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## Running your charity: Guide 5

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### Good governance and managing risks



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## About this guide

This guide is for anyone who is interested in running a charity – whether you're just getting started or you've been a charity trustee for years. This part of the guide is about good governance and managing risks.

### **What are legal requirements and best practice**

We use 'must' where a charity has to comply with a specific law or regulation. We use 'should' where a charity ought to follow good practice but where there is no specific legal requirement. Charity trustees should follow good practice guidance unless there is good reason not to do so.

### **Key terms**

This guide uses some terms that you may find useful when running your charity. We have highlighted these in **bold green**. A list of the key terms is available in Appendix 1.

# What is good governance

**Good governance** is about making sure your charity is well run. It involves leadership, accountability, and managing resources in the best way.

The [Code of Good Governance](#) outlines five key principles of good governance and leadership in the voluntary and community sector. These give **charity trustees** a helpful checklist for following best practice and the law.

## Principle 1: Roles and responsibilities

Everyone on your board of trustees must understand their roles and responsibilities. By law, the board members are equally responsible for the board's actions and decisions. As a group, you're responsible for making sure your charity is:

- performing well
- able to pay its debts
- meeting all its responsibilities.

## Principle 2: Working together

You and the other trustees must work well individually and as a team. To support you to do this, you should have appropriate policies and processes in place and your board members should bring a mix of knowledge, attitudes and behaviours. You should also make plans for developing the board's skills and for replacing members when needed.

## Principle 3: Delivery of organisational purpose

You and the other **charity trustees** must make sure your charity fulfils its **purpose** (what it was set up to achieve). As a board, you're responsible for deciding how your charity does this.

## Principle 4: Exercising control

It's important to manage your charity in an appropriate way. As part of this, you and the other trustees should maintain and regularly review your charity's:

- system of internal controls, for example when ordering materials or making payments, and running the charity's bank account.
- performance

- policies and processes.

## **Principle 5: Being open and accountable**

Everyone on your board should behave with integrity and be open, responsive and accountable (answerable for your actions). You must all act in the interest of your charity and the people it helps.

It is good practice to follow the Code of Good Governance, and we strongly encourage you to do so. You can also build confidence and trust in your charity by mentioning that you follow the code in your trustees' **annual report** to us and any other documents that are available to the public.

You can find the code and other useful resources and information on the [DIY Committee Guide](#) website.

## **Understanding your charity's legal structure**

Your charity's legal structure will affect:

- who can run your charity
- whether your charity has members
- whether your charity can enter into contracts and own property
- whether the **charity trustees** are personally responsible for what your charity does.

There are three main charity structures in Northern Ireland:

### **1. Unincorporated associations**

Charities with this structure:

- are usually small and don't employ staff or have premises
- they are a membership organisation
- can't own land or investments in their own name, so the **charity trustees** may own these things on the charity's behalf.

The charity trustees can be held personally, legally responsible for what your charity does.

## 2. Charitable companies

Charities with this structure:

- are usually larger organisations
- usually have employees
- can enter commercial contracts. These are agreements setting out the relationships between a charity and a business and how the business will provide the service or materials to the charity and how the charity will pay the business.
- can own land and other property.

Charitable companies also have 'limited liability' for debts and legal action. This means that if something goes wrong, legally you are usually only personally responsible for a small amount of money (for example, £1 – the exact amount should be set out in your charity's **governing document**). Limited liability only protects you if you have made decisions openly, honestly and to the best of your ability. You are still legally responsible (liable) if you get involved in fraud or you deliberately do something wrong.

## 3. Charitable trusts

Charities with this structure:

- are usually set up with a specific amount of money by a group of people who become the **charity trustees**
- can't own land or investments in their own name
- don't usually have members or employ people.

