



INSTITUTE OF DIRECTORS  
IN IRELAND



# What Charity Directors Need to Know to Ensure Good Governance

with Áine Myler, Charities Institute Ireland,  
and Madeleine Delaney, Charities Regulator

IoD Ireland Briefings Series: Sponsored by Accenture



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# Áine Myler, CEO, Charities Institute Ireland



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# Governance in the Charity Sector

## A View from both sides of the Board Table

Áine Myler : November 2022

The Voice of Ireland's Leading Charities



# Charities Institute Ireland

## A quick introduction

- Representative body for Ireland's leading and high-impact fundraising charities
- Our 250 organisation members employing c. 25,000 people and representing 40% of overall public funding provision within the charity & voluntary sector
- Our Triple Lock quality mark is recognised across the charity and corporate donor sector as the symbol of best practice.

## Our Mission -

- To provide leadership in the sector by empowering charities to maximise their impact, particularly through best practice in governance, finance and sustainable fundraising management

A word cloud of terms related to corporate governance and board management. The words are arranged in a roughly circular shape, with 'Trust' and 'Governance' being the largest and most prominent. Other significant words include 'Board', 'Culture', 'Reputation', 'Accountability', and 'Impact'. The colors range from light purple to yellow.

Trust  
Trustee  
Fiduciary  
Better  
Culture  
Curious  
Governance  
Risk  
Skills  
Regulation  
Oversight  
Board  
Policies  
Code  
Accountability  
Impact  
Communication  
Transparency  
Fundraising  
Trustees

# Good Governance Matters

## **Taking responsibility for your actions and decisions**

- Doing the right thing
- Reputation is built on Trust & Confidence
- Stakeholders want Accountability & Transparency.
- Expectations have evolved
- Compliance is statutory. Best Practice is the Target!
- Sectoral contagion when things go wrong

# Are Charity Directors different?

## And why do people join charity boards?

- Legislative & regulatory compliance – possibly multiple regulators
- Mixed income model; restricted & unrestricted funds and annual audits (currently  $\geq$ €100k income)
- Volunteer Board
- Different Workplace Culture & Skills
- Fulfilling Purpose & Public Benefit Remit
- SLA/Contractual oversight
- Giving back & Building Network

# What good governance looks like

## And how Trustees play a vital role

- **People, structures and culture**
- Always striving to do better – regardless of size
- Good decision-making & a shared understanding of what you are trying to achieve
- Maximising the good, not just minimising the bad
- Asking the right questions
- Appointing the right people
- Being agile, staying curious and keeping up with change



# Challenges for Boards

## And for long-suffering CEOs.....

- Lack of understanding on role responsibilities
- Board Recruitment & Induction processes
- Conflicting views of the charity's mission
- Dominant personalities & group think
- Mismatch of board skills to what is actually required
- Lack of strategic focus – ESG, IT, Risk, Reserves, Income Diversification
- Lack of Resources

# A benchmark for Boards

FIGURE 1. Five Levels of Charity Board Maturity

NON-COMPLIANT	COMPLIANT	EFFECTIVE	PROGRESSIVE	ELITE
Negative attitude to governance. Unaware of strategic developments. Short-term funding focus.	Tolerant attitude to governance. Closed to developments other than self-beneficial. Mixed portfolio of income sources.	Board sees benefits of governance. Revises board and staff structures to exploit opportunities. Seeks funding opportunities that support strategy.	Board has governance improvement mindset. Keen to benchmark board maturity against peers. Seeks collaboration in new initiatives that reflect market changes.	Board has delivered a series of strategic programmes resulting in significant impact and/or funding. Board and staff have collective problem-solving mindset Proactive in succession of board/executive.

”

”

