Carmichael.

Fundamentals of Board Participation

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Guiding nonprofits
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impact ireland consulting

About Carmichael

- Carmichael is a leading specialist training and support body for non-profits in Ireland. Our training, support and resources enable our members and partners to be:

  - Better informed and equipped to carry out their own remits more effectively

  - Aware of and able to employ best practice for good governance

  - Better networked with and supported by peer organisations

  - More efficient and effectively run so that they are trusted by their funders and supporters.

About Impact Ireland Consulting and Coaching

Impact Ireland Consulting is a values-led consultancy and advisory partner to charities, Approved Housing Bodies, and community organisations across Ireland.

We help boards and leadership teams strengthen governance, clarify strategy, manage risk, and turn plans into measurable results - drawing on experience from frontline service delivery to CEO-level leadership.

Recent work includes strategic planning, governance reviews, and leadership workshops with organisations such as Amber Women's Refuge, Saoirse Domestic Violence Services, Aisteach Queer Housing Co-op and Sunbeam House Services.

Our ethos is simple: practical, people-centred support that builds confidence, compliance, and impact.

Agenda – part 1

* "What is a Charity?" and the "Charity Test".
* The purpose of the board and its responsibilities.
* The different roles of board members.
* How to ensure an effective working relationships on the board and with CEO/ Mgr.
* The legal and fiduciary duties under the Companies Act 2014 and the Charities Act 2009.
* What is in the Charities Governance Code.

Agenda – part 2

* The regulatory environment including Charities Act 2009 & Companies Act 2014 and ESG (Environmental, Social & Governance) Frameworks legislation.
* The Charities Governance Code and the Six Principles
* What incorporation means and the legal duties and responsibilities of Charity Directors and Company Secretaries.
* The regulations affecting the Financial Statements, Annual Return and Audit.
* Awareness of FRS 102, CSORP, Companies (Accounting) Act 2017 etc.

Learning Outcomes

* Understand what a charity is in Irish law and the ‘charity test’.
* Know the board’s purpose and collective responsibilities.
* Recognise the distinct roles of trustees (Chair, Treasurer, Secretary).
* Identify behaviours that enable effective board relationships.
* Be aware of trustees’ legal duties under the Companies Act 2014 and Charities Act 2009 (as amended).
* Navigate the Charities Governance Code and what compliance looks like.

A charitable organisation is established for a ‘charitable purpose’ and must provide a public benefit.

To operate in Ireland, it must register with the Charities Regulator (CRA).

Structures vary (e.g., CLG, Trust, unincorporated association), but trustees carry duties in all cases.

Charitable purposes (Charities Act 2009):

- Prevention/relief of poverty or economic hardship
- Advancement of education
- Advancement of religion
- Other purposes beneficial to the community

Advancement of Human Rights

* The 2024 Amendment Act explicitly adds "the advancement of human rights" as a charitable purpose, enabling organisations with such aims to register as charities in Ireland, provided their activities remain exclusively charitable (i.e. not political advocacy).

Public benefit: benefits must be identifiable and for the public or a section of the public.

An excluded body is an organization that cannot register as a charity because its purposes or activities are deemed unsuitable for charitable status by the Charities Act 2009. Examples of excluded bodies include political parties, sports organisations, trade unions, and any entity promoting unlawful purposes, contrary to public policy, or supporting terrorism.

Why Does the Board Exist?

To advance the charity’s purpose and ensure public benefit.

To set (strategic) direction, oversee delivery, and steward resources.

To safeguard the charity’s reputation and ensure compliance with law and regulation.

To hold the CEO/lead officer to account and support them to succeed.

Core Board Responsibilities (Collective)

Purpose & strategy: approve vision, strategy, and key policies.

Oversight & assurance: performance, risk, finance, audit/compliance.

People & culture: appoint/oversee CEO; set values and expected behaviours.

Stakeholders & accountability: beneficiaries, funders, regulators, public.

Compliance: legal, regulatory and reporting obligations (CRA, CRO, Revenue, funders).

Board vs. Management: Who Does What?

Board: decides ‘why’ and ‘what’ - priorities, policies, risk appetite, oversight.

Management: decides ‘how’ - delivery, staffing, systems, day-to-day operations.

Avoid ‘mission creep’ either way: keep clear delegations and reserved matters.

Roles on the Board

* **Chair:** leads the board, ensures effectiveness and good decision-making.
* **Vice-Chair (if any):** supports Chair and deputises as agreed.
* **Treasurer:** leads financial oversight, liaises with finance staff/auditors.
* **Company Secretary:** legally responsible governance administration and filings.
* **Trustee/Director:** collective responsibility; contribute skills, challenge and support.
* **Committees:** delegated scrutiny (e.g., Finance/Audit/Risk; People/HR; Property, Services, Governance).

Governance overview

What does Governance mean?

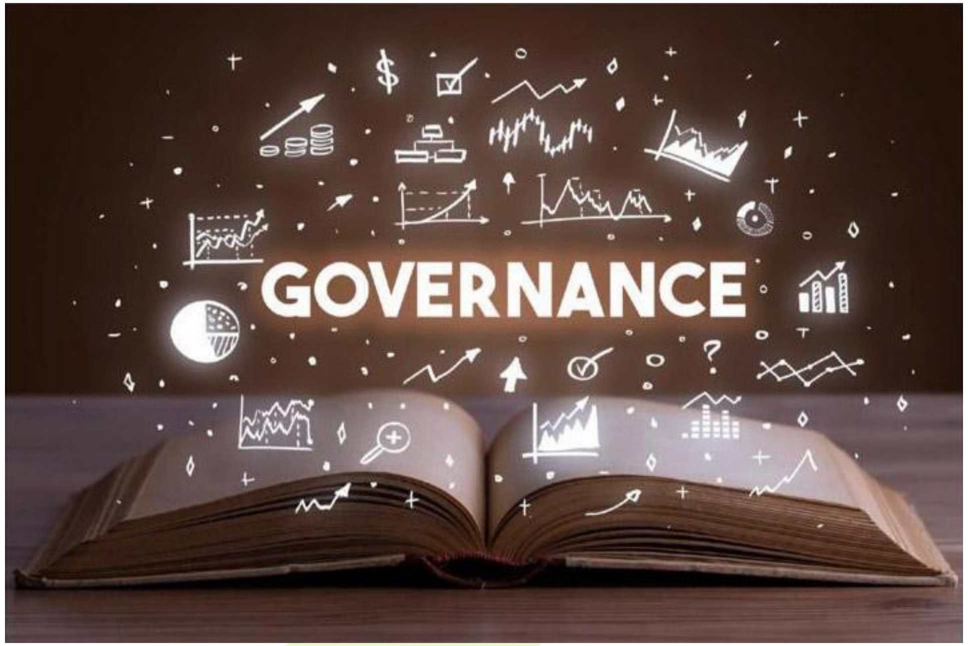
Governance refers to how an organisation is **run, directed and controlled**

What does <u>Good</u> Governance mean?

