

Appendices

Appendix 1: Glossary of terms used

Assets

All funds held, and all property and equipment owned or held by the charity are assets.

Board

The board is the governing body of a charity. It is made up of the charity trustees. It may also be known by a different name such as the:

- committee;
- council; or
- core group.

Board packs

These are the papers that are sent out to the charity trustees before a board meeting. They should always contain:

- an agenda for the meeting; and
- draft minutes from the last meeting.

They may also include:

- written reports from staff, trustees and sub-committees;
- financial reports; and
- papers giving information about significant proposals to be discussed at the meeting.

Charitable object

A charitable object is the purpose of a charity as outlined in its governing document. It may consist of a main object and a number of ancillary objects. A main object is the primary purpose of a charity detailed in its governing document. An ancillary object is a purpose detailed in a charity's governing document that is incidental to and supports the charity's main object.

Charitable purpose

Under charity law, charitable purpose is one or more of the following:

- prevention or relief of poverty or economic hardship;
- advancement of education;
- advancement of religion; or
- any other purpose that is of benefit to the community.

Any other purpose that is of benefit to the community includes:

- integration of the disadvantaged;
- protection of the natural environment;
- promotion of health and voluntary work;
- promotion of religious or racial harmony;
- advancement of community welfare and development;
- advancement of environmental sustainability;
- advancement of conflict resolution;
- advancement of effective use of the property of charities;
- advancement of the sciences and the arts; and
- prevention or relief of the suffering of animals.

Charities Regulator

This is the Republic of Ireland's national statutory regulator for charitable organisations. The Charities Regulator is an independent authority and was established in October 2014 under the Charities Act 2009. Its main functions include setting up and maintaining a public register of charities and making sure that charities comply with the Charities Acts.

Charity

A charity is any organisation operating in the Republic of Ireland that has a charitable purpose and provides public benefit.

Organisations that are **not** charities include:

- those established only to promote athletic or amateur games or sports;
- trade unions;
- political parties;
- lobbyists;
- Chambers of Commerce;
- fundraising groups set up solely to fundraise for charities that are already registered; and
- fundraising groups set up solely to help a particular person.

Charity trustees

Charity trustees are the people who ultimately exercise control over, and are legally responsible for, the charity.

If the charity is a company, these people may also be known as directors or board members.

In an unincorporated association they may be known as committee members.

In the case of a trust it can be more complicated. If the trustees of the trust (see Trust) are the ones who decide policy and control the assets, then they are also charity trustees. However, if the trustees merely have their names on the deeds of property but cannot sell or dispose of the property without the permission of the Charities Regulator, and have no other responsibilities, they are not charity trustees.

Company Limited by Guarantee

This is the most common form of incorporated legal status for charities because:

- it is a distinct legal entity and in law is considered to be separate to its members or board members;
- it is a democratic structure – the company is controlled by the members who elect the board of directors;
- members cannot benefit from any profits made; and
- each board member's liability is limited to a nominal sum which they guarantee to pay if the company has debts on winding up.

Conflict of interests

A conflict of interest is any situation in which a charity trustee's personal interests could prevent them, or even just appear to prevent them, from making a decision in the best interests of the charity.

Example: a conflict of interest may arise if a charity trustee influences the awarding of a contract to a company owned by a family member.

It is legal to award a contract to the best qualified company, even if that company is owned by a relative of a charity trustee, but the charity trustee must not be part of the decision-making process.

Conflict of loyalties

A conflict of loyalties is when a charity trustee's loyalty to another group could prevent them, or even just appear to prevent them, from making a decision in the best interests of the charity.

Example: This might happen when the charity trustee has joined the board as a nominee of a particular group, such as members in a particular county, a funding body, or staff.

This situation could cause the charity trustee to think that they should act in the interests of the group that nominated them, rather than the charity as a whole.

Contractor

A contractor works on a 'contract for services' basis and invoices the organisation for the services provided. People such as graphic designers, consultants or lawyers would often fall into the category of contractor.

Employees are different because they have a 'contract of service' and are on the organisation's PAYE payroll.

Diversity

Diversity in the context of a board of charity trustees means the board members have a mix of skills and experience and they reflect the diversity that exists in our society.