**SERVICE TO OTHERS IS THE  
RENT YOU PAY FOR YOUR  
ROOM HERE ON EARTH.**

– MUHAMMAD ALI

# Thank you

# Madeleine Delaney, Director of Legal Affairs and Registration, Charities Regulator

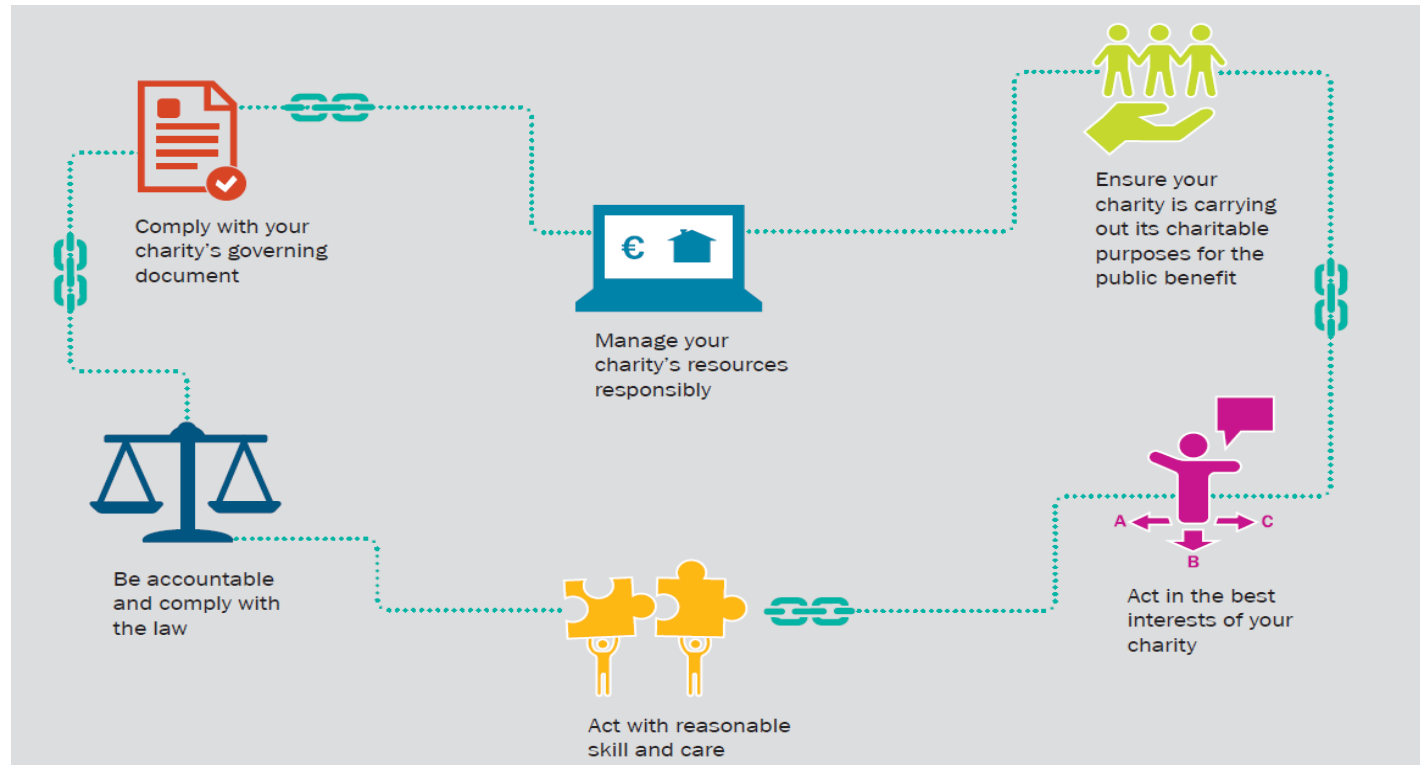


# Why do we have a Governance Code?



- ❑ To help Charity Trustees:
  - To understand their role and responsibilities
  - Setting out legal duties
  - Describing minimum standards of governance
  - Providing a framework for putting in place systems of governance which provides reassurance for Charity Trustees themselves but also volunteers, donors and other stakeholders
  - Toolkit of Guidance Notes and Templates

# Legal duties of charity trustees



# Legal duties of charity trustees



Ensure your charity is carrying out its charitable purposes for the public benefit

By assessing whether:

- ✓ all activities advance a charitable purpose only.
- ✓ the charitable purpose is benefitting the public or a section of the public in Ireland or elsewhere
- ✓ any personal benefit is necessary, reasonable and ancillary.
- ✓ the charity is making a positive difference.



Comply with your charity's Governing Document

By reading and understanding:

- ✓ your charity's governing document.
- ✓ your charity's main object and the public benefit it provides.
- ✓ the extent of your powers arising from the governing document.  
(note: you should notify the Charities Regulator if you wish to amend your charity's governing document.)



Be accountable and comply with the law

Regardless of size or income, by:

- ✓ being aware of and complying with the reporting requirements that apply to your charity.
- ✓ keeping all your charity details up to date with the Charities Regulator.
- ✓ being aware of and complying with all other laws that apply to your charity.
- ✓ being transparent with stakeholders.



# Legal duties of charity trustees



Manage your charity's resources responsibly

By:

- ✓ planning your charity's budget, agreeing the short, medium and long-term financial needs.
- ✓ developing and implementing a plan to ensure the continuance and growth of your charity.
- ✓ ensuring appropriate financial controls and procedures are in place.
- ✓ ensuring all staff and volunteers understand their role and responsibilities.



Act in the best interests of your charity

By:

- ✓ embodying the values of your charity and being impartial when carrying out your duties.
- ✓ working with other charity trustees to reach required decisions to further your charity's purpose.
- ✓ developing and implementing appropriate policies.
- ✓ identifying and managing conflicts of interest.



Act with reasonable skill and care

By:

- ✓ being aware of and complying with your duties as a charity trustee.
- ✓ bringing your experience and skills to the role of charity trustee.
- ✓ being informed, attending and contributing at regular meetings of charity trustees.
- ✓ making balanced decisions and formally recording those decisions
- ✓ seeking specialist advice when necessary, preferably before an issue arises.
- ✓ reviewing the performance of the board of charity trustees.

## General Scheme of the Charities Amendment Bill

### General duties of charity trustees

#### 54B.(1)

(a) to act in good faith in what the charity trustee considers to be the best interests of the charitable organisation,

(b) to avoid conflicts of interest and to act honestly and responsibly to advance the charitable purpose(s) of the charitable organisation, and

(c) to exercise the care, skill and diligence which would be exercised in the same circumstances by a reasonable person having both –

(i) the knowledge and experience that may reasonably be expected of a person in the same position as the charity trustee, and

(ii) the knowledge and experience that the charity trustee has.



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