

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)



Actively Manage Risk



Take responsibility for the Culture

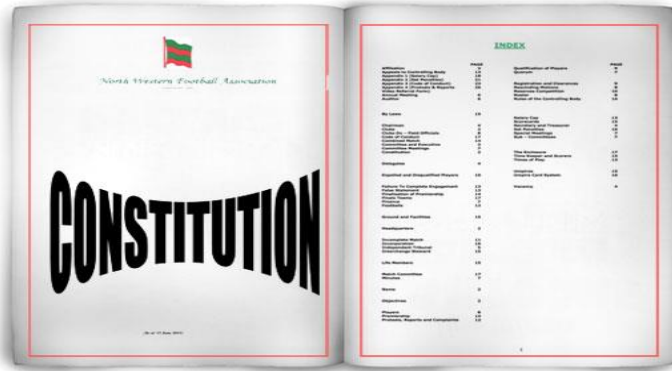


Monitor the Organisation



Report to the Members & Stakeholders

1. Establishing appropriate STRUCTURES



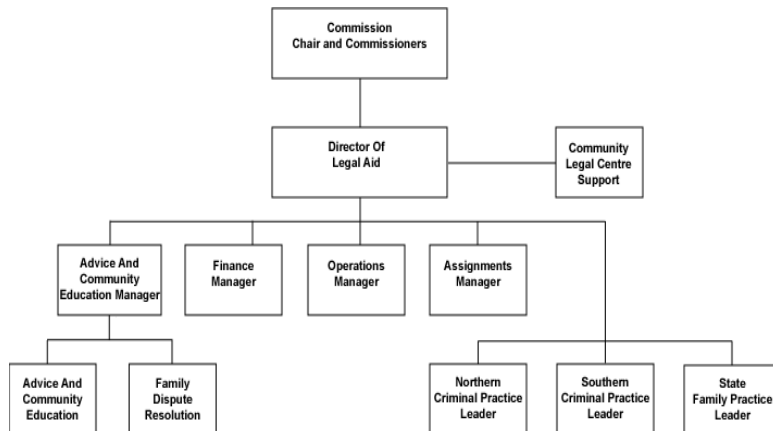
Legal Structure



Governance
Sub-Committees

Governance & Board Structure

Membership Structure



Management structure



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*If the constitution is outdated,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!

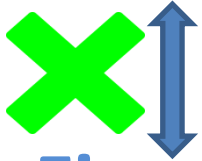


Board Sub Committees (4)

