

AUDIT • TAX • ADVISORY

WEBINAR | 22 SEPTEMBER 2021

Good Governance in Charities

Key updates & guidance for 2021/22

Now, for tomorrow



Welcome



Sudhir Singh

Head of MHA Not for Profit,
Partner

There will be a **Q&A session at the end of this webinar** to address any specific questions you have.

Please submit your questions via the **Q&A button**, located at the bottom of your screens.

You can find related resources on the **MHA Trustee Hub** and **MHA website**:

mha-uk.co.uk/charity-trustee-hub

mha-uk.co.uk

SPEAKERS



Nicola Mason

*Not for Profit specialist,
Director, MHA*



James Gare

*Not for Profit specialist,
Partner, MHA*



Fiona Westwood

*Not for Profit specialist &
Trustee, Partner, MHA*



Agenda



It is vital that charities put good governance at the heart of their strategy.



- Effective Finance & Governance
- Charity Governance Code – an update
 - Nicola Mason
- How to adopt good governance for your charity
 - James Gare
- A trustee's perspective on good governance
 - Fiona Westwood
- Q&A



SECTION 1

Effective Finance & Governance

Charity Governance Code –
an update

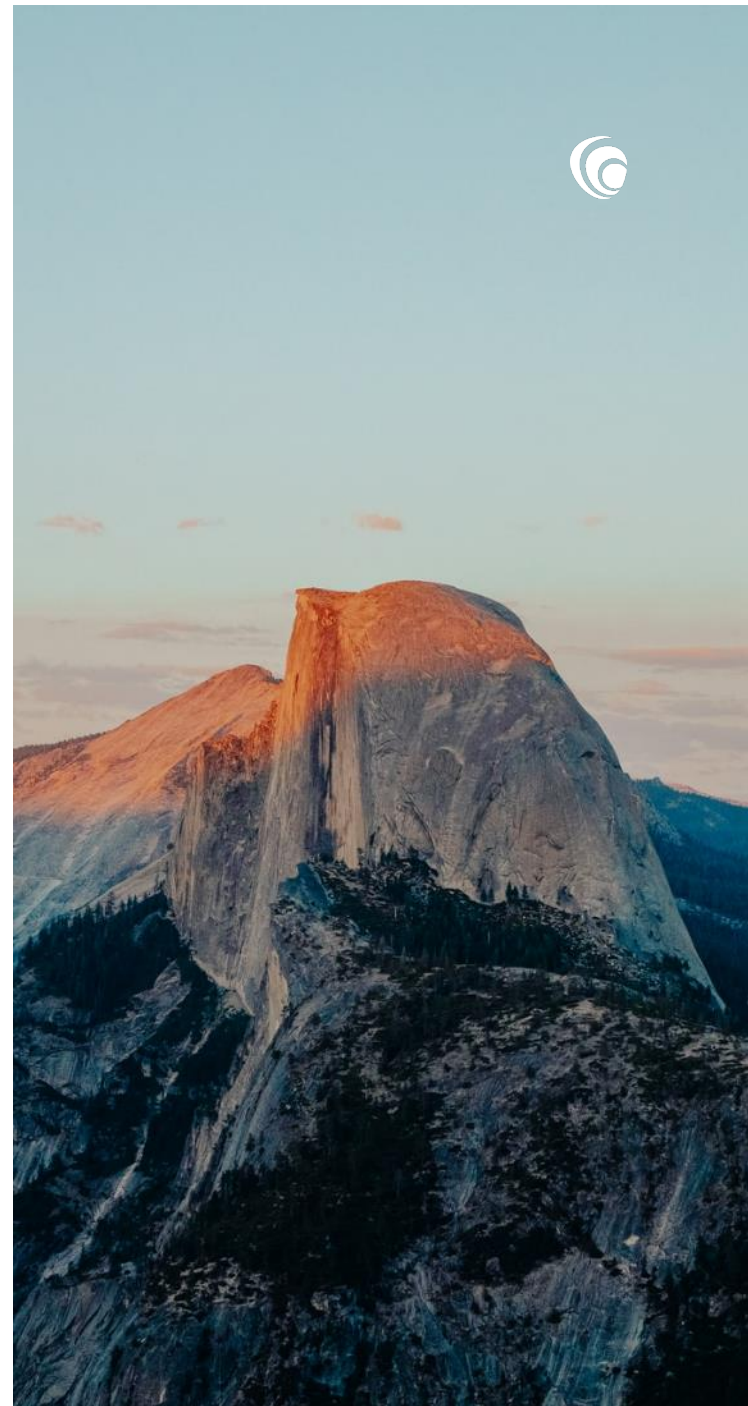
Nicola Mason, MHA



EFFECTIVE FINANCE & GOVERNANCE

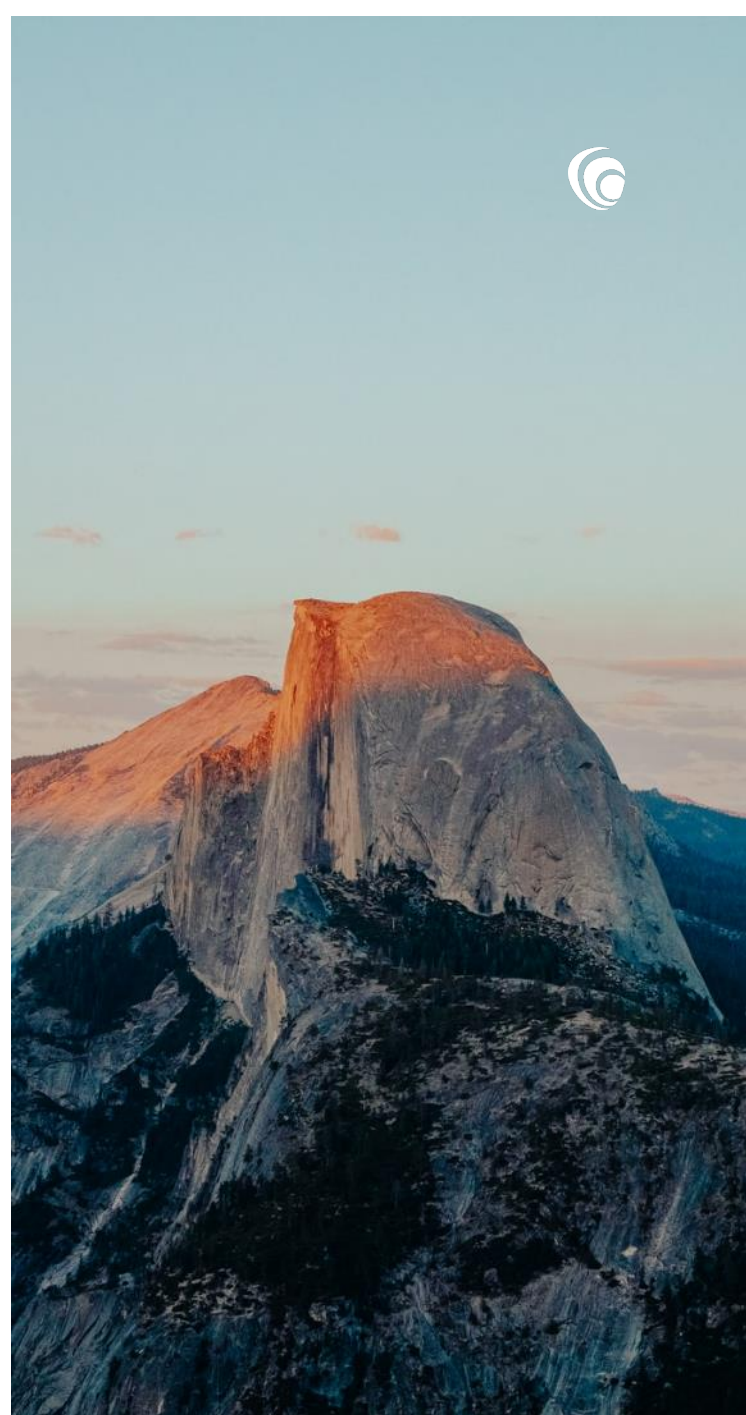
Financial governance

- Future strategy
- Reserves policy
- Budgeting
- Scenario planning
- Controls and procedures
- Management accounts
- Engagement by the Board



Strategy

- Links with reserves policy and budgeting
- Consider strategy first – short and medium term
- Impact on budgets and reserves policy
- Scenario planning
- Incorporate cash flow considerations
- Forecasts

