

# Charity Governance Code

Checklist for larger charities – UNW LLP



# Charity Sector Governance Code

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	Procedures in place	Action required
<b>Organisational purpose: <i>the board is clear about the charity's aims and ensures that these are being delivered effectively and sustainably</i></b>		
<b>1. Determining organisational purpose</b>		
a) The board periodically reviews the organisation's charitable purposes, and the external environment in which it works, to make sure that the charity, and its purposes, stay relevant and valid.		
b) The board leads the development of, and agrees, a strategy that aims to achieve the organisation's charitable purposes and is clear about the desired outputs, outcomes and impacts.		
<b>2. Achieving the purpose</b>		
a) All trustees can explain the charity's public benefit.		
b) The board evaluates the charity's impact by measuring and assessing results, outputs and outcomes.		
<b>3. Analysing the external environment and planning for sustainability</b>		
a) The board regularly reviews the sustainability of its income sources and business models and their impact on achieving charitable purposes in the short, medium and longer term.		
b) Trustees consider the benefits and risks of partnership working, merger or dissolution if other organisations are fulfilling similar charitable purposes more effectively and/or if the charity's viability is uncertain.		
c) The board recognises its broader responsibilities towards communities, stakeholders, wider society and the environment, and acts on them in a manner consistent with the charity's purposes, values and available resources.		

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**Leadership: every charity is led by an effective board that provides strategic leadership in line with the charity's aims and objectives**

<b>1. Leading the charity</b>		
a) The board and individual trustees take collective responsibility for its decisions.		
b) The chair provides leadership to the board with prime responsibility for ensuring it has agreed priorities, appropriate structures, processes and a productive culture and has trustees and senior staff who are able to govern well and add value to the charity.		
c) In the case of the most senior member of staff (e.g. CEO) the board makes sure that there are proper arrangements for their appointment, supervision, support, appraisal, remuneration and, if necessary, dismissal.		
d) The board's functions are formally recorded. There are role descriptions defining responsibilities for all trustees that differentiate clearly those of the chair and other officer positions and outline how these roles relate to staff.		
e) Where the board has agreed to establish a formally constituted subsidiary organisation/s, it is clear about the rationale, benefits and risks of these arrangements. The formal relationship between the parent charity and each of its subsidiaries is clearly recorded and the parent reviews, at appropriate intervals, whether these arrangements continue to best serve the organisation's charitable purposes.		
<b>2. Leading by example</b>		
a) The board agrees the values, consistent with the charity's purpose, that it wishes to promote and makes sure that these values underpin all its decisions and the charity's activities (see also Principle 1).		
b) The board recognises, respects and welcomes diverse, different and, at times, conflicting trustee views.		
c) The board provides oversight and direction to the charity and support and constructive challenge to the organisation, its staff and, in particular, the most senior member of staff.		
d) The board, through its relationship with the senior member of staff, creates the conditions in which the charity's staff are confident and enabled to provide the information, advice and feedback		

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necessary to the board.		
<b>3. Commitment</b>		
a) All trustees give sufficient time to the charity to carry out their responsibilities effectively. This includes preparing for meetings and sitting on board committees and other governance bodies where needed. The expected time commitment is made clear to trustees before nomination or appointment and again on acceptance of nomination or appointment.		
b) Where individual board members are also involved in operational activities, for example as volunteers, they are clear about the capacity in which they are acting at any given time and understand what they are and are not authorised to do and to whom they report.		

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***Integrity: the board acts with integrity, adopting values and creating a culture which helps achieve the organisation's charitable purposes. The board is aware of the importance of the public's confidence and trust in charities, and trustees undertake their duties accordingly***

<b>1. Maintaining the charity's reputation</b>		
a) Trustees adopt and adhere to a suitable code of conduct that sets out expected standards of probity and behaviour.		
b) The board considers how the charity is perceived by other people, and organisations involved with the charity and the public. It makes sure that the charity operates responsibly and ethically, in line with its own aims and values.		
c) The board ensures that the charity follows the law. It also considers adherence to non-binding rules, codes and standards, for example relevant regulatory guidance, the 'Nolan Principles' and other initiatives that promote confidence in charities.		
<b>2. Identifying, dealing with and recording conflicts of interest/loyalty</b>		
a) The board understands how real and perceived conflicts of interests and conflicts of loyalty can affect a charity's performance and reputation.		
b) Trustees disclose any actual or potential conflicts to the board and deal with these in line with the charity's governing document, and a regularly reviewed conflicts of interest policy.		
c) Registers of interests, hospitality and gifts are kept and made available to stakeholders in line with the charity's agreed policy on disclosure.		
d) Trustees keep their independence and tell the board if they feel influenced by any interest or may be perceived as being influenced or to having a conflict.		