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**

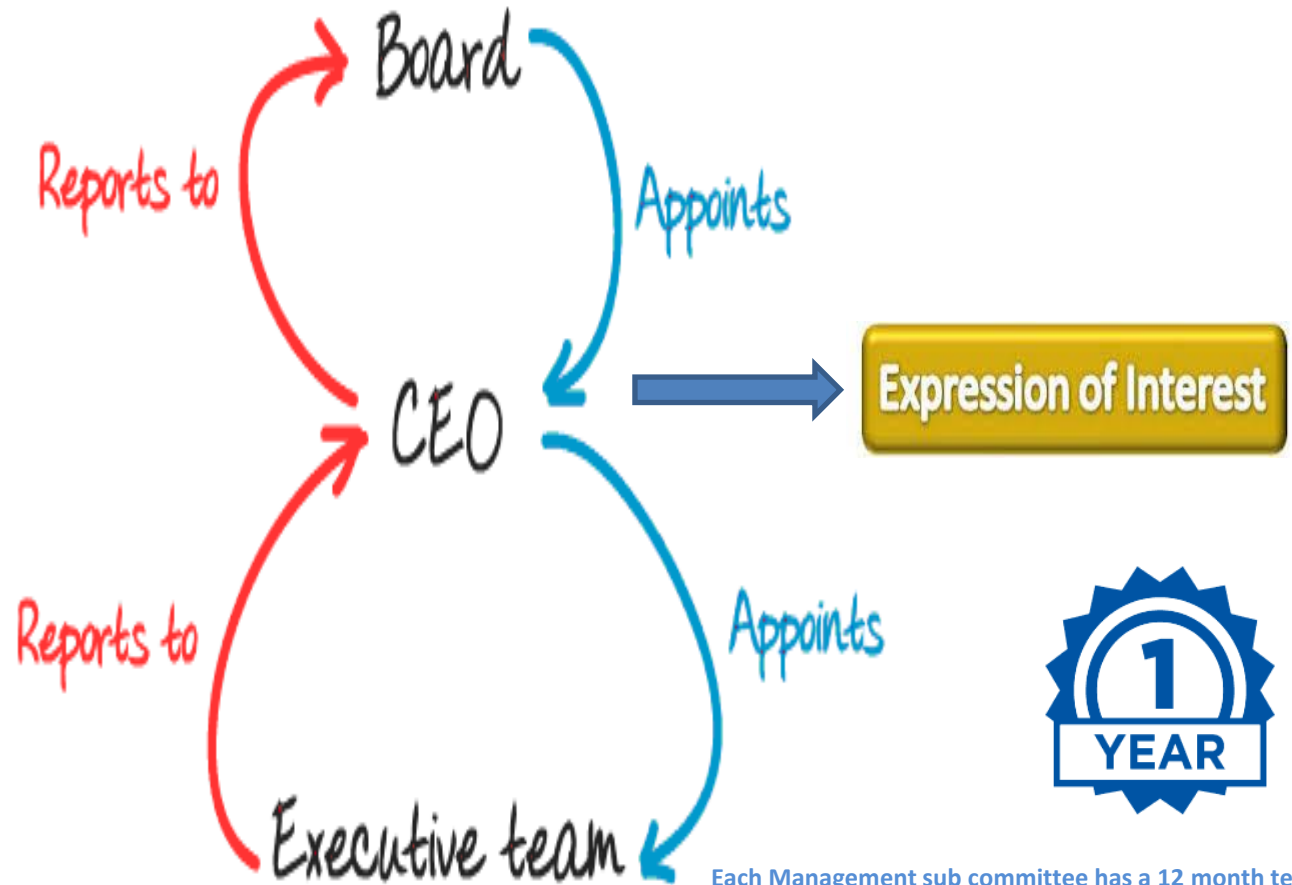
(REMEMBER: *Sub Committees are advisory only*)

our governance

Management Committees

Management sub-committees report to and through the CEO.

They must operate within their written **Terms of Reference and Delegations**.



**Management
Sub-Committees**

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

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.

Management Committee



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



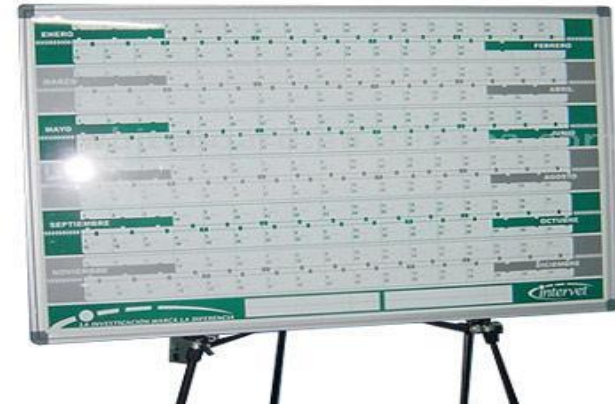
If you run a **Short, Effective and Enjoyable** meeting you are more likely to encourage people to **switch off their phones** and **switch onto the meeting agenda!**



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.

Sample Minutes format:

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



Clearly written down



Incremental

*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?

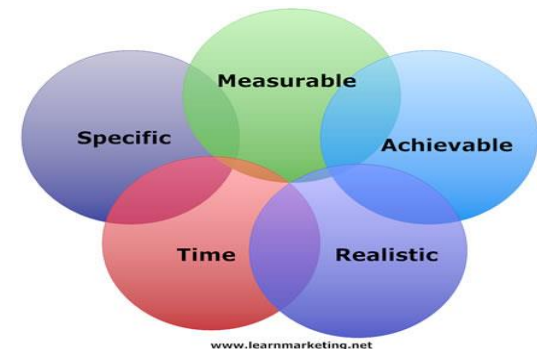
- *STRATEGIC PLAN*
 - *DEVELOPMENT PLAN*
 - *ORGANISATIONAL PLAN*
 - *OPERATIONAL PLAN*
 - *BUSINESS PLAN*
-
- *IS IT A SMART PLAN?*



