volunteer ireland
obair dheonach éireann

Consultative Panel on Governance of Charitable Organisations
3 Georges Dock
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Dublin 1
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Re: Charities Regulator consultation on governance

Background on Volunteer Ireland and governance

Volunteer Ireland is pleased to make a submission to the Consultative Panel on Governance of Charitable Organisations. Volunteer Ireland is the national volunteer development organisation and a support body for all 21 local Volunteer Centres and 8 Volunteering Information Services in Ireland. Our goal is to make sure that everyone who wants to volunteer can volunteer. We work with about 8,000 organisations that engage with volunteers, 60% of who say that they could not survive without volunteers. Ensuring good governance of volunteer involving organisations, is an important condition to ensuring meaningful and impactful volunteering.

Charity trustees are of course volunteers, and as such are a critical stakeholder to Volunteer Ireland. We advertise trustee roles on the national database of volunteering opportunities, I-VOL (https://www.volunteer.ie/volunteers/find-a-volunteer-role/), which receives about 250,000 unique visitors a year. Through a partnership with LinkedIn, these trustee vacancies also appear on LinkedIn as skilled volunteering opportunities, reaching an even broader audience. Volunteer Ireland provides training and guidance on volunteer management, which covers the role of trustees as volunteers. Locally, Volunteer Centres provide face-to-face support and guidance to organisations looking to recruit trustees and individuals interested in becoming trustees.

More broadly, Volunteer Ireland and the network of Volunteer Centres were delighted to be part of two projects led by the Charities Regulator to support organisations to register with the Regulator. The first was assistance with a Charities Regulator information campaign "roadshow" in 2015. The second was the delivery of local "registration hubs" to support organisations in the registration process during 2016 and 2017. Volunteer Ireland is also a member of the Governance Code Working Group (the group that oversees the Code of Practice for Good Governance of Community, Voluntary and

Charitable Organisations in Ireland), which our CEO Nina Arwitz currently chairs. Volunteer Ireland has been fully compliant with that code since 2015. We work closely with trustees, and have a deep interest in ensuring good governance of charities.

We are uniquely placed as a national network with a presence in every county in Ireland, to support the Charities Regulator, individual organisations and volunteer trustees in establishing good governance practice.

Response to consultation

The need for a code

There is a need for a governance code for charities in Ireland. The Charities Regulator should issue this code. However, the charities sector should play a central role in developing the code, and in overseeing its implementation and development. It is essential that charities are engaged in the process to ensure that our understanding, perspective and expertise are reflected in the code. This could be done through a steering group or reference group made up of representatives from the sector. The life of that steering group should go beyond the development of the code, to include the ongoing implementation and review of the code. The individual tasked with leading the process of developing the new code should have significant experience and understanding of governance specific to the charities sector.

Minimum rules and ambitious principles

A governance code should include both hard rules that are "minimum requirements" for good governance, as well as high level ambitious principles that will help charities achieve excellent governance practice and culture. The minimum requirements for good governance should be that all charities must:
• have a constitution;
• stick to their charitable purpose;
• register with the Charity Regulator, keep details up to date and submit an annual report;
• keep a register of members;
• hold an AGM;
• have a chairperson, treasurer (and company secretary if a company);
• produce an annual report and financial statement;
• keep minutes of all board meetings;
• have two signatories on all bank accounts;
• keep proper accounts that are up to date and available;
• not pay trustees; and
• if a company, be in compliance with company law.

These minimum requirements should be complemented by a set of ambitious principles that go beyond the minimum requirements, in order to achieve excellent practice and culture in governance. Fundamentally, good governance is about making sure your organisation achieves its objectives, and setting ambitious principles will help ensure that charities in Ireland have the best possible impact on the causes for which they work. International research and experience demonstrates that a principles-based approach

will help ensure that the code does not become a tick-box exercise and that we achieve a *culture* of good governance in the sector. The new code should ascertain the right of charity trustees to come to their own determination about which best practices outlined in the code (beyond the minimum requirements) are relevant to their organisation and to achieving their objectives.

Building on the Code of Practice for Good Governance of Community, Voluntary and Charitable Organisations in Ireland

The new code should build on the current Code of Practice for Good Governance of Community, Voluntary and Charitable Organisations in Ireland. That code has been developed over the last eight years, by the sector and for the sector. It has gone through two processes of consultation with the sector. It has benefited from the expertise, understanding and dedication of key organisations in the sector. And it has already achieved the buy-in of at least 1,704 organisations in the sector to date (1,242 organisations on the journey and 462 organisations compliant as of October 2017). A new code issued by the regulator should build on the design, implementation and review experience of this code.

Proportionality

Any code must reflect the critical need for proportionality. It should not place an overly onerous burden on small charities and it should reflect lessons learned in this regard through the consultation that the Governance Code Working Group undertook in its latest review of the code. The existence of minimum requirements alongside ambitious principles will go some way to ensure proportionality. In addition, the Regulator should consider developing two versions of the code – one for small organisations and another for larger organisations. The distinction should be based on the organisation's annual turnover, in line with the cut-off level determined for requiring reporting in SORP (Statement of Recommended Practice, Accounting and Reporting by Charities).

The wider sector

A new code issued by the Charities regulator will be focused on organisations that are registered charities. However, there are many organisations in Ireland that fall outside this registration. The new code should be mindful of the requirements of the wider non-profit sector.

Training and support

In developing a governance code, the Charities Regulator should recognise the importance of distinct roles: for the Regulator to focus on ownership of the new governance code, while the non-profit and private sectors focus on providing support and guidance to charities on good governance.

Terms of office for trustees

The governance code should set limits to terms of office for trustees. Countless studies have demonstrated that a more diverse board, that is open to new people and new ideas, is a more effective board.

However, setting term limits means that it must be possible for charities to recruit new trustees. It is important that the Charities Regulator notes the current challenges facing organisations in recruiting new volunteers to join their boards. Our experience shows that

this is becoming increasingly difficult, especially for organisations in smaller, rural communities. The barriers to recruiting new trustees include a fear of the legal, regulatory and reputational responsibilities that becoming a trustee entails. It is important that the Charities Regulator recognise these barriers, and supports organisations in overcoming them. For example, this can be by ensuring there is guidance and support available for trustees across the country.

Conclusion

Volunteer Ireland is delighted that the Charities Regulator is undertaking a public consultation on governance, and investigating options for developing a single governance code. Ensuring good governance in the sector will help build back public trust, but more importantly it will fundamentally help ensure that charities have the best possible impact on the causes they exist to support. From our perspective as the national volunteer development organisation, it will help ensure that individuals who volunteer to be trustees on boards have a meaningful experience, and that volunteers more generally are able to do so in a well-run organisation.

Sincerely,

Nina Arwitz
Chief Executive Officer