

## **Role and responsibilities of Board members.**

### ***Introduction***

The board of non-executive directors is the governing body of a charity and it holds ultimate power and responsibility. Charity boards are made up of volunteers who have to set aside their personal interests, giving their time and carrying out their duties for no payment, except in rare circumstances (see The Good Non executive director Guide pages 42-3). The charity benefits from the objectivity such a board brings, as well as from the skills and experience of its members.

The board's duty is to act in the interests of the beneficiaries. It should ensure that the charity has a clear direction and purpose and a sense of urgency to get on with the work it was established to do. Your board's duty is to set clear objectives, establish priorities, safeguard the assets (money, property, equipment, human resources), and use them effectively and exclusively to benefit those the organisation exists to help. Where day-to-day management and operations are delegated to staff, your board remains ultimately responsible for appointing and supervising staff and for generally ensuring that the organisation is well managed and operates within agreed policies, the law and its budget.

### ***Role of Non executive director***

Your board's main roles are to:

- ❑ ensure that all the activities are within the law
- ❑ ensure that all the activities come within its charitable objects
- ❑ determine mission and purpose
- ❑ guard ethos and values
- ❑ develop and agree policies
- ❑ develop and agree the strategic plan
- ❑ agree the budget and monitor financial performance
- ❑ ensure the charity has adequate resources
- ❑ ensure property, assets and other resources are protected and managed effectively
- ❑ monitor the programme and services
- ❑ ensure accountability as required by law (the Charity Commission, Inland Revenue, Customs and Excise, Registrar of Companies) and to others such as donors, beneficiaries, staff, volunteers, and the general public

- ❑ review annually the performance of the board of non executive directors
- ❑ appoint the director and annually review their salary and other benefits
- ❑ support the senior staff team and review their performance
- ❑ act as a court of appeal on personnel matters
- ❑ act within its powers as set out in the governing document

In order to carry out its role the board must:

- ❑ meet as often as is necessary for the proper administration of the charity
- ❑ seek professional and other expert advice where necessary

Non-executive directorship is a serious responsibility requiring you to take an active role in the governance of the charity. You must be prepared to give the necessary time for reading board papers, attending board meetings and keeping yourself informed about the charity's activities.

### ***Job description of Non executive director***

The duties of a non-executive director are:

- ❑ to ensure that the charity complies with its memorandum and articles of association, charity law, company law and any other relevant legislation or regulations
- ❑ to ensure that the charity pursues its charitable objects as defined in its memorandum of association
- ❑ to ensure the charity applies its resources exclusively in pursuance of its objects, i.e. the charity must not spend money on activities which are not included in its own objects, no matter how worthwhile or charitable those activities are
- ❑ to contribute actively to the board of non executive directors' role in giving firm strategic direction to the organisation, setting overall policy, defining goals, setting targets and evaluating performance against agreed targets
- ❑ to safeguard the good name and values of the charity
- ❑ to ensure effective and efficient administration
- ❑ to ensure the financial stability of the charity
- ❑ to protect and manage the property of the charity and to ensure the proper investment of the charity's funds
- ❑ to appoint the director and monitor their performance
- ❑ in addition to the above statutory duties of all non-executive directors; each non-executive director should use any specific

knowledge or experience they have to help the board of non-executive directors reach sound decisions. This will involve scrutinising board papers, leading discussions, focusing on key issues, and providing advice and guidance by the board on new initiatives, or other issues relevant to the area of the charity's work which the non-executive director has special expertise.

### ***The Role of the Office bearing***

Many boards of non executive directors find it useful to have a small group of non executive directors who

- deal with matters needing attention between meetings of the full board
- take a lead in preparing issues in readiness for board meetings
- share with the director the task of representing the charity
- act as an effective link between the staff and the board of non executive directors
- sit on recruitment panels for senior staff appointments
- sit on disciplinary panels
- act as a final court of appeal for serious disciplinary matters

Such a small group can only carry out aspects of the charity's business if they are authorised to do so by the articles of association.

Such groups are often called the 'officers' or the 'honorary officers', and commonly comprise a chair, vice-chair, secretary and treasurer. The roles of chair and treasurer are particularly important. The members of the board of non-executive directors elect the honorary officers. Unless the board has explicitly delegated decision-making powers to the honorary officers, they should act in an advisory capacity and take care to report their activities to the full board to prevent the other non-executive directors feeling excluded by the inner group.

### **The chair**

The role of the chair extends well beyond chairing the meetings of the board of non-executive directors. The chair has to take a leadership role in ensuring that the board of non-executive directors fulfils its responsibilities for the governance of the charity and must work closely with the director to support him or her in

achieving the aims of the charity and acting as a channel of communication between the non-executive directors and staff.

The chair, together with the director, draws up the agendas for the board meetings. The chair, sometimes with the other honorary officers, supervises and appraises the work of the director.

The chair may also be called upon to act as a figurehead of the charity and represent it at functions, meetings and in the press and broadcasting media. Other tasks may include authorising action to be taken between meetings of the full board, signing cheques for amounts above those for which authority has been delegated to staff and signing legal documents.

