

governance pack

governance pack

**Welcome to the AVA Governance Pack.
The purpose of this pack is to help you get the best from your group.**



Page 1 What is governance?



Page 2 The Principles of good governance

Page 3 Roles and Responsibilities of the Board



Page 7 Roles of office bearers

Page 9 Conflicts of interests

Page 10 Legal responsibilities



Page 18 Recruitment of board members

Page 19 Meetings

Page 21 Policies



Page 22 Plans

Page 23 Finance

Page 24 Monitoring and self evaluation

Page 25 Further information



Appendices

Organisational Health Check



What is governance?

"The systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation"
(The Governance of Voluntary Organisations, Cornforth 2003)

Whether you are a small unincorporated voluntary association entirely manned by volunteers, a Scottish Charitable Incorporated Organisation (SCIO) or a large company limited by guarantee employing numerous staff, and anything in between, good governance is the key to the effective functioning of your group. Some governance practices or principles may be required by law if you are a charity, company or other regulated structure, but most is a question of good practice.

It is the responsibility of the trustees, committee, or board members to deliver good governance as they are in charge of the organisation and are responsible for it in law.

Muddling governance and management

It is not uncommon for people to muddle governance and management, but they are different things. It is very important to make a clear division in responsibilities for each to avoid unrealistic expectations and misunderstandings, particularly between Boards and paid staff.

Governance is about:

- ♦ Looking at the organisation as a whole in its wider context (the 'big picture')
- ♦ Setting and safeguarding the organisation's long term direction
- ♦ Setting a framework and processes for effective working
- ♦ Being accountable for actions and decisions.

Management is about:

- ♦ Making sure the organisation is well run on a day to day basis
- ♦ Detailed operational planning and supervision
- ♦ Making sure plans are properly implemented in the short to medium term.

Terminology

Depending on the structure of an organisation, the managing body might be termed a Management Committee, Board of Directors, Board of Trustees, Management Board, or something similar. For the purpose of this document, all such bodies will be referred to as 'The Board' or 'Boards' unless specific reference is made to Charity Trustees, or Company Directors.

CHeCKLiST

Is the group clear about the difference between governance and management?
Are the boundaries clearly set, and responsibilities allocated?

Principles of good governance...

The seven key principles of good governance were developed into a code of governance by the Governance Hub*. These principles, in brief, are as follows:

- 1 Board leadership**
Every organisation should be led and controlled by an effective Board which collectively ensures delivery of its objects, sets its strategic direction and upholds its values.
- 2 The Board in control**
The members of a Board should collectively be responsible and accountable for ensuring and monitoring that the organisation is performing well, is solvent, and complies with all its obligations.
- 3 The high performance Board**
The Board should have clear responsibilities and functions, and should compose and organise itself to discharge them effectively.
- 4 Board review and renewal**
The Board should periodically review its own and the organisation's effectiveness, and take any necessary steps to ensure that both continue to work well.
- 5 Board delegation**
The Board should set out the functions of sub-committees, officers, the chief executive, other staff and agents in clear delegated authorities, and should monitor their performance.
- 6 Board and trustee integrity**
The Board and individual trustees should act according to high ethical standards, and ensure that conflicts of interest are properly dealt with.
- 7 The Open Board**
The Board should be open, responsive and accountable to its users, beneficiaries, members, partners and others with an interest in its work.

*Source: Good Governance - A Code for the Voluntary and Community Sector
Author: the Governance Hub*

**The Governance Hub was a collaborative body that provided support for good governance in the voluntary and community sector in England. Its work ceased in March 2008, but information about it can be found on the National Council for Voluntary Organisation's (NCVO) website.*

CHeCKLiST

How does your group measure up to these principles?
Identify the areas where you could make improvements.

Roles and responsibilities of the board...

- 1** Ensure that the organisation has a clear purpose and direction. This can be done by:
 - ♦ Setting and maintaining a vision, mission and values
 - ♦ Developing a plan for the organisation, considering the long, medium and short terms
- 2** Ensure that at all times the group complies with its governing document. Members of the Board should all be familiar with the governing document, and it should be referred to regularly.
- 3** Ensure that the organisation complies with the law. Key aspects of this would be, where relevant:
 - ♦ Charity law
 - ♦ Company law
 - ♦ Employment law. (See 'Legal Responsibilities on page 10)
- 4** Ensure that financial resources are managed properly and the organisation operates within its budgets. (See 'Finance' on page 23)
- 5** Provide sufficient guidance for volunteers and staff in performing their duties, including establishing and monitoring policies. (see 'Policies' on page 21)
- 6** Ensure that the organisation is accountable in all aspects of its work, particularly financially, through efficient record-keeping.
- 7** Set up procedures for recruiting and managing staff and volunteers (See 'Recruitment of board members' on page 18)
- 8** Ensure that the committee runs efficiently and effectively:
 - ♦ Recruit board members with a range of the necessary skills and experience
 - ♦ Run regular and effective meetings (See 'Meetings' on page 19)
 - ♦ Review performance
 - ♦ Arrange training where required.
- 9** Regularly monitor and evaluate the performance of the whole organisation, relating performance to the organisation's aims. (See 'Monitoring & Self Evaluation on page 24)
- 10** Promote the organisation



Company Directors

Board members of groups which have the structure of a Company Limited by Guarantee are termed 'Directors' and they have certain legal responsibilities.

Directors' Conduct

- 1 Directors are required to act in a way which they consider most likely to promote the success of the company; to exercise independent judgment; to exercise reasonable skill, care and diligence; to avoid conflicts of interest; not to accept benefits from third parties; and to declare any interest in a proposed transaction or arrangement with the company.

