Your Guide to
The Governance Code
for Community, Voluntary and Charitable Organisations

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www.governancecode.ie
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Version 1.0

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A code of practice for good governance of community, voluntary and charitable organisations in Ireland has been developed by the sector, for the sector: www.governancecode.ie. All community, voluntary and charitable organisations are encouraged to adopt it.

The Governance Code is good news

This Governance Code is for board members, managers, staff and volunteers of community, voluntary and charitable organisations and will be an invaluable tool to help your organisation perform to the highest standards possible and give confidence to you and all of your stakeholders.

Good governance means that policies and procedures are in place to ensure an organisation is run well. But good governance is not about rules. It is an attitude of mind. It is about the ethical culture of the organisation and the behaviour of the people on the governing body. The Governance Code aims to make sure that organisations are run responsibly and that they are rewarded for compliance with elevated reputations and greater efficiency and effectiveness.

The Governance Code clearly outlines the roles, duties and responsibilities of all those who sit on the boards and management committees of community, voluntary or charitable organisations - from the smallest organisation to large domestic and international charities, from all-volunteer groups to organisations with hundreds of staff. Intended to help organisations do their good work better, the Code is based on principles, not rules, and compliance with it is voluntary.
You need the Code

Community, voluntary and charitable organisations are only as strong as their reputations, relying on public support and trust in the causes they represent. Clearly stating on your communications materials (newsletters, website, fundraising appeals, etc) that you adhere to the Governance Code will substantially boost your brand, status and credibility as a high-performing, ethical and financially sound organisation.

Adopting the code will:

- reassure funders that donations are being managed by a well-run organisation
- increase transparency
- help avoid serious risks
- help your organisation achieve its goals faster
- reduce costs
The Code needs you, too

The Governance Code will become stronger and more valuable with widespread adoption across the community and voluntary sector.

Over time, the Code should

1. Become the standard definition of good practice in governance for the sector in Ireland
2. Inform the standards that will be required by both funders and regulators

For this to happen, large numbers of organisations in the sector need to adopt it and share the value of their compliance with other organisations and the public at large, simultaneously enhancing their own credibility and that of the Code itself.
The Governance Code’s Principles

The Governance Code is based on these five main principles:

1. Leading the organisation
2. Exercising control over the organisation
3. Being transparent and accountable
4. Working effectively
5. Behaving with integrity

Each of these has three 'sub-principles' indicating how the main principle will be achieved.

Principle 1: Leading the organisation

1. Agreeing vision, purpose and values and making sure that they remain relevant
2. Developing, resourcing, monitoring and evaluating a plan to make sure the organisation achieves its stated purpose
3. Managing, supporting and holding to account staff, volunteers and all who act on behalf of the organisation
Principle 2: Exercising control over the organisation

1. Identifying and complying with all relevant legal and regulatory requirements
2. Making sure that there are appropriate internal financial and management controls
3. Identifying major risks for the organisation and deciding ways of managing the risks

Principle 3: Being transparent and accountable

1. Identifying those who have a legitimate interest in the work of the organisation (stakeholders), and making sure that there is regular and effective communication with them about the organisation
2. Responding to stakeholders' questions or views about the work of the organisation and how it is run
3. Encouraging and enabling the engagement of those who benefit from the organisation in planning and decision-making
Principle 4: Working effectively

1. Making sure that the governing body, individual board members, committees, staff and volunteers understand their roles, legal duties, and delegated responsibilities for decision-making

2. Making sure that the board exercises its collective responsibility through board meetings that are efficient and effective

3. Making sure that there are suitable board recruitment, development and retirement processes in place

Principle 5: Behaving with integrity

1. Being honest, fair and independent

2. Understanding, declaring and managing conflicts of interest and conflicts of loyalties

3. Protecting and promoting the organisation's reputation
A Proportionate Approach

Of course, achieving these five principles is easier said than done, so the code includes recommended guidelines and actions to help organisations fully adopt the Code.

In order to be relevant, and to be proportionately applicable, to all organisations regardless of size, structure or stage of development, the Code defines three categories of organisation (Type A, B or C) based on how governance is conducted. The five main principles and 15 sub-principles are the same for all categories - only the specific actions for achieving them varies between categories.

