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# Code of Good Governance

Missions Interlink Australia 2009

## Introduction

This Code of best practice in the area of Governance is a code designed to help Mission Organisations who are members of Missions Interlink in Australia to continue to improve their practices within the governance area. It is a tool which is intended to help and support Board members in the important and rewarding work that they carry out.

This Code has been based around a model put together by The Governance Hub, a UK based partnership of voluntary and community sector associations, working to improve the quality of governance of voluntary and community organisations in England.

## Why a Code of Governance?

Governance is high on the agenda in all sectors – public, private and not-for-profit (NFP). As mission organisations we are increasingly expected to demonstrate how well we are governed. Good governance is a vital part of how NFP organisations operate and are held accountable.

This Code arises from directly expressed needs within our community for organisations like us to raise the standards of governance. Also some member organisations have needed guidance to clarify the main principles of governance and to help them in decision-making, accountability and the work of their boards. In response to these demands, Missions Interlink decided to work towards developing the Code.

## Terminology

For simplicity, we refer throughout the Code to the '**board**' and '**board members**', but recognise that many different terms are in use for the people in these roles. Similarly we refer to the '**Chief Executive Officer**' to mean an organisation's most senior member of staff.

## What is 'Governance'?

One writer has helpfully defined governance as being: "**the systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation.**"

In the NFP sector, Board members take ultimate responsibility for the governance of their organisations. However, governance is not a role for Board members alone. More, it is the way Board works with chief executives and staff (where appointed), volunteers, service users, members and other stakeholders to ensure their organisation is effectively and properly run and meets the needs for which the organisation was set up.

Behind good governance must lay principles. In our Code, we have set out some principles of good governance. We recognise that the language of governance and performance will be more



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familiar to larger organisations. In practice, the way organisations 'govern' will be different depending on the circumstances. These circumstances can include the size of an organisation, how long it has been in existence, and the culture and values it possesses. The Code though is written to be applicable in all such circumstances, but clearly each organisation will need to interpret and apply it according to its particular needs and circumstances.

## About This Code

This code is primarily aimed at the Board members of mission organisations, who have ultimate governance responsibilities. It will help them to lead their organisations through example, and to achieve excellent governance. It is also aimed at chief executives, who provide the bridge between Board members and staff, and have a central role in ensuring good governance.

We hope that it will also be more widely useful. For staff, volunteers and members, it will help them to understand what they can expect from a well-governed organisation. It will also be relevant to those with a wider involvement as stakeholders in our organisations, such as: funders; donors; the general public; professional advisers; consultants; trainers; and regulators.

The Code aims to help enhance the effectiveness of our members by:

- (a) clarifying what effective governance looks like and how governing bodies can govern effectively;
- (b) reassuring an organisation's stakeholders about the way organisations are governed; and
- (c) maintaining and enhancing public confidence in the practices of member organisations.

## Using the Code

The main principles of the Code are intended to be relevant to all sizes and types of member organisation. Some of the additional guidance and suggestions may be more or less relevant to your organisation depending on your circumstances, for example your size, legal structure or aims and objectives. This is inevitable because of the size and diversity of our member organisations

The Code is based on the principle of 'comply or explain'. This means that it is not a legal or regulatory requirement. Organisations using it should be able to either 'comply' with the main principles of the Code, or 'explain' why they don't apply in the particular circumstances.

Some organisations may not comply with certain statements because they are in the process of working towards them, and thus aspire to them. Alternatively, they may exceed the standards outlined in this guidance, or it may be that aspects of this Code do not easily relate to the circumstances of a particular organisation.

## Complying with this Code

This Code is not mandatory at this point, but sets out a level of best practice. Organisations that comply with the Code are invited to state this in their annual report and other relevant published



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material. Where an organisation does not comply with a specific part of the Code, it is invited also to record this fact, and to set out the reasons for non-compliance.