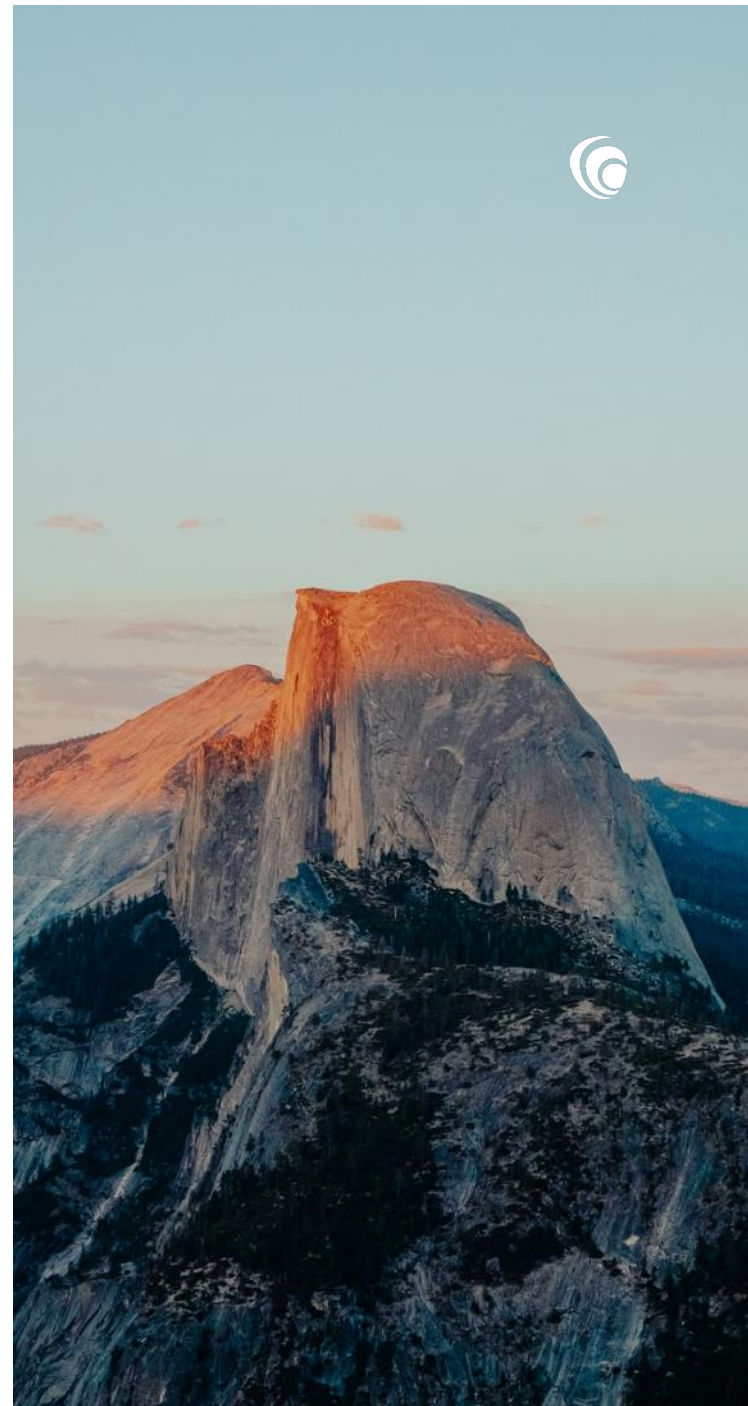




EFFECTIVE FINANCE & GOVERNANCE

Systems and controls

- Annual review
- Individuals involved
- Recommendations into actions
- Culture
- New activities
- Software

