

Disability Resource Hub Disclaimer

The material on the Disability Resource Hub is for reference only. No claim or representation is made or warranty given, express or implied, in relation to any of the material. You use the material entirely at your own risk.

The material is provided as point-in-time reference documents. FACS does not maintain the material and does not undertake to ensure that it is accurate, current, suitable or complete.

Where conditions and warranties implied by law cannot be excluded, FACS limits its liability where it is entitled to do so. Otherwise, FACS is not liable for any loss or damage (including consequential loss or damage) to any person, however caused (including for negligence), which may arise directly or indirectly from the material or the use of such material.

Contents

Glossary	3
About this chapter	5
1.1 What is corporate governance?	6
1.2 The directors' responsibilities	7
1.2.1 Introduction	7
1.2.2 The constitution	7
1.2.3 The board's legal obligations	7
1.2.4 The directors' duties	8
1.2.5 Duties and obligations in relation to conflict of interests	8
1.2.6 Limited liability	9
1.2.7 The directors' role	9
1.3 Know your business	11
1.3.1 The board's role	11
1.3.2 Setting the organisation's directions and guidelines	11
1.3.3 Ensuring that safeguards are in place	12
1.3.4 Establishing procedures for reporting	12
1.3.5 Developing long-term financial plans and succession plans	13
1.3.6 Reviewing the organisation's governance framework so the transition to the NDIS is successful	13
1.4 Being an effective board	14
1.4.2 The board's composition	14
1.4.3 Maintaining the board membership	15
1.4.4 Maintaining and developing the board's performance	16
1.5 The Board and the senior manager	17
1.5.1 The Board's role in working with the senior manager	17
1.5.2 Delegation of authority	17
1.5.3 Performance reviews for the senior manager	18

1.6	Organising and conducting meetings	19
1.6.1	Conducting board meetings	19
1.6.2	Holding meetings of members	19
1.6.3	Chairing a meeting	21
	References	22
	APPENDIX 1: Checklists	24
	Checklist 1: Corporate governance	24
	Checklist 2: Reviewing of meetings	31
	Checklist 3: The directors' responsibilities	34
	Checklist 4: Points to remember	35
	Checklist 5: Being an effective board	36
	Checklist 6: The board and the senior manager/s	37
	Checklist 7: Meetings	38
	APPENDIX 2: Exercises	40
	Exercise 1: The board's profile, and succession planning	41
	Exercise 2: The responsibility matrix	45
	Exercise 3: Measuring your board's effectiveness	46
	APPENDIX 3: Templates	49
	Template 1: A sample template for scheduling meetings and agenda items	49
	Template 2: A sample agenda for a meeting	51
	Template 3: A 'board skills' matrix	52

Glossary

Disclaimer: We, the Department of Family and Community Services (FACS), do not warrant that these definitions are correct. If you are a board director, please seek relevant professional legal advice as necessary.

board – the governing body of a non-government organisation, comprising directors.

Note: Some organisations refer to their board as their management committee and to the directors as members of that committee. In this manual, we use the term ‘board’ to include ‘management committee’.

constitution – the name given to an organisation’s memorandum and rules.

director – a person who has been formally elected and/or appointed, under law, to a board, in accordance with the organisation’s constitution. *Note:* Some organisations refer to the members of their governing body as management-committee members. In this manual, we use the term ‘director’ to include ‘management-committee member’.

dissent – differ from the majority, in relation to either sentiment or opinion.

duty of care – the obligation to take reasonable care to avoid causing harm to another person.

fiduciary duty – the legal duty to act solely in another party’s interests.

governance – a corporation’s framework of rules, relationships, systems and processes through which people in the corporation exercise authority and control.

incorporation – the process whereby an organisation registers its rules with a government agency.

legal entity – any individual, partnership, proprietorship, corporation, association or other type of organisation that has, in the eyes of the law, the capacity to make a contract or an agreement and is able to assume an obligation and pay off its debts. Under the law, a legal entity is responsible for its actions and can be sued for damages.

liability – either ‘subject to a legal obligation’ or ‘the obligation itself’. A person who commits a wrong or breaks a contract or trust is said to be liable or responsible for it.

organisation – a company, a firm, an enterprise or an association, or another type of legal entity, whether or not it is incorporated, or public or private, that has its own function/s and administration.

purpose statement – an organisation’s written summary of its values and core business; also referred to as a mission statement.

quorum – the minimum number of people who must be present at a meeting before the attendees can conduct the business of the meeting.

risk – the chance that something will happen that will have an impact on the organisation’s objectives. Risk is measured in relation to likelihood and consequences.

risk management – the process of identifying, assessing and judging risks; assigning ownership of the risks; taking actions to mitigate or anticipate the risks; and monitoring and reviewing how the risk management is progressing.

stakeholders – any person or organisation who or that has an interest in an organisation's operations.

terms of reference – a document that usually contains a description of the purpose and scope of an activity or requirement.

vision – an organisation's ultimate objective.

volunteer – a person who willingly gives his or her time to an enterprise 'for the common good' and derives no financial benefit from participating in the enterprise (based on the definition provided by Volunteering Australia).

About this chapter

In this chapter, we provide a practical approach to understanding the responsibilities and obligations in relation to being a director of a non-government organisation.

At the end of the chapter, you will find a list of resources and some checklists your entire board can copy and work through either each year or as required.

1.1 What is corporate governance?

To paraphrase the definition of corporate governance that the ASX Corporate Governance Council provided in 2014, it is a corporation's framework of rules, relationships, systems and processes through which people in the company exercise authority and control, and encompasses the mechanisms whereby the company, and the people in control of it, are held to account.

The governance role has the following three important components:

1. Leadership and strategy

The board is responsible for setting the organisation's vision and purpose and for agreeing on the organisation's underpinning values, and these elements – vision, purpose and values – are the basis of the organisation's overall strategy. When the organisation's managers and staff members have a clear strategy, they are better able to maintain focus and direction (see Chapter 3).

2. Compliance and risk management

The board is responsible for ensuring that the organisation meets all its compliance obligations, which include compliance requirements stipulated by regulators such as Australian Charities and Not-for-profits Commission (ACNC) and NSW Fair Trading as well as compliance with the many laws, regulations and standards that might be applicable to the organisation (see Chapter 2). The board is also responsible for managing risk; ensuring identification, assessment, management or elimination of any risks; and regular review of any identified risks (see Chapter 6).

3. Performance and viability

The board is responsible for monitoring the organisation's performance and ongoing viability by identifying appropriate resources; Key Performance Indicators (KPIs); and processes, systems and tools for regularly monitoring the KPIs.

Good and effective governance is an essential characteristic of any successful organisation, and according to *Good Governance Principles and Guidance for NFP*, which the Australian Institute of Company Directors published in 2013, it 'is embedded in the good behaviour and good judgement of those who are charged with running an organisation'.

An organisation's approach to governance will depend on:

- the organisation's size
- the nature of the organisation's business
- the organisation's financial position
- how the organisation's work is distributed between the paid managers and the board, and any committees.

1.2 The directors' responsibilities

1.2.1 Introduction

Directors of incorporated non-government organisations have legal responsibilities. Incorporation is the process whereby an organisation is registered as a legal entity.

