

# Good Governance

A Code for the  
Voluntary and  
Community Sector

Version for smaller organisations

## Jargon buster (glossary)

This section gives plain English explanations of words and phrases in the Code and supporting documents that you may not have heard before.

Term	Definition
Accountable/Accountability	<b>Being seen to be publicly responsible for, and appropriately open about, your decisions and actions.</b> Being prepared, and able, to explain or justify your decisions and actions.
Action Plan	<b>A list of tasks that need to be done to achieve an overall result. Each task has a deadline it must be done by and a named person who has agreed to do it.</b> Some tasks may also be in a particular order – for example in an action plan to redecorate a building, the task to carry out the painting would have to come after the task to go and buy the paint.
Agenda	<b>A list of everything that is to be mentioned or talked about at a meeting.</b>
Annual Accounts	<b>A yearly summary of the money your organisation has received, where the money has come from and what it has been spent on.</b> If your organisation is a <i>charity</i> and / or a <i>company</i> , there are specific rules and formats that the summary must comply with.

Annual Report	<p><b>A yearly summary of what your organisation has done, its activities and achievements.</b></p> <p>If your organisation is a <i>charity</i>, it must also describe how its work has benefited the public (see also '<i>Public Benefit</i>').</p>
Assets	<p><b>Things that your organisation owns that are of value.</b></p> <p>This includes physical assets such as a building, a minibus or sports equipment; financial assets such as money or stocks and shares; and other assets such as a logo or trademark, or anything for which you own the copyright.</p>
Beneficiaries	<p><b>The people who are helped by the work your organisation does.</b></p> <p>(see also '<i>Service Users</i>').</p>
Board	<p><b>The group of people in overall charge of a <i>voluntary organisation</i></b> (often also called the '<i>committee</i>' or the '<i>governing body</i>'). Individually referred to as Board members.</p>
Budget	<p><b>A list of all the money your organisation expects to receive and all the money it plans to spend for a specific period of time (usually a year).</b></p> <p>A budget may be drawn up for a whole organisation or for a particular project.</p>
Charity	<p><b>An organisation that meets all the criteria set out in Charities Act 2006.</b></p> <p>'Charity' is a legal status that compliant organisations have – it is not a type of legal structure.</p> <p>(See also '<i>Registered charity</i>')</p>
Charity Commission	<p><b>The regulator of <i>charities</i> in England and Wales.</b></p>
Charity Trustee	<p><b>See <i>Trustee</i></b></p>
Committee	<p><b>(1) The group of people in overall charge of a <i>voluntary organisation</i></b> (often also called the '<i>board</i>' or the '<i>governing body</i>'); <b>(2) A sub-group of the <i>board</i> or <i>governing body</i>, with <i>delegated authority</i> for a particular task or issue.</b></p>
Company (Limited by Guarantee)	<p><b>One type of legal structure used by <i>voluntary organisations</i>.</b> This is an incorporated form which carries the benefit of limited liability for the board that runs it. Companies must also register with <i>Companies House</i> and comply with company law.</p>
Companies House	<p><b>The registrar for companies in England, Wales, Scotland and Northern Ireland.</b> Companies House</p>

