

# NHF 2010 Governance Code: compliance checklist

The code of governance	Compliance (Y/N) Comments:	Evidence:	Action needed:
This forms the main code of governance. Organisations are expected to provide an annual statement of compliance to the code and make a reasoned statement about any areas where they do not comply.			
<b>A Constitution and composition of the board</b>			
<b>Main principle</b>			
The board must be effective in leading and controlling the organisation and acting wholly in its best interest. Board members must ensure that the interests of the organisation are placed before any personal interests.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>Provisions</b>			
A1 The purpose of the board is to determine strategy, direct, control, scrutinise and evaluate an organisation's affairs. Operational management of the organisation must be delegated to the organisation's staff.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
			By whom:
			By date:
A2 All members of the board, executive and non-executive, share the same legal status and have equal responsibility for decisions taken that affect the success of the organisation. Each must act only in the interests of the organisation and not on behalf of any constituency or interest group.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:

Board members must ensure that the interests of the organisation are placed before any personal interests. This includes those board members that are nominated or elected from specific groups, such as local authority nominees and residents.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
A3 Non-executive board members must be in the majority at board meetings.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
A4 It is up to each organisation or group parent organisation to decide on the best board composition..	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
Board members who are executive staff must normally be in a clear minority	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
Boards should have at least five members and no more than twelve, including co-optees.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:

A5 The roles of chair (and vice chair or senior independent director, if there is one) of the board and main committees (see H1) must not be held by an executive.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
A6 Boards must consider any potential conflicts of interest and adopt appropriate policies.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
A7 Where conflicts of personal interest arise, these must either reflect:			
Charity law	Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
The Companies Act 2006 provisions – for conflicts (of interest, loyalty or duty) to be declared and managed	Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
Or conflicts should be recorded and the individual concerned excluded from the discussion or decision.	Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:

			By date:
<b>B Essential functions of the board</b>			
<b>Main principle</b>			
Each board must be clear about its duties and responsibilities. These must be set out and made available for all existing and potential board members.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>Provisions</b>			
B1 The essential functions of the board must be formally recorded in the organisation's constitutional documents, terms of reference, standing orders or financial regulations.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
B2 All boards must have a set of core responsibilities. These will include as a minimum:			
(i) setting and ensuring compliance with the values, vision, mission and strategic objectives of the organisation, ensuring its long-term success;	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
(ii) the appointment and if necessary the dismissal of the chief executive and approval of his or her salary, benefits and terms of employment;	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:

(iii) satisfying itself as to the integrity of financial information, approving each year's budget and business plan and annual accounts prior to publication;	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
(iv) establishing, overseeing and reviewing annually a framework of delegation and systems of internal control;	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
(v) establishing and overseeing a risk management framework in order to safeguard the assets of the organisation.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
B3 The board, through its terms of reference, must draw up a schedule of significant matters specifically reserved for the board's decision, which cannot be delegated to executive staff or committees.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
B4 The board of a parent organisation in a group structure must ultimately have the responsibility and the clear powers to direct the activities of its subsidiaries.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:

B5 Organisations in a group structure must acknowledge and accept the control of the main group board in the governance of the group.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>C Board induction and information</b>			
<b>Main principle</b>			
All board members must receive induction on joining the board and should regularly refresh and update skills.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
The board must be supplied in a timely manner with information in a form and quality appropriate to enable it to discharge its duties.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>Provisions</b>			
C1 All board members must receive a properly resourced induction and an ongoing training programme.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:

C2 Boards must receive the same up-to-date, clearly presented and accurate information to enable them to make decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>D Board recruitment, renewal and review</b>			
<b>Main principle</b>			
Recruitment to board vacancies must be open and transparent, based on merit and objective selection and assessment techniques. The board must undertake a formal and rigorous annual appraisal of its members and of the board as a whole.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>Provisions</b>			
D1 While the contribution of experienced board members is vital, boards also need new members who can provide an independent challenge to long-standing practices and thinking.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
Maximum terms of office must be agreed and, where practical and for the best interests of the organisation, should comply with current best practice.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:

To support board renewal, maximum terms of office must be two to three terms, with an overall maximum period of board service for non-executive board members of no more than nine years.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
D2 Where the organisation's constitution provides for one or more board members to be nominated or directly elected, the organisation must ensure that those coming forward bring skills and experience that are relevant to the needs of the board, and are fully aware in advance of the responsibilities that they will undertake.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
D3 The board must carry out an annual appraisal of its own performance and an annual appraisal of individual board members including the chair and, if appropriate, the vice chair and any executive who sits on the board.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
D4 If the organisation is paying board members, it must ensure that it has a mechanism for establishing payment levels that are independent of the board, possibly through a remuneration committee, an independent adviser or by using published guidance and industry norms.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
D5 Agreed payment levels must be proportionate to the organisation's size, complexity and resources.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:



D6 If the organisation is paying board members, payment must be linked to the carrying out of specified duties against which performance will be reviewed.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
D7 Any payment for non-executives must be fully disclosed on a named basis.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>E Responsibilities of the chair</b>			
<b>Main principle</b>			
Each board must be headed by a properly appointed and skilled chair who is aware of his or her duties as head of the board and the clear division of responsibilities between the board and the executive.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>Provision</b>			
E1 The chair has particular duties and responsibilities. These must be formally recorded.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:

F Conduct of the board's business			
<b>Main principle</b>			
The board must act effectively, making clear decisions based on timely and accurate information.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>Provision</b>			
F1 Boards and sub-committees must have clear terms of reference in order that their conduct is transparent, effective and in the interests of the organisation.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
F2 Board decisions should be, wherever possible, based on full agendas and documents circulated to members well in advance of meetings. Decisions and the main reasons for them should be recorded in the minutes.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
F3 Urgent decisions between board meetings must be taken in accordance with predetermined arrangements as set out in the organisation's constitution, standing orders, financial regulations or delegated authority.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:

G The chief executive			
Main principle			
There must be clear working arrangements between the board and the chief executive and clear delegation of authority.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
Provisions			
G1 The chief executive must be clear about the essential duties of the role and have clarity over his or her role, legal responsibilities, delegation of authority and relationship with the board. This applies whether or not the chief executive officer is a full member of the board or has responsibility for the company secretarial role.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
G2 Like all other employees, the chief executive must have a written and signed contract of employment. Periods of notice of more than six months should be exceptional and should be specifically approved by the board with the reasons for the decision clearly minuted.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
G3 The board must delegate to a committee responsibilities that include oversight of the appraisal of the chief executive and making a recommendation to the board on a remuneration package for the chief executive. The committee must not include any executive members of the board.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
G4 The chief executive's remuneration must be disclosed in the annual financial	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:

statements in accordance with the applicable Statement of Recommended Practice (SORP).	Comments:		By whom:
			By date:
<b>H Committees of the board</b>			
<b>Main principle</b>			
Committees of the board may be established where the board determines that they will provide expertise and enable it to scrutinise and deliver effective corporate governance and manage risk.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>Provisions</b>			
H1 Paid staff of an organisation must not chair the nominations, audit and remuneration committees, or form a majority of the membership of these committees.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
H2 The chair of the audit committee must not be the chair of the board or an executive member of the board.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
H3 Each committee must have clear terms of reference approved and reviewed by the	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:

board on a regular basis.	Comments:		By whom:
			By date:
<b>I Openness, transparency and accountability</b>			
<b>Main principle</b>			
Boards must provide leadership in operating in an open and transparent manner, having satisfactory dialogue with key stakeholders including tenants. Boards must demonstrate accountability to shareholders and other key stakeholders.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>Provisions</b>			
I1 The board must publish an annual report of the organisation's activities and performance.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
I2 The organisation must have in place a strategy for communicating information about its work to its shareholders and stakeholders.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
I3 The organisation should review its policies for admission to shareholding membership on a regular basis.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:

			By date:
<b>J. Diversity and inclusion</b>			
<b>Main principle</b>			
Boards must demonstrate leadership and commitment to equality, diversity and inclusion as outlined in the Equality Act 2010, across the organisation's activities.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>Provisions</b>			
J1 Boards must comply with current legislation.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
J2 Boards must provide leadership and clear strategies on how the organisation will meet the needs of diverse communities and the steps it will take, through lawful positive action, to ensure in so far as it is able that it can reflect these communities in its staffing and governance structures.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
J3 Boards must ensure that their organisations demonstrate, throughout all their functions, their commitment to the characteristics protected by the equalities	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:

legislation, and develop action plans to implement this commitment.			By date:
<b>K Audit and risk</b>			
<b>Main principle</b>			
The board must establish a formal and transparent arrangement for considering how the organisation ensures financial viability, maintains a sound system of internal controls, manages risk and maintains an appropriate relationship with external auditors.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>Provisions</b>			
K1 Every organisation must have effective internal controls.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
K2 The organisation's external auditors must be independent and effective.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
K3 Larger and medium-sized organisations should have an audit committee, or should ensure that the finance committee can discharge the functions of an audit committee adequately; other organisations should make effective arrangements for discharging the functions of an audit committee.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:

K4 The committee responsible for audit should meet regularly and its minutes must be available to all members of the board.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
The reasons for the decisions taken must be recorded in the minutes and presented to the board for endorsement.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
The committee must be able to meet with the external auditors without paid staff being present at least once a year.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
K5 The chair of the audit committee must not be the chair of the board or an executive member of the board.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
K6 The audit committee, or equivalent, must ensure that the board receives adequate financial and business management reports, in order to scrutinise performance of the organisation.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>L Conduct and probity</b>			
<b>Main principle</b>			



Organisations must maintain the highest standards of probity and conduct.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:
<b>Provisions</b>			
L1 Board membership entails a particular responsibility to avoid any suggestion of impropriety. Matters such as conflicts of interest, or acceptance of gifts or hospitality, are particularly sensitive. The required standards are set out in the Federation's Excellence in standards of conduct: code for members, which all board members must comply with (or explain areas of non-compliance).	Yes <input type="checkbox"/> No <input type="checkbox"/>	Evidence:	Action needed:
	Comments:		By whom:
			By date:

This table was prepared by consultancy Campbell Tickell for the National Housing Federation. See [www.campbelltickell.com](http://www.campbelltickell.com) for further information.  
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