

# getting to grips with governance

a resource guide for community and voluntary organisations



The solid foundations series



**Preface** *Board of directors, board of governors, board of management, board of trustees, committee, core group, council of management, executive committee, management committee ... whatever they are called, governing bodies of community and voluntary organisations have a significant part to play in those organisations.*

They must ensure the organisation is both effective and accountable. Members of a governing body are there to oversee and take responsibility for everything an organisation does. It is an important role and one not to be taken on without an understanding of what is involved. However, it is not always easy for voluntary governing body members to find out exactly what they should be doing or how they should best carry out their duties.

There is an increasing demand from funding agencies, the state, the public, and others, for community and voluntary organisations to demonstrate their ability to perform to a high standard. There are also impending changes in charity law and regulation, including new codes of practice for fundraising. Organisations must ready themselves now for these new challenges to enable them to strengthen their impact and build stakeholder confidence.

Getting to Grips with Governance is part of a range of training and guidance services on governance provided by The Wheel. It follows on from our popular 2007 publication *Solid Foundations: a resource guide for building strong and effective*

*organisations in the community and voluntary sector. It is accompanied by a sister publication on risk management entitled: Reducing the Risk.*

The guide has been designed to help governing body members by:

- Providing information about the functions that a governing body performs
- Assisting individuals to understand more about governing body roles and responsibilities and potential liabilities
- Encouraging the development and improvement of practice
- Signposting to further information and resources.

We hope you find it useful. If you have any additional information for future editions or any comments or questions whatsoever, please do not hesitate to contact us.

**Deirdre Garvey**

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## Publication details

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The Wheel is a support and representative body connecting community and voluntary organisations across Ireland. The Wheel is also a resource centre and forum, providing support, advocacy and leadership to individuals and organisations in the community and voluntary sector, as we believe they are vital components of a cohesive and healthy society.

## Disclaimer

Our goal is to provide comprehensive, timely and accurate information. This publication contains references and pointers to information kept or provided by other organisations. We therefore cannot guarantee their accuracy. It is our policy to correct any errors brought to our attention. Comments and suggestions are always welcome.

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## Who this guide for

This guide has been prepared primarily to meet the needs of governing bodies of established organisations that are small to medium in size, as this reflects the vast majority of organisations in the Irish community and voluntary sector. Most of the material is also applicable to new and large organisations, but we recognise that there are some issues for governing bodies of these organisations that warrant particular attention. Further resources for new and large organisations are found in appendices 1 and 2.

The guide has been written primarily for governing body members. However, good governance needs to be embedded in an organisation; senior staff and advisors may therefore also find it useful in their work with governing bodies.

Some people using this guide will be new governing body members, whereas others will be more experienced and may be members of more than one governing body. Regardless of the amount of experience, new situations typically challenge understanding, knowledge and ability, and as a consequence there is always something new to learn, or improve. We hope that everyone using this guide will find something that meets his or her current interest or situation.

## How to use this guide

The guide is divided into four chapters:

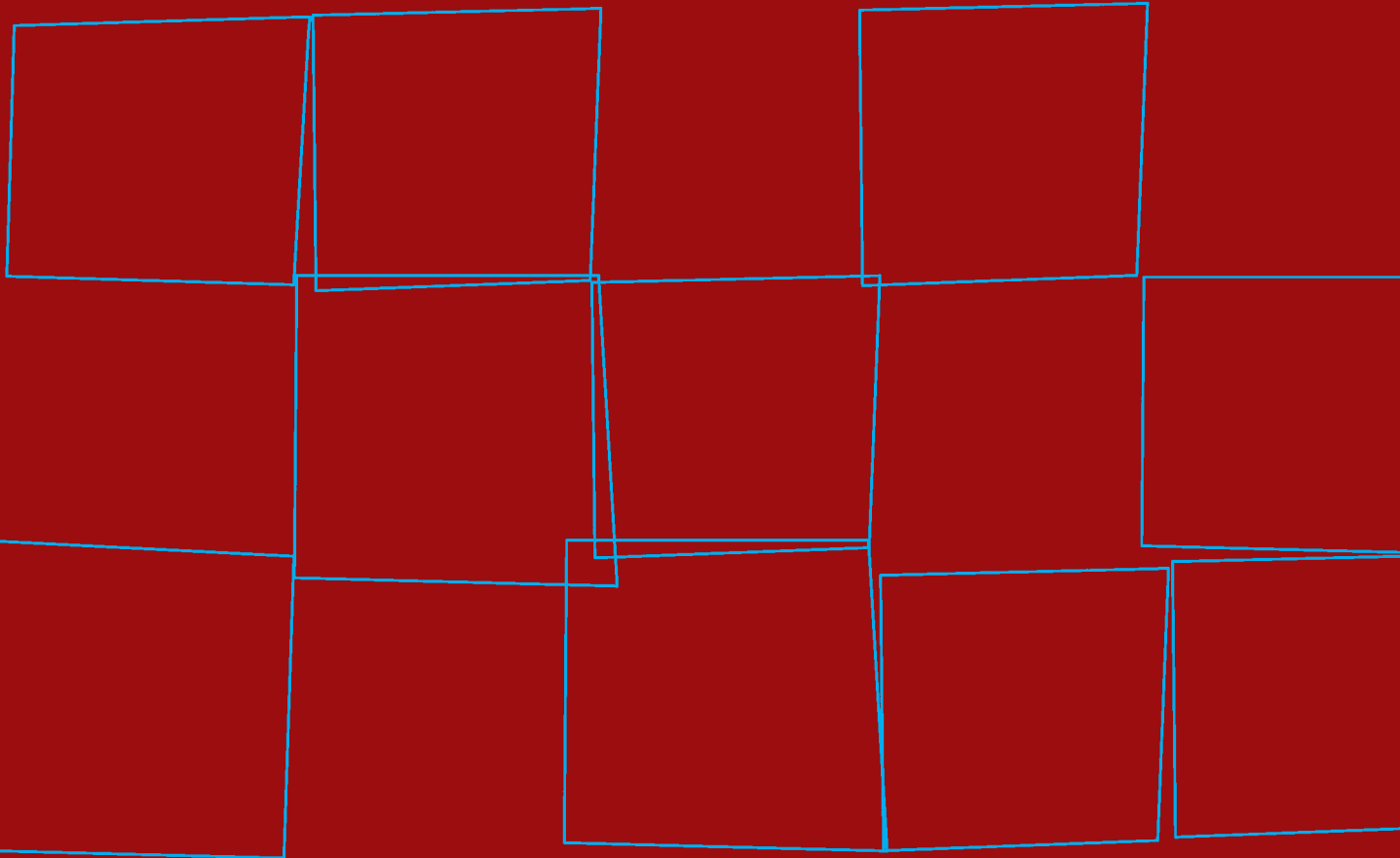
- One: The role of the governing body
- Two: How the governing body does its work
- Three: Developing the governing body
- Appendices: What next?

Each section contains a general discussion of the area, with 'top tips' and questions (in speech bubbles) to help readers relate the topics covered to their own experience. The final section provides a list of useful resources and publications, a glossary of relevant terminology and a checklist. Detailed contents pages are also provided.

You may want to read the guide from beginning to the end, but it is anticipated that many readers will find it most useful to dip in and out, referring to information as and when needed. You may wish to commence by completing the governance checklist in appendix 4 to assess where your prime information needs are.

# CHAPTER 1 :

## The role of the governing body



## 1.1 Introduction

The role of the governing body is to ensure that the organisation meets its aims as efficiently and effectively as possible. This chapter begins by defining what governance is. It then sets out why it is necessary to have a governing body and what it should do. It considers the responsibilities both of the governing body as a whole and of the individuals involved, including those holding specific posts. Finally, it explores the need to steer a course between different (sometimes competing) interests to meet the expressed goals of the organisation.

