

**NORTH COMMUNITY DEVELOPMENT COMPANY**  
**CODE OF GOVERNANCE FOR TRUSTEES**

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## INTRODUCTION

The purpose of a Code of Governance is to encourage the highest standards of practice and integrity in the management of North Berwick Community Development Company (NBCDC). **It covers the main areas of responsibility and activity for a Board of Management.**

This document has been put together with reference to the NCVO Governance Enquiry (1990) and the SCVO Model Code of Conduct for Voluntary Organisations Board Members (1998), which takes into account the recommendations of the Committee of the Inquiry into Standards in Public Life (Nolan Inquiry)(1995), and Codes of Practice for the Voluntary Sector (Joseph Rowntree Foundation 1997)

## MEMBERSHIP OF THE ORGANISATION

Membership of North Berwick Community Development Company should be encouraged and promoted amongst those eligible to join. Membership eligibility is set out in the Memorandum and Articles of Association and should be regularly reviewed to ensure its relevance. Membership should be representative of the interests an organisation seeks to serve

The membership of NBCDC should be encouraged to participate as much as is possible and there is an onus on the Board to ensure that information is circulated and available to the wider membership so that they can make informed decisions when casting votes at general meetings. The Board of Directors is drawn from the membership and members elect or approve their nomination at AGM. It is, therefore, crucial that members are kept fully informed.

## THE BOARD OF MANAGEMENT

Voluntary organisations are by definition controlled by a voluntary governing body – the Board of Directors. It is important that the significant contribution made by voluntary board members is recognised and valued, and that NBCDC sets out clearly its expectations.

The Board exists to provide **direction for and control over the organisation**. The Board and the individual Board members are held responsible for the decisions the committee takes.

The Board should ensure that **the objectives of the organisation** are set out in the Memorandum and Articles of Association. The objectives should be subject to review to ensure that they are still valid and relevant in changing circumstances.

The Board should also ensure that **the membership of the Board** can represent the interests of the organisation, carry out its duties and exercise the appropriate level of control over the organisations affairs. Reviews of both the objectives and the membership of the Board should be carried out regularly. The Board should use as its starting point a statement that defines the organisations objectives and thus the balance of skills, interests and experiences required by the Board to meet its objectives. To ensure this balance is met, the Board should make sure of co-options or casual vacancies in the short term. “Professional” or “expert” should be co-opted or encouraged to join the Board where it is felt that this would redress the balance.

This setting out of the objectives of the organisation, their review and the balancing of skills and experiences on the committee form part of the **overall strategic approach** to the direction and control of the organisation.

## **THE COLLECTIVE RESPONSIBILITIES OF THE BOARD MEMBERS**

Can be summarised as:

- The strategic **direction and control** of the organisation, according to agreed priorities and Board decisions
- The **risks**, financial and otherwise, and **legal obligations** arising out of control of the organisation
- Ensuring that the organisation operates **within the law** and within the limits set by its own rules
- Ensuring that the **organisation exercises responsibility** in financial and other affairs, and remains solvent
- Ensuring **that Board members receive the information, advice and training they need** in order to make informed decisions and carry out their duties effectively
- Ensuring appropriate frameworks for the **delegation of work to staff and working groups**
- Ensuring there is a broad **balance of skills and experience** on the Board, utilising the power to co-opt where necessary
- Monitoring and **reviewing of all aspects** of the organisation's policies and performance
- Ensuring the organisation demonstrates **best practice in all its areas of work**, including the development of strategies to combat discrimination
- Establishing **clear strategic, business and financial objectives**
- **Protecting the assets** of the organisation

## **THE ROLE OF THE OFFICE BEARERS**

The Board of Management will elect from amongst its member Directors, individuals who will carry out specific functions in relation to the responsibilities of the Board. In some organisations, this may be a member of staff, where this is deemed more practical (e.g. staff members can be Company Secretary but would not have a vote).

Each office bearer will have a specific set of duties, although it is common practice that some/all of these may be delegated to staff members/sub-committees. This will vary according to the needs of the organisation, and the skills and availability of the individual office bearer.

