



GOVERNANCE

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Global News

Revised CG Code in Ireland

A revised version of the Governance Code for Community, Voluntary and Charitable Organisations has been published following a year-long review. The Code is principles-based, is adopted on a 'comply or explain' basis and comprises a set of recommended practices.

The Review found that:

- the Code's adoption journey requires a determined commitment and ownership by a board and takes a minimum of two years to complete and that the majority of adopters interpreted the recommended practices to be rules, with a minority seeing them as principles and practices to help a board set and oversee the achievement of their vision and objectives.
- Boards should be held to account for the veracity of their comply or explain declarations. These declarations should be open to verification and ratings by their stakeholders.
- Calls for the Code to be turned into mandatory rules should be resisted as that will only reduce governance into box-ticking compliance by board members with little affinity for the rules.

- Good governance requires a board to consciously align the organisation's culture and values with its strategy to ensure it achieves its objectives in an ethical manner.
- The Code's five principles and their recommended practices have proved to be very workable and the original principles and practices are intact, however, changes have been made to the adoption processes.

The big evolution is the publication of the Code Stewardship Guidelines, designed to empower stakeholders, such as members, dependents, donors or funders, to hold boards to account. The Guidelines are written for application to large organisations as they are the most likely to attract stewardship reviews and provide stakeholders, or their representatives, with a structured process and ratings methodology. It also makes boards fully aware that the veracity of their declaration of compliance and explanations for divergence from the Code's recommended practices will be subject to closer stakeholder scrutiny.

For the new Code and Stewardship Guidelines go to: www.governancecode.ie