

Trustees' roles 1: What are directors and trustees responsible for?

The Checklist: This is a simple checklist of the main issues which directors and trustees in voluntary sector organisations are usually responsible for. You can use it to see whether all the necessary arrangements and policies are in place, and whether people are aware of them.

- **strategic planning**
 - set clear purpose and direction – the organisation's "vision"
 - establish priorities
 - use of resources
 - provide framework for evaluating, including targets and timetables
 - provide framework for detailed operational plans or work plans, including targets and timetables
- **policy**
 - operating policies
 - getting funding
 - ensuring good management
- **finance**
 - budgeting
 - ensuring monitoring and control
 - preparing and filing end of year accounts
- **the board and membership**
 - appointments, induction, training, meeting arrangements
 - company/organisation membership arrangements, membership records
- **staffing**
 - salaries
 - contracts and conditions
 - grievance and disciplinary procedures
 - health and safety
 - equal opportunities policy for staff, volunteers, beneficiaries
 - training, development and welfare, including staff supervision and appraisals
- **premises** – leasing adaptation, use, maintenance, furnishing, equipping
- **insurance**
 - employer liability
 - public liability
 - contents
 - "office all-risks"
 - personal indemnity
- **public relations**
 - promoting the aims and activities of the organisation
 - protecting the good name of the organisation, including safeguarding against perceptions of conflicts of interest
- **accountability** – answer to and provide information for, eg
 - Charity Commission, Companies House, Customs and Revenue
 - funders and donors, beneficiaries
 - staff and volunteers, parent body where one exists, general public
- **monitoring achievements and progress** against targets
- **evaluation** – assess impact, quality, cost-effectiveness

Written policies: Well run organisations can exist for years and flourish without written policies. But the moment there is a disagreement about the way to do things trustees and senior staff can be sunk if the documentation for the organisation's policies, operating procedures and plans is inadequate. Written policies and procedures for many of the above issues are essential.

Trustees' roles 2: Exercising your responsibilities

This is a guide to good practice in voluntary sector organisations, not the law (although much of this practice is backed up by the law in UK, and charitable companies are very much more regulated). For more information see the Charity Commission website www.charitycommission.gov.uk and the WCVA publication "Faith and Hope Don't Run Charities – Trustees Do".

The main issues

What are the legal responsibilities: Charity trustees are responsible in law for the proper administration of the charity in accordance with its governing document. That means:

- you are ultimately responsible for everything the charity does and how it does it
- your overriding duty is to act in good faith (i.e. in the belief that what you are doing is correct)
- you must make sure that the charity pursues its aims, uses its assets exclusively to pursue those aims, and acts in the interests of its beneficiaries
- personally, you must take an active part and act in the best interests of the company, avoid conflict with your personal interests; trustees of charities and their families may not profit in any way from being trustees unless they have explicit permission from the Charity Commission.

Key requirements under charity law: Charities must operate within charity law on:

- **disclosure:** you must follow the Charity Commission's disclosure, reporting and accounting requirements in the 1993 Act - failure to do this is a criminal offence
- **eligibility:** no one can act as a trustee if they have been disqualified
- **political activities**
- **fundraising**
- **trading.**

Company law: Trustees of charitable companies must comply with legal requirements relating to:

- company directors
- up to date company returns
- record keeping
- the charity's interests - you must act in the best interests of the charity even where this conflicts with your private or other interests
- insolvency - you must not continue trading as a company if you know, or should have known, that your company is insolvent.

Your standards as a trustee: Trustees are expected to act reasonably and prudently in all matters relating to the charity and in its long-term interest. In practice:

- you must act with the same degree of care as a prudent business person would exercise in the managing their own business
- you need to know about the legal, financial and managerial issues affecting your charity, though you are not expected to have expert knowledge
- if you claim expertise in a given area you will be expected to act with a higher duty of care by the courts and the Charity Commission
- if you are not an expert and do not seek advice on legal, financial or managerial matters, you could be regarded as acting imprudently and you may be personally liable for the consequences
- the law requires you to seek professional advice in some instances, for example, in relation to certain land transactions).