Good governance means an organisation will design and put in place **policies** and **procedures** that will make sure the organisation **runs effectively**.

Governance

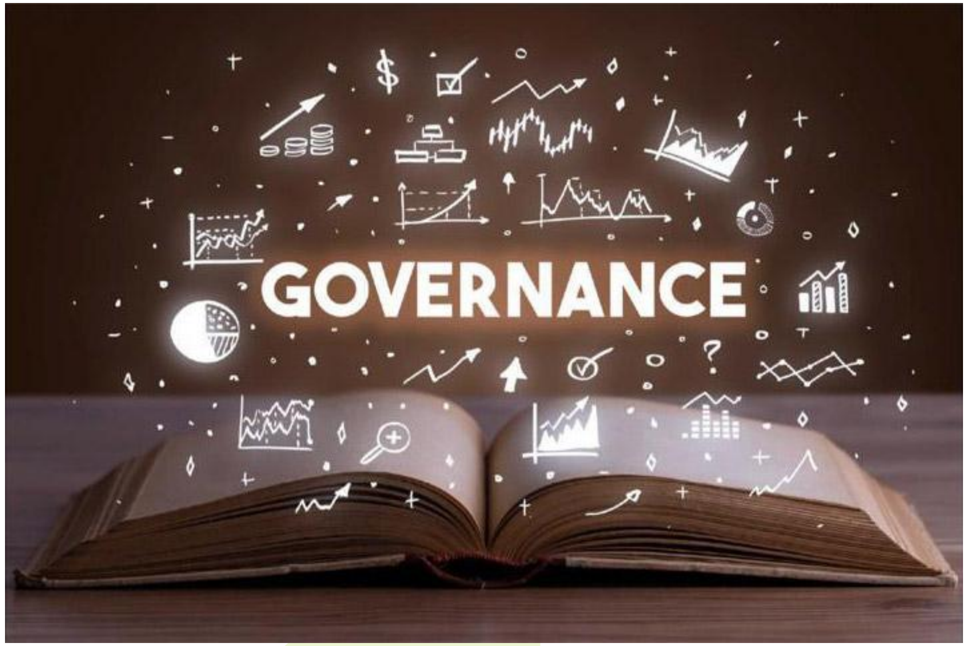
Prime **responsibility** for ensuring good governance lies with the **Board**



Governance

Being a director/trustee/ board member…

is about providing **direction, control** and **accountability**.