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

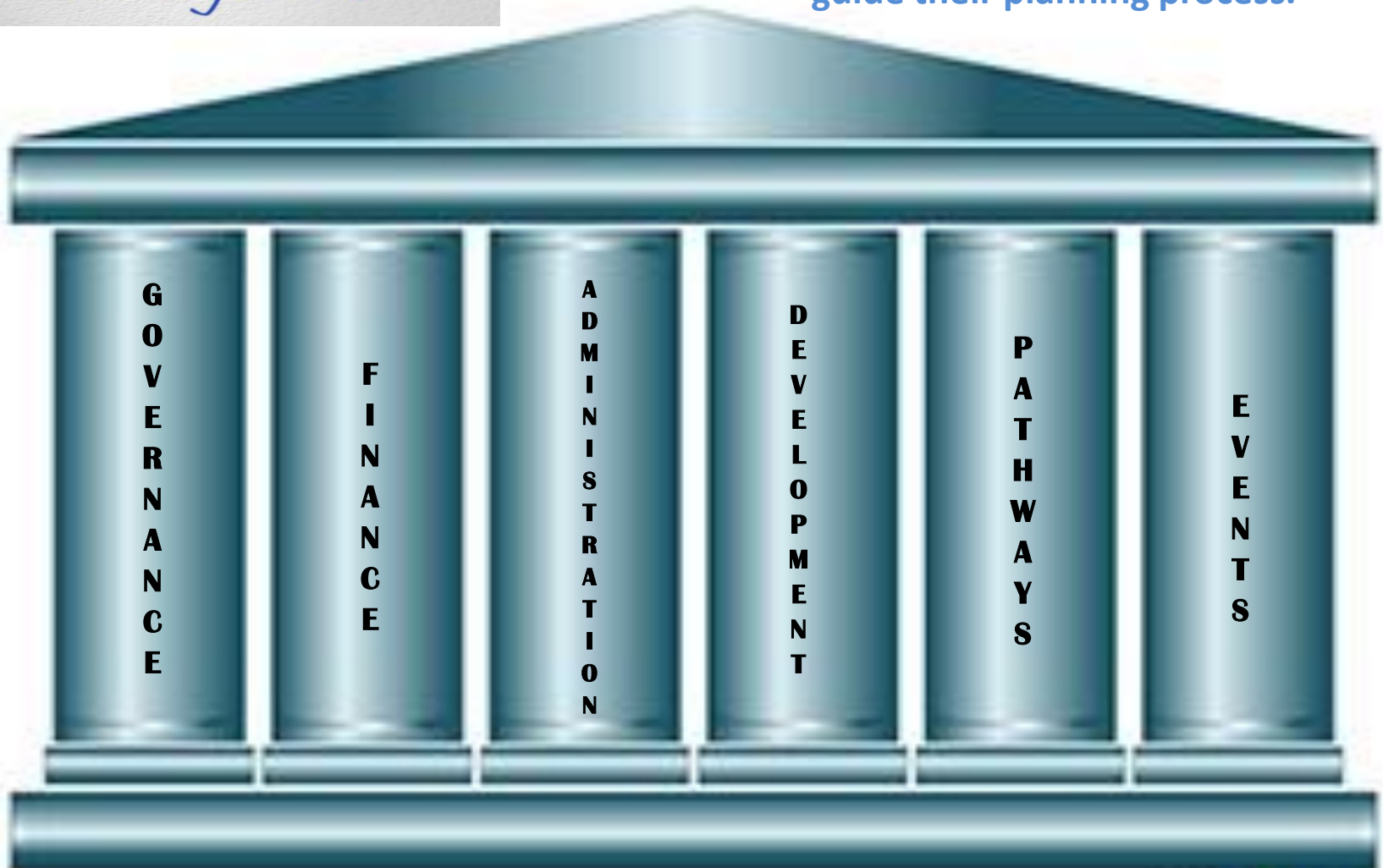
change it!