In NSW, an organisation can be incorporated under either the [Associations Incorporations Act 2009 \(NSW\)](#) or the [Corporations Act 2001 \(Cth\)](#).

Aboriginal and Torres Strait Islander organisations can also incorporate under the [Corporations \(Aboriginal and Torres Strait Islander\) Act 2006 \(Cth\)](#), which is known as the CATSI Act.

The regulator for incorporation under the [Associations Incorporation Act 2009 \(NSW\)](#) is NSW Fair Trading.

The regulator for incorporation under the [Corporations Act 2001 \(Cth\)](#) is the Australian Securities and Investments Commission (ASIC).

The regulator for incorporation under the [Corporations \(Aboriginal and Torres Strait Islander\) Act 2006 \(Cth\)](#) (the CATSI Act) is the Office of the Registrar of Indigenous Corporations (ORIC).

Most states have other forms of incorporation such as co-operatives, and some religious organisations are constituted under state legislation. However, in relation to effective governance, the general principles that are set out in the 'associations and corporations' law are applicable in all organisations.

Charities are also required to register with the Australian Charities and Not-for-Profits Commission (ACNC), which is the independent national regulator of charities, and to comply with the [Australian Charities and Not-for-profits Commission Act 2012 \(Cth\)](#) (the ACNC Act) and the ACNC's five governance standards.

1.2.2 The constitution

An organisation's constitution is an outline of the organisation's purpose and the basic rules or principles by which it is governed. The constitution includes rules for conducting board meetings and the annual general meeting (AGM) and can be used as the guiding document for governing the organisation. The constitution has effect as a contract between the company and each member of the organisation, between the company and each director, and between a member and each other member.

1.2.3 The board's legal obligations

The directors are required to understand the organisation's needs and the directors' legal responsibilities.

Because the members put the directors in a position of trust, the directors are duty bound to both the organisation and its members. The duties they are bound under are known as fiduciary duties, whereby they are required to act competently, honestly, in good faith and in the organisation's best interests.

If directors fail to fulfil any of these duties, they can either become personally liable for paying a penalty or lose the protection they have been afforded under limited liability.

1.2.4 The directors' duties

The directors must remember that they are duty bound to act in the organisation's best interests.

Under statutory and common law, directors are mainly duty bound to:

- act honestly, in good faith and in the organisation's best interests; be truthful; and not conceal information from the organisation
- exercise the amount of care, skill and diligence a reasonable person in a similar position would exercise; maintain a working knowledge of the organisation; stay informed; and monitor the organisation's performance and financial status
- avoid any actual or potential conflict between the obligations they are under to the organisation and their personal interest or other duties
- keep information confidential
- disclose any advantages or business opportunities they have acquired
- prevent the organisation from trading insolvently and ensure it does not continue operating even though it will be unable to pay its debts when they are due.

Directors and organisations that are incorporated under the [Corporations Act 2001 \(Cth\)](#) and are registered with the ACNC should be aware that the ACNC Act 2012 has effectively led to a 'switching off' of some of the clauses of the [Corporations Act 2001 \(Cth\)](#) in which some of directors' and other officers' civil obligations and the obligation to disclose material personal interest are dealt with.

These civil obligations have effectively been replaced with [Governance Standard 5](#) under the [ACNC Act 2012 \(Cth\)](#): '[...] the governance standards replace most requirements relating to director duties under [the [Corporations Act 2001 \(Cth\)](#)]. However, some criminal offences under [the [Corporations Act 2001 \(Cth\)](#)] and similar duties under common law continue to apply ...'

1.2.5 Duties and obligations in relation to conflict of interests

The duty to avoid conflict and disclose interests

Directors' personal interests, such as being involved in a business that could supply services to the organisation, or other duties, such as being a director of another organisation, and their duty to the organisation must not be brought into conflict.

Following is an outline of the three types of situation that cause a conflict of interest.

1. When directors or officers take advantage of opportunities for personal gain

Directors are obliged to neither profit personally from their directorship nor allow a conflict of interest to arise between their directorial duties and their self-interest. For example, they must not:

- be interested in a business opportunity for their own benefit if their organisation is also actively pursuing the opportunity
- offer to provide their services to the organisation for a fee, because the organisation should undertake a fair and open process when awarding any contracts

- make use of the organisation's property, such as a vehicle, for their private use
- withhold information about an opportunity, such as a possible funding source, so they can use the information themselves.

2. Conflict of directors' external duties with their directorial duties

When directors are holding an office or a property that causes their duties to be in conflict with their directorial duties, they must declare the interest as soon as practicable after they become aware of the conflict. This situation occurs most commonly when a person is on the board of another organisation that is competing for the same funding.

3. Conflict of personal interest

A conflict of interest arises when directors have a personal interest in the outcome of a decision, if they have a close personal relationship with:

- an existing staff member, volunteer or service user who has interests that might conflict with the organisation's best interests
- a person who is seeking employment or services from the organisation and could influence the director during the selection process.

1.2.6 Limited liability

According to the specifics of incorporation for non-government organisations, directors' personal financial liability is limited as long as they undertake their duties diligently. The financial liability is usually limited to a nominal amount such as \$1, and the amount is stated in the organisation's constitution.

Directors can become personally liable when they know they are being negligent in making a decision.

Dissenting committee member/s

Directors can record a dissenting vote against a decision they consider to be unwise or irresponsible, and have a duty to tell the police and/or the relevant regulating body if they have been party to a breach of the law.

1.2.7 The directors' role

Directors are responsible for understanding their financial, legal, ethical and constitutional responsibilities.

[According to the Australian Securities and Investments Commission \(ASIC\), directors must:](#)

- be fully up to date with what the organisation is doing
- understand how the proposal in question will have an impact on the organisation
- seek professional advice from people outside the organisation as necessary
- question managers and staff members about how the business is going
- actively participate in board and committee meetings and not be merely a 'rubber stamp'.

Some organisations are incorporated as a company under the [Corporations Act 2001 \(Cth\)](#), whereas others are an incorporated association under the [Associations Incorporation Act 2009 \(NSW\)](#) and yet others are a registered charity under the [Australian Charities and Not-for-profits Commission Act 2012 \(Cth\)](#) (the ACNC Act).

Regardless of the organisation's incorporation status, in the publication *Governance for Good: The ACNC guide for charity board members*, [the Australian Charities and Not-for-profits Commission provides directors with the following 10 useful tips about governance:](#)

1. Know what your charity's charitable purpose is, and make sure you and your charity are working towards it. If you are unsure, ask yourself whether in undertaking your actions you are promoting your charity's charitable purpose.
2. Be clear about your role, and make sure that all the people involved in your charity – volunteers, organisation members, board members, clients and employees – fully understand everyone's roles and responsibilities.
3. Understand your charity's financial position and be familiar with the organisation's financial statements, because all the board members are responsible for managing the charity's finances soundly.
4. Keep your 'board member' responsibilities and legal duties in mind whenever you are making decisions as a board member, and this imperative will be especially applicable when you are making difficult decisions.
5. Have a copy of your organisation's rules at hand. Read them regularly; make sure you understand them and follow them; and if you are ever unsure about any of them, either put the query to a fellow board member or get advice from a professional.
6. Board members act as a group, but do not simply 'follow the crowd'; always do what you think is best for your charity, even if your viewpoint differs from the other board members'.
7. Understand your charity's obligations to government agencies such as the ACNC and the other regulators, and make sure your charity is meeting the obligations.
8. Listen to the other board members, be a team member and consider your fellow board members to be colleagues, because the board is collectively responsible for the organisation.
9. Be confident about declaring and managing conflicts of interest responsibly, remembering that most board members will encounter conflicts of interest during their directorship.
10. Always act in your charity's best interests, because as a board member, you are responsible for putting its interests above your own personal interests.