In some organisations, for example, an office bearer may delegate all of his/her main duties to a member of staff but will retain responsibility for ensuring it is carried out (e.g. secretary may delegate notice of meetings/minute-taking/record-keeping to an administrator but will still be responsible for ensuring that papers are sent out on time, copies kept on file, etc). A Company Secretary may delegate the function of completing forms for Companies House to a staff member but will retain the responsibility for checking the detail and authorising for submission. As board members, office bearers still have all the usual responsibilities of a non-executive director.

Again, in very small organisations where staff members are not employed, the Treasurer may actually carry out the bookkeeping function. However, since the primary role of treasurer is that of monitoring the finances of the organisation, it is more common for bookkeeping to be delegated to staff or consultants. The reason for this is the inherent difficulty in being responsible for monitoring your own work.

In most voluntary organisations, the key office bearer roles are that of the Chair and Company Secretary. Some organisations may identify a need to nominate a Board member with a specific Personnel/Human resource function to oversee the Board's role as employer. This is often, but not always, the Chairperson.

In general terms, the main duties of the Office Bearers are set out as follows:

### **CHAIRPERSON – MAIN DUTIES**

- A) Is responsible for the **smooth running of meetings** of the Board which includes:
- ensuring that those who wish to are allowed to contribute to meetings
  - allocating adequate time for contributors to speak
  - deciding upon voting procedures at general meetings
  - announcing votes by show of hands at general meetings
  - using the deciding vote where there is an equal number of votes for and against a decision
  - deciding upon which matters may be taken as urgent business if not notified before a committee meeting
- B) Ensuring that **staff are recruited and supported, and that a constructive working relationship is established** with the senior member of staff of the organisation. The Chair (and indeed other board members) should be clear on their relationship between and respective levels of responsibility of Office bearers and senior members of staff.
- C) To **represent** the organisation
- D) To take **all other decisions that are the responsibility of the Chair** as laid down in the Mem and Arts. In taking these decisions advice should be taken from other committee members and/or senior staff members.
- E) To **participate in training where necessary** to allow the Chair to undertake the above responsibilities

### **VICE-CHAIR – MAIN DUTIES**

- A) To **assist the Chair, or to carry out in his/her absence**, the duties as Chairperson as detailed above

### **SECRETARY – MAIN DUTIES**

- A) Calling, attending and keeping **the minutes** of general and committee meetings
- B) **Circulating the relevant papers** for these meetings
- C) Preparing and sending all necessary **End of year reports** to Companies House and to funding bodies
- D) Keeping the **Register of Members**, and audited accounts
- E) Ensuring that the organisation acts legally and constitutionally within its own rules and any others it is bound by (e.g. Company Law, Charities Law, etc)
- F) To **participate in training where necessary** to allow the Secretary to undertake the above responsibilities.

### **TREASURER – MAIN DUTIES**

- A) Ensuring that **accounting records are kept** in accordance with the legal requirements of Companies Law, Charities Law, North Berwick Community Development Company's Mem and Arts and any requirements of any funding bodies.

B) Ensuring complete **compliance with** the organisations' own **Financial Management Procedures**.

C) Ensuring that the **Financial position of the organisation is reported to the Board of Management on a Quarterly basis**, in a format which is suitable to enable the Directors to make informed financial decisions

D) Ensuring that all Directors, Members and interested parties can be given up to date **information about the organisations financial position** at any given time

E) To **participate in training where necessary** to allow the Treasurer to undertake the above responsibilities.

### **THE CONDUCT OF THE BOARD'S BUSINESS**

The responsibilities of Director's are as set out above, however, these only outline *what* you are responsible for not *how* you are expected to do it. It is vital if the organisation is to be run effectively and the Board has the appropriate level of control that Board members are well informed. **The Board has a duty to the organisation, its members and staff, and the wider community. To exercise that duty Board members must**

- a) be provided with information and
- b) be satisfied that they have adequate information, and actively seek it out if necessary, to make informed decisions

New and Prospective Board members should be given clear information on the expectations placed upon them. These would include:

- upholding the values, objectives and policies of the organisation
- contribute to and be responsible for Board decisions
- prepare for meetings (for example, by reading papers circulated in advance) and attend meetings
- attend training and other events to gain skills and knowledge
- represent the organisation
- declare any relevant interests
- respect confidentiality

**All Board members should be given a list of all the policies and procedures that the organisation requires. Such documents must be formally approved and reviewed by the Board.**

New Committee members should be put through an induction to familiarise them with the workings, policies and procedures of the organisation

**Decisions taken by the Board should be made on the basis of full information. This information should be circulated well in advance of meetings.**

All Board members should strive to ensure that professional advice is sought when it is required to inform decisions.

