

The Charities Governance Code explains the minimum standards you should meet to effectively manage and control your charity.

Good governance involves putting in place systems and processes to ensure that your charity achieves its charitable objectives with integrity and is managed in an effective, efficient, accountable and transparent way.

## Ten steps to reporting on compliance Read the Code in full:

- STEP 01** Read the Code in full.
- STEP 02** Decide if your charity is more complex for the purpose of the Code.
- STEP 03** For each standard, decide what action or actions you will take to meet that standard in your charity.
- STEP 04** State each action next to the relevant standard in the Compliance Record Form.
- STEP 05** If any of the standards do not apply to your charity, explain why next to that standard in the Compliance Record Form.
- STEP 06** Decide what evidence you can provide for the action or actions that you are taking to meet each standard that applies to your charity.
- STEP 07** State the evidence you can provide next to the relevant action in the Compliance Record Form.
- STEP 08** Review the Compliance Record Form and agree it is accurate at a board meeting.
- STEP 09** Declare your charity's compliance (or provide your charity's reason for not complying) with the Code when submitting your annual report to the Charities Regulator.
- STEP 10** Having considered the standards, actions and evidence (steps 3 to 7) again, complete a fresh Compliance Record Form at a board meeting every year before reporting on compliance to the Charities Regulator.

The six principles of charity governance Charity trustees are responsible for the governance of their charity and should make sure that the following governance principles are being applied. Your charity is:



1 advancing  
its charitable  
purpose



2 behaving with  
integrity



3 leading people



4 exercising  
control



5 working  
effectively



6 being  
accountable and  
transparent

# What is a Constitution?

The main object must clearly outline:

- ▶ What the charity is set up to achieve
- ▶ Where it will operate
- ▶ Who it will help
- ▶ How it will achieve its objectives

It is recommended that charities include specific governance clauses in their constitution to allow for and support the effective internal governance of the charity. When we refer to 'governance clauses', we mean clauses which detail items such as:

- ▶ The holding of general meetings
- ▶ Meeting notices and administration
- ▶ Conflicts of interests
- ▶ The appointment of trustees

**Name** You must agree on one official name for your group. **Objects** These are the reasons your group exists. They are often divided into the main object and the subsidiary objects.

The **objects** are also sometimes called the 'objectives'. If you intend to become a registered charity you must ensure that your objects match at least one of the charitable purposes recognised by the Charities Regulator.

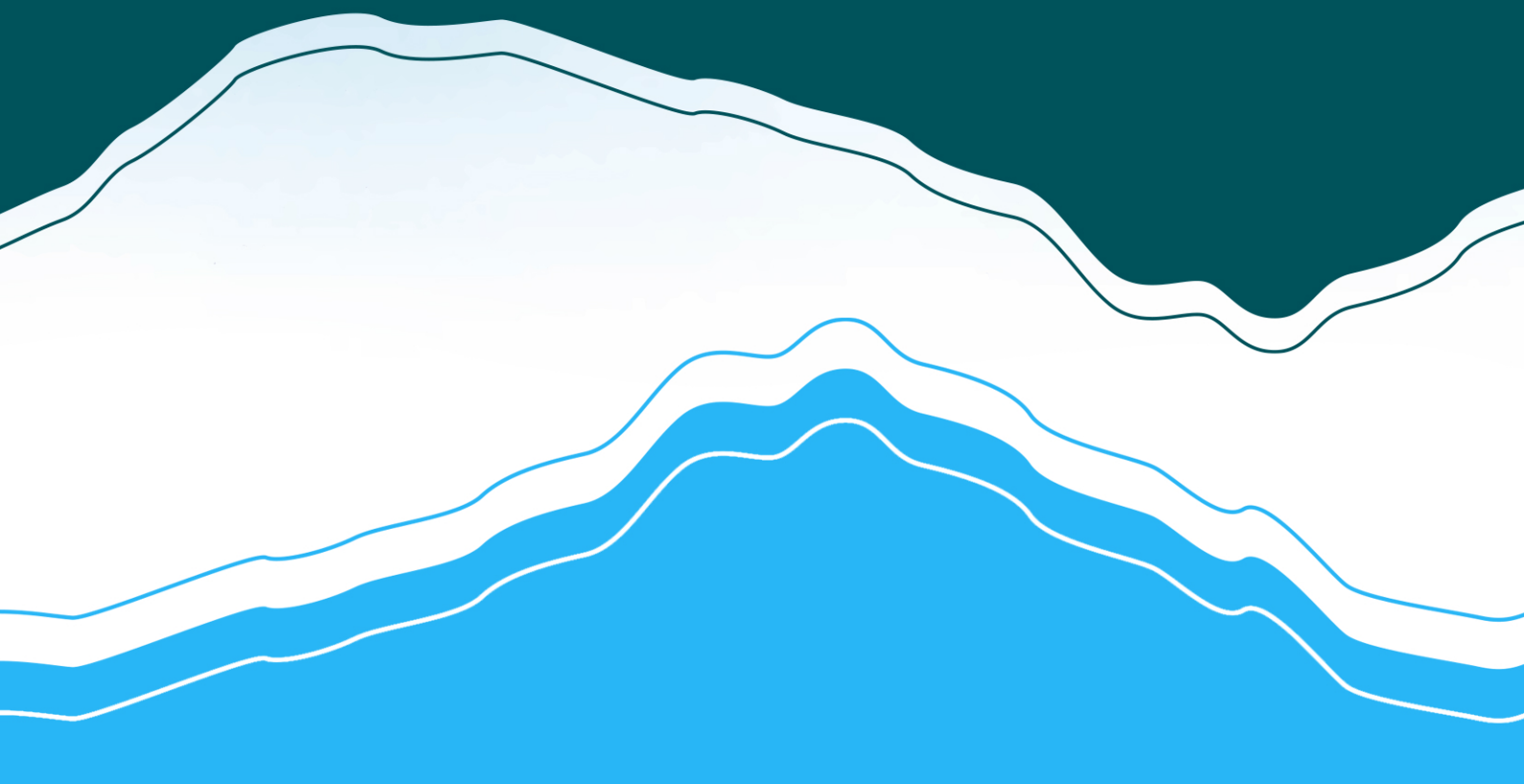
**Powers** Your powers, or authority, must be essential in order for you to achieve your objects. For example, they may permit you to raise funds, as this is essential in order for you to function.