Annual Accounts

- 2 All companies, whether trading or not, must keep accounting records: and all limited companies (and some unlimited companies) must submit accounts for each accounting period to Companies House.

Generally, accounts prepared by the directors must include:

- ♦ a directors' report (with a business review if the company does not qualify as small);
- ♦ an auditors' report (unless the company is a small, dormant or not-forprofit public sector company exempt from audit);
- ♦ a profit and loss account (or income and expenditure account if the company is not trading for profit);
- ♦ a balance sheet signed by a director;
- ♦ notes to the accounts; and
- ♦ group accounts (if appropriate).

Annual Returns

- 3 Every company must deliver an annual return to Companies House at least once every 12 months. The annual return should not be confused with the annual accounts as they are different documents both of which must be filed at Companies House.

Notification of change of directors or secretaries, or their personal details

- 4 Any change of a company's directors or secretaries must be notified to Companies House. These changes include:

- ♦ the appointment of a director;
- ♦ the termination of a director's appointment (resignation, removal, death etc); and
- ♦ a change in details of an officer, for example, a change of name or new residential address.

All changes to directors' and secretaries details must be submitted within 14 days of the change. Any of the above changes can be notified online via WebFiling or by using a suitable Software Filing package.



Charity Trustees

Where an organisation has charitable status, its board members are Charity Trustees, and as such they too have certain legal responsibilities:

Section 66 of the Charities and Trustee Investment (Scotland) Act 2005 describes four general duties of charity trustees, which are fundamental to their role as a charity trustee. Charity trustees are required to comply with these while carrying out their functions as a charity trustee.

A charity trustee must:

- ♦ act in the interests of the charity;
- ♦ seek, in good faith, to ensure that the charity operates in a manner that is consistent with its objects or purposes;
- ♦ act with the care and diligence that it is reasonable to expect of a person who is managing the affairs of another person;
- ♦ ensure that the charity complies with the provisions of this Act, and other relevant legislation.

Additional specific duties of charity trustees are:

- ♦ Ensure that details on the Scottish Charity Register are accurate and up to date;
- ♦ Reporting to OSCR:
 - Complete and return on time the annual return; and where necessary the supplementary Monitoring Return for those with an income of £25,000 or above.
 - Notify OSCR or seek its consent as required for changes to the structure or constitution of a charity.
- ♦ Financial record keeping and reporting. Keep accounting records of sufficient detail that are able to show:
 - day by day the money received and spent;
 - record the assets and liabilities of the charity;
 - disclose the financial position of the charity at any time.
- ♦ Providing OSCR with an annual statement of account.
- ♦ Comply with Fundraising regulations - the way in which benevolent fundraising in Scotland is carried out is governed by:
 - sections 79-83 of the Charities and Trustee Investment (Scotland) Act 2005;
 - the Charities and Benevolent Fundraising (Scotland) Regulations 2009.

Further details about this can be found in chapter 6.
- ♦ Providing information to the public: a charity registered in Scotland must state its name and Scottish charity number - and a SCIO must state that they are a SCIO - on all of the following:
 - business letters and emails
 - advertisements, notices and official publications
 - any document which solicits money or other property for the benefit of the charity

continued on page 6...

...continued from page 5

- promissory notes, endorsements and orders for money or goods bills rendered
- invoices, receipts and letters of credit
- statements of account prepared in accordance with Regulations 8, 9 or 14 of the Charities Accounts (Scotland) Regulations 2006
- educational or campaign documentation
- conveyances which provide for the creation, transfer, variation or extinction of an interest in land
- contractual documentation
- bills of exchange (except cheques)

CHeCKLiST

Does your group have a vision, mission and values?

Do all Board members have a copy of the governing document, and have they read it?

Do all Board members understand their collective responsibilities?

Companies:

Have you submitted your annual accounts to Companies House?

Is this timetabled into your annual workplan?

Who has responsibility for ensuring this is done?

Are you clear whether your company is required to have its accounts audited?

Charities:

Have you submitted your annual return to OSCR?

Is this timetabled into your annual workplan?

Who has responsibility for ensuring this is done?

Are your records of directors up to date?

Do all directors understand what changes need to be notified, and who on the Board needs to know so that they can inform Companies House?

Charities:

Do all Board members have a copy of OSCR's Guidance for Charity Trustees?

Do they all understand their responsibilities?

Roles of Office Bearers

Although the responsibility of the good governance of the organisation lies with the Board as a whole, there are specific roles for Office Bearers. Which Office Bearers your group should have will be set out in the governing document.

The Role of the Chairperson

The Chairperson plays a key role in making the Board work together effectively. The responsibilities of the Chairperson are much more than just keeping a meeting in order.

The group's Chairperson should:

- ♦ liaise with the Treasurer and Secretary;
- ♦ consult with Board members as necessary;
- ♦ ensure that staff and volunteers are supervised and supported;
- ♦ take overall responsibility for legal, health and safety and insurance matters;
- ♦ act as representative and spokesperson for the group.

The Chairperson has a role to play before, during and in between meetings. (See 'Meetings' on page 19).

The Role of the Vice-Chairperson

The role of the Vice-Chairperson is to deputise for the Chairperson in their absence, adopting his or her responsibilities and authority, and to co-operate with the Chairperson to encourage and promote the work of the organisation and Board.