Many charity boards are made up of people who are very similar to each other. Increasingly, diversity means considering how to attract people on to the board who are different in terms of:

- age;
- gender;
- ethnicity;
- background; and
- life experience.

It also means making sure there are no unnecessary barriers that might prevent people from joining or taking part on the board.

Fit for purpose

'Fit for purpose' is the term used in considering a charity's legal form (see Legal form below) and governing document. It asks if these are robust enough to support the charity's current operations and needs effectively.

Small charities are often unincorporated associations – associations that do not have a legal status of their own. But, if they grow in terms of income and are thinking of taking on staff they should consider becoming an incorporated entity like a company limited by guarantee (see earlier entry). An incorporated entity is established as a separate legal entity.

Governing documents can also become outdated, but still be legally binding on the charity unless they are amended (as detailed in the governing document rules).

Governing document

The governing document is the legal document outlining what a charity is and how it operates. It is usually called the 'constitution', but may also be known as the 'deed of trust' or the 'rules', depending on the charity's legal structure.

Companies limited by guarantee used to have a memorandum and articles of association, but these are now called 'constitutions'.

Legal form

Legal form refers to the type of legal status that the charity has. Many small charities are unincorporated associations, which means that the charity does not have a separate legal status of its own. The most common form of incorporated legal status for charities is a company limited by guarantee (see Company Limited by Guarantee).

Operational policy

Operational policies relate to the running of the charity rather than policy positions that are views and opinions that the charity holds.

Example: In a youth project, a policy on how to deal with substance abuse among service users would be an operational policy, while a policy on decriminalising drug use would be a public policy position.

Out-of-pocket expenses

Out-of-pocket expenses cover any costs incurred by charity trustees while carrying out their duties, provided that they were incurred 'wholly, exclusively and necessarily in the performance of their duties'¹² as charity trustees.

You should pay back expenses based on receipts from the person who paid the expense, not on a flat-rate basis.

12 Office of the Revenue Commissioners' definition

Private benefit

This is something that benefits an individual. It is acceptable for a charity to provide some private benefit, but it must be necessary and reasonable and contribute to the public benefit that the charity provides.

Example: A paid employee of a charity receives private benefit. That is acceptable if their employment is necessary to provide public benefit and their pay and conditions are reasonable.

Public benefit

This is something that benefits the public as a whole or a section of the public in Ireland or elsewhere.

Example: Raising funds for one person to receive medical treatment overseas is a private rather than a public benefit. However, raising funds to treat a number of people with a rare illness may provide public benefit, as long as everyone with that rare illness can apply to access the treatment.

Register of Charities

This is a list of all charities registered and regulated in the Republic of Ireland, and they are publicly accessible on the website of the Charities Regulator.

Standing items

Standing items appear on every board agenda and they should be discussed at every board meeting.

Example: Every board agenda should include:

- reporting on the charity's activities;
 - addressing any conflicts of interests and loyalties (even if there are rarely any conflicts to declare); and
 - discussion of the finances of the charity.
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Succession plan

A succession plan is a way of identifying and developing new leaders who replace existing leaders as needed.

Trust

A charitable trust is a legal arrangement:

- established for a charitable purpose only;
 - established under a deed of trust that requires the trustees of the trust to apply all of the property (both real and personal) of the trust to further that purpose except for money expended in the management of the trust; and
 - under which none of the property is payable to the trustees of the trust other than in accordance with section 89 of the Charities Act 2009.
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Appendix 2: Compliance Record Form

Please fill in this form to record:

- the actions that your charity takes to meet each standard of the Charities Governance Code; and
- the evidence that backs this up.

You should approve the Compliance Record Form at a board meeting before you report on your compliance to us.

Every year after your first report, you need to follow the 'Ten steps to reporting on compliance'. The Charities Regulator may ask to see your most recent Compliance Record Form or any earlier Compliance Record Form at any time.

The type of evidence we expect depends on the complexity of your charity.

The minimum expected of all charities would be to discuss and agree at board meetings how they will meet the standards and document their decisions in the minutes. For volunteer-only charities this will be enough to meet many of the core standards.

We would expect a charity with paid staff to provide more documentation like workplans and written policies as evidence of the actions they have taken.

We would expect more complex charities to provide more extensive documentation than other charities.

Please use the glossary when filling in the form.