Where an organisation's governing document does not allow the organisation to adopt one or more recommendations of this Code, then the governing document must take precedence. All member organisations using this Code are advised to review their governing document, standing orders and other documentation, and consider amending them as necessary to enable their implementation of the Code.

Smaller organisations with limited resources and with few or no staff are invited to focus on the principles set out in the Code, and to state their compliance with the principles rather than the detail of the Code.

Where member organisations are already covered by existing Codes of Governance prepared by other bodies or regulators, the existing Code should take precedence. Where more than one such Code might apply, the organisation should seek advice as to which one should take precedence.

This Code contains guidance for the good governance of voluntary and community organisations. It is intended to help and support their Board members in the important and rewarding work that they carry out. Because voluntary and community organisations vary greatly in terms of size and activity, not all of the Code will apply to all of them. But all such organisations are invited to consider all parts of the Code, and take the action that suits their circumstances in the light of the principles set out.

## The Key Principles of Good Governance

The following sets out the seven main principles that underpin the Code, together with the most important supporting principles.

### **Principle 1: Board Leadership mission:**

**Every organisation should be led and controlled by an effective Board which collectively ensures delivery of its objects; sets its strategic direction and upholds its values.**

The supporting principles are:

#### **The Role Of The Board:**

Board members have and must accept ultimate responsibility for directing the affairs of their organisation, ensuring it is solvent, well-run, and delivering the outcomes for which it has been set up.

The Board should have a statement of its strategic and leadership roles, and of key functions which cannot be delegated. These should include as a minimum:

- (a) Ensuring compliance with the objects, purposes and values of the organisation, and with its governing document;
- (b) Setting or approving policies, plans and budgets to achieve those objectives, and monitoring performance against them;
- (c) Ensuring the solvency, financial strength and good performance of the organisation;



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- (d) Ensuring that the organisation complies with all relevant laws, regulations and requirements of its regulators;
- (e) Dealing with the appointment (and if necessary the dismissal) of the organisation's Chief Executive Officer;
- (f) Setting and maintaining a framework of delegation and internal control; and
- (g) Agreeing or ratifying all policies and decisions on matters which might create significant risk to the organisation, financial or otherwise.

The Board must also ensure that the organisation's vision, mission and values and activities remain true to its objects.

Board members are bound by an overriding duty, individually and as a Board, to act reasonably at all times in the interests of the organisation and of its present and future beneficiaries or (in the case of a membership organisation) members.

All Board members are equally responsible in law for the Board's actions and decisions, and have equal status as Board members.

Each and every Board member must act personally, and not as the representative of any group or organisation; this applies regardless of how that person was nominated, elected or selected to become a Board member.

Board members must ensure that they remain independent, and do not come under the control of any external organisation or individual.

### **Strategic Direction:**

The Board should focus on the strategic direction of their organisation, and avoid becoming involved in day to day operational decisions and matters (except in the case of small organisations with few or no staff).

Where Board members do need to become involved in operational matters, they should separate their strategic and operational roles.

Where an organisation employs staff, the Chief Executive Officer has responsibility for maintaining a clear division of responsibilities between the Board and the staff team. She or he should provide an effective link between Board and staff, informing and implementing the strategic decisions of the Board.

Board members should not seek to become directly involved in decisions which have been properly delegated to staff. Instead, they should hold staff to account through the Chief Executive Officer.

In the case of smaller organisations, where some Board members may be directly involved in operational decisions and matters, those concerned should make a clear distinction between their Board role and their operational work.

## **Principle 2: The Board in Control**

**The Board should collectively be responsible and accountable for ensuring and monitoring that the organisation is performing well, is solvent, and complies with all its obligations.**

The supporting principles are:

### **Compliance:**

The Board must ensure that the organisation complies with its own governing document, relevant laws, and the requirements of any regulatory bodies.

The Board must ensure that the organisation complies with:

- (a) Its own governing document;
- (b) The requirements of its regulators and relevant legislation, and in particular that it submits annual returns, reports and accounts as required by law;
- (c) Any statutory or regulatory requirements relating to maintenance of financial records, and external audit of its accounts; and
- (d) The requirements of all other statutes, authorities and regulations governing its work.

