

GOOD GOVERNANCE

Factsheet 2

Good governance is vital to ensure that your organisation:

- complies with laws and regulations
- is well run and efficient
- identifies problems early and deals with them appropriately
- helps to preserve the reputation and integrity of the sector
- makes a difference according to your objects.



Although the trustee board is responsible for good governance, they rely on many different people to be able to govern well – staff and the chief executive in particular, volunteers, advisors and other stakeholders.

The Charity Governance Code is a practical tool to help charities and their trustees develop high standards of governance. Much of it will also apply to other not-for-profit organisations that deliver a public or community benefit and those with a social purpose. The Code has its own website: www.charitygovernancecode.org.

The Code sets the principles and recommended practice for good governance and is deliberately aspirational: some elements of the Code will be a stretch for many charities to achieve. It is not a legal requirement but helps organisations and their trustees develop these high standards of governance.

Each principle in the Code has a brief description, a rationale (the reasons why it is important), key outcomes (what you would expect to see if the principle were adopted) and recommended practice (what a charity might do to implement the principle).

1

Organisational purpose

The board is clear about the charity's aims and ensures that these are being delivered effectively and sustainably. Charities exist to fulfil their charitable purposes. Trustees have a responsibility to understand the environment in which the charity is operating and to lead the charity in fulfilling its purposes as effectively as possible with the resources available.

2

Leadership

Every charity is led by an effective board that provides strategic leadership in line with the charity's aims and values. Strong and effective leadership helps the charity adopt an appropriate strategy for effectively delivering its aims. It also sets the tone for the charity, including its vision, values and reputation.

3

Integrity

The board acts with integrity. It adopts values, applies ethical principles to decisions and creates a welcoming and supportive culture which helps achieve the charity's purposes. The board is aware of the significance of the public's confidence and trust in charities. It reflects the charity's ethics and values in everything it does. Trustees undertake their duties with this in mind.

4

Decision-making, risk and control

The board makes sure that its decision-making processes are informed, rigorous and timely, and that effective delegation, control and risk-assessment, and management systems are set up and monitored. The board is ultimately responsible for the decisions and actions of the charity but it cannot and should not do everything.

5

Board effectiveness

The board works as an effective team, using the appropriate balance of skills, experience, backgrounds and knowledge to make informed decisions. The board has a key impact on whether a charity thrives. The tone the board sets through its leadership, behaviour, culture and overall performance is critical to the charity's success.

6

Equality, diversity and inclusion

The board has a clear, agreed and effective approach to supporting equality, diversity and inclusion throughout the organisation and in its own practice. This approach supports good governance and the delivery of the organisation's charitable purposes. Addressing equality, diversity and inclusion helps a board to make better decisions.

7

Openness and accountability

The board leads the organisation in being transparent and accountable. The charity is open in its work, unless there is good reason for it not to be. The public's trust that a charity is delivering public benefit is fundamental to its reputation and success, and by extension, the success of the wider sector.

Information provided by:

www.charitygovernancecode.org

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