

# Trustee Toolkit

Guidance on effective Board composition and governance

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The Duke of Edinburgh's International Award Foundation

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## Version control

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1.0	07/01/2022	PD	

## Relevant Policies

1. Operational Guidelines
2. Code of Conduct
3. Evaluation and Reporting Requirements Policy

# Contents

<b>Chapter 1: Introduction .....</b>	<b>3</b>
<b>Chapter 2: Why does a Board exist? .....</b>	<b>4</b>
<b>Chapter 3: Governance and the Board.....</b>	<b>5</b>
<b>Chapter 4: Recruiting Trustees .....</b>	<b>7</b>
<b>Chapter 5: Roles of the Board .....</b>	<b>9</b>
<b>Chapter 6: Board Meetings .....</b>	<b>10</b>
<b>Chapter 7: Sub-Committees.....</b>	<b>12</b>
<b>Chapter 8: Conflict of Interest.....</b>	<b>13</b>
<b>Chapter 9: Code of Conduct.....</b>	<b>15</b>
<b>Chapter 10: Evaluating a Board.....</b>	<b>15</b>
<b>Chapter 11: Managing Finances.....</b>	<b>17</b>
<b>Chapter 12: Appendix.....</b>	<b>19</b>

# Chapter 1: Introduction

## 1.1 What is the purpose of this toolkit?

The aim of this toolkit is to provide guidance and suggestions to National Award Operators (NAO) to strengthen their Board set-up and governance structures.

The toolkit offers the following:

- Guidance on key elements of governance.
- Suggestions of what NAOs should do to comply with their licensing requirements.
- Suggestions of what framework NAOs can use to assist in the development of sound operating practices.
- Definitions of possible role profiles for the Board to help Board members discharge their duties.

## 1.2 Who is the toolkit aimed at?

- Trustees
- Chairs
- Staff who work with trustees
- Advisers, trainers and development workers who advise or assist boards

## 1.3 How to use the toolkit

- Each chapter provides fundamental knowledge and tools to commence internal discussions within a NAO about areas of a Board that require strengthening.
- It can also be utilised after a licence review where there are actions set out by the Foundation surrounding the Board and provides further information and guidance on next steps.
- Use the Appendix page to access different resources available to the NAO that support the information provided in each Chapter of this toolkit. The Appendix contains links to useful templates and resources that can form the basis of internal meetings and kick-start the process of developing new processes and procedures.

# Chapter 2: Why does a Board exist?

## 2.1 What is a Board?

A Board is a group of volunteers from diverse backgrounds who seek to improve and grow the NAO. They are responsible for fulfilling the purpose, strategy and mission of the NAO. Whilst most Boards are selected on a voluntary basis, some (particularly those that are funded by the Government), may have Board members that either enjoy a 'sitting allowance' or directly employed by the Government.

## 2.2 Why does a Board exist?

Boards are required to help define, manage, and enforce guidelines and work to uphold the governance structures set out in a NAO's founding documents. The Board exists to:

- Carry out its purposes for the benefit of young people
- Ensure compliance with NAO's governing documents and the law
- Act in a NAO's best interests
- Manage the NAO's resources responsibly
- Act with reasonable care and skill
- Ensure a NAO is held accountable

## 2.3 Areas a Board should be focused on:

The Board may have a broad array of focus areas as part of its functions. These include the following:

- **Vision** - what the NAO wants to be or how it wants the world to be. It is a long-term view looking at the future, illustrated through the development of a strategy.
- **Mission** - why the NAO exists and what it does to achieve its vision, contained in its governance framework including its founding documents and licence agreement.
- **Values** - beliefs that are shared with and followed by the stakeholders of the NAO and drive the NAO's culture and priorities, providing a framework for decisions made by stakeholders.

**Reviews** – of the NAO's strategy and management of its policies and issues surrounding safeguarding, finance and growth.

