




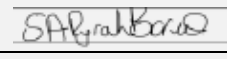
Life for African Mothers

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# Code of Conduct & Terms of Reference for LFAM Board & Board Members

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## CODE OF CONDUCT FOR THE ACTIVITIES OF THE LFAM BOARD & FOR INDIVIDUAL BOARD MEMBERS

### INTRODUCTION

The Board is like the team which pilots a ship. Every member of the team has a vital role to play in ensuring that the ship gets to its destination safely and on time. The team is required to know the destination and what the ship might encounter along the journey. The instruments on board give timely warnings of impending challenges to the ship, whether mechanical or caused by the weather. Team members are then expected to give appropriate guidance and instructions to crew members to deal with the arising situations.

From time to time the ship is upgraded and team members have to be trained and be familiarized with the operational requirements. Sometimes new team members who are familiar with the newly installed equipment have to be recruited. Sometimes team members are transferred to other ships to pass on their skills.

Charities create value, in more ways than one. They enhance the lives of people with various needs, complementing and going beyond what families and government can do. They advance public awareness and support for worthwhile causes. And underpinning all they do, they infuse passion in community building.

But as they grow, the demands on charities are becoming more complex. Sustaining passion, public support and impact requires reliable governance, including competent and steady boards and good processes to ensure accountability. An effective board does not come by chance. Whether it is in attracting and selecting board members, training them, evaluating board performance, or preparing for succession, none of this happens on its own without intention, or without planning.

This Guide recommends and highlights:

*'Foundational standards'* – this comprises mandatory requirements consistent with the Charities Act and its subsidiary legislations such as the Charities (Registration of Charities) Regulations, Charities (Accounts and Annual Report) Regulations, Charities (Large Charities) Regulations

*'Exemplary standards'* – these are current best practices that charities could aspire towards as they seek to enhance their standards of accountability, transparency and good governance. This also includes some of the guidelines under the Enhanced and Advanced tiers of the Code of Governance for Charities and IPCs



## Section 1 –WHAT IS A BOARD?

### 1.WHAT IS THE ROLE OF THE BOARD?

#### Provide Stewardship

1a. The Board, as stewards of the charity, is responsible for steering towards and overseeing its long-term goals and strategies and ensures that the charity is run effectively and sustainably.

#### The Board

Provides entrepreneurial leadership;

Manages risks;

Gathers adequate resources to enable the charity to operate effectively and responsibly in the short term and achieve its strategic mission in the long term. This includes making sure that the charity has sufficient funds to operate and strives towards financial sustainability;

Ensures the charity's compliance with its governing instruments, relevant laws, and regulations.

Maintains an ethical corporate culture and demonstrates transparency and accountability to key stakeholder groups. This lays the foundation for the charity's reputation, standing and long-term sustainability.

1b. Guide the Charity's Management Naturally, the Board works closely with the Executive Head and management, guiding, reviewing, encouraging and challenging their recommendations constructively as well as reviewing their performance. A good working relationship between the Board and management – built on mutual respect, commitment to the charity's cause and hard work – will foster a culture of excellence and professionalism in balance with passion and teamwork.

#### 1c. Grow the Value of the Charity

Unlike listed corporations whose value is defined by financial markets, a charity's value is defined by its services for and impact on the community, encapsulated under its vision and mission. Board Members need to understand and commit to achieving the charity's vision and mission, in order to increase the value of the charity over time.

This understanding and commitment will sustain the active involvement of Board Members (who are likely to be volunteers) both for the immediate future and the longer term. This forms the basis of the role of charities in our community.

### 2.How Best to Compose the Board.

It is important to keep uppermost in mind the charity's mission and strategy when identifying core competencies, skills and experience in potential Board Members, beyond what is immediately apparent for operational needs.

2a. Look for skillsets and experience -useful and related to the charity's services and operation.



Typical skillsets required of Board members:

Accounting;  
Audit;  
Branding, Marketing, Communications, and Public Relations;  
Data & Analytics (including impact measurement);  
Donor Management and Fund-raising;  
Finance and Investment;  
Governance (including familiarity with the Code of Governance for Charities and IPCs  
Human Resources and Talent Management;  
Industry regulation e.g. health, education;  
Legal;  
Risk and Crisis Management;  
Technology, Digitalisation & Digitisation, Cyber Security;  
Volunteer Management.

2b Determine the suitable Board size - It should be based on the needs of the charity, while balancing the difficulties of managing the deliberations of a large Board and meeting quorum, and small Boards that may be overly dependent on a few individual Board Members.

2c. Determine ideal traits and characteristics of Chair and Members As stewards of the public good, the Board should comprise Members who possess attributes like integrity, mature confidence, and high standards of excellence In particular, the Board Chair plays an important role in drawing out the Board's collective wisdom and setting the culture of the charity. The Chair provides leadership, drives Board effectiveness and effective supervision of the operations of the charity, leads Board development as well as drives recruitment and succession planning. In establishing a new charity, Board Chairs are also instrumental in establishing its vision and mission.

2d. Assure Board Independence By ideally having all, if not the majority, of the Board Members who are independent from staff working for the charity.

