Kent Charity Good Governance Forum 2019

June 2019

A special thank you to our guest speaker James Moon from CAF Bank.

Session summary

The second forum was again hosted by Brachers, CAF Bank and MHA MacIntyre Hudson, and focussed on supporting charities to understand and implement the Charity Governance Code. The Code is a set of core principals which should underpin a charity's processes and procedures, in a way that delivers effective solutions to their issues.

Good governance in the charity sector starts with the board

- The Board of Trustees is responsible for everything done in the charity's name, whether that is an event, activities overseas, or the use of professional fundraisers. These are all risks that need to be carefully considered and mitigated
- For example, trustees' meeting minutes must be comprehensive and show evidence of challenge, especially when dealing with possible conflicts of interest
- Good governance also means knowing when a charity should and shouldn't pay tax. Charities must review their sources of income to determine if VAT is due because HMRC will need to collect VAT even if it has not been charged.

Professionally qualified trustees must show an extra duty of care

- A higher standard of performance and duty of care is expected by the Chair of Trustees, particularly an experienced charity chair. Similarly, a higher standard is expected from professionally qualified trustees such as accountants, lawyers, or other professions relevant to the sector in which the charity operates
- A trustee must act in a fiduciary capacity and must always exercise care and act in good faith. Assets should be treated more carefully in this capacity as trustees become personally liable for them and may become financially liable for any losses they have caused or contributed to
- The Charity Commission expects Trustees to manage risks responsibly and trustees must demonstrate that there are processes in place for managing risks.

The law protects trustees who have acted honestly and reasonably

- It's important to know your charity's legal structure as this affects whether trustees' liability is limited or if the trustees have specific legal duties that go with that legal structure
- The law protects trustees who have acted honestly and reasonably from personal liability to their charity, and they will be covered by indemnity insurance
- No legal protection for trustees who have acted dishonestly, negligently or recklessly, and trustees can become liable to a third party who has a claim against the charity. For example, St Michael's Hospice in St Leonards was forced to pay £250,000 following a fatal fire.

A trustees role in fundraising

- Trustees should develop and own their charity's ethical fundraising policy, particularly if looking to diversify income. Trust in the charity sector is in the spotlight and trustees are responsible for protecting a charity's reputation
- Trustees should understand their fundraising plan themselves and not leave it 'to the experts' alone. Ultimately trustees are responsible for signing off the budget and having a fundraising plan

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underpinning activity, will give confidence to do so

- Having a well-connected board is a bonus, but not the most important thing so charities should consider implementing a development board that has a clear connection to the board, and can help bring relationships and connections to the organisation
- Set clear lines of responsibility for trustees and staff dictating how much trustees will be involved with the operational elements of fundraising. This will differ based on size and context of the charity, so it helps to be clear about these lines at board level.

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