SOCIAL CARE IRELAND

Social Care Association of Ireland
Explanation of Key Terms

The following explanation of terms is how they are understood and used in the Governance Code for Community, Voluntary and Charity Organisations in Ireland.

Accountable: Answerable to.

Annual Report: This is a document setting out the yearly operational and financial activities of an organisation.

Annual General Meeting (AGM): The yearly meeting of the members of an organisation. Its purpose is to:

- Approve the previous year's financial statements;
- Confirm appointments to the governing body;
- Make decisions in which the members must be involved, and;
- Confirm the appointment of a person to review the annual accounts (in the case of a company, the auditor).
- By law companies limited by guarantee have to have an AGM.

Annual Work Plan: This is a schedule of tasks for the coming year. It gives details of the resources to accomplish these tasks.

Articles of Association: In a Company Limited by Guarantee the Articles of Association set out the members' rights, directors' power and how the organisation makes decisions. (This is one of the two formal governing documents which are used to set up a Company Limited by Guarantee. The second is the Memorandum of Association.)

Assets: Money or other valuables (for example, premises) belonging to an individual or a business.

Beneficiaries: This is the group of people, animals or objects/ideas (such as buildings, climate, democracy) which an organisation has been set up to help, support, preserve or advance.

Board: See Governing Body.

Chair: The person who leads the governing body.

Code of Conduct: A document setting out expected standards of behaviour of members of an organisation and the procedures in place if these standards are not met.

Communication Strategy: The method by which information about an organisation is communicated both internally and externally.

Company Limited by Guarantee (also called a Company Limited by Guarantee without a Share Capital):

This is a type of legal entity normally chosen by voluntary organisations, charities and community groups because:

- It is a distinct legal entity and in law is considered to be separate to its members or board members;
- It is a democratic structure; the company is controlled by the members who elect the Management Committee, usually known as the Board of Directors;
- Members cannot benefit from any profits made;
- Each Board Member's liability is limited to a nominal sum which they guarantee to pay if the company has debts on winding up.

Company Secretary: This is a person appointed by the Directors of a company who is responsible for making sure that the company complies with Company Law. This person is not necessarily the same person who carries out the secretarial duties (for example takes the minutes) or has the title of Honorary Secretary within a particular organisation. It is an office that may be held by a corporate entity for example, an accounting or law firm.

Comply: To act accordance with the Code of Governance.

'Comply or Explain': This is an approach used in Corporate Governance. Rather than setting out strict rules, organisations are expected to use a principles-based code or explain publicly why they are not implementing it.

Conflict of Interest: A conflict of interest arises when your private interests compete with your professional duties. A conflict of interest may arise, for example, if a Board Member influences the awarding of a contract to a company owned by a family member. It is legal to award a contract to the best qualified company, even if that company is owned by a relative, but the Board Member themself could not be part of the decision making process. This would be a conflict of interest, because their own family would benefit financially from his position. A conflict of interest can also happen in relation to connections the Board Member might have that are unrelated to family connections, but to do with others with whom he/she may have a business connection.

Conflict of Loyalty: This arises where a Board Member may be involved in board decisions and may be (or perceived to be) potentially influenced by considerations other than the best interests of the organisation. This might happen when the Board Member has come onto the Board as a nominee of a particular group e.g. members in a particular county, a funding body, beneficiaries or staff. This situation may possibly cause the Board Member to think that they should act in the interests of the grouping which nominated them. However, in all cases, regardless of their route onto a Board of Directors, all Board Members should act in the interests solely of the organisation on whose board that they sit, rather than acting in the interests of the grouping which nominated them. Conflicts of loyalty may be sufficiently serious to amount to conflicts of interest.

Constitution: This is a document which sets out the basic rules for governance (see also governing document).

Continuity plans: This is a plan to determine how the company will be maintained in the future.

Corporate Governance: See governance.

Data Protection Policy: A policy that reflects Data Protection rules and applies them to the systems of the organisation so they comply with the relevant Data Protection law.

Delegate: This happens when the governing body authorises the CEO or Manager to take a decision on their behalf to facilitate efficient management or administration. It can also happen between a CEO or Manager and other staff.

Director: A member of the Board of Directors of a Company Limited by Guarantee.

Employment Policy: sets out an organisation's guidelines relating to the employment of an individual. The procedures in place for recruitment, induction, supervision and appraisals and the grievance and disciplinary procedure may be contained in one or more documents.

Equality Policy: a document setting out the steps that are being taken in an organisation to ensure that the principle of equality is being adhered to. The nine grounds of discrimination and equality legislation should be taken into account when formulating this policy.

