

Unit 3 – Ensure the voluntary or community organisation operates in an effective, responsible and accountable manner

This unit is about *Trustees* working collectively to ensure their voluntary or community organisation is well-managed, is meeting its *aims* and needs, and achieving good practice whilst complying with the law. It covers the *Trustee's* role in leading the organisation, and also in ensuring the organisation is managed properly and by the best people available.

3.1 – When ensuring the organisation operates effectively and responsibly, as Trustees you are responsible for:

1. identifying, establishing and reviewing *policies* and *procedures*, if applicable, required by law and relevant to the organisation
2. ensuring there are *policies* covering all major aspects of the organisation and for dealing responsibly with malpractice or misconduct
3. ensuring that the organisation holds diversity and equality as positive *values* in its *policies* and practice
4. where appropriate, appointing and inducting a senior member of staff to undertake specified operational *activities* and ensuring they are supervised, supported and appraised
5. where the organisation employs staff, ensuring that it complies with employment law, and other relevant legislation, and provides opportunities for learning and development
6. delegating, when appropriate, specific *activities* with clear instructions about what has been delegated, to whom, for how long and the reporting lines of communication
7. the organisation remaining financially viable and ensuring that all funds raised are:
 - used and allocated wisely,
 - used only in furtherance of the organisation's *objects*,
 - used in accordance with the Law and accounting requirements,
 - audited annually in accordance with current legislation
8. proactively and regularly reviewing risks to which the organisation is subject, and taking appropriate action based on the assessment
9. making use of professional advice when appropriate to do so, and retaining any written advice for future reference and guidance
10. monitoring the performance of the organisation and its *assets* in terms of quality and outcomes
11. identifying opportunities and areas of improvement that may benefit the organisation and its *beneficiaries*

3.2 – When ensuring the organisation operates in an accountable manner, as Trustees you are responsible for:

1. the organisation complying with current legislative, regulatory and constitutional requirements
2. there being proper, clear and accessible communications with key *stakeholders* about the organisation's decision-making and achievements
3. ensuring the organisation's system of internal controls, financial controls, performance reporting, *policies* and *procedures* are regularly reviewed by whoever has this responsibility
4. making decisions to protect the personnel, assets and property of the organisation to ensure fulfilment of the organisation's *objects*
5. the organisation being able to account for its *activities*, and presenting such information in a manner that complies with relevant current legislation

In order to be able to carry out these responsibilities fully, as Trustees you need to know and understand:

- a. the importance of acting prudently, lawfully and in accordance with the organisation's *Governing documents*
- b. if applicable, those *policies* and *procedures* relevant to the organisation and its *objects*
- c. the importance of *policies* and *procedures*, if applicable, complying with current legislation and good practice
- d. the responsibilities and requirements of employers where the organisation employs staff and/or involves volunteers
- e. the importance of managing risk and limiting the organisation's exposure to significant risks
- f. the importance of having clear guidelines on how to handle *conflicts of interest*
- g. how to deal with *conflicts of interest* in a proper manner
- h. the responsibilities and liabilities when communicating about the organisation
- i. the role of fundraising and other sources of income
- j. the responsibilities and compliance requirements of the Self Regulation of Fundraising Scheme

In order to ensure the organisation operates in a responsible and accountable manner, you need to have read, where applicable:

- i. the organisation's annual reports and accounts
- ii. management accounts, including income and expenditure, balance sheet and cash flow
- iii. financial budgets

Relevant to all units

In order to carry out your responsibilities, as Trustees you should draw on the following qualities:

- be committed to the purpose, *objects* and *values* of the organisation
- be constructive about other *Trustees'* opinions in discussions, and in response to staff members' contributions at meetings
- be able to act reasonably and responsibly when undertaking such duties and performing tasks
- be able to maintain confidentiality on sensitive and confidential information
- be supportive of the *values* (and ethics) of the organisation
- understand the importance and purpose of meetings, and be committed to preparing for them adequately and attending them regularly
- be able to analyse information and, when necessary, challenge constructively
- be able to make collective decisions and stand by them
- be able to respect boundaries between executive and *governance* functions

You need to have access to, have read and understood, or sought clarification if necessary about:

- the organisation's *Governing Documents*
- *policies* relevant to the functioning of the *Board*
- *policies* relating to diversity and inclusion
- relevant written operational *policies* and *procedures*
- role descriptions and person specifications for *Trustees, Board* and Officers
- the documentation of the Charity Commission, Office of the Scottish Charity Regulator and the Inland Revenue, where relevant

Key Words and Phrases used in this Unit

• **Activities**

Anything done using *resources* belonging to the organisation, or under its control and including all of its work and services.