# Chapter 3: Governance and the Board

***Licence Requirement: The standard in the NAO's licence that requires it to have clear governance structures (including requirements of a Board) is in clause 2.1.***

## 3.1 What is a Governance Structure?

The NAO will operate under a governance framework which will consist of several further governance structures, some of which are mandated in a NAO's licence agreement (as per clause 2) and some of which are defined or further defined in founding documents. This governance framework along with the NAO's strategy should work towards improving the quality and growth of the Award.

Founding documents underpin some of the governance structures of a NAO. These founding documents *must* conform with the following Foundation documents: Fundamental Principles, Operational Principles and Code of Practice available [here](#); and International Award Association Memorandum of Understanding available [here](#).

Examples of a NAO's founding documents are as follows:

- Memorandum/Articles of Association
- Full Constitution
- Trust Deed
- Government Ministry Directive.

## 3.2 Global Strategy and National Strategy

The quality of the Award's delivery around the world is critically linked to achieving the International Award Association (IAA) Global Strategy. To achieve growth, all NAOs within the Association will need to prioritise improving access to the Award for new and diverse groups of young people, overcoming barriers to participation; increasing the social infrastructure and geographic reach of the Award; and improving the impact and quality of the Award's delivery. In this regard, the Board plays a crucial role in guiding the direction of the NAO towards the goals detailed in the IAA Global Strategy. Details on the IAA Global Strategy can be found [here](#).

A Board needs to put in place a national strategy that incorporates the aims within the IAA Global Strategy. How the Board implements these aims at national and organisational level is at the discretion of the Board and the executive team of the NAO.

## 3.3. Ethos of the Award

It is vital to keep in mind the ethos of the Award as expressed by The Founder: His Royal Highness The Duke of Edinburgh KG, KT, 1921-2021:

“The very flexibility of the Award means that its success depends on the understanding of its general principles. It is not an automatic, bureaucratic system capable of being checked and the conditions enforced. It can only work if the Award NAOs have complete trust in the leaders, trainers, instructors and assessors to operate the Award in such a way as to achieve the purposes for which it was designed.”

It is the Board who bring their wealth of experience and expertise, coupled with their understanding of the Award’s principles, that drives the NAO to success through fulfilling the ethos of the Award. A strong Board results in robust governance structures which combined with dedicated NAO staff, volunteers and sub-licensed Award Centres will result in a NAO’s success.

# Chapter 4: Recruiting a Board

***Licence requirement: The standard in the NAO's licence that requires it to recruit appropriate eligible Board members is in clause 2.1.1.***

## 4.1 Why is a Board member recruited?

The Board will identify the need for new Board members due to resignations, retirements/end of tenure, death or need for specific skills.

## 4.2 What should be considered during recruitment?

It is important to ensure an individual is allowed to be a Board member. Some things a NAO should think about during recruitment are as follows:

- Skills and experience of the candidate
- Conflicts of interest (covered further in Chapter 8)
- Whether candidates are interested in the NAO's work and would be willing to give their time to help run it.
- Any age restrictions.
- Whether candidates can serve for the full appointment term (if applicable).
- Any legal requirements.

### 4.2.1 What do the NAO's founding documents say about recruitment?

It is important to take into consideration guidance in a NAO's founding documents relating to recruitment, which may include the following information:

- Who can appoints new members
- When, and how members can be appointed
- Any conditions imposed on members
- How long appointments last and whether a member can be re-appointed
- How members can be resigned or removed

If there are no specific provisions within a NAO's founding documents, a NAO must ensure it is complying with relevant legal provisions.

## 4.3 Formal Vetting

Candidates should be asked to consider and declare any existing or potential conflicts of interest so these can be managed accordingly. Candidates must sign a register of interest and must additionally adhere to a code of conduct as per 2.1.4 of their licence agreement (for more information please refer to the toolkit section on Managing Conflicts of Interest). Although some NAOs have a register of interest form that Board members are required to sign, others may just have a letter or a conversation regarding the conflict of interest, which also demonstrates compliance. It is important to note that



there must be a process in place whereby Board members have the opportunity to declare any conflicts of interest, which must be managed appropriately.