The Role of the Secretary

Whilst the Chairperson is responsible for the smooth and fair running of the group, the Secretary is responsible for keeping people informed of the group's activities, and their main duty is the day-to-day running of the group. The exact work and the amount of work they are required to do, will depend on the size and nature of the organisation, on the group's legal structure and whether or not it is a registered charity.

Usually it is the Secretary who will handle the group's correspondence and keep records. Additional responsibilities are to keep the membership list up to date and keep records of all correspondence for at least one year

If the group is a Company Limited by Guarantee, having a Company Secretary is optional. Usually the group's legal duties such as reporting to Companies House (if yours is a Company Limited by Guarantee) or OSCR (if you are a registered charity) will be carried out by the Secretary. However, the Board may decide to assign some administrative tasks to others.

Like the Chairperson, the Secretary has a role to play before, during and after meetings.



The Role of the Company Secretary (Companies House guidance)

Since 6 April 2008 a private company has not had to have a Company Secretary (unless its articles of association explicitly requires the company to have a secretary). An existing private company that decides to terminate the appointment of their Secretary must notify that termination to Companies House. A public company still needs to have a Company Secretary.

When a Company Secretary is appointed, Companies House must be notified of the appointment, any change of details or the termination of the appointment. The Company Secretary of a private company needs no formal qualifications. The Company Secretary of a public limited company must have certain qualifications.

While the legislation does not generally specify the role of the Company Secretary, the Company Secretary might normally undertake the following duties:

- a) Maintaining the statutory registers.
- b) Ensuring that the company files statutory information promptly.
- c) Providing members and directors with notice of meetings.
- d) Providing members with proposed written resolutions and auditors with any passed resolutions.
- e) Sending copies of resolutions and agreements to Companies House.
- f) Supplying a copy of the accounts to every member of the company, and every person who is entitled to receive notice of general meetings.
- g) Keeping, or arranging for the keeping, of copies of all members' resolutions (passed other than at general meetings), and minutes of all proceedings and general meetings.
- h) Ensuring that people entitled to do so can inspect company records.
- i) Custody and use of the company seal. Companies no longer need to have a company seal, but if they do, the Secretary is usually responsible for its custody and use.

As the secretary is an officer of the company, they may be criminally liable for defaults committed by the company. For example failure to file - in the time allowed - any change in the details of the company's directors and secretary, and the company's annual return.

The Role of the Treasurer

The main duties of the Treasurer are to keep accurate records of all financial transactions, both income and expenses, to manage petty cash, sign cheques and retain safe keeping of the cheque book. If the group is a Company Limited by Guarantee, a Community Interest Company, or if the group has charitable status, keeping the finances in order is a legal duty.

By keeping financial records in good order, the Treasurer can have an important influence over the reputation of the organisation and can help gain the confidence of funders and other stake holders.

CHeCKLiST

Do you have 'job descriptions' for each of the Office Bearer positions for your organisation?

Conflicts of interests

In order to maintain the integrity of any organisation, it is vital that any conflicts of interest are avoided. If at any time a Board member is aware of a conflict of interest for themselves, they should declare their interest and withdraw from any decision making on that point.

A conflict of interest may concern a Board member personally - for example where he/she has an interest in a company which is being considered for a contract from the charity; it may concern a person or organisation responsible for appointing that Board member; it may concern a conflict of interest between two organisations to which the Board member is affiliated.

In the first case, the Board member should declare his/her interest and withdraw from the decision making process. In the second and third cases the Board member should always put the interest of the organisation first, and if they are unable to do so, should withdraw from the decision making process.

Here are a few examples of potential conflicts of interest:

- ◆ A Board member who is also a client who must decide whether fees from clients should be increased.
- ◆ A Board member who is related to a member of staff and there is decision to be taken on staff pay and/or conditions.
- ◆ A Board member who is also on the Board of another organisation that is competing for the same funding.
- ◆ A Board member who has shares in a business that may be awarded a contract to do work or provide services for the organisation.

CHeCKLiST

Do you have written policy and procedure on this subject, which provides guidance to Board members?



Legal Responsibilities

In addition to the specific reporting requirements for companies and charities described in Section 3, there are legal obligations which relate to all organisations, whatever their structure. These are governed by legislation such as Equality, Data Protection and Health and Safety Laws. If the group has volunteers or staff working with children and/or vulnerable adults, the Protection of Vulnerable Groups legislation requires PVG checks to be carried out in many cases. And if your group employs staff, you must adhere to Employment legislation.

Equality

Equality legislation recognises six strands of equalities:- gender, race, disability, sexual orientation, age and religion (and belief). It is the responsibility of the Board to ensure that the organisation complies with current Equal Opportunities legislation.

CHeCKLiST

Is the Board aware of the legislation, and is it applied throughout all aspects of the group's activities?

Data Protection

If the group holds and processes information about its members, service users, employees or suppliers it will need to comply with the Data Protection Act. The Act states that anyone who processes personal information must comply with eight principles, which make sure that personal information is:

- ◆ Fairly and lawfully processed
- ◆ Processed for limited purposes
- ◆ Adequate, relevant and not excessive
- ◆ Accurate and up to date
- ◆ Not kept for longer than is necessary
- ◆ Processed in line with your rights
- ◆ Secure
- ◆ Not transferred to other countries without adequate protection.

These principles should be followed by all organisations.

Holding and processing personal information may mean that the group must notify the Information Commissioner. There are exemptions from having to notify, including exemptions for not for profit organisations in certain circumstances. Guidance on this can be found on the Information Commissioner's website: www.ico.org.uk

CHeCKLiST

Do you keep personal information? Do you need to register with the Information Commissioner? Have you registered?

