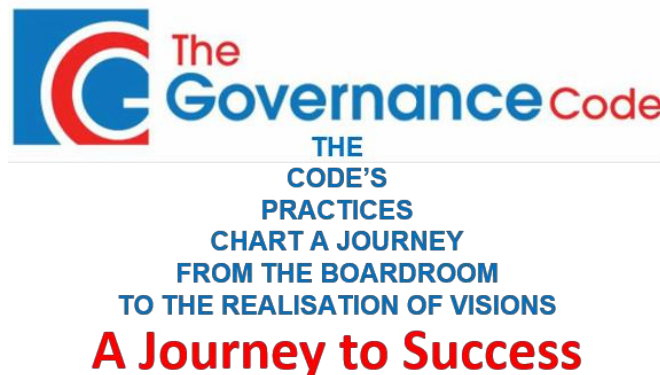
## Appendix 2: Recommended Board Practices

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### Notes

To make it easier for you to read the recommended practices, 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 management committee, co-ordinating committee, governing body, trustees, committee core group or other relevant structure which makes the final decisions for your organisation. The practices stay the same.

Board practices that **do not apply** for particular organisations are **shaded grey** in the following tables.





## Principle 1. Leading our organisation

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>1.1 Agreeing our vision, purpose, mission, values and objectives and making sure that they remain relevant.</b>	<p>1.1 (a)</p> <p>Agree the purpose and objectives of your group. Discuss how the group wants to achieve its objectives and how it wants to work.</p>	<p>1.1 (a)</p> <p>Develop and agree a written statement outlining the organisation's mission, values and objectives.</p>	<p>1.1 (a)</p> <p>Agree a strategic plan for your organisation. The plan should include clear statements of your vision, mission, values and objectives.</p>
	<p>1.1(b)</p> <p>Write this out in the form of a <b>constitution</b> for the organisation.</p>	<p>1.1 (b)</p> <p>Make sure 1.1(a) is consistent with the governing document of the organisation (for example, constitution, memorandum and articles of association or deed of trust).</p>	<p>1.1 (b)</p> <p>Make sure 1.1(a) reflects the governing document of the organisation (for example, a constitution, memorandum and articles of association, or deed of trust).</p>
	<p>1.1 (c)</p> <p>Review at least every three years to ensure that the organisation is still relevant.</p>	<p>1.1 (c)</p> <p>Review at least every three years so that the organisation is still relevant.</p>	<p>1.1 (c)</p> <p>Review at least every three years so that that the organisation is still relevant.</p>
	<p>1.1 (d)</p> <p>Develop and agree written policies as to how you want things to work where necessary. Review at least every three years.</p>	<p>1.1 (d)</p> <p>Work with staff to develop and agree written policy statements on how things should be done where necessary. Review at least every three years.</p>	<p>1.1 (d)</p> <p>Review and agree written policy statements on relevant operational matters, where necessary, at least every three years.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>1.2 Developing, resourcing, monitoring and evaluating a plan so that our organisation achieves its stated purpose and objectives.</b>	<p>1.2 (a)</p> <p>Agree and write down a work plan – ideally every year. This plan should have:</p> <ul style="list-style-type: none"> <li>• the most important actions to meet objectives;</li> <li>• timelines to achieve these actions;</li> <li>• the breakdown of the budget; and</li> <li>• a description of how the money will be raised.</li> </ul>	<p>1.2 (a)</p> <p>Work with staff to develop and agree a yearly work plan that sets out:</p> <ul style="list-style-type: none"> <li>• objectives;</li> <li>• timelines;</li> <li>• targets;</li> <li>• a budget; and</li> <li>• a funding plan.</li> </ul>	<p>1.2 (a)</p> <p>Agree a strategic plan for the organisation that includes:</p> <ul style="list-style-type: none"> <li>• objectives;</li> <li>• operational plans;</li> <li>• budget;</li> <li>• key performance indicators; and</li> <li>• timelines.</li> </ul>
	<p>1.2 (b)</p> <p>Agree who is going to take responsibility for the actions to carry out the plan.</p>	<p>1.2 (b)</p> <p>Agree board and staff roles around:</p> <ul style="list-style-type: none"> <li>• fundraising activities;</li> <li>• funding applications; and</li> <li>• contact with funders.</li> </ul>	<p>1.2 (b)</p> <p>Agree role of board in making sure that there are enough resources to implement the strategic plan and consider the organisation’s sustainability over the long term.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>1.2 continued</b>	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) Invite and review report from CEO on progress compared with agreed objectives and 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.

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>1.3 Managing, supporting and holding to account staff, volunteers and all who act on behalf of the organisation.</b>	1.3(a) Set realistic goals. Divide up the work and review progress of agreed actions at the next meeting.	1.3(a) Make sure contracts and employment policies are in place and that they cover: <ul style="list-style-type: none"> <li>• recruitment;</li> <li>• induction;</li> <li>• supervision;</li> <li>• appraisals;</li> <li>• grievance; and</li> <li>• disciplinary procedures.</li> </ul>	1.3(a) Make sure contracts and employment policies are in place and that they cover: <ul style="list-style-type: none"> <li>• recruitment;</li> <li>• induction;</li> <li>• supervision;</li> <li>• appraisals;</li> <li>• grievance; and</li> <li>• disciplinary procedures.</li> </ul> Give responsibility for 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: <ul style="list-style-type: none"> <li>• formal arrangements are set up for the ongoing supervision and development of staff; and</li> <li>• staff appraisals are carried out at least once a year.</li> </ul>	1.3 (b) Make sure: <ul style="list-style-type: none"> <li>• formal arrangements are set up for the ongoing supervision and development of staff; and</li> <li>• formal arrangements are set up for the supervision and development of the CEO. This should include a yearly or twice-yearly appraisal.</li> </ul>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>1.3 continued</b>	<p>1.3 (c)</p> <p>Where volunteers, who are not on the board, are involved make sure they are clear on their role and who they have to answer to.</p>	<p>1.3 (c)</p> <p>If involving volunteers, put a volunteer policy in place. This policy should cover:</p> <ul style="list-style-type: none"> <li>• recruitment;</li> <li>• induction;</li> <li>• support;</li> <li>• supervision; and</li> <li>• what happens if problems arise.</li> </ul>	<p>1.3 (c)</p> <p>Give responsibility for developing the volunteer policy to the CEO.</p>
	<p>1.3 (d)</p> <p>Not a requirement for this category.</p>	<p>1.3 (d)</p> <p>Make sure staff have up to date job descriptions.</p>	<p>1.3 (d)</p> <p>Delegate responsibility for job descriptions and staff supervision to CEO.</p>
	<p>1.3 (e)</p> <p>Not a requirement for this category.</p>	<p>1.3 (e)</p> <p>Not a requirement for this category.</p>	<p>1.3 (e)</p> <ul style="list-style-type: none"> <li>• Agree job description of CEO;</li> <li>• Set yearly performance expectations of CEO; and</li> <li>• Agree ways for CEO to report to the board.</li> </ul>

