



ACCOUNTING SERVICES FOR THE VOLUNTARY SECTOR

FACTSHET NUMBER 4 - GOVERNANCE CHECKLIST

This factsheet is an aide memoire to trustees and Company Secretaries of charitable companies to assist them in ensuring that some of the important areas of formal governance are up-to-date. The items listed in this check list are often neglected for many years as there is very little supervision to ensure they are in order. When problems arise however, they can be serious; for instance trustees may find themselves without any legal authority as their appointment was not made in the correct manner. On such apparently minor points, charities have been known to encounter major problem.

The basic principle is that the Company Secretary must be familiar with the Articles of Association and follow their requirements precisely. If the Articles are unworkable, they should be changed. Please note, taxation is not considered in this Factsheet.

1 Membership

- 1.1 All members approved in precisely the manner set out in the articles of association.
- 1.2 Up-to-date members register.
- 1.3 Subscription records fully accurate.
- 1.4 Applications for membership should include a statement that the prospective members agree to pay the appropriate (generally small) guarantee amount in the event of insolvency.

2 Trustees and meetings

- 2.1 All trustees certify that they are eligible to act in the position they have been appointed to.
- 2.2 All trustees been approved in precisely the manner set out in the Articles of Association.
- 2.3 Proper notice of meetings given to all persons entitled to attend.
- 2.4 Minutes taken and properly approved.
- 2.5 Quorum of trustees present when decisions are taken.

3 General Meetings

- 3.1 Notice given in strict accordance with the Articles of Association (e.g., electronic mailings only used if specifically permitted).
- 3.2 Annual General Meeting held every year.
- 3.3 Procedures in place to ensure that there is a quorum of properly elected members in attendance.
- 3.4 Trustees elected or re-elected as required.

4 Accounts, financial and filing

- 4.1 Accounts prepared with appropriate scrutiny (audit or independent examination).
- 4.2 Accounts approved at a meeting of the trustees prior to being issued to members.
- 4.3 Annual budget approved by trustees.
- 4.4 Accounts filed with Companies House within nine months.
- 4.5 Accounts filed with Charity Commission within nine months.
- 4.6 Annual return filed with Companies House.
- 4.7 Annual return filed with Charity Commission.

5 Recommended documentation

- 5.1 Form of consent to becoming a trustee, confirming eligibility.
- 5.2 Induction pack and procedure for trustees.
- 5.3 Policy for safeguarding of vulnerable beneficiaries.
- 5.4 Trustee and employee job descriptions.
- 5.5 Delegated powers, terms of reference of sub-committees and reserved matters.
- 5.6 Register of interests, policy on conflict of interest.
- 5.7 Annual board cycle for covering key matters.
- 5.8 Statutory books – registers of directors, members etc.

6 Stationary

- 6.1 Letterhead to include company details
- 6.2 Letterhead to include charity details
- 6.3 Emails to external source – as for letterheads

7 Charity commission serious incidents (any breach must be reported by the independent examiner)

- 7.1 No fraud, theft or significant loss of funds or other property.
- 7.2 No Significant sums of money or other property donated to the charity from an unknown or unverified source.
- 7.3 The charity (including any individual staff, trustees or volunteers) has no known or alleged link to a proscribed (banned) organisation or to terrorist or other unlawful activities.
- 7.4 No person disqualified from acting as a trustee has been or is currently acting as a trustee of the charity.
- 7.5 Where applicable, the charity has a policy for safeguarding its vulnerable beneficiaries (e.g. children and young people, people with disabilities and the elderly/old people) (see 6.3).
- 7.6 The charity has a vetting procedure to ensure that a trustee or member of staff is eligible to act in the position he or she is being appointed to (see 2.1 and 5.1)
- 7.7 There are no suspicions, allegations or incidents of abuse or mistreatment of beneficiaries.
- 7.8 The charity has not been subject to a criminal investigation, sanctions or an investigation by another regulator or agency.

Disclaimer

This checklist is for general information only and is not intended to be advice to any specific charity. Professional advice should be taken in respect of individual circumstances. The checklist represents my understanding of charity and company law and practice as at December 2010, which is subject to change.