Health & Safety

Whether the group employs staff or works only with volunteers, it still has a general duty of care towards the people involved with the organisation, and should strive to apply the principles of the Health and Safety at Work Act and the Fire (Scotland) Act 2005. See the following websites for useful guidance: www.hse.gov.uk/scotland/ and www.direct.gov.uk

CHeCKLiST

Have you investigated your responsibilities?
Do you have a Health & Safety policy?
Have you carried out necessary risk assessments?

Fire Safety

On 1st October 2006 new fire safety regulations came into force which affected the majority of non-domestic premises in Scotland.

No matter what size the organisation, all employers must ensure that their employees are safe. If the group is an employer using non-domestic premises in Scotland, it will have responsibilities under the fire safety regime. Under this law, such groups will be required to carry out, and keep under review, a fire safety risk assessment, and implement any fire safety measures which are required to ensure employees' safety and that of others in the premises in the event of fire. The assessment also needs to be reviewed regularly.

Voluntary workers not receiving a wage for services, for example, someone involved in running a youth group or helping out at the local school, may have limited duties under the fire safety regime.

In this case, because the level of control over the premises may be small, duties may be fulfilled by adopting a common sense approach to fire safety - having a look around the premises to ensure that there are no obvious fire risks, familiarising everyone with the fire safety measures on the premises including fire alarm system, fire exits and assembly point(s). Activities must not increase the risk of a fire starting on the premises or compromise the safe evacuation of occupants in the event of fire.

More than one person can have fire safety responsibilities for the premises: for example, an employer, owner, tenant and voluntary group using the premises may each have responsibilities

Detailed guidance on this can be found here:

www.scotland.gov.uk/Topics/Justice/public-safety/Fire-Rescue/Firelaw/Firelaw

CHeCKLiST

Have you read the guidance?
Do you carry out regular fire drills?

Insurance

It is essential that voluntary organisations are covered by suitable insurance. Voluntary Boards are responsible for the people, their working environment, and the property of the organisation, and this includes insurance.

Compulsory Insurance

Certain types of insurance are mandatory irrespective of the specific activities of the organisation or how it is constituted. These are:

- ♦ Employer's liability insurance - employer's liability insurance covers the employer against illness, injury or death to an employee occurring during the course of employment and arising as a result of a breach of a statutory duty (breach of health and safety legislation) or neglect. The insurance certificate must be displayed in the office.
- ♦ Motor Insurance: Third party insurance for vehicles kept on the road

Highly Recommended Insurance

- ♦ Contents Insurance if you rent premises.
- ♦ Buildings and Contents insurance if you own the building.
- ♦ Public Liability Cover against claims by third parties - this is insurance that protects the organisation against claims involving illness, injury or death, or damage to property caused by the neglect of the organisation or someone working for it.
- ♦ Professional Indemnity Insurance. Protection against claims for negligence arising out of advice or information provided by the organisation.
- ♦ Legal Expenses Insurance. Covers specified legal expenses that may be incurred in defending or pursuing certain types of action eg Employment disputes.

Optional Insurance

- ♦ Fidelity Insurance. Can be taken out to protect against staff or volunteer dishonesty.
- ♦ Accident and Sickness Insurance may cover the costs of sick pay or for replacement staff.
- ♦ Events insurance. This may cover fundraising and any other events which are not usually undertaken by the organisation.
- ♦ Trustee Indemnity/Directors & Officers Liability Insurance. Protects members of the voluntary management committee from personal liability with respect to claims related to their actions in their role as committee members, or Directors. This was problematic for charities in the past, but is now permitted. It is important that before taking out this cover, Boards are fully aware of what it does, or **does not**, cover.

CHeCKLiST

Have you provided your insurer with a detailed list of your activities and liabilities so that they can advise you what insurance you should have?



Remuneration Of Charity Trustees

Trustee Indemnity Insurance is just one example of ways in which a charity Trustee can be seen as receiving remuneration. This issue relates specifically to charities in terms of the law, but it would be good practice for any voluntary organisation to be guided by the principles of the Charities and Trustee Investment (Scotland) Act 2005.

Remuneration is defined by OSCR (Guidance for Charity Trustees) as:
"... payment or benefit in kind:

- ◆ for being a charity trustee
- ◆ under a contract of employment
- ◆ for other services to or on behalf of the charity

This may include payment made either to a charity trustee personally or to a person with whom the charity trustee is connected. Section 68(2) [of the Charities and Trustee Investment (Scotland) Act 2005] defines the persons who are “connected” with the charity trustee. These include:

- ♦ immediate family and domestic partners
- ♦ a company in which the charity trustee or persons connected with them may have a substantial interest, or
- ♦ a Scottish partnership in which the charity trustee or a person with whom the trustee is connected is a partner.”

This does not affect the reimbursement of out-of-pocket expenses incurred while carrying out Board duties, such as travel expenses.

It is possible to make arrangements for charity trustees, or people connected with them, to provide services separate from their roles as trustees, for example when a local tradesman is a charity trustee and provides services to the charity, if the following conditions are met:

- ♦ the maximum amount of the payment is set out in a written agreement
- ♦ the maximum amount is reasonable in the circumstances
- ♦ it is in the interests of the charity for the services to be provided by the charity trustee for that amount (this must be agreed before the agreement is entered into)
- ♦ after the agreement is entered into, only a minority of the charity trustees receive remuneration
- ♦ the charity’s constitution or governing document does not expressly rule it out.

CHeCKLiST

Have you:

- ♦ adopted a charity trustee remuneration policy and procedures which ensure any remuneration complies with the conditions set out in the Act?
- ♦ establish a register of trustees’ interests.

