



Charity Governance Framework (adapted)

Intro

This Charities Governance CGF explains the minimum standards you should meet to effectively manage and control your charity.



Good governance involves putting in place systems and processes to ensure that your charity achieves its charitable objectives with integrity and is managed in an effective, efficient, accountable, and transparent way. The adapted Charities Governance Framework CGF consists of **six principles** of governance which all charities should apply; core standards that all charities are expected to meet when putting the principles into action; and additional standards that reflect best practice for charities with high levels of income and/or complex organisational and funding structures and/or significant numbers of employees.

The CGF is also written with volunteer-only charities and charities with a small number of paid staff in mind, as this reflects the reality of the charity sector where these two groups make up the majority of registered charities.

For these reasons, the CGF is relevant for every charitable organisation or NGO.

Who is the CGF for?

This document is for charity trustees. The term 'charity trustee' can include:

committee members;

council members;

board members; or

directors of a charity.

By law, charity trustees have individual and joint responsibility for what happens within their charity. This means that if their charity does not meet its legal duties, they are responsible both as individuals and together as a board, committee, council or other core group (**also may be referred to as the 'board'**).

It specifically aims to help charity trustees to **put good governance systems and processes in place**, which will assist them in meeting their legal duties under charity law.

How should you use the Charities Governance Framework?

You should read this CGF and be familiar with its six principles and its standards –

- core and additional. You then need to comply with the CGF by deciding:
- what actions you will take to meet each core standard; and
- what evidence you will keep to show that you have met the standard.

Showing how well you are complying with the CGF

Every charity must provide an annual report to the Stakeholder and the regulator. As part of your annual report, you must indicate whether or not your charity complies with the CGF. If your charity is not complying with the CGF, you would need to explain why. Valid reasons for non-compliance may include:

- Your charity is in the process of winding up.
- Your charity is newly established and needs more time to fully comply.

How to report compliance

To comply with the CGF, you must complete the Compliance Record Form request for this if needed) every year. On the form, you need to identify the actions you took in the year to meet each standard. You must keep this Compliance Record Form as it could be required of you at any time.

The use of the phrases 'regularly' and 'from time to time' allows your board of charity trustees to discuss, agree and document what time period is appropriate for your charity, in terms of size, income and structure.

Evidence – wide variety acceptable.

There is also flexibility about the type of evidence expected. For a volunteer only charity, for example, board minutes that show decisions have been discussed and documented will suffice. This will be enough to meet many of the core standards in this CGF.

Compliance with the CGF gives confidence to all stakeholders that your charity has effective governance systems and processes in place.

LEGAL DUTIES OF NGO/CHARITIES

1. Comply with your charity's governing DOCUMENT
2. Ensure your charity is carrying out its charitable purposes for the public benefit
3. Manage your charity's resources responsibly
4. Be accountable and comply with the law
5. Act in the best interest of your charity
6. Act with reasonable skill and care

An important note about legal requirements

Charity trustees have specific duties and must make sure that their charity complies with the requirements of other relevant legislation. Other relevant legislation includes:

- data protection legislation.
- employment legislation; and
- health and safety legislation.

Where a charity is a company, a charity trustee who is also a director of the company has additional duties under company law and common law in their capacity as company directors.

Ten steps to reporting on compliance.

1. Read the CGF in full.
2. Decide where your charity is for the purpose of the CGF.
3. For each standard, decide what action or actions you will take to meet that standard in your charity.
4. State each action next to the relevant standard in the Compliance Record Form
5. If any of the standards do not apply to your charity, explain why next to that standard in the Compliance Record Form.
6. Decide what evidence you can provide for the action or actions that you are taking to meet each standard that applies to your charity.
7. State the evidence you can provide next to the relevant action in the Compliance Record Form
8. Review the Compliance Record Form and agree it is accurate at a board meeting.
9. Declare your charity's compliance (or provide your charity's reason for not complying) with the CGF when submitting your annual report.
10. Having considered the standards, actions and evidence (steps 3 to 7) again, complete a fresh Compliance Record Form at a board meeting every year before reporting on compliance.

The six principles of charity governance

Charity trustees are responsible for the governance of their charity and should make sure that the following governance principles are being applied. Your charity is:

1. advancing its charitable purpose
2. behaving with integrity
3. leading people
4. exercising control
5. working effectively
6. being accountable and transparent

Some of these principles relate to the inner workings of the board of charity trustees and others to the external activities of the charity, but they are all equally important.



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Book a training with PARTTNERNS IN EDUCATION TEAM to understand each of the six principles and to explain:

- **why it is important; and**
- **how to put the principle into action using:**
 - **core standards, and**
 - **additional standards.**

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