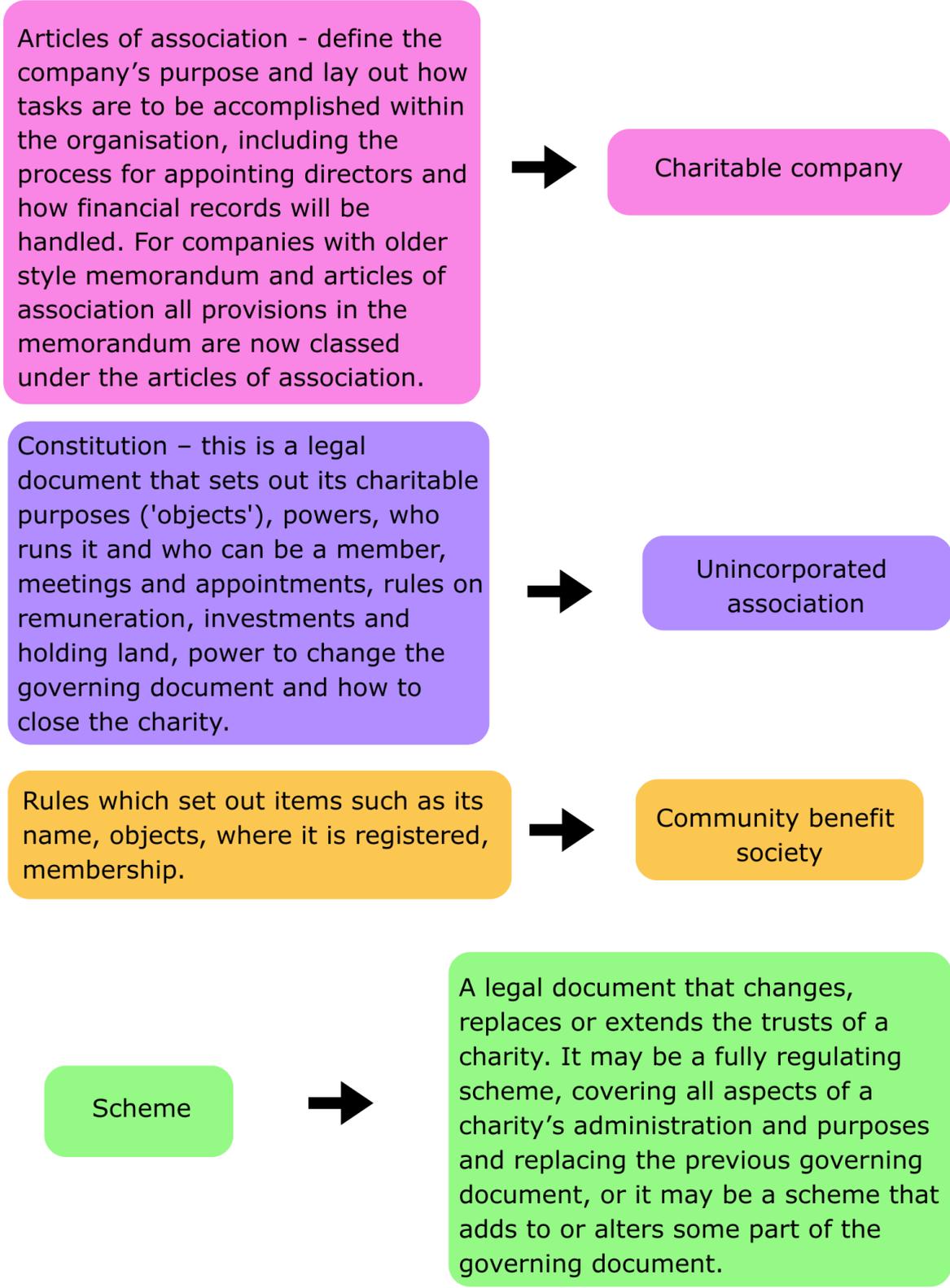
In a **charitable trust** you and the other charity trustees share legal responsibility for the trust and can hold property on behalf of the charity for the benefit of the public. You might want to use this structure if your charity is going to make grants and only a few people will be making decisions.

## What is a governing document?

Your charity's **governing document** is a formal document that sets out the charity's purposes and, usually, how it will be run. It is your charity's

rulebook. The type of governing document will depend on your charity's legal structure. See the table below.

### Types of governing documents



## Can I change my charity's legal structure?

As your charity grows, you may need to change its legal structure so you can:

- do more through your charity
- run the charity better.

Changing the legal structure has to be in your charity's best interests. Here are two examples of when doing so is appropriate.

### Example 1: To employ people

You set up your charity as an unincorporated organisation. The charity has grown since then, and you realise that you'll need to employ people if you want to keep it running well. With the other **charity trustees**, you decide to change the charity's legal structure to a **charitable company**. This is also called 'incorporation'.

### Example 2: To enter contracts

Your charity is an **unincorporated association**. You realise that you could better meet the needs of the people your charity helps by entering contracts with the local council to provide services. An unincorporated association can't enter into contracts, so you would have to do this on the charity's behalf. That would put you at risk of legal action if something were to go wrong.