**Additions, alterations or amendments** You should ensure that your constitution remains up-to-date and you must follow proper procedures for changing it. **Winding up** These are the arrangements that must be in place in case you ever find yourself in a situation in which you need to close the group.

**Other rules** There need to be sensible rules for the functioning of your group. This involves answering questions such as: – How does someone become (or stop being) a member of the organisation?

– How do the wider, general member meetings operate? – How many people need to be present at general meetings in order for valid decisions to be made (this is known as the 'quorum')?

– How are trustees elected? The Regulator describes these people as 'executive members'.



# Course Title: Financial Management for Voluntary Organisations

## Course Outline

### 1. Introduction to Financial Management

- Purpose and Importance: Why financial management is crucial for voluntary organisations.
- Key Concepts:
  - Financial sustainability
  - Accountability and transparency
  - Legal requirements (specific to Ireland, including Charities Act 2009)
- Role of Finance in Decision Making: The link between finance and strategy.

### 2. Legal and Regulatory Framework

- Governance and Finance: Financial responsibilities of board members/trustees.
- Charities Regulator Requirements: Introduction to compliance with the Irish Charities Regulator.
- Financial Reporting Standards: Overview of Statement of Recommended Practice (SORP) for Charities.

### 3. Key Financial Documents

- Financial Statements:
  - Income and expenditure account
  - Balance sheet
  - Cash flow statements
- Reading and Interpreting Accounts: How to read and analyse these key documents.
- Budgets:
  - Purpose and benefits of budgeting.
  - Creating and managing a budget.
  - Differences between annual and project-based budgets.



## 4. Financial Controls and Procedures

- **Internal Controls:**
  - Why controls are needed in a voluntary organisation.
  - Segregation of duties and authorisation processes.
- **Managing Risk:**
  - Identifying financial risks (e.g., fraud, funding shortfalls).
  - Strategies to mitigate risks.
- **Financial Policies: What policies your organisation needs (e.g., expenses policy, reserves policy).**

## 5. Fundraising and Income Generation

- **Sources of Income:**
  - Grants and funding opportunities (with emphasis on Ireland and EU funds).
  - Donations and fundraising events.
  - Earned income from social enterprises or trading activities.
- **Grant Reporting and Accountability: How to report effectively to funders.**

## 6. Financial Reporting to the Board and Stakeholders

- **Board Reports: What financial information the board needs and how to present it clearly.**
- **Transparency and Accountability: How to ensure that stakeholders understand financial reports.**
- **Charity Annual Reports: Requirements for filing annual financial returns with the Charities Regulator.**

## 7. Managing Reserves

- **Reserves Policy: What is a reserves policy and why it's essential.**