## Principle 2. Exercising control over our organisation

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>2.1 Identifying and complying with relevant legal and regulatory requirements.</b>	<p>2.1 (a)</p> <p>Decide if the group’s current legal form is appropriate. For example, is your group:</p> <ul style="list-style-type: none"> <li>an unincorporated association;</li> <li>a company limited by guarantee;</li> <li>a trust; or</li> <li>a friendly society.</li> </ul> <p>Comply with the relevant requirements.</p> <p>If you decide to become a company limited by guarantee, you should follow the recommended practices for Type B Organisations.</p>	<p>2.1 (a)</p> <p>Decide if the organisation’s current legal form is appropriate.</p> <p>For example, is your group,</p> <ul style="list-style-type: none"> <li>an unincorporated association;</li> <li>a company limited by guarantee;</li> <li>a trust; or</li> <li>a friendly society.</li> </ul> <p>Comply with the relevant requirements.</p>	<p>2.1 (a)</p> <p>Agree policies, procedures and reporting mechanisms to make sure there is compliance with all relevant legal and regulatory requirements.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>2.1 continued</b>	<p>2.1 (b)</p> <p>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.</p>	<p>2.1 (b)</p> <p>If the organisation is a company limited by guarantee, appoint a board member to act as Company Secretary.</p> <p>A non-board member, and possibly a member of staff, but ideally not the manager, may be considered for the Company Secretary role.</p> <p>The person appointed, regardless of their position in the organisation, must be competent to fulfil the role and have the necessary skills, time and access to resources to carry out the role.</p> <p><b>Where the manager is appointed as company secretary, include an explanation of this in the organisation's compliance statement. See Guidance note on the Code's website for further information.</b></p>	<p>2.1 (b)</p> <p>If the organisation is a company limited by guarantee, appoint a board member to act as Company Secretary.</p> <p>A non-board member, including a member of staff, but ideally not the CEO, may be considered for the Company Secretary role.</p> <p>The person appointed, regardless of their position in the organisation, must be competent to fulfil the role and have the necessary skills, time and access to resources to carry out the role.</p> <p>A member of staff may assist the Company Secretary in carrying out duties. However, the Company Secretary is responsible for making sure that the duties associated with the role are carried out.</p> <p><b>Where the CEO is appointed as company secretary, include an explanation of this in the organisation's compliance statement. See guidance note on the Code's website for further information.</b></p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>2.1 continued</b>	<p>2.1 (c)</p> <p>Decide if your group is a charity as defined by the Charities Act 2009.</p> <p>If yes, then you must register with the Charities Regulatory Authority and follow their regulations.</p> <p>Display your official 'registered charity number' (if you have one) on all public documentation including website, emails, headed paper and so on.</p>	<p>2.1 (c)</p> <p>Decide if your organisation is a charity as defined by the Charities Act 2009.</p> <p>If yes, then you must register with the Charities Regulatory Authority and follow their regulations.</p> <p>Display your official 'registered charity number' on all public documentation including website, emails, headed paper and so on.</p>	<p>2.1 (c)</p> <p>If your organisation is a charity as defined by the Charities Act 2009, make sure your group is registered with the Charities Regulatory Authority and that the organisation complies with all associated regulations.</p> <p>Display your official 'registered charity number' on all public documentation including website, emails, headed paper and so on.</p> <p>Invite and review reports on legal and regulatory compliance and ensure that any issues that have been identified periodically are dealt with.</p>



Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>2.1 continued</b>	<p>2.1 (d)</p> <p>Decide if you would like to have '<b>charitable tax exemption</b>' for your group (that is a CHY number) and or a Charities Regulator Authority (CRA) number. If so, apply to the Revenue Commissioners Charity Section for a CHY number and make sure your group complies with any associated regulations.</p>	<p>2.1 (d)</p> <p>Decide if you would like to have '<b>charitable tax exemption</b>' for your group (that is a CHY number). If so, apply to the Revenue Commissioners Charity Section for a CHY number and make sure your organisation complies with any associated regulations. You may also need a Charities Regulator Authority (CRA) number.</p>	<p>2.1 (d)</p> <p>Decide if you would like to have '<b>charitable tax exemption</b>' for your organisation (that is a CHY number).</p> <p>If so, apply to the Revenue Commissioners Charity Section for a CHY number and make sure your organisation complies with any associated regulations. You may also need a Charities Regulator Authority (CRA) number.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>2.1 continued</b>	<p>2.1 (e)</p> <p>Make sure that your group is complying with all legal, regulatory and any contractual obligations.</p>	<p>2.1 (e)</p> <p>Satisfy yourselves that your group is complying with all legal, regulatory and contractual obligations. And address any issues as they arise.</p>	<p>2.1 (e)</p> <p>Invite and review reports on legal and regulatory compliance and make sure that any issues that have been identified from time to time are dealt with promptly.</p>
	<p>2.1 (f)</p> <p>Consider the health and safety aspects of activities.</p> <p>Put a plan in place to deal with any problems.</p>	<p>2.1 (f)</p> <p>Make sure there is a Safety Statement. This should also identify the person responsible for health and safety in the organisation.</p> <p>Ask this person to report on health and safety matters that arise.</p>	<p>2.1 (f)</p> <p>Make sure there is a Safety Statement. This should also identify the person responsible for health and safety in the organisation.</p> <p>Invite and review reports on any health and safety matters that arise.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>2.1 continued</b>	<p>2.1 (g)</p> <p>Be aware of the nine grounds of discrimination.</p> <p>Make sure activities are as accessible as possible.</p>	<p>2.1 (g)</p> <p>Make sure policies regarding:</p> <ul style="list-style-type: none"> <li>• employment;</li> <li>• equality; and</li> <li>• data protection</li> </ul> <p>are in place.</p>	<p>2.1 (g)</p> <p>Make sure policies regarding:</p> <ul style="list-style-type: none"> <li>• employment;</li> <li>• equality; and</li> <li>• data protection</li> </ul> <p>are in place.</p>
	<p>2.1 (h)</p> <ul style="list-style-type: none"> <li>• Keep contact details of stakeholders with their permission in a safe place.</li> <li>• Do not give their details without their consent to someone outside the group.</li> <li>• Do not keep unnecessary personal information.</li> <li>• Make sure your organisation complies with data protection legislation.</li> </ul>	<p>2.1 (h)</p> <ul style="list-style-type: none"> <li>• Keep contact details of stakeholders with their permission in a safe place.</li> <li>• Do not give their details without their consent to someone outside the organisation.</li> <li>• Do not keep unnecessary personal information.</li> <li>• Make sure your organisation complies with data protection legislation.</li> </ul>	<p>2.1 (h)</p> <ul style="list-style-type: none"> <li>• Keep contact details of stakeholders with their permission in a safe place.</li> <li>• Do not give their details without their consent to someone outside the organisation.</li> <li>• Do not keep unnecessary personal information.</li> <li>• Make sure your organisation complies with data protection legislation.</li> </ul>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>2.1 continued</b>	2.1 (i) Comply with other law that applies to activities of a group (for example, child protection or food safety).	2.1 (i) Make sure other policies are in place to comply with other relevant law (for example, child protection or food safety).	2.1 (i) Make sure other policies are in place to comply with other relevant law (for example, child protection or food safety).
	2.1 (j) Comply with the terms and conditions of public or private grants received, including governance requirements.	2.1 (j) Comply with the terms and conditions of public or private grants received, including governance requirements.	2.1 (j) Comply with the terms and conditions of public or private grants received, including governance requirements.

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>2.2 Making sure there are appropriate internal financial and management controls.</b>	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) Consider whether production of accounts according to a best practice standard, for example the charity SORP (Statement of Recommended Practice), is appropriate for your organisation. 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.

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>2.2 continued</b>	2.2 (e) Not required for this category	2.2 (e) Not required for this category	2.2 (e) <p>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.</p> <p>Have <b>written terms of reference</b> that describe the role of the committee and its responsibilities. The terms of reference should be on your website. Include specific terms of reference for <b>monitoring and review, approval</b> and <b>recommendations</b>.</p> <p><b>Monitor and review:</b></p> <ul style="list-style-type: none"> <li>• the accuracy of the financial statements of the organisation;</li> <li>• announcements about the organisation's financial performance and financial controls;</li> <li>• control and risk management systems;</li> <li>• the effectiveness of the organisation's internal audit role;</li> <li>• the external auditor's independence and the effectiveness of the audit process;</li> <li>• arrangements for staff to raise concerns in confidence about possible improprieties relating to financial reporting or other matters. This policy should be in line with the Protected Disclosures legislation.</li> </ul> <p><i>(The audit committee should have arrangements for independent investigation of such matters and for appropriate follow-up action.)</i></p> <p><b>Approve:</b></p> <ul style="list-style-type: none"> <li>• the terms of engagement of the external auditor.</li> </ul> <p><b>Recommend:</b></p> <ul style="list-style-type: none"> <li>• the pay and conditions of the board's external auditor.</li> </ul> <p>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.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>2.3 Identifying major risks for our organisation and deciding ways of managing the risks.</b>	<p>2.3 (a)</p> <p>Think about problems that may arise, and the risks that may be needed to achieve the organisation's aims.</p> <p>Agree a yearly plan to deal with major risks.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• Garda vetting for volunteers if they work with children or vulnerable adults;</li> <li>• doing regular back-ups of your database or mailing list; and</li> <li>• monitoring the plans which have been put in place to pay back a bank loan.</li> </ul>	<p>2.3 (a)</p> <p>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 update plan each year.</p>	<p>2.3 (a)</p> <p>Do a full risk assessment each year. This will involve regularly updating a risk register that allows for:</p> <ul style="list-style-type: none"> <li>• identifying and understanding the risks facing the organisation;</li> <li>• assessing and mitigating against the risks to ensure they are within the organisation's risk appetite as set by the board; and</li> <li>• ensuring the process's accountability and resources are in place to manage the organisation's exposure to risk.</li> </ul>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>2.3 continued</b>	<p>2.3 (b)</p> <p>Take out appropriate insurance for example, public liability insurance or buildings insurance.</p>	<p>2.3 (b)</p> <p>Take out appropriate insurance for example, public liability, buildings and employers insurance.</p>	<p>2.3 (b)</p> <p>Delegate the responsibility of making sure there are appropriate levels of insurance and other risk treatments in place.</p> <p>Invite and review report each year.</p>
	<p>2.3 (c)</p> <p>If your 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.</p> <p>Take legal advice if necessary.</p>	<p>2.3 (c)</p> <p>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.</p> <p>Take legal advice if necessary.</p>	<p>2.3 (c)</p> <p>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.</p> <p>Take legal advice if necessary.</p>
	<p>2.3 (d)</p> <p>Not a requirement for this category.</p>	<p>2.3 (d)</p> <p>Not a requirement for this category.</p>	<p>2.3 (d)</p> <p>Delegate the responsibility of developing, testing and updating business continuity plans to the CEO. These plans will help to minimise disruption of services in a crisis.</p>



## Principle 3. Being transparent and accountable

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>3.1 Identifying those who have a legitimate interest in the work of our organisation (stakeholders) and making sure there is regular and effective communication with them about our organisation.</b>	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.