### *Foundational*

To ensure independence of the Board, staff of charities may only become Board Members if This is expressly permitted by the charity's governing instrument;  
» They do not comprise more than one-third of the Board; and they do not chair the Board. Charities should put in place documented procedures for Board Members and staff to declare actual and potential Conflicts of Interest (COI) to the Board at the earliest opportunity

### *Exemplary*

Put in place a COI policy and require declaration of COI annually. Define in the COI an independent Board Member as someone who is not:

1. Related to any staff working for the charity;
2. Compensated as an officer or contractor, directly or indirectly
3. Involved in any transaction within the charity or entity closely associated with the charity.
4. Define relevant exceptions to the rules of independence.

## 3. Embrace Board Diversity to Accomplish the Charity's Mission.

Having a Diverse Charity Board:



Provides a broader range of viewpoints for a fuller understanding of choices and their impact on the diverse communities it seeks to serve;  
Minimises susceptibility to strategic blind spots;  
Results in richer discussions and a more robust decision-making process, by drawing on the diverse knowledge and experience of individual Board Members;  
Enables sharper identification of opportunities and more effective mitigation of risks.

#### 4. Formalise Board & Office Holders Terms of Reference (TOR)

##### *Foundational*

Written TOR should be established to formalise the authority and duties of the Board and each of its Board Committees.

##### *Exemplary*

The Board could aim to review and ratify the TOR at least once per term (term being 4 years) to ensure its continued relevance to the Board's objectives & responsibilities, and to reflect any change in regulations

#### 5. Create a Renewal and Succession Plan

Required to achieve the optimal balance of retaining the experience & expertise gained from the Board members.

5a. Succession planning is vital to achieve the optimal balance of retaining the wealth of organisational memory acquired and accumulated by current Board Members, and at the same time benefit from the injection of new energy and fresh thinking from new Board Members. A well-structured and executed renewal and succession plan helps avoid pre-Annual General Meeting scrambles (see Exhibit 4 for a Board succession planning tool).

5b. A renewal is often the outcome of a holistic review of skills and capabilities on the Board, which then leads to the addition of new Board Members or replacement of current Board Members. Succession planning is the process of replacing a Board Member who is due to step down in the coming future. When Boards adopt proper succession planning to effect its renewal, the Board will be better able to adapt its Board composition over time to ensure its Members have the right mix of skills, backgrounds and other attributes to equip the charity for the challenges ahead. This will require a disciplined approach towards retiring existing Members and welcoming new Members at the appropriate time.

##### *Foundational*

Charities are required to have periodic re-nomination provisions for their Board Members at least once every .....years (three years is suggested)  
The Board should have a strategy and make arrangements to ensure succession for Board Members resigning or finishing their terms of office. Particular attention should be given to succession planning for key office bearers, in particular, for the Chair, General Secretary and Treasurer.

##### *Exemplary*



Disclose in the annual reports, reasons for retaining Board Members who stay for more than 10 consecutive years

If practical, introduce potential Board candidates to Members' attention by appointing them to Board Committees. This helps candidates become familiar with the charity and allows them to be assessed by existing Board Members.

Consider Vice-Chair or Committee Chair as pipeline for the Chair's position.

Consider rotating Board Members to different Committees so that they may gain multi-faceted intra-charity experience and expertise.

5.C Cessation of Board Members - will typically come about when a Board Member reaches the term limit (if term limits are in place) without being re-nominated or reappointed to the Board, whether as a result of Board renewal or reaching the maximum term limit. In addition, a Board Member may voluntarily resign from the position or be removed from the Board in accordance with the governing instrument of the charity. The governing instruments of charities would typically provide that a Board Member may be removed from the Board by way of ordinary resolution

5d. There are various circumstances which may move the Board or Board Members of a charity to remove a Member from the Board, and include where a Board Member:

is disqualified from being an officer of the charity pursuant to the Charities Act or other relevant regulations;

misses consecutive Board meetings without justification or otherwise is unable to commit the necessary time to Board responsibilities;

is considered to be unsuitable by virtue of either ineffectiveness on the Board or incompatibility with the values of the charity.

Any decision to remove a Member should be made following proper consideration by the NC (if any) and approval or support by the rest of the Board, and must be conducted in accordance with the charity's governing instruments.

## 6.Appointing Members

6a. Members should be appointed based on the rules of the charity's governing instrument and existing term limits.

6b. Members should be appointed with clear intention of duties, authority & expected commitment

6c. The Board (or designated Committee or staff) should provide the new Board Member with an appointment letter that lists the duties, authority and expected commitment as a Board Member of the charity.

6c. All new and renewed Board Members should also sign a Conflict of Interest declaration form. Charities should communicate the social impact of the charity and its vision of the future, so that the new Member understands both the present role, as well as the investment that the current Board needs to undertake that may only bear fruit in the future, beyond the horizon of the Member's term.

## 7. Provision of Appropriate Induction & Ongoing Training for Members

*Foundational*





The Board (or designated Committee or staff) is responsible to ensure the appropriate induction of incoming Members, including an orientation programme, to ensure they are familiar with the charity's work and governance practices  
Board Members are also encouraged to attend training to develop core skills and competencies, and keep abreast of evolving laws and regulations

### *Exemplary*

The orientation could be performed through providing relevant reports or documents, in-person briefings, site visits, and other means as appropriate to familiarise the new Member with the charity.

