8 MAJOR RESPONSIBILITIES OF A SPORTS GOVERNING BOARD
Good Governance
Definition.

A ‘principle driven approach’ to bridging the gap between what ‘must’ be done, and what ‘should’ be done, for the good of the organisation and its owners.
Good Governance outlines
8 MAJOR RESPONSIBILITIES OF A BOARD

- Get the **Structures** right
  (Legal, Governance, Membership & Management)

- Ensure effective **Processes**

- Set the **Strategic Directions**

- Direct the activity (CEO)

- Monitor the Organisation

- Actively Manage Risk

- Report to the Members & Stakeholders

- Take responsibility for the Culture
1. Establishing appropriate **STRUCTURES**

**Legal Structure**

**Membership Structure**

- Commission Chair and Commissioners
- Director of Legal Aid
- Community Legal Centre Support
- Advice and Community Education Manager
- Finance Manager
- Operations Manager
- Assignments Manager
- Advice and Community Education
- Family Dispute Resolution
- Northern Criminal Practice Leader
- Southern Criminal Practice Leader
- State Family Practice Leader

**Governance & Board Structure**

- Reports to Board
- Appoints CEO
- Reports to Volunteers
- Executive Team
  - Management
  - Sub-Committees

**Governance Sub-Committees**
The Constitution should be an ‘enabling’ document!

The Constitution is the system of fundamental laws and principles that prescribes the nature, functions, and limits of your Association as laid down by the Registering body.

Incorporating separates the individual person (member) from the entity and makes the group (body) a single entity with certain rights and legal protections as well as some additional obligations.

Other matters relating to day to day issues on how the Board operates and how the organisation functions are best separated and placed in a:

Policy Manual.

1. Governance Policies- Board Charter, Terms of Reference
2. Management Policies- Operational
3. Sport Policies (Public documents posted on your web site.)

If the constitution is outdated, don’t panel beat it, replace it!
Board structure

Independent Directors

Where an organisation is large enough to draw on people to offer their services, the preferred option is to install Independent Directors.

This negates the representational model of Directorship whereby Members nominate their respective Presidents or representatives to act collectively as Governors of the Peak Organisation.

It is important that there be clear description of the roles and responsibilities of Directors.

Good governance supports the principles of no Council, non-voting (Independent, skilled based) Directors and no Executive Committee.

Please

Leave your baggage at the door!
Board Sub Committees (4)

Remember, the CEO is not a member of the Audit & Risk Committee.

- Audit and Risk Committee
  - There are good arguments for separating the Finance Committee from the Audit process.

- Finance Committee

- CEO Performance and Remuneration Committee

- Governance Committee

(REMEMBER: Sub Committees are advisory only)
Management Committees

Management sub-committees report **to and through** the CEO. They must operate within their written **Terms of Reference and Delegations**.

Each Management sub-committee has a 12 month tenure, after which they must re-nominate to sit on the committee. Their EOI is vetted and approved by the CEO. (Who shoulders overall responsibility for the achievement of the operational outcomes.)
2. ENSURING EFFECTIVE GOVERNANCE PROCESSES

- Board Agenda
- Board Charter
- Board Evaluation
- Board Solidarity
- 3 levels of policy
- Job Descriptions
- The Board Report
- Board Minutes
Board of Directors or a Management Committee?

Where a Board has paid staff they should be acting as Governors and leaving the operational matters to their CEO.

Good Directors keep their Noses in, but their fingers out of the operational issues of the organisation!

Where there are no staff, the Board Operates as a Management Committee in addition to their roles as Governors.

Roll your sleeves up!
The Ideal Board or Committee

Displays Leadership, Integrity & Good Judgement. They use these three attributes to ensure more effective decision making.

They ensure the organisation demonstrates transparency, accountability and responsibility.

A Governing Board in the eyes of the law is viewed as a legal person - but only one legal person, which means that it can only have one opinion at a time.

Board Solidarity is critical.