If you do wish to employ the services of a charity trustee or someone connected with them, have you:

- ♦ obtained at least two separate quotes for services
- ♦ Set out a maximum cost in a written agreement?
- ♦ clearly minuted the decision that remuneration of a particular charity trustee is in the charity’s interest?

Protecting Vulnerable Groups (PVG) Scheme

The PVG Scheme replaced the system of Disclosure Checks in February 2012. Its aim is to ensure that people who have regular contact with vulnerable groups in Scotland through work don’t have a known history of harmful or abusive behaviour. People who work or volunteer, on a regular basis, with vulnerable groups will join the PVG Scheme and from then on, their membership records will be automatically updated if any new vetting information arises.

Vetting information is conviction and non-conviction information held by the police that is considered relevant.

The PVG Act introduced a new concept of 'regulated work'. Regulated work with children supersedes the definition of child care position in the Protection of Children (Scotland) Act 2003 ("POCSA") and regulated work with adults supersedes contact with an adult at risk. Regulated work is defined in the Protection of Vulnerable Groups Act 2007 (PVG Act).

The PVG Act replaces the Disqualified from Working with Children List ("the DWCL") established under POCSA with the PVG children's list and makes provision for those individuals already included in DWCL to be migrated onto the PVG children's list automatically. It also establishes for the first time in Scotland, a list of those who are unsuitable to do regulated work with adults. Individuals convicted on indictment of certain sexual or violent offences are included in those lists automatically.

As before, there will be no charge for volunteers working for qualifying voluntary organisations to join the PVG scheme, but charges do apply for paid staff in those organisations. The Central Registered Body in Scotland (CRBS) continues to be available to support and process applications for voluntary organisations. See www.volunteerscotland.net/disclosure-services.

Retrospective checking through the PVG Scheme went live on 1st April 2013 and organisations will have three years from that date to carry out retrospective checks.

Further information about the scheme can be found on the Disclosure Scotland website: www.disclosurescotland.co.uk

CHeCKLiST

Has the Board familiarised itself with the legislation related to regulated work with vulnerable adults and children?

Are you clear which positions within your organisation, voluntary or paid, require PVG membership?

Have you produced a recruitment policy, and procedures which cover this area?

Employment

Under Employment law, employees have certain rights: contractual rights, relating to their contracts, and statutory rights, relating to them as individuals. In some instances, volunteers will be covered by these laws, but even if they are not, it is good practice to keep the legislation in mind when dealing with volunteers wherever possible.

When they start work, everyone, including agency workers, is entitled to certain rights. These include:-

- ♦ a nationally agreed minimum wage (which varies according to the age of the employee)
- ♦ working time rights (including breaks, holidays and holiday pay, and a limit on the working week)
- ♦ health and safety protection
- ♦ the right to join a union
- ♦ protection from unfair discrimination (for more information on equality legislation see the Equal Opportunities section).

They must also receive a contract of employment.

For detailed guidance on employment law see: www.acas.org.uk

CHeCKLiST

Do you employ paid staff?

Are you familiar with employment law?

Do you know where to go for help and advice?

Fundraising

The Charities and Benevolent Fundraising (Scotland) Regulations 2009 came into force on 1st July 2009. They introduced new requirements regarding information which must be supplied when funds are sought on behalf of a 'benevolent body' (any body, whether or not it is a charity, which has been set up for charitable, benevolent or philanthropic purposes) and set out the required content for fundraising agreements between benevolent bodies and those who fundraise on their behalf. OSCR has produced guidance on this which can be found on the website:

See "Benevolent Fundraising - A Guide to the Charities and Benevolent Fundraising (Scotland) Regulations 2009"

at: www.oscr.org.uk/media/1352/b60575-fundraising-guidance.pdf

CHeCKLiST

Do you have a copy of the guidance on benevolent fundraising, and has someone on the Board taken responsibility for familiarising themselves with it?

Risk

Charities that are required to produce accrued accounts (those with a gross annual income of £250,000 or more; charitable companies; those whose governing document states accounts must be accrued; and those whose trustees have chosen to produce accrued accounts) must follow the Charities SORP (Statement of Recommended Practice) which means that in their accounts they will state that they have assessed the risks to which the charity is exposed, and taken steps to mitigate against those risks. It is the responsibility of the Trustees to ensure that this is done.

A risk register is a practical way to tackle this, and it is good practice for all voluntary organisations to make one. Categories of risk might include:

- ◆ Governance and management
- ◆ Operational risk
- ◆ Financial and investment risk
- ◆ External factors
- ◆ Legal and regulatory compliance.

The risk can be as apparently small as numbers of Trustees falling below the minimum required in the governing document; new competition; withdrawal of funding. There is often no way to avoid the risk, but its effects can be reduced if consideration has already been given to how to deal with the situation should it occur.

The Charity Commission has produced some useful guidance on risk management for charities, see: www.charitycommission.gov.uk/detailed-guidance.
Click on 'Protecting Your Charity'

CHeCKLiST

Have you considered all the risks that might affect the organisation?
Would a risk register be helpful?



Recruitment of Board Members

The main principles of recruitment remain the same whether you are looking for Board members, paid staff or volunteers:

- ♦ Identify the need - what skills and experience are needed?
- ♦ Draw up a 'job description' and person specification so that you are clear what you are looking for
- ♦ Prepare information about the position, organisation, requirements which can be passed to anyone interested in the position
- ♦ Identify the means of advertising the position - eg newspapers, posters, direct approaches etc - and ensure that whatever the means, information is provided about the basic requirement, how to express interest, and whether any checks, such as disclosure checks, will be required.
- ♦ Decide how the person's suitability will be decided - eg interview, references, etc
- ♦ Draw up an induction plan - give the person opportunities to see what the group does, attend board meetings, meet the people involved
- ♦ Ensure that all of the above are tied into the requirements of the governing document.