1.3 Know your business

1.3.1 The board's role

The Board's role in governance is to provide leadership, safeguard the organisation's interests, ensure that the organisation is accountable, and ensure that the organisation is viable in the long term.

The board's main functions and tasks are to:

- define the organisation's values, vision and purpose
- set the organisation's strategic direction and objectives
- set the organisation's critical policies
- set the organisation's ethical framework, for example by establishing a code of conduct
- define the management delegations
- recruit the senior manager and monitor his or her performance
- monitor the organisation's performance in relation to the organisation's approved plans and budgets
- oversee the organisation's finances
- manage how the organisation engages and communicates with its stakeholders
- manage risk
- ensure that the organisation complies with the applicable policies, laws and regulations
- ensure that the board's own governance structure and processes are effective.

TIP: Make sure the members of your board continuously consider your organisation's viability and devise the most appropriate strategies for fulfilling the organisation's vision. In today's operating context, boards must be able to manage change by continuously monitoring the external environment, adapt the identified strategies and reassess the appropriateness of the organisation's operations. The Council for Australian Governments (COAG) has established national governance arrangements for supporting providers of disability services during implementation of the National Disability Insurance Scheme (NDIS), in relation to the requisite trials, progress planning and design work so that the transition to the full NDIS throughout Australia occurs within agreed timeframes.

1.3.2 Setting the organisation's directions and guidelines

The board must:

- develop a strategic plan that is an outline of the organisation's purpose, vision, values, objectives and performance indicators
- develop a financial plan and approve the organisation's annual budget
- develop a strategic human-resources plan
- approve the organisation's policies and procedures and delegate decision making to the senior manager and other staff members
- establish performance measures for the organisation and staff members.

The senior manager will usually be the person who develops the organisation's operational plans, which will be a description of how the organisation will undertake its strategic business.

The board might also want to develop – or have the senior manager develop – specific plans or strategies, such as:

- a promotion or marketing plan for promoting the organisation's profile or specific message
- a communication strategy
- a stakeholder-management strategy for managing the relationships that benefit the organisation.

1.3.3 Ensuring that safeguards are in place

When the organisation has safeguards in place, the board is better able to ensure that the organisation's management is compliant with the relevant legislation. Examples of safeguards are:

- a risk-management plan that contains the organisation's strategies and systems for effectively managing risk
- procedures for ensuring health and safety at the workplace
- checklists for ensuring legal compliance
- adequate insurance cover
- standards for service and practice
- procedures for responding to service users' feedback and complaints
- reporting of critical incidents.

The board must make sure that all these types of plan and procedure are both in place and at a level that is appropriate for the organisation's size, complexity and service type.

1.3.4 Establishing procedures for reporting

The board must establish reporting procedures in order to both maintain internal control and facilitate accountability to parties outside the organisation. The three types of reporting for which the board must establish a procedure are:

1. internal reporting by the senior manager, against both the organisation's key performance indicators (KPIs) and its budget
2. regular financial reporting to the board
3. the requisite external reporting to the organisation's funding bodies, regulatory authorities and members.

The board must provide an annual report to the organisation's members. Most organisations will need to include an audited financial report and might have financial-reporting obligations to one or more regulatory bodies, such as NSW Fair Trading, ASIC (the Australian Securities and Investments Commission), ACNC (the Australian Charities and Not-for-profits Commission) and/or ORIC (the Office of the Registrar of Indigenous Corporations).

The organisation's size, which is usually measured in relation to the organisation's revenue and/or assets, is the determining factor in whether the organisation is exempt from having to provide an audited financial report to both its members and/or its regulatory body. To confirm your

organisation's reporting obligations, check with its regulator – such as NSW Fair Trading, ASIC, ACNC and/or ORIC – and refer to the organisation's constitution.

Regardless of the organisation's size and regulatory reporting requirements, it can choose to have an independent auditor examine its accounts in order to better assure its board, members and stakeholders that its accounts have been prepared correctly, represent a true and fair view of the organisation's financial position and performance, and meet all applicable Australian Accounting Standards.

1.3.5 Developing long-term financial plans and succession plans

Development of longer-term financial plans – over a period of three to five years – is usually a part of strategic business planning.

In undertaking the process, the board must consider how the organisation's financial situation will change over time, the factors that might have an impact on the financial situation, and how the board will ensure that the finances remain healthy.

TIP: If your organisation provides disability services, under the NDIS, your funding will be allocated to the person who has a disability rather than to your organisation. The service-delivery environment your organisation will be operating in will be more person centred and market based. In that context, then, it is imperative that your board develop an effective long-term financial plan, undertake the organisation's financial reporting accurately and in a timely way, and clearly understand the organisation's revenue and cost structure as well as its cashflow.

The board is ultimately responsible for maintaining both the organisation's viability and the effectiveness of the organisation's governance.

1.3.6 Reviewing the organisation's governance framework so the transition to the NDIS is successful

Now that the National Disability Insurance Scheme (NDIS) is being introduced throughout Australia, organisations that provide disability services will be operating in an environment that is very different from what they have been used to. If you are a director of this type of organisation, your board must review the organisation's governance framework so the organisation can operate in the new environment both successfully and sustainably.

Following are some of the questions the members of your board might need to ask themselves:

- 'Have we reviewed our organisation's policies and procedures framework and redefined the roles and responsibilities associated with the organisation's various functions?'
- 'Do we have a systematic and regular process for reviewing our organisation's governance framework and ensuring it is in line with the existing business environment?'
- 'Are we actively involved in formulating our organisation's strategy and transitioning towards the NDIS?'
- 'Can we anticipate how the disability sector will evolve and ensure that the members of our organisation's management team have the necessary skills and capabilities for adapting to the changing market conditions?'
- 'Do we have limited tenure for ensuring sufficient renewal, such as a maximum of three terms of three years each for a total maximum of nine years?'

1.4 Being an effective board

1.4.1 Introduction

If board members are to be effective in their role, they need to:

- ensure that the board's structure and composition are suited to the organisation
- ensure they have the necessary skills
- be able to maintain the board over time by way of recruitment and succession planning
- maintain and develop both their skills and their overall performance
- establish a good working relationship with the organisation's senior staff members and have a strong accountability framework for the board
- conduct productive meetings and get through the board's business efficiently.

1.4.2 The board's composition

The board must be structured effectively and have processes through which its members can set strategy, monitor performance, support the senior manager and engage with the stakeholders.