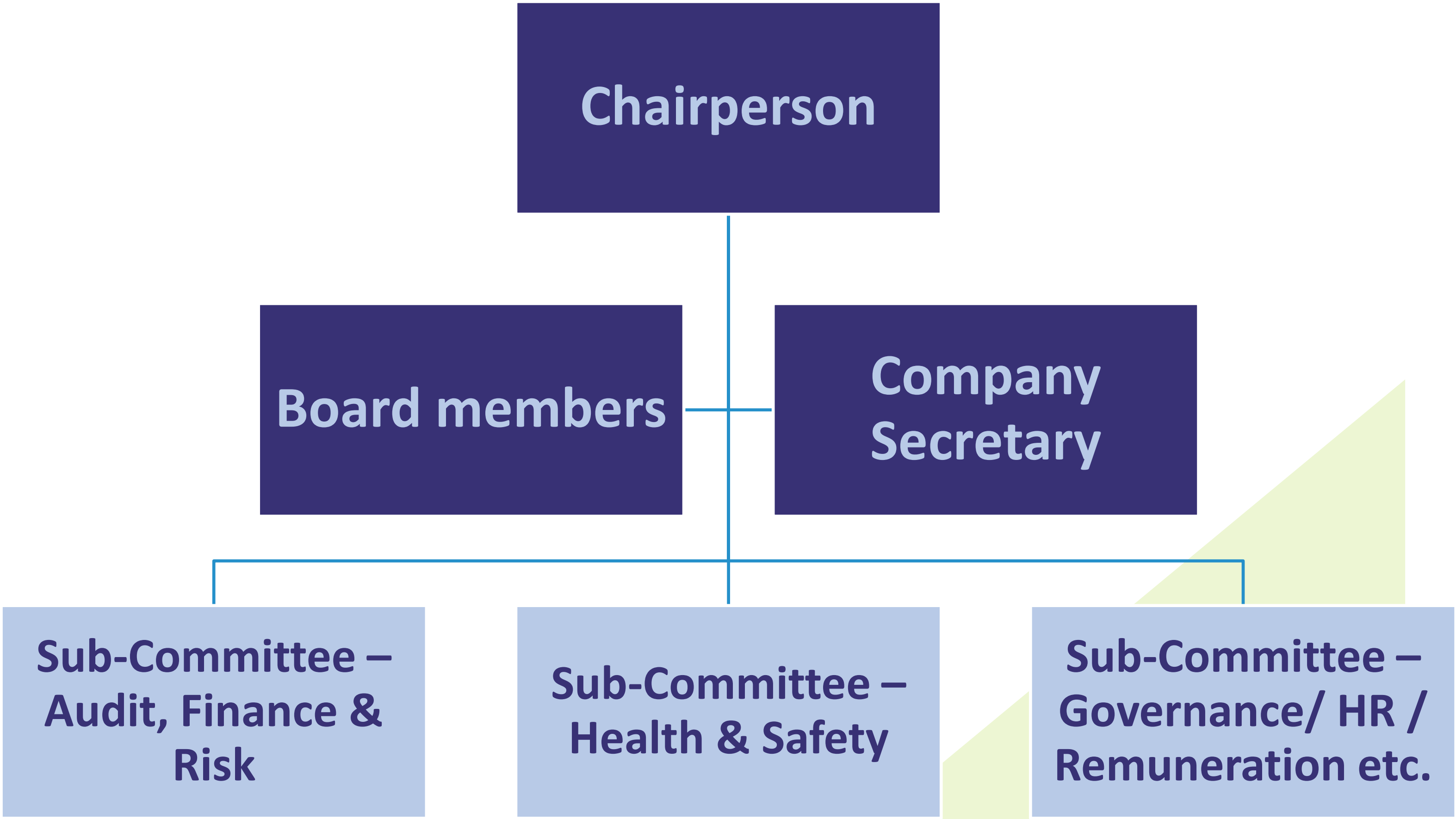


Primary role of a board

Reviewing and **guiding** corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans, **setting** performance objectives and **monitoring** implementation and corporate performance.

Building blocks of Corporate Governance

Typical Board



Sub-committee examples

Director duties

A Directors legal duties

Act in your organisation's best interest	Manage the organisation's resources responsibly	Act with reasonable care and skill
Deal with conflicts of interests	Implement appropriate financial controls and manage risks	Take appropriate advice when you need to e.g. investing or when buying/selling property

Examples

The Companies Act 2014

A fiduciary is a person or organisation that acts on behalf of others and is legally bound to act in their best interests.

Directors' **fiduciary** duties are formally expressed responsibilities in the Companies Act 2014 (s.228)

The Companies Act 2014

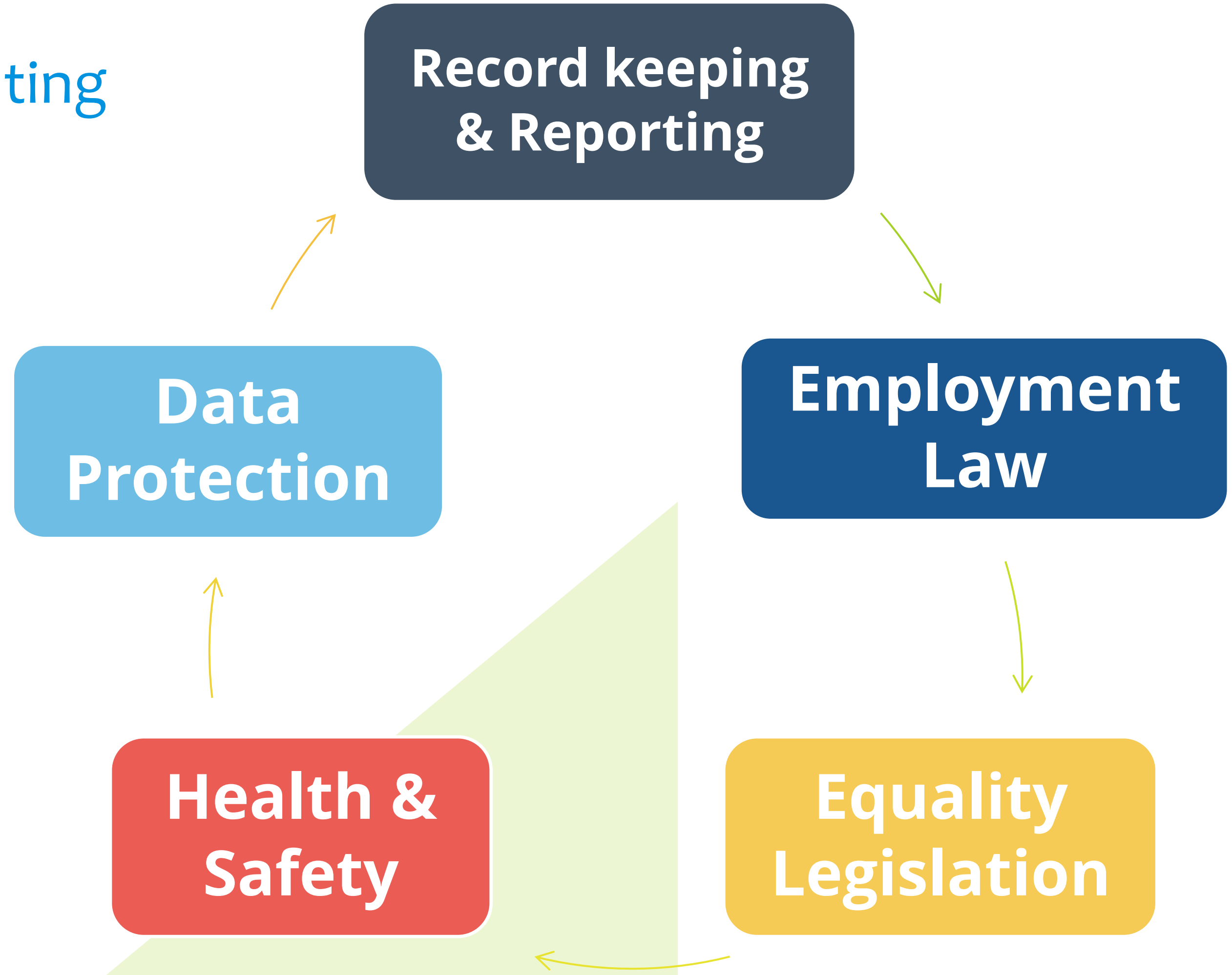
- Act in Good Faith
- Act Honestly & Responsibly
- Have regard for the interests of members as well as employees
- Not to use company property unless approved by the members or the Constitution

The Companies Act 2014 - **The Act also sets Directors general duties**

- Directors must ensure compliance with the Companies Act and the various tax acts.
- Directors must ensure that the company secretary is suitably qualified.
- Directors must acknowledge the existence of their duties by signing a declaration to that effect (B10).
- Directors must disclose any interests in contracts made by the company.
- Breach of directors' duties can result in the director having to personally indemnify and/ or compensate the company.

