GOVERNANCE THAT WORKS

Practical risk-thinking for charity directors

Association of Guernsey Charities



Sally Buckley
Senior Compliance Consultant
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What we will do today

1. Recognise good governance in action
2. Keep proportionate evidence without bureaucracy
3. Use risk-based thinking for real decisions
4. Start a useful risk register
5. Agree conscious, defensible risk decisions

Enough structure to support judgement.

Not so much structure that judgement stops.

Is good governance just extra paperwork?



It’s better decisions



The link between Risk and Governance?





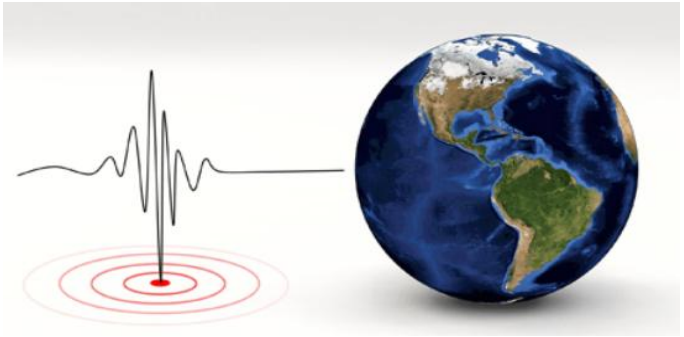












1. What does good governance look like?

Six practical characteristics your board should be able to see and evidence

Purpose

Decisions advance the charity's aims and public benefit.

People

Roles, skills, independence and conduct are clear.

Information

The board receives timely, relevant financial and operational information.

Decision

Alternatives, conflicts, risks and reasons are considered.

Control

Money, data, people and delivery are protected proportionately.

Learning

Performance, incidents and changing risks lead to action.

Governance is a bridge, not a barrier

It connects charitable purpose to accountable delivery



Mission first

Use governing documents and beneficiary need as the decision “north star”.

Clear authority

Know what the board takes responsibility for, what is delegated, and when escalation is needed.

Visible accountability

Record the decision, owner, action and review point in one place.

A board should be able to explain (and evidence) not only WHAT it decided, but WHY

2. Workable governance, not a paperwork exercise

Apply the minimum effective discipline

WORKABLE

- Agenda linked to purpose and key risks
- Short board pack with exceptions highlighted
- Conflicts declared at the point of decision
- Minutes capture challenge, rationale and action
- Policies limited to material activities and legal duties

PAPER-HEAVY

- A policy no one uses
- A risk register copied from another charity
- Minutes that only record “approved”
- Every decision routed through the full board
- Controls that cost more than the risk they address

Proportionate • Consistent • Used • Reviewable

3. What is risk-based thinking?

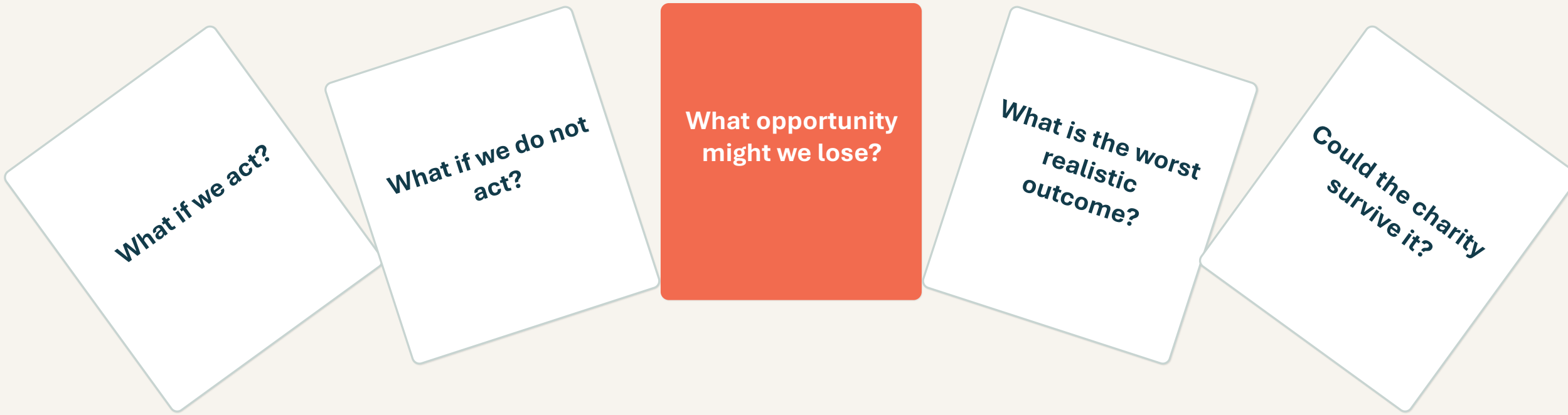
A way to focus attention where uncertainty could most affect your purpose

1. **Objective** — What are we trying to achieve?
2. **Uncertainty** — What could help or hinder it?
3. **Significance** — How likely and how serious?
4. **Response** — Accept, reduce, share or avoid?
5. **Review** — Who owns it and what changes our view?