	incorporates and dissolves companies, examines and stores company information required by company law, and makes this information available to the public.
Conflict of Interest	<b>When the personal interests of a member of the <i>board</i>, or interests that they owe to another organisation or person, may (or may appear to) influence or affect their decision making.</b>
Conflict of Loyalty	<b>When the duty or interests that a member of the <i>board</i> owes to another organisation or person may (or may appear to) influence or affect their decision making.</b>
Constitution	<b>The name usually given to the <i>governing document</i> of an <i>unincorporated association</i>.</b>
Consultation	<b>Asking people (or other organisations) for their ideas, comments or opinions.</b> Often used when an organisation wants to find out what its beneficiaries need from the organisation.
Delegated Authority	<b>Decision making power given to someone (usually by the <i>board</i>) so that they can carry out a particular task or function.</b>
Director	<b>One of the group of people in overall charge (a <i>Board</i> member) of a company.</b>
Diversity	<b>In this Code, ‘diversity’ refers to the involvement of a range of different people of different life experiences, approaches and backgrounds.</b>
Duty of Care	<b>The duty a member of the <i>board</i> has to use whatever skills and knowledge they possess to best effect, to be diligent and to invest enough time and effort to run the organisation they govern properly.</b>
Effective	<b>Something that works in practice and actually achieves what it is intended to achieve.</b>
Efficient	<b>Making best use of resources and/or minimising the resources required to carry out a particular task.</b>
Ethical	<b>Fair, honest and decent</b>
Evaluation	<b>Working out how successful (or otherwise) an activity or project has been; to what extent it has achieved its purpose and / or made a difference.</b> See also ‘ <i>Monitoring</i> ’ - evaluation usually involves interpreting information gathered through monitoring

	and it is common to see the joint term 'monitoring and evaluation'.
Excepted / Exempt Charity	<b>Charities which do not have to register with the Charity Commission.</b> Excepted and exempt charities are usually overseen by other regulators or umbrella bodies. Charity Law still applies to them. (See the Charity Commission's guidance for full details)
Goals	<b>Specific tasks or achievements that an organisation is working towards.</b>
Governance	<b>The processes and activities involved in making sure an organisation is effectively and properly run.</b>
Governing body	<b>The group of people in overall charge of a <i>voluntary organisation</i></b> (often also called the ' <i>board</i> ' or ' <i>committee</i> ').
Governing document	<b>The legal document containing the main rules which define the name and <i>objects</i> (overall <i>purpose</i>) of the organisation, and other important matters such as who can be a <i>member</i>, how the board is appointed and what powers that board has.</b> Constitutions, Trust Deeds and Memoranda and Articles are all examples of governing documents.
Impact	<b>The broader, longer term changes your organisation achieves; the difference it makes.</b>
Impartial	<b>Not influenced by emotion or loyalty; not taking sides. Making a judgement based on facts.</b>
Induction	<b>A planned introduction to the main people, projects and information that someone new will need to know in order to do their job well.</b>
Legal structure	<b>The type of organisation that the <i>governing document</i> creates, and the laws and rules that apply to and govern that type of organisation.</b> See also <i>unincorporated association, company</i> .
Liability	<b>Legal responsibility, commonly used to mean the potential for personal consequences in the event something goes wrong.</b>
Member	<b>A person (or organisation) that has certain rights and responsibilities under an organisation's <i>governing document</i>, including the right to vote at</b>

	<p><b>the organisation's General Meetings, and to have a formal say in the organisation's governance through that vote.</b></p> <p>Members should not be confused with people who receive services or who receive a newsletter, even though they are sometimes referred to as 'members'.</p>
Minutes	<p><b>The formal record of the important points of a meeting which include as a minimum a list of who was there and what decisions were made.</b></p>
Monitoring	<p><b>Gathering information about a task or activity.</b></p> <p>For example, how many sessions were delivered, how many people attended, what ages they were etc. (See also '<i>Evaluation</i>' - monitoring data usually forms the basis of evaluation).</p>
Objects	<p><b>The clause in an organisation's governing document which sets out the organisation's overall purpose and which is legally binding.</b></p>
Outcomes	<p><b>The changes, benefits and learning that happen as a result of the work or activities that your organisation does.</b></p>
Policy	<p><b>A statement which summarises an organisation's approach to (or view on) a particular subject.</b></p> <p>Policies are often closely linked to an organisation's <i>values</i>, and usually need <i>procedures</i> to describe how they should happen in practice. Policies are the 'what' and procedures are the 'how'.</p>
Procedures	<p><b>Instructions on how to do particular tasks.</b></p> <p>(See also '<i>Policy</i>')</p>
Public benefit (requirement)	<p><b>The legal requirement that all <i>charities</i> must have charitable purposes that are for the public benefit. Charities must be able to show clearly how their work fulfils their purposes and benefits the public.</b></p> <p>(See the Charity Commission's guidance for full details)</p>
Purposes	<p><b>What an organisation is set up to do or to achieve.</b></p>
Quality standard	<p><b>A set of formal statements describing a minimum level of good practice.</b></p> <p>(See also '<i>Quality System</i>')</p>
Quality system / Quality management system	<p><b>A formal, methodical way for an organisation to identify improvements that can be made, put them into practice and check that they are working.</b></p>