“A decision of the Board is binding on ALL Directors. There is no room for Directors to go outside the meeting and debate the issue or vent their displeasure. This is unethical.”

In a well run Board there are no.....
Let’s bust a major myth!

The Peak Association is the **Controlling body**. It has the **POWER**!

In reality:

The owners (voting membership) have the power and they give **Authority** to the Board of the peak body to act in the best interests of the organisation and its members.
Running a **SEE** meeting

If you run a **Short**, **Effective** and **Enjoyable** meeting you are more likely to encourage people to **switch off their phones** and **switch onto the meeting agenda!**
Annual Board Calendar

This would cover topics such as:

- A schedule to review all policies
- Financial reporting schedules
- Board performance review
- Chief executive officer performance appraisal process
- Annual review of the organisation’s strategy
- Preparation for the Annual General Meeting
- Any changes to personnel on the board or in key management roles
- Consultation with key stakeholders
- Meeting the external auditor
- Signing off on the annual report
- Key events such as national championships
- Other matters as required.

The CEO should attend all Board meetings but not to take the Minutes! That is the responsibility of the Board through a Board Secretary, which can be one of the Directors.
Reports are not read out!

Reports are **sent** to the Board or Committee members by the **Board Secretary** with the **action cover sheet** prior to the meeting!

They report against **progress**, not **activity**!

ALL reports to the Board: the CEO report, Sub-Committees and Finance report, must be distributed at least 48 hours before the meeting!

No oral reports!

If it’s not in writing, it’s not on the agenda!
Set up your Board committees for success!

People sit on your committees with a variety of responsibilities. The aim is to get them to **do their work outside the actual meeting** and **bring their findings to the meeting** (not debate them when they arrive!)

A **well structured Board** can deal with the issues more effectively and efficiently.

Papers presented are either:

- for **Approval** (which means there is a recommendation),
- for **Discussion** (alerting to an issue or seeking guidance),
- an **Update** (which is for information only.)

For this to work, the sub committees must have **terms of reference and delegations**, which clearly outlines the extent of any decision making authority they may have.
Committee Report

Cover Sheet: Date

Area: _______________________________

Approval [ ] Discussion [ ] Update [ ]

Overview:

Recommendation:

Attachments: Yes [ ] _____________________ No [ ]

Signed: __________________________

Outcome: ________________________________
Sample Agenda format:

AGENDA (ASSOCIATION) COMMITTEE TO BE HELD ON (DATE & TIME)
Venue
Present
Apologies
Minutes of Previous Meeting
Business Arising from Minutes of Previous Meeting
Correspondence
Finance Report and discussion
General Business
  • Matters for Approval
  • Matters for Discussion
  • Matters for Noting
  • CEO report
  • Risk Management update
  • Other Business
Date for next meeting.
MINUTES OF (INSERT ORGANISATION NAME)  BOARD MEETING
HELD ON (INSERT DATE)

PRESENT  (Insert who is present).

APOLOGIES  (Insert apologies)

MINUTES OF PREVIOUS MEETING

Moved (insert name), Seconded (insert name) that the minutes of the previous meeting, (insert last meeting date) be confirmed.  Carried.

BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETING  (Insert business arising or NIL if none)

CORRESPONDENCE

Inwards:  (insert list)  Outwards  (insert list)

Finance Report- Outcomes, Key points.

GENERAL BUSINESS
•  Matters for Approval
•  Matters for Discussion
•  Matters for Noting
•  CEO Report
•  Risk Management update  (Report against risk Framework and any outstanding matters.)

OTHER BUSINESS  (Details of item)

NEXT MEETING  (Insert date of next meeting)

MEETING CLOSED  (Insert time meeting closed)
Consensus decision making

The majority of decision making at a Board or Committee meeting can be addressed by the Chair adopting a consensus model. The Minutes simple record that: “The Board resolved to...”

Where the implications of a particular decision have the potential to make a significant impact on the viability of the Association, a poll may be called and voting recorded accordingly.
Cater for people to participate in your meeting via Telecommunications.