The charity may also wish to perform a review of the on-boarding process after six months to gather feedback on any further assistance required for the appointee to settle into the new role.

## 8. Evaluation of the Board & individual Board members – good practice

8a. Evaluation aids the assessment of whether to nominate an existing Board Member for another term of office and identify gaps in the capabilities of the Board. The evaluation may be administered via a combination of self-evaluation and peer appraisal. The evaluation criteria should be endorsed by the Board.



## SECTION 2.

### HOW TO OPTIMISE YOUR BOARD EFFECTIVENESS THROUGH BOARD CULTURE AND DYNAMICS

#### Board–Chair Relationship & Role

The Chair plays a crucial role in cultivating a healthy Board culture to encourage robust debate in the boardroom and inspire all Board Members to stay engaged and committed in the charity's mission and the Board's work.

2.1a Organise meetings efficiently. An effective Chair distinguishes between matters that need discussion and those that need a decision. The Chair sets meeting agendas in collaboration with the Executive Head and other Board Members, especially the Chairs of various Board Committees, to focus the Board's efforts on important issues in a disciplined manner. Efficient time management of Board meetings go a long way towards ensuring quality conversations and decision-making. For this purpose, the Board Chair may also consider limiting the number of slides and setting presentation formats for Board materials.

2.1b Build consensus or make decisions. The Chair avoids dominating the discussion or be seen to be micromanaging. The Chair could hold back on giving views until Board Members have had the opportunity to voice their views. Where there is no consensus, the Chair would coalesce the different views into a workable way forward.

2.1c Welcome diverse contributions and build trust. Ensure that all Board Members are given the opportunity to state their position or voice concerns, regardless of their backgrounds and personalities. For example, encourage constructive debate on unconventional approaches and draw input in advance from quieter Board Members. This would help Board Members pay attention to one another and promote meaningful debate and collaboration.

2.1d Transparency - Ensure that Board Members have equal access to all the relevant information that is needed to make sound and informed decisions.

#### Board – CEO Relationship & Role

The CEO is responsible for the day-to-day operations and strategic direction of the company, while the Board of Directors provides oversight, governance, and strategic guidance to ensure the company's long-term success. The role of a CEO in a charity has the same essence as a Chief Executive in any other organisation. They report to the Board and deal with the day-to-day operations. A working relationship with the Board will make their jobs a lot easier!

In terms of decision-making authority, the CEO has the ultimate responsibility for executing the company's strategy and achieving its financial goals. The CEO reports to the Board of Directors (generally to the Chairman) and is accountable for, among other things, the company's quarterly and annual performance versus budget. Board members, on the other hand, make decisions as a collective body, with each member bringing her/his unique perspective and expertise to the table. In many companies the CEO is also a member of the Board.



The CEO has the responsibility for informing and supporting the work of the board – including the board's setting of the trust's vision and strategy. The CEO is responsible for delivering the agreed strategy and overseeing all operations of the trust. These are the 6 Key Points that can be considered as the main role of the CEO of a charity.

1. Develops a leadership narrative that articulates the board's vision and values in practice and shapes the organisation's ongoing development
2. Builds an open, transparent and effective relationship with the governing board and its committees
3. Ensures that the organisation is an 'employer of choice' and is staffed by talented and skilled individuals at all levels
4. Enables improvement and disciplined innovation as an organisational habit
5. Secures organisational sustainability and compliance
6. Builds external relationships: fostering social and professional capital

## Board – Secretary Relationship & Role.

The company secretary is a strategic position of considerable influence at the heart of governance operations within the Charity. The secretary of a charity together with all other charity trustees are responsible for the efficient administration of a charity, particularly with regard to ensuring compliance with statutory and regulatory requirements

In addition to the role description of a general trustee, the Secretary will:

- Organise and coordinate Board meetings, including venues where appropriate. Dates should be provided to trustees at least two months before the meeting date
- Compile and circulate trustee meeting agendas, and meeting papers before meetings after liaison with the Chair of trustees. Agendas should be circulated at least two weeks before the meeting date
- Take minutes at trustee meetings
- Circulate minutes to trustees, facilitators and any other relevant stakeholders. Minutes should be circulated within one week of the meeting date.
- Maintain lists of agreed actions from trustee meetings and communicate with trustees between meetings to ensure progress is made.
- Maintain a list of agreed actions decided between trustee meetings, for example via WhatsApp discussion between trustees, and present these at trustee meetings for formal agreement.
- Organise for policies and procedures to be reviewed and approved by the Board, as required.

## Terms of Reference

### 1. Purpose

**1.1** The Board of Directors ("Board") is collectively responsible for oversight of the Charity to meet its objectives while ensuring compliance to relevant governing instruments, laws and regulations.



**1.2** The Terms of Reference assists the Board and the management in identifying a clear division of responsibilities.

## 2. Mandate

**2.1** The Board may exercise all powers of the Charity, subject to its governing instruments and relevant laws and regulations.

**2.2** The Board's Terms of Reference shall be subject to prevailing governing instruments, applicable laws and regulatory guidelines.

**2.3** The Board may delegate powers and authorities to any committee, task force or persons via a Board resolution but shall remain fully accountable for the Charity.