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>3.1 continued</b>	<p>3.1 (c)</p> <p>Produce a yearly activity report.</p> <p>Make it widely available (for example, on your website if you have one).</p>	<p>3.1 (c)</p> <p>Produce a yearly activity report.</p> <p>Make it as widely available as possible (for example, on your organisation's website).</p>	<p>3.1 (c)</p> <p>Ensure that the organisation's annual report and accounts are widely available and easy to access on the organisation's website and elsewhere.</p> <p>The annual report should identify the:</p> <ul style="list-style-type: none"> <li>• chair;</li> <li>• the deputy chair (where there is one);</li> <li>• the CEO;</li> <li>• any other members of the board and the chairs of subcommittees; and</li> <li>• progress during the year against your strategic objectives.</li> </ul> <p>It should also set out the number of meetings of the board and individual attendance by directors as well as the number of sub-committee meetings and attendance by members.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>3.1 continued</b>	<p>3.1 (d)</p> <p>Meet the reporting requirements of any funder or relevant regulator.</p>	<p>3.1 (d)</p> <p>Meet the reporting requirements of any funder and the relevant regulator</p>	<p>3.1 (d)</p> <p>Invite and review report from CEO on compliance with reporting requirements of relevant regulators and funders (for example, Companies Registration Office, the Charity Regulator and the Regulator of Lobbying if appropriate).</p>
	<p>3.1 (e)</p> <p>Hold an annual meeting of members and anyone else who may be interested and report on the activities of the year.</p>	<p>3.1 (e)</p> <p>Make sure that the annual meeting is held in line with your governing document. Consider other ways in which members and stakeholders can be kept informed, such as a newsletter or through your website.</p>	<p>3.1 (e)</p> <p>Make sure the AGM is held in line with your governing document.</p> <p>Ensure that there is a communications strategy in place to keep members and stakeholders informed.</p>
	<p>3.1 (f)</p> <p>Not a requirement for this category.</p>	<p>3.1 (f)</p> <p>Not a requirement for this category.</p>	<p>3.1 (f)</p> <p>Make sure all the codes and standards of practice to which the organisation subscribes are publicly stated and available.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>3.2 Responding to stakeholders' questions or views about our organisation's work and how we run it.</b>	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 stakeholders about the work of the organisation.	3.2 (a) At AGMs, allow stakeholders to express their views about the organisation's work.
	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 way for stakeholders to 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) Invite and review yearly reports on complaints received, and action taken, to make sure that the complaints system is working.
	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.

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>3.3 Encouraging and enabling engagement with those who benefit from our organisation in the planning and decision-making of the organisation.</b>	3.3 (a) Actively seek feedback from the stakeholders 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 stakeholders of your organisation.	3.3 (a) Make sure that your stakeholders are consulted during the strategic planning process.
	3.3 (b) Use the annual meeting to consult with your stakeholders if you are planning to make significant changes to the way that you do things.	3.3 (b) Consult with stakeholders if significant changes to the organisation are being planned.	3.3 (b) Make sure stakeholders are appropriately involved in decision-making processes.

## Principle 4. Working effectively

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<p><b>4.1 Making sure that our governing body, individual board members, committees, staff and volunteers understand their:</b></p> <ul style="list-style-type: none"> <li>• <b>role,</b></li> <li>• <b>legal duties, and</b></li> <li>• <b>delegated responsibility for decision-making.</b></li> </ul>	<p>4.1 (a)</p> <p>Make sure that all board members and sub-committee members (if any) understand and are familiar with the Governance Code and the constitution.</p>	<p>4.1 (a)</p> <p>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.</p>	<p>4.1 (a)</p> <p>Make sure the board induction process includes an overview of:</p> <ul style="list-style-type: none"> <li>a) the organisation's strategic objectives;</li> <li>b) the role of the board and individual board members;</li> <li>c) the organisation's finances and funding model;</li> <li>d) the Governance Code and the organisation's governing document;</li> <li>e) the letter of appointment for new board members; and</li> <li>f) other board specific policies.</li> </ul> <p>It is also good practice to include this information in a board handbook/manual.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>4.1 continued</b>	<p>4.1 (b)</p> <p>Make sure that board members understand that while they were nominated by a particular group, they must not act as a representative of that group in acting as a board member. Instead, they should promote the aims of the organisation in line with its governing document.</p> <p>Board members must at all times respect board confidentiality.</p>	<p>4.1 (b)</p> <p>Make sure that board members understand that while they were nominated by a particular group, they must not act as a representative of that group in acting as a board member. Instead, they should promote the aims of the organisation in line with its governing document.</p> <p>Board members must at all times respect board confidentiality.</p>	<p>4.1 (b)</p> <p>Make sure that board members understand that while they were nominated by a particular group, they must not act as a representative of that group in acting as a board member. Instead, they should promote the aims of the organisation in line with its governing document.</p> <p>Board members must at all times respect board confidentiality.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>4.1 continued</b>	<p>4.1 (c)</p> <p>Identify a chair, secretary and treasurer for the group and decide when and how the positions will be rotated.</p>	<p>4.1 (c)</p> <p>Agree and document the roles of the officers and ordinary board members and the terms of reference for any sub-committees.</p>	<p>4.1 (c)</p> <p>Appoint a sub-committee with a governance remit to do a yearly review of:</p> <ul style="list-style-type: none"> <li>• board roles;</li> <li>• the board’s terms of reference;</li> <li>• membership of board and sub-committees; and</li> <li>• your organisation’s adherence to the Governance Code’s recommended practices.</li> </ul>
	<p>4.1 (d)</p> <p>Decide and record how decisions will be taken at meetings and between meetings if necessary.</p>	<p>4.1 (d)</p> <p>Agree and write up a process for decision-making between meetings. Agree the decisions that can be delegated and the decisions that must be taken by the board. Make sure that this is in line with the governing document and get advice if not.</p>	<p>4.1 (d)</p> <p>Make sure there is a copy of the schedule of matters reserved to the board in the board handbook. (‘Schedule of matters reserved’ is defined in the glossary)</p>



Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>4.1 continued</b>	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 Board 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. However, staff should be accountable to the board through the manager.	4.1 (f) Make sure that board members do not interfere in duties properly delegated to staff. However, staff should be accountable to the board 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 ' <b>fiduciary duties</b> '. These are the legal duties 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.