• Ensure your Constitution, Board Charter and Committee Terms of Reference allow for meetings via telecommunications.

• Invite people to participate via phone for all or part of the Board or Committee meetings.

• Keep a record of the meeting!

The proviso is that all participants can hear each other. Most mobile with a speaker phone would meet this criteria.

Board should draft a policy to allow them to make out of session decisions by email if needed.

If the Constitution is silent on the issue of using telecommunications it is probably permissible, but drafting a Board policy will remove any doubt.
3. Setting the **strategic direction** of the Association.

- **Aligned**
- **Incremental**
- **Clearly written down**
Well run organisations are flexible!

A well run organisation adapts to its environment and can embrace change.

They look for new ways to meet their member’s needs.
Where are you going?

Your Organisation needs a Mission to guide it.
What’s in a name?

• Strategic Plan
• Development Plan
• Organisational Plan
• Operational Plan
• Business Plan

• Is it a Smart Plan?
**S.M.A.R.T Planning**

**Strategic Priority:** “We will increase by one person each year for the next 4 years, the number of full time employed staff.”

- **S- Specific ✔**
- **M- Measurable ✔**
- **A- Achievable ?**
- **R- Realistic ✗**
- **T- Time linked ✔**

If the strategy doesn’t meet **ALL** 5 criteria you have....

**2 options**

**OR**

**change it!**

*EG: “We will have in place one full time person by 2016”*
Each sport needs to identify their key strategic pillars that will guide their planning process.
The Board as a collective, breaks down the priorities

Strategic priority:________________________________________________________

Does it meet the SMART criteria?

- S- Specific YES/NO
- M- Measurable YES/NO
- A- Achievable YES/NO
- R- Realistic YES/NO
- T- Time linked YES/NO

State the key outcomes to be delivered in relation to this strategic priority:

1. 
2. 
3. 
4. 
5.
Directors are nominated to take responsibility for a key priority.

The Chair negotiates with the Directors to ensure that each strategic priority has a Director appointed to it. Their role is to develop a work plan which meets the SMART criteria.

The Director determines how best to deliver the components of the work plan, in line with any specific Delegations.

All sub committees must have written Terms of Reference. (Sub Committees are advisory only)

The Director consolidates and delivers the report to the Board. (For Approval, Discussion or update.)

*The Board as a whole, is responsible for every strategy.*
<table>
<thead>
<tr>
<th>Strategic Priority:</th>
<th>Person responsible:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Background:</td>
<td></td>
</tr>
<tr>
<td>Outcomes:</td>
<td></td>
</tr>
<tr>
<td>Strategy:</td>
<td></td>
</tr>
<tr>
<td>Resources/budget:</td>
<td></td>
</tr>
<tr>
<td>Milestones-results:</td>
<td></td>
</tr>
</tbody>
</table>
Director commitment.

Ask each Director who has responsibility for a particular strategic area to complete the following 3 statements:

By the end of (Date) we will have achieved....

You will know we have achieved this goal because......

To achieve this we need....

Signed:___________________________

Date:________
<table>
<thead>
<tr>
<th>Governance</th>
<th>Finance</th>
<th>Administration</th>
<th>Development</th>
<th>Pathways</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board, roles, responsibilities &amp; processes.</td>
<td>Grants: Application, dispersal &amp; acquittal</td>
<td>Single point of reference- CEO Admin officer.</td>
<td>NF and Club development- Administration</td>
<td>Athlete development and well being</td>
<td>Hosting major events</td>
</tr>
<tr>
<td>Member relations</td>
<td>Budgeting</td>
<td>Calendars: Board and events.</td>
<td>Grass root game development PARTICIPATION</td>
<td>Selection policies &amp; processes</td>
<td>Local, Regional and International Competitions</td>
</tr>
<tr>
<td>Legal</td>
<td>Regular reporting</td>
<td>Financial management Accounts</td>
<td>Coaches</td>
<td></td>
<td>Promotional programs</td>
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<tr>
<td>Decision making Agenda Minutes</td>
<td>Membership &amp; affiliation Fees.</td>
<td>Correspondence: In &amp; Out Record keeping</td>
<td>Technical Officials</td>
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<tr>
<td>Stakeholder management</td>
<td>Auditing</td>
<td>Travel-Insurances</td>
<td>Schools- Youth</td>
<td>Anti Doping</td>
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<tr>
<td>Member Consultation</td>
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<td>Promotional programs</td>
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<tr>
<td>Planning, evaluation and reporting</td>
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<td>Arbitration &amp; resolution</td>
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<td>Policy development</td>
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</tbody>
</table>
Reporting against the plan.
This Tracking sheet is used at each Board meeting to see how things are progressing.

