



GOVERNANCE FACTSHEET – THE BASICS

Explaining governance

Use this page to learn about what governance is and how it applies to charities.

- Defining governance
- Four aspects of governance
- Governance in charities

Defining governance

Governance is defined as:

The systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation.

(The Governance of Voluntary Organisations, Cornforth 2003)

Four aspects of governance

The four aspects of this definition are all important for boards to focus on and meet their duties as trustees. In a well-governed organisation, the board and governance structure will provide:

Direction: Showing leadership by setting strategy. Being clear about what the organisation is aiming to achieve and how.

Effectiveness: Making good use of the charity's money and resources. With a focus on achieving their desired outcomes.

Supervision: Making sure the charity follows the law, its governing document and policies and, where issues arise, these are dealt with quickly. Considering potential risks, and monitoring progress to keep the organisation on track. Learning from mistakes or difficulties and making changes where needed.

Accountability: Reporting to those who are interested in what the organisation is doing, including regulators.

Governance in charities

Governance arrangements, legal requirements or regulation may differ in non-charitable organisations.

A charity is governed by a trustee board that takes responsibility for all elements of the charity's work. Trustees have specific duties which they must follow.

The Charity Commission regulates all charities in England and Wales. They set out trustee duties and how boards should govern charities. A board may have to report each year on their work and the governance. Amongst other factors, this will depend on the charity's size.

Governance is a board responsibility. Yet, governance runs throughout a charity. The board will often rely on many people to govern well such as:

- staff and the chief executive
- volunteers
- advisors
- subcommittee members
- other key stakeholders.

These people will all play a role in providing information and supporting the board to govern.

If you're both a trustee and a volunteer in a charity it's important to distinguish between your governance role and any other roles you may carry out. This is to make sure those you're working with understand the particular tasks and responsibilities that relate to each role.

Find out more about trustee legal duties.

See Governance Factsheet 3 –What is a Trustee? And factsheet 4 – Legal duties of a trustee