To avoid that risk, you decide, with the other **charity trustees**, to change the charity's legal structure to a charitable company. It can then enter a contract with the council in its own name.

## How do I change my charity's legal structure?

To change your charity's legal structure, you'll usually have to:

1. set up and register a new charity with us
2. ask us for permission to transfer any **assets** from the original charity to the new charity (if appropriate),
3. transfer your original charity's assets and **liabilities** to the new charity
4. close the original charity and notify us of its closure.

This process can be complicated, and it might be difficult to decide if it would be in your charity's best interests. If you aren't sure, consider getting some professional advice.

If you're changing the structure of your charity, you can use our [model governing documents](#) to help you. You can adapt these templates to suit your charity – for example, by tailoring paragraphs to be specific to your charity and by adding your charity's **purposes**.

If you use a Companies House template article of association for your governing document, you'll need to adapt it to make it suitable for a charity. For example, you will need to add an 'objects clause' that limits your organisation to charitable purposes. This is because an organisation with 'unlimited objects' can't be a registered charity.

## Managing your charity

### Updating your charity's governing document

It's important to keep your charity's **governing document** up to date and to ensure it allows the charity to do what it was set up to achieve.

When updating your governing document, you'll need to follow the right process. Depending on the change you want to make, this process will be set out in your charity's governing document or in charity law.

Before you make any changes to your governing document you must make sure that you have the power in your governing document to make the changes.

You might need to get our permission before making a change, for example, if you want to change your charity's purposes, how your charity can close, how your charity should be run and whether your **charity trustees** can receive any benefit from your charity.

If you make any changes to your governing document, please email a copy to us at [admin@charitycommissionni.org.uk](mailto:admin@charitycommissionni.org.uk) and tell us what changes you've made.

You can find out more about changing your governing document on the [Manage your charity](#) pages of our website.

## Making sure you have enough charity trustees

Your charity's governing document may include rules on:

- the minimum number of trustees your charity is allowed to have
- how many **charity trustees** must be present at a meeting for legally binding decisions to be made at the meeting (a **quorum**).

If your governing document doesn't include a minimum number of charity trustees, you must have at least one charity trustee. However, it's best practice to have at least three.

## Updating your entry on the register of charities

Under the **Charities Act**, all charities must give us information about their charity. We publish this in the charity's entry on the [register of charities](#).

You first send us this information when you apply to register your charity. After that, you must tell us whenever the information changes. You must also send us information in your **annual monitoring return**.

Making information publicly available on the register builds people's trust and confidence in charities and the whole sector – as long as the information is as accurate and up to date as possible.

For most information updates, you can use our online services tool which can be found on the [home page](#) of our website.

## Dealing with conflicts of interest

As a charity trustee, you should put your charity's interests first and encourage the other trustees to do the same.

This means putting your charity's interests before your own interests and those of other people and organisations.

To do this, you should:

- be aware of actual conflicts of interest
- consider anything that could lead to (or be seen as) a **conflict of interest**.

Here are two examples of situations that may lead to a conflict of interest.

### **Example 1: Awarding a contract for work**

A company you have an interest in is bidding for work from your charity.

To manage this conflict of interest, you should not take any part in the process for awarding the contract for the work. If you do, your charity will be open to accusations of unfairness.

### **Example 2: Recruiting a new employee**

Your niece tells you she is interested in applying for a job advertised by your charity.

To manage this, you should 'declare an interest' to let the other trustees know. You should not take part in the recruitment process or any discussions about the position, such as pay, holidays or the job description. If you do, your charity will be open to accusations of giving one candidate an unfair advantage over the others.

It's good practice to:

- have a [conflicts of interest policy](#)
- keep a register of interests
- ask new trustees to fill in a 'declaration of interests' form.

Together these will help your charity to be transparent about potential conflicts of interest, how the charity manages them and how it records them.

If you find that a charity trustee hasn't managed a conflict of interest properly, you should work with the other trustees to make sure that:

- the charity trustee puts the situation right, and
- the situation won't happen again.

### **What to do if you may have a conflict of interest**

It's difficult to avoid conflicts of interest entirely. Even so, you can manage them in a way that encourages openness and honesty and prevents them from becoming a problem.