Collective responsibility: Trustees are jointly responsible for the activities of the company and you must act together:

- no trustee acting alone can commit fellow trustees, unless specifically authorised to do so, but

- the board's decisions do not have to be unanimous, you are bound by the decisions of your fellow trustees even if you were absent from a meeting
- if you vote against a decision you should make sure your vote is recorded in the minutes on serious matters, e.g. plans to spend resources on something outside its objects (which would be a breach of trust), you should consider resignation.

Protecting the company's assets?

Trustees have a duty to protect all the assets belonging to the charity, by ensuring that:

- there are adequate financial controls
- any land or buildings the company owns are well maintained and insured.

Handling money: It is good practice to have two people present whenever cash is handled. The same person should not have authority for ordering goods and authorising payment for them. This also protects individuals against suspicion if money goes astray.

Bank accounts: You should make sure that there are adequate controls for operating the company's bank account which cannot be abused. Cheques should normally be signed by at least two people, including one trustee. You should invest any money that is not needed in the immediate future, e.g. in interest-earning accounts.

Endowments: Any funds, land, buildings or other assets which form part of a charity's "permanent endowment" (i.e. assets which have been given to the charity to keep permanently) should be invested to produce a good income while protecting the real value of the capital.

What legislation? The legislation which in general affects your charity includes:

- **Charity and Companies Acts:** The main legislation covering the activities of all charities are the 1992, 1993 and 2006 Charities Acts. Charitable companies are subject to the 1985, 1989 and 2006 Companies Acts.
- **Other legislation affecting charities:** Depending on the work of the company, you may also have to comply with the legislation covering such matters as employment, health and safety, taxation, environmental matters, data protection, children and trading standards.
- **Knowledge of the legislation?** As a trustee you are *not* expected to have a detailed knowledge of this legislation. But, you should be aware that it exists and you should ensure that someone is responsible for the company complying with it.

Following your own rules

The Memorandum and Articles of Association of a charitable company and the constitutions of other unincorporated organisations also provides rules which trustees must follow. These usually include:

- **"powers"** to pursue the organisation's aims, such as the power to borrow money; if you allow a charity of which you are a trustee to act outside its powers, (e.g. by spending on money in a way which is not permitted) you are committing a breach of trust and may be personally liable to reimburse any loss or expenditure
- **operating rules:** the Memorandum and Articles or constitution may cover issues such as who can be a member and the composition of the Board or Management Committee
- **standing orders:** increasing numbers of companies nowadays also produce additional written rules or standing orders for internal procedural matters, such as the conduct of elections, the composition and duties of committees. These rules must not contradict or repeal anything contained in the Memorandum and Articles. You can easily amend the standing orders if you need to.

Wider legal responsibilities:

Trustees also have wide ranging responsibilities under the law in general for the various roles they perform, for example, as:

- **employers** (under the law on employment, health and safety at work, equal opportunities etc)
- **parties to legal contracts** (e.g. the rent and purchase of property, the purchase and delivery of services, the employment of consultants)
- **bodies delivering services to the public** (under consumer law).

It is important that all trustees should familiarise themselves with the areas of their responsibility, and nominate one person (a trustee or employee) to ensure that the trustees are properly informed

when issues of legal responsibility arise. Much information is readily available – e.g. from ACAS, the Health and Safety Executive, the county Trading Standards Department. Where substantial contracts are involved, as with the purchase of property, the advice of a solicitor will be necessary.

Trustees' roles 3: "Management" and "Governance"

The difference between "Governance" and "Management"

Trustees' personal and collective responsibility: Trustees are required by charity law:

- to take *personal responsibility* for governing their organisation, and
- to *act together* when they take decisions affecting it.

"Governance" is the term used for the *matters which trustees must deal with personally*.

Governance is about ensuring the charity has:

- leadership, direction,
- a shared vision of its purpose and how to achieve it
- established priorities; a sense of urgency about its work
- safeguards for its assets
- the capacity to use its assets effectively
- the ability to supervise the senior employee
- management arrangements to operate within agreed policies, the law and its budget.