Depending on their size, the nature of their activities and the type of their governing document, organisations must ensure compliance with any of the following that apply to them:

- (a) Company law and the requirements of the relevant Commonwealth or State regulations;
- (b) Employment law;
- (c) Health and safety legislation;
- (d) Privacy legislation;
- (e) Anti-discrimination and harassment legislation;
- (f) Fundraising legislation

Any other legislation which may apply to particular organisations, such as that relating to fundraising, the protection of children or vulnerable adults, the provision of health or care services, the provision of financial advice, housing and tenancy law and others.

The Board should have policies, procedures and reporting mechanisms in place to ensure compliance with applicable legislation.

### **Internal Controls:**

The Board should maintain and regularly review the organisation's system of internal controls, performance reporting, policies and procedures.

The Board should set and maintain standing orders, systems of financial control, internal control, performance reporting, and policies and procedures.



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The Board should ensure that there is a system for the regular review of the effectiveness of its internal controls.

Larger and more complex organisations should set up an audit committee, and should also consider the use of an internal audit service.

Organisations providing services to users should consider adoption of an appropriate quality assurance system, or of other forms of accreditation.

**Prudence:**

The Board must act prudently to protect the assets and property of the organisation, and ensure that they are used to deliver the organisation’s objectives.

**Managing Risk:**

The Board must regularly review the risks to which the organisation is subject, and take action to mitigate risks identified.

The Board must avoid undertaking activities which might place at undue risk the organisation’s service users, beneficiaries, volunteers, staff, property, assets or reputation.

The Board must exercise special care when investing the organisation’s funds, or borrowing funds for it to use, and must comply with the organisation’s governing document and any other legal requirements in doing so.

Board members should understand the risks facing the organisation and how these are managed and minimised. The Board should undertake a full risk assessment (either periodically or on a rolling basis) and take appropriate steps to manage the organisation’s exposure to significant risks.

The Board should obtain advice from professional advisors or others on all matters where there may be material risk to the organisation, or where the Board members may be in breach of their duties.

The Board should take ultimate responsibility for dealing with and managing conflicts that may arise within the organisation. This includes conflicts arising between Board members, staff, the Chief Executive Officer, members, volunteers or other stakeholders.

The Board should have “integrity” policy and procedures [also can be known as a whistle-blowing policy and procedures] to allow confidential reporting of matters of concern, such as misconduct, misuse of funds, mismanagement, and risks to the organisation or to people connected with it. The policy and procedures should:

- (a) Be accessible and open to all staff, volunteers, Board members and agents of the organisation;
- (b) Provide for those who are not confident about raising a concern with their line manager or a senior manager to have direct access to a Board member, an independent person or a regulatory body;
- (c) Assure people who raise such concerns in good faith that they need have no fear of reprisals or other adverse consequences;

- (d) Ensure that all such concerns will be properly assessed and investigated in a way that is fair to the whistleblower and others involved; and
- (e) Provide for appropriate action to be taken where a concern is shown to be well founded.

### **Equality and Diversity:**

The Board should ensure that it upholds and applies the principles of equality and diversity, and that the organisation is fair and open to all sections of the community in all of its activities.

The Board should ensure that its organisation upholds and promotes equal opportunities and diversity in all areas of its work, including:

- (a) The identification and assessment of needs to be met;
- (b) Allocation of resources, making of grants or provision of services;
- (c) Membership of the Board and any sub-committees;
- (d) Staff recruitment, selection, training and conditions of service;
- (e) Communication with stakeholders and the public;
- (f) Accessibility of meetings and communications; and
- (g) The buying of goods and services.

The Board should set strategies for and receive regular reports on the organisation's work to achieve equality and diversity, against clear targets where practicable. These reports should be used to help develop the organisation's overall strategies.