The website www.governancecode.ie makes it easy to track your progress by offering downloads of a version of the Code for each organisation type, as well as a very helpful checklist of all the required actions, again in three versions for Type A, B or C organisations.

Having taken the actions, you will then know that you are adopting that particular principle. Adopt them all and you may declare that you are in compliance with the Code.
Determining your organisation's type

The three categories may broadly be thought of as 'small, medium and large,' although size is not as much a factor as the role of the board and staffing structure. There will inevitably be some organisations that do not fit perfectly into any of these categories. In that case you should choose the category that best describes your organisation. It may be helpful to go to www.governancecode.ie to look at the specific actions recommended for a particular type to determine if they are most relevant to your organisation.

(Please note: To make it easier to read the implementation actions, 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 governing body, committee, core group or relevant structure. The actions stay the same.)

These are the general qualities of the three types of organisations:

**Type A**

**Board members’ role:**
Comprehensive, including governance, management and operations.

**Staffing:**
- Run by one or more volunteers, who may or may not be board members
- Does not employ staff

(If your organisation seems to be a Type A, but is registered as a limited company, you should be complying with the actions and recommendations of Type B).
**Type B**

**Board members’ role:**
Primarily governance, but with some management and operational responsibilities as well.

**Staffing:**
Employs one or more full-time / part-time staff member(s)

(If your organisation appears to be Type B, but enters into service level agreements with Government departments or statutory agencies, you should be complying with the actions and recommendations of Type C).

**Type C**

**Board members’ role:**
Solely governance, with a clear division between the governance role of the board and the management and operations role of staff.

**Staffing:**
Any number of full-time / part-time staff, all reporting to a Chief Executive / Manager / Director
Next Steps

It is expected that groups and organisations will compare themselves to the standards outlined in the Code on a 'comply or explain' basis. This means that you measure your organisation against the principle in question, specifically against each of the actions for that principle. (There is a checklist available on the website to make it easy for you to do this). After this, you make any changes needed to take the required actions to bring your organisation into line.

Having done that, you are now entitled to say that your organisation complies with the Governance Code. If, however, there are reasons why you can’t make changes to suit all the suggested actions, you can still adopt the Code. This is only possible if you communicate which actions you do not follow and why, in the same area as you communicate that you adopt the Governance Code. Publishing the explanation means that you are complying with the Code.

In summary, 'comply or explain' means that organisations should make it publicly known how they have complied with the Code and explain where they have not.

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

1. Read the guidelines and actions for your organisational type and complete the appropriate checklist for your organisation. This is available to download from the website.

2. Identify the actions you think you need to take to comply with each principle. Rank the actions and complete them within a reasonable timeframe.
3. Once you have completed these actions, you should state in your public materials that you comply with 'The Governance Code for the Community, Voluntary and Charity Sector in Ireland'. Sign the one-page Governance Code Principles Statement (available from the website) and display it publicly, using the phrasing and logo as detailed on the www.governancecode.ie website.

4. Email info@governancecode.ie each year, after your board has renewed its commitment to the Governance Code. Your organisation's name will be added to the list of organisations that have adopted The Governance Code in a particular year.

This is your Governance Code, and all that remains is for you to visit www.governancecode.ie, determine your organisation's type, download the appropriate Code and checklist, and begin the powerful and energising process of adopting the Governance Code. Good luck with your journey!
Who Developed the Code?

The following organisations all came together in a Working Group to develop this Governance Code as a result of their shared aim of improving governance practice across the community and voluntary sector in Ireland. The result of improved governance practice will be better outcomes for the people that organisations in the sector serve. All of the following organisations have a track record in standing for, supporting and promoting high standards of governance in the sector.

- Boardmatch Ireland
- Business in the Community Ireland
- Carmichael Centre for Voluntary Groups
- Clann Credo – the Social Investment Fund
- Disability Federation of Ireland
- ICTR
- Volunteer Ireland
- The Wheel

The Corporate Governance Association of Ireland (CGAI), Arthur Cox (Solicitor) and Sheila Cahill Consulting worked with these organisations as part of the Working Group to develop this Code.

In developing the Code, this Working Group sought extensive feedback from community, voluntary and charitable groups of all sizes, private funders, regulators, statutory authorities and funders and other stakeholders. The group also conducted information and consultation events around the country, webinars, surveys and written feedback.