Management: But day-to-day management and operational matters are usually delegated to staff, eg:

- organising and supervising staff and volunteers
- fund raising, financial management, routine administration
- organising the operation and delivering services.

Effective governance – the board's main roles:

The board's main roles are to:

- develop the charity's purpose, and uphold its ethos and values
- develop the long-term plan
- develop the charity's policies
- ensure all activities are within the law
- ensure all activities come within its "charitable objects"
- ensure accountability: to the Charity Commission, , Companies House, Customs and Revenue, donors, beneficiaries, staff, volunteers, and the general public etc
- ensure it has adequate resources and that assets are protected and well managed
- agree the budget and monitor financial performance
- monitor the charity's services
- review annually the performance of the board of trustees
- establish personnel procedures: recruitment, support, appraisal, pay, discipline.

In order to carry out its role the board must:

- meet as often as is necessary for the proper administration of the charity
- seek professional and other expert advice where necessary.

Delegating management responsibilities:

Delegation: Trustees can delegate work to committees, paid staff and volunteers. ***But doing so does not relieve them of the need to take personal responsibility for governing their organisation or the obligation to act together when they take decisions affecting it.***

Restriction on delegating authority to staff: Responsibility for day-to-day management and all operations can be delegated to staff, provided:

- the governing document (constitution) gives the power to do so
- the scope of delegated authority is set down in writing
- the trustees set the policies which the staff may operate, and provide staff with guidelines
- decisions made by staff on important matters are reported to the trustees without delay
- the board remains legally responsible for all activities, including matters delegated to staff.

Trustees' roles 4: Good decision making

Member's responsibilities: You should:

1. accept majority decisions – you are *collectively* responsible for the organisation's decisions – even if you disagree with a decision you **must** accept it
2. only challenge properly made decisions if you believe the organisation is behaving illegally
3. attend meetings regularly
4. prepare for meetings by reading papers
5. check with Chair or others if you've missed anything
6. *not* go back over issues which have already been agreed

Holding good meetings: You need:

1. a **regular time and place**
2. to have **papers in advance**, including:
 - an agenda which
 - identifies the business to be dealt with
 - identifies the expected action for each item ("to discuss", "to confirm", "to decide")
 - is achievable (ie not overloaded with items)
 - minutes of the last meeting
 - reports which contain
 - specific recommendations which can be discussed
 - the reasons for the recommendations
 - (possibly) other options, with reasons
3. **clear, brief minutes** which
 - record decisions
 - list action to be taken
 - identify who is responsible
 - *very briefly* summarise discussions
4. **good chairing** – which stimulates discussions, involves everyone, tries to reach decisions by consensus, paces meetings to get through the business, limits discussion to make progress, keeps order, provides leadership (setting standards of behaviour, suggests objectives for discussions, imposes authority *if necessary*), avoids becoming authoritarian
5. an **agreed finishing time** (two hours is the limit of most people's capacity)
6. to **avoid making snap decisions** on complex or urgent issues – find another way to reach the decision if information is not available
7. to **work on resolving conflict**
8. to **build a team** – by getting to know one another outside the meetings.

Making decisions: You need:

1. the **power** to make the decision
2. to **understand** the proposal
3. **sufficient information**, eg
 - what is the purpose
 - what else will be affected
 - what are the views of those affected
 - what are the practicalities of implementing it
4. **sufficient time** to study and discuss that information
5. a **systematic approach**:

- written proposals *in advance*
 - a clear recommendation or clear options
 - time to reflect, avoiding knee-jerk reactions
 - the opportunity to defer (if you are moving too fast)
 - the opportunity to act fast (if you need to) by giving:
 - power to the Chair
 - power to a committee, or
 - approval in principle
6. **effective implementation:** ie a minuted agreement on
- who will implement it in practice
 - when will it be implemented
 - who needs to be told
 - how you will check it has been implemented
 - whether and how it will be reviewed.