At this stage the Board members may be asked to:

- Read and become familiar with the NAO's founding documents, the role they are going to fulfil and the expectations that come with the role, to enable them to carry out their duties (how this is done is at the discretion of the NAO).
- Read a letter drafted by the NAO setting out the duties and expectations of the prospect Board member together with a request to sign and return a copy of the letter. *Note: The letter may be from the National Director or staff members that write to prospect Board members.*

An information pack about the NAO may be sent to each new Board member and a full induction process arranged. All relevant parties should be notified of the new appointment(s).

## 4.4 How a Board member could be recruited

### 4.4.1 Open Recruitment

Skills required may be listed in a short job description and person specification (the 'Role Profiles' document in Chapter 11 provides a comprehensive person specification example list). Some NAOs (especially Government Ministries) may have a pre-existing list of individuals they reach out to via invitation. Others may open the role to the public via an expression of interest form that is advertised in the press. Another recruitment method is to invite representatives to be elected from different types of influential organisations to sit on the Board, which Board members may already be acquainted with.

Short-listing or interviews may take place against agreed criteria. Interviews may be carried out by a small panel of Board members and each candidate should be asked similar questions to ensure a fair and objective approach.

### 4.4.2 Voluntary Basis

Some NAOs may opt not to conduct interviews when searching for new Board members as positions may be filled on a voluntary basis by individuals already known to the Operator. Nonetheless, an Individual fulfilling the role of a Board member must have suitable experience and expertise to drive the NAO's strategy.

# Chapter 5: Roles of a Board

***Licence Requirement: The standard in the NAO's licence that requires the Board to be familiar with the laws and the legal framework within which the NAO functions is in clause 2.1.3.***

## 5.1 What Responsibilities may the Board have?

The Board may develop processes and tasks that cover for example:

- The recruitment and employment of the National Director (or equivalent).
- Review of performance of the National Director.
- Support the development, review and sign-off of policies such as Safeguarding and Serious Incident Reporting.
- The creation and implementation of (or the support in implementing of) a clear set of objectives.
- Formation of a suitable strategy.
- Setting out, monitoring and ensuring compliance with legal and financial obligations.
- Custodians of the NAO's Licence.

### 5.1.1 How does the Board keep the NAO accountable?

The Board is also responsible for ensuring a NAO is held accountable in the following ways:

- Demonstrating a NAO is complying with the law.
- Ensuring staff and volunteers deliver results where responsibility for specific tasks and decisions are delegated to them.
- Helping the National Director create an environment where there is unity and where all stakeholders and the NAO can excel.

## 5.2 Procedures a Board may be responsible for developing

The Board may develop or help with the development of fair, sound, comprehensive and legally compliant personnel procedures that protect the NAO, and cover for example:

- recruitment and retention of staff
- support for staff
- appraisals
- remuneration and rewards
- discipline

***The Board should recognise, define, and respect the domain of staff responsibilities. At the same time, it should develop procedures which guide the activities of staff and safeguard the interests of the NAO familiarising itself with all relevant legal requirements.***

# Chapter 6: Board Meetings

## 6.1 What is the purpose of a Board meeting?

During meetings the Board should work together cohesively to develop a long-term strategy to help the NAO achieve its goals and operate within its values. This strategy should subsequently be reviewed in line with the NAO's performance to ensure it is on target. Meeting agendas should reflect key points of the NAO's strategy and approach to help keep it on track. The Board should also develop, review and sign-off policies and procedures during these meetings, which govern the activities of the NAO.

These policies and procedures may include:

- Guidance and support for staff
- Systems for reporting and monitoring performance of the Board and staff
- A robust framework that provides clear guidance to the NAO's Board, Staff and Award Centres and volunteers
- Protocols for the conduct of the Board.

## 6.2 Other topics the Board may discuss

### 6.2.1 To think of ways to finance the activities of the NAO ensuring continued financial sustainability

For example:

- Recruiting new World Fellows/Benefactors
- Attracting other supporters
- Holding profitable events that promote the Award and raise money
- Persuading corporate donors to sponsor and support the organisation
- Seeking in kind donations from suppliers of goods and services used by the organisation.
- Reviewing and approving NAO's budget (to determine how it is doing with regards to its income and expenditure).