Principle 1: Advancing charitable purpose

Standards	Actions our charity takes to meet the standards	Evidence of our actions
1. Core standards for advancing charitable purpose		
1.1. Be clear about the purpose of your charity and be able to explain this in simple terms to anyone who asks.		
1.2. Consider whether or not any private benefit arises (see glossary). If a private benefit arises, consider if it is reasonable, necessary and ancillary to the public benefit that your charity provides.		
1.3. Agree an achievable plan for at least the next year that sets out what you will do to advance your purpose.		
1.4. Make sure your charity has the resources it needs to do the activities you plan. If you don't have the resources, you need to show a plan for getting those resources.		

Standards	Actions our charity takes to meet the standards	Evidence of our actions
<p>1.5. From time to time, review what you are doing to make sure you are still:</p> <ul style="list-style-type: none"> ■ acting in line with your charity's purpose; and ■ providing public benefit. 		
Additional standards		
<p>1.6. Develop your charity's strategic plan and associated operational plans.</p>		
<p>1.7. Make sure there is an appropriate system in place to:</p> <ul style="list-style-type: none"> ■ monitor progress against your plans; and ■ evaluate the effectiveness of the work of your charity. 		
<p>1.8. From time to time, consider the advantages and disadvantages of working in partnership with other charities, including merging or dissolving (winding up).</p>		



Principle 2: behaving with integrity

Standards	Actions our charity takes to meet the standards	Evidence of our actions
2. Core standards for behaving with integrity		
<p>2.1. Agree the basic values that matter to your charity and publicise these, so that everyone involved understands the way things should be done and how everyone is expected to behave.</p>		
<p>2.2. Decide how you will deal with conflicts of interests and conflicts of loyalties. You should also decide how you will adhere to the Charities Regulator's guidelines on this topic.</p>		
<p>2.3. Have a code of conduct for your board that is signed by all charity trustees. It must make clear the standard of behaviour expected from charity trustees. This includes things like maintaining board confidentiality and what to do in relation to:</p> <ul style="list-style-type: none"> ■ gifts and hospitality; and ■ out-of-pocket expenses. 		



Principle 3: Leading people

Standards	Actions our charity takes to meet the standards	Evidence of our actions
3. Core standards for leading people		
3.1. Be clear about the roles of everyone working in and for your charity, both on a voluntary and paid basis.		
3.2. Make sure there are arrangements in place for the effective involvement of any volunteers, including what to do if any problems arise.		
3.3. Make sure there are arrangements in place that comply with employment legislation for all paid staff including: <ul style="list-style-type: none"> ■ recruitment; ■ training and development; ■ support, supervision and appraisal; ■ remuneration (money paid for work) and dismissal. 		
3.4. Agree operational policies where necessary, to guide the actions of everyone involved in your charity.		

Standards	Actions our charity takes to meet the standards	Evidence of our actions
Additional standards		
<p>3.5. Make sure to document the roles, legal duties and delegated responsibility for decision-making of:</p> <ul style="list-style-type: none"> ■ individual charity trustees and the board as a whole; ■ any sub-committees or working groups; ■ staff and volunteers. 		
<p>3.6. Make sure that there are written procedures in place which set out how volunteers are:</p> <ul style="list-style-type: none"> ■ recruited, supported and supervised while within your charity; and ■ the conditions under which they exit. 		
<p>3.7. Decide how you will develop operational policy in your charity. You also need to decide how your charity trustees will make sure that policy is put in place and kept up to date.</p>		



Principle 4: Exercising control

Standards	Actions our charity takes to meet the standards	Evidence of our actions
4. Core standards in exercising control		
<p>4.1. Decide if your charity's current legal form and governing document are fit for purpose. Make changes if necessary, telling the Charities Regulator in advance that you are doing so.</p>		
<p>4.2. Find out the laws and regulatory requirements that are relevant to your charity and comply with them.</p>		
<p>4.3. If your charity raises funds from the public, read the Charities Regulator's guidelines¹³ on this topic and make sure that your charity adheres to them as they apply to your charity.</p>		
<p>4.4. Make sure you have appropriate financial controls in place to manage and account for your charity's money and other assets.</p>		

13 See Guidelines for Charitable Organisations on Fundraising from the Public - available from: <https://www.charitiesregulator.ie/media/1265/guidance-for-fundraising-english.pdf>

Standards	Actions our charity takes to meet the standards	Evidence of our actions
4.5. Identify any risks your charity might face and how to manage these.		
4.6. Make sure your charity has appropriate and adequate insurance cover.		
Additional standards		
4.7. Have written procedures to make sure that you comply with all relevant legal and regulatory requirements.		
4.8. Make sure there is a formal risk register that your board regularly reviews.		
4.9. Consider adopting additional good practice standards that are relevant to the particular work that your charity does.		