EG: "We will have in place one full time person by 2016"

Strategic Pillars



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.*

Strategic Priority:

Person responsible:

Background:

Outcomes:

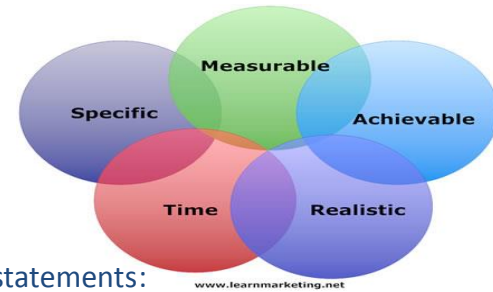
Strategy:

Resources/budget:

Milestones-results:



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: _____

EG: Sub-Categories

Governance	Finance	Administration	Development	Pathways	Events
Board, roles, responsibilities & processes.	Grants: Application, dispersal & acquittal	Single point of reference- CEO Admin officer.	NF and Club development- Administration	Athlete development and well being	Hosting major events
Member relations	Budgeting	Calendars: Board and events.	Grass root game development PARTICIPATION	Selection policies & processes	Local, Regional and International Competitions
Legal	Regular reporting	Financial management Accounts	Coaches		Promotional programs
Decision making Agenda Minutes	Membership & affiliation Fees.	Correspondence: In & Out Record keeping	Technical Officials		
Stakeholder management	Auditing	Travel- Insurances	Schools- Youth	Anti Doping	
Member Consultation		Manage public Communication	Promotion & Marketing		
Planning, evaluation and reporting					
Arbitration & resolution		Asset acquisition Equipment			
Policy development					

Reporting against the plan.

This Tracking sheet is used at each Board meeting to see how things are progressing.

Strategies	A	B	C	D	E
What has been achieved so far?					
Next steps.					
Issues/ Problems:					
Board recommendation:					

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.

Goals

1. _____
2. _____
3. _____

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.

~~DIFFERENT~~
~~STROKES~~
~~FOR~~
~~DIFFERENT~~
~~FOLKS~~

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

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

Tied money
Discretionary Vs Non discretionary

Variable Income
(Speculative)

Unsecured Sponsorship, Grants, sales, etc



Cash Reserves 10%

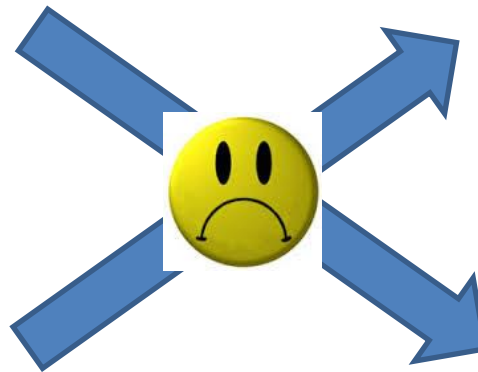
Fixed Expenditure

Rent, Ground Hire, Wages, Insurance, Affiliations

Net result + or -
= \$ (X)

Variable Expenditure
(Discretionary)

Equipment, Trips, capital expenditure



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- profits are run by trusting and committed individuals. Sadly these individuals tend to be **too trusting**.

**FRAUD
PREVENTION**



Audit and Risk Committee Members

Members can now find their information and reports within the staff site.

[➔ read more](#)

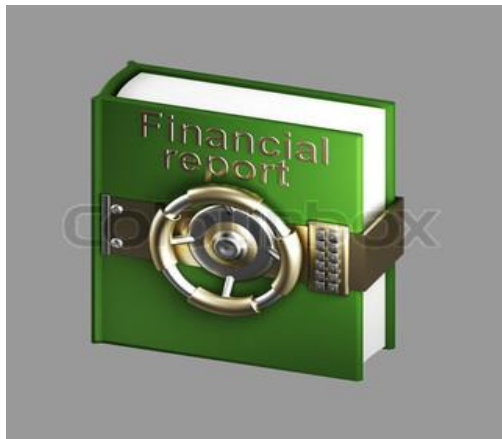
BDO Not-For-Profit Fraud Survey 2014

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 –

See more at: <http://www.bdo.com.au/resources/surveys/not-for-profit/bdo-not-for-profit-fraud-survey-2014#sthash.WbMngtzi.dpuf>

6. REPORTING TO THE BOARD, MEMBERS and STAKEHOLDERS



Annual Report & Audited Financials

The typical **Annual Report** will include:

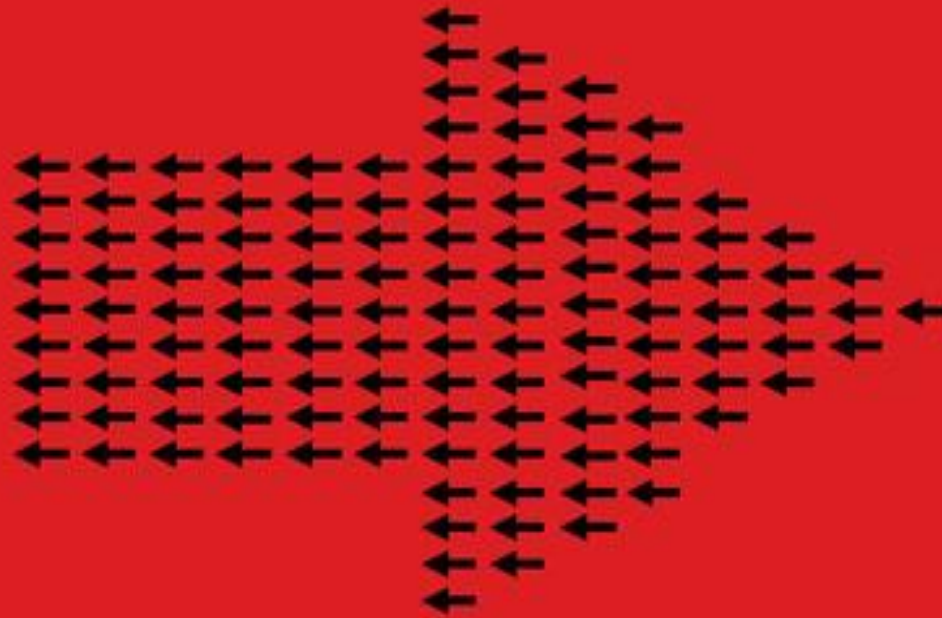
- **Chairman's statement**
- **CEO's statement** (review of operations)
- **Description of the organisation's purpose**, vision, values, services and programs and who's who in the organisation
- A copy of the **audited account** (funding and financial overview - the story behind the numbers)
- A corporate **governance statement**
- A description of the **major achievements** during the past year

7. Managing the Culture of your Board and ORGANISATION

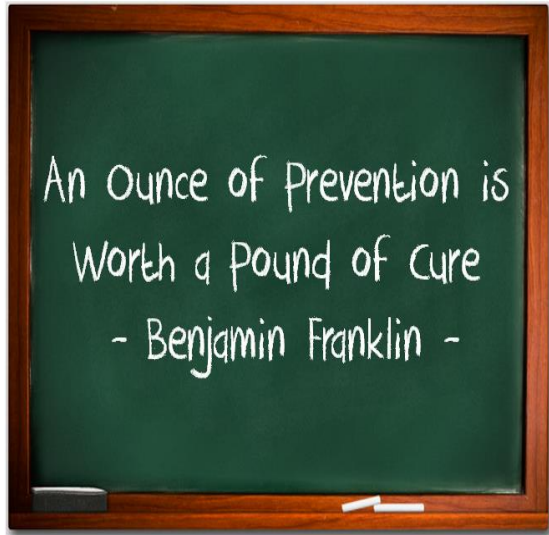


A word of warning!

Culture eats strategy for breakfast



8. RISK MANAGEMENT



AS/NZS ISO 31000:2009
Risk management—
Principles and guidelines

A B C of risk.

Attitudes lead to Behaviours

Repeated behaviours create your Culture!