Risk includes the risk of doing nothing

Good governance is taking informed risk, not eliminating all risk



Board challenge: identify both downside risk and the consequence of delay.

4. A draft risk register that earns its keep

One row should tell the complete decision story

Risk	Initial	Appetite	Controls	Residual	Action	Review
Event + cause + consequence	Likelihood × impact before controls	Target level the board is willing to accept	What already reduces likelihood or impact	Exposure after current controls	What, who and by when	Trigger or review frequency

DECISION TRAIL

Material risks
Add detail only where it improves a decision or control.

Worked example: loss of a major funding source

Risk statement	A grant supporting a material part of service delivery ends, causing a funding gap and service reduction
Initial assessment	Likelihood
Current controls	12-month notice; regular funder contact; reserves; monthly cash-flow forecast
Residual assessment	Likelihood
Decision and actions	Reduce: diversify income, stage contingency plan, set decision points, name an owner
Review trigger	Monthly until replacement funding is secured; immediate review if assumptions change

5. What do small charities need to do?

A proportionate governance baseline

Purpose

Current governing document; activities and restricted funds remain within purpose

People

Correct number of managing officials; key roles; fit and proper; conflicts managed.

Meetings

Regular oversight; annual meeting where required; actions and decisions recorded

Money

Budget, cash flow, two-person controls where practical, accounts and reserves oversight

Risk

Identify material risks; agree controls, owners and review triggers

Compliance

Know registration, validation, filing, change notification and activity-specific duties

Scale the process to the charity. Do not scale away accountability

6. How to make conscious risk decisions

Use the same short test whenever the board faces uncertainty



1. What are we trying to achieve?
2. What could go wrong, including doing nothing?
3. How likely and how serious is the outcome?
4. What information or controls would change the decision?
5. **Is the residual risk within our appetite?**
6. Who owns the action and when will we review?

Document the judgement, not every thought

A regulator, member or successor should be able to follow the rationale

MINIMUM USEFUL RECORD

- Decision made
- Purpose and expected benefit
- Material risks and alternatives
- Conflicts declared and managed
- Key information relied upon
- Controls, owner and review date

AVOID

- Unexplained “approved”
- False certainty from a score
- Copied boilerplate
- Personal or irrelevant detail
- A register with no owners
- Actions with no follow-up

Data protection and cyber crime: protect people, services and trust

Treat data and systems as operational assets, not just an IT issue

WHAT COULD GO WRONG?

Phishing and impersonation

Passwords, payments or sensitive records are obtained through a convincing message.

Loss or disclosure of data

Beneficiary, donor, volunteer or staff information reaches the wrong person.

System outage or ransomware

Email, files, finance or service-delivery systems become unavailable.

Weak access and suppliers

Old accounts, personal devices or third parties create an avoidable route in.

MINIMUM EFFECTIVE CONTROLS

Reduce the data

Collect only what is needed; retain it only as long as justified.

Secure access

Use unique passwords, multi-factor authentication and need-to-know permissions.

Keep systems recoverable

Apply updates, maintain secure backups and test that recovery works.

Prepare people and response

Train staff and volunteers; know who contains, records and reports an incident.

BOARD CHALLENGE: Who owns cyber and data risk, and when was recovery last tested?

Sources: ODPA guidance; Guernsey Cyber Security Centre; Association of Guernsey Charities.

Guernsey legal and regulatory touchpoints

Use this as a route map, then check the provisions that apply to your charity

Core framework	Charities etc. (Guernsey and Alderney) Ordinance, 2021 (consolidated).
Governance rules	Charities etc. (Amendments, Exemptions, Governance and Specified Amount) Regulations, 2022.
Registration and investigation	2008 Registration Law and 2008 Investigatory Powers Law, as amended.
Later amendments	2024 Regulations No. 23 and 2025 Regulations No. 73, including the economic-substance registration trigger.
Entity form	If incorporated, Companies (Guernsey) Law, 2008 also governs the company and its directors.
Other activity laws	Data protection, safeguarding, employment, health and safety, tax, sanctions and fundraising duties may apply.

Important: Registry and AGC guidance support compliance but do not replace the legislation or tailored advice.

Your next board meeting: three actions

Move from awareness to a practical governance rhythm

1

Choose one delayed decision

Apply the six-question conscious risk test.

2

Review your top risks

Keep only the material risks and assign an owner and trigger.

3

Improve one board record

Capture purpose, challenge, rationale, action and review point.

Good governance is a habit of purposeful, proportionate and recorded decisions.