The Companies Act 2014

Duty to carry out statutory duties relating to…



Director Roles and Responsibilities

Director roles and responsibilities

Effective Leadership

- Set the strategic direction
- Review, approve & oversee implementation of policies
- Review, approve & monitor strategic & annual plans

Director roles and responsibilities

Ensure adequate resources

- Review financial performance
- Adherence to policies & procedures
- CEO appointment & succession
- Safeguard the organisation's reputation & wellbeing
- Legal & regulatory compliance
- Shared responsibility

Director roles and responsibilities

- **Specific tasks**
  - **Schedule of matters reserved for the Board**
  - **Adherence to accepted accounting standards**
  - **Annual financial statements**
  - **AGM**
  - **Regular Board/Committee meetings**

Director roles and responsibilities

Individual Responsibilities

- Take an active role in the governance of the organisation
- Act in the best interests of the organisation
- Confidentiality
- Carry out duties with due care & diligence
- Be a catalyst for good practice, improvement & change

In summary, the role of board is about Supervision and Stewardship

Supervision

- Approving strategy and overseeing its implementation
- Holding the CEO and management to account for performance
- Overseeing risk and compliance
- Appointing the CEO

Stewardship

- Informing & shaping the future strategic direction
- Responding to the changing political and technological environment
- Advising on investment
- Fostering greater innovation
- Developing the organisation's talent and culture

Key roles - Chairperson

Manage and provide leadership to the board

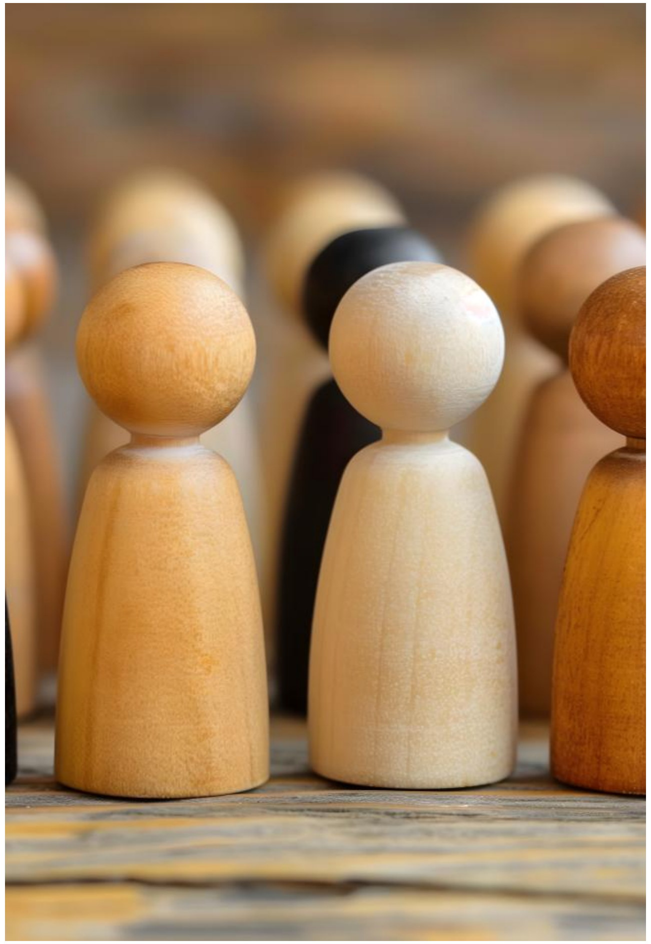
- Orderly operation of the Board
- Interaction between Board & CEO
- Responsibilities of sub committees
- Board performance, composition & succession
- Access to timely & accurate information & analysis
- Creating a culture of openness, candour & rigour

Leadership Qualities and Attributes of Good Chairs

- Presence
- Moral Compass
- Connectedness
- Ability to communicate
- Positive and inspiring
- High degree of Emotional Intelligence
- Ability to understand the personality profile of the board
- Steady and consistent hand
- Facilitator
- Coach
- Makes best use of the talent in the room
- Ability to summarise
- Effective and efficient meetings
- Challenges others

Charities Act 2009 (as amended): Trustee Duties

* Ensure the charity advances its charitable purpose and delivers public benefit.
* Register with, and report to, the Charities Regulator (maintain accurate details).
* Keep proper books/records; prepare and file required financial reports/AR.
* Ensure compliance with fundraising rules and other applicable laws.
* Co-operate with CRA investigations and follow directions/enforcement.



Additional board roles

Treasurer

The role and duties of the treasurer are determined by the Directors.

There is no statutory requirement to have this role, but many charities do have a specific treasurer role.

The main role of the treasurer is to maintain a financial overview of the organisation.

Treasurer

For a treasurer, you need a person who is good at figures, understands accounts, and can explain accounts in layperson's terms – board terms of reference may state this individual must be qualified/qualified by experience.

For organisations with no paid staff, you will also need someone who has the required time to give to the role, as it is likely to entail a fair degree of work between meetings.

It is important that Directors adhere to the collective responsibility for the proper financial management of the charity.

Main duties of the Treasurer

Chair the audit/finance & risk committee
Look after the finances of the charity

Oversee, prepare, present and approve budgets, accounts and financial statements
Prepare and present understandable financial reports to the board

Ensure that the financial resources of the organisation meet its needs

Main duties of the Treasurer

Ensure that appropriate accounting procedures and controls are in place
Liaise with relevant people about financial matters

Advise on the financial implications of any new projects

Prepare the annual accounts before being passed to the independent auditor
Present the annual accounts at the AGM.

Key roles - Company Secretary

Every company must have a company secretary who will be an "officer" of the company.

A company secretary can be another company and need not be a natural person.

The company secretary is appointed by the directors (section 129(3) of the Companies Act 2014).

We'll talk more about their role in this afternoon's session.

Key roles - Company Secretary

The directors of a company have a duty to ensure that the person appointed as secretary "*has the skills or resources necessary to discharge his or her statutory and other duties*" (section 129(4)).

The directors also have a duty to ensure that the person appointed has the skills necessary so as to enable him or her maintain (or procure the maintenance of) the records (other than accounting records) required to be kept under the Companies Act in relation to the company (section 226(2)).