**2.4** The Board authorises the management to manage the day-to-day operations of the Charity in accordance to the directions set out by the Board.

**2.5** The Board shall appoint the internal and external auditors of the Charity, or any other professional advisers where appropriate and necessary.

## 3. Roles and Responsibilities

**3.1** The Board's responsibilities include the following

### *a. Strategy*

i. The Board shall set out the strategies for the achievement of the Charity's objectives. The strategies should be made in consultation with the management and shall be reviewed by the Board from time to time, or at least once a year. The strategies are implemented by the management and overseen by the Board.

### *b. Risk Management*

The Board shall determine the Charity's risk appetite, risk tolerance and shall identify, monitor, review and address the Charity's key risks, at least once every year.

- i. The Board shall ensure that management has put in place strong internal controls with documented procedures over financial, operational, compliance, and information technological aspects.
- ii. The Board shall conduct an annual assessment of the adequacy and effectiveness of these internal controls, through the help of in-house, co-sourced or outsourced internal audit functions, at the Charity's expense.
- iii. The Board shall approve key policies to guide the operating activities of the Charity.
- iv.** The Board must establish an Audit Committee (AC) to assist the Board in facilitating the internal and external audit of the Charity, as well as other responsibilities defined by the Charity.

### *c. Finance*

- i. The Board shall establish a Finance Policy, with documented controls and procedures for financial matters in key areas, including procedures and controls in procurement, receipting, payment processes, as well as system for the delegation of authority and limits of approval in the Charity.



- ii. The Board shall review and approve the capital and operating budgets and plans prepared by the management, and regularly monitor the expenditure and outcomes of these plans.
- iii. The Board shall monitor the financial status of the Charity and ensure financial sustainability required to carry on the Charity's activities for the long term. Where necessary, the Board shall review and approve financing options presented by the management.
- iv. The Board shall ensure the proper accountability of funds and immediately address any financial irregularities or concerns.
- v. The Board shall ensure that financial reports are true and fair and contain adequate and necessary information for stakeholders.
- vi. The Board must establish a Finance Committee (FC) to assist the Board in leading the finance agenda and other agenda defined by the charity. The FC is usually chaired by the Board Treasurer.

#### *d. Fundraising*

- i. The Board shall approve fund-raising plans and targets prepared by the management and ensure that these efforts are legal, ethical, appropriate, cost-effective and transparent.
- ii. The Board shall provide oversight over the Charity's fund-raising initiatives and assess whether such initiatives are adequate to contribute to the financial sustainability of the Charity.
- iii. Paid third-party fund-raisers shall be engaged with prudence. Such appointments should be reviewed and approved by the Board, considering in particular the rationale and fee arrangements (including commissions payable) involved.
- iv. The Board shall account to donors what, how and when the funds would be used, ensuring timely disclosures.
- v. The Board shall ensure that all money raised is properly accounted and safeguarded. Where the money is received for a restricted or specific purpose, the Board shall ensure proper monitoring and limits set for the use of such money.
- vi. The Board shall ensure that donors' confidentiality is protected, with no disclosure without their written permission.
- vii. The Board may establish a Fund-raising Committee to assist the Board in overseeing overall fund-raising efforts.

#### *f. Human Resources (HR)*

- i. The Board shall determine the Code of Conduct for Board Members, staff and volunteers (where applicable).
- ii. The Board shall ensure that there is an adequate process with documented procedures for Board Members and staff to declare potential or actual conflict of interest to the Board in a timely manner.
- iii. The Board shall ensure that there is a fair process for determining the remuneration of staff, in order to assist the Charity in attracting, retaining and motivating staff.
- iv. The Board shall approve documented HR policies, background checks, insurance coverage, rewards, training and development, performance appraisal, resignation and termination, staff claims, as well as disciplinary process.
- v. The Board shall approve documented volunteer management policies.
- vi. The Board may establish a HR Committee to assist the Board in the review and authorisation of HR matters.

#### *g. Investments*



- i. The Board shall develop an investment policy, with clear and specific guidelines and procedures. This policy may be developed and drafted with counsel from qualified professional investment advisors where necessary.
- ii. The Board shall determine the Charity's investment objective, risk tolerance, types of investment instruments and investment horizon.
- iii. The Board shall consider the use of investments to contribute to the financial sustainability of the Charity.
- iv. The Board shall review and approve investment proposals prepared by management, and/or investment consultants.
- v. The Board shall review all existing investments at least once a year, or as and when the investment losses reach the defined stop-loss threshold of the Board; to decide if the investment should be withdrawn, reallocated or maintained at status quo.

## Meetings

**4.1** It is recommended that the Board should meet at least four times a year. The current practice of monthly meetings is exemplary

**4.2** Board Members should make every effort to attend all Board meetings

**4.3** Seven calendar days' notice, or such shorter notice as may be agreed by the Board, shall be given by the Secretary to the intended attendees of the meeting, specifying the agenda, time and venue of the Board meeting.

**4.4** The quorum for a Board meeting is at least half of the Board Members, with the majority of the quorum being Board Members independent from staff.

