

EVANGELICAL ALLIANCE IRELAND

Guideline No. 2: Oversight of Churches and Related Organisations

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1.0 Introduction

Our spiritual responsibility and commitment includes adherence to the legal requirements of the State and to the obligations under the founding documents of our local church. The appointment (March 2014) of a Regulator to the Charity sector is likely to lead to increased scrutiny and demands for improved governance.

Approved charities enjoy significant benefits including an exemption to corporation tax, a generous tax refund regime on donations from individuals and exemption from stamp duty on purchases of property. Against this background **governance** becomes an increasingly important issue, especially on financial matters and churches are not exempt.

Those handling governance in our churches are also increasingly charged with overseeing non-financial matters such as:

- Health and safety covering employees, church members and visitors
- Garda vetting of leaders for youth and children's ministries
- Protection of personal data of church members e.g. personal donations
- Information published on the web site.

2.0 Definitions

Many churches are established as companies limited by guarantee regulated under the Companies Acts. As a result many terms used here are business-like in nature. Older churches may be established as Trusts and use different language in their founding documents. Churches are encouraged to adopt their own language and terms when applying the guidelines

- **"Company Limited by Guarantee"** means a company registered with the Companies Registration Office (CRO) with no share capital and with obligations under the various Companies Acts since 1963.



- **“Board”** is the legal term used for the body of people charged with oversight of a company or a trust. The word “Board” is used here to describe the group of directors or trustees who oversee the **legal, financial and property** affairs of the local church and its leadership team. To cover both companies and trusts we will call them Trustee/Directors
- **“Director”** means a member of the board of a limited company with duties, obligations and responsibilities under the legal documents by which the company was established (the Memorandum and Articles of Association) and the various Companies Acts.
- **“Trust”** means an organisation whose governing legal document is a Deed of Trust.
- **“Trustee”** means an officer of a Trust with powers, duties and responsibilities of governance.
- **“Charity”** means any church or organisation granted charitable status by the Revenue Commissioners.

3.0 Duties of the Board and Trustee / Directors

The duties of trustees/directors are normally set out in some detail in the founding legal documents of the Church - either the Trust Deed or the Memorandum and Articles of Association.

The duties will include, among other things, these key obligations. To ensure that:

- The minimum number of directors is appointed.
- Regular board or trustee meetings are held – at least quarterly.
- Reliable and up-to-date financial accounts are maintained on a monthly or quarterly basis
- Annual audited accounts are prepared, approved by the Board and presented to the Church membership.
- Strong and reliable financial and operating controls are in place to record all income and to approve all expenditure ensuring there is no waste or misappropriation of funds.
- All legal contracts and obligations such as leases and property rentals, employment of staff, renting out of premises, equipment rental agreements etc. are thoroughly assessed, enquired into and understood prior to their approval and signing.
- All non-financial obligations including health and safety, data protection, property planning permissions, children protection and Garda vetting, etc. are thoroughly observed.
- A secretary is appointed who will:
 - Maintain the legal records of the Company under Company law i.e. Minutes of the Annual General Meeting and changes to directorships and guarantors. Printed (hard) copies of minutes must be kept in a secure location in addition to digital files.



- Complete annual filings with the Companies Office and Revenue Commissioners.
- Attend all meetings of the Board and prepare written minutes, which should be approved at the following meeting.

4.0 Selection, tenure and training of trustees / directors.

4.1 The key to good governance is to have a variety of skills, experience and personalities on the Board including chairmanship, finance and administration, IT and communications, property and perhaps legal and insurance.

4.2 Appointment of the initial board members is usually set out in the founding legal documents. These will provide for annual retirement and re-election. Normal rotation is for a three year term of office with one third of trustee/directors to retire each year.

EAI recommends that no trustee/director should serve for more than two terms i.e. 6 years without taking a break or sabbatical, after which he or she may offer themselves for re-election. Regular retirements ensure fresh thinking, renewed enthusiasm and avoids repetition of old practice. Independent thinking is essential to avoid routine and “group think”.

4.3 Each trustee/director has an obligation to keep up-to-date on their special area of expertise and responsibility.

4.4 For churches formed either as trusts or as companies, it is recommended that an odd number of trustees / directors be appointed. For companies, two directors is the legal minimum, 3 is workable but 5 is recommended. For trusts, the same applies and an odd number of trustees is recommended, usually three, five or seven.

5.0 Conduct of meetings and record keeping.

5.1 The duty of the Chairman is to convene the meetings, facilitate discussion and reach clear decisions, which are noted in the minutes. He/ she should ensure that all meeting start and finish on time.

5.2 The Chairman should encourage newer members, encourage debate and “outside the box” contributions and commission further research on any topic where knowledge may be limited or professional advice is required.

5.3 An experienced Chairman can be a great advantage. He/she will know how to conduct and direct the meeting, how to encourage healthy debate, how to manage dominant members and avoid irrelevant discussion, and how to come to a clear decision that everyone understands and accepts.

5.4 It is recommended that a “Board Pack” should be distributed to all Board members several days in advance of the meeting and it should include (a) an agenda, (b) the minutes of the preceding meeting, (c) reports on the



actions taken on decisions from the preceding meeting, (d) up-to-date financial accounts. Written reports, memos or discussion papers on all important new proposals are recommended.

- 5.5 The meeting should approve the circulated minutes or amend them as agreed and have them signed by the Chairman.
- 5.6 Consensus should always be sought. Decisions are normally made by majority vote with the Chairman holding a casting vote in the event of a tie. Sometimes it can be wise to defer a decision so that participants can go away and think over the issues raised. A hurried or forced decision can be unwise.
- 5.7 Ensure that the Secretary takes minutes according to the style and detail decided by consensus. Some prefer detailed minutes – who said what etc. – whilst others prefer summary minutes listing the key issues discussed and a clear indication of the decisions taken.
- 5.8 The minutes should highlight the decisions taken, who is responsible for specific action points and by what date, and the date and venue of the next meeting.