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**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.**

<b>1. Delegation and control</b>		
a) The board regularly reviews which matters are reserved to the board and which can be delegated. It collectively exercises the powers of delegation to senior managers, committees or individual trustees, staff or volunteers.		
b) The board describes its 'delegations' framework in a document which provides sufficient detail and clear boundaries so that the delegations can be clearly understood and carried out. Systems are in place to monitor and oversee how delegations are exercised.		
c) The board makes sure that its committees have suitable terms of reference and membership and that: <ul style="list-style-type: none"> <li>the terms of reference are reviewed regularly</li> <li>the committee membership is refreshed regularly and does not rely too much on particular people. Where a charity uses third party suppliers or services – for example for fundraising, data management or other purposes – the board assures itself that this work is carried out in the interests of the charity and in line with its values and the agreement between the charity and supplier. The board makes sure that such agreements are regularly reviewed so that they remain appropriate.</li> <li>The board regularly reviews the charity's key policies and procedures to ensure that they continue to support, and are adequate for, the delivery of the charity's aims. This includes policies and procedures dealing with board strategies, functions and responsibilities, finances (including reserves), service or quality standards, good employment practices, and encouraging and using volunteers, as well as key areas of activity such as fundraising and data protection.</li> </ul>		
<b>2. Managing and monitoring organisational performance</b>		
a) Working with senior management, the board ensures that operational plans and budgets are in line with the charity's purposes, agreed strategic aims and available resources.		
b) The board regularly monitors performance using a consistent framework and checks performance against delivery of the charity's strategic aims, operational plans and budgets. It has structures in place to hold staff to account and support them in meeting these goals.		
c) The board agrees with senior management what information is needed to assess delivery against		

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agreed plans, outcomes and timescales. Information should be timely, relevant, accurate and provided in an easy to understand format.		
d) The board regularly considers information from other similar organisations to compare or benchmark the organisation's performance.		
<b>3. Actively managing risks</b>		
a) The board retains overall responsibility for risk management and discusses and decides the level of risk it is prepared to accept for specific and combined risks.		
b) The board regularly reviews the charity's specific significant risks and the cumulative effect of these risks. It makes plans to mitigate and manage these risks appropriately.		
c) The board puts in place and regularly reviews the charity's process for identifying, prioritising, escalating and managing risks and, where applicable, the charity's system of internal controls to manage these risks. The board reviews the effectiveness of the charity's approach to risk at least every year.		
d) The board describes the charity's approach to risk in its annual report and in line with regulatory requirements.		
<b>4. Appointing auditors and audits</b>		
a) The board agrees and oversees an effective process for appointing and reviewing auditors, taking advice from an audit committee if one exists.		
b) Where the charity has an audit committee, its chair has recent and relevant financial experience and the committee includes at least two trustees.		
c) The board, or audit committee, has the opportunity to meet the auditors without paid staff present at least once a year.		
d) Arrangements are in place for a body, such as the audit committee, to consider concerns raised in confidence about alleged improprieties, misconduct or wrongdoing. This includes concerns raised by 'whistle blowing'. Arrangements are also in place for appropriate and independent investigation and follow-up action.		

**Board effectiveness; The board works as an effective team, using the appropriate balance of skills, experience, backgrounds and**

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<i>knowledge to make informed decisions.</i>		
<b>1. Working as an effective team</b>		
a) The board meets as often as it needs to be effective.		
b) The chair, working with board members and staff, plans the board's programme of work and its meetings, making sure trustees have the necessary information, time and space to explore key issues and reach well-considered decisions, so that board time is well-used.		
c) The board has a vice-chair or similar who provides a sounding board for the chair and serves as an intermediary for the other trustees if needed.		
d) The board regularly discusses its effectiveness and its ability to work together as a team, including individuals' motivations and expectations about behaviours. Trustees take time to understand each other's motivations to build trust within the board and the chair asks for feedback on how to create an environment where trustees can constructively challenge each other.		
e) Where significant differences of opinion arise, trustees take time to consider the range of perspectives and explore alternative outcomes, respecting alternative views and the value of compromise in board discussions.		
f) The board collectively receives specialist in-house or external governance advice and support. The board can access independent professional advice, such as legal or financial advice, at the charity's expense if needed for the board to discharge its duties.		
<b>2. Reviewing the board's composition</b>		
a) The board has, and regularly considers, the mix of skills, knowledge and experience it needs to govern, lead and deliver the charity's purposes effectively. It reflects this mix in its trustee appointments, balancing the need for continuity with the need to refresh the board.		
b) The board is big enough that the charity's work can be carried out and changes to the board's composition can be managed without too much disruption. A board of at least five but no more than twelve trustees is typically considered good practice.		
<b>3. Overseeing appointments</b>		