The legal role of the company secretary

The 2014 Act contains many references to the company secretary but imposes very few actual duties. The duties it imposes are:

To discharge such duties as are delegated to the secretary from time to time by the board of directors (section 226(1));

To provide information to the company sufficient for it to file details of the secretary in the CRO (s 150(3));
To notify the company of details of shares and debentures held by the secretary (s 262(1)(a)).

The practical role of the company secretary

The job specification of most company secretaries is, therefore, almost entirely dependent upon what the board of directors of a company delegate to the secretary.

Amongst the usual functions delegated are:

- keeper of the statutory registers;
- compiler of board packs;
- taker of minutes;
- filer of forms in the CRO;
- adviser on the memorandum and articles; and
- organiser of AGM and EGMs.

The practical role of the company secretary

Other functions as might be delegated tend to play to the individual's strengths e.g.

- legal
- financial
- accounting
- managerial
- human resources

But there are no hard and fast rules.

Board relationship with CEO/ Staff

The boundaries between directors and the CEO/ staff need to be clear and understood

THE BOARD'S ROLE IS TO STEER NOT TO ROW

Chair’s Relationship with CEO/staff

- Clarity about respective roles and responsibilities
- Schedule of reserved powers for the Board
- Schedule of delegated authority to CEO/staff
- Up-to-date job/role descriptions
- Performance management – goals, deliverables and formal reviews
- Policy and protocols re. directly contacting staff

Three success factors for a strong and effective Chair/CEO relationship

1. **The Chair & CEO should have mutual appreciation of their respective roles and responsibilities:**

   - Mutual respect
   - Trust
   - Open communication and rapport
   - “No surprises” agreement

Three success factors for a strong and effective Chair/CEO relationship

2. **The CEO is not responsible for choosing the Chair but should be consulted**

3. **The Chair & CEO should have role clarity**
    - The job of the Chair is to run the board
    - The job of the CEO is to run the organisation

Making the Board Work Well

- Shared values and behaviours (integrity, respect, curiosity).
- High-quality papers and timely information; clear decisions and minutes.
- Psychological safety: constructive challenge without fear.
- Good chairing and participation (inclusive, on-time, action-focused).
- Annual board evaluation, skills matrix, and training plan.
- Clear conflict-of-interest & loyalty policy and a maintained register.

Governance is about…

- Authority
- Decision Making
- Accountability

"Good Governance involves putting in place systems and processes to ensure your organisation achieves its objectives with integrity and is managed in an effective, accountable and transparent way".

The Charities Regulator

Legal duties of charity trustees
Comply with your charity's governing document
Manage your charity's resources responsibly
€
Ensure your charity is carrying out its charitable purposes for the public benefit
Be accountable and comply with the law
A
B
C
Act in the best interests of your charity
Act with reasonable skill and care

Charities Governance Code

Key points

- Governing document
- Trustee meetings and record of decisions made
- Charity finances
- Risk management
- Managing conflict of interest

The Charities Governance Code

PRINCIPLES

CORE STANDARDS

ADDITIONAL STANDARDS

Complex and Non-complex Charities… which are we?

Due to the significant variation that exists in terms of the size and type of charities that make up the charities sector, the kind of work that they undertake, where they operate, their legal structure and how they carry out their charitable purpose, it is not possible to definitively state what a complex charity is.

The Charities Regulator does not determine what type of charity you are.

Ultimately, the charity trustees of each organisation are best placed to make an informed decision regarding what is right for their charity and whether it is a complex charity

Complex and Non-complex Charities… which are we?

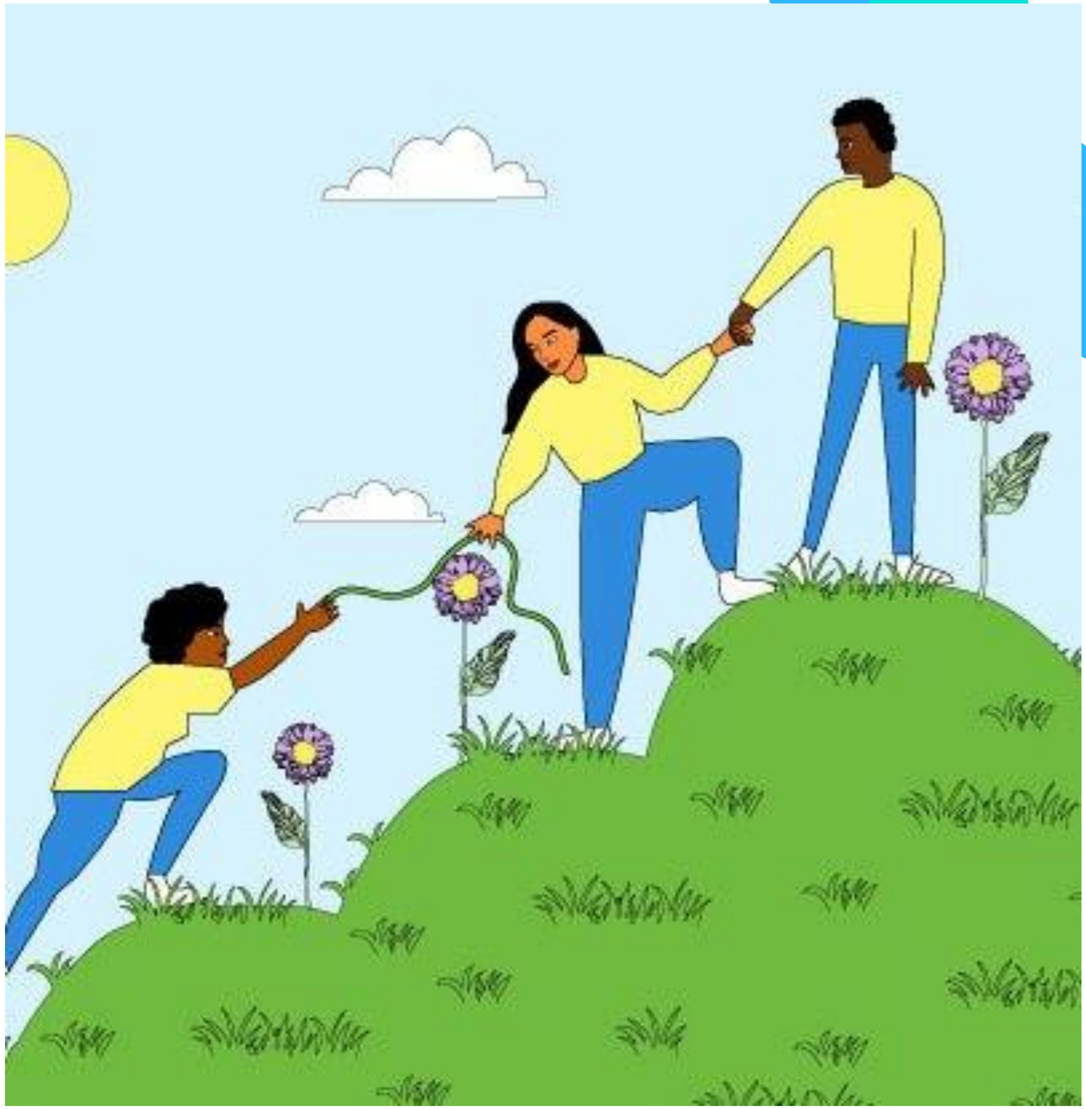
However, it is possible to set out a number of factors and indicators that charity trustees should consider and on which they may base this decision on. These indicators include the following:

- the size and source of the charity’s income
- the level of expenditure by the charity
- the legal structure of the charity
- the number of employees
- the complexity of the charity’s activities including whether it –
  - works with vulnerable people,
  - operates overseas, or
  - has a large number of volunteers
- the number of properties or investments held by or on behalf of the charity
- any other reasonable criteria which may be relevant.

The Charities Governance Explained (The Principles)

1. advancing its charitable purpose
2. behaving with integrity
3. leading people
4. exercising control
5. working effectively
6. being accountable and transparent

Principle 1 - advancing charitable purpose



Principle 1 advancing charitable purpose – core standards

- Be clear about the purpose of the charity and able to explain simply
- Consider any private benefit, is it reasonable, necessary & add to public benefit arising from your charity
- Agree an achievable plan for at least the next year, to advance your purpose
- Ensure your charity has resources for the plan, if not, show a plan to get resources
- Periodically review that you are acting within your charities purpose and providing public benefit

Principle 1 advancing charitable purpose – (additional standards

DEVELOP A STRATEGIC AND OPERATIONAL PLAN

ENSURE THERE IS AN APPROPRIATE SYSTEM IN PLACE TO MONITOR PROGRESS AGAINST YOUR PLANS AND EVALUATE THE EFFECTIVENESS OF YOUR CHARITY

FROM TIME TO TIME CONSIDER THE ADVANTAGES AND DISADVANTAGES OF WORKING IN PARTNERSHIP WITH OTHER CHARITIES, INCLUDING MERGING OR DISSOLVING

Principle 2 behaving with integrity

Integrity

—

Choosing courage over comfort; choosing what is right over what is fun, fast, or easy; and choosing to practice our values rather than simply professing them.

Brené Brown

Principle 2 - behaving with integrity - core standards

1

Agree and publicise values

2

Decide how you deal with conflicts of interest and conflicts of loyalties

3

Have a Code of Conduct for the board, including maintaining board confidentiality, dealing with gifts and out of pocket expenses

Principle 2 - behaving with integrity - additional standards

There are no additional standards for this principle as behaving with integrity applies equally to all charities, whatever their size or complexity.

Principle 3 – Leading People

Principle 3
leading people – core standards

1

Be clear on everyone's roles

2

Ensure there are processes around working with volunteers

3

Ensure compliance with employment legislation if applicable

4

Agree operational policies

Principle 3 - leading people (additional standards)

DOCUMENT THE ROLES, LEGAL DUTIES AND DELEGATED RESPONSIBILITY FOR DECISION MAKING OF INDIVIDUAL TRUSTEES AND THE BOARD AS A WHOLE, ANY SUB-COMMITTEES OR WORKING GROUPS, STAFF AND VOLUNTEERS.

MAKE SURE THERE ARE WRITTEN PROCEDURES IN PLACE WHICH SET OUT HOW VOLUNTEERS ARE RECRUITED, SUPPORTED AND SUPERVISED IN YOUR CHARITY AND THE CONDITIONS UNDER WHICH THEY EXIT.

DECIDE HOW YOU WILL DEVELOP ORGANISATIONAL POLICY, HOW TRUSTEES WILL ENSURE POLICIES AND PUT IN PLACE AND KEPT UP TO DATE.

Principle 4 exercising control - core standards

- Decide if your charity's legal form and governing document are fit for purpose (change if necessary)
- Identify the compliance requirements of your organisation and comply with them
- Adhere to Fundraising Guidelines if applicable
- Ensure appropriate financial controls in place
- Identify and manage all risks

Principle 4
exercising control – additional standards

Have written procedures to ensure that you comply with all legal and regulatory requirements

Make sure there is a formal risk register that your board regularly reviews

Consider adopting additional good practice standards that are relevant to the particular work that your charity does

Principle 5 - working effectively

Principle 5
working effectively – core standards

Identify trustees with the necessary skills to take on designated roles on the board

Hold regular planned board meetings

Board agenda should include reporting on activities, review of finances, conflicts of interest and loyalties

Ensure the board has full facts to make their decisions and that they are recoded accurately in the minutes

Ensure board members know their role, the governance code, governing document and receive induction

Consider placing time limits on charity trustees

Review the board performance

Principle 5 - working effectively (additional standards)

- Send out board packs with sufficient notice and all relevant information to make decisions
- Have a succession plan in place and consider how to maximise diversity
- Implement a comprehensive induction plan for new trustees
- Conduct regular reviews that include an assessment of the effectiveness of the board as a whole, office holders and charity trustees. Adherence to the board code of conduct. The size structure and terms of reference of any sub-committees.
- Do regular skills audits and provide training and development to trustees. If necessary, recruit to fill any competency gaps on the board.

