Roles and Responsibilities of the Board

A Note on Terminology

The term board is used throughout to denote the governing body of both incorporated associations (companies limited by guarantee without share capital) and unincorporated associations. In practice, unincorporated associations tend to use terms such as management committee or executive committee. Whilst the board members of an incorporated association have specific legal responsibilities that do not apply to committee members, both groups are responsible for the governance of their organisation. It is just as important for committee members in unincorporated associations to follow good practice in governance, particularly because the nature of their organisation’s structure means that they are personally liable for the activities or debts of their organisation. If something applies only to limited companies and not unincorporated associations, this is indicated in the text.

1. Purpose of the Board

In any organisation, whatever its size or structure, there are three roles that need to be carried out:

- Governance – taking overall responsibility for the work of the organisation.
- Management – organising the work and making sure that it happens.
- Operations – carrying out the work.

These roles are complementary but different, and it is important that there is ongoing discussion and clarity within the organisation in relation to who is carrying out which role.

The principal responsibility of the board is always governance, but the way in which the other roles are carried out varies from one organisation to the next.

- In an all-volunteer group, for example, the board will need to fulfil all three roles. People will find themselves chiefly occupied at the level of management and operations but some time will need to be given to governance if the group is to prosper.
- If the group employs a member of staff to work at an operational level (for example, to do administrative work or deliver a service to clients) or if a volunteer takes on operational tasks, the board needs to think about the boundary between management and operations and ensure that its member of staff or volunteer receives the appropriate level of guidance and support from the board. In this situa-

tion the board needs to keep the management role as well as the governance role.

- Where the organisation employs someone to take on a management role the board needs to think very carefully about the boundary between governance and management. The board should provide parameters for the work of the manager but leave the manager free to take decisions and act within those parameters. This can be a difficult balancing act and some organisations struggle, either because the board ‘micro-manages’ the manager and does not allow them to do their job, or conversely, because the board withdraws and leaves too much responsibility with its employee.

2. Governance: The Buck Stops Here

Every organisation needs a group of people to ‘govern’ it, that is, to be formally responsible for directing and regulating the affairs and policies of the organisation. Governance means keeping an eye on the ‘big picture’ rather than being drawn in to a level of detail that is more properly a function of management or operations. Governance is about taking responsibility for the following:

2a. Direction – ensuring that the organisation remains true to its original objectives and that staff and/or volunteers have enough guidance and structure to carry out the work of the organisation. The board should provide direction by

- Ensuring that the organisation sticks to its objectives as stated in its Memorandum and Articles of Association (incorporated association) or constitution (unincorporated association).
- Ensuring that the organisation has a plan that specifies long-term aims and short-term objectives with realistic target-setting and monitoring.
- Ensuring that appropriate internal and external policies are developed to guide the actions of staff and volunteers.

2b. Assets – ensuring that the financial, physical and human assets of the organisation are looked after, insured and used to their best effect by

- Ensuring that the proper accounting systems are in place, that the board receives regular financial reports and that annual financial statements are prepared and audited.
- Ensuring that any premises and equipment are suitable, are maintained in a good condition and are adequately insured.
- Ensuring that appropriate staff and volunteer policies are in place so that everyone working for the organisation is properly supported and supervised. Volunteers and staff also need to be adequately insured.
2c. **Accountability** – ensuring that the organisation is accountable to all relevant stakeholders (funders, members, service users, the local community, etc)

- Ensuring that the reporting requirements of all funders are met.
- Ensuring that any services are being delivered well and that service users are consulted so that services meet their needs.
- Ensuring that the organisation reports to its members and other interested parties through its AGM and an annual report on its activities. Regular newsletters are another way of reporting.

2d. **Legality** – ensuring that the organisation acts legally and complies with all relevant legislation. These are things that board members of incorporated associations must do by law:

- Act in the best interests of the organisation.
- Not run the organisation in a fraudulent or reckless manner. Such conduct will result in the board members incurring personal liability under Section 297 of the Companies Act 1963 (as amended) ‘for all or any of the debts or other liabilities of the company as the court may direct’.
- Ensure that the organisation complies with ongoing legal requirements, for example, health and safety law, equality law, data protection law, and employment law in the case of organisations with paid staff.
- Not receive payment for board membership in the case of an organisation that is both a company limited by guarantee and a ‘charity’ (having a CHY number).
- Comply with all the requirements of Part V of the Companies Act 1963 (as amended) regarding financial accountability, the running of the organisation, record keeping and reporting.
- Comply with Section 205 of the Companies Act 1963 whereby the directors of the company are precluded from exercising their powers and conducting their affairs in a manner oppressive to any member of the company, or in disregard of the interests of any member of the company.
- Comply with the requirements of the organisation’s memorandum and articles of association.

Conventionally, the honorary officers are the chairperson, treasurer and secretary. Some organisations choose to appoint deputies to these positions as well, plus any number of other positions. Officers may delegate a number of their tasks, while retaining responsibility for ensuring that the tasks get done. Sample responsibilities for the common roles of chairperson, secretary and treasurer are provided; please note that they represent common good practice rather than any specific legal requirements.

3a. **Chairperson’s responsibilities**

- Plan board meetings with the secretary.
- Keep order at meetings and make sure everyone has their say.
- Make sure that meetings are time limited.
- Ensure that decisions are made, and arrived at in a fair and orderly fashion.
- Summarise decisions made after each agenda item.
- Remain as impartial as possible.
- Ensure that decisions made are implemented.
- Liaise with staff to keep an overview of the organisation’s affairs and to provide support as appropriate (an effective relationship with the most senior member of staff is crucial in this respect).
- Represent the organisation externally.