Where the organisation is set up to serve a specific section of the community, this should be clear and the above principles should be interpreted and applied as appropriate.

## **Principle 3: The High Performance Board**

**The Board should have clear responsibilities and functions, and should compose and organise itself to discharge them effectively.**

The supporting principles are:

### **Board Duties and Responsibilities:**

Board members should understand their duties and responsibilities and should have a statement defining them.

Board members should be asked to sign a statement that sets out their duties and responsibilities, as well as the organisation's expectations on Board members. The statement should, as a minimum, include obligations to:

- (a) Uphold the values and objectives of the organisation;
- (b) Give adequate time and energy to the duties of being a Board member; and
- (c) Act with integrity, and avoid or declare personal conflicts of interest.



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Individual Board members must not act on their own on behalf of the Board, or on the business of the organisation, without proper authority from the Board.

### **The Effective Board:**

The Board should organise its work to ensure that it makes the most effective use of the time, skills and knowledge of Board members.

The Board should meet regularly, and ensure that its work is focused on delivering its strategic role.

Within the terms of its governing document, the Board should ensure that it has enough Board members to provide the skills and experience needed, without becoming so large that decision-making becomes unwieldy.

The Chair of the Board should ensure that all Board members can contribute at meetings, and that the proceedings are not dominated by particular Board members.

### **Information and Advice:**

The Board should ensure that they receive the advice and information they need in order to make good decisions.

The Board should ensure that it conducts its work efficiently, and receives the information and advice it needs to make good decisions. Board papers should be timely, well-presented, circulated well in advance of Board meetings, and should make clear recommendations to the Board.

The Board should take professional advice where necessary before making important decisions and should not rely excessively or exclusively on a single source.

### **Skills and Experience:**

The Board should have the diverse range of skills, experience and knowledge needed to run the organisation effectively.

Board members should collectively provide a mix of skills, experience, qualities and knowledge appropriate to the organisation's needs, so that the organisation can respond to the challenges and opportunities it faces.

Depending on the organisation's size and the nature of its activities, the experience of Board members should, as appropriate, cover the following areas:

- (a) Providing effective strategic leadership, and working as a team;
- (b) Direct knowledge of the organisation's beneficiaries and users, and of their needs and aspirations, whether gained through life or work experience;
- (c) Governance, general finance, business and management;
- (d) Human resources and diversity;
- (e) The operating environment and risks that exist for the organisation; and
- (f) Other specific knowledge required, such as fundraising, health, aid and development, property or legal.



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Staff of the organisation may only become Board members where this is permitted by law and by the organisation's governing document. It should also be agreed by the Board as being demonstrably in the interests of the organisation, and as not creating unacceptable conflicts of interest.

### **Development and Support:**

The Board should ensure that they receive the necessary induction, training and ongoing support needed to discharge their duties.

The Board should have a strategy for the support and personal development of all Board members, so that each Board member can keep up to date with the knowledge and skills they need to carry out their role.

All new Board members should undergo a full induction, in which they receive all the information and support they need to carry out their new role, and can meet key staff, users and beneficiaries, and other stakeholders.

Implementation of these strategies may be delegated by the Board to the organisation's Chief Executive Officer or Secretary.

### **The Chief Executive Officer:**

The Board should make proper arrangements for the supervision, support, appraisal and remuneration of its Chief Executive Officer.

The Board should ensure that formal arrangements are set up for the regular supervision, appraisal and personal development of their Chief Executive Officer. This may be carried out by the chair, another Board member or by a small group of Board members.

The Board should ensure that there is a formal mechanism for setting the remuneration of the Chief Executive Officer, which should be ratified by the Board.

The remuneration package for the chief executive should:

- (a) Be adequate to attract and retain the quality of staff required, but no more; and
- (b) Be openly disclosed in the organisation's accounts, including pension and other benefits; and

The Board should seek independent expert or professional advice when required concerning sensitive matters relating to the Chief Executive Officer's employment.

