



April 2019

## **Corporate Governance for Community Employment (CE) and Job Initiative (JI) Sponsors**

***Note:***

***This is a guide designed to assist Sponsors in the management and administration of their project.***

***Sponsors should consult with professional advisors and/or relevant Government Agencies and Departments where clarification is required on technical and legal matters.***

### **What is Corporate Governance?**

“Corporate governance can be described as the brain as well as the nervous system of an organisation, which, when working well, provides

- clear direction,
- anticipation of danger,
- communication,
- movement and action,

all the while transmitting and receiving information to enable remedial action and changes of course” – **Corporate Governance, Improvement and Trust in Local Public Services, Audit Commission, 2003.**

Corporate Governance is the system by which companies, including not-for-profit companies and charities, are directed and controlled.

### **Corporate Governance and community, voluntary and other non-profit organisations.**

Corporate governance is especially important for community, voluntary and other non-profit organisations.

The term ‘Corporate Governance’ refers to the rules, processes and laws by which businesses are operated and regulated.

This equally holds true for not-for-profit organisations.

However, in the community and voluntary sector, corporate governance has a further important function:

***To ensure that an organisation (“group”) adheres to its purpose and serves the communities/individuals which it was set up to serve.***

Your governing body whether it is called a management committee or board of directors is responsible for ensuring that your organisation:

- delivers its objectives,
- is well managed and
- serves its beneficiaries.

It is responsible for ensuring that:

- monies are appropriately spent and accounted for,
- staff are properly employed, remunerated and work within the law.

The board is responsible for directing and providing stewardship to the company.

Depending on the legal status and custom of the company, they may be called, for example, 'Management Committee Members', 'Directors' or 'Trustees'.

Regardless of their title, the people involved in the organisation must be clear about the duties and liabilities associated with their governance role.

### **Information on Corporate Governance**

There is a range of up to date information covering the full range of Corporate Governance along with Company Law which regulates how companies should be structured, governed and managed.

This information covers:

1. Corporate Governance;
2. Legal Structures and Status;
3. Charitable Status
4. Companies Limited by Guarantee not having a Share Capital – Setting Up;
5. The Board of Directors
6. Operation of the Board;
7. Legislation regarding Directors.

Supporting these legal and voluntary rules are a number of regulatory state agencies each charged with particular enforcement powers.

These agencies, with their web addresses, are:

Office of the Director of Corporate Enforcement @ [www.odce.ie](http://www.odce.ie)

*Directors, Their Duties and Powers* [here](#)

*Companies, Their Duties and Powers* [here](#)

Companies Registration Office @ [www.cro.ie](http://www.cro.ie)

*Setting up a Company* [here](#)

Charities Regulator @ [www.charitiesregulator.ie](http://www.charitiesregulator.ie)

*Guidance for Charities* [here](#)

Irish Auditing and Accounting Supervisory Authority @ [www.iaasa.ie](http://www.iaasa.ie)

Competition and Consumer Protection Commission Authority @ [www.cpc.ie](http://www.cpc.ie) and

Irish Stock Exchange @ [www.ise.ie](http://www.ise.ie).

**Department of Public Expenditure and Reform (DPER) Circular 13/2014 and DEASP requirements.**

As a Community Employment (CE) sponsoring organisation, your company receives an annual contract from this Department to fund the employment of both CE participants and supervisors, and funding towards training and material costs. Grant aid is provided by the Department to cover these costs on a per capita basis.

DPER Circular 13/2014 sets out the reporting requirements to be followed by grantors and grantees in the management of grant funding provided from public money. According to the Circular, which is available through the CE document link on WelfarePartners, grantees are required to submit their audited financial statements to the grantor without delay after the end of the financial year.

Grantees must report, inter alia, in their financial statements:

1. Name of Grantor.
2. Name of Grant.
3. Purpose of Grant.
4. How the Grant is accounted for.
5. The amount of money provided and the conditions/milestones being used in relation to current and future instalments. Grantees should also provide an undertaking that the State's investment is protected and will not be used as security for any other activity without prior consultation with the parent Department and sanction of DPER.
6. In a table accompanying the report, the number of employees whose total employee benefits (excluding employer pension costs) for the reporting period fell within each band of €10,000 from €60,000 upwards and an overall figure for total employer pension contributions. (This applies even if salaries are not being funded by the Exchequer).
7. Whether and how the use of the grant is restricted (i.e. is it for a particular project, or for the delivery of a service).
8. Whether compliant with relevant Circulars, including Circular 44/2006 "Tax Clearance Procedures Grants, Subsidies and Similar Type Payments" available [here](#).

In this regard, the Department requires that each CE Sponsor files full accounts with the Companies Registration Office (CRO) to include all of the above, and also to include a line item for each source of funding received, broken down by the funder and the scheme.

The full text of DPER Circular 13/2014 is [here](#).

### **Other Relevant Legislation**

Other relevant legislation for CE and JI Companies include:

Employment Law

*Overview of Employment Law [here](#)*

Employment Equality Law

*Overview of Employment Equality Law [here](#)*

GDPR and Data Protection Legislation

*Overview of GDPR [here](#)*

*Overview of Data Protection rights [here](#)*

Freedom of Information

*Overview of Freedom of Information [here](#)*

Health and Safety Legislation

*Legislation and Health and Safety Codes of Practise [here](#)*

Queries in relation to Corporate Governance should be addressed to the relevant authorities, as outlined above, in the first instance.

CE Policy Unit

CEPolicy@welfare.ie