*Note:*

*The Board should ensure all donors and supporters are qualified and suitable to be associated with the NAO through vetting. The Board is responsible for ensuring compliance with all relevant money laundering rules.*

*Raising funds is more commonly applicable to NAOs established as an NGO or Foundation and may not be prevalent among NAOs such as Government Ministries or Social Enterprises, which may have limited to no fundraising activities due to main funding being provided from other sources.*

### **6.2.2 To identify potential risks and implement/develop appropriate interventions**

For example:

- The development and ongoing review of a risk management register covering all types of risks (outlined below) and how these risks can be mitigated.
- Appoint a main point of contact responsible for risk management at Board level.
- Creating an appropriate organisation structure, putting in place the right mix of skills and avoiding conflicts of interest.
- Operational risks such as equipping volunteers and participants to operate The Award programme, health & safety issues, recruitment & training policies, managing staff, charging for services provided to others (where appropriate), engaging with suitable donors and ensuring the security of any tangible and intangible assets, such as stakeholder data, computer software, Brand reputation.
- Financial risks such as raising sufficient funds (if applicable), ensuring the accuracy of financial information, creating adequate reserves for the Award and assessing the Award's dependency on limited sources of income
- External risks such as maintaining and strengthening the reputation of The Award, keeping up to date with changes to demographic trends for potential participants, understanding the economic climate and complying with government policy changes.

### **6.2.3 To discuss how the Board is going to monitor the NAO's progress against the NAO's strategy and strategic aims/goals.**

For example:

- Surveys and Questionnaires
- Qualitative Research
- Quantitative Research

# Chapter 7: Sub-Committees

*Licence Requirement: The standard in the NAO's licence that requires it to have an appropriate committee structure for the size and type of organisation is in clause 2.1.3.*

## 7.1 What is a Sub-Committee?

Some NAOs may create sub-committees that consist of small groups of Board members focused on specific growth and development areas that report their activities back to the main Board. The sub-committee may have a chairperson to convene its meetings and manage the performance of the committee.

It is imperative that the Board has oversight of all sub-committee activities. There should also be processes in place for regular updates to be provided to the Board, whether that be in the form of Board meetings, or an alternative agreed internal process.

## 7.2 Types of Sub-Committees

The NAO is responsible for ensuring it has the appropriate sub-committees and structures in place to fulfil its strategic goals. Sub-committees vary depending on the NAO's size and structure. Some examples of sub-committees and their functions are as follows:

- **Audit Committee:** Oversight of financial reporting and disclosure.
- **Remuneration Committee:** Ensures remuneration arrangements support the strategic aims of the organisation and enable the recruitment and retention of NAO staff while complying with the requirements of in-country regulations.
- **Operations Committee:** Responsible for reviewing, guiding, and overseeing operations of the NAO as well as ensuring the outputs meet the goals defined in its business plan.
- **Development Committee:** Oversee the fundraising strategy and ensures appropriate and sufficient income streams are generated in line with the business plan.
- **Safeguarding Committee:** Ensures the practices and behaviours of all adults delivering the Award at a NAO, especially when it comes to ensuring the welfare of children, young people and vulnerable adults associated with the Award, are set out and being met and are consistent with and reflecting all relevant national and international legislation.
- **Risk Committee:** Ensures risks faced by a NAO are appropriately documented to increase awareness and actions are understood.

*Note: The Board's role could be a trickle up approach where staff and/or the National Director highlight issues that occur on the ground that are then raised to the Board to address. Alternatively, the Board may have sub-committees and address issues within these, which are then implemented on the ground.*

# Chapter 8: Conflict of Interest

***Licence Requirement: The standard in the NAO's licence that requires Board members to sign a register of interests and adhere to a code of conduct is in clause 2.1.4.***

## 8.1 What is Conflict of Interest?

A conflict of interest may occur in a situation where a Board member's personal interests, such as their family, friendships, financial, or social ties may impact their judgment or actions within the NAO.