## **Principle 4: Board Review and Renewal**

**The Board should periodically review its own and the organisation's effectiveness, and take any necessary steps to ensure that both continue to work well.**

The supporting principles are:

### **Performance Appraisal:**

The Board should regularly review and assess its own performance, that of individual members, and of sub-committees, standing groups and other bodies.

The Board should ensure that:

- (a) At least every two years, it sets aside time to reflect on its own performance and functioning as a team;
- (b) The performance of individual Board members are regularly assessed and appraised, either by the chair or another Board member, or by using external assistance;
- (c) The performance of the chair is likewise assessed and appraised, either by another Board member, the Board as a whole, or using external assistance; and
- (d) The performance of sub-committees, standing groups and other bodies is similarly appraised and reviewed.

The results of these appraisals should be used to make necessary changes and improvements, to inform the creation of appropriate training programmes, and to guide Board member renewal and recruitment.

### **Renewal and Recruitment:**

The Board should have a strategy for its own renewal. Recruitment of new members should be open, and focused on creating a diverse and effective Board.

The Board should have a strategy for its own renewal, with succession planning arrangements in place to ensure timely replacement of Board members resigning or reaching the end of their terms of office; particular attention should be given to succession planning for replacement of the chair and other key officers.

The Board may wish to delegate implementation of this strategy to a sub-committee.

Board members must be recruited and appointed in accordance with the organisation's governing document, and with relevant legislation.

The Board should consider setting maximum terms of office to ensure a steady renewal of Board members; these may be set out in standing orders or in the organisation's governing document.

Before new Board members are appointed, the Board should determine what new attributes and knowledge are needed, and write them down in the form of a role description, or role profile.

The Board should ensure that the recruitment process is open to all sections of the community, and should consider open advertising and a range of other recruitment methods to attract a wide range of candidates.

Candidates should, where the organisation's governing document permits, be interviewed formally, and appointed on merit.

In the case of organisations where the Board members are nominated by an external body, or elected by a wider membership, the Board should work in partnership with the organisations or

people concerned to ensure that they are aware of the specific skills and experience required from new Board members.

The Board should ensure that the procedures for joining and leaving the Board are clearly understood by all Board members and others involved.

**Review:**

The Board should periodically carry out strategic reviews of all aspects of the organisation's work, and use the results to inform positive change and innovation.

To remain effective, the Board should periodically conduct strategic reviews of all aspects of the organisation's work and functioning, to ensure that:

- (a) The needs for which the organisation was set up still exist, and its objects as set out in the governing document remain relevant to those needs;
- (b) The organisation is continuing to meet those needs, and remains fit for purpose; and
- (c) The needs are being met in the most effective way.

Reviews should include the areas covered in this Code, including the organisation's:

- (a) Governing document, standing orders, purposes, mission and vision;
- (b) Board and Board members – their functioning and effectiveness;
- (c) Staffing & volunteer structures, working methods, operational policies & procedures;
- (d) Mechanisms for internal control and performance reporting;
- (e) Mechanisms for planning and budgeting;
- (f) Sub-committees, working groups and advisory bodies; and
- (g) Relations with stakeholders, and arrangements for communication and consultation with them.

The Board should use the results of such reviews to:

- (a) Generate a creative and innovative approach to the organisation's development;
- (b) Inform its strategic planning;
- (c) Make changes and improvements to its operational activities; and
- (d) Initiate collaborative work with other organisations to deliver the best possible outcomes for users, beneficiaries and members; and
- (e) Create a positive impact on the overall effectiveness and governance of the organisation.

Where possible, the Board should be open with stakeholders about the results of such reviews, indicate clearly what steps they intend to take in response, and give explanations concerning actions they have decided not to take.

## **Principle 5: Board Delegation**

**The Board should set out the functions of sub-committees, officers, the chief executive, other staff and agents in clear delegated authorities, and should monitor their performance.**

The supporting principles are:

### **Clarity of Roles:**

The Board should define the roles and responsibilities of the chair and other honorary officers, in writing.