**4.5** Non-Board Members would not count towards the quorum.

**4.6** Where a Board Member has recused himself or herself from any part of the meeting, the Board Member shall not be counted in the quorum for that part of the meeting.

**4.7** The Chair of the meeting shall be the Board Chair. In the absence of the Board Chair, a non-executive and independent Board Member shall be the Chair of the meeting. Typically, the Vice-Board Chair would assume the role in the absence of the Board Chair.

**4.8** Only Board Members can vote in Board meetings.

**4.9** Every matter shall be determined based on the majority of votes. Voters shall also comprise a majority of Board Members independent from staff. Every Board Member is only allowed one vote subject to the Charity's constitution.

**4.10** Minutes and resolutions of all proceedings of the Board meeting shall be recorded by the Secretary and circulated to the Board.

**4.11** Prior to circulation, the minutes are to be confirmed by the Chair of the meeting. Such confirmation may be evidenced in writing or by electronic means.

**4.12** The minutes and resolutions shall be kept by the Secretary and made accessible to all Board Members.



## APPENDIX 1

### BOARD CHAIR TOR

#### Personal competencies

The Board Chair is responsible for leading the Board and ensuring that Board discussions are conducted in a constructive manner. He or she should therefore possess the following desired qualities:

- Be knowledgeable about the Charity's cause and the universe it serves, with sound knowledge of its services and operations. Industry experience is preferred.
- Be committed to the Charity and the Board
- Be able to demonstrate integrity and strong leadership.
- Be a strategic thinker with a long-term horizon.
- Be a good team-builder - able to engage Board Members, encourage constructive discussions, foster open communication, listen attentively and provide impartial and objective feedback.
- Be willing to take responsibility and accountability for the Charity's matters.
- Be an advocate of strong and best governance practices.
- Be ethical and in compliance with legal and regulatory requirements.

#### Responsibilities

The Board Chair is expected to be a steward and fiduciary to the Charity. He or she typically has the following responsibilities:

- Ensure that the Board fulfils its responsibilities in directing the Charity to achieve its objectives in compliance with ethical, legal and regulatory requirements.
- Ensure that every Board Member is a contributing, engaged, committed and valued Member of the Board.
- Preside at Board meetings and facilitate open communication and constructive discussions.
- Establish a strong tone at the top and advocate adoption of best governance practices.
- Participate in strategic planning and monitor the Charity's progress in achieving its objectives.
- Oversee financial sustainability and financial reporting of the Charity.
- Oversee the Board evaluation process.
- Represent the Charity at public events, interviews and publications, and cultivate a strong public image for the Charity.
- Build a strong working relationship with the Executive Head.
- Directorship duties are regulated by law. The Board Chair should stay abreast of the latest legal changes that may have implications for the structure and composition of the Board, and Board Members' accountabilities and responsibilities.



## APPENDIX 2

### TREASURER TOR

#### Personal competencies

The Board Treasurer is responsible for assisting the Board in overseeing the financial governance of the Charity. He or she should therefore possess the following desired qualities:

1. Be knowledgeable about the Charity's cause and the universe it serves, with sound knowledge of its services and operations.
2. Be committed to the Charity and the Board.
3. Be well-versed in accounting or financial management.
4. Be able to demonstrate integrity and strong leadership.
5. Be a strategic thinker with a long-term horizon.
6. Be able to communicate technical financial concepts and terms in a clear and easily understandable way.
7. Be able to foster open communication; listen attentively and provide impartial and objective feedback.
8. Be willing to take responsibility and accountability of the Charity's financial matters.
9. Be an advocate of strong and best governance practices.
10. Be ethical and in compliance with legal and regulatory requirements.

#### Responsibilities

The Board Treasurer is expected to be a steward and fiduciary to the Charity. He or she typically has the following responsibilities:

1. Assist the Board in fulfilling its responsibilities in directing the Charity to achieve its objectives, in compliance with ethical, legal and regulatory requirements
2. Chair the Finance Committee (FC) and lead the FC in the fulfilment of its duties.
3. Maintain oversight of a finance and accounting system and procedures, including procurement, receipting and payment processes.
4. Establish strong checks and balances in the finance and accounting system to mitigate potential risks.
5. Oversee financial sustainability and financial reporting of the Charity.
6. Ensure that financial reporting is true and fair, in accordance with the relevant accounting standards, and completed/filed within the legal deadlines.
7. Build a strong working relationship with the Executive Head.

Directorship duties are regulated by law. The Board Treasurer should stay abreast of the latest legal changes that may have implications for his or her Board Member duties especially on financial matters.





## APPENDIX 3

### SECRETARY TOR

#### Personal Competencies

The Board Secretary is responsible for ensuring the proper conduct of Board meetings. He or she should therefore possess the following desired qualities:

1. Be knowledgeable about the Charity's cause and the universe it serves, with sound knowledge of its services and operations.
2. Be committed to the Charity and the Board.
3. Be able to demonstrate integrity and leadership.
4. Be a strategic thinker with a long-term horizon.
5. Be a team-builder - able to foster open communication and provide impartial and objective feedback.
6. Be willing to take responsibility and accountability for the Charity's matters.
7. Be ethical and in compliance with legal and regulatory requirements.