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>4.2 Making sure that as a board we exercise our collective responsibility through board meetings that are efficient and effective.</b>	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.

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>4.2 continued</b>	<p>4.2 (d)</p> <p>Start and finish meetings on time.</p> <p>Chair keeps order at meetings, encourages participation and ensures that decisions are made.</p>	<p>4.2 (d)</p> <p>Start and finish meetings on time. Chair is responsible for:</p> <ul style="list-style-type: none"> <li>• keeping order at meetings;</li> <li>• encouraging maximum participation; and</li> <li>• ensuring that decisions are made and implemented.</li> </ul>	<p>4.2 (d)</p> <p>The chair is responsible for ensuring:</p> <ul style="list-style-type: none"> <li>• board meetings run to time;</li> <li>• enough time is allowed for discussion;</li> <li>• maximum participation of board members;</li> <li>• adequate information is available; and</li> <li>• that decisions are made and implemented.</li> </ul>
	<p>4.2 (e)</p> <p>Not a requirement for this category.</p>	<p>4.2 (e)</p> <ul style="list-style-type: none"> <li>• Make sure board minutes follow a consistent and standard practice.</li> </ul>	<p>4.2 (e)</p> <ul style="list-style-type: none"> <li>• Make sure board minutes follow a consistent and standard practice.</li> </ul>
	<p>4.2 (f)</p> <p>Not a requirement for this category.</p>	<p>4.2 (f)</p> <p>Not a requirement for this category.</p>	<p>4.2 (f)</p> <p>Make sure that 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.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>4.3 Continually reviewing board recruitment, development and retirement processes to ensure relevant competencies are in place to realise the organisation's objectives.</b>	<p>4.3 (a)</p> <p>Take time once a year to identify ways in which the working of the board could be improved.</p>	<p>4.3 (a)</p> <p>Take time once a year to review the way that the board works and identify improvements.</p>	<p>4.3 (a)</p> <p>Agree a yearly board review process which should include, but not be limited to, an assessment of the effectiveness of:</p> <ul style="list-style-type: none"> <li>• the board as a whole;</li> <li>• the chair;</li> <li>• individual board members;</li> <li>• committees including structure, size, and charters; and</li> <li>• director training; and</li> <li>• recruitment plans.</li> </ul> <p>The primary purpose of such reviews should be to assess how well the board has formulated, resourced and overseen the achievement of the annual milestones in the board's strategic plan.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>4.3 continued</b>	<p>4.3 (b)</p> <p>Take time once a year to discuss who might be interested in joining the board and who might want to leave.</p> <p>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.)</p> <p>Consider the extent to which your board is made up of member representatives, beneficiaries or external representatives to avoid loyalty dilemmas and decide what the best mix is.</p>	<p>4.3 (b)</p> <p>Review the skills, attributes and experience that are needed on the board each year.</p> <p>Decide how you will develop existing board members or recruit new members to meet these needs.</p> <p>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.</p> <p>Consider the extent to which your board is made up of member representatives, beneficiaries or external representatives to avoid loyalty dilemmas and decide what the best mix is.</p>	<p>4.3 (b)</p> <p>Agree a board succession plan that will ensure that future recruitment:</p> <ul style="list-style-type: none"> <li>• meets the need for a mix of skills and experience identified in the annual competency gap-analysis;</li> <li>• embraces the board’s diversity and ethical culture; and</li> <li>• sets director term limits to ensure board renewal cycles.</li> </ul> <p>Consider the extent to which your board is made up of member representatives, beneficiaries or external representatives to avoid loyalty dilemmas and decide what the best mix is.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>4.3 continued</b>	<p>4.3 (c)</p> <p>Welcome new board members, explain the work of the board and its committees and help them to get involved.</p> <p>Make sure they have a copy of the constitution and this Governance Code.</p>	<p>4.3 (c)</p> <p>Welcome new board members, explain the work of the board and its committees and help them to get involved.</p> <p>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.</p>	<p>4.3 (c)</p> <p>Agree and put a comprehensive induction programme in place for new board members.</p> <p>Make sure new members develop a clear understanding of their roles and responsibilities including compliance with the principles of this Governance Code.</p> <p>Agree a skills development programme to fill gaps in the new board members' competencies needed for their role.</p>
	<p>4.3 (d)</p> <p>Not a requirement for this category.</p>	<p>4.3 (d)</p> <p>Provide appropriate training for board members.</p>	<p>4.3 (d)</p> <p>Provide appropriate ongoing training for board members to fill any competency gaps.</p>

## Principle 5. Behaving with integrity

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>5.1 Being honest, fair and independent.</b>	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 or set ground rules for board or committee members.	5.1 (b) Develop and agree a <b>code of conduct</b> 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.

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>5.1 continued</b>	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 when they are appointed.	5.1 (d) Make sure all board members sign a commitment to follow the code when they are appointed.
	5.1 (e) Review your code of conduct at least every three years.	5.1 (e) Review your code of conduct every three years.	5.1 (e) Review your code every three years 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.