To be able to do its job well, the board must have enough members, and they must have an appropriate range of skills.

Most boards comprise between seven and twelve people. If the board is small, the members can manage and co-ordinate it more easily, whereas if it is large, they have a bigger pool of expertise to draw on, can share the workload and can maintain diversity.

To develop a 'skills based' board, the organisation must develop specific criteria for the directors, make the criteria reflect the requisite range of skills and regularly review the skill set.

Most boards also have members to whom they have allocated specific positions that entail additional responsibilities, and the members are usually called office bearers. Traditionally, the three most common types of office bearer are:

1. the chairperson or president, who is responsible for providing leadership and usually for chairing board meetings
2. the treasurer, who is responsible for the organisation's finances
3. the secretary, who is responsible for taking the minutes at board meetings, looking after the organisation's membership and attending to other matters of compliance associated with incorporation.

Some organisations also formally identify the position of vice president.

The board must specify these positions and their titles in the organisation's constitution.

Critically, although the treasurer is delegated responsibility for overseeing the organisation's finances, every director is equally responsible for ensuring that the organisation remains financially viable, must understand his or her financial duties and must take his or her board duties very seriously.

The board's independence

Input from experienced, qualified directors can result in improvement of their organisation's success and viability.

The board members must remain independent of the organisation's management and staff teams and not have any commercial dealings with the organisation.

The role and function of subcommittees

The members of well-performing subcommittees can support the board in undertaking its work. Any subcommittee must be large enough to capture sufficient skills and experience among its members but not so large that effectiveness of decision making is reduced.

A subcommittee must have clear terms of reference, be delegated the capacity to make decisions and be required to report to the board regularly.

Whether an organisation forms subcommittees and the type of subcommittee will vary from organisation to organisation. Some examples of types of subcommittees are:

- finance and auditing, including income generation
- marketing
- fundraising
- complaints handling.

1.4.3 Maintaining the board membership

Appointment and selection of the directors

The board must establish and document a formal process for nominating, electing or appointing the chairperson and directors.

The procedures for the nomination, election and appointment must be open and transparent and be compliant with the organisation's constitution.

The board must specify the minimum and maximum terms – the length of time, such as two to three years, that someone can remain a director or an officer bearer – in the organisation's constitution and any relevant policy. In specifying the terms of the appointments, the board can ensure:

- maintenance of continuity and stability, because not all the board members are replaced simultaneously
- regular 'refreshment' of the board's composition.

TIP: If a service provider is to be successful in delivering its services, its board members must understand the needs and priorities of the organisation's service users. Your organisation might find it useful and advantageous if at least one of its board members has expert knowledge of, and is interested in, your service users' issues; to include either a service user or a service-user representative on the panel for selecting board members; or to have the service user or representative formally involved at some stage of the decision-making process, for example by participating in an advisory or consultative committee or process.

Succession planning for the directors and managers

Succession planning is the process in which the board of directors and the office bearers identify when vacancies will occur in the organisation's board and the management, what attributes the candidates have to have and how the directors and office bearers will undertake the recruitment process.

The board should routinely discuss succession planning so the transition from outgoing to incoming directors goes smoothly.

The board should also have a succession plan for replacing the senior manager and make sure he or she has an appropriate career path.

1.4.4 Maintaining and developing the board's performance

Induction and training of the board members

When directors are appointed, the organisation must provide them with induction training and make professional-development opportunities available for them whenever it is necessary and affordable.

TIP: Because programs such as those under the NDIS are being moved towards individualised funding so each person's specific needs can be catered for, if your organisation provides disability services, it must ensure that as well as undergoing induction and training in relation to the organisation and its governance, the board members adequately understand both the idea and the reality of 'person-centred practices'.

Reviewing the board's performance

The board members must consider their collective performance, and it is good practice for them to regularly assess both their performance as a group and their performance as individual directors.

A regular board review can take the form of:

- a simple feedback form
- a discussion about aspects of the board's performance
- an independent evaluation.

TIP: When your organisation is preparing for the NDIS, make sure the directors and office bearers have driven the organisation's reform and restructure. The organisation should have a process for regularly reviewing its governance framework and ensuring that the framework remains contemporary. A maximum of three terms of three years each would probably constitute a good balance between continuity and renewal of directors.

1.5 The board and the senior manager

1.5.1 The board's role in working with the senior manager

If paid staff members are part of your organisation, your board will be directly responsible for recruiting and managing the most senior staff member, who will usually be responsible for managing any other staff members.

The determining factors for the senior manager's official title are the organisation's size and preference, whereby the senior manager might be called the chief executive officer (CEO), the executive officer (EO), the general manager (GM), the manager, the director or the co-ordinator. In relation to the senior manager, the board will:

- determine what the job will involve
- approve the position description and duty statement
- determine and review the person's remuneration, that is, salary and other benefits
- organise the recruitment process
- establish delegation of authority, that is, the types of decision he or she will make without consulting the board
- establish the requirements for his or her reporting
- maintain communication with him or her and meet with him or her regularly
- regularly review his or her performance.

Also, the board and the senior manager must have a good, productive working relationship whereby they clearly understand their roles, what is expected of each party, the procedures they have agreed on and the need for mutual respect.

1.5.2 Delegation of authority

Just as the organisation's members entrust its governance to the board, the board delegates to the senior manager all responsibility for the organisation's day-to-day running. How they delegate the responsibility will vary between organisations, but the three main things the board members must do in order to maintain accountability are:

- identify what they want the senior manager to achieve
- set clear policies, procedures, plans and budgets in order to guide the senior manager in how he or she goes about his or her work
- regularly receive a report from the senior manager.

According to accepted best practice, governance and management must be separated, and in focusing on governance, the board must move away from being involved in the organisation's day-to-day management. However, how much this separation is possible will depend on both the organisation's size and the availability of resources. The board might have a more hands-on role in an organisation that does not employ staff members or that has a very limited number of them, in which case the board must nevertheless clearly stipulate all roles and set boundaries to make sure that conflicts do not arise.

In defining its role and fulfilling its governance duties, the board will need to find both the right balance and the right level of separation between governance and management.

Whatever the situation, the board members must keep their fiduciary responsibilities 'front of mind' so they do not leave the organisation vulnerable to mismanagement, legal risks or insolvency.

1.5.3 Performance reviews for the senior manager

The board is responsible for both monitoring the senior manager's performance and ensuring that:

- he or she is achieving the agreed outcomes
- his or her management practices are meeting the accepted standards
- the organisation is complying with its external requirements.

Boards commonly undertake ongoing monitoring of the senior manager by having him or her report to them. In his or her reports, he or she must: address:

- how planned activities and strategies are progressing, usually by reporting the progress against agreed milestones or timeframes
- how specific outcomes are being achieved and how the organisation is performing in general, usually by reporting against agreed performance measures in the organisation's plan
- the organisation's financial performance
- legal and other external obligations, and/or prepare a risk-management report
- any issues or incidents the board has to be aware of or make a decision about.