If the organisation is a Company, certain people are banned from becoming Company Directors:

- ♦ they must not have been disqualified from acting as a company director (unless the court has given them permission to act for a particular company);
- ♦ they must not be an undischarged bankrupt (unless they have been given permission by the court to act for a particular company).

If the organisation is a charity, the following are disqualified from being charity trustees:

- ♦ someone with an unspent conviction for dishonesty or an offence under the Act
- ♦ an undischarged bankrupt
- ♦ someone who has been removed under either Scottish or English Law or the courts from being a charity trustee
- ♦ a person disqualified from being a company director

It is the responsibility of individual charity trustees to ensure they personally are not disqualified from being a charity trustee.

CHeCKLiST

Do you have a recruitment policy?

Do you make all potential Board members aware of the possible restrictions?

Meetings

How meetings are conducted has a significant impact on the efficient running of an organisation. It is important that meetings provide an opportunity for everyone to speak and for decisions to be made. How frequently committee meetings are held will be set out in the group's governing document. The quorum (minimum number of people that must be present) will also be found there.

Before Meetings

The Chairperson, Secretary and Treasurer should liaise to put together an agenda of issues to be brought to the meeting. Any other committee member or appropriate staff member known to have issues they wish to be included should also be contacted.

The agenda should be relevant and achievable within the time constraints of the meeting. It should include slots for approving the minutes of the previous meeting, and discussing any matters arising from those minutes.

The Secretary should send out notice of the meeting (date, time and location), agenda and any other papers in good time. A specific period of notice may be dictated by the governing document.

Committee members and other attendees should ensure that they have read all the papers before the meeting, and completed any actions allocated to them at the previous meeting.

Anyone unable to attend should send apologies to the Secretary.

During Meetings

Before beginning a meeting the Chairperson or Secretary should ensure that the required quorum is present.

The meeting should be started on time, it should keep to the agenda and time limits, while allowing discussion. Extra items should be dealt with under AOCB (Any Other Competent Business) at the end of the meeting.

The Chairperson should encourage all members to participate in a broad discussion and summarise the discussion, bringing it to a close by reviewing the points made for inclusion in the minutes.

To avoid everyone speaking at once, one technique is to "speak through the chair". This means that the Chairperson allows everyone to speak in turn, but you must let the Chairperson know that you want to speak, if possible indicating this to him/her silently. The Chairperson can let you know that they have seen you by a nod. They will then call you to speak in turn.



Should a vote be required, the Chairperson should clarify the voting procedure as set out in the governing document, and clearly state the proposals. The agreed outcome of any discussions and votes should be made clear before moving on to the next agenda item.

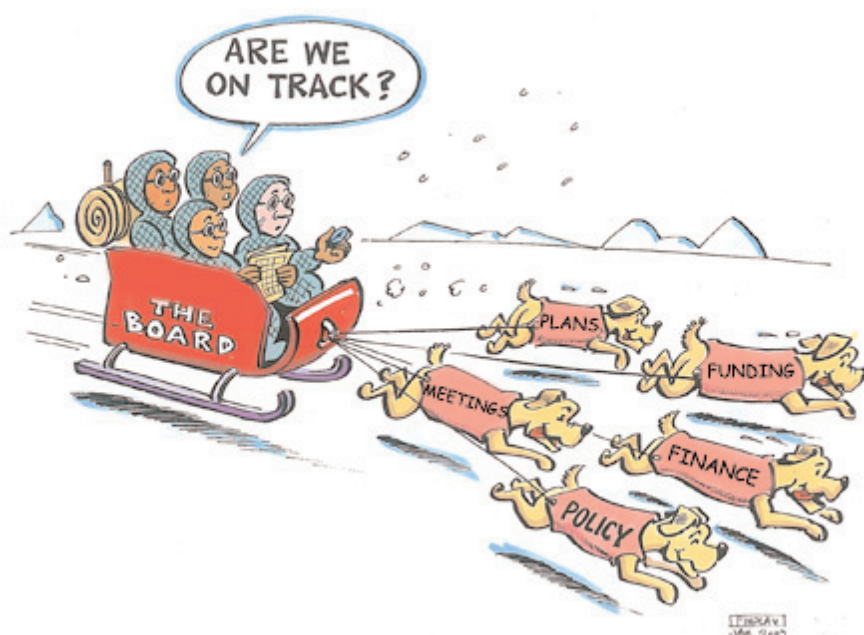
After Meetings

Minutes should be typed up and circulated as soon as possible so that people have plenty of time to action anything allocated to them. At this stage the minutes are 'draft' until they have been approved at the next meeting.

CHeCKLiST

Is everyone aware of their responsibilities regarding meetings?

Has the governing document been checked to see what conditions it sets for meetings?



Governing Documents

Before a Board does anything else, it should ensure that all its members are familiar with the group's governing document. Depending on your legal structure, the name of this document will vary:

- ◆ 'Constitution' for a voluntary association
- ◆ 'Memorandum and Articles' for a company
- ◆ 'Trust Deed' for a Trust.
- ◆ 'Constitution for a voluntary association or Scottish Charitable Incorporated Organisation (SCIO)

This document will set out the group's objects, powers and procedures, and should be seen as a guide to keep the organisation on the right track.