#### Responsibilities

The Board Secretary is expected to be a steward and fiduciary to the Charity. He or she typically has the following responsibilities:

1. Assist the Board in fulfilling its responsibilities of directing the Charity to achieve its objectives, in compliance with ethical, legal and regulatory requirements.
2. Organise Board meetings and ensure due process in the conduct of the meeting, in accordance with the Charity's governing instruments.
3. Advise the Board on procedural matters.  
Review meeting minutes for completeness and accuracy prior to circulation of the meeting minutes to the Board.
4. Ensure all Board records are well-archived.
5. Facilitate open communication and constructive discussions.
6. Participate in strategic planning and monitor the Charity's progress in achieving its objectives.

Directorship duties are regulated by law. The Board Secretary should stay abreast of the latest legal changes that may have implications for his or her Board Member duties. The Board Secretary must update the Board of any changes to the regulations and legal requirements.



## APPENDIX 4

### BOARD MEMBERS TOR

#### Board Member (Non-Treasurer)

##### *Foundational*

All Board Members are required to submit themselves for re-nomination and reappointment at least once every 3 years as best practice. The Board should make arrangements for the succession of Board Members who may be resigning or finishing their terms of office, especially for the positions of the Chair, General Secretary, and Treasurer.

##### *Exemplary*

1.To be regularly rotated in order to preserve the corporate memory of the Board and avoid a scenario where the charity sees a large number of Board Members leaving at one time. Rotating Board Members and introducing new Members also bring new ideas and energy to board deliberations. Hence, there may be Board Members who offer themselves for re-nomination once every three years. If necessary, each Board Member should be assessed within the larger context of succession planning and board renewal.

2.Disclose the reason for retaining a Board Member in annual report if the Member has served 10 consecutive years or more. Otherwise, the long-serving Board Member should retire from the Board for at least two years before seeking re-nomination. Subject to individual decision by the Board regarding 'named' positions

#### Trustees' 6 main duties

##### 1. Ensure your charity is carrying out its purposes for the public benefit

You and your co-trustees must make sure that the charity is carrying out the purposes for which it is set up, and no other purpose. This means you should:

- ensure you understand the charity's purposes as set out in its governing document

- plan what your charity will do, and what you want it to achieve

- be able to explain how all of the charity's activities are intended to further or support its purposes

- understand how the charity benefits the public by carrying out its purposes

Spending charity funds on the wrong purposes is a very serious matter; in some cases trustees may have to reimburse the charity personally.

##### 2. Comply with your charity's governing document and the law

You and your co-trustees must:



make sure that the charity complies with its governing document  
comply with charity law requirements and other laws that apply to your charity

You should take reasonable steps to find out about legal requirements, for example by reading relevant guidance or taking appropriate advice when you need to.

Registered charities must keep their details on the register up to date and ensure they send the right financial and other information to the commission in their annual return or annual update.

### 3. Act in your charity's best interests

You must:

- do what you and your co-trustees (and no one else) decide will best enable the charity to carry out its purposes
- with your co-trustees, make balanced and adequately informed decisions, thinking about the long term as well as the short term
- avoid putting yourself in a position where your duty to your charity conflicts with your personal interests or loyalty to any other person or body
- not receive any benefit from the charity unless it's properly authorised and is clearly in the charity's interests; this also includes anyone who is financially connected to you, such as a partner, dependent child or business partner

### 4. Manage your charity's resources responsibly

You must act responsibly, reasonably and honestly. This is sometimes called the duty of prudence. Prudence is about exercising sound judgement. You and your co-trustees must:

- make sure the charity's assets are only used to support or carry out its purposes
- not take inappropriate risks with the charity's assets or reputation
- not over-commit the charity
- take special care when investing or borrowing
- comply with any restrictions on spending funds

You and your co-trustees should put appropriate procedures and safeguards in place and take reasonable steps to ensure that these are followed. Otherwise you risk making the charity vulnerable to fraud or theft, or other kinds of abuse, and being in breach of your duty

### 5. Act with reasonable care and skill

As someone responsible for governing a charity, you:

- must use reasonable care and skill, making use of your skills and experience and taking appropriate advice when necessary



should give enough time, thought and energy to your role, for example by preparing for, attending and actively participating in all trustees' meetings

## 6. Ensure your charity is accountable

You and your co-trustees must comply with statutory accounting and reporting requirements. You should also:

- be able to demonstrate that your charity is complying with the law, well run and effective

- ensure appropriate accountability to members, if your charity has a membership separate from the trustees

- ensure accountability within the charity, particularly where you delegate responsibility for particular tasks or decisions to staff or volunteers

### Making decisions as a trustee

Charity trustees make decisions about their charity together, working as a team. Decisions don't usually need to be unanimous as long as the majority of trustees agree. They're usually made at [charity meetings](#).

When you and your co-trustees make decisions about your charity, you must:

- act within your powers

- act in good faith, and only in the interests of your charity

- make sure you are sufficiently informed, taking any advice you need

- take account of all relevant factors you are aware of

- ignore any irrelevant factors

- deal with conflicts of interest and loyalty

- make decisions that are within the range of decisions that a reasonable trustee body could make in the circumstances

You should record how you made more significant decisions in case you need to review or explain them in the future.