If you realise that something being discussed at a meeting could cause a conflict of interest for you, follow these steps:

- 1. Declare a conflict:** As soon as possible, tell the other **charity trustees** you might have a conflict of interest.
- 2. Leave the meeting:** Leave the meeting while the other trustees decide whether or not you should be present.
- 3. Decide on next steps:** The next steps will depend on the conflict, and must be in the charity's best interests.
  - The charity trustees may decide there is no conflict, or that it is too small to have an effect, and you can be at the meeting.
  - They may ask you to leave the meeting when they are discussing or voting on the conflicting topic or activity.
  - If the conflict is serious or you have had several conflicts of interest before, you might need to resign as a trustee or stop doing the conflicting activity.
- 4. Record the process:** In the meeting minutes, clearly record the conflict of interest and what was done to manage it and update the charity's register of interests.

## **Payments and expenses for charity trustees**

Most charity trustees aren't paid for the work they do. This gives people more confidence and trust in charities.

In some circumstances, it's appropriate to make a payment to a trustee – for example, to cover the cost of travel for their charity work. This is important because:

- it makes it possible for people from a wider range of backgrounds to be charity trustees
- it makes sure no trustee loses money through doing charity work.

As long as you follow the right policies and processes, you can also pay a charity trustee for providing a service to the charity that is separate from their trustee role. In exceptional circumstances, you may be able to pay a charity trustee for their trusteeship. For example, where they are the charity is primarily regulated by legislation other than charity law, perhaps in a medical charity.

When making decisions about payments to charity trustees, remember that you must:

- act in the best interests of the charity
- make sure your own interests don't come into conflict with the charity's interests.

For more information about whether you can (or should) make a payment to a charity trustee, read our [Making payments to charity trustees](#).

## **Working with children, young people, and adults at risk of harm**

The laws on protecting children, young people, and adults at risk of **harm** are complicated. As a trustee, you're responsible for making sure your charity follows these laws, so it's important to understand how they apply.

- The safeguarding law in Northern Ireland applies to people who work with those at risk of harm.
- International law focuses on safeguarding children and young people and promoting their welfare.

If your charity works with children, young people or adults at risk of harm, you must put in place appropriate safeguarding arrangements. Safeguarding means protecting their health, wellbeing and human rights; enabling them to live free from harm, abuse and neglect. Safeguarding arrangements include:

- staff and volunteer checks
- policies and procedures
- training for all staff and volunteers on what to do if they have concerns about the safety or welfare of a child, young person or adult at risk of harm.

Encourage an organisational culture that makes it safe for people to come forward. Assure them that any incidents or concerns they report will be handled sensitively and properly.

You should also check that any organisations you have partnerships with have adequate safeguarding arrangements if they are working with children, young people or adults at risk of harm. These arrangements must include appropriate policies and processes for staff and volunteers.

You can get more information on safeguarding from:

- NIDirect
- the Department of Health
- the Safeguarding Board for Northern Ireland - Safeguarding hub
- Volunteer Now - Safeguarding.

## **Do charity trustees need an AccessNI check?**

If your charity works with children, young people or adults at risk of harm, you should do AccessNI checks for a charity trustee if:

- the charity trustee will have regular or close contact with the people your charity helps.

The information you get from AccessNI will not tell you whether the trustee is included on a list of people who are barred from working with children, young people and adults at risk of harm. However, it will include information to inform your decision on whether that person would be a suitable charity trustee that works with any of those groups.

## **What about employees and volunteers?**

If your charity employs people, follow the relevant employment law to decide what checks to do on employees and job candidates.

If any of your volunteers have regular unsupervised access to children, young people or adults at risk of harm, safeguarding law in Northern Ireland will tell you what checks are needed.

You can find more information on the NIDirect website:  
[www.AccessNI/Records check](http://www.AccessNI/Records check).

## Campaigning and political activity

The independence that charities have is hugely important to society and greatly valued by the public. This means that charities must be (and be seen to be) independent from party politics when it comes to campaigning, political activity and elections.

Charities are in a unique position to campaign and advocate on behalf of the people they help. They have strong links to the people they help and to their local communities, they are trusted, and they pursue a wide range of causes.

If your charity tries to change the law or government policy, to stay independent it must keep to these general rules.

- The charity's campaigning and political activity must support the charity to fulfil its **purposes**.
- A charity must **not** take part in any campaigning or political activity that doesn't support the charity's purposes.

To help you follow these rules, our [Charities and politics](#) guide explains:

- what campaigning and political activities the law allows your charity to do
- what to consider before engaging in a campaign or a political activity.

