

2016



MANAGING A CHILDCARE BUSINESS
PART 5 GOVERNANCE

Part 5 *Governance*

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1. Legal Structures and Organisations

Most privately run early years' services will be either sole trader, partnerships or limited companies and the governance arrangements will be fairly clear-cut.

The legal form for most not for profit early years' services will either be a co-operation or a charitable company limited by guarantee. They will have a 'constitution' which is a governing document, known as Articles of Association for a company. The constitution will state whether or not the Board (or Management Committee) members are answerable to a wider group of people, known as a membership, such as local parents and community representatives.



Click on the link below for further information on legal structures in business.

<http://www.kccc.ie/TypesOfChildcare>

Business Name Registration



Registration of a business name is obligatory if any individual or partnership (whether composed of individuals or bodies corporate or any combination of both) or anybody corporate carries on business under a name other than their own true names.

Click on the link below to access the Companies Registration Office:

<https://www.cro.ie/>



To access the Companies Registration Office Information Leaflets webpage, click on the link below:

<https://www.cro.ie/Publications/Publications/Information-Leaflets>

2. Management Committees

What is a Management Committee?

Every voluntary organisation and community group must have a body of people who are responsible for ensuring that the organisation is properly managed. Normally this is called 'The Committee' (or the Management Committee or Executive Committee).



The Committee is appointed or elected by the members of the organisation. Usually this happens when the members get together at the Annual General Meeting. The Committee is accountable to the members of the organisation. Each year at the Annual General Meeting it gives an annual report to the members on the work of the organisation during the past year.

Important rules about the Committee will be found in the constitution of the organisation. This written document should explain how many Committee members there should be, how they are appointed, how long they serve on the Committee for and so on.

The Committee may also be given the power to co-opt other members. This may be in addition to those appointed by the members (to bring on to the Committee people with special knowledge or skills) or to fill any vacancies that arise during the year if a Committee member leaves.

Normally Committee members serve for a time-limited period at the end of which they retire. The constitution should explain whether retiring Committee members are allowed to be re-appointed for a further period.

The constitution should explain the procedure for appointing Committee members.

Commonly they must be nominated or proposed by a member of the organisation, either at the Annual General Meeting or beforehand.

The Committee members are volunteers and do not get paid for the work they do for the organisation. However, it is good practice for an organisation to make sure that its Committee members are not left out-of-pocket. Committee members should be able to claim back any expenses they incur and the organisation may be able to make their taking part easier in other ways like arranging travel to meetings, providing a crèche or meeting the costs of child care.



Click on the link below for further information, including Overview of the Role Management Committees, Responsibilities of Management Committees, Roles in the Management Committee: <http://www.kccc.ie/Business-Development/Management-Committees>

Effective Management Committees

Your board or management committees are legally accountable for the organisation and must ensure that business is conducted effectively and can evidence that they have completed this through effective record keeping, including minutes of meetings and decisions.



It is critical to have a strong and effective management committee for your early years' service, as funders and other agencies will not conduct business with weak or ineffective committees.

There is a minimum set of business actions that the management committee need to carry out. Some of the services' business can be managed outside of committee meetings but there will be a minimum number of meetings where the board will discuss and agree key actions.

The following are examples:

- Agreeing a business plan
- Agreeing an annual budget
- Receiving and reviewing an analysis of the risks to the business
- Reviewing report on health and safety
- Reviewing income and costs against the budget and considering any key differences that arise
- Approving annual accounts
- Developing and reviewing a quality action plan



The responsibilities of the board are extensive and include business planning, business development, financial control, reviewing performance, the appointment of senior staff, health and safety and ensuring the quality of the services provided to children and families.

The management committee should regularly review the effectiveness of the board.

