

WHAT IS GOVERNANCE?

Factsheet 1

Governance is the term used to define the systems and processes concerned with ensuring the overall direction, effectiveness, supervision, and accountability of an organisation. Governance is vitally important for charities and the non-profit sector. Failure in Governance can be a disaster for the organisation concerned and the beneficiaries they support. Over the past few years there have been several high-profile Governance failures within the charity sector. By placing a high value on Governance and how it works for your organisation will ensure you do not become a similar casualty. VIN is able to provide limited advice on Governance issues as part of its free grant-based offer. More detailed support can be provided through our Executive Membership or our Costed Service.



Good governance ensures

- Compliance with law and regulation.
- That an organisation is well run and efficient.
- That problems are identified early and dealt with appropriately.
- The preservation of the reputation and integrity of the voluntary sector.
- That charities make a difference, and the objects of the charity are advanced.

Trustees and Directors

Trustees or Directors have specific responsibilities which they must undertake according to the organisation's constitution and the relevant legislation.

Governing is largely about

- Agreeing broad strategies to carry out the charity or non-profit's purpose effectively.
- Accounting for the non-profit's performance and ensuring it operates within the law.

Governance Management

Governance Management is about undertaking strategies that are agreed by the board (this could be delivering activities, raising income, or ensuring that systems and protocols work effectively). Trustees generally make strategic decisions about organisational direction. The operational CEO and Staff Team are responsible for implementing this approach. The key priorities and challenges for the organisation and its board will depend on its stage of development.

Governance in charities

A charity is governed by a trustee board that takes overall responsibility for its work. Governance is a term used to describe the trustees' role in:

- Securing the long-term direction of the charity (furthering its objects or purposes as set out in its governing document).
 - Ensuring that policies and activities achieve those objects.
 - Ensuring the charity is run in a way that is legal, responsible, and effective.
 - Being accountable to those with an interest or 'stake' in the charity.
 - Good governance runs throughout a charity. The trustee board is responsible for good governance, but they rely on many different people to be able to govern well.
 - The Charity Governance Code is a practical tool to help charities and their trustees develop high standards of governance. More on this can be seen in our Factsheet 2.
 - The Code has its own website: www.charitygovernancecode.org
 - The Code is not a legal or regulatory requirement. It draws upon, but is fundamentally different to, the Charity Commission's guidance. Instead, 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. This is intentional: we want the Code to be a tool for continuous improvement towards the highest standards.
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Voluntary Impact Northamptonshire can provide limited advice on Governance as part of its core funding. However, more detailed support can be provided through our Executive Membership or our paid for Consultancy Service. Simply contact info@voluntaryimpact.org.uk in the first instance.

This is a Free Factsheet. This and others are available for reading and downloading by any organisation without charge. Further diagnostic tools are available from our Members Area only. There is a yearly charge to access this information. To join visit our website -

<http://www.voluntaryimpact.org.uk/membership>

Voluntary Impact Northamptonshire also provides a range of bespoke services at a cost: For more information visit our website -

http://www.voluntaryimpact.org.uk/community/consultancy_packages/



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