The board must also conduct an annual performance appraisal with the senior manager. In undertaking this type of appraisal to review how the senior manager has been working, the board members use the information from his or her regular reporting and one or more of the following methods:

- having the senior manager reflect on his or her achievements and challenges and identify areas for improvement
- reviewing his or her performance against agreed performance measures
- obtaining board members' feedback about the senior manager's performance
- obtaining staff members' and/or volunteers' feedback about the senior manager's performance
- obtaining 'peer' feedback from colleagues in other agencies, community members and/or service users

1.6 Organising and conducting meetings

1.6.1 Conducting board meetings

It is critical that board meetings be productive so the members can get their business done effectively and efficiently and remain energetic and enthusiastic.

The basic principles for conducting productive meetings are set out as follows:

- establish 'code of conduct' values.
- set an agenda that contains 'standing items' such as 'finance and income', 'staffing', 'risks' and 'internal and external complaints'.
- distribute the board papers before the meeting.
- follow the formal procedure for any meeting:
 - record the names of the attendees, and receive apologies.
 - review the agenda, and if appropriate, agree on any additional items, prioritise the items and allocate an amount of time for addressing each item.
 - review the minutes from the previous meeting, and vote on whether to accept and/or amend each minute.
 - deal with 'business arising', which will be any items that are not on the meeting's agenda.
 - deal with the agenda items.
- facilitate discussion about the items.
- make a decision about each item, by proposing a motion and taking a vote.
- close the meeting.

A scribe must formally record the minutes of any meeting and include details of the aforementioned principles in the completed minutes.

1.6.2 Holding meetings of members

The rules in relation to meetings of the organisation's members are derived from common law and the organisation's own constitution. For companies, they are derived from statutory requirements under the [Corporations Act 2001 \(Cth\)](#), and for incorporated associations, they are derived from the relevant associations-incorporation legislation, such as the [Associations Incorporation Act 2009 \(NSW\)](#). The purpose of many of the rules in relation to the conduct of members' meetings is to enhance the legitimacy and quality of decision making, whereby:

- the members can adequately access the forum of the general meeting
- the members have both sufficient opportunity to attend the meeting and sufficient information about the resolution/s before the meeting so they can decide whether or not to attend
- the resolution/s represent/s the will of the members
- members who so wish are able to participate in the voting process
- a resolution reached at the general meeting is an informed decision.

Legal requirements

In the case of most non-government organisations, the conduct of members' meetings is governed either under the incorporation legislation, such as the [Associations Incorporation Act 2009 \(NSW\)](#) or, in the case of companies that are limited by guarantee, under the [Corporations Act 2001 \(Cth\)](#) and the organisation's own rules.

In the organisation's constitution, the board members address the following points:

- the intervals between regular general meetings of members, such as the Annual General Meeting (AGM), and how general meetings are called
- the quorum and procedure at general meetings of members, and whether the members are entitled to vote by proxy
- the timeframe and way in which notices of general meetings and notices of motion are to be given, published or circulated.

Under the [Associations Incorporation Act 2009 \(NSW\)](#), an incorporated association must convene a general meeting of members within six months of the end of the association's financial year, otherwise each committee member will be guilty of an offence and might be liable to pay a penalty.

Under the [Corporations Act 2001 \(Cth\)](#), a company that is limited by guarantee must convene a general meeting of members within five months of the end of the company's financial year.

However, if a company that is limited by guarantee is registered with the ACNC, it does not have to comply with the requirement to hold general meetings of members or annual general meetings under the [Corporations Act 2001 \(Cth\)](#); instead, it must comply with the requirements of the ACNC's Governance Standard 2, which is a flexible, principle-based standard whereby charities are able to consider how best to be accountable to their members in the charities' specific circumstances.

In reality, the charity might still choose to have meetings because they are the best way to comply with governance standard 2. Regardless of what method the organisation adopts with in relation to the general meetings of its members, the method must be reflected in the organisation's constitution.

Meetings called by a director

Under most organisations' constitutions, either the board or one director can convene a general meeting of the organisation, whereby the board is able to bring any urgent business before the members and then considers it and requires the members to approve it or consider it.

Meetings requested by members

Under Corporations Law, directors must call a general meeting of members if a specific number of members requests it. No similar obligation under the [Associations Incorporation Act 2009](#), but incorporated associations usually include the right in their constitution. The standard recommendation is to include the right in the constitution

This type of meeting is known as a special general meeting, and the requisitioning members must carefully consider whether to call one, because the usual purpose of the meeting is for the members to deal with urgent or major business they are concerned about, and the meetings are sometimes costly to convene and conduct.

Meetings called by members

When the directors fail to comply with the members' request to convene a special general meeting, the members themselves can convene the meeting. This stipulation is expressed in the Corporations Law, but in the case of incorporated associations, it should be expressly set out in the organisation's constitution.

Meetings ordered by a court

Although Corporations Law does not include provision for a court to order that a meeting be held, the omission is not applicable to incorporated associations.

Members of an incorporated association can seek a court order whereby the association has to convene a general meeting. This type of order is usually not provided for in an incorporated association's constitution.

1.6.3 Chairing a meeting

The chair's role and function

The chair must ensure that discussion is open, that all participants are able to participate, that relevant issues are included in the agenda and that all the directors receive the information about and from the meeting in a timely way.

The chair's main roles and functions are to:

- understand all the statutory, constitutional and procedural requirements for the meeting
- determine that the meeting is properly convened and constituted and that a quorum has been reached
- inform himself or herself about the meeting's business and objectives
- preserve order in the attendees' conduct and limit the discussions to be within the meeting's scope and time limits
- decide whether any proposed motion or amendment is in order
- formulate questions that have been moved for consideration, so the attendees can discuss them and make a decision about them
- decide points of order and other incidental matters for which a decision is required
- ascertain the 'sense' of the meeting, by:
 - putting relevant questions to the meeting and taking a vote on them
 - declaring the result
 - causing a poll to be taken if it is duly demanded
- handle all matters in impartially
- deal with the record of the proceedings or the minutes of them
- adjourn the meeting when an adjournment is justified
- declare the meeting closed when the attendees have completed its business.

Absence from meetings

When the chair is absent from a general meeting or a board meeting, the organisation's constitution will usually contain a prescription for the procedure the attendees are to follow in order to appoint another chair. If there no procedure exists, the board is permitted to appoint a new chair for the meeting.

References

Organisations

The Australian Securities and Investments Commission (ASIC)

Phone: 1300 300 630

E-mail: info.enquiries@asic.gov.au

Website: www.asic.gov.au

As the corporate regulator, ASIC is responsible for ensuring that company directors and officers undertake their duties honestly, diligently and in the company's best interests. The ASIC website includes a range of resources for helping directors and committee members.

NSW Fair Trading

Phone: 13 32 20

www.fairtrading.nsw.gov.au

The Office of Fair Trading maintains the Registry of Co-operatives and Associations, and provides advice about fair and ethical practices. The Office of Fair Trading website includes information about running an incorporated association.

The Australian Charities and Not-for-profits Commission (ACNC)

Phone: 13 22 62

E-mail: advice@acnc.gov.au

Website: www.acnc.gov.au

The Australian Charities and Not-for-profits Commission (ACNC) is the independent national regulator of charities. The ACNC website includes information and resources about running a charity.

