



## Governance

### Section five Management committees

#### 5.1 What are management committees?

Management committees (MC) are made up of elected volunteers (often referred to as 'trustees') who are ultimately responsible for everything your organisation does. They propose and vote on all major decisions – they are there to 'lead' democratically and be responsible for the organisation.

MCs may be called by other terms, such as board of trustees, council or governors. In this toolkit we will refer to the elected volunteers as 'management committee members'.

The Charities Act 1993 defines charity trustees as "the persons having the general control and management of the administration of the charity". All their duties are concerned with the way they do this. It is therefore very important for all members of MCs, to know and understand the governing document or constitution. A new MC member should make sure that they see the governing document when they start out and continue to have a look at it from time to time to refresh their memory.

It is also advisable that all MC members are given a list of any powers and obligations, including any specific responsibilities each of the members may be in charge of.

Whenever decisions are made, MC members must act within the organisation's governing document. For example, they must make sure the organisation does not provide services outside the geographical area specified in the governing document.

All MC members must carry out their duties with the skill and care expected of a business person. It is therefore up to members to actively involve themselves in the management of an organisation and the decision-making process. Also, MCs must take overall control of the organisation's financial decisions. Bank accounts should always be controlled by at least two members and signatories should never countersign a blank cheque.

MCs of community organisations should be able to listen to, understand and represent the view of all members of the community. It is therefore good practice if the members of the MC reflect the diversity of the community (for example, if your organisation works with women from Africa and the Caribbean then some of them

should be part of the MC). Women are often under-represented on the MCs of refugee community organisations, so you may need to take steps to encourage women in your community to join.

The MC must also ensure that the organisation complies with charity law (if it is a charity). Under the Charities Act 1993, charities are required to ensure that accounts are made and their records are kept for six years from the end of the financial year. This applies to all registered or non-registered charities.

It is also the duty of MC members to prepare and send annual reports to the Charity Commission, when registered. Also, if there is any change in the organisation which affects its charity registration, the MC must inform the Charity Commission as soon as possible.

## 5.2 What are the roles and responsibilities of the management committee?

The main roles and responsibilities of the MC are outlined in the table below:

Manage the organisation	<ul style="list-style-type: none"> <li>• The management of an organisation is the responsibility of the MC.</li> <li>• Strategic planning – developing a business plan.</li> <li>• It is possible to delegate some of the duties to staff and volunteers. For example, the day to day management of activities could be delegated to a co-ordinator, but they cannot delegate the responsibility to any one else.</li> <li>• When the organisation does not have employees the MC will be responsible for developing internal procedures such as financial system, record keeping, checking that volunteers are fit to do the work required etc.</li> </ul>
Meets aims and objectives	<ul style="list-style-type: none"> <li>• Ensure the organisation works to its aims and objectives as set out in its governing document; (i.e. type of client, area of service, type of activities)</li> </ul>
Formulate policy	<ul style="list-style-type: none"> <li>• The organisation will want to represent the different views and interest groups within its membership. A policy document can help structure the approach to a particular issue. For example, an equal opportunities policy can help address the problems of the most disadvantaged members of your community.</li> </ul>
Promote members' views	<ul style="list-style-type: none"> <li>• Promote the involvement of the organisation's members or users and the wider community.</li> </ul>

Monitor and review	<ul style="list-style-type: none"><li>• Monitor and review the MC's role and function.</li></ul>
Be a good employer	<ul style="list-style-type: none"><li>• The MC must support paid staff and volunteers, and fulfil general employer responsibilities within the framework of a sound equal opportunities policy.</li></ul>
Manage resources	<ul style="list-style-type: none"><li>• Manage the organisation's resources – for example, manage funding, finances, premises, equipment and make any decisions relating to these.</li></ul>
Meet changing needs	<ul style="list-style-type: none"><li>• Maintain and develop the organisation's service to meet the changing needs of its membership, users and the community.</li></ul>

### **Named officers (or honorary officers)**

All MCs should generally have named individuals who fulfil the roles of chair, secretary and treasurer. These individuals are elected at the Annual General Meeting (AGM) with the rest of the MC, according to the procedures set out in your governing document.

### **5.2.2 Specific duties of the chair**

Some organisations also nominate a vice-chair. In this case, the chair or MC may choose to delegate some of the duties to the vice-chair. The following is a general guideline of the duties of a chair.

#### **Represents the organisation**

The chair generally represents the organisation at external events. For example, the chair may liaise with the press, although this can be delegated, and s/he may take an active role in fundraising campaigns and other events on behalf of the organisation. In short, the chair acts as a spokesperson and figurehead.

#### **Facilitates discussion**

This is done by ensuring that all MC members have their say when discussing an issue for the organisation, and that decisions are reached in a democratic way. The chair deals with matters relating to the members, officers and users. S/he ensures that members' rights are observed, provides help with disciplinary actions against members and officers, and also deals with disputes between members, users and the organisation.

#### **Chairs meetings**

The chair supervises and ensures that the planning and running of the organisation's meeting is satisfactory. This includes the AGM, committee meetings and any other meetings that s/he chairs.

### **Supports effective management**

The chair promotes and supports the effective management of the organisation. S/he is therefore generally responsible for supervising and supporting the work of the senior members of staff by ensuring that supervision and support mechanisms are in place. S/he also helps with the management of the organisation. This will involve making decisions and taking action between committee meetings - if this is allowed in the governing document. S/he may also be required to sign cheques, liaise with other honorary officers (treasurer and secretary) and help in staff recruitment.

