

Extract from the Charity Governance Code

The Charity Governance Code was designed as a tool to support continuous improvement and sets out principles and recommended practice for charity trustee boards. Seven principles make up the Code.

1. Organisational Purpose
2. Leadership
3. Integrity
4. Decision Making, Risk & Control
5. Board Effectiveness
6. Equality, diversity and inclusion
7. **Openness and accountability**

Openness and accountability

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Principle

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Rationale

The public's trust that a charity is delivering public benefit is fundamental to its reputation and success, and by extension, the success of the wider sector. Making accountability real, through genuine and open two-way communication that celebrates successes and demonstrates willingness to learn from mistakes, helps to build this trust and confidence and earn legitimacy.

Key outcomes

1. The organisation's work and impact are appreciated by all its stakeholders.
2. The board ensures that the charity's performance and interaction with its stakeholders are guided by the values, ethics and culture put in place by the board. Trustees make sure that the charity collaborates with stakeholders to promote ethical conduct.
3. The charity takes seriously its responsibility for building public trust and confidence in its work.
4. The charity is seen to have legitimacy in representing its beneficiaries and stakeholders.

Recommended practice

Communicating and consulting effectively with stakeholders

1. The board identifies the key stakeholders with an interest in the charity's work. These might include users or beneficiaries, staff, volunteers, members, donors, suppliers, local communities and others.
2. The board makes sure that there is a strategy for regular and effective communication with these stakeholders about the charity's purposes, values, work and achievements, including information that enables them to measure the charity's success in achieving its purposes.
3. As part of this strategy, the board thinks about how best to communicate how the charity is governed, who the trustees are and the decisions they make.

4. The board ensures that stakeholders have an opportunity to hold the board to account through agreed processes and routes, for example question and answer sessions.
5. The board makes sure there is suitable consultation with stakeholders about significant changes to the charity's services or policies.

Developing a culture of openness within the charity

1. The board gets regular reports on the positive and negative feedback and complaints given to the charity. It demonstrates that it learns from mistakes and errors and uses this learning to improve performance and internal decision making.
2. The board makes sure that there is a transparent, well-publicised, effective and timely process for making and handling a complaint and that any internal or external complaints are handled constructively, impartially and effectively.
3. The board keeps a register of interests for trustees and senior staff and agrees an approach for how these are communicated publicly in line with Principle 3.
4. Trustees publish the process for setting the remuneration of senior staff, and their remuneration levels, on the charity's websites and in its annual report

Member engagement

In charities where trustees are appointed by an organisational membership wider than the trustees, the board makes sure that the charity:

1. has clear policies on who is eligible for membership of the charity
2. has clear, accurate and up-to-date membership records
3. tells members about the charity's work
4. looks for, values and takes into account members' views on key issues
5. is clear and open about the ways that members can participate in the charity's governance, including, where applicable, serving on committees or being elected as trustees.