The Office of the Registrar of Indigenous Corporations (ORIC)

Phone: 1800 622 431

E-mail: info@oric.gov.au

Website: www.oric.gov.au

The Registrar of Indigenous Corporations (ORIC) is an independent statutory-office holder who the Minister for Indigenous Affairs appoints under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006 (Cth)* (the CATSI Act). The Registrar's office supports and regulates the corporations that are incorporated under the Act. The ORIC website includes information and resources about running an Aboriginal corporation.

The National Disability Insurance Agency (NDIA)

Phone: 1800 800 110

Website: www.ndis.gov.au

If your organisation provides disability supports and/or services under the NDIS, please contact the National Disability Insurance Agency (NDIA) to discuss all the relevant requirements.

Published materials

Following is a list of some of the books, guidelines and web-based materials that are available for board members:

The Australian Institute of Company Directors, *Good Governance: Principles and Guidance for NFP Organisations*, available at <http://aicd.companydirectors.com.au/resources/not-for-profit-resources/good-governance-principles-and-guidance>

The Australian Charities and Not-for-profits Commission, *Governance for Good*, available at http://www.acnc.gov.au/ACNC/Edu/Tools/GFG/GFG_Intro.aspx

The Bradfield Nyland Group and the Spall Watters Group, *The Governance Development Resource Pack*, available on Queensland's Community Door website http://communitydoor.org.au/sites/default/files/02-board-member_0.pdf

David Fishel, *The Book of the Board*, The Federation Press, 2003

Queensland University of Technology Centre for Philanthropy and Non-profit Studies, *Developing Your Organisation*, available at <http://wiki.qut.edu.au/display/CPNS/Developing+Your+Organisation+Manual>

Relevant legislation NSW laws

www.legislation.nsw.gov.au

[Associations Incorporation Act 2009 \(NSW\)](#)

Commonwealth laws

www.comlaw.gov.au

[Corporations Act 2001 \(Cth\)](#) No. 50

Australian Charities and Not-for-profits Commission Act 2012 (Cth)

APPENDIX 1: Checklists

Checklist 1: Corporate governance

For more information, see sections 1.1 to 1.5 in this chapter.

- Use this checklist in order to better understand your organisation's 'corporate governance' practices and to identify what the organisation could improve.
- Consider having you and your fellow directors complete the checklist each year.
- To answer each question, place a tick under the column headed 'Yes' or 'No', and make notes under the column headed 'Comments and/or actions'.

Does our organisation have enough directors on its board for the organisation to be able to meet its needs?			
Do our directors have an appropriate range of skills for meeting their responsibilities as board members and for discharging our organisation's strategic directions effectively?			
Are our directors aware of what our organisation's constitution and/or by-laws include about the organisation's governance?			
Does our organisation have terms of reference for our board?			
Has our organisation developed criteria for board membership?			
Does our organisation base its selection of our directors on their specific skills?			

Questions	Yes	No	Comments/Actions
If the answer to the previous question was 'No', is our board representative of the community?			
Does our organisation have a job description and a qualification statement for each of our directors?			
Does our organisation have a 'terms of office' policy for our directors?			
Are all the members of our organisation aware of what its constitution includes about our directors' terms of office?			
Does our organisation have a formal process for selecting and replacing the directors, the chair and the senior manager?			
Does our organisation give the directors, the chair and the senior manager written acknowledgement of their appointment?			
Does our organisation have newly appointed directors sign a consent form in relation to acting as a director?			
Does our organisation have a 'succession planning' process in place?			
Does our organisation have a policy for appropriate ethical standards our directors must maintain?			
Does our organisation have a process in place for directors' induction and ongoing training?			
Does our organisation have agreements in place in relation to non-competition, confidentiality issues and conflict of interest?			

Questions	Yes	No	Comments/Actions
Does our organisation have a register for 'conflict of interest' declarations?			
If the answer to the previous question was 'Yes', does our organisation regularly update the register?			
Does our board have subcommittees?			
If the answer to the previous question was 'Yes', do the subcommittees:			
<ul style="list-style-type: none"> relieve the board of specific tasks? 			
<ul style="list-style-type: none"> use specialist skills? 			
<ul style="list-style-type: none"> have terms of reference in which our organisation sets out the members' scope of work, roles and responsibilities? 			
<ul style="list-style-type: none"> circulate minutes from their meetings to the board? 			
<ul style="list-style-type: none"> report to the board at least each quarter? 			
Do the directors have knowledge of service delivery?			
Do the directors have knowledge of how to govern an organisation?			
Are all the directors included in the board's discussions?			
Are the directors' discussions productive and well-facilitated?			
Do our 'board meeting' agendas include relevant issues for the directors to address?			
Are our directors able to seek independent professional advice?			

Questions	Yes	No	Comments/Actions
In relation to meetings and between meetings, does each director receive information in a timely way?			
Does each board meeting have a set agenda?			
Do our directors receive the board papers in advance of each board meeting?			
Does our organisation have a standard procedure that includes review and acceptance of the minutes from each previous board meeting?			
Does someone in our organisation act as a scribe to record each decision the board makes?			
Does someone in our organisation act as a scribe to 'minute' (record) the main proceedings from each board meeting?			
Does our board monitor how our senior manager/s is/are performing?			
Is our board actively interested in getting to know our senior manager/s?			
Does our board define our senior manager's/managers' career path/s?			
Does our board have a process in place for assessing how it is performing?			
Do our directors consider how the board is performing as a collective?			
Does our board consider how each director is performing?			

Questions	Yes	No	Comments/Actions
Has our board established criteria for measuring the directors' performance against agreed short- and long-term goals?			
Has our board established criteria for identifying the directors' under-performance?			
Does our board evaluate any remedial courses of action in relation to directors' under-performance?			
Does our board assess how effective our organisation's internal-control system is?			
Does our board assess whether the business is a going concern?			
Does our board regularly review our organisation's finances?			
Does our board have systems in place for ensuring that our organisation identifies the main strategic, operational and financial risks it is exposed to?			
Does our board have a system in place for effectively monitoring and managing the main risk our organisation is exposed to?			
Has our board determined that our organisation has instituted adequate operational and financial reporting systems and internal controls as well as appropriate monitoring of activities in relation to compliance?			
Is our board satisfied that our organisation's 'risk management' systems are working properly?			

Questions	Yes	No	Comments/Actions
Has our board established, and is it monitoring, policies for ensuring that our organisation is complying with all applicable policies, laws and regulations and conforming to the highest standards of behaviour in relation to finance and ethics?			
As directors, are we alert to the commercial, political, technological, legal and social changes that are occurring around us?			
Is our board cohesive?			
As board members, do we have a strong sense of unity?			
Does our board establish objectives for our organisation, define policy for it and develop strategic plans for it?			
Does our board ensure that the organisation's senior manager is performing satisfactorily in relation to leadership, planning, organisation, control and succession?			
Does our board have a system in place for monitoring how the organisation's senior manager, senior staff members and volunteers are performing?			
Does our board monitor how our organisation is performing in relation to agreed short- and long-term goals?			
As directors, have we provided for our organisation's continuity by formulating the plans and actions our organisation is implementing?			

