

INSIGHT

Governance health check – key issues to consider

A governance health check could help protect your organisation's reputation and finances

Charities and third sector organisations face many challenges, including funding squeezes, staffing issues, compliance pressures as well as unprecedented scrutiny of their activities and management.

Having effective governance procedures in place will greatly help you achieve your objectives and remain relevant and sustainable. This applies to all types of charity from grant giving foundations, community sports clubs to nationally operating organisations.

There are a number of key governance indicators that trustees, chairs and chief executives should consider to help manage the risks and requirements that you face as charity operators.

Constitutional issues

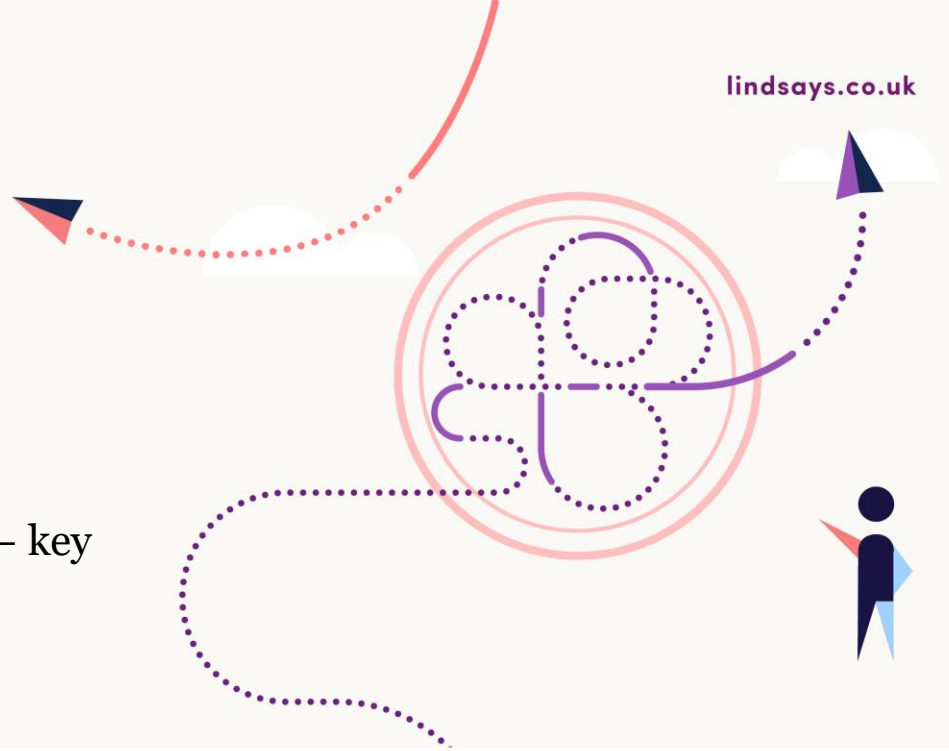
- When did you last review your Board governance documents and policies, including your main constitution and subsidiary governance documents?
- Do your constitutional documents reflect how you actually operate in practice?
- Are you operating within the appropriate legal structure, taking advantage of limited liability if appropriate?

Board issues

- Do you have the appropriate number of people and mix of skills on your Board?
- Are all your trustees really contributing?
- Would your organisation benefit from having committees or specialist group projects?
- Would your Board benefit from being more diverse?

Board operation

- Are meetings run in accordance with the charity's governance documents?
- Are minutes circulated on a timely basis?



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- Are conflicts of interest considered regularly?
- Is attendance and contribution of trustees monitored?

Trustee recruitment

- Do you recruit trustees in the most effective way?
- Do you appraise your trustees' performance?
- Do you deal effectively with under-performing trustees?
- Do you ensure retention of high-performing trustees?

Finance

- Do you have a financial strategy which matches your objectives?
- Is your annual financial budget approved prior to the start of the financial year?
- Do you make the most of available tax incentives, including Gift Aid?
- Are proper financial controls in place?
- Do you have any dormant or under-used funds?

Fundraising

- Do the trustees understand, and have they approved, the organisation's fundraising strategy?

Restructuring

- Have you considered collaborating with other charities and what benefits that may bring?
- Are there opportunities for you to work in a more formal partnership with other charities, perhaps leading to merger?

Property issues

- Are you fully utilising the space within your property?
- Have you reviewed your financial strategy in respect of property, for example are there advantages to owning property rather than renting

- Have you reviewed your documentation for possible opportunities, such as lease break options?

Employment issues

- Do you have up-to-date employment contracts to comply with current legislation?
- Do your contracts provide flexibility to make changes to employment roles, places of work etc.?
- Do you have effective policies and procedures, including on equality, diversity and inclusion; whistleblowing; data protection; and harassment and bullying?
- Do you have robust training programmes for staff on matters including, equality, avoiding discrimination and harassment and effective data protection?

These are just a selection of issues which should be considered. If you would like to discuss any of these issues, or find out how you could improve the governance and risk management we'd be happy to help.