## APPENDIX 5

### Charity Commission Guidance - Policies

Listed below is the Charity Commission guidance that is most frequently asked about, but this list is by no means exhaustive. We have created charity policies for each of these that meet their requirements and include links back to the relevant Charity Commission and other guidance (see below).

The essential trustee: what you need to know, what you need to do

Charity reserves: building resilience

Internal financial controls for charities

Safeguarding for charities and trustees.

Conflicts of interest: a guide for charity trustees.

Charities and risk management

Charities: Due diligence, monitoring and verifying the end use of charitable funds.

Charities and investment matters: a guide for trustees.

And the Charity Commission isn't the only relevant regulator. Others include

HMRC

The Fundraising Regulator.

There are also others that are relevant for charities in specific sectors, such as DFE, CQC and the Electoral Commission.



## APPENDIX 6

### CONFLICT OF INTEREST

The charity trustees will make decisions based only on what's best for the charity. We do not allow personal interests, or the interests of people or organisations connected to trustees to influence these decisions.

There are 2 common types of conflict of interest:

Financial conflicts - when a trustee, or person or organisation connected to them, could get money or something else of value from a trustee decision. This does not include the payment of expenses.

Loyalty conflicts - other reasons, a trustee might not be able to make decisions that are best for the charity.

Generally, a potential conflict of interest will occur when a trustee has a connection to another organisation or person that we have a financial, or other working arrangement with, either as:

Family – his or her partner, child etc or:

Organisation – as a trustee, board member, member of staff or similar

### Identifying Trustee Conflicts Of Interest

Conflict of interest is a standing item on all trustee board and committee agendas; the chairman will remind trustees at the start of each meeting that any interests must be declared.

A record of any professional or personal interest that may make it difficult for a trustee to fulfil their duties impartially, or may create an appearance of impropriety, with any item on the agenda for that day's meeting is to be noted in the minutes of the meeting. Specifically:

If a trustee is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the organisation, s/he must declare the nature and extent of that interest to the other trustees

If a declaration of interest proves to be or becomes inaccurate or incomplete, a further declaration must be made

Any required declaration of interest must be made before the charity enters into the transaction or arrangement

A declaration is not required in relation to an interest of which the trustee is not aware or where the trustee is not aware of the transaction or arrangement in question. For this purpose a trustee is treated as being aware of matters of which s/he ought reasonably to be aware.

If a trustee states a conflict of interest s/he will normally be requested to leave the meeting while the relevant agenda item is discussed.



## Potential Trustee Conflict of Interest

A charity may pay and offer other material benefits, to one or more of its trustees to provide services to the charity, where the trustee board reasonably believes it to be in the charity's best interests to do so. The services in question must be ones which the charity trustee provides in addition to carrying out normal trustee duties. Any such proposal would be treated on a case for case basis and would only be approved subject to compliance with the Articles of Association and Charity Commission guidance.

Where an individual is not part of the decision-making process, there is no direct conflict of interest. However, where he/she has a relationship with the organisation, or individual trustee/director, the perception could arise that the trustees haven't acted in the organisation's best interests, because of this.

## Managing Trustee Conflict of Interest

To manage these issues, the Board will ask themselves these kinds of questions:

Is this the best use we might make of our limited resources?

If so, might anyone else be able to provide this service?

If there are others, in terms of cost, quality, availability etc, who would be the best provider?

## Recording Charity Trustee Decisions

Conflicts of interest will be recorded in the minutes, together with the key points and decision(s) made, in sufficient detail to enable a reader to understand the issue and the basis on which the decision was made.

## When Trustees can be Personally Liable

It's extremely rare, but not impossible, for charity trustees to be held personally liable:

to their charity, if they cause a financial loss by acting improperly

to a third party that has a legal claim against the charity which the charity can't meet

Understanding potential liabilities will help you to protect yourself and your charity by taking action to reduce the risk. This includes complying with your duties. It also includes deciding whether your charity should become incorporated (for example as a company or CIO).



## APPENDIX 7

### Who can be a Trustee ?

#### Minimum age

You must be at least 16 years old to be a trustee of a charitable company or a charitable incorporated organisation (CIO), unless the charity's governing document says you must be older. You must be at least 18 to be a trustee of any other type of charity.

#### Disqualification

You must not act as a trustee if you are disqualified under the Charities Act, unless your disqualification has been waived by the Commission. Reasons for disqualification include if you:

- are disqualified as a company director
- have an unspent conviction for an offence involving dishonesty or deception (such as fraud)
- are an undischarged bankrupt (or subject to sequestration in Scotland), or have a current composition or arrangement including an individual voluntary arrangement (IVA) with your creditors
- have been removed as a trustee of any charity by the Commission (or the court) because of misconduct or mismanagement
- are on the sex offenders' register

You can read the [automatic disqualification guidance for charities](#) in more detail.

If any of the current or new disqualification reasons apply to you, you may be able to get your disqualification lifted (or 'waived') by the Commission. The Commission will carefully consider whether granting a waiver is appropriate, although there are some situations where it has no power to grant a waiver – for example, where a trustee is disqualified as a company director.





## APPENDIX 8

### Legal Obligations of a Charity

The legal obligations of charities under the Charities Acts, Trustee Acts, and the Companies Acts.

