

GOVERNANCE

The Duties and Responsibilities of Charity Trustees/ Company Directors

1. Trustees have and must accept ultimate responsibility for directing the affairs of a charity, ensuring that it is solvent, well run, delivering the charitable outcomes for the benefit of the public for which it has been set up;
2. Work together to ensure that the charity complies with charity law and with the charity regulator, Office of the Charity Regulator (OSCR);
3. Ensure that the charity does not breach any of the requirements or rules set out in its governing document and it remains true to the charitable purpose and the objects set out there;
4. Comply with the requirements of other legislation and other regulators that govern the activities of the charity;
5. Act with integrity, and avoid any personal conflicts of interest or misuse of charity funds or assets;
6. Demonstrate independent decision-making when required;
7. Use charitable funds and assets reasonably, and only in furtherance of the charity's object. Avoid undertaking activities that might place the charity's endowment, funds, assets or reputation at undue risk. Ensure that the charity is and will remain solvent;
8. Take special care when investing the funds of the charity, or borrowing funds for the charity to use;
9. Use reasonable care and skill in their work as trustees, using their personal skills and experience as needed to ensure that the charity is well run and efficient;
10. Consider getting external professional advice on all matters where there may be material risk to the charity, or where the trustees may be in breach of their duties.

What the law expects of trustees of Scottish charities

It is the principal duty of charity trustees to maintain overall control of the charity. This means to ensure the charity is administered effectively and can account for its activities and outcomes both to OSCR and the public.

Charity trustees: general duties

A charity trustee must: -

- 1. act in the interests of the charity**
- 2. seek, in good faith, to ensure, that the charity operates in a manner that is consistent with its objects or purposes**
- 3. act with care and diligence that is reasonable to expect of a person who is managing the affairs of another person**
- 4. to ensure that the charity complies with the provisions of this Act, and other relevant legislation (e.g. employment law, health and safe and disclosure).**

Charity trustees as a body are collectively or corporately responsible for all the activities of the charity. In other words all charity trustees are equally accountable for their organisation – they have a collective general duty.

From 'Guidance for Charity Trustees: acting with care and diligence', OSCR 4 2006

Governance roles and relationships

Who decides and who acts?	Board members or Chief Officer/ Manager?
1. Changes to key priorities within the business / strategic plan	
2. Formal response to break down in relations between 2 members of staff	
3. Response to staff member who informally contacts a Board member to complain about bullying (i) by the Chief Officer and (ii) by Team Leader	
4. Whether the Chief Officer is to join board of another key but ailing association	
5. Board remit re. significant changes in Health and Safety requirements	
6. Board member found to have contravened policy on confidentiality	
7. How to respond to intimate relationship developing between a staff and Board member	
8. Response to discovery that Chief Officer deliberately withheld information on risk during strategic planning to ensure project was agreed to by the Board	

MANAGEMENT AND GOVERNANCE

	Governance	Management
Vision and values	Act as guardians of vision and values	Ensure all operations are run in accordance with vision and values
Strategic planning	Ensure clear direction and strategic framework including priorities and targets; monitor progress regularly. Ensure pattern of risk assessment, reporting and review	Carryout surveys of needs and impact; draft strategic options; devise work programmes; follow agreed priorities and targets; regularly report on activities and outcomes/ outputs.
Policy framework	Agree programme, priorities, ratify, review and amend	Draft policies; implement ratified policies; account for impact and recommend changes at reviews
Personnel	Establish principles, policies and procedures; be fair employer; enact role in discipline and grievance procedures	Ensure policies are up to date and best practice; provide supervision and appraisal; monitor workloads; enact proper procedures if issues of conduct or capacity
Finance	Ensure proper processes in place; review risk; check and sign off accounts; safeguard investments; sign cheques.	Operate and overview financial systems; prepare budgets and account for expenditure; limited cheque signatory
Funding	Ensure sufficient funding for operation of the organisation; establish and review fundraising strategy	Carry out fundraising activities; report on outcomes, opportunities and threats
Compliance	Ensure all legal requirements are met, e.g. regulator, charity law, health and safety & reviewed. Ensure regular risk assessment	Ensure systems up to date and complied with by all in the organisation. Review and report on changes, issues and impact.
External relations	Establish and review strategy for maintaining and developing external networks, liaison and partnerships	Attend priority groups and working parties; support partnership arrangements; report on outcomes and issues.

GOVERNANCE

ACCOUNTABILITY

Types of accountability

- Moral
- Legal
- Financial (e.g. SORP)

Openness

- Availability of reports, policies and procedures to staff and users
- Confidentiality – policies and practice
- Whistleblowers - policies and practice

Reporting

- Pattern of staff reports to the Committee
- Quality and accessibility of information to Committee and Sub-Committees
- Nature and membership of Sub-Committees
- Planning cycles and internal management plans
- AGM and newsletters to tenants

Founder's Keepers

Chair to the Chief Officer

'I have told the Roberts Trust we will extend our rape crisis helpline service to include transsexual women'.

Chief Officer to Chair

'I am not convinced we should do this for lots of reasons. But anyway extending the helpline has not been agreed by the Board'.

Chair to the Chief Officer

'Oh! I emailed Board members about it – and the ones who replied, which was most of them I think – agreed with my proposal'.

Chief Officer to Chair

'That is not the same as a decision made by the Board at a formal meeting; and anyway extending the helpline isn't in our strategic plan'.

Chair to the Chief Officer

'It may not be in the plans but it is important to our mission. I know because I wrote the mission when we started. And anyway it should be in the plans as including transsexual women is consistent with the equalities legislation.'

Chief Officer to Chair

'Be that as it may it isn't sound decision-making!'

Chair to the chief officer

'Be that as it may indeed! The Board will agree with the change – you'll see.'

In the end?

The Board did ratify the proposal at their next Board meeting.

No surprises

At the Board Meeting the Chief Officer announced she had agreed to become a Board member of the Arkwright Youth Project – an important local charity currently in meltdown.

The Chair was taken aback as he had not known about this, nor has been party to the Chief Officer's decision.

After the Board meeting the Chair sought the Chief Officer and said to her, 'I am concerned that you didn't tell me about the Arkwright Youth Project nor consulted me about joining its Board. And it was embarrassing to be surprised about it in front of the Board'.

The Chief Officer replied 'I am sorry you were disconcerted in the meeting. I just told the Board out of courtesy. It's my decision what I do in my non-work time and that's when I will be going to the Arkwright Youth Project meetings. They are very important locally and with the right help they should revive'.

The Chair retorted, 'it isn't just a personal decision as rescuing the Arkwright Youth Project could well take time away from us; and if it crashed it could damage our reputation. I should have known about it before you decided and told the Board'.

The Chief Officer replied, 'I wouldn't do anything to endanger what we do here. I would have mentioned it at our regular pre-Board meeting last Monday but you were ill, and there was no time to talk earlier this evening'.

Discomforted the Chair exclaimed 'there are such things as emails' and got up and left the room.