Principle 6 - being accountable and transparent

Principle 6 -
being accountable and transparent
- core standards

1. Display Charity Number on all written materials – website, social media, emails

2. Identify stakeholders and how you will communicate with them

3. Put in place processes for Complaints, Comments and Queries

4. Follow all reporting requirements

Principle 6 - being accountable and transparent (additional standards)

Produce	Produce unabridged (full) accounts, ensure these are widely available and easy to access
Ensure	Ensure all relevant codes and standards of practice are publicly stated
Review	Regularly review any complaints your charity receives and take action to improve organisational practice

Charity Statutory Reporting Requirements – CGC Compliance Form

- Under the Charites Governance Code all registered charities are required to complete this Charities Governance Code Compliance Record Form every year.
- **You should approve the Compliance Record Form at a board meeting before you report on your compliance to the Regulator!**
- **You are NOT required to file the Compliance Record Form with the Charities Regulator. However, you must keep your Compliance Record form as the Charities Regulator could ask you for it at any time.**

Charity Statutory Reporting Requirements – CGC Compliance Form

1. Fill in Compliance Record Form with your charity's actions and evidence for each standard
2. Trustees sign-off on Compliance Record Form when completed
3. Report to Regulator on your compliance as part of your annual reporting requirement
4. Maintain the Compliance Record Form each year, updating as necessary
5. Keep each annual Compliance Record Form on file

Charity Statutory Reporting Requirements – CGC Compliance Form

Declaration A: fully compliant

Declaration B: partially compliant with the Charities Governance Code, with a free text box allowing the charity to explain what standards it is not in compliance with and why

Declaration C: has not started implementing the Charities Governance Code, with a free text box allowing the charity to explain why it is not in compliance

NOTE: Charities will be required to declare their compliance status as at the date they file their Annual Report, not the date of their financial year end. This gives charities the opportunity to complete the process of implementing the Charities Governance Code right up to the date of filing their Annual Report.

What will appear on the Register of Charities?

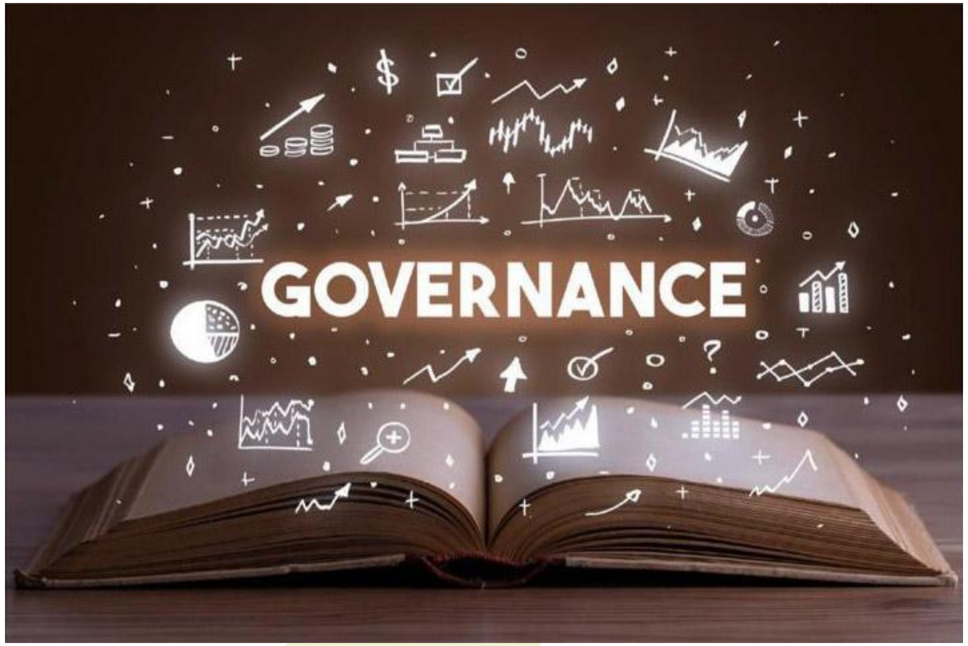
Declaration A: declaration publicly displayed on the Register from the date that the Annual Report is filed

Declaration B: not publicly visible on the Register, unless the charity specifically requests that the declaration is shown along with the reason for partial compliance

Declaration C: not publicly visible on the Register

Governance

Being a director is about providing **direction**, **control** and **accountability**.



5-minute exercise…

If the Board's core roles are about direction, control and accountability …

What information and decision-making processes does your board use to ensure it;

- asks the right questions and,
- gets the relevant information to make appropriate and timely decisions and exercise effective oversight?

Examples

1. They ask the right questions.
It's not enough to know what happened — boards need to ask why and what next. For example, instead of just looking at the finance report, asking: 'What does this mean for our ability to deliver services next quarter?' Or when considering a new initiative: 'How does this align with our strategy and values?'

2. They make sure they're getting the right information.
That means clear, timely reports — dashboards, RAG-rated risks, benchmarking — not 80-page packs no one can digest. Sometimes it's about bringing in the voice of volunteers or service users, so the board isn't making decisions in a vacuum.

3. They create processes that enable timely, effective decisions.
Good boards prepare in advance, use decision logs so there's clarity, and have clear delegations so they can focus on strategy rather than being dragged into the weeds. When a crisis happens, they have a process for urgent but balanced decision-making.

Board Effectiveness Review, appraisal and Self-Assessment

"NEXT ITEM - CARRYING OUT OUR OBJECTIVE SELF-ASSESSMENT"

Board evaluation and appraisal

Regular and objective evaluation of Board performance is important for ensuring effectiveness.

Board evaluation

Board appraisal

Board appraisal is an opportunity for the Board of trustees of a charity to reflect on how they are performing by identifying the areas where they are doing well, and the areas require improvement.

The process can bring to light small issues that need to be addressed e.g. earlier circulation of board papers prior to meetings to allow them to be reviewed by trustees, or more fundamental issues such as the future direction of the charity.

The key feature is that the Board of trustees should approach the board appraisal process as an opportunity for improvement, so that the charity is in the best position to advance its charitable purpose and deliver public benefit.

Board evaluation

Board appraisal

The outcomes of a board appraisal processes could range from relatively minor amendments to board processes and changes in board composition to significant steps towards rectifying any factors identified in the appraisal process, which are seen to be preventing the Board from carrying out some or all aspects of its role effectively.