<table>
<thead>
<tr>
<th>Strategies</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>What has been achieved so far?</td>
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<tr>
<td>Next steps.</td>
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<tr>
<td>Issues/Problems:</td>
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<td>Board recommendation:</td>
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</table>
4. Managing the work of the Organisation

Providing guidance to the CEO or Committees

Performance Review
What is the difference between Governance and Management?

**Governance** is the work the elected Board or Committee does to **plan** the activities of the Organisation and to **monitor** and **report** on the **progress** of those plans.

**Management** is the work of **delivering** those plans in an effective and efficient way.
Chair and CEO relationship

The relationship should be close but not too close; it should be characterised by consistent support in public but candour in private.

The Chairman’s support should never go to the point at which responsibility for operational matters is removed from the Chief Executive Officer.

Both parties need to keep in mind that the Chief Executive Officer is there to lead the [operational] organisation and to be accountable to the board for its performance.

The CEO is the sole employee of the Board.

The CEO attends and participates in Board meetings, but is not a voting member.

Good practice would see the Board Secretary taking the minutes and managing the affairs of the Board, not the CEO.
CEO Reporting

It is important that Board meetings are not hijacked by the Chief Executive Officer’s reporting requirements on operational issues.

Therefore, reports to the board from the Chief Executive Officer and board committees need to be consistent with the board’s strategic objectives and the chief executive officer compliance requirements.

To ensure the board is not overwhelmed with reports at every meeting, a board may consider a schedule of reporting, both from the chief executive officer and others, for each meeting over the year.
Associations tend to attract two categories of volunteers:

**Core Volunteers** who are *welded onto* the organisation and can be relied on to be there year in and year out.

**Peripheral Volunteers** who come and go.
You need to treat each group differently.

Recognition of service over a number of years is irrelevant to peripheral volunteers. Give them a sausage sandwich and a thank you and they are probably good to go!

Core Volunteers value the recognition of ‘service over time’ and are the ones you look to recognise with awards and other forms of acknowledgement of their contribution.
5. **CHECKING FINANCE** and **COMPLIANCE**

- Board Reports
- Financial literacy

- Quality
- Audit
- Risk
- Management
BUCKET BUDGETING - Basic Financial literacy!

Good Directors ask:
"Which bucket is this coming out of and do we have the money in the bank?"

**Fixed Income**
- Fees, Grants, secured Sponsorship, Interest

**Fixed Expenditure**
- Rent, Ground Hire, Wages, Insurance, Affiliations

**Variable Income** (Speculative)
- Unsecured Sponsorship, Grants, sales, etc

**Variable Expenditure** (Discretionary)
- Equipment, Trips, capital expenditure

**Cash Reserves 10%**

The key is to ensure you do not expend fixed income on Variable items (unless there is a surplus) and also that you do not rely on variable income to cover fixed costs. This is a risky strategy!
The Finance report is explained and questions are encouraged.

Tell the story and let the numbers prove it.

A picture paints a thousand words, so use graphics if you can.