• **Aims**

Long-term targets for the future that the organisation would work towards achieving.

• **Assets**

The property of an organisation, including, for example: cash, bank and building society deposits, consumable stocks, trading stocks, debtors and prepayments or any other amounts receivable in the short term; land, buildings, vehicles and equipment and investments held on a continuing basis; copyright and intellectual rights.

• **Beneficiaries**

Those who benefit, and/or receive services, from the organisation.

• **Board**

This is the organisation's governing body. This may be called the management committee, executive committee or board of directors, or may be referred to by some other title.

The *trustee* board of a charity is the group 'responsible under the charity's *governing documents* for controlling the management and administration of the charity, regardless of what they are called' (Section 97 of the Charities Act 1993).

- **Conflict of Interest**

This situation may be actual or perceived. It applies to an individual in a position of trust, which requires them to exercise judgment on behalf of others. A conflict arises where the individual's other interests or obligations make it impossible for them to act judiciously for either party.

A conflict of interest is any situation in which a *trustee's* personal interests, or interests, which they owe to another body, and those of the organisation, arise simultaneously or appear to clash.

- **Governance**

The systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation.

- **Governing Documents**

Any document setting out the organisation's purposes and, usually, how it is to be administered. It may be a trust deed, constitution, memorandum and articles of association, will, conveyance, Royal Charter, Scheme of the Commissioners, or other such formal documents.

Governing documents means any document setting out the organisation's purpose and how it is to be run.

- **Mission**

This is a specific purpose, which contributes to the organisation's *vision*.

- **Objects**

The objects of a voluntary or community organisation are usually contained within its *governing documents*. They are a legal statement of the purpose of the organisation. If they are wholly and exclusively charitable in law, then the organisation is a charity and subject to charity law and the charity regulator. It is the objects and *activities*, which make an organisation a charity, not registration with the Charity Commission or other regulator.

- **Policies**

Policies are of two types. The first are statements of good practice and *procedure*, which determine the conduct of the organisation, its volunteers and (where relevant) staff, and provide remedies for breaches of that conduct. These often form part of the operational handbook, which can be referred to in the contract, where this is relevant. Examples are: equal opportunities, a disciplinary code, and they often have legal force. Other policies deal with more general issues and are advisory. Examples include financial *procedures*, recruitment and selection.

- **Procedures**

Procedures are an approved standard way of how to do something. They are invariably in writing because otherwise they will not be approved or standard, but will be soon forgotten and re-invented regularly. Procedures are a useful means of helping maintain quality in an organisation's *activities*. They can be used for such areas of activity as *governance*, as well as in the delivery of services to *beneficiaries*. The writing and regular updating of procedures can consume a disproportionate amount of time in smaller organisations and the likely benefits should always be weighed against the cost.

- **Resources**

The total means available to an organisation for increasing productivity, including labour, and raw material.

- **Stakeholder**

This can mean anyone with a significant legitimate interest in the good management of an organisation. This would include funders, *trustees*, volunteers, staff, suppliers, customers (also known as purchasers) and *beneficiaries* who all clearly have an interest in the proper running of an organisation.

More narrowly, and in its original meaning, stakeholders are those who have invested in an enterprise. In a voluntary and community organisation this would mean the funders and the volunteers (who invest their time) and might be thought to include the staff who invest their careers into an organisation.

The concept of stakeholder should not be confused with the persons to whom the *board of trustees* hold themselves accountable. This party can sometimes be difficult to identify in trusts, although in membership organisations where the members elect the *Board* it is almost invariably the members to whom the *Board* is accountable.

- **Trustee**

A person who has legal authority to take control of and manage another's finance and property; this authority must always be exercised to the full advantage of the *beneficiary*. In most legal trusts the Trustee holds legal title to the trust property, is a representative of the Trust, and has the capacity to sue and be sued on behalf of the Trust.

A Trustee may also be known as a managing trustee, committee member, governor or director

- **Values**

A set of principles, which the organisation seeks to apply, both in setting its *mission* and *aims*, and in its day-to day operations.

- **Vision**

This is the ideal towards which the organisation is working.