

get it right on... **Planning Dissolution**

An unincorporated association should close down using the procedure stated in the dissolution clause of their constitution. This is because there is no formal legal process for closing down a voluntary organisation unless it is registered as a company or a charity.

This lack of formal process does not however mean that the management committee can walk away from their responsibilities in relation to outstanding financial and employment liabilities. Identifying financial difficulties early may mean it is possible to prevent insolvency and reduce committee members' risks of personal liability. The management committee should be prepared to meet more often once they have identified that closure is a possibility and must ensure clear minutes are kept of all decisions.

Any staff members should, from the time it becomes a possibility that the organisation might close, be kept informed of the situation. Redundancy issues should be dealt with by the management committee, in line with current employment legislation. Failure to follow proper procedures could render the dismissals unfair and leave the organisation vulnerable to a claim through an employment tribunal.

The dissolution clause in the constitution should outline the formal steps that must be taken within the organisation in relation to the decision to close.

Taking Forward the Meeting

- The management committee meet and formally decide it is necessary to close the Organisation
- The management committee recommend closure to all the members, at a Special General Meeting called for the purpose; this meeting must be quorate and must formally approve the decision.
- Minutes of the meeting, which record the wording of the special resolution, must be kept.
- The minutes should use wording such as
- A Special General Meeting of the above-named organisation, called for the purpose of recommending closure to the members was duly convened and held at (state venue) on (date)..... It was agreed by the members present that the organisation should close. The members of the committee were instructed to proceed with closing the organisation in an orderly and proper manner.
- The minutes or resolution should indicate how the assets of the organisation will be allocated after the settling of any outstanding liabilities.

After the meeting

- The committee should appoint someone whose job it is to ensure that all assets and liabilities are identified. This will usually be the treasurer
- If there are enough funds to meet the outstanding financial obligations (staff salaries, redundancy payments, bills etc) pay these
- Terminate contract and distribute remaining assets as specified in the governing document
- If there are not enough funds the management committee must seek help to ensure that the assets are properly disposed of and to reduce the risk of personal liability for them as

individuals. Sources of help include your accountant, independent examiner or local support agency

- A final independently examined account statement must be prepared, before the formal winding up

The following people should be informed (if applicable to your organisation)

- employees, employees' representatives and unions
- funders
- accountant and auditor / independent examiner
- bank
- creditors
- service users
- other organisations involved with your organisation

Once the organisation has been dissolved

- close the bank account
- shred all paper records you do not need to keep (financial records must be kept for 6 years and insurance details for 40 years)
- clean and reformat computer hard drives
- destroy all letterhead and organisation stationery
- close the organisation's website and email accounts
- Put in place a "register of interests" detailing all the personal and business interests of current Board members – particularly those that could lead to a potential or real conflict of interest.
- Respond to requests for information. Be prompt and polite.

How can my Board become more CONSULTATIVE?

Here are some practical measures you can put in place to ensure your organisation becomes more consultative:

- Put in place a diversity strategy to ensure that the views of your stakeholders are adequately represented on the Board.
- Establish a communications strategy to ensure that Board decisions are explained and widely known.
- Involve stakeholders when key decisions are being contemplated or a change in direction is being considered. Do this by:
- Holding members' meetings or public meetings to allow the Board to explain its current thinking and to provide the opportunity for feedback.
- Carry out a survey of members to ascertain their views.
- Commit to carrying out an annual survey of stakeholders to find out how they think the organisation is performing in key areas. Publish the results of the survey in your newsletter and on your website. Ensure you include the bad parts – but outline how you plan to address any perceived problems.