Principle 5: Working effectively

Standards	Actions our charity takes to meet the standards	Evidence of our actions
5. Core standards for working effectively		
<p>5.1. Identify charity trustees with the necessary skills to undertake:</p> <ul style="list-style-type: none"> ■ any designated roles set out in your governing document; and ■ other roles as appropriate within the board. 		
<p>5.2. Hold regular board meetings. Give enough notice before meetings and provide prepared agendas.</p>		
<p>5.3. At a minimum, your board agendas should always include these items:</p> <ul style="list-style-type: none"> ■ reporting on activities; ■ review of finances; and ■ conflicts of interests and loyalties. 		
<p>5.4. Make sure that your charity trustees have the facts to make informed decisions at board meetings and that these decisions are recorded accurately in the minutes.</p>		

Standards	Actions our charity takes to meet the standards	Evidence of our actions
5.5. Consider introducing term limits for your charity trustees, with a suggested maximum of nine years in total.		
5.6. Recruit suitable new charity trustees as necessary and make sure they receive an induction.		
5.7. Make sure all of your trustees understand: <ul style="list-style-type: none"> ■ their role as charity trustees; ■ the charity's governing document; and ■ this Code. 		
5.8. Commit to resolving problems and emerging issues as quickly as possible and in the best interests of your charity.		
5.9. From time to time, review how your board operates and make any necessary improvements.		
Additional standards		
5.10. Make sure you send out board packs with enough notice and include all relevant reports and explanatory papers to enable informed decision-making.		

Standards	Actions our charity takes to meet the standards	Evidence of our actions
5.11. Make sure that you have a charity trustee succession plan in place and consider how you can maximise diversity among your charity trustees.		
5.12. Put in place a comprehensive induction programme for new charity trustees.		
<p>5.13. Conduct a regular review that includes an assessment of:</p> <ul style="list-style-type: none"> ■ the effectiveness of your board as a whole, office holders and individual charity trustees; ■ adherence to the board code of conduct; and ■ the structure, size, membership and terms of reference of any sub-committees. 		
5.14. Do regular skills audits and provide appropriate training and development to charity trustees. If necessary, recruit to fill any competency gaps on the board of your charity.		



Principle 6: Being accountable

Standards	Actions our charity takes to meet the standards	Evidence of our actions
6. Core standards for being accountable		
<p>6.1. Make sure that the name and Registered Charity Number (RCN) of your charity is displayed on all of your written materials, including your:</p> <ul style="list-style-type: none"> ■ website; ■ social media platforms; and ■ email communications. 		
<p>6.2. Identify your stakeholders and decide how you will communicate with them.</p>		
<p>6.3. Decide if and how you will involve your stakeholders in your:</p> <ul style="list-style-type: none"> ■ planning; ■ decision-making; and ■ review processes. 		
<p>6.4. Make sure you have a procedure for dealing with:</p> <ul style="list-style-type: none"> ■ queries; ■ comments; and ■ complaints. 		

Standards	Actions our charity takes to meet the standards	Evidence of our actions
6.5. Follow the reporting requirements of all of your funders and donors, both public and private.		
Additional standards		
6.6. Produce unabridged (full) financial accounts and make sure that these and your charity's annual report are widely available and easy for anyone to access.		
6.7. Make sure all the codes and standards of practice to which your charity subscribes are publicly stated.		
6.8. Regularly review any complaints your charity receives and take action to improve organisational practice.		

Appendix 3: Resources

Charities Regulator	www.charitiesregulator.ie
Companies Registration Office	www.cro.ie
Data Protection Commission	www.dataprotection.ie
Health and Safety Authority	www.hsa.ie
Office of the Director of Corporate Enforcement	www.odce.ie
Office of the Revenue Commissioners	www.revenue.ie
Workplace Relations Commission	www.workplacelrelations.ie

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