Trustees' roles 5: Officers

Model job description for Chair of a voluntary organisation or charity

Job description

The role of the Chair is to lead the board of trustees, ensuring that it fulfils its responsibilities for the governance of the organisation. When staff are employed, the Chair's role is also to work in partnership with the chief executive officer, helping her or him achieve the aims of the organisation, and to establish the a productive and effective relationship between the board of trustees and the staff/volunteers.

The responsibilities of the Chair will include:

- providing leadership for the board of trustees/management committee
- planning the annual cycle of meetings, setting agendas for board meetings, chairing board meetings
- checking that decisions taken at meetings are implemented
- representing the organisation at functions and meetings and acting as a spokesperson as appropriate.

Where staff are employed:

- liaising with the chief executive officer to keep an overview of the organisation's affairs and to provide support to the chief executive officer as appropriate
- appraising the performance of the chief executive officer according to the agreed procedures
- sitting on recruitment and disciplinary panels.

Person specification

In addition to the qualities needed by all trustees, the Chair/Vice-Chair should also possess the following:

- leadership – including an ability to focus the attention of colleagues on key issues, to guide the business of meetings, to foresee and avoid potential problems, to operate with the support of other trustees etc
- an understanding of management, including the challenges and opportunities of managing the specific work of the organisation
- experience of committee work
- tact and diplomacy – ie sensitivity to the views and feelings of others, the ability to achieve results by negotiation and compromise and the capacity to persuade others to negotiate and compromise
- skills in working with and getting the best out of other people
- impartiality, fairness and the ability to respect confidences
- time to perform the role effectively.

In most circumstances it is also desirable for the Chair/Vice-Chair to have:

- knowledge of the type of work undertaken by the organisation
- a wider involvement with the voluntary sector and other networks.

Model job description for Secretary of a voluntary organisation or charity

Job description

The role of the Secretary is to support the Chair by ensuring the smooth functioning of the Management Committee. The responsibilities of the Secretary will include either doing the following tasks or delegating them to members of staff and ensuring that they have been carried out:

- making all the arrangements for meetings (booking the room, arranging for equipment and refreshments, organising facilities for those with particular needs, etc)
- preparing agendas in consultation with the Chair and chief executive officer and circulating them and any supporting papers in good time (at least a week before the meeting)
- receiving agenda items from other trustees/staff
- checking that a quorum is present
- minuting the meetings and circulating the draft minutes to all trustees
- getting minutes signed by the Chair once they have been approved
- checking that trustees and staff have carried out action agreed at a previous meeting
- circulating the agendas and minutes of the annual general meeting and any special or extraordinary general meetings
- sitting on recruitment and disciplinary panels as required
- acting as Company Secretary where this role is not delegated to a member of staff (limited companies only).

Person specification

In addition to the qualities needed by all trustees, the Secretary should also possess the following:

- skills in organising meetings and managing paperwork
- knowledge or experience of business and committee procedures
- minute-taking experience, if this is not being delegated to staff.

Model job description for Treasurer of a voluntary organisation or charity

Job description

This model job description for a Treasurer incorporates a wide range of responsibilities which may not all be appropriate to many smaller organisations, so it should be edited carefully to make it applicable to your individual organisation. It will also be necessary to establish clearly the relationship between the Treasurer and the chief executive officer if one is employed.

The overall role of a Treasurer is to maintain an overview of the organisation's affairs, ensuring its financial viability and ensuring that proper financial records and procedures are maintained. The responsibilities of the Treasurer will include:

monitoring and handling the accounts

- overseeing, approving and presenting budgets, accounts and financial statements
- ensuring financial reports are prepared and presented to the board
- ensuring that appropriate accounting procedures and controls are in place
- liaising with any paid staff and volunteers about financial matters
- keeping the board informed about its financial duties and responsibilities
- making a formal presentation of the accounts at the annual general meeting and drawing attention to important points in a coherent and easily understandable way
- ensuring that the accounts are audited and prepared in accordance with the Home Office Regulations, any auditors' recommendations are implemented, the accounts are included in the annual report and are submitted to the relevant statutory bodies
- ensuring that the accounts are audited and prepared in accordance with company law, any auditors' recommendations are implemented, the accounts are included in the annual report and are submitted to the relevant statutory bodies (limited companies only)
- sitting on appraisal, recruitment and disciplinary panels as required