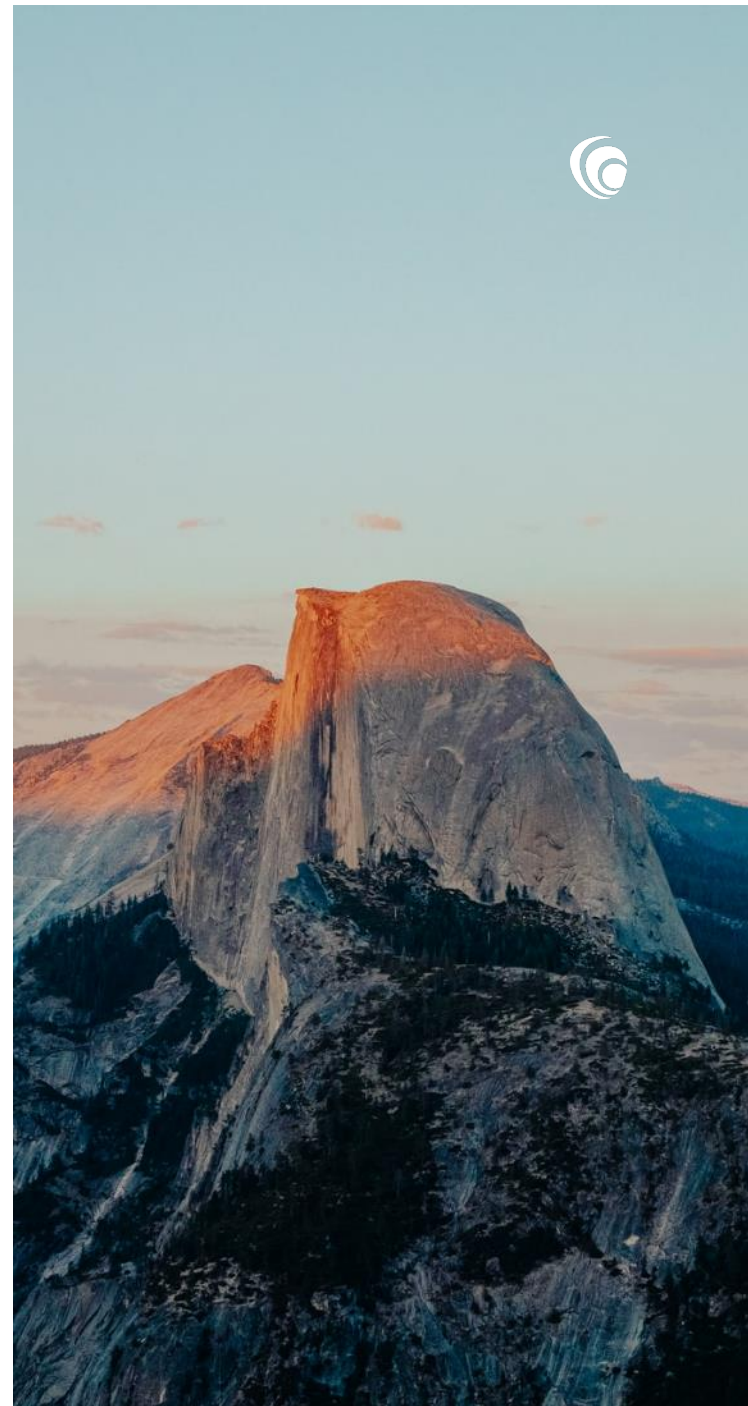




EFFECTIVE FINANCE & GOVERNANCE

Management reporting

- Information requirements
- Timescales
- Narrative and format
- KPI's
- Engagement by the Board

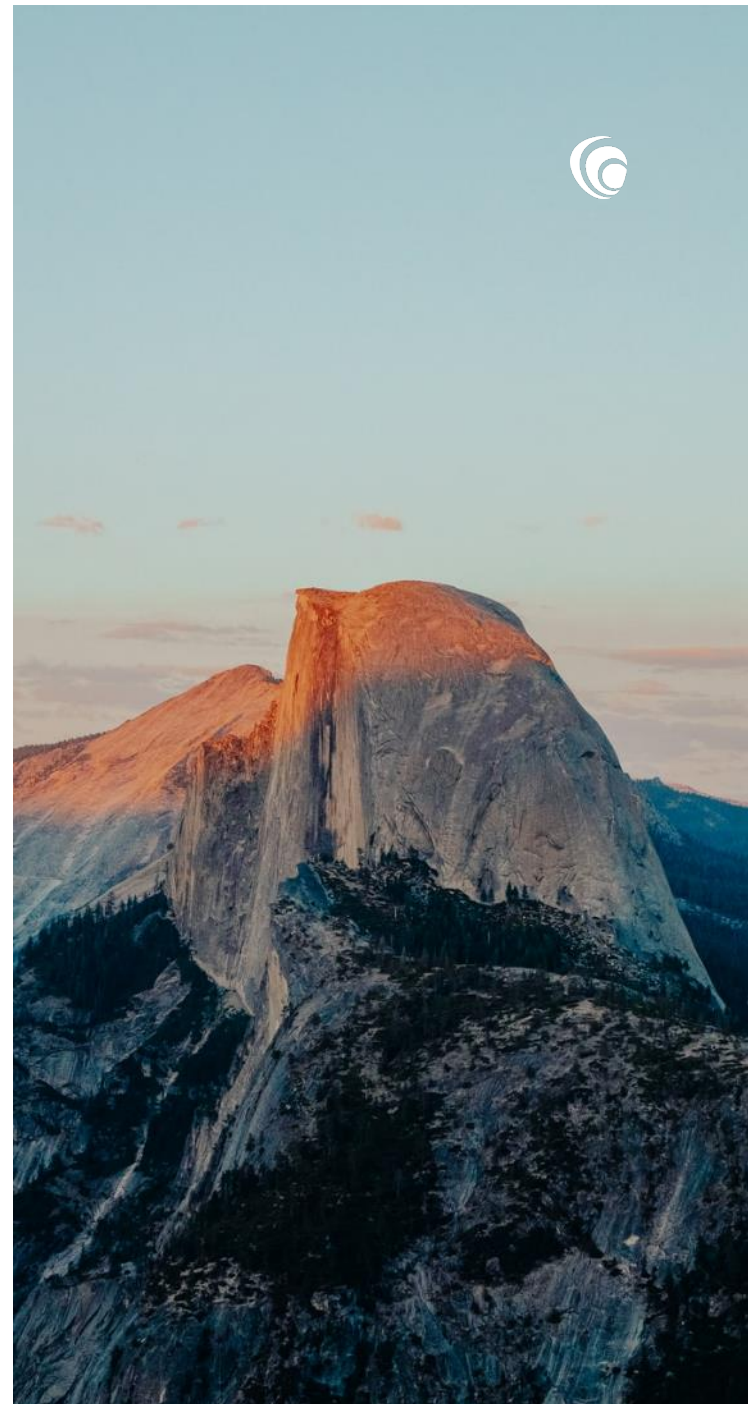




EFFECTIVE FINANCE & GOVERNANCE

Board engagement

- Trustee recruitment and induction
- Trustee contract
- Skills audit
- Trustee training





GOVERNANCE CODE – WHAT HAS CHANGED?