	A Quality system will usually be based on a <i>Quality standard</i> .
Quorum	<b>The minimum number of people, as set by the governing document, that must be at a meeting and able to vote in order to take valid decisions.</b>
Registered charity	<b>A charity registered with the <i>Charity Commission</i>.</b> All charities in England and Wales with over £5000 income p.a. must register with the Commission, unless they are <i>excepted</i> or <i>exempt</i> .
Regulatory	<b>Relating to the regulations, laws and rules that define what an organisation <u>must</u> do.</b>
Reputation	<b>The opinion or view that other people and organisations have about you or your organisation.</b>
Reserves	<b>Surplus funds that:</b> <ul style="list-style-type: none"> <li>• can be freely spent as the organisation needs, and</li> <li>• are not needed for immediate or planned expenditure, but</li> <li>• are kept to meet unexpected costs.</li> </ul> (Sometimes called 'rainy day funds')
Risk Management	<b>The process of identifying the main risks the organisation faces, deciding how to deal with them, and taking action to prevent them, reduce their effect or manage them</b>
Role description	<b>An explanation of the purpose of a particular role and a list of the tasks that the person who holds that role is expected to do.</b> It may include the skills and abilities normally shown by someone who does the role well (sometimes called a 'person specification').
Secretary	<b>A <i>Board member</i> with particular responsibility for organising meetings, taking <i>minutes</i> and looking after the organisation's records.</b>
Service Users	<b>The people who use the services your organisation provides.</b> Service users are also <i>beneficiaries</i> .
Skills Audit	<b>The process of identifying what skills and knowledge an organisation's <i>board</i> needs in order to run the organisation well, and finding out whether the board currently has them.</b>
Strategic / Strategy	<b>Considering the overall situation and the longer</b>

	<b>term.</b> Often used to mean planning the future of an organisation in a way that positions it to take best advantage of opportunities.
Treasurer	<b>A Board member with particular responsibility for overseeing the organisation's financial management and accounts.</b> All board members share equal responsibility for finances, but one member will often take the lead on financial information and supervision.
Trustee (shorthand for charity trustee)	<b>One of the group of people in overall charge of a charity, responsible for controlling its management and administration.</b> Anyone in charge of a charity is a charity trustee, but not everyone who is a 'trustee' is in charge of a charity. You may come across other kinds of trustee such as 'holding trustee' who have a specific role in looking after property, but who do not have a say in running the overall organisation.
Unincorporated Association	<b>One type of legal structure used by voluntary organisations.</b> Commonly used by smaller organisations in which members have a key role.
Values	<b>The main principles, beliefs and philosophy that underpin and inform everything your organisation does.</b>
Vision	<b>A short statement about how the world would be if your organisation achieved everything it wants to achieve.</b>
Voluntary Organisation	<b>Usually used to mean any organisation that is led by unpaid volunteers.</b> All <i>Charities</i> are voluntary organisations, but not all voluntary organisations are charities.
Volunteer	<b>Someone who gives their time for free to help an organisation or an individual to whom they are not related.</b>
Vulnerable Adult	<b>A vulnerable adult is a person aged 18+ who may be unable to protect him or herself against significant harm or exploitation.</b> This may be because they have a mental health problem, a disability, a sensory impairment, are old and frail, or have some form of illness.