3b. **Treasurer’s responsibilities**

- Oversee, present and approve budgets, accounts and financial statements.
- Prepare and present financial reports to the board in an understandable way.
- Ensure that the group’s financial resources meet its needs.
- Ensure that appropriate accounting procedures and controls are in place.
- Liaise with any staff/volunteers about financial matters.
- Advise on the financial implications of any new projects or activities.

3c. **Secretary’s responsibilities**

- Plan board meetings with the chairperson.
- Take agenda items from other board members.
- Prepare and circulate the agenda and any other papers for the meeting.

3. **Responsibilities of Honorary Officers**

It is normal practice for the board to have honorary officers who take on a particular role but, apart from the appointment of a company secretary, for companies limited by guarantee, this is not a legal requirement under the Companies Acts. It does become a legal requirement, however, if the memorandum and articles of association state that this should happen! It is therefore important to think carefully about what officers your board might need when drawing up the memorandum and articles of association.
• Make the arrangements for the meeting.
• Take minutes and follow up decisions taken at meetings in consultation with the chairperson.
• Deal with correspondence.
• Keep membership records up to date.
• Act as company secretary if this role is not delegated.

4. The Company Secretary

This section does not apply to unincorporated associations.

The role of company secretary is the only one legally required under company law. Normally, it is a role taken on by a board member, although it may be delegated to a member of staff or even an external person as long as there is nothing in the Memorandum and Articles of Association to prohibit this. S/he must:

• Keep the company’s registers (that is, lists of all members and directors) up to date.
• Make sure that the annual general meeting (AGM) is held within eighteen months of becoming a company and at least every fifteen months from then on.
• Make sure that the proper notice for general meetings is given and that they are run according to the articles of association.
• Call general meetings at the request of the directors and/or members, according to the rules in the articles of association.
• Keep the minutes’ books (AGM minutes and the minutes of the meetings of the board of directors).
• Make sure that the accounts are prepared and audited in conjunction with the treasurer.
• Send in the annual return to the Companies Registration Office (CRO) by the annual return date.
• Keep copies of all annual returns and accounts.
• Notify the CRO of any change of directors or change of their home addresses.
• Ensure that the certificate of incorporation is displayed.
• Make sure that the name of the organisation is displayed outside the premises.
• Make sure that the company name, registered number and directors’ details appear on the letterhead (unless an exemption is obtained from the CRO).
• Notify the CRO of any amendment to the memorandum and articles of association.
• Make sure that all legal agreements or contracts are properly discussed and agreed by the members of the board and kept in a safe place.
• Comply with any other duties as imposed by the Companies Acts 1963-2005.

5. Responsibilities of all Board Members

All board members have a general responsibility to prepare for meetings, read any board papers in advance and take an active part in board discussions. While some organisations expect board members to do more than attend board meetings, the amount of time it can take to prepare adequately and attend board meetings should not be underestimated. The board member who can make a useful contribution to board discussion and meaningfully take part in decision making is providing a valuable service to the organisation.

However, the boards of all-volunteer groups usually need board members to share in the work of the organisation. This works best when each board member has a specific responsibility for a particular area of work (for example, administration, fundraising, public relations, human resources, service delivery, etc.) and a written role description for their position.

It must be remembered that, once staff members are employed, or a volunteer takes on a specific operational role, the role of board members is likely to need amendment, to prevent them from remaining too involved in operational matters.

Board members may be asked to get involved in any long-term subcommittees and short-term working groups that the organisation chooses to set up. However, they should be reminded that when they are part of such subcommittees or working groups they are acting in an advisory capacity. Board members only have the authority of the board when they are taking decisions together as a board.

Finally, board members are ambassadors for their organisation and they should actively promote the work of the organisation in any appropriate forum and at any appropriate opportunity.
Publications

Appraising the chief executive: an essential guide to performance review *Association of Chief Executives of Voluntary Organisations (2002)


Exercising Governance *Carmichael Centre for Voluntary Groups (2005)


Leading the organisation: the relationship between chair and chief executive *Association of Chief Executives of Voluntary Organisations (2002)

Managing together: a guide to working effectively as a committee *Jane Clarke, Combat Poverty Agency (1993)

The good governance action plan for small voluntary organisations *Sandy Adirondack, National Council for Voluntary Organisations (1999)

* available from the Directory of Social Change – see Useful organisations

Useful Organisations

Carmichael Centre for Voluntary Groups
North Brunswick Street, Dublin 7
Tel: 01 873 5285 www.carmichaelcentre.ie

Combat Poverty Agency
Bridgewater Centre, Conyngham Road, Islandbridge, Dublin 8
Tel: 01 670 6746 www.cpa.ie

Directory of Social Change
24 Stephenson Way, London, NW1 2DP, UK
Tel: 0044 207 209 5151 www.dsc.org.uk

National Council for Voluntary Organisations
Regent’s Wharf, 8 All Saints Street, London, N1 9RL, UK
Tel: 00 44 207 713 6161 www.ncvo-vol.org.uk

Office of the Director of Corporate Enforcement
16 Parnell Square, Dublin 1
Tel: 01 858 5800 or Local call 1890 315 015 www.odce.ie

The Wheel
Irish Social Finance Centre, 10 Grattan Crescent, Inchicore, Dublin 8
Tel: 01 454 8727 www.wheel.ie

Wales Council for Voluntary Action
Baltic House, Mount Stuart Square, Cardiff, CF10 5FH, Wales
Tel: 0044 870 607 1666 www.wcva.org.uk

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