Sub-principle	Recommended board practices		
	Type A	Type B	Type C
5.2 Understanding, declaring and managing conflicts of interest and conflicts of loyalties.	<p>5.2 (a)</p> <p>Hold a discussion about the issues of 'conflict of interest' and 'conflict of loyalty.'</p> <p>Develop a policy on each of these.</p>	<p>5.2 (a)</p> <p>Hold a discussion about the issues of 'conflict of interest' and 'conflict of loyalty.'</p> <p>Develop a policy on each of these.</p>	<p>5.2 (a)</p> <p>Hold a discussion about the issues of 'conflict of interest' and 'conflict of loyalty.'</p> <p>Develop a policy on each of these.</p>
	<p>5.2 (b)</p> <p>Each board member and anyone else present must <b>tell the board if they believe they have a conflict of interest</b> 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.</p> <p>Conflicts of interest must be recorded in the minutes.</p> <p>Conflicts of loyalty may be serious enough to be conflicts of interest.</p>	<p>5.2 (b)</p> <p>Each board member and anyone else present must <b>tell the board if they believe they have a conflict of interest</b> on a matter to be decided at the meeting. Unless the board decides otherwise, they must leave when the board is discussing or deciding on that matter. The person concerned should be told what decision was reached.</p> <p>Conflicts of interest must be recorded in the minutes.</p> <p>Conflicts of loyalty may be serious enough to be conflicts of interest.</p>	<p>5.2 (b)</p> <p>Each board member and anyone else present must <b>tell the board if they believe they have a conflict of interest on a matter to be decided at the meeting.</b> Unless the board decides otherwise, they must leave when the board is discussing or deciding on that matter. The person concerned should be told what decision was reached.</p> <p>Conflicts of interest must be recorded in the minutes.</p> <p>Conflicts of loyalty may be serious enough to be conflicts of interest.</p>

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>5.2 continued</b>	5.2 (c) Not a requirement for this category.	5.2 (c) Establish a register of directors' interests. Update it each year.  Board members <b>must</b> 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 <b>must</b> 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.

Sub-principle	Recommended board practices		
	Type A	Type B	Type C
<b>5.3 Protecting and promoting our organisation's reputation.</b>	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 clarifies that board members have a duty to maintain the confidentiality of board meetings.	5.3 (b) Make sure the code of conduct clarifies that board members have a duty to maintain the confidentiality of board meetings.	5.3 (b) The board should have a formal policy on board and sub-committee confidentiality.
	5.3 (c) Not a requirement for this category.	5.3 (c) Not a requirement for this category.	5.3 (c) Make sure the safeguarding and promoting of the organisation's reputation is dealt with in the communications and risk management strategies.



## A Journey to Success

### Appendix 3:

#### Plain English glossary of terms

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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.

**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 that aims to familiarise a new board member with the organisation.

**Board Review Process:** This is a process that the board should conduct on a regular basis to evaluate its own performance and assess how it is adapting to the challenges of the changing business and regulatory environment. The review should evaluate the individual and collective performance of board members, its skills, competencies, structures, policies and procedures to ensure that they are fit-for-purpose.

**Board Succession Plan:** Succession planning is a way for an organisation to ensure its continued effective performance. The main goal of a succession plan is to smooth the transition as board members leave and are replaced. It is important to think not just in terms of board membership, but also committee membership, board and committee chairs, and officer positions. The board needs to search constantly for potential members and find new ways to uncover suitable candidates for board positions.

The succession plan should set out clear **key selection criteria**, for example, the skills, knowledge, experience required, the rules about

board member appointment in the organisation's governing document and the procedures to be used to help identify, filter and screen potential candidates to fill vacancies as they arise.

A useful tool to help boards stay on top of succession planning is to develop a **chart** that can include the board members, their length of service, expiration of their current term, as well as committee and officer positions held. This will help give a clear picture of upcoming vacancies that will need to be filled. The succession plan should also cover the process to be followed if there is an unplanned departure from the board and for the departure – planned or unplanned – of the chief executive and other key managers.

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

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

- Managing director;
- Manager;
- Coordinator; and
- Director (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.

**Charities Regulatory Authority:** The Charities Regulatory Authority (CRA) is Ireland's national statutory regulatory agency for charitable organisations. The CRA is an independent agency of the Department of Justice and Equality.

**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 way 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; and
- 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 such as 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 where boards have to follow the recommended practices in the Code or explain the veracity (truthfulness) of their

explanations for divergence from these practices. The explanations are open to public scrutiny – and stewardship (see page 8).

**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 of a board member, but the board member must not be part of the decision making process. This would be a conflict of interest, because the family would benefit financially from their position. A conflict of interest can also happen in relation to a business connection of the board member (non-family related).

**Conflict of Loyalty:** A 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 for example members in a particular county, a funding body, stakeholders 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, regardless of how they got onto the board of directors, **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 purpose of your organisation and the basic rules for governance (see also governing



document). For organisations that are structured as companies, the Companies Act 2014 (commenced in June 2015) requires a constitution which must include certain information specified in the Act. The constitution is a combination of the old Memorandum and Articles of Association into one document.

**Cooperative:** This is an enterprise owned and controlled by its members for the benefit of members.

**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.

**Friendly society:** This is an association of people who join together for a common financial or social purpose, mostly to provide small assurance benefits, sick benefits, savings and death benefits to members.

**Governance (good governance):** This is where the board sets and oversees the achievement of its organisation's objectives. This helps to lead the organisation on **a journey to success** – a journey led from the boardroom. This Governance Code is a collection of recommended practices to enable you to set and achieve your organisation's objectives. It is not about rules. It is about **principles** guiding you to do the right thing in the right way.

**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 constitution which combines the old memorandum and articles of association into one document as set out in the Companies Act 2014 (which was commenced in June 2015);
- 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 analyses 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; and

- 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.

**Material breach:** Failure to carry out a duty under a contract.

**Memorandum:** The memorandum gives details of:

- a company's name;
- its Objects; and
- 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.

**Protected Disclosure:** A protected disclosure is a disclosure of information that in the reasonable belief of the person disclosing the information tends to show a 'relevant wrongdoing' (whistleblowing). The definition of 'relevant wrongdoing' is widely drafted and includes: criminal offences; failure to comply with legal obligations; miscarriages of justice; health and safety matters; environmental damage; unlawful or improper use of funds or resources of a public body; and, an act or omission by or on behalf of a public body which is oppressive, discriminatory, grossly negligent or constitutes gross mismanagement.

If information relating to these matters is likely to be concealed or destroyed, this is also a 'relevant wrongdoing'.

The Protected Disclosures Act 2014 aims to protect people who raise concerns about possible wrongdoing in the workplace. The Act, which came into effect on 15 July 2014, is often called the whistleblower legislation. It provides for redress for employees who are dismissed or otherwise penalised for having reported possible wrongdoing in the workplace.