financial planning

- being assured that the financial resources meet the organisation's present and future needs
- contributing to the fundraising strategy of the organisation
- ensuring the organisation's strategic plan takes financial implications into consideration

managing the financial resources

- ensuring that the organisation has an appropriate reserves policy
- ensuring that the organisation has an appropriate investment policy (*eg that its financial reserves are secure and earning reasonable interest*)
- ensuring that there is no conflict between any investments held and the aims and objects of the organisation; monitoring the organisation's investment activity and ensuring its consistency with the organisation's policies and legal responsibilities

Person specification for a Treasurer

In addition to the qualities needed by all trustees, the Treasurer should (*as far as possible*) also possess the following:

- financial experience and knowledge of business planning, and some experience of voluntary sector finance and fundraising and pension schemes
- the skills to analyse proposals and their financial consequences
- a readiness to make unpopular recommendations to the board
- availability to provide information to staff or volunteers on an *ad hoc* basis
- an ability to present financial information in a user-friendly way
- a willingness to learn appropriate new skills if required.

Trustees' roles: The Nine Deadly Sins

Boards and individual directors who commit any of the following common sins are very likely to undermine their staff and their colleagues. At best you will have poor management; at worst you will drive good chief executives officers and workers to look for new jobs, and poor and mediocre ones to stay with you doing as little as they can, watching you make mistakes.

What you should not do is:

1. **take decisions about routine management** over the head of the chief executive (you must leave the chief executive to do the job of managing, which is what you employed her/him for).
2. **bypass the chief executive** to issue direct instructions to any member of staff – you will seriously undermine the chief executive's authority and undermine your own credibility with the staff (polite requests to staff may sometimes be acceptable, but you should check with the chief executive on the general principle of doing this).
3. **duplicate line management** by allowing more than one person to give instructions to the chief executive (there must only be one line manager at Board level).
4. **allow an overlap of roles and responsibilities** between the Board, or individual Board members, and the chief executive, the Board and sub committees, sub committees and the chief executive, the chief executive and the staff etc – people will not know what they should be doing, and will cause conflict and confusion with duplication, or will scupper your plans by doing nothing.
5. **try to trip up the chief executive**, or question her/his competence, ability integrity etc during board meetings – this will undermine confidence, create resentment and guarantee either weak management or damaging conflict (you must aim to operate on the basis of *mutual trust*, but if you have concerns, raise them through the proper channels: first the line manager and, if problems are not resolved, through the appropriate committee responsible for personnel matters).
6. **try to know everything** by insisting on having information about everything that is going on in the organisation, whether or not you really need to know in the interests of effective policy-making and monitoring – you will clog up meetings and the copier, and make it impossible for the chief executive to deal with the issues which really matter.
7. **take a view on everything**, and to discuss it all in meetings – it's not your job to make decisions on matters of small detail, so don't do so unless the chief executive asks for advice.
8. **make policy decisions on the hoof** without proper information, particularly in the absence of the chief executive or the person who will implement them (except in emergencies, proposals should always be presented *clearly, in writing, in advance* and with a *brief explanation*).
9. **fail to thank your staff** for their efforts and congratulate them on their successes – if they think good work is not noticed they may also think it is unimportant to you.

Getting it right is about balancing the complementary roles of the Board and chief executive:

- **The chief executive proposes policy and action** – based on knowledge of what is needed and possible
- **The Board turns the proposals into policy** – to achieve the organisation's aims and priorities
- **The chief executive proposes targets for implementing policy** – and the Board grants the chief executive full authority from the Board to work to those targets.
- **The Board monitors the implementation of policy** – and advises the chief executive; the chief executive proposes necessary adjustments.