The Board should define and write down the role of the Chair, and that of other honorary officers such as vice-chair, treasurer and the secretary to the Board; it should be noted that for companies the role of secretary is partly defined by the relevant legislation.

The role of the Chair should include, as a minimum, to ensure:

- (a) The efficient conduct of business at the organisation's Board and general meetings;
- (b) That the organisation's business is efficiently and accountably conducted between Board meetings;
- (c) That the organisation complies generally with this code;
- (d) Specifically that the appraisal and remuneration of the organisation's Chief Executive Officer is conducted in accordance with this Code;
- (e) That the employment of the Chief Executive Officer complies with employment legislation and good practice; and
- (f) That the appraisal of board and Board member performance is conducted in accordance with this Code.

Where the Board has delegated specific roles to key officers or to other Board members, ultimate responsibility rests with the Board as a whole. In such situations the Board members(s) concerned should separate the specific roles from their wider Board role.

### **Effective Delegation:**

The Board should ensure that staff, volunteers and agents have sufficient delegated authority to discharge their duties. All delegated authorities must have clear limits relating to budgetary and other matters.

In all but the smallest organisations, the Board will need to delegate parts of its work to others in a clear, practical and legal manner. Delegations may be made to individual Board members, sub-committees, the Chief Executive Officer, other staff, volunteers or agents and consultants.

Delegations must comply with the terms of the organisation's governing document and any relevant legislation.

Where there is a Chief Executive Officer, delegations to other staff and volunteers should normally be through that individual.



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Delegations should always be in writing, and should set clear limits on matters such as expenditure, authority and decisions that can be made. Delegations may be written in Board minutes, terms of reference for sub-committees, staff job descriptions, or in a separate list.

#### **Terms of Reference:**

The Board should set clear terms of reference for subcommittees, standing groups, advisory panels, etc.

The Board may wish to set up sub-committees, advisory groups, panels or other bodies to assist its work. Such bodies should have clear written terms of reference in addition to any delegated authority.

#### **Monitoring:**

All delegated authorities must be subject to regular monitoring by the Board.

The Board must remain in ultimate control of all delegations:

- (a) Key officers and other Board members should report back to the Board promptly on any use of delegated authority;
- (b) The Board should receive regular reports and minutes from all sub-committees etc; and
- (c) The mechanisms established for internal control and performance reporting should be used to monitor use of delegated authority by the Chief Executive Officer, or other staff or volunteers.

## **Principle 6: Board Integrity**

**The Board and individual members should act according to high ethical standards, and ensure that conflicts of interest are properly dealt with.**

The supporting principles are:

#### **No Personal Benefit:**

Board members must not benefit from their position beyond what is allowed by the law and is in the interests of the organisation

Board members must be scrupulous to avoid gaining any private benefit from their position, whether financial or other, except:

- (a) As permitted by law and the organisation's governing document; and
- (b) Where this is agreed by the Board as demonstrably in the interests of the organisation.

Where the law and the organisation's governing document permit payment of Board members this must not exceed the prescribed limits, and it should be demonstrably in the interests of the organisation to make the payment.

No Board member should be involved in setting their own remuneration. Mechanisms for setting the level of payment to Board members should be set up to avoid conflicts of interest, including where appropriate making use of independent advice.



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Full disclosure of any payments made to Board members is required by law for some organisations, in the organisation's annual accounts and annual report. All organisations should do the same, even where not required by law.

The organisation should have procedures for Board members to claim legitimate travel and other expenses incurred while carrying out the organisation's business; Board members should not be out of pocket for the work they carry out for the organisation.

### **Dealing with Conflicts of Interest:**

Board members should identify and promptly declare any actual or potential conflicts of interest affecting them.

The organisation must have procedures for Board members to declare actual or potential conflicts of interest to the Board; such declarations should be made at the earliest opportunity. They should be recorded in Board minutes or in a register kept for the purpose.