## 8.2 Why should a Conflict of Interest be Declared?

### 8.2.1 Board member could gain a direct financial benefit

This could be through a payment made to a Board member or a company with which a Board member is financially associated, but for the avoidance of doubt reimbursing a Board member for actual expenses incurred on behalf of the NAO does not constitute a conflict of interest.

### 8.2.2 Board member could gain an indirect financial benefit

This could be if a spouse or close relative of a Board member is employed by the NAO, or its subsidiary trading company and the arrangement might increase the Board member's household income.

### 8.2.3 Board member's activities could conflict with loyalty to another organisation/person

This could be if a Board member is employed by a subsidiary company of the NAO this could affect the way in which the subsidiary organisation operates and therefore might possibly be to the Board member's advantage.

## 8.3 What is a Register of Interests?

A register of interests is a document where Board members can declare any situation in which their personal interests or loyalties might influence or affect the way in which they make a decision, in other words to declare any kind of conflict of interest described in 8.1. A NAO will need to implement this to identify and manage the conflicts of interest outlined above. Where a Board member declares he or she has a conflict of interest and then withdraws from a Board meeting there must still be a quorum for the Board to continue the discussion.

A conflict of interest would reflect upon the integrity of the Board member if not declared to the Board and managed appropriately.

## 8.4 Best practice to manage any conflicts of interest

Examples of suggested best practice to manage any conflicts of interest are as follows:

- Clear processes in place for managing conflicts of interest once declared.
- Implementation of the re-signing of a register of interests for existing Board members.
- Clear messaging when recruiting new Board members regarding what constitutes a conflict of interest and follow the appropriate processes (outlined above) regarding the register of interest.
- Manage conflicts of interest avoiding the situation in the first place and in every case.
- Conflicts of interest should be documented in the minutes of the relevant Board meeting by stating the nature of the conflict, name of the conflicted Board member, outline of the discussion held, details of any decisions made and the period.
- Where a conflict cannot be avoided all benefits received by the conflicted Board member or Board members must be lawful within the country in which the NAO operates.

# Chapter 9: Code of Conduct

***Licence Requirement: The standard in the NAO's licence that requires it to have a Code of Conduct is in clause 2.1.4.***

## 9.1 What is a Code of Conduct?

The purpose of a Code of Conduct is to set out the practices and behaviour expected of Board members within the NAO, which may include areas relating to the welfare of children, young people and vulnerable adults associated with the Award delivery at the NAO.

The NAO must develop a Code of Conduct in line with the Foundation's Code of Conduct and all Board members must ensure they have signed this Code of Conduct ideally on a three-year basis, or have a re-signing process implemented to acknowledge this.

A 'Board member Code of Conduct' template is available to help demonstrate compliance in Chapter 11 of this document.

*Note: the NAO may have a Code of Conduct incorporated into a welcome pack or letter and this does not have to be a separate document entirely.*



# Chapter 10: Evaluation of the Board

***Licence Requirement: The standard in the NAO's licence that requires it to effectively assess the relationship and performance of the NAO and its Senior Management Team is in clause 2.1.5.***

## 10.1 How does a Board evaluate its performance?

Members of the Board should review and evaluate themselves in their collective and individual performances, it is recommended annually, to help them improve how they work.

Board evaluations may be classified as self-evaluations or external evaluations. They can be done through a standard questionnaire and/or through one-on-one interviews. It may also involve seeking assessment input from stakeholders (such as shareholders) through questionnaires and/or one on-one interviews. It is of great importance that trust is established in the credibility and confidentiality of the process of Board evaluations.

A suggested way the Board can evaluate its performance is through a Board questionnaire. A 'Board Member Questionnaire and Performance Evaluation' template is available in Chapter 11 of this document, which is a tool Board members can utilise to assist with this process.

## 10.2 What are the reasons why a Board Evaluation Tool is used?

The main reasons a Board Evaluation tool is used are as follows:

- to identify the areas of Board performance that are strongest/need improvement.
- to identify priority areas for the Board to focus on over the next 1 or 2 years.
- to allow different views to emerge.

