

Social Enterprise Training

Workshop 2 Governance



Monaghan LEADER Training Initiative

Facilitated by
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Monaghan Integrated
Development



Monaghan Local Action Group



LEADER 2015-2020 Programme



The European Agricultural Fund
for Rural Development:
Europe investing in rural areas



AGENDA

- <https://www.buildfutureskills.com/partners/cramdentech/monaghan-leader-social-enterprise-training-resources/>
- <http://bit.ly/2zCGlAd>
- The Governance Code
- Board/Committee Roles and Responsibilities
- Business Planning: Introduction

Overview of Committee Responsibilities

- Ensure that the committee sticks to its purpose
- Give the committee direction by setting aims and objectives
- Ensure legal requirements are met
- Ensure accountability to members and funders
- Ensure financial stability
- Ensure any property is protected and managed
- Ensure smooth running of the committee – conflict, communication styles and conduct at meetings

Principles of the Governance Code (Committee Responsibilities)

Leadership

Control

Accountability

Effectiveness

Integrity

Reasons to Implement The Governance Code

Use governance best practice to help ensure that the organisation is run, directed and controlled appropriately; and:

- ✓ Avoid board member conflicts, founders syndrome & problems
- ✓ Re-assure funders, donors and regulatory bodies
- ✓ Provide consistency in the way the organisation is governed
- ✓ Ensure the organisation remains true to its mission and ethos
- ✓ Use a framework to monitor the organisational effectiveness and operational efficiency

5 Principles of Good Governance

1. Leading the Organisation
2. Exercising Control over the Organisation
3. Being Transparent and Accountable
4. Working Effectively
5. Behaving with Integrity



1. Leading the organisation

1. Agreeing the vision, purpose and values of the organisation and making sure that they remain relevant;
2. Developing, resourcing, monitoring and evaluating a plan to make sure that the organisation achieves its stated purpose.
3. Managing, supporting and holding to account staff, volunteers and all who act on behalf of the organisation.

2. Exercising control over the organisation

1. Identifying and complying with all relevant legal and regulatory requirements;
2. Making sure that there are appropriate internal financial and management controls;
3. Identifying major risks for the organisation and deciding ways of managing the risks.

3. Being transparent and accountable

1. Identifying those who have a legitimate interest in the work of the organisation (stakeholders) and making sure that there is regular and effective communication with them about the organisation;
2. Responding to stakeholders' questions or views about the work of the organisation and how it is run;
3. Encouraging and enabling the engagement of those who benefit from the organisation in the planning and decision-making of the organisation.

4. Working effectively

1. Making sure that the governing body, individual board members, committees, staff and volunteers understand their: role, legal duties, and delegated responsibility for decision-making.
2. Making sure that the board exercises collective responsibility through board meetings that are efficient and effective.
3. Making sure that there is suitable board recruitment, development and retirement processes in place.

5. Behaving with integrity

1. Being honest, fair and independent;
2. Understanding, declaring and managing conflicts of interest and conflicts of loyalties;
3. Protecting and promoting the organisation's reputation.

Committee Roles – The Chairperson

- Plan meetings with the Secretary and staff
- Keep order at meetings
- Encourage contributions / ask questions to clarify
- Ensure decisions are made / keep to the point
- Summarise decision at the end of agenda item
- Make sure decisions are implemented
- Represent the organisation externally
- Establish clear reporting lines with management

Committee Roles – The Secretary

- Plan meetings with the Chair
- Respond to correspondence
- Make arrangements for meetings
- Prepare and circulate the agenda
- Take minutes
- Keep contact details of members

Committee Roles – The Treasurer

- Present budgets and accounts
- Present financial reports
- Alert committee to any cash flow problems
- Ensure accounting procedures and controls are in place
- Liaise with staff about financial matters
- Advise on financial implications of new projects
- Make sure appropriate insurance is taken out

Committee Roles – The PRO

- Responsible for overall organisation publicity and advertising of organisation events
- Maintain record of organisation publicity
- Prepare organisation news updates and with Secretary circulate
- Contribute news items and press releases to local Media
- Contribute content to social media profiles and website
- Operate in accordance with best practice social media and photographic policies

Practical Committee Skills

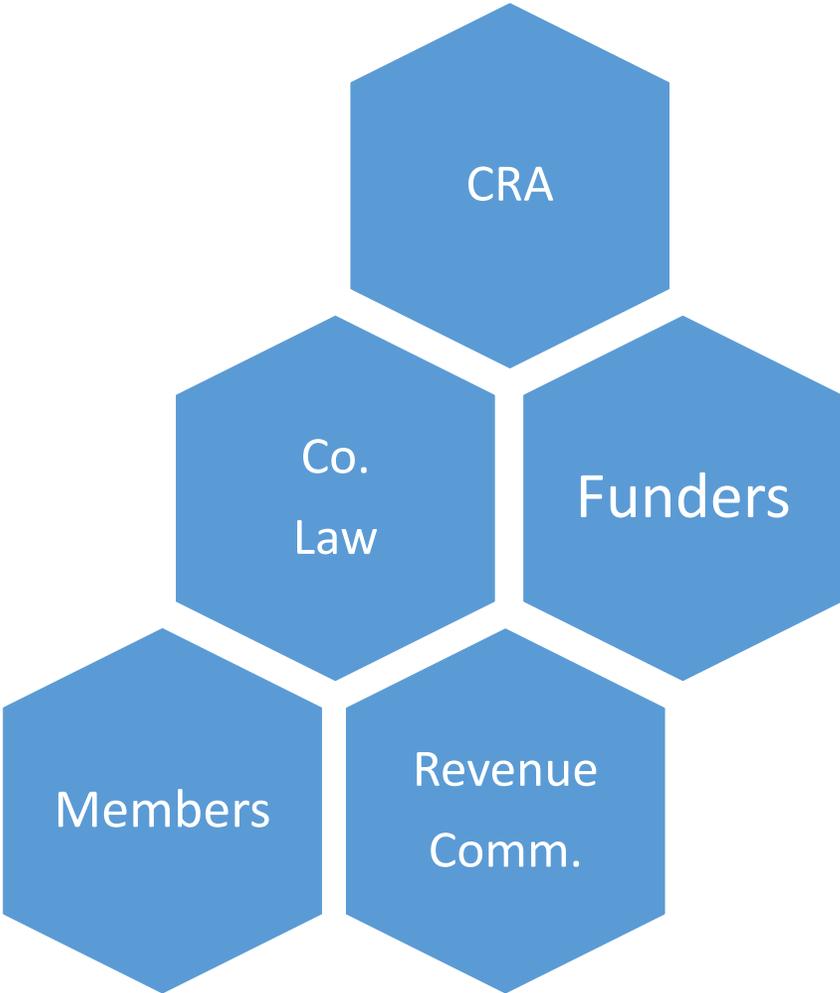
Four things an effective committee needs to be able to do:

- Develop an annual work plan or business plan (use a template)
- Set meeting agendas (structure how discussions will flow)
- Take meeting minutes (what do you actually need to know?)
- Run meetings (code of practice)

Company Law in Context



Other factors to consider ...



The Companies Act 2014 – CLG Compliance

- Name ends in “CLG”. Name must include CLG. Exemption if Registrar of Companies accepts a CLG meets the criteria of a non-profit.
- Directors may not be paid, though reasonable expenses permitted
- Company secretary must be appointed
- Can have 1 member and no upper limit, but must still have 2 directors
- Initial subscribers are deemed to have agreed to become members
- AGMs are optional for CLGs which have only one member

The Companies Act 2014 – CLG Compliance

- Obligation to prepare a Directors' Compliance Statement where both the balance sheet is > €12.5m and turnover is > €25 million
- Constitution made up of a Memorandum and Articles of Association
- CLG will continue to have an objects clause (which explains the company's principle activity and purpose)
- No Table C, but 87 statutory default provisions will apply to its internal administration, unless the constitution provides otherwise
- Any new director or company secretary should sign a statement acknowledging that they have legal duties and obligations

The Companies Act 2014 – CLG Compliance

- Audit exemption now available subject to thresholds. BUT all members must agree to the audit exemption! Also check Charity Regulatory Authority and Funding Agency requirements for audited accounts
- De facto and shadow directors are bound by director duties too!

Using the Constitution to manage the Board or Committee – Use the articles as rules!

What issues might typically affect the functioning of a board or committee?

- Minutes
- Quorum
- Membership criteria
- Powers of Directors
- Conduct of Meetings
- AGM and EGM
- Sub-committees
- Keeping Accounts
- Wind-up of Company

Role of Members

- Control the company and appoint the directors to act on their behalfs.
- Approve the appointment of auditors (where relevant) and have power to block directors obtaining an audit exemption.
- Directors are accountable to company members.
- Act as guarantors of the company in the event of a wind-up (typically limited to €1.)

Point to Remember:

Be able to identify the members of your company and keep your register of members up-to-date

Companies Directors

Duties of Directors under the Act:

- Act in good faith in what the director considers to be the interests of the company
- Act honestly and responsibly in relation to the conduct of the affairs of the company
- act in accordance with the company's constitution and exercise his or her powers only for the purposes allowed by law

Companies Directors

Duties of Directors under the Act:

- Not use the company's property, information or opportunities for his or her own or anyone else's benefit unless – permitted by constitution or approved by company resolution in general meeting
- Not agree to restrict the director's power to exercise an independent judgment
- Avoid any conflict between the director's duties to the company and the director's other (including personal) interests

Companies Directors

Duties of Directors under the Act:

- Exercise the care, skill and diligence which would be exercised in the same circumstances by a reasonable person having both—
 - (i) the knowledge and experience that may reasonably be expected of a person in the same position as the director; and
 - (ii) the knowledge and experience which the director has
- Have regard to the interests of its members (and employees in general)

Companies Directors

Required to:

- Disclose Personal Information: name etc.
- Disclose interests in contracts or proposed contracts
- Keep Financial Records and arrange audits unless exempted
- Report to Members – each financial year

Companies Directors

Required to:

- Hold Meetings: AGM each year, 21 days notice
- Record Minutes of Meetings
- Keep Registers (Members, Directors, Interests)
- Comply with Filing Obligations: Annual Returns to CRO, changes in office address or directors and company secretary, details of charges/mortgages on the company's property and repayment of same

Company Secretary

- Directors must ensure that the Company Secretary has the skills necessary to carry out their role.
- Question:
Who can act as a company secretary?

The Company Secretary

Legal Duties of the Company Secretary - CLG:

- Complete, sign and file the company's annual return to the CRO (mandatory online filing)
- Certify that the financial statements attached to the annual return are true copies of the originals
- Prepare an accurate statement of the company's assets and liabilities if the company goes into liquidation or receivership
- Provide personal details: name, address, etc.

The Company Secretary

Typical Administrative Duties of the Company Secretary:

- Maintaining director personal details: name, address, etc.
- Maintaining the company's registers (and available to the public)
- Sending documents to the CRO and publishing legal notices in media
- Organising the logistics of board meetings and arranging AGM/EGM
- Preparing meeting minutes and holding company seal
- Providing directors with legal and administrative support

The Business Plan

To complete the introductory section:

- Describe the current situation
- Profile the Company
- Describe Corporate Governance arrangements
- Set out aims and business objectives

Next Steps

- Before our next workshop, please download a copy of the Business Plan template and commence work on the introductory section of the business plan template.

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