All charities must comply with the following.

1. The Charities Act 2011 replaced most of the Charities Act 2006 and Charities Act 1992. It was then amended by the Charities (Protection and Social Investment) Act 2016 and again recently by the Charities Act 2022.
2. The Charities (Protection and Social Investment) Act 2016 made four key changes in law:
  - it gave new regulatory powers to the Charity Commission
  - it created circumstances in which people can be automatically disqualified from acting as a trustee
  - it gave more controls over the process of charitable fundraising
  - it confirmed the power of charities to make social investments.
3. The Charities Act 2022 has received Royal Assent and changes will begin being implemented from autumn 2022.
4. The Trustees Act 1925 and Trustees Act 2000 (which apply primarily to charitable trusts (see below) and charitable companies and CIOs in certain circumstances) the most recent Act concerns the powers of trustees regarding investments and delegation.
5. Charity Commission regulation. The Commission has a full list of guidance that explains what charities 'must' and 'should' do.
  - 'Must' means it is a legal or regulatory requirement or duty that trustees must comply with.
  - 'Should' means it is good practice that the Charity Commission expects trustees to follow and apply to their charity or be able to explain why not.
6. The Statement of Recommended Practice (SORP) for charity accounting: published by the Charity Commission, requires compliance (depending on annual income) on the submission of annual returns, reports and accounts.
7. The Funding Raising Regulator - The independent regulator of charitable fundraising in England, Wales and Northern Ireland advocates best practice in fundraising (using the Code of Fundraising Practice) to protect donors and support the work of fundraisers.
8. Laws on trading, political activity, and fundraising. These are set out in:
  - o Charity Commission guidance on trustees trading and tax (CC35)
  - o Charity Commission guidance on campaigning and political activity (CC9)
  - o Charity Commission guidance on charity fundraising (CC20).



## APPENDIX 9

### Poor Practices by Board Members

9.1. Board members should not make decisions without having proper knowledge and understanding of the issue.

It is critical for everyone who serves on the board to thoroughly read through any and all materials related to the issue before board meetings. Good board members should not feel intimidated to ask questions before the meeting to ensure everyone understands what is being discussed clearly.

It is recommended to hold a pre-meeting to discuss the issue in more detail so that everyone can ask additional questions and have their perspectives heard. If needed, allow for additional time for further research to be conducted before holding a vote.

9.2. Board members should not make decisions based on their own personal interests.

Board members must be able to make impartial decisions on behalf of the organization. Any known conflicts of interest of an organization's board member must be disclosed, and a decision should not be made until after discussion with the board.

9.3. Board members should not make decisions without consulting fellow board members.

The board chair must ensure all board directors, the treasurer, and the secretary have come together to discuss important issues facing nonprofit organizations. It is critical to ensure everyone is informed and on the same page.

If the rest of the board members don't agree with a decision or don't understand the implications of it, then further discussion is recommended. This will help ensure that decisions are made for the greater good, not just one individual.

9.4. Board members should not make decisions without considering the consequences.

Board members are responsible for making important decisions that can have far-reaching consequences for an organization. Before taking any action, board members need to think about how their decisions will impact the organization, its stakeholders, and the community at large.

This means considering potential risks and benefits, financial implications, and how the decision aligns with the organization's goals and values. Board members should also seek input from experts, stakeholders, and those affected by the decision.

9.5. Board members should not make decisions without consulting the organization's bylaws.

It is essential to consult the organization's bylaws when making decisions for a nonprofit because they are the governing document that outlines the organization's mission, objectives, and responsibilities of the board and its members. Bylaws provide clarity and structure when making decisions, helping to ensure that the organization is consistent and that the decisions align with its mission.



Bylaws should be consulted to ensure the board is not overstepping its authority or taking actions outside its jurisdiction. This protects the organization from making decisions that could be considered illegal or unethical.

9.6. Board members should not make decisions without considering the input of stakeholders.

Decisions made by the board significantly impact the organization's future and success, and stakeholders are a crucial source of insight and guidance in this regard. For this reason, the board should actively engage with stakeholders, including employees, shareholders, customers, vendors, and external partners, to gather their input, perspectives, and concerns on critical issues affecting the organization.

Stakeholder engagement is essential to building trust, enhancing reputation, and promoting transparency and accountability, critical values in good corporate governance.

9.7. Board members should not make decisions without considering the input of outside advisors.

An outside advisor can provide an objective perspective and bring specialized knowledge, experience, and insight. Additionally, outside advisors can help to protect the board from potential conflicts of interest, ensure that all legal and financial requirements are being met, and ensure that the board is adhering to transparency, confidentiality, and trust.

## What is a board member overstepping?

A board member overstepping occurs when a board of directors member exceeds their bounds of authority or responsibility in making decisions or taking actions on behalf of the organization. This can range from making decisions without consulting the rest of the board or disregarding the organization's bylaws to engaging in conflicts of interest or using their position for personal gain



## REFERENCES

<https://www.gov.uk/government/organisations/charity-commission>

<https://www.gov.uk/guidance/charity-trustee-whats-involved#trustees-6-main-duties>

<https://www.charityexcellence.co.uk>

<https://www.ncvo.org.uk/help-and-guidance/running-a-charity/>

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