Board evaluation

Board appraisal

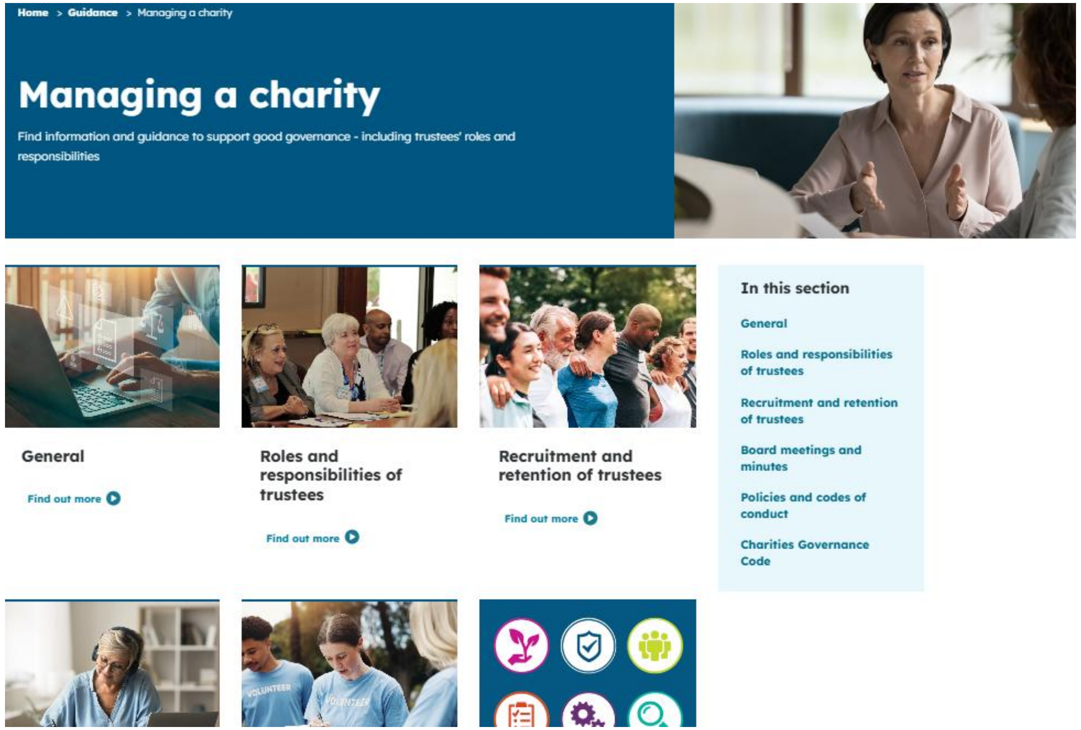
Small Not-For-Profits are expected to undertake a board effectiveness review from time to time (recommended every 2-3 years) and annual reviews for larger Not-for-Profits as recommended by the Charities Governance Code, Principal 5. A review is healthy exercise to ensure the board is working as effectively as possible.

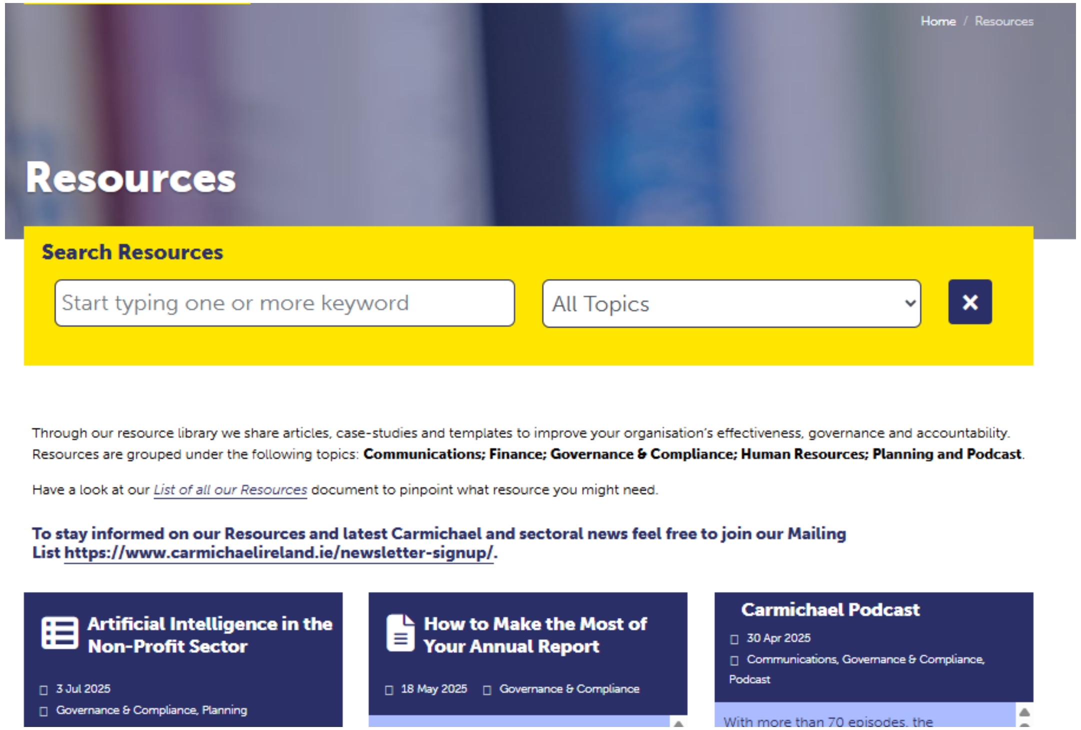
Board Skills Audits can be completed as part of a full Board Effectiveness Review or as a standalone audit.

Board evaluation – recap

1. Role of the board
2. Effectiveness of the Board (collective and individual)
3. Outcomes and impact being achieved by the organisation
4. Attendance
5. Quality of information
6. Role of the Chairperson
7. Board composition
8. Risk Management
9. Compliance with good governance practice

Free Resources





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A selection of resources including, templates, guidance documents and podcasts under the following headings:

- Communications
- Finance
- Governance & Compliance
- Human Resources and
- Planning.

https://www.carmichaelireland.ie/resources/

Guiding nonprofits
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