As a group grows and develops, it is important that it remains faithful to its original objects - the reasons it was set up in the first place. Regular referral to the governing document will keep this in people's minds.

Some of these documents are old, written in a language that is difficult to follow, or the group has changed direction over time, so they are no longer relevant. If this is the case, then they should be reviewed and updated, in a way that complies with their own direction for change, and ensuring that any permissions or reporting requirements from OSCR or Companies House are followed.

The process of updating the document can be a useful prompt to reviewing procedures such as those for membership, meetings, examination of accounts.

CHeCKLiST

Has every member of the board received a copy of and read the governing document?

Has the governing document been discussed and reviewed within the last 2 years?

Are you ensuring that the procedures described in the governing document are followed - eg are all meetings quorate?

Annual General Meetings

There is not always a legal requirement for an organisation to hold an AGM - there is no requirement for a Trust to hold one as this is not a membership organisation. However, for voluntary associations and companies, this is an opportunity to demonstrate your accountability.

Your first step before calling an annual general meeting is to check your governing document to see what it says about when you should hold an AGM, how much notice should be given, how it should be given, the quorum for an AGM, and what should be covered by an AGM. You should have an up to date list of members and their contact details, so that providing the required notice for the meeting should be easily manageable.

The AGM should, at least, cover the following:

- ◆ Chairperson's report
- ◆ Presentation and vote to approve the annual Accounts
- ◆ Appointment of the Board

In some cases it may also involve the appointment of office bearers, the appointment of an independent examiner/auditor.

As a voluntary organisation, it is likely that your AGM will be attended by some people who have an interest in your group, but are not members and therefore are not entitled to vote, nor do they count towards the quorum. Before you start the meeting, you need to be clear about who are your voting members, and whether there are enough present to form a quorum, as defined in your governing document. One frequent cause of confusion is the difference between members and service users. It should not be assumed that all service users are members and are therefore entitled to vote.

Decisions taken at your AGM should be minuted, as should attendees and apologies. It may be necessary at times to hold an Extraordinary General Meeting - the procedure for these will usually be very similar to the procedure for an AGM, but again, the governing document should make this clear.

CHeCKLiST

- Do you have a register of members?
- Have you checked your governing document for details of when and how the AGM should be run?
- Do you know who can vote, and what will form a quorum?
- Have you minuted all decisions made at the AGM?

Policies

Creating policies for the organisation is one of the most important responsibilities of the Board, as the guidance that they provide can be an invaluable support to the group.

Keeping up to date with legislation and keeping up with the requirements of a developing and often expanding organisation mean that this task is continuous. It can therefore become quite daunting. The best way to avoid being overwhelmed is to have a planned programme of rolling review for all policies, giving priority to those which are most relevant to the activities of the organisation. The actual work of writing and updating policies can be delegated to sub-groups, or staff, but the approval of the final version of the policy should be given by the Board.

Policies do not always need to be lengthy documents, but they should be clear, and unambiguous, and where necessary backed up by procedures.

Policies to consider might be:

- | | |
|-----------------------------------|--------------------------|
| ◆ Equal opportunities | ◆ Purchasing/procurement |
| ◆ Health & Safety | ◆ Whistle blowing |
| ◆ Disciplinary | ◆ Harassment/bullying |
| ◆ Grievance | ◆ Staff/volunteer exit |
| ◆ Child Protection | ◆ Supervision/appraisal |
| ◆ Protection of Vulnerable People | ◆ Absence Management |
| ◆ Recruitment | ◆ Data Protection |
| ◆ Complaints/comments | ◆ Induction |
| ◆ Confidentiality | ◆ IT/internet use |

Samples of many of these policies can be found on the Supporting Voluntary Action website: <http://www.vas.org.uk/resources>

CHeCKLiST

Have you looked at your activities and ensured that you have policies to cover everything that you do?

Do you have a timetable for reviewing and updating each policy?

Have you consulted your staff and/or volunteers about their content?

Does every member of staff/volunteer/Board member have access to all policies, have they read and understood them?

Plans

In order for the group to deliver its objectives and to develop, it is essential that it has some sort of plan. The size and depth of the plan will vary considerably depending on the size of the group and the size of its planned projects, but all groups need to have an agreed idea of what they want to achieve, how they are going to achieve it (including financial requirements) and the timescale involved.

In some cases it might be appropriate to have two types of plan: the Business Plan looking at the longer term (see below); and an annual plan which provides a detailed timetable and financial projection for specific projects or activities to be carried out in a particular year.

A Business Plan can form the basis of a funding application, as well as providing a tool for the group to evaluate and assess its effectiveness.

A plan should include:

- ♦ Executive summary: this should be written after the rest of the plan, and summarise the key points.
- ♦ Organisational summary: include the group's background, vision and aims, and structure.
- ♦ Services: outline the service(s) the group provides.
- ♦ Customers/clients/beneficiaries: who benefits from the group's activities and how.
- ♦ Finances and resources: where does the money come from? What other resources does the group have?

For further information on planning, see AVA's 'Planning and Evaluation Pack' at www.avashire.org.uk

There are a number of sources of guidance for writing a business plan.

Skye & Lochalsh Community toolkit: www.slcv.org.uk

The Big Lottery has produced guidance on writing a business plan
www.biglotteryfund.org.uk/scotland/funding-sco/applicant_help_area.htm

The Business Gateway gives guidance on business planning:
[www.bgateway.com/business-guides/grow-and-improve/
growing-a-business/strategic-planning-the-basics](http://www.bgateway.com/business-guides/grow-and-improve/growing-a-business/strategic-planning-the-basics)

CHeCKLiST

Do you have a longer term plan?