Where a material conflict of interest arises at a Board meeting, the Board member concerned should not vote on the matter or participate in discussions. She or he should also offer to withdraw from the meeting, and the other Board members should decide if this is required.

Where a Board member has a major or ongoing conflict of interest, she or he should offer to resign from the Board.

Boards should have special procedures or standing orders to deal with conflicts of interest for Board members who are the organisation's service users, beneficiaries or members of staff.

### **Probity:**

There should be clear guidelines for receipt of gifts or hospitality by Board members

Board members should declare all personal gifts received and hospitality accepted while on the organisation's business, or from people or organisations connected with the organisation; such declarations should be recorded in Board minutes or in a register kept for that purpose.

Board members should not accept gifts with a significant monetary value or lavish hospitality; where this may be a frequent issue, the organisation should set a policy to define what is and is not acceptable.

Board members should under no circumstances accept gifts or hospitality where this could be seen as being likely to influence the decisions of the Board.

## Principle 7: Board Openness

**The Board should be open, responsive and accountable to its users, beneficiaries, members, partners and others with an interest in its work.**

The supporting principles are:

### **Communication and Consultation:**

Each organisation should identify those with a legitimate interest in its work (stakeholders), and ensure that there is a strategy for regular and effective communication with them about the organisation's achievements and work.

The Board should identify those people and groups who have a legitimate interest in the organisation's work; these might include users, beneficiaries, members, partners, staff, volunteers, regulators, other government bodies and funders. We refer to these as 'stakeholders' in this code.

The Board should ensure that the whole organisation and its stakeholders have a clear understanding of the Board's role, and of the organisation's objects and values.

There should be regular and appropriate communication and consultation with stakeholders to ensure that:

- (a) Their views are taken into account in the organisation's decision-making;
- (b) They are informed and consulted on the organisation's plans and proposed developments which may affect them;
- (c) There is a procedure for dealing with feedback and complaints from stakeholders, staff, volunteers and the public; and
- (d) The organisation's performance, impacts and outcomes are reported to stakeholders.

The Board must ensure that the organisation produces an annual report and accounts that comply with relevant legislation; these should provide a balanced and accurate assessment of the organisation's successes and failures.

Communication should be offered in formats accessible to the stakeholder audiences, for instance in plain language.

The organisation must hold an Annual General Meeting if required by the governing document or by law; this may be an opportunity to invite stakeholders.

### **Openness and Accountability:**

The Board should be open and accountable to stakeholders about its own work, and the governance of the organisation.

The Board should ensure that the organisation upholds a commitment to openness and accountability at all levels. This will mean:

- (a) Being clear about what information is available, and what must remain confidential to protect personal privacy or commercial confidentiality;

- (b) Complying with reasonable outside requests for information about the organisation and its work;
- (c) Being open about the organisation's governance work, and its strategic reviews;
- (d) Ensuring that stakeholders have the opportunity to hold Board members to account and know how to do this; and
- (e) Ensuring that the principles of equality and diversity are applied, and that information and meetings are accessible to all sections of the community.

#### **Stakeholder Involvement:**

The Board should encourage and enable the engagement of key stakeholders, such as users and beneficiaries, in the organisation's planning and decision-making.

The Board should ensure that the views of users, beneficiaries, staff, volunteers and other stakeholders are taken into account in the organisation's decision-making and strategic reviews. This will mean:

- (a) Encouraging wide stakeholder engagement in the organisation's decision-making, and promoting activities that support that engagement; and
- (b) Ensuring that users, beneficiaries, members and other stakeholders are involved in the most appropriate way, and that involvement is open to all sections of the community

In organisations where the Board members are elected by a wider membership, the Board should ensure that it:

- (a) Has clear policies on who is and is not eligible for membership of the organisation, including users, beneficiaries and staff;
- (b) Keeps the members informed about the organisation's work; and
- (c) Uses the membership as a way of involving stakeholders in the organisation's governance.