Background

- Original code published in 2017
- Collaboration
- Separate codes for small and large organisations
- 7 principles
 - Principle
 - Rationale
 - Key outcomes
 - Recommended practice





GOVERNANCE CODE – WHAT HAS CHANGED?

Changes to the Code

- Refresh rather than a revision
- Integrity principle
- Diversity principle revised to Equality, Diversity and Inclusion





GOVERNANCE CODE – WHAT HAS CHANGED?

Integrity principle

- Focus shifted from maintaining charity reputation.
- Focus on creating culture that will help achieve charity's purpose
- Reflect ethics and values in everything it does
- Trustee behaviours and policies in line with these values
- Emphasis on creating a safe and supportive environment





GOVERNANCE CODE – WHAT HAS CHANGED?

Equality, diversity & inclusion

- Acknowledges that this is a journey
- Consider why equality, diversity and inclusion are important
- Assess current position
- Set context specific, realistic targets
- Monitoring and reporting





SECTION 2

How to adopt good governance for your charity

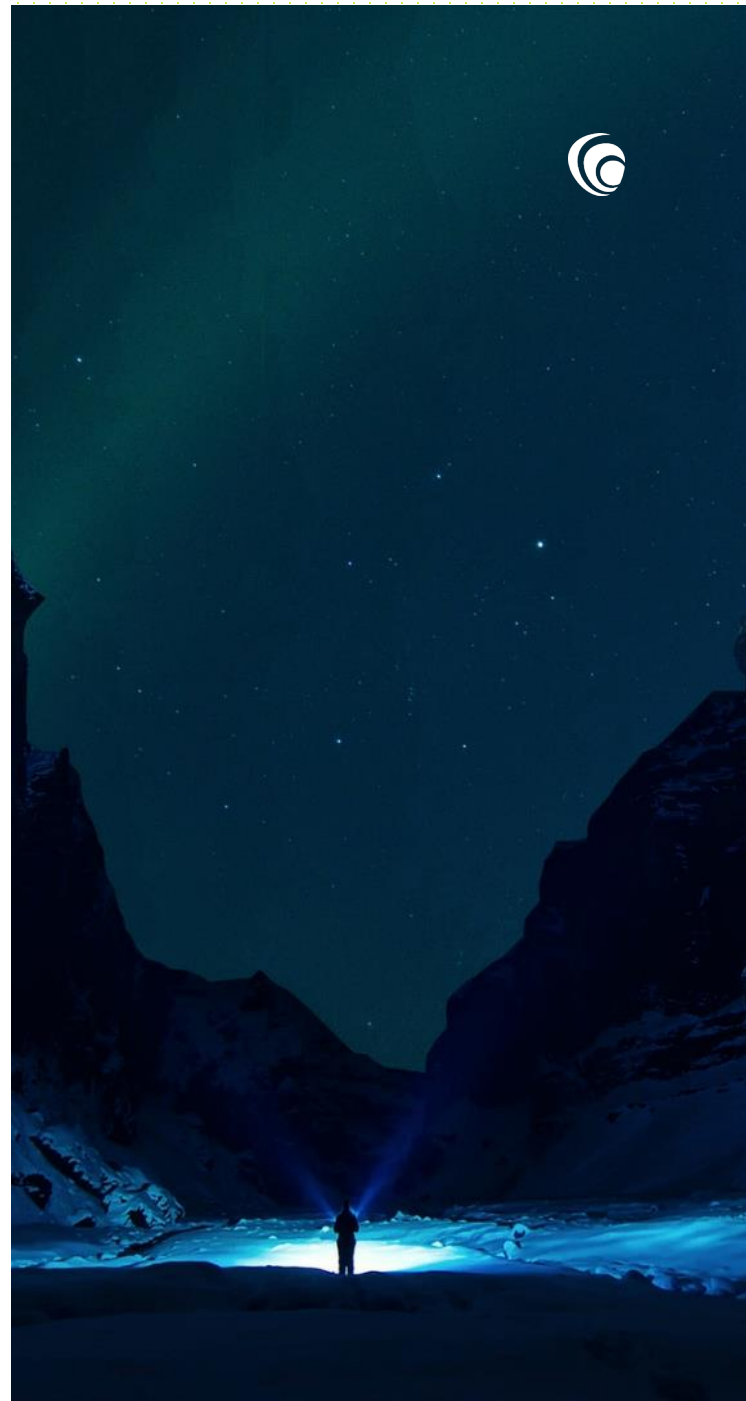
James Gare, MHA



ADOPTING GOOD GOVERNANCE

Get it on the agenda

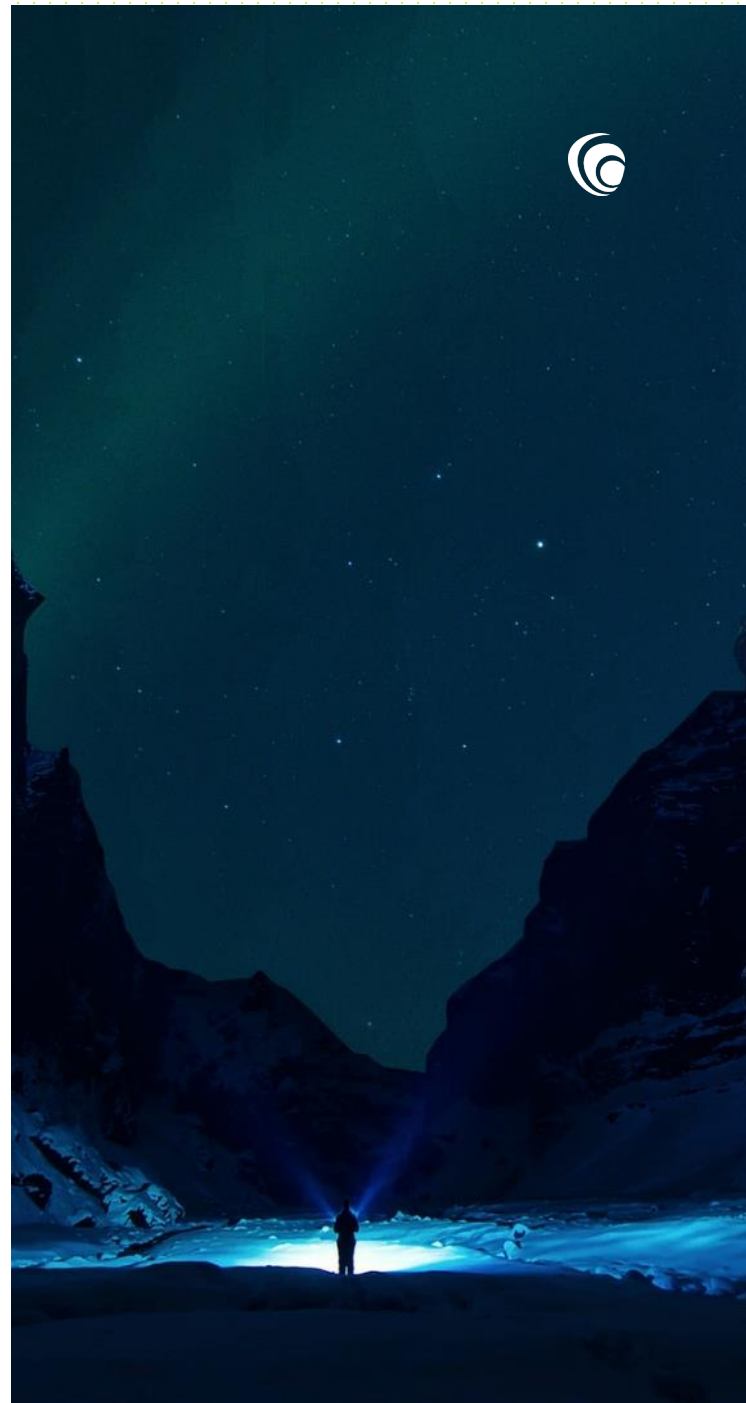
- Agenda item at Board
- Consider a Governance review
- Good governance code
- 21 Questions