Consider questions such as, are there enough committee members and are the knowledge, skills and experience of members sufficient in the following areas:



- Working with children and families
- Finance
- Funding and bidding
- Contracting/commissioning
- Marketing
- Property management
- Employment law
 - Health and safety
 - Project management

Skills reviews can be completed using a skills audit. If there are then gaps identified, the

board should consider recruiting more members or training up the existing ones if feasible.

JOIN THIS COMMITTEE

If the committee decides to recruit new members, they should avoid using word of mouth. It is more effective and professional to prepare an advertisement and circulate it via local newsletters, websites or notice boards.

There should be a short job description for board or management committee members and a person specification covering qualities such as being able to take accountability for the organisation overall and not represent narrow or personal interests. There should also be job descriptions for the Chairperson, Vice Chair and Treasurer who take on additional responsibilities.

3.The Charities Regulatory Authority

The Charities Regulator is Ireland's national statutory regulator for charitable organisations. The Charities Regulator is an independent authority and was established on the 16th of October 2014 under the Charities Act 2009.



An Rialálaí Carthanas
Charities Regulator

The key functions of the Regulator are to establish and maintain a public register of charitable organisations operating in Ireland and ensure their compliance with the Charities Acts.

The Regulator also engages in the provision of services to charities including the authorising of appointments of new charitable trustees, the framing of schemes of incorporation, authorisation of Cy-près schemes, and disposition of lands held upon charitable trusts. Under Part IV of the Charities Act 2009, the Regulator has the power to conduct statutory investigations into any organisation believed to be non-compliant with the charities acts.

Should I Apply for Charitable Status?

Click on the link below to determine if your early years not for profit setting should register with the Charities Regulatory Authority.

<http://www.charitiesregulatoryauthority.ie/en/CRA/Pages/WP16000037>

Click on the link below to visit the Charities Regulator **Guidance Pages**

<http://www.charitiesregulatoryauthority.ie/en/cra/pages/guidance>



4. Good Governance

What is Good Governance?

Good governance is about the processes for making and implementing decisions. It's not about making 'correct' decisions, but about the best possible process for making those decisions.

Good decision-making processes, and therefore good governance, share several characteristics. All have a positive effect on various aspects of community not-for-profit services, including consultation policies and practices, meeting procedures, service quality protocols, officer and member conduct, role clarification and good working relationships.

The main characteristics of good governance are:

- Good governance is accountable
- Good governance is transparent
- Good governance follows the rule of law
- Good governance is responsive
- Good governance is equitable and inclusive
- Good governance is effective and efficient
- Good governance is participatory



Why is Good Governance Important?

Good governance is important for several reasons. It not only gives the local community confidence in your community early years' service, but improves the faith in members that the directors and officers have good decision-making processes. It also leads to better decisions, helps management committees meet their legislative responsibilities and importantly provides an ethical basis for governance.

The Governance Code

A Code of Practice for Good Governance of Community, Voluntary and Charitable Organisations in Ireland.



What is the Governance Code?

This Governance Code is for board members, managers, staff and volunteers of community, voluntary and charitable organisations and will be an invaluable tool to help your organisation perform to the highest standards possible and give confidence to you and all of your stakeholders.

Good governance means that policies and procedures are in place to ensure an organisation is run well. But good governance is not about rules. It is an attitude of mind. It is about the ethical culture of the organisation and the behaviour of the people on the governing body. The Governance Code aims to make sure that organisations are run responsibly and that they are rewarded for compliance with elevated reputations and greater efficiency and effectiveness.

The Governance Code clearly outlines the roles, duties and responsibilities of all those who sit on the boards and management committees of community, voluntary or charitable organisations - from the smallest organisation to large domestic and international charities, from all-volunteer groups to organisations with hundreds of staff. Intended to help organisations to do their good work better, the Code is based on principles, not rules, and compliance with it is voluntary.

Source: http://www.governancecode.ie/uploads/1/4/0/6/14069721/guide_to_governance_code_final.pdf

Click on the link below to visit the Governance Code website:

<http://www.governancecode.ie/>