Questions	Yes	No	Comments/Actions
As directors who are mandated to support our organisation in changing and growing, do we both focus on what data we will need and use historical data?			
Does our board maintain a balance between our organisation's operational targets and strategic direction?			
In making decisions, does our board rely on professional or expert advice?			
As directors, do we stay informed about the organisation's activities?			
Does our board convey both the message and the image that compromising of our organisation's integrity and effective control is not possible?			
Does our organisation have a formal code of conduct that includes definition of acceptable standards of behaviour for everyone involved in the organisation?			
Does our organisation have a consultative committee, a service users' advisory board or another type of consultative mechanism to help service users or their representatives collect valuable 'service user' feedback?			

Checklist 2: Reviewing of meetings

For more information, see section 1.6 in this chapter.

- Use this checklist when you are convening a general meeting for your organisation.
- Use the checklist in conjunction with your organisation's constitution or rules.
- To answer each question, place a tick under the column headed 'Yes' or 'No', and make notes under the column headed 'Comments and/or actions'.

Questions	Yes	No	Comments/Actions
Does the board have the power to convene the general meeting?			
Has the board communicated the meeting's purpose to all the organisation's members?			
Has someone in the organisation:			
• drawn up the agenda for the general meeting?			
• arranged the venue and determined the admission criteria?			
• issued the notice of the meeting correctly?			
• clarified whether proxy votes will be permissible at the meeting?			
• clarified the proxy voter's rights if proxy votes are permissible?			
• reviewed the minutes of the previous general meeting?			
• noted any matters that have arisen since the previous general meeting?			

Questions	Yes	No	Comments/Actions
<ul style="list-style-type: none"> noted any apologies and whether any observers will be attending the general meeting? 			
<ul style="list-style-type: none"> prepared any required material such as a ballot or information about proxy voting? 			
In relation to the notice of the general meeting and whether it is compliant with the organisation's statutory and/or constitutional requirements:			
<ul style="list-style-type: none"> does it include the type of meeting that is to be held? 			
<ul style="list-style-type: none"> does it include the meeting's date, time and place and what its business will be? 			
<ul style="list-style-type: none"> does it include any motions the attendees will be discussing and/or voting on at the meeting? 			
<ul style="list-style-type: none"> does it include a statement that the body that is empowered to call the meeting has authorised the issuance of the notice? 			
<ul style="list-style-type: none"> has someone in the organisation sent the notice to every person who is entitled to receive it? 			
<ul style="list-style-type: none"> has that person sent the notice within the prescribed timeframe? (Twenty-one days' notice is usually required.) 			
<ul style="list-style-type: none"> does the notice include details of any technology the attendees will need to use if the meeting will be held at multiple venues? 			
In relation to conducting the meeting:			
<ul style="list-style-type: none"> has a quorum been reached? 			

Questions	Yes	No	Comments/Actions
• if the answer to the previous question was 'No', has someone adjourned the meeting?			
• does the chair have the power to adjourn the meeting?			
• can the attendees adjourn the meeting?			
• has any voting been conducted according to the organisation's constitution?			
• as directors, do we know how many votes each attendee can cast?			
• can attendees' voting powers be suspended?			
• if the answer to the previous question was 'Yes', who is authorised to suspend the voting powers?			
• will a show of hands be used to determine the vote?			
• if the answer to the previous question was 'No', will a poll be used to determine the vote?			
• as directors, do we have the power to vote at general meetings?			
In relation to the chair's duties:			
• as directors, do we understand what duties and powers the chair has under the constitution?			

Checklist 3: The directors' responsibilities

- Use this checklist to review the information in the chapter's section 1.2, 'The directors' responsibilities'.
- To answer each question in relation to your understanding of it, place a tick under the column headed 'Yes', 'No' or 'Limited'.

Your understanding of your main duties of care	Yes	No	Limited
To honestly exercise the powers you have been granted, to exercise them for the purposes for which they have been granted, and not to exercise them for any collateral purpose			
To act honestly and in good faith in the interests of the whole organisation			
To exercise the amount of care, skill and diligence a reasonable person in a similar position would exercise in the organisation's circumstances			
To avoid any actual or potential conflict between the obligations you have to the organisation and a director's personal interest or other duties			
To keep all proprietary information confidential and to disclose any advantages or business opportunities you have acquired during your directorship			
To prevent the organisation from trading while insolvent			
Your understanding of your organisation's administration			
The organisation's limited liability – professional or personal			
The organisation's constitution			
The board's function, composition and structure			
The directors' role			
The role and function of any subcommittees			
The chair's role and function			
The organisation's finance and administration			
The organisation's strategy and planning			
Separation between the organisation's governance, by its board, and management, by its senior manager/s, that is, lack of overlapping or joint roles			

Checklist 4: Points to remember

- Use this checklist to review the information set out in this chapter's section 1.3, 'Know Your Business'.
- To answer each question in relation to your understanding of it, place a tick under the column headed 'Yes', 'No' or 'Limited'.

Your understanding of the board's role	Yes	No	Limited
Setting directions for the organisation, including meeting the requirements for developing the organisation's workforce in order to meet the service users' needs			
Setting guidelines for the organisation's staff members to follow			
Ensuring that safeguards are in place			
Establishing procedures for reporting			
Developing long-term financial plans			
Developing succession plans			
Establishing an ethical framework			

Checklist 5: Being an effective board

- Use this checklist to review the information set out in this chapter's section 1.4, 'Being an effective board'.
- To answer each question in relation to your understanding of it, place a tick under the column headed 'Yes', 'No' or 'Limited'.

Your understanding of how to be an effective board	Yes	No	Limited
The board's composition and skills basis			
The board's independence			
Working with subcommittees			
Appointing and selecting the directors			
Planning for board succession			
Induction and training for the directors			
Reviewing the board's performance			
Transparency and disclosure of both information and decision making: in relation to strategy, decision making, and financial and operational performance, your organisation's system is 'open' to all relevant stakeholders.			
Lack of conflict of interest: in relation to decision making, no person in the system has either an actual or a perceived conflict of interest and is not in a position to influence the outcome of any decision.			
A process-based system, not a people-based one: for your organisation's system to continue being operational, it is not reliant on any person and his or her skills.			
Linkages between responsibility and accountability: in your organisation, the people who are responsible for an activity or an outcome are also held accountable for it.			
Practicality and reliability: Your organisation's system is not overly complex and is flexible in relation to change.			

Checklist 6: The board and the senior manager/s

- Use this checklist to review the information in this chapter's section 1.5, 'The board and the senior manager'. Note: For ease of reading, the term 'senior manager' rather than 'senior manager/s' is used in this checklist.
- To answer each question in relation to your understanding of it, place a tick under the column headed 'Yes', 'No' or 'Limited'.