ADOPTING GOOD GOVERNANCE

Governing documents

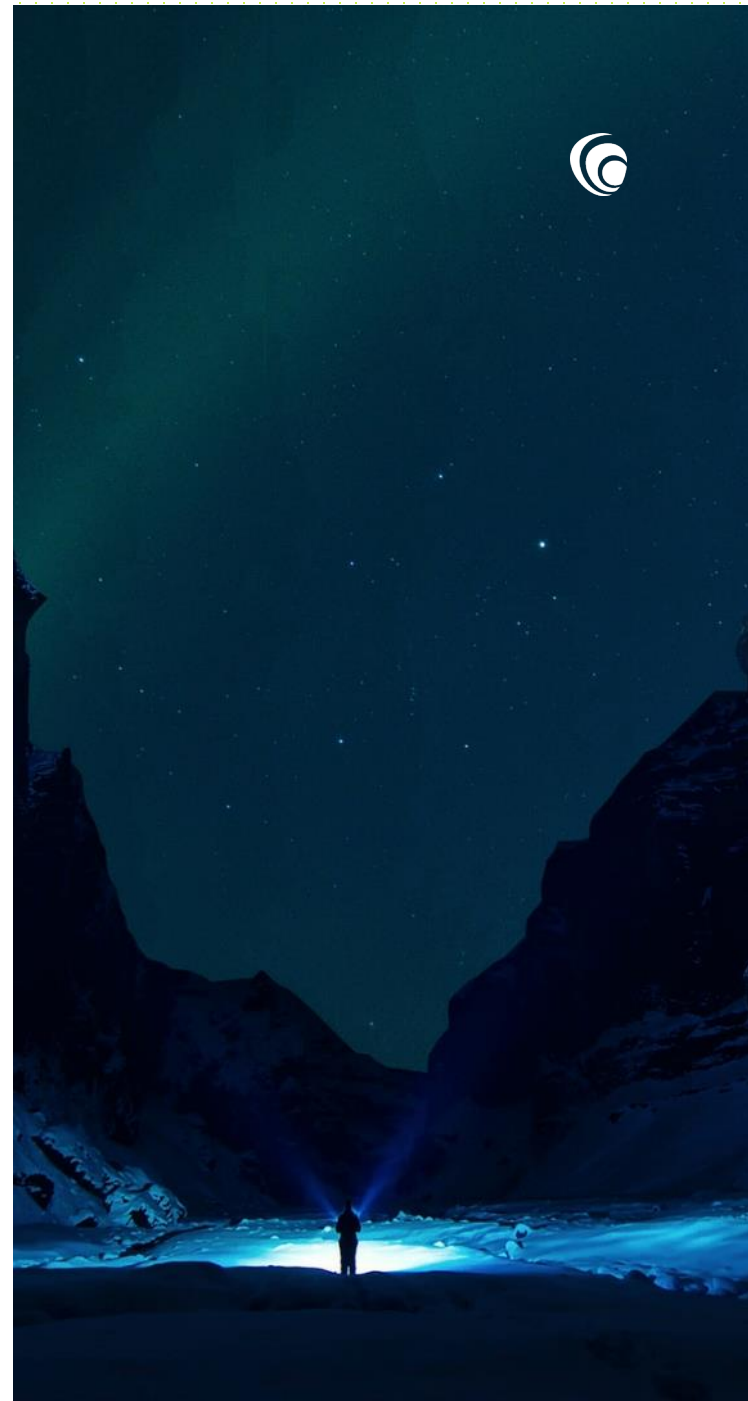
- Trustees have a personal duty
- Objects
- Powers
- Meetings & voting rights
- Membership (if applicable)
- Financial
- Trustee benefits
- Dissolution



ADOPTING GOOD GOVERNANCE

Business strategy

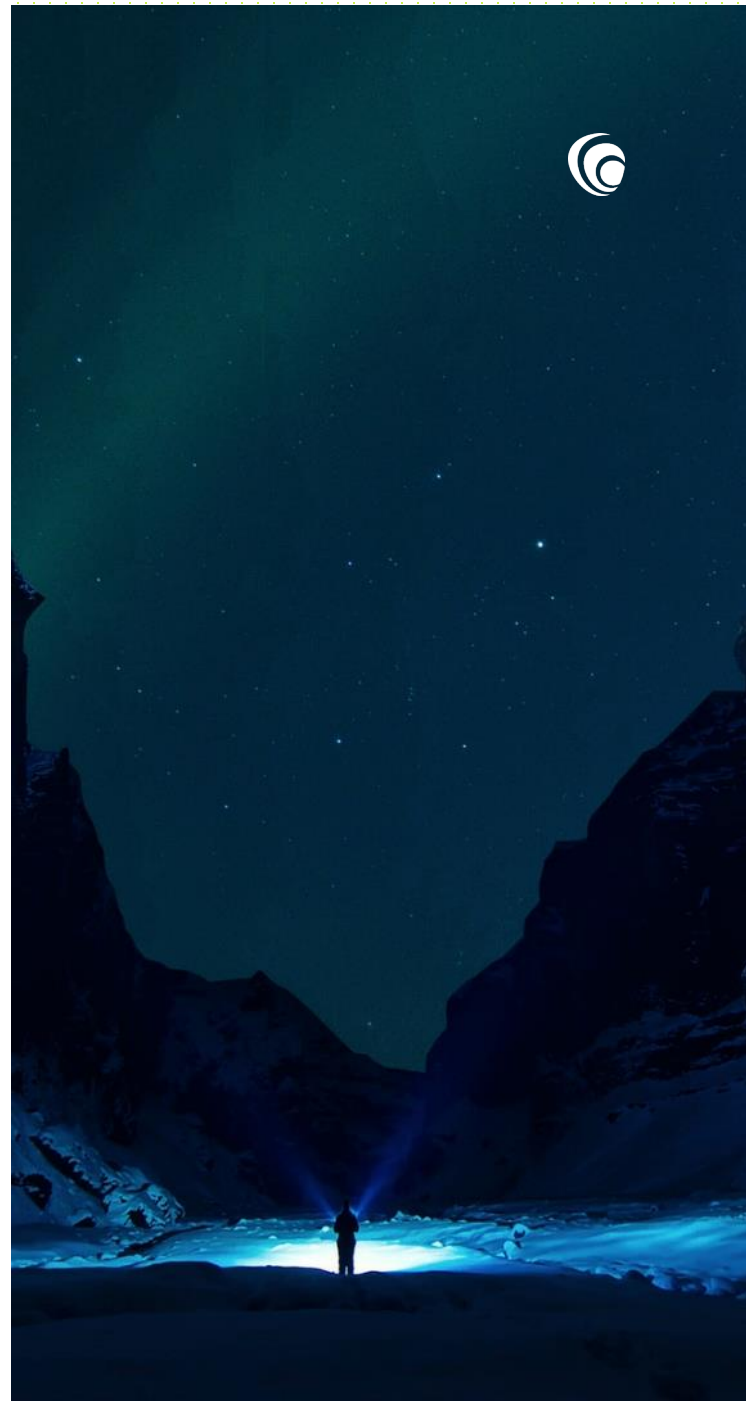
- 3 to 5 year time horizon
- Driven by CEO, but wider involvement essential
- Think outcomes
- Winning hearts and minds