### **Keeps to the objects**

S/he ensures that the MC ensures the organisation is working in accordance to its objects, as set out in its governing document.

#### **5.2.3 Specific roles of the secretary**

The secretary of the MC generally fulfils the following roles:

- arranges the venue of committee meetings;
- receives items for the agenda and draws up the agenda in consultation with the chair and staff;
- circulates the agenda with the minutes of the previous meeting and any papers;
- checks that meetings have the minimum number of members attending (quorum) as set out in the governing document;
- takes minutes, recording any decisions made, actions to be taken and by whom;
- follows up action agreed;
- deals with correspondence between meetings;
- keeps a check on the progress of work and action agreed by the committee;
- makes arrangements for sub-committees and working group meetings;
- keeps addresses and contacts for management committee members;
- keeps a membership list (unless done by a membership secretary);
- sends out notices of the AGM, giving notice as specified in the governing document;
- ensures that the organisation operates in accordance with its governing document;
- ensures that the organisation carries out its legal duties, for example to submit reports to the Charity Commission.

Some of these duties may be delegated to staff or volunteers, but it is the secretary's responsibility to ensure that they are carried out as they should be. Other tasks, such as keeping a membership list or taking minutes at meetings, may be done by a membership secretary or assistant secretary if the organisation has such committee members.

#### **5.2.4 Specific duties of the treasurer**

The treasurer deals with all aspects of financial management, including keeping financial records. The specific duties will depend on the size of the organisation. In small organisations, s/he could deal with every financial issue, while in larger organisations, some of the duties could be delegated to a volunteer or paid member of staff who would report to the treasurer. However, in all cases, final responsibility for financial matters always rests with the MC as a whole. The duties of a treasurer may include the following:

### **Financial oversight**

The treasurer ensures that MC members and staff know enough about the financial administration, bookkeeping and accounts to make decisions in their area of work. S/he also advises on financial policy, liaises with banks, prepares accounts for auditing and decides on any action to ensure the security of cash and cheques.

### **Managing income**

The treasurer helps and advises on the development and implementation of an income generating strategy. This may involve participating in fundraising activities and ensuring money received is spent appropriately.

### **Financial planning and budgeting**

The treasurer prepares budgets and cash flow forecasts and keeps track of income and expenditure in comparison with the budgeted income and expenditure. This will involve deciding priorities for paying and negotiating for late payments.

### **Financial Reporting**

The treasurer is responsible for ensuring the management committee has enough information to take decisions by reporting regularly, in writing, to the committee on the organisation's financial position. S/he also presents the end of year financial report to the committee and presents examined or audited accounts to the AGM.

### **Banking, bookkeeping and record keeping**

The treasurer advises on which banks or other financial institutions the organisation should use and what type of bank accounts. S/he ensures that appropriate record keeping systems such as bookkeeping and petty cash are in place, and also ensures that the organisation pays all its bills and liabilities regularly.

### **Control of fixed assets**

The treasurer ensures that the organisation has a system to monitor its fixed assets and that any necessary insurance cover is provided.

## **5.3 Conflict of interest for MC members**

It is a well-established principle that a member of a MC of a charity should not be placed in a position where any personal interest may conflict with her/his dealing as a MC member. Also, if MC members benefit personally from their position, this can be classified as a breach of trust under charity law. It is important that members are aware of this and it can be a good idea for a provision to be included in the governing document of a charity to remind them.

This principle exists to prevent a conflict of interest arising where, say, the members of MC may gain some financial or other benefits from their position (*although charity law does now allow MC members to be paid for services in certain strictly limited circumstances – please see the Charity Commission website for details*). Examples of such benefits are receiving payment for a service they give to the charity which is in addition to and outside the work they do on the MC, perhaps using some professional or other skill that they have, for example, translating (although they can receive expenses). The principle does not however prevent the MC members of a charity (which benefits the *whole* community) from enjoying the benefit of that

charity (as *members* of that community). For example, a MC member can attend ESOL classes run by the organisation for that community.

In certain circumstances, the provision regarding the conflict of interest can be relaxed, provided that:

- the benefit is authorised either by a specific provision in the governing document or by the charity commission. For example, a lawyer, who is a member of the MC, could give professional advice and get paid for that advice;
- the benefits can be justified as being in the interest of the charity and are not so great that they cast doubt on whether the organisation is established for exclusive charitable purposes;
- an adequate safeguard is in place so that the authority cannot be abused.

Additional rules govern the management of conflicts of interest in organisations which are companies and advice should be sought.

#### **5.4 Recruiting new management committee members**

The MC is responsible for the running of the organisation, so it makes sense to give time and effort to ensure that MC members reflect the diversity of the community and have the necessary skills to fulfil their duties.

There are many ways to attract new members to the committee. You could place a notice in your office or an advert in your community newsletter and local newspaper. You can also let people know individually. You may decide that you need more representation from a particular section of your community and target these individuals directly. You could also hold a meeting for interested people to come and speak to current committee members about what the role entails. Point out to people the benefits they would receive from being on the committee, for example in the running of the organisation, an opportunity to give something back to the community, and useful experience for their CV.

You need to ensure that all sections of the community are aware that you are looking for MC members. For example, if you would like to encourage more participation from women on the MC, make sure that any publicity asking for new members is displayed in a place where women are likely to see it.

New committee members must be elected or invited to join following the procedures set out in your governing document. New members should be given a copy of the constitution, and be given information about their role. It is a good idea for committee members to attend a training course on their roles and responsibilities, and many larger agencies offer this kind of training. The organisation should also take steps to ensure that new committee members are supported to learn their new role.

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