**Board members should ensure that sub-committees or working groups set up should have sufficient levels of authority delegated to them to enable the business of the organisation to be carried on between meetings**

There should be procedures set up for taking urgent or emergency decisions when Board meetings cannot be convened at short notice

**Board members should carry out periodic reviews of their effectiveness as a Board of Management. Action should be taken to remedy any deficiencies.**

A training plan for the Board and for individual Board members should be drawn up on a regular basis.

### **CONDUCT OF THE INDIVIDUAL BOARD MEMBERS**

At a time of increased public scrutiny, voluntary organisations must act to maintain their reputation for high standards of conduct. Some of these standards are enforced by legislation, however, board members should be guided by the following principles when representing, or acting on behalf of NBCDC:

**Board members should do nothing that cannot be justified to the Board, the membership, or the wider community. In addition, they should actively avoid situations that could cause suspicion of improper conduct.**

Board members should respect confidentiality at all times, neither making inappropriate disclosures nor using confidential information to their own advantage

Personal or private interests should not be allowed to influence Board members' decisions, nor use their position to obtain personal gain. When using the services of a firm that works for the organisation, the arrangement should be reported to the Secretary or the Committee.

**Any conflicts of interest must be declared and recorded, and be made available for public scrutiny.** A conflict of interest may be substantial, at which point a committee member should offer or be invited by the Chair to withdraw from the meeting. Alternately, they should refrain from voting. Frequent or regular conflicts of interest should cause a Board member to consider resigning.

### **THE ORGANISATION'S STAFF**

Where an organisation employs staff, **the Board should be satisfied that they are employed in line with current legislation and in accordance with best practice.**

Board members should give consideration to the following issues:

- each Board member should encourage good working relationships between themselves and paid employees
- the respective roles of staff and Board members, levels of staff authority and reporting procedures are defined and understood.
- Staff must be recruited fairly, impartially and with regard to Equal Opportunities
- All staff should have job descriptions setting out their responsibilities, and should receive support, training and development to enable them to carry out their duties
- The number of staff should match the tasks that need to be done in the organisation
- Salaries, terms and conditions should be in line with other occupations requiring similar qualifications and experience

- Conditions in which staff work should be of a standard to ensure that they can perform their duties
- Staff should have access to policies relating to their employment, salary review, training and development, trade union membership and grievance and disciplinary procedures
- Grievance or disciplinary procedures should include a right of appeal to the Board

### **WORKING GROUPS**

Working groups are a useful way of ensuring that detailed consideration is given to all the issues. Usually they are set up to oversee a specific function (e.g. Finance or Staffing). In addition to the conditions set out in the Memorandum and Articles of Association (working groups should **have a minimum of one director present**) the following principles apply:

- each working group and working group chair **should have written clear terms of reference**, and levels of delegated authority which have been approved by the Board
- each working group must **report regularly to the Board**
- Working groups must meet regularly enough to complement the work of the Board and to carry out the organisations' business
- Working groups, their terms of reference, and their levels of authority should be periodically reviewed

### **OPENNESS AND ACCOUNTABILITY**

Organisations should be as open and accountable as possible. Public funds will have to be appropriately accounted for, and the organisation will be expected to justify its actions.

Whilst being open about the organisation and its business there are matters which will always require confidentiality (e.g. staffing issues, client confidentiality, etc)

Openness and accountability can take many forms such as the publication of information, public meetings, and surveys. All of these contribute towards an informed and interested membership that can use their votes effectively at general meetings

As a general principle, organisations should make as much information available to the public as possible – except where this is sensitive in a personal or commercial way, or where the disclosure is covered by legislation such as the Data Protection Act.

#### **Board members should note the following points:**

- Board members and staff should be prepared to account for their actions in an open manner
- certain documents and information are required by law to be publicly available. These include the Memorandum and Articles of Association, the Register of Members, and the Annual Accounts

- the organisation should also make available any leaflets outlining policies and services, results of any surveys conducted, details of future plans and targets, and the organisation's Complaints Procedure

- documents should be written in plain language and translated if required

- requests for information should be complied with if practicable

- the organisation's approach to openness should be reviewed on a regular basis, taking account of good practice

### **USER PARTICIPATION**

The North Berwick Community should be involved in the work of the organisation is an important part of promoting accountability and can lead to important benefits for the organisation and its members. The Nolan Committee has suggested that it should be an obligation upon any organisations receiving public funds, and it is a requirement of all our current funders – as well as being a fundamental aim of NBCDC.