The role of Treasurer is an ‘additional responsibility’ not a ‘sole responsibility’!
Good governance principles on Financial Reporting

The Board should receive timely and accurate financial statements that are presented regularly (preferably monthly). These statements should include the following:

- profit and loss statement
- balance sheet
- cash flow statement
- written report regarding material variances from budget
- budget versus actual report on a month and year-to-date basis as well as identifying the full-year budget
- listing of all major outstanding debtors and creditors
- bank reconciliation (including bank account evidence).
FRAUD

It can happen to your Association!

Your Association is vulnerable to fraud for at least three reasons:

The person responsible for collecting and disbursing funds is likely to be the individual who provides the financial reports.

Associations tend to raise much of their funds in cash. Cash is more easily misappropriated than any other type of transaction.

Small non-profit organizations are run by trusting and committed individuals. Sadly, these individuals tend to be too trusting.
Key findings from the survey include:

• Fraud totalling $3,229,400 was reported, with the average fraud being $22,904
• 55% of respondents have a code of conduct while 18% have a fraud control plan
• The typical fraudster was aged over 50 and was a paid employee in a non-accounting role
• Collusion was present in 30% of the largest frauds reported, with a Board Member involved in 31% of cases
• Of the largest frauds reported, the most common fraud suffered by respondents was cash theft
• 54% of respondents do not report fraud to Police because of concerns relating to the impact of future funding opportunities and damage to the organisation’s reputation

6. REPORTING TO THE BOARD, MEMBERS and STAKEHOLDERS
Annual Report & Audited Financials

The typical Annual Report will include:

- Chairman’s statement
- CEO’s statement (review of operations)
- Description of the organisation’s purpose, vision, values, services and programs and who’s who in the organisation
- A copy of the audited account (funding and financial overview - the story behind the numbers)
- A corporate governance statement
- A description of the major achievements during the past year
7. Managing the Culture of your Board and ORGANISATION
A word of warning!

Culture eats strategy for breakfast
8. RISK MANAGEMENT

An Ounce of Prevention is Worth a Pound of Cure
- Benjamin Franklin -
A B C of risk.

Attitudes lead to Behaviours

Repeated behaviours create your Culture!

Q: What type of Culture do you want?

Risk attitude is critical to success!
11 Principles

- Creates value
- Integral part of organizational processes
- Part of decision making
- Explicitly addresses uncertainty
- Systematic, structured & timely
- Based on best available information
- Tailored
- Takes human & cultural factors into account
- Transparent & inclusive
- Dynamic, iterative & responsive to change
- Facilitates continual improvement & enhancement of the organisation

RM Process

- Establish the context
- Risk assessment
- Risk identification
- Risk analysis
- Risk evaluation
- Risk treatment
- Monitor and review
- Communicate and consult
- Implement risk management
- Continually improve the framework
- Monitor and review the framework
- Design framework for managing risk
- Mandate & Commitment
The role of the Board in risk management is to:

1. Approve and monitor the Risk Management policy;
2. Identify and agree on the highest risks with potential to significantly impact the organisation;
3. Approve and monitor risk treatment strategies;
4. Establish KPIs for the Chief Executive Officer that reflect this risk management role.
The **minimum** requirements for risk management best practice are:

- **Board acknowledgement and monitoring** of risk as a governance issue
- Existence of the organisation’s **risk policy**.
- **Clear identification of main stakeholders** and risk management committee
- **Clarification of main approaches** to be used to identify, assess and report on risks; as well as agreed actions to deal with risks
- **Clear assignment of responsibilities** for managing risk and reporting to senior management and the Board, especially risks which cut across core business activities and organisational boundaries
- **Clear audit trail of decisions** to ensure that risk management reflects current good practice, with quality assurance of key decisions as input to audit.
- **Evidence** that **Risks are being actively managed**.
Board Questions....

Ask questions such as:

• **How effective** is our risk management strategy?
• **Are measures working** the way they are supposed to?
• **How accurate** is the risk assessment process?
• Are all risks being **identified**?
• Have risk treatment methods made our organisation safer?
• Are **safety procedures** being followed?
• Are **safety records accurate**, consistent and up to date?