

Briefing Note

Briefing Paper: What is Good Governance?

OSCR's Annual Review 2012/13 detailed the **10 most common complaints** about charities and **General Governance** topped the list. 46% of all complaints about charities have come from members of the public.

What is Governance? (From Latin "gubernare", to steer (a ship))

"The systems and processes concerned with ensuring the overall direction, supervision and accountability of an organisation" **Chris Cornforth**

The key **distinction** to be made is between the **governance** of an organisation and the **day to day running** of it.

It is not about paying wages or bills but rather ensuring that there are **effective systems** in place to ensure that wages or bills are paid in a timely manner.

In **large organisations**, it is common to **divorce the strategic governance** role from the day to day executive role, with different people carrying out these different roles. In **small organisations** it is more common for **the same people to carry out both the strategic governance and the executive role**, but it is **vital** that the strategic governance role is **not neglected** – a common governance problem.

- The governance of an organisation is primarily the responsibility of the governing body (i.e. committee/management committee/board) of that organisation.
- Good governance matters and is crucial to the health and sustainability of organisations.

It is surprising how many organisations make significant mistakes when it comes to governance, for example,

- operating outside of their own policies and procedures
- in some cases outside of charity and company law.

Ignoring your governance or being ignorant towards your governance requirements can cause a number of problems including:

- operating in a risky way
- lack of transparency and even
- operating illegally

Here are a few tips on good governance practices:

- Read and review your charitable objects (they are at the top of your governing document); make sure that all the work you are delivering is still within these charitable objects.
- Read carefully ALL rules in your governing document, and make sure you implement them in practice. From electing and resigning trustees, to quorums, eligibility for trusteeship, sub-committees, roles of officers, and so on. Many of these requirements are not set out by law, they are set out in your own governing document.
- Make sure all proceedings are undertaken in a transparent way (meetings, decisions and conflicts).

How can you review your Governance?

- Consider looking at PQASSO as a self-assessment tool. One of the 12 areas covered is that of Governance.
- Contact VAO and arrange to speak with a Development Worker

Acknowledgements to:

“Simply Governance”, Co-operatives UK

CES, www.ces-vol.org.uk , Good Governance and PQASSO

More questions?

Contact VAO, your local third sector umbrella support body, trained in Charity Law, for advice and assistance.