It is important to note that having North Berwick residents on the Board of Directors helps this participative process and efforts should be made to ensure their representation at this level in the organisation. However, it is not the only way of encouraging user/member participation and the Board might consider i) the holding of public meetings to encourage involvement and distribute information, and ii) the creation of a Members Committee with a clear remit and perhaps some delegated responsibility

### **AUDIT**

The principles of Audit in the fullest sense, extending beyond financial matters are relatively new to the voluntary sector. Audit is a key component of good governance and should cover not only finance, but all areas of the organisation's work including standards of performance, procedures, service delivery, and compliance with standards and legislation. Arrangements should be made for self-monitoring of the organisation's effectiveness (Internal Audit) across the range in addition to the (External) Audit of Accounts. This would include things like the reviewing of policies and procedures.

### **REGISTER OF INTERESTS**

A voluntary organisation's governing body should establish and maintain a Register of its members' Interests to support the Code of Governance. Board members would be obliged to declare any relevant interest on acceptances of a Board position. The Register should be updated at least annually following the Annual General Meeting, and immediately to record any declarations made at Board meetings. The Register should be made available on request to members, funders, and the public with the provision that no contact details will be divulged without express permission to protect Board members' privacy. The Register should contain at least the following information:

- Name, address, contact details
- Employer, position held
- Board position held and dates of election
- Details of all other Board memberships and offices held in last 5 years

- Details of any significant consultancies undertaken over the last 5 years
- Any financial stake in relevant organisations, or as a beneficiary of such an organisation
- Any spouse or partner in relevant organisations, or as a beneficiary of such an organisation
- Any other interest which might be reasonably construed as creating a conflict of interest

### **SCVO CODE OF CONDUCT FOR VOLUNTARY BOARD MEMBERS**

1. Board Members have a duty to accept the responsibilities of their position and act at all times in the best interests of the organisation, ahead of any other professional or personal interest. The general principle to be observed is that the Board member will avoid action or inaction which cannot be justified to the Board, the organisations' members, users, or the public. Equally, a Board member should be alert to anything which might give rise to suspicion of improper conduct.

2. Board members are required to declare any or all relevant interests during meetings, immediately it becomes apparent that such an interest has relevance to the matter under consideration by the Board. If the interest is a financial one, for example if they or their employer is a beneficiary or a potential beneficiary, then the Board member is obliged to withdraw from the meeting and take no further part in the decision making process on this matter.

3. Where the interest is not financial but might reasonably be considered to be significant, the Board member should declare the nature of the interest immediately. It will then be for the Chair to determine whether the interest is sufficiently substantial to warrant either the member being asked to leave the meeting, or abstain from voting.

4. In either 2 or 3 above, the interest declared and the action taken will be recorded in the Minutes of the Meeting and the Register of Members Interests will be checked and amended, if necessary.

5. If the interest concerns family or personal connections with individuals in an organisation likely to benefit from the decision under discussion, or business or other relationships with individuals, the Board member would not normally be asked to abstain from voting or to leave the meeting, but would require to state clearly and have recorded, the nature of his or her interest.

**Code of governance DECLARATION**

All Board members should be required to sign a formal declaration prior to their election or appointment, or any renewal of that appointment.

**“I have read and understood my duties and responsibilities in accepting a position on the Board of North Berwick Community Development Company and I undertake to fulfil these duties in good faith and in accordance with the provisions of this Code of Conduct”**

I (insert full name).....

- am over 18 years
- am not an undischarged bankrupt
- have no financial or other relevant interest in North Berwick Community Development Company, not formally declared
- am not legally disqualified from serving as a Board member according to the provisions of either Company Law (companies only), or the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990
- agree to abide by this Code of Conduct and to formally register any relevant interests during any meetings of the Board where personal or professional interests are at stake
- agree to uphold the objectives and policies of North Berwick Community Development Company and to encourage best practice in all areas of its work.

Signed.....

Dated.....