If you'd like to learn from other charity trustees' experiences, please read our [Charities and political campaigning - staying compliant](#) report.

## Managing risks

People who do charity work – including trustees, staff and volunteers – have to deal with risks every day. In doing so, they're working to protect their charity and the people it helps from **harm**.

All charities have risks that need to be managed. For some risks, this may be as simple as making a basic emergency plan. Risks can change, so you need to continuously monitor and assess them.

To make risk management part of your charity's culture, it's vital to share information about managing risks with staff at all levels. Your charity should have a document that explains how it manages risks, such as a risk-management policy. You might also have a central risk register, so everyone who volunteers or works for your charity can see what risks they might need to deal with.

### **What risks do charities need to manage?**

A charity needs to manage risks that would affect its ability to continue meeting the needs of those it helps, now and in the future. How you do this will depend on what sort of risks your charity faces, and those risks may change over time.

Here are some examples of risks that charities may face.

- A charity that helps people with financial problems has to manage the risk that economic uncertainty will lead to more demand for its services and less funding to provide them.
- A charity that wants to run a sports event to raise money, has to manage the risk that doing so may make its insurance policy more expensive.
- A charity that runs an after-school club has to manage risks to children whenever it plans activities.

Some risks are actual (the charity already faces them, for example, a reduction in funding from the local council), and others are possible (the charity could face them in future, for example, being able to attract new charity trustees). Risks can be:

- internal – for example, risks that come from the charity's legal structure which means the charity trustees could be legally responsible for the charity's debt.

- external – for example, risks that come from changes in the law or regulations.

## Who is responsible for managing risks?

You and the other trustees are responsible for making sure your charity manages risks. Your volunteers and employees should be assessing and managing some risks, but you are ultimately responsible.

You should put in place policies and processes for identifying risk and keep them up to date. This will:

- help you spot any serious risks and monitor them, so you can make informed decisions and act when needed
- allow your charity to make the most of opportunities with the confidence that risks will be managed
- help you plan better and improve your strategy
- make sure your charity can achieve its **purposes**.

## How should I manage risks?

You should develop a risk-management policy to help you identify risks and decide what to do about them. Once you've identified a risk, think about:

- how likely the risk is to happen
- how serious the consequences would be.

This will help you choose which strategy to use to manage the risk. For example:

- **Transfer the risk:** Pass the consequences of the risk to, or share them with, another organisation. Usually, you can do this by taking out insurance or, for example, by paying a solicitor to check a contract.
- **Treat the risk:** Take action to reduce the consequences of the risk as much as possible. For example, where a risk of accidents exist because the charity has a gymnastics club, this risk can be reduced by ensuring equipment is kept in good working order and there are enough volunteers for the number of young people in the club.
- **Tolerate the risk:** Accept that you can't avoid the risk, even after you have taken steps to reduce it if the activity is to continue.

- **Terminate the risk:** Do things differently, removing the risk altogether if you can.

## **How can I protect myself and other charity trustees from legal action?**

Being a charity trustee comes with a high level of responsibility. If things go wrong, there is a risk that you could be personally responsible (liable) for covering the costs. To protect yourself as much as possible, you should:

- always follow the appropriate rules and guidance – if you've done this, your charity will usually cover your **liability**
- always act in an honest and reasonable way, that is in a fair, proper and moderate way under the specific circumstances. If a **breach of trust** happens in spite of this, you might not be held personally responsible (liable) for the consequences (the harm or damage).

Examples of internal and external risks and how to manage them is set out on the next page.

### Internal risks:

For example, poor governance, leading to poor decision making leading to mistakes which damage to the charity's reputation and could harm the people they help.



### Reducing the risk

- Get to know your charity's governing document so you understand your legal responsibilities.
- Have a risk-management strategy and, if needed, a risk register.
- Do training to improve your knowledge and skills.
- Have an induction process for new trustees.
- Ask new trustees to sign a declaration to confirm that the law does not disqualify them from being a charity trustee.
- Follow the guidance on our website and in the [DIY Committee's Code of Good Governance](#).
- Get advice from a professional if you aren't sure whether you're legally responsible for something as a charity trustee.

### External risks:

For example, failure to meet the obligations set out in other laws or contracts.



### Reducing the risk

- Find out what laws might affect your charity's activities (for example, employment, health and safety, human rights and data protection law).
- Before you sign a contract, make sure your charity has the resources (for example, money or people) to meet its responsibilities under the contract. Understand what will happen if you break the contract.