## 1.2 What is governance?

### 1.2.1 Defining governance

Governance (sometimes referred to as 'corporate governance') can be described as the system that ensures the fit between the organisation's mission and its performance. In essence, governance is about being in control and taking overall responsibility for the work and actions of an organisation. Good governance occurs when an organisation uses transparent decision-making processes to direct its resources and exercise power in an effective and accountable way. The governing body is there to account for what the organisation does and how it does it; the 'buck stops' with those who govern an organisation.

### 1.2.2 Governors

The prime governors of an organisation are members of the governing body. Whether these individuals are called 'management committee members', 'directors', 'trustees', or something else, will depend on the legal status and custom of the organisation. Their titles matter little. What is more important is that the individuals involved, and others in the organisation, are clear about the duties and liabilities associated with their governance role.

### 1.2.3 Clarifying which part of the organisation governs

In some organisations with complex structures, there is the possibility of confusion about which part of the organisation is in fact the governing body - if, for example, they have both a management committee and an executive committee, or both a council and a board. It is imperative that everyone is clear which part of the organisation is the governing body.



## 1.3 Why the governing body is necessary

### 1.3.1 A long-term vision

The governing body makes a unique contribution to an organisation by focusing on the achievement of long-term aims. Whether the organisation is about making a difference in a specific geographic area, changing perceptions and attitudes, delivering a much-needed service, or improving the quality of life for a particular group, the governing body is there to help the organisation realise its overall vision and its specific goals.

### 1.3.2 Overall responsibility

The governing body is that part of the organisation with formal power and responsibility. The powers and responsibilities are contained in the governing document (called either 'constitution', 'deed of trust', 'rules' or 'memorandum and articles of association') and backed up by law. If things go wrong, it is the governing body that will be called to account. Members of the governing body need to be aware of this and act always in the best interests of the organisation, following all requirements of law and regulation. This is sometimes referred to as the need for 'due diligence'.

## 1.4 Governance, management and operations

### 1.4.1 Understanding the differences

The governing body must govern; that is, it must provide leadership and strategy and must focus on the 'big picture'. Governance is about planning the framework for work and ensuring it is done. As such, it is distinct from management (organising the work) and operations (doing the work). As far as possible, the governing body should therefore steer clear from making managerial decisions and getting involved in the day-to-day implementation of strategy.

This is easier said than done. The lines between governance, management and operations are easily blurred, as they are of course closely inter-related.

### 1.4.2 Marking the boundaries

The larger an organisation is, the easier it is to define the boundaries. The governing body governs, the chief executive officer/senior management team manages, and the rest of the staff and volunteers engage in operations (see table). However, in smaller organisations, especially in those organisations without paid staff, it is easy for the governing body to get

## Governing body volunteers

- Overview of organisation as a whole
- Long-term direction
- Frameworks for effective working
- Accountable for actions and decisions

## Other volunteers and paid staff

- Day-to-day operation of programme/projects
- Short- to medium-term implementation of plans
- Detailed planning and supervision
- Responsible for delivery

'bogged down' with questions of short-term management and operations and to lose sight of the need to focus on strategy for the longer-term. In these situations, it is essential to find an effective way of balancing the demands for governance, management and operations, which are all crucial to the organisation's ultimate success. As small organisations grow in size and begin to take on paid staff, it is vital for governing body members, who are likely to have been used to 'pitching in', to concentrate on their governance role and to allow staff to get on with the jobs for which they have been recruited.

How does your organisation ensure sufficient attention is paid to long-term direction?

Can you identify overlaps in governance between the governing body and paid staff?

If so, what processes does your organisation have for joint working in those areas?

### \*\*\* TOP TIPS \*\*\*

For organisations without paid staff, try:

Dividing the governing body's meeting agenda into two sections, so there is always a slot for issues that concern progress towards outcomes, overall accountability and financial sustainability,

or

Setting up a subcommittee of the governing body to focus on work programmes, delivery or operational matters. This could be open to volunteers who do not currently serve on the governing body, as long as you have terms of reference that allow you to do this. Refer to the governing document if in doubt.