

The background features a gradient from dark blue at the top to purple at the bottom. Overlaid on this are several thin, white, overlapping circles of varying sizes and positions, creating a complex, layered geometric pattern.

# The Code of Good Governance

## Preface

This initiative to promote good governance within the voluntary and community sector is to be welcomed. As Chief Charity Commissioner in Northern Ireland I am particularly pleased that the second edition of this practical guide has been published, already it has proven to be a valuable resource for many local Management Committees and Boards.

Whilst the new Charity Commission will have a focus on regulating the charitable sector in Northern Ireland, one of its other particular functions is to encourage and facilitate better administration of charities. The Commission will have an important role to support and encourage the work of local charities and ensure that they are in a position to comply with the requirements of the legislation.

The seven key principles in the Code of Good Governance will provide a valuable checklist for charities in complying with best practice and meeting their statutory responsibilities. Along with my fellow Commissioners, I hope to work closely with the local charitable sector over the next few years as we bring forward full implementation of the Charities Act (NI) 2008. This will present many challenges for us all but I am confident that working together we can achieve our common aims of better governance and accountability.

**Tom McGrath**  
**Chief Commissioner, Charity Commission for NI**

## Foreword

I recognise the invaluable contribution that the voluntary and community sector makes to society in Northern Ireland. The sector includes a wide range of organisations working to achieve a variety of goals, but the need for good governance is common to all.

I warmly welcome the publication of this Code of Good Governance. Having sound systems of internal governance in place will help groups adapt to the changing and challenging environment we now face. It will play a vital role in helping organisations across the sector to enhance their governance and provide the best possible service to their beneficiaries.

I wish to endorse wholeheartedly the sector's introduction of this Code of Good Governance and would encourage all voluntary and community organisations to adhere to the principles contained in it.

**Margaret Ritchie MLA**  
**Minister for Social Development**

## Introducing the Code

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

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

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

The Code sets out the seven key principles that form the basis of the Code together with the most important supporting principles. The Code sets out

best practice, it is not mandatory. Organisations that comply with the Code are invited to state this in their Annual Report and other relevant published material. The Developing Governance Group has mapped the governance resources on the [diycommitteeguide](#) website to the principles of the Code to assist organisations to implement the Code. Many of the member organisations of the Developing Governance Group will be able to provide practical assistance with subscribing to the Code through their governance work. A list of contacts and useful resources can be found at the back of this booklet.

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

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

## Principle 1: Management committee/ board leadership

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

Supporting principles:

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

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

- Setting the strategic direction to guide and direct the activities of the organisation.
- Ensuring the effective management of the organisation and its activities.

- Monitoring the activities of the organisation to ensure they are in keeping with the founding principles, objects and values.

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

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

Supporting principles:

### **Compliance**

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

### **Internal controls**

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

### **Equality and diversity**

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

### **Prudence**

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

### **Managing risk**

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

### **Managing staff and volunteers**

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

## Principle 3: The effective management committee/board

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

Supporting principles:

### **Management committee/board member duties and responsibilities**

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

### **The effective management committee/board**

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

### **Information and advice**

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

## **Skills and experience**

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

## **Training, development and support**

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

## **Staff**

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

## **Volunteers**

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

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

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

Supporting principles:

### **Renewal and recruitment**

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

### **Review**

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

### **Performance appraisal**

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

## Principle 5: Management committee/ board delegation

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

Supporting principles:

### **Effective delegation**

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

### **Terms of reference**

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

## **Monitoring**

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

## Principle 6: Management committee/ board integrity

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

Supporting principles:

### **No personal benefit**

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

### **Dealing with conflicts of interest**

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

### **Probity**

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

## Principle 7: Management committee/ board openness

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

Supporting principles:

### **Communication and consultation**

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

### **Openness and accountability**

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

### **Stakeholder involvement**

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

# A Code for the Voluntary and Community Sector

## Glossary of Terms

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

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

**The voluntary and community sector** is made up of organisations which are governed by voluntary committees/boards. These non-statutory, autonomous, not-for-profit organisations are usually constituted formally and may be charitable.

**Autonomous** is a self-governing, independent body which is free from external control and constraint.

**Not-for-profit organisations** may be better described as not-for-*personal*-profit as these organisations may make a profit in line with their objects but they don’t distribute the profits among the members but rather use the profits to further the purposes of the organisation.

**Volunteering** is defined as the commitment of time and energy, for the benefit of society and the community, the environment or individuals outside one's immediate family. It is undertaken freely and by choice, without concern for financial gain.