## Insuring your charity

An insurance policy is one way to protect your charity's **assets** and cover its liabilities (for example, unpaid debts).

All the trustees are responsible for making sure your charity has the right insurance in place and renews it when needed. However, it's good practice to give this task to an individual trustee or a member of staff. They can be the main point of contact with your insurance broker and can report to the trustees regularly.

### **What types of insurance does my charity need?**

The insurance you need will depend on your charity – for example, its size, what it does, and who it works with. Here are some common types of insurance:

#### **Employers' liability insurance**

If your charity employs full-time or part-time staff, by law you must have employers' liability insurance. This covers paid employees if they:

- are in an accident at work
- are injured at work
- have an illness that is made worse because of work.

It also covers these things if they happen because of something you have done (or failed to do).

If your charity works with volunteers, make sure the policy explicitly mentions volunteers. Otherwise, they might not be covered.

#### **Public liability insurance**

This insurance covers the cost of claims made by members of the public for incidents that occur in connection with your charity's activities

You may also need public liability insurance to protect your charity from claims that it has provided poor advice or information. If you work with volunteers, the policy should cover loss or injury to them and caused by them.

This type of insurance is essential if your charity works in the community. It protects your charity from claims made by members of the public for

death, injury, loss or damage to property that was caused by your charity:

- not doing something it should have done
- behaving in an unacceptable way.

Usually, public liability insurance covers claims made by anybody (except employees) who comes into contact with your charity.

## **Buildings insurance**

If your charity rents or owns a building, you'll need buildings insurance to cover the cost of damage caused by fire and 'other perils'. Other perils means things like:

- storms
- flooding
- burst pipes
- accidents
- deliberate acts (such as graffiti).

## **Consequential loss insurance**

Consequential loss insurance covers you for extra expenses and lost income when something else you're insured for happens.

For example, it will cover:

- the cost of renting somewhere for your staff to work if your office is damaged and has to be rebuilt
- the income your charity loses if you have to suspend fee-paying activities, such as education courses.

## **Charity Trustee indemnity insurance**

Charity trustee indemnity insurance protects you from having to use your own money to settle claims made against you as a charity trustee. Your charity may pay for this insurance policy.

If you are responsible for a breach of trust, indemnity insurance will protect you unless:

- you have been found to be legally responsible (liable) for the **breach of trust**

- you did anything that you knew (or should have known) was not in the charity's best interests.

You cannot be held personally responsible (liable) if you acted honestly and in the interests of the charity.

## Other types of insurance

Your charity may also need:

- contents insurance
- legal expenses insurance
- travel insurance
- professional indemnity insurance.

This is not a full list. If you need more information about the options available for your charity, you should get professional advice.

## Reporting serious incidents

Given the sort of work charities do and the challenging environments they work in, **serious incidents** can happen.

A serious incident is something that could lead to:

- the charity losing a large amount of money or **assets**
- damage to the charity's property
- negative consequences for the charity's work, the people it helps, or its reputation.

A serious incident can be something that has actually happened or something that someone claims has happened.

We expect all charities, whatever their size or income, to report serious incidents to us.

- you must give full, honest information when you report an incident
- when you send us your **annual monitoring return**, you must state whether you have brought all serious incidents to our attention.

Our [Serious incident reporting](#) guide:

- gives you examples of incidents you must report to us and
- explains how to report them to us and to other relevant authorities.

To report a serious incident charity trustees, or someone acting on their behalf can use the [Concerns Form](#) on our website. This form can also be used by volunteers and members of the public to report a concern about a charity to the Commission. For example, about poor management or governance at a charity. The concerns form will guide you to the relevant sections for the type of concern you're raising. It will also prompt you on what information to send us as evidence.

## **Serious incidents and safeguarding issues**

Safeguarding means protecting someone's health, wellbeing and human rights; enabling them to live free from **harm**, abuse and neglect. If a **serious incident** involves a safeguarding issue (or it could lead to one), you must follow the relevant safeguarding law and regulations as well as your charity's own safeguarding policies and processes.

It's important that you:

- tell us that an incident has happened
- tell us what (if anything) you have done to deal with it (for example, whether you have done an internal investigation, contacted your local Health and Social Care Trust [Gateway team](#) or reported the incident to the Police Service of Northern Ireland)
- assure us that, if needed, you are improving your charity's governance and controls to protect the charity and those it helps from any further harm.