The Act's definition of the term worker includes employees or former employees, trainees, people working under a contract for services, independent contractors, agency workers, people on work experience and the Gardaí. The legislation does not specifically name volunteers as being covered but guidelines to be developed for public bodies will include how to treat disclosures by volunteers.

**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.

**Risk Register:** The risk register details all identified risks for the group or organisation, including description, category, cause, probability of occurring, impact on objectives, proposed responses, owners, and current status.

**Safety Statement:** A Safety Statement is a written plan that specifically identifies the organisation's hazards, assesses the risks, and identifies the controls to be put in place, the people responsible and resources necessary to ensure the safety of people at work. It is required by Section 20 of the Safety, Health and Welfare at Work Act 2005.

**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 as shadow directors 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 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;
- 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 plan for how these will be achieved.

**Strategic objectives:** Strategic objectives are what your organisation was formed to achieve. They set out what you intend to achieve over a set period of time, usually 3 to 5 years. Strategic objectives should describe a change or outcome (result) that you want to achieve, not an activity or output. Ideally, they include a clearly measurable target that is realistic and time-specific. Strategic objectives are important because they define organisational priorities and focus your work as they form the basis for annual work or business plans.

**Stewardship:** Stewardship is the process of safeguarding the interests of others by examining the quality of a Board's compliance with the Code's principles and their explanations for any divergence from its practices. Stewardship can involve monitoring and engaging with boards of organisations on matters such as strategy, performance, risk, financials, corporate governance and explanations for any non-compliance with the Code. Engagement on such matters is conducted on behalf of



those either supporting or depending on the organisation to effectively achieve its promised objectives.

**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, a trustee 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 of these organisations start up as an unincorporated association with a constitution and rules. Some organisations then decide to change to the more structured form of being a company limited by guarantee.

**Veracity:** The conformity with fact (truth).

**Vision:** The ideal view of a particular group or organisation of how the future should be.

**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.

**Whistleblower:** see Protected disclosure.



## **A Journey to Success**

### **Appendix 4: Background to the Code**

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#### **How is the Governance Code managed?**

The Code was first developed between 2010 and June 2012 by a group of individuals drawn from a range of national organisations. They came together under the shared vision of creating the resource that is the Governance Code.

Since its inception, this group has worked under the banner of 'The Governance Code Working Group' (GCWG) to develop the Code and to ensure its continuing relevance to the sector and the wider Irish society.

The GCWG is currently made up of representatives from eight national organisations and one private sector governance consultancy – all of whom worked on the Code on a voluntary basis. The members have a wide base of contacts across with the range of the Community, Voluntary and Charities (CVC) sector.

The GCWG meets regularly to oversee the adoption of the Code by the CVC sector and to address any issues that arise including communications issues, promotional matters, technical matters for interpretation, and engagement with stakeholders. It engages with the CVC sector and the public and business spheres. The GCWG has sub-committees on communications, technical and resourcing matters.

The organisations from which the members are drawn also provide funding for necessary costs which are kept to a minimum.

**The membership of the GCWG at October 2016 is set out below.**

<b>Governance Code Working Group</b>		
<b>Organisation</b>	<b>Member</b>	<b>Chair</b>
<b>Boardmatch Ireland</b>	Eva Gurn	
<b>Business in the Community</b>	Shane Mulchrone	
<b>Carmichael Centre</b> for Voluntary Groups	Diarmaid Ó Corrbuí	Chairperson 2013-16
<b>Clann Credo</b>	Senan Turnbull	
<b>Disability Federation Ireland</b>	Dermot O'Donnell	
<b>ICTR</b>	Sheila Nordon	
<b>Volunteer Ireland</b>	Nina Arwitz	Chairperson 2016
<b>The Wheel</b>	Deirdre Garvey	Chairperson 2010-13
<b>Good Governance Solutions</b>	Alan McDonnell	Acting Chairperson 2016

**Former members of the GCWG**

- **Boardmatch** – Chris White and Fidelma Keogh
- **Business in the Community** – Ann Howgego
- **Carmichael Centre** – Derek O'Reilly
- **Clann Credo** – Paul O'Sullivan
- **Volunteer Ireland** – Yvonne Mc Kenna
- **CGAI** – Alan McDonnell and Tom Quinn

The GCWG is not currently funded by any external sources\* and does not have staff. It has established internal systems to ensure effective communications and organisational coherence and responds effectively to communications through its email: [info@governancecode.ie](mailto:info@governancecode.ie).

\* We are grateful for funding from the Department of the Environment and Community in 2012 which assisted with the launch of the Code. Our gratitude also to Pobal who funded the appointment of a Development Officer in 2015. This funding also enabled us to deliver information sessions during 2015.

### **The first edition, published in March 2012:**

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 believed that a similar Code could be very useful for the broader Community, Voluntary and Charitable Sector in Ireland. The CGAI agreed. The Wheel then consulted with its members and members of the Carmichael Centre for Voluntary Groups about their interest in adapting the 'Dóchas /CGAI Code' for the broader CVC Sector. After a positive response, 11 organisations came together to form a Working Group to develop a Governance Code for the CVC Sector.

This group met nearly every month from the end of 2009 through to publication of the first edition of the Code in March 2012. The work was not funded by any particular source, and the group members gave their time and expertise voluntarily believing that the Code would improve the impact of the work done by community, voluntary and charitable organisations.

In developing the Governance Code, the Working Group established a unique flexible approach, which was necessary for a sector as diverse as the CVC sector in Ireland. This led to a different approach to the Dóchas /

CGAI Code and this early developmental work was also informed by the 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](http://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.

Late in 2010, the Working Group actively engaged with the following stakeholders to get their feedback:

- community, voluntary and charitable groups of all sizes;
- private funders;
- regulators;
- statutory authorities and funders; and
- other stakeholders.

The Working Group then developed and published a draft of the Code for public **consultation**. The consultation phase began in May 2011 and finished at the end of July 2011. It involved:

- information and consultation events around the country;
- webinars;
- surveys; and
- written feedback.

### **Finalising the first edition of the Code**

During the second half of 2011, the Working Group took on board the feedback from the public consultation and finalised the Governance Code.

The Code was published in February 2012, along with a range of checklists and resources to help organisations comply with it.