Do you have a workplan, and it is regularly referred to and updated?

Finance

It is the responsibility of the committee as a whole to control the group's finances, ensure that the group remains financially viable, and that all its funds are used wisely, lawfully and entirely for the achievement of its aims, as set out in its governing document.

At the beginning of each financial year, the committee should set a budget showing how the organisation's planned activities will be paid for and what the expected costs will be. This will enable the group to keep track of its spending and cope with any unexpected costs throughout the year. The budget should be as detailed as possible, and written in a way that can be easily understood by all the committee.

At least every 3 months a report on finances should be produced for the committee, showing what money has come in and gone out, the current bank balance, and how all this relates to the budget.

It is essential that good financial records are kept, and this is the responsibility of the Treasurer. How this is done will be dictated by OSCR and/or Companies House if the group is a charity and/or company limited by guarantee. But all groups should keep these records as a matter of good practice.

At the end of each year, a statement of the financial position of the group will need to be prepared for and presented at the Annual General Meeting.

CHeCKLiST

Are you clear about the legal requirements for financial reporting for your group?
Do you regularly, and in a planned way, review your budget throughout the year?



Monitoring & Self Evaluation

For a committee to work effectively and successfully it is important that it takes time to reflect on its achievements and be honest about any shortcomings. This can be done through a formal evaluation system, by an annual away day, and by setting clear targets and monitoring how well they have been achieved.

Individual committee members' performance could be monitored by looking at attendance at meetings, involvement in discussions, willingness to take a share of tasks.

The committee as a whole can look at how well it has achieved the objectives outlined in its plan; what are the committees strengths and weaknesses - are there gaps in skills which need to be addressed, either through training or recruitment; have there been changes to the organisation (such as growth, taking on staff) which require new policies or governance structures. For further information on planning, see AVA's 'Planning and Evaluation Pack' at www.avashire.org.uk.

Formal evaluation tools:

- The Big Picture
- LEAP
- PQASSO
- Social Accounting
- Social Return on Investment

An organisational Health Check is attached as an appendix to this document. It will help you to assess whether you have the basic systems in place for to run an efficient Board.

CHeCKLiST

Do you ensure that time is set aside to review the performance of the Board, and of the organisation as a whole at least once a year?



Further Information...

Websites

Advisory, Conciliation, and Arbitration Service (ACAS): www.acas.org.uk

Companies House: www.companieshouse.gov.uk

Charities Evaluation Services on PQASSO: www.ces-vol.org.uk/PQASSO

Directgov: www.direct.gov.uk

Disclosure Scotland: www.disclosurescotland.co.uk

Data Protection - Information Commissioners Office: www.ico.org.uk

Evaluation Support Scotland: www.evaluationsupportscotland.org.uk

Health and Safety Executive: www.hse.gov.uk/scotland

InfoScotland Firelaw pages:

www.scotland.gov.uk/Topics/Justice/public-safety/Fire-Rescue/Firelaw/Firelaw

LEAP (Learning, Evaluation and Planning): <http://leap.scdc.org.uk>

National Council for Voluntary Organisations (NCVO): www.ncvo-vol.org.uk (NB this organisation covers England, so any legislation referred to may not be relevant for Scotland)

Office of the Scottish Charity Regulator (OSCR): www.oscr.org.uk

Scottish Council for Voluntary Organisations (SCVO): www.scvo.org.uk

Skye and Lochalsh Community Toolkit:

www.slcvo.org.uk/Community-Toolkit/ctoolkit?PageName=toolkit-home.htm

Social Audit Network: www.socialauditnetwork.org.uk

Social Return on Investment: www.sroi-uk.org

The Big Lottery: www.biglotteryfund.org.uk/scotland/

The Big Picture: www.thebigpic.org/

The Business Gateway: www.bgateway.com

The Governance Pages: <http://www.governancepages.org.uk/>

Volunteer Scotland: www.volunteerscotland.net/disclosure-services

Publications

Good Governance - A Code for the Voluntary and Community Sector.

Author: The Governance Hub (see NCVO website). ISBN: 0 7199 1710 7

Life of a Company - Part 1 Annual Requirements, Life of a Company - Part 2 Event Driven Filing. Author: Companies House

Guidance for Charity Trustees, OSCR

Benevolent Fundraising - A Guide to the Charities and Benevolent Fundraising (Scotland) Regulations 2009, OSCR

Further Information...

Where to find training

AVA Training: Email: training@avashire.org.uk

SCVO Training Programme and Governance Info:
www.scvo.org.uk/

How to find funding

AVA has access to GRANTfinder - a database of grants and Trusts. To arrange a search, contact: 01771 624787. There is also a Funding Pack available for groups to use available from our AVA offices and downloadable from our website at www.avashire.org.uk

This pack has been compiled by Aberdeenshire Voluntary Action

72a High Street,
Banchory AB31 5SS
Tel: 01330 825027

15a High Street,
Inverurie AB51 3QA
Tel: 01467 629072

17 South Street,
Mintlaw, AB42 5EL
Tel: 01771 624787

42 - 46 Barclay Street,
Stonehaven AB39 2AX
Tel: 01569 668055

Email: mail@avashire.org.uk

Website: www.avashire.org.uk

Scottish Charity Number: SCO14223

Company Number: 137343

Registered office: 72a High Street, Banchory AB31 5SS



Pack materials funded by Community Learning & Development