For information on other reporting to us, see Part 4: [Finance, Fundraising, updating and reporting](#).

## Support and resources

Resource	What it is
Helper groups	<p>Helper groups can support you with:</p> <ul style="list-style-type: none"> <li>• registering your charity</li> <li>• annual reporting</li> <li>• other aspects of managing your charity.</li> </ul> <p>Helper groups are organisations that have volunteered to provide this support. Follow the link to see the support each organisation can offer, who they work with, and how to contact them.</p>
Serious incident reporting: a guide for charity trustees	Use the <i>Serious incident reporting guide</i> to help you identify what to report to us, and when.
Code of good governance	The Code of Good Governance was created by a group of charities. The DIY Committee Guide can help you put the Code of Good Governance into practice in your charity.
Code of Fundraising Practice  Code Advice Service  Fundraising at a glance	<p>The Code of Fundraising Practice sets out standards for charity fundraising in the UK.</p> <p>Use the Code Advice Service to ask the Fundraising Regulator questions about the Code of Fundraising Practice and how it applies to your fundraising activity.</p> <p>Read our <i>Fundraising at a glance</i> guide and find more detailed guidance on fundraising.</p>
Cyber security: Presentation  Cyber security: Small charity guide	<p>Cyber security is important for protecting your charity and the information it holds. Follow the links for guidance on:</p> <ul style="list-style-type: none"> <li>• protecting devices (for example, tablets, smartphones and laptops)</li> <li>• preventing unauthorised access to data (on those devices and online).</li> </ul>

## Appendix 1: Key terms

**Annual monitoring return:** This is the online form that registered charities must complete every year to report on their activities that year. It is also known as the annual return.

**Annual report:** This is a full report on your charity's performance during the year, including its finances. It is also known as the trustees' annual report.

**Asset:** An asset is something of value that your charity owns. Assets can include cash, investments, land, buildings, stocks and shares, patents, copyrights, trademarks and licences, among other things.

**Breach of trust:** This is when a charity trustee does not fulfil their duties and acts outside of the charity's governing document. Charity trustees are equally responsible (liable) for any breach of trust to their beneficiaries where the breach results in a loss.

**Charitable company:** This is a charity that is registered under the Companies Act 2006 (or earlier company law) and is registered with Companies House. It is a type of legal structure for a charity.

**Charitable trust:** This is a charity where the charity trustees hold property on the charity's behalf for the benefit of the public. It is a type of legal structure for a charity.

**Charities Act:** The Charities Act (Northern Ireland) 2008 as amended by the Charities Act (NI) 2013 and the Charities Act (NI) 2022. This is the main law that defines what a charity is and how charities are regulated.

**Charity trustees:** These are the people who are legally responsible for controlling and managing how your charity is run.

**Conflict of interest:** A situation in which a charity trustee's personal financial interest may, or may appear to, influence the decisions made by the charity trustees.

**Good governance:** Good governance means making sure the charity is well managed, keeps to charity law and keeps to any other regulations that apply. Good governance is key to the success of any charity.

**Governing document:** This is a formal document that sets out your charity's purposes and, usually, how the charity will be run. It may be a trust deed, a constitution, a memorandum and articles of association, a conveyance, a will, a Royal Charter, or a Scheme of the Commission.

**Harm:** Harm is caused when something your charity does has negative consequences for someone or something. It can be physical, mental, environmental or social.

**Liability:** A liability is something that you or your charity are legally responsible for paying for – for example, loans and overdrafts.

**Purposes:** A charity's purposes are what the charity is set up to achieve. They are usually set out in the charity's governing document. Some charities call their purposes 'objectives', 'goals' or 'aims'.

**Quorum:** This is the number of charity trustees who must be present at a meeting for legally binding decisions to be made.

**Serious incident:** A serious incident is something that could lead to:

- The charity losing a large amount of money or assets
- Damage to the charity's property or
- Negative consequences for the charity's work, the people it helps, or its reputation.

## **Unincorporated association**

This is a group of individuals operating for a common purpose for the benefit of its users. Its governing document is usually a constitution or a set of rules. It is not incorporated, so it cannot enter into contracts or own property in its own right and individual members are personally responsible (liable) for any debts and contractual obligations.

You can find definitions of other useful terms in the main glossary on the [Registration support](#) page of our website.

## More information

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