**Prudence** is care, caution and good judgement as well as wisdom in looking ahead.

**Compliance** is the act of conforming to official requirements.

**Integrity** is used to describe soundness of moral character, this is demonstrated through adherence to moral and ethical principles.

**Probity** is to behave with integrity, being open, transparent and honest.

**Equity** is used to mean fairness and impartiality.

**Diversity** is used to describe the quality of being different.

**Effectiveness** is being able to bring about the intended or expected result.

## Glossary of Terms cont'd

**Accountability** is being liable for one's responsibilities and answerable for one's actions in relation to these.

**National Occupational Standards for Trustees and Management Committee Members** in the Voluntary and Community Sector have been developed in order to encourage good governance throughout the voluntary and community sector.

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

<p>Youthnet Tel: 028 9033 1880 <a href="http://www.youthnetni.org.uk">www.youthnetni.org.uk</a></p>	<p>Early Years– the organisation for young children (NIPPA) Tel: 028 9066 2825 <a href="http://www.earlyyears.org">www.earlyyears.org</a></p>
<p>NICVA Tel: 028 9087 7777 <a href="http://www.nicva.org">www.nicva.org</a></p>	<p>Community Change Tel: 028 9023 2587 <a href="http://www.communitychange-ni.org">www.communitychange-ni.org</a></p>
<p>NI Sports Forum Tel: 028 9038 3825 <a href="http://www.nisf.net">www.nisf.net</a></p>	<p>Sport Northern Ireland Tel: 028 9038 1222 <a href="http://www.sportni.net">www.sportni.net</a></p>
<p>Community Evaluation NI Tel: 028 9024 8005 <a href="http://www.ceni.org">www.ceni.org</a></p>	<p>Rural Community Network Tel: 028 8676 6670 <a href="http://www.ruralcommunitynetwork.org">www.ruralcommunitynetwork.org</a></p>
<p>Volunteer Development Agency Tel: 028 9023 6100 <a href="http://www.volunteering-ni.org">www.volunteering-ni.org</a></p>	<p>Supporting Communities NI Tel: 028 2564 5676 <a href="http://www.supportingcommunitiesni.org">www.supportingcommunitiesni.org</a></p>
<p>Age Concern Help the Aged NI Tel: 028 9024 5729 Tel: 028 9023 0666 <a href="http://www.ageconcernni.org">www.ageconcernni.org</a> <a href="http://www.helptheaged.org.uk/en-ni">www.helptheaged.org.uk/en-ni</a></p>	

and supported by St John Ambulance NI and North West Community Network.

## Online Governance Resources

[www.diycommitteeguide.org](http://www.diycommitteeguide.org) A useful resource of practical help and support for management committees/boards which has been developed further to map the information to the principles in the Code. It is also a signposting directory which includes links to all Developing Governance Group members including the training and support they offer.

[www.dsdni.gov.uk](http://www.dsdni.gov.uk) Best Practice in Finance and Governance in the Voluntary and Community Sector - a directional and support aid developed by Government and the Sector representatives.

[www.nicva.org](http://www.nicva.org) Specialist human resources, governance and charity law reform sections containing frequently asked questions and various advice notes.

[www.communityni.org](http://www.communityni.org) Dedicated social networking site which includes training information and events for the sector.

[www.volunteering-ni.org](http://www.volunteering-ni.org) Specialist information and guidance on all aspects of volunteering.

[www.communitychange-ni.org](http://www.communitychange-ni.org) Range of resources, policies and procedures.

[www.equalityni.org](http://www.equalityni.org) Information about equality legislation, plus reports and guidance.

[www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk) A toolkit to accompany the English Good Governance Code can be downloaded free or hard copy purchased for £15.

[www.charitycommissionni.org](http://www.charitycommissionni.org) Details on charity regulation from the Charity Commission for Northern Ireland.

Copies of the Code can be accessed from [www.diycommitteeguide.org](http://www.diycommitteeguide.org) or for further information contact the Secretariat which is provided by NICVA and the Volunteer Development Agency.



Reasonable precautions have been taken to ensure information in this publication is accurate. However it is not intended to be legally comprehensive; it is designed to provide guidance in good faith without accepting liability. If relevant, we therefore recommend you take appropriate professional advice before taking any action on the matters covered herein.

For practical help and support in adhering to these principles and to download in a more accessible format visit [www.diycommitteeguide.org](http://www.diycommitteeguide.org)

For further information contact the Secretariat which is provided by NICVA and the Volunteer Development Agency.



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