#### **The vice-chair.**

The vice-chair act for the chair when the chair is not available and undertakes assignments at the request of the chair.

#### **The secretary**

Most of the secretarial duties of sending out agendas and board papers, taking minutes, checking that a quorum is present, booking the meeting room, etc are done by the staff. The role of the secretary is confined to taking minutes of meetings from which all staff are excluded, being available for the chair to consult between meetings, and undertaking other duties delegated to the honorary officers or at the request of the chair.

Charitable companies have to appoint a company secretary, whose duties are to ensure that the charity complies with the requirements of company law, including keeping the Register of Members, Register of Directors and Register of Charges up to date and notifying Companies House of any changes in non executive directors, preparing and filing the annual return and making sure that the company documents are kept safely. The role of company secretary is not normally assigned to the honorary secretary but delegated to the administrator.

#### **The Treasurer**

The treasurer takes the lead in overseeing the financial affairs of the charity, ensuring its financial viability and that proper financial records and procedures are maintained. The treasurer will assist other non executive directors to perform

their financial duties, by interpreting and explaining accounting requirements, ensuring that the board receives reports containing the information non executive directors need in an 'easy to understand' format, and helping non executive directors guided any other professional advisers they have appointed.

Duties are likely to include:

- ❑ presenting financial reports to the board
- ❑ keeping the board aware of its financial responsibilities
- ❑ ensuring that the charity's accounts are prepared in a suitable format
- ❑ ensuring that the accounts and financial systems are audited
- ❑ liaise with the auditors

The treasurer should have sufficient technical expertise to guide the financial affairs of the charity. For example, if the charity has large investments the treasurer should have sufficient knowledge to ensure that they earning the best possible return. The treasurer should also be willing and able to give authoritative advice that protects a charity's financial position but may conflict with the aspirations of the board to expand the charity's work.

### **Job description for a chair/vice-chair**

The role of the chair is to lead the board of non executive directors, ensuring that it fulfils its responsibilities for the governance of the charity; to work in partnership with the director, helping him or her achieve the aims of the charity; and to optimise the relationship between the board of non executive directors and the staff/volunteers.

The responsibilities of the chair will include:

- ❑ providing leadership for the board of non executive directors in their role of setting the strategy and policy of the charity
- ❑ planning the annual cycle of board meetings
- ❑ setting agendas for board meetings
- ❑ chairing board meetings
- ❑ monitoring that decisions taken at meetings are implemented
- ❑ liaise with the director to keep an overview of the charity's affairs and to provide support as appropriate
- ❑ leading the process of appraising the performance of the director
- ❑ sitting on appointment and disciplinary panels

- representing the charity at functions, meetings and acting as a spokesperson as appropriate

### **Job description for a secretary**

The role of a secretary is to support the chair by ensuring the smooth functioning of the board.

The responsibilities of the secretary will include either doing the following tasks or delegating them to a member of staff and ensuring that they have been carried out:

- preparing agendas with the chair and director
- making all the arrangements for meetings (booking the room, arranging for equipment and refreshments, organising facilities for those with special needs, etc)
- minuting the meetings
- ensuring that the minutes are signed by the chair once they have been approved
- checking that a quorum is present
- circulating agendas, papers and minutes
- receiving agenda items from other non executive directors/staff
- checking that non executive directors and staff have carried out action at previous meeting
- circulating members of the charitable company with agendas and minutes of the annual general meeting and any special or extraordinary general meetings
- acting as company secretary where this role is not delegated to a member of staff
- sitting on appraisal, recruitment and disciplinary panels as required

### **Job description for a treasurer**

The overall role of a treasurer is to maintain an overview of a charity's affairs, ensuring its financial viability and ensuring that the proper financial records and procedures are maintained.

The responsibilities of the treasurer will include:

- ❑ overseeing, approving and presenting budgets, accounts and financial statements
- ❑ being assured that the financial resources of the charity meet its present and future needs
- ❑ the preparation and presentation of financial reports to the board
- ❑ ensuring that appropriate accounting procedures and controls are in place
- ❑ liaise with paid staff and volunteers about financial matters
- ❑ advising on the financial implications of the charity's strategic plans
- ❑ ensuring that financial investments are consistent with the aims and objects of the charity
- ❑ monitoring the charity's investment activity and ensuring its consistency with the charity's policies and legal responsibilities
- ❑ ensuring that the accounts are prepared in the form required by company law, included in the annual report and submitted to the relevant statutory bodies, e.g. the Charity Commission and the Registrar of Companies; ensuring that the accounts are audited in the manner required by company law, and any recommendations of the auditors implemented
- ❑ keeping the board informed about its financial duties and responsibilities
- ❑ contributing to the fund-raising strategy of the charity
- ❑ making a formal presentation of the accounts at the annual general meeting and drawing attention to important points in a coherent and easily understandable way
- ❑ sitting on appraisal, recruitment and disciplinary panels as required

#### Meetings:

- Frequency: 4 times a year
- Duration: maximum 2 hours.
- Chair: chair or vice chairman.
- Serviced by secretary.
- Reporting produce: charities commission and companies house (annual report)

Quorum: three members