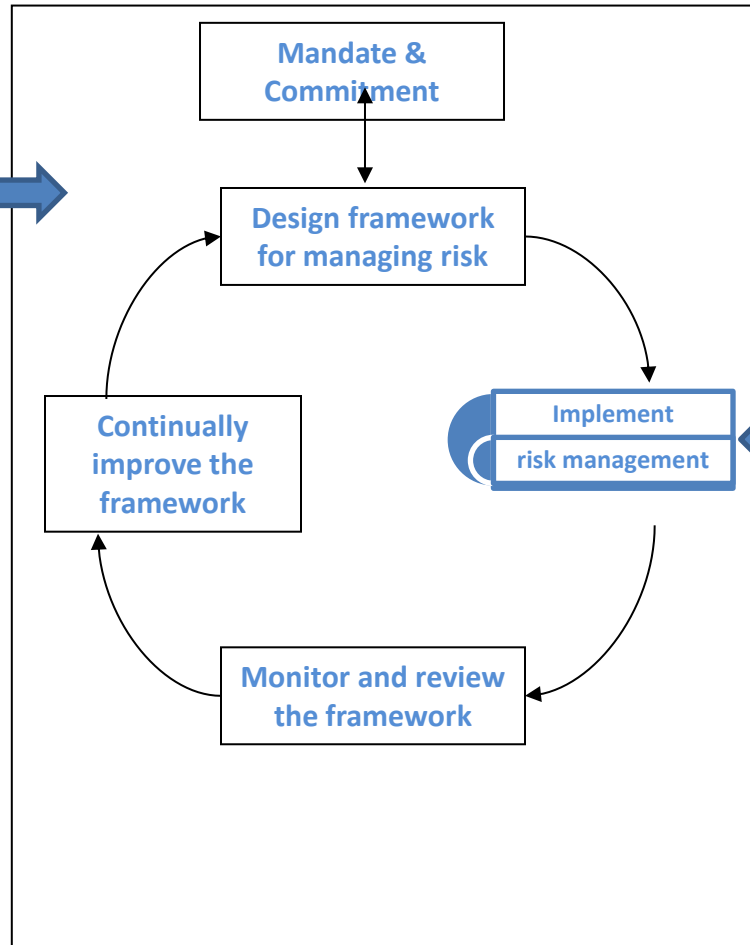
Q: What type of Culture do you want?

Risk attitude is critical to success!

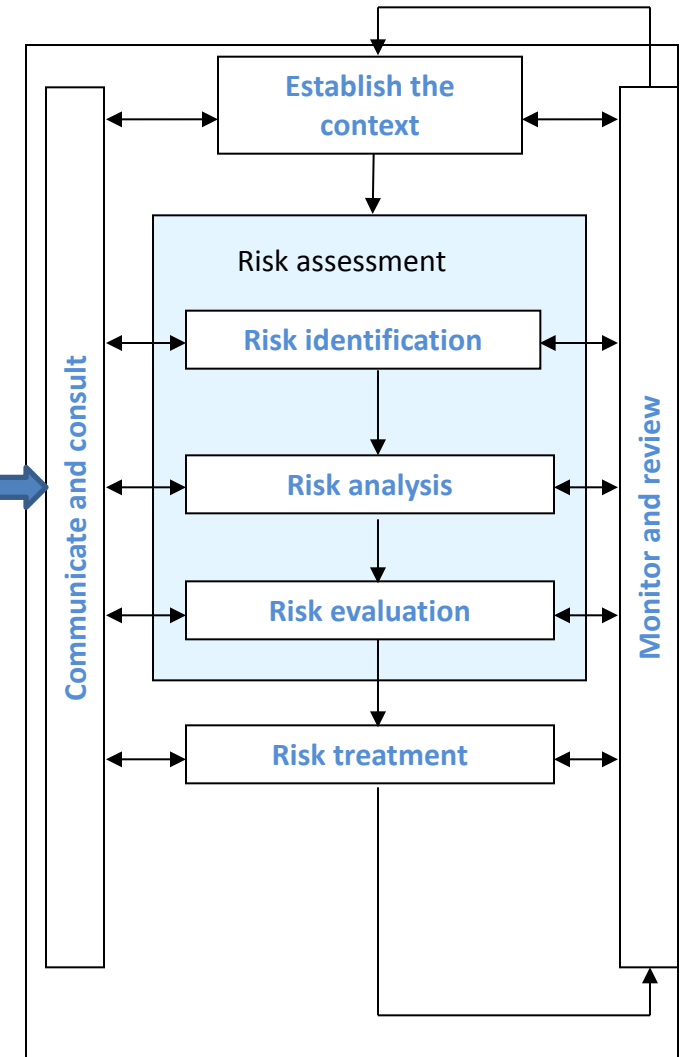


11 Principles

- 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



The Board's role in Risk Management

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?