Financial Management Procedure/System: the procedure/system in place for managing and controlling the financial resources of an organisation.

Governance: is concerned with the systems by which organisations are run, directed and controlled, it is about developing and implementing the appropriate structures and processes to ensure that an organisation is run effectively.

Governing Body: the appointed representatives charged with the management and administration of an organisation in accordance with the governing document.

- In the case of a company - the Board of Directors.
- In the case of a trust - the Trustees.
- In the case of a club - the Committee.

Depending on the nature of the organisation the Governing Body may be referred to by another name such as the council, the governors, the management committee or the national council.

Governance Code: a set of guidelines setting out the systems and processes involved in steering an organisation.

Governing Document: the document which founds an organisation and sets out the rules that apply to its functioning;

- In the case of a company - the Memorandum and Articles of Association.
- In the case of a trust - the Trust Deed.

- In the case of a club - the Constitution, the Charter, the Regulations, the Rules or the Statutes.

Health and Safety Policy: a document setting out the health and safety procedures in force in an organisation.

Internal Audit Function: assessing and evaluating policies and procedures within an organisation with the aim of highlighting problems and recommending solutions. This is generally carried out by a person or persons within the organisation but it may be outsourced. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The internal audit function reports periodically to the Board (and the audit committee) and to Senior Management on the internal audit activities purpose, authority, responsibility and performance.

Key Performance Indicator: a measurement of the degree of progress towards an organisation's aims and objectives.

Manager: the person with direct responsibility for supervising the various resources of an organisation.

Mission Statement: a written statement setting out the mission, vision, values, aims and objectives of an organisation.

Nine Grounds of Discrimination: gender, marital status, family status, sexual orientation, religion, age, race, disability and membership of the travelling community as listed in the Employment Equality Act 1998 and the Equality Act 2004.

Performance Review: means the annual process by which the effectiveness of the Board and/or the Chair and/or individual Board Members is formally considered.

Register of Directors' Interests: a list of the interests and loyalties of the directors which may conflict with the interests of the organisation.

Risk: is the potential that a chosen course of action or activity (including inaction) will lead to an undesirable outcome. Almost any human endeavour carries some risk, so it is not possible to avoid risk.

Risk Appetite: the level of risk that an organisation is willing to accept.

Risk Assessment: the overall process of evaluating the likelihood and consequence of risk to the organisation.

Risk Management Policy: a policy setting out the how the risks which have been identified by the risk assessment procedure will be managed and controlled.

Shadow Director: is someone who is not formally elected or appointed as a Trustee/Director but someone who 'in accordance with whose directions or instructions the Directors [Trustees] of the (charitable) company are accustomed to act'. A Shadow Director could, for example, be the paid Chief Executive, if it can be shown that the Chief Executive is effectively in control of the Board. It is a serious matter if an individual is found to be a Shadow Director.
They take on the legal duties and liabilities of a Director and could be held personally liable for their actions: for example, if the organisation is found to be wrongfully trading.

Stakeholder: A person, group, or organisation that has a direct or indirect stake in an organisation because it can affect or be affected by the organisation's actions, objectives, and policies. Key stakeholders might include: members, beneficiaries, funders, staff, volunteers, the general public, regulators.

Statement of the Division of Responsibilities: a statement which clearly sets out the responsibilities of both the Chair and the CEO. This document should include the CEO's delegated authority.

Strategic Plan: a document setting out an organisation's mission, vision, values, aims and objectives for the medium to long term and how these will be achieved.

Terms of Reference: a set of guidelines setting out the function of the Board, a Committee or a Sub-committee.

Trustee: a Charity Trustee makes decisions about how a charity is run, and how its resources are used. Trustees can be known by a number of other titles including: Governor, Member of the Board, Committee Member or Director (if the charity is also a Limited Company).

Volunteer Policy: a policy dealing with the recruitment, induction, support and supervision of volunteers and setting out the procedure if a problem arises.

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Social Care Association of Ireland CLG T/A Social Care Ireland
Directors: D. Durney, N. Howard, P. Byrne, C. Kelly, K. Lalor, L. Ledwidge, J. Walsh, C. Cronly
Registered in Dublin, Ireland Registered Number: 588331
Registered Office: 75 Stephen's Green, Dublin 2, Dublin, D02 PR50
Correspondence Address: ChildVision, Gracepark Road, Drumcondra, Dublin 9
P: 087-7463926   E: info@socialcareireland.ie W: www.socialcareireland.ie