The Working Group extends its thanks to all stakeholders for their input on the first Code. In particular, it thanks Sheila Cahill for her work on producing the early model, text for the Code and the recommended practices.

The Working Group also thanks the groups and individuals (listed below) in each of their organisations who contributed to the Code's initial development.

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

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

Before the first edition was published on the website, The National Adult Literacy Agency (NALA) kindly edited the Governance Code using plain English guidelines. This was to help users better understand and use it. (For more information on plain English writing guidelines, go to NALA's plain English website: [www.simplyput.ie](http://www.simplyput.ie).)

The Wheel supported and managed the project, including the development and maintenance of the website [www.governancecode.ie](http://www.governancecode.ie). It provided the administrative home for the Code and the Working Group. (The Wheel continues to support and manage the project.)

The public consultation phase of the Code's development was made possible in 2011 due to Femi Atoyebi's work. Femi volunteered with the

Wheel for five months to support the Working Group and the project over this crucial period. The CEO of the Wheel, Deirdre Garvey, chaired the Working Group from inception to the publication of the Code in 2012.

### **The second edition, 2016:**

After the Code was published and its official public launch in July 2012, the Working Group restructured itself for post-publication and dissemination work. It was driven by eight non-profit groups over the period 2012 – early 2015 (see Appendix 5 for details of these groups). It continued to meet about five or six times a year and set objectives for the three year period 2012 – 2015. It created subgroups to progress its work. The CEO of Carmichael Centre for Voluntary Groups, Diarmaid Ó Corrbuí became the Working Group’s Chair in 2012 and held this role until the end of 2015.

### **2015**

A commitment to review the contents and use of the Governance Code after three years was made. Consequently, the original full Working Group came together in early 2015 to scope out and undertake this review. Chief Executive of ICTR, Sheila Nordon Chaired the Review Subgroup and its members were:

- Ann Howgego (Business in the Community),
- Nina Arwitz (Volunteer Ireland),
- Fidelma Keogh (Boardmatch Ireland),
- Alan McDonnell (Good Governance Solutions), and
- Philip Smith and Katherine Hayes (Arthur Cox Solicitors).

As part of the review, the Working Group oversaw a public consultation with relevant stakeholders. This consultation was conducted by the Review Subgroup. The Working Group worked methodically through the Review Subgroup’s findings and recommendations from July – October inclusive.



The Working Group acknowledges the valuable work done by members of the Review Subgroup, particularly Katherine Hayes from Arthur Cox Solicitors.

As part of this review and before the second edition of the Code was published, the Working Group also completed a strategic review of its own oversight of the project. This resulted in a new strategy and set of objectives with goals which the Working Group adopted in early 2016. The strategy and associated work plan are published on [www.governancecode.ie](http://www.governancecode.ie)

## **2016**

The second edition of the Code, made up of the following suite of documents, was published on the website in April 2016:

1. **The Code document:** Introduction; principles; 'how to use' section; 'public statement of compliance' sheet; recommended practices – for Type A, Type B and Type C organisations. It also includes a glossary.
2. **Checklists for each of Type A / Type B / Type C organisations.**
3. **Template** for collating evidence and for yearly self-assessment of an organisation's ongoing improvements towards compliance.
4. **Stewardship Guidelines** for stakeholders such as funders and members.
5. **Advice sheets on:** 1) the role of 'company secretary'; 2) terms of office for board members.

Documents 1-5 are available on [www.governancecode.ie](http://www.governancecode.ie)



**A Journey to Success**

**Appendix 5:  
About the organisations involved**

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The development of this Code was due to the work of organisations in the CVC sector and other important organisations.

**Organisations on the  
Governance Code Working Group**



**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](http://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](http://www.bitc.ie)



**Carmichael Centre** is the first, largest and busiest shared facility for not-for-profit organisations in Ireland. Our mission is to help social purpose organisations throughout Ireland to be more effective and organised in achieving their missions and objectives. We do this by providing office accommodation, back-office supports, information, training and through the promotion of good practice standards and governance. Carmichael Centre currently has 45 not-for-profits who are based in Carmichael and

these organisations each year provide support services to 40,000 people directly and 100,000 people indirectly. Every day, we are committed to delivering services that help to build stronger not-for-profits nationwide. [www.carmichaelcentre.ie](http://www.carmichaelcentre.ie)



Charities Institute Ireland, the newly formed entity between ICTR and Fundraising Ireland exists to support and enable charities create positive social change. We work to create the conditions for a vibrant independent charity sector that attracts increased funding support to deliver positive, tangible social change in Ireland.

<http://www.charitiesinstituteireland.ie/>



THE SOCIAL INVESTMENT FUND  
ESTABLISHED 1996

**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 20 years ago, Clann Credo's mission has been to use finance exclusively for social purposes. [www.clanncredo.ie](http://www.clanncredo.ie)



**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](http://www.disability-federation.ie)



**Alan McDonnell is Principal of Good Governance Solutions** which provides professional advice and services to organisations across the public, private and voluntary sectors enabling boards to succeed in achieving their strategic objectives through best practice in corporate governance. [www.goodgovernance.ie](http://www.goodgovernance.ie)



**Volunteer Ireland** is the national volunteer development agency and support body for all local Volunteer Centres and Volunteering Information Services in Ireland. Our vision is that of people connected to and participating in their communities to build a better Irish society. Our mission is to promote the value of volunteering, and increase the range and quality of volunteering in Ireland. We do this by supporting, celebrating and promoting volunteering. [www.volunteer.ie](http://www.volunteer.ie)



**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. Our aim is to strengthen the capacity and capability of community, voluntary and charitable organisations to achieve maximum positive social change. [www.wheel.ie](http://www.wheel.ie)

### **Other important organisations involved**

There were four other important organisations involved in the development of this Code for the CVC sector.

## 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 long been involved in the community and voluntary sector in general, and with charities in particular.



**The Corporate Governance Association of Ireland (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](http://www.cgai.ie)

## sheilacahillconsulting

**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 20 years in the community and voluntary sector, focusing on organisational capacity building. [www.sheilacahill.ie](http://www.sheilacahill.ie)