*A Board Evaluation Tool can be provided to each NAO upon request from your dedicated account management team.*

# Chapter 11: Managing Finances

**Licence Requirement:** *The standard in the NAO's licence that requires it to comply with financial obligations is in clause 8. The standard in the NAO's licence that requires it be financially sustainable is in Clause 9.*

## 11.1 What responsibilities does a Board have regarding financial management?

The responsibility for overseeing a NAO's income and expenditure lies with the Board. A NAO's founding documents and policies should provide a guideline to the Board on how money should be spent.

Some key questions a Board should ask during discussions about the NAO's finances are as follows:

- Is the money kept safe and securely?
- Is expenditure recorded appropriately?
- Is the money exclusively spent on matters concerning the NAO?
- Is the money at risk of theft, fraud or cyber-crime?

The Board must ensure procedures and safeguards are in place to manage a NAO's finances. It should also take reasonable steps to ensure that these procedures and safeguards are implemented successfully. Some examples of how this can be done are provided below.

### 11.1.1 Identifying risk

Familiarising itself with all relevant legislation and regulations relating to financial management, accounting and auditing will help a Board easily identify and manage risk effectively.

Some examples of ways risk can be managed and recorded are as follows:

- A financial control checklist may be developed with questions intended to help the Board assess the NAO's operation against all relevant legislation and regulations relating to financial management, accounting and auditing.
- A risk management register may be developed that includes a description of the risk, controls put in place to mitigate the risk, a rating of the risk and who is responsible for monitoring the risk.

It is recommended that the risks identified are reviewed regularly to protect the NAO.

### 11.1.2 Setting a budget

A Board should help to develop a budget for the NAO and ensure it is being adhered to. Some key questions a Board should ask when developing a budget are as follows:

- How much money does the NAO have?

- Are there any plans for more money to be generated?
- How much does the NAO plan to spend annually?

Having an approved income and expenditure budget for each year as well as a high-level income and expenditure budget forecast to cover a three-year cycle will help the Board identify and manage risks quickly.

### 11.1.3 Planning ways to generate income

There are several ways a Board can generate income for a NAO. It is imperative for a Board to develop a plan for a sustainable and diverse funding model. This may include (but not limited to):

- Fundraising
- Selling goods and services
- Investments
- Donations
- Event income
- Sponsorship
- Income generation

*Note: the above examples are dependent on the type of NAO. If the NAO is a Government Ministry or Social Enterprise, then there is little to no fund-raising activities due to main funding being provided from other sources. It is important to ensure a Board is aware of rules in place for generating funds in different ways and it is complying with them.*

A Board must develop a reserves policy that involves having a reserve of unspent income to ensure financial stability. The Board should ensure the NAO adheres to this reserves policy or that it can justify it if it does not. Typically, a NAO's annual report should explain the reserves policy and outline how much money (if any) the NAO has kept in reserve, what it is for and when the NAO uses it.

### 11.1.4 Keeping accurate financial records

A Board must ensure accurate records are kept showing a NAO's income and expenditure. Financial records of income and expenditure should show the following as a minimum:

- Details of how much money is received by a NAO.
- Details of how much money is spent by a NAO.
- Details of a NAO's assets and liabilities.

These records are used to prepare accounts, which a Board must approve.

# Chapter 12: Appendix

## 12.1 Useful Templates

The following templates can aid NAOs to demonstrate compliance:

- Board Member Code of Conduct Template available [here](#)
- Board Member Questionnaire and Performance Evaluation Tool Template available [here](#)
- NAO Role Profiles Template available [here](#)

## 12.2 Other Resources

### 12.2.1 Modules

- The Safeguarding Environment Module – available in English & French
- NAO Licence Review Module
- Risk Register Module

The modules listed above are all available on the Foundation's Award Community [here](#). If you do not have an account on the Award Community, please let your Operations Manager know who will be able to help you to create one.

### 12.2.2 Other Resources

Other resources that support this toolkit can be found as follows:

- the Foundation's 'Policies and Resources' on its website [here](#).
- the Foundation's Award Community with a range of courses [here](#)