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a) There is a formal, rigorous and transparent procedure to appoint new trustees to the board, which includes advertising vacancies widely.		
b) The search for new trustees is carried out, and appointments or nominations for election are made, on merit against objective criteria and considering the benefits of diversity on the board. Regular skills audits inform the search process.		
c) The charity considers using a nominations committee to lead the board-appointment process and to make recommendations to the board.		
d) Trustees are appointed for an agreed length of time, subject to any applicable constitutional or statutory provisions relating to election and re-election. If a trustee has served for more than nine years, their reappointment is: <ul style="list-style-type: none"> <li>• subject to a particularly rigorous review and takes into account the need for progressive refreshing of the board</li> <li>• explained in the trustees' annual report.</li> </ul>		
e) If a charity's governing document provides for one or more trustees to be nominated and elected by a wider membership, or elected by a wider membership after nomination or recommendation by the board, the charity supports the members to play an informed role in these processes.		
<b>4. Developing the board</b>		
a) Trustees receive an appropriately resourced induction when they join the board. This includes meetings with senior management and covers all areas of the charity's work. Trustees are given the opportunity to have ongoing learning and development.		
b) The board reviews its own performance and that of individual trustees, including the chair. This happens every year, with an external evaluation every three years. Such evaluation typically considers the board's balance of skills, experience and knowledge, its diversity in the widest sense, how the board works together and other factors relevant to its effectiveness.		
c) The board explains how the charity reviews or evaluates the board in the governance statement in the trustees' annual report.		

**Openness and accountability; The board leads the organisation in being transparent and accountable. The charity is open in its**

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<i>work, unless there is good reason for it not to be.</i>		
<b>1. Communicating and consulting effectively with stakeholders</b>		
a) The board identifies the key stakeholders with an interest in the charity's work. These might include users or beneficiaries, staff, volunteers, members, donors, suppliers, local communities and others.		
b) The board makes sure that there is a strategy for regular and effective communication with these stakeholders about the charity's purposes, values, work and achievements, including information that enables them to measure the charity's success in achieving its purposes.		
c) As part of this strategy, the board thinks about how best to communicate how the charity is governed, who the trustees are and the decisions they make.		
d) The board ensures that stakeholders have an opportunity to hold the board to account through agreed processes and routes, for example question and answer sessions.		
e) The board makes sure there is suitable consultation with stakeholders about significant changes to the charity's services or policies.		
<b>2. Developing a culture of openness within the charity</b>		
a) The board gets regular reports on the positive and negative feedback and complaints given to the charity. It demonstrates that it learns from mistakes and errors and uses this learning to improve performance and internal decision making.		
b) The board makes sure that there is a transparent, well-publicised, effective and timely process for making and handling a complaint and that any internal or external complaints are handled constructively, impartially and effectively.		
c) The board keeps a register of interests for trustees and senior staff and agrees an approach for how these are communicated publicly in line with Principle 3.		
d) Trustees publish the process for setting the remuneration of senior staff, and their remuneration levels, on the charity's websites and in its annual report		

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3. Member engagement		
<p>a) In charities where trustees are appointed by an organisational membership wider than the trustees, the board makes sure that the charity:</p> <ul style="list-style-type: none"><li>• has clear policies on who is eligible for membership of the charity</li><li>• has clear, accurate and up-to-date membership records</li><li>• tells members about the charity's work</li><li>• looks for, values and takes into account members' views on key issues</li><li>• is clear and open about the ways that members can participate in the charity's governance, including, where applicable, serving on committees or being elected as trustees.</li></ul>		

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<b>Diversity; The board's approach to diversity supports its effectiveness, leadership and decision making.</b>		
<b>1. Encouraging inclusive and accessible participation</b>		
a) The board periodically takes part in training and/or reflection about diversity and understands its responsibilities in this area.		
b) The board makes a positive effort to remove, reduce or prevent obstacles to people being trustees, allocating budgets, where necessary, to achieve this within the charity's available resources. This could include looking at: <ul style="list-style-type: none"> <li>• the time, location and frequency of meetings</li> <li>• how papers and information are presented to the board, for example using digital technology</li> <li>• offering communications in formats such as audio and Braille</li> <li>• paying reasonable expenses</li> <li>• where and how trustee vacancies are publicised and the recruitment process.</li> </ul>		
c) The chair regularly asks for feedback on how meetings can be made more accessible and how to create an environment where trustees can constructively challenge each other and all voices are equally heard.		
<b>2. Recruiting diverse trustees</b>		
a) The board regularly carries out an audit of skills, experience and diversity of background of its members to find imbalances and gaps and inform trustee recruitment and training.		
b) The board sees diversity, in all its forms, as an integral part of its regular board reviews. The board recognises the value of a diverse board and has suitable diversity objectives.		
c) When deciding how to recruit trustees, the board thinks about how best to attract a diverse pool of candidates. It tries to achieve diversity in any trustee appointment panels.		

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<b>3. Monitoring and reporting on diversity</b>		
a) Trustees ensure that there are plans in place to monitor and achieve the board's diversity objectives.		
b) The board publishes an annual description of what it has done to address the diversity of the board and the charity's leadership and its performance against its diversity objectives, with an explanation where they have not been met.		

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