ADOPTING GOOD GOVERNANCE

Values

- Underpins the delivery of the purpose
- What are we here to do?
- How to do go about it?
- Are the values understood?
- Do the values drive behaviour?





ADOPTING GOOD GOVERNANCE

Working groups

- Can assist with good governance
- Not necessarily just Trustees
- Keep Board meetings focused
- Flexibility





ADOPTING GOOD GOVERNANCE

Getting the right people and keeping them motivated

- User representation?
- Communication strategy for Trustees
- Allow Trustees to understand user experience
- Trustee appraisals?





ADOPTING GOOD GOVERNANCE

Role of the Chair

- Empathetic
- Impartial
- Objective
- Approachable
- Clear communicator
- Knowledge of charity and its networks
- 360 feed back essential





ADOPTING GOOD GOVERNANCE

Keep on reviewing

- Continual review needed
- Separate Governance Committee
- Governance reviews





SECTION 3

A Trustee's perspective on good governance

Fiona Westwood, MHA



A TRUSTEE'S PERSPECTIVE

Review against code

- Tool for charities of all sizes to use to enhance existing governance procedures
- Code is deliberately aspirational in nature and the intention is that it is used for continuous improvement
 - Use at times of change
 - Ongoing compliance
- External or internal review
- Helpful tool for review internally:

[MHA Not for Profit Checklist - Code of Governance Questionnaire](#)



A TRUSTEE'S PERSPECTIVE

Organisational purpose

- Mission and purpose
 - Articulate internally and externally
 - Agreement as basis for decision making and evaluation
- Stakeholders
- Impact of external changes
 - Covid
 - Working with others





A TRUSTEE'S PERSPECTIVE

Leadership

- Clarity roles and responsibilities within board and for staff
- Decisions
- Time commitment



A TRUSTEE'S PERSPECTIVE

Integrity

- Welcoming and supporting culture to help achieve charity's purpose
- Awareness of public's confidence and Trust
- Charity's ethics and values
- Trustee behaviours and policies in line with these values



A TRUSTEE'S PERSPECTIVE

Decision making, risk & control

- Delegation framework
- Information requirements
- Timescales
 - Information for decision making
 - Board programme





A TRUSTEE'S PERSPECTIVE

Board effectiveness

- Trustee recruitment and induction
- Skills audit

[MHA Not for Profit Checklist - Board Performance Review](#)

- Trustee training
- Effectiveness review



A TRUSTEE'S PERSPECTIVE

Equality, diversity & inclusion

- Charity context and ability to deliver aims
- Regular review of charity's approach
- Regular review of Board's own approach





A TRUSTEE'S PERSPECTIVE

Openness & accountability

- Charity context and ability to deliver aims
- Regular review of charity's approach
- Regular review of Board's own approach



Related resources

Webinars & Guides

Webinar | [Going Concern & Financial Sustainability](#)

Webinar | [What does good governance look like in a pandemic?](#)

Webinar | [Rising above Covid-19](#)

Guide | [11 Key Steps for Trustees](#)

Guide | [Using conflict as a catalyst for change](#)

mha-uk.co.uk/charity-trustee-hub



Related resources

Checklists

Checklist | [Board Performance Review](#)

Checklist | [Code of Governance Questionnaire](#)

Checklist | [Trustee Annual Report compliance checklist](#)

Checklist | [How to assess the performance of your auditor](#)

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Related resources

Policies & Helpsheets

Policy | [Charity Risk Policy](#)

Policy | [Pro-forma Reserves Policy](#)

Policy | [Finance, Audit & Risk Committee – Terms of Reference](#)

Helpsheet | [How to Ensure your Board is Financially Competent](#)

Helpsheet | [The future of the charity sector post Covid-19](#)

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A person is standing on a rocky, uneven terrain, holding a camera up to their eye as if taking a photograph. The background shows a vast, open landscape under a warm, orange sky, suggesting a sunset or sunrise. The foreground is dominated by dark, jagged rocks and some sparse, dry grass. The overall scene is serene and captures a moment of nature photography.

Questions?

CONTACT US

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