You understand that the board's role is to	Yes	No	Limited
• Identify the responsibilities associated with the position of senior manager			
• Determine the senior manager's remuneration			
• Recruit the senior manager			
• Delegate authority to the senior manager			
• Establish a reporting procedure for the senior manager			
• Maintain communication with the senior manager			
• Keep the senior manager accountable by identifying outcomes of his or her decisions, setting policy for him or her and receiving reports from him or her.			
You understand that the board is always responsible for			
• The organisation's overall accountability			
• The organisation's governance policies			
• The senior manager's performance.			
You understand that any review of the senior manager's performance must include			
• Comparison of progress and plans in relation to any task or project			
• Consideration of whether the senior manager has achieved the agreed outcomes			
• Consideration of the organisation's financial performance			
• Consideration of whether the senior manager's actions have been compliant with all legal requirements			
• Consideration of whether the senior manager has been effective in managing risk			
• Consideration of how the senior manager has managed any incidents.			

Checklist 7: Meetings

- Use this checklist to review the information in this chapter's section 1.6, 'Organising and Conducting Meetings'.
- To answer each question in relation to your understanding of it, place a tick under the column headed 'Yes', 'No' or 'Limited'.

Your understanding of the need to	Yes	No	Limited
• Set an agenda for the meeting			
• Distribute the board papers before the meeting			
• Follow the procedure for a formal meeting			
• Facilitate discussion during the meeting			
• Record the decisions made at the meeting			
• Take the minutes of the meeting			
• Meet the requirements in relation to holding a general meeting, according to the relevant incorporation legislation			
Your understanding of the ways in which a meeting can be called			
• By one or more of the directors			
• By one or more of the directors on the request of one or more members of the organisation			
• By one or more members directly			
• By the court (the least likely and rarely actioned way)			
The requirements for distributing the notice of the meeting are to be followed as set out in the organisation's constitution.			
The meeting must be held at a reasonable time and place.			
The members must be given a reasonable opportunity to participate by using technology.			
The meeting must have a quorum (the minimum number of attendees).			
The organisation's members have voting rights as set out in the organisation's constitution.			
All the attendees know who has the discretion to adjourn a meeting.			
The meeting has a chair (chairperson).			
All the attendees know who can appoint a proxy voter and the process for recording a proxy vote.			
All the attendees know the methods for lodging a proxy vote.			
All the attendees understand all the statutory, constitutional and procedural requirements for the meeting.			

Your understanding of the ways in which a meeting can be called: (continued)	Yes	No	Limited
The chair determines whether the meeting is properly convened and constituted and has a quorum.			
You have familiarised yourself with the meeting's business and objectives.			
The chair preserves order in the attendees' conduct at any meeting.			
During any meeting, the chair confines the discussion to be both within the scope of the meeting and within a reasonable time limit.			
The chair decides whether proposed motions and amendments are in order.			
In relation to discussion and decision making, the chair formulates questions that have been moved for consideration at the meeting.			
The chair decides on points of order and other incidental matters for which a decision is required during the meeting.			
The chair puts any relevant questions to the attendees, and the attendees take a vote on them.			
The chair declares the result of any vote.			
If required for the vote, the chair causes a poll to be taken.			
Both the chair and the attendees handle all matters impartially.			
Someone is appointed to deal with the recording of the minutes of the meeting or the discussions that take place during the meeting.			
When justified, the chair or another appointed person adjourns the meeting.			
The chair declares the meeting closed when the attendees have completed its business.			

APPENDIX 2: Exercises

User information

- The purpose of the exercises is to identify areas for potential improvement.
- Complete the exercises either in a workshop setting or as an individual board member.

Exercise 1: The board's profile, and succession planning

The purpose of this exercise is to aid your understanding of:

- how directors are appointed
- subcommittees' role/s and function/s
- the chair's role and function.

The intended outcome is your ability to identify which characteristics are desirable in relation to the skills and background of both your organisation's existing directors and its potential directors.

The first column in the table has been designed for you to capture the aggregate skills of your organisation's existing directors. If you consider that the itemised skill is inapplicable, please write, 'N/A' ('Not applicable') under the relevant column heading.

The second column has been designed for you to identify any gaps in the skills the directors need so the board can operate at maximum efficiency. Whichever word – 'High' or 'Low' – you believe could be used to better describe your organisation's needs, write it under the relevant column heading. Your answers will then serve as a summary of the key competencies the directors should seek in candidates for directorship or subcommittee membership.

You will also be able to use your answers to aid a structured process for succession planning, in order to:

- establish a succession-planning subcommittee of the board
- identify a retirement date for each existing director
- identify any emerging or existing skill gaps
- identify potential candidates for directorship or subcommittee membership.

The table has been divided into the following four areas:

1. Skills
2. Diversity
3. Background experience
4. Personal attributes

After you have completed this snapshot of your existing board members' skills and background, you will find it useful to compare them to what you and your fellow directors consider to be the optimum skills, level of diversity and type of background for the members of your organisation's board.

Skill in the following areas	The existing board's skills: 'High' or 'Low'	The desired skills for prospective directors: 'High' or 'Low'
Organisational and financial management		
The focus of any special programs		
<ul style="list-style-type: none"> Disability 		
<ul style="list-style-type: none"> Community development and awareness, and links with the community 		
<ul style="list-style-type: none"> Training 		
<ul style="list-style-type: none"> Employment 		
<ul style="list-style-type: none"> Health 		
<ul style="list-style-type: none"> Public policy, commissioning and person-centred planning 		
<ul style="list-style-type: none"> Administration 		
<ul style="list-style-type: none"> Business development and corporate planning 		
Finance		
<ul style="list-style-type: none"> Accounting 		
<ul style="list-style-type: none"> Investments 		
<ul style="list-style-type: none"> Fundraising, in relation to both professional fundraisers and people who have leverage for obtaining funds, diversifying funding and/or expanding the organisation's service delivery 		
Government regulations		
A government representative		
Legal matters		
Marketing and public relations		
Change management		
Innovation, research and development		

Diversity	The existing board: 'High' or 'Low'	The desired board: 'High' or 'Low'
Gender		
• Female		
• Male		
'Special needs' groups		
• Aboriginal and Torres Strait Islander ('ATSI')		
• Culturally and Linguistically Diverse ('CALD')		
• People with disability ('PWD')		
• LGBTIQI (lesbian, gay, bisexual, transgender, queer or questioning, and intersex)		
• Children and young people, or their representative/s		
• Other: _____		
Geographical location		
• City		
• Regional		
• Rural		

Background experience	Current Board Yes/No	Desired Board Yes/No
Self-employed		
Salaried		
Member of boards and committees and/or subcommittees		
Member of a similar organisation		
Development: organisational, community and/or corporate		
Finance		
Auditing		
Other		
Length of board service		
• More than 10 years		
• Between six and 10 years		
• Between two and five years		
• Fewer than 24 months		

Personal attitude	The members of the existing board: 'High' or 'Low'	The members of the desired board: 'High' or 'Low'
Have good networks		
Are numerically minded		
Have research skills		
Have good business sense		
Are analytical		
Are visionary		
Have good awareness of the organisation		
Have a good critical faculty		
Are flexible		
Are change oriented		
Communicate effectively		
Have integrity		
Are independent		
Take risks		

Exercise 2: The responsibility matrix

- The purpose of this exercise is for you to determine the person or people in your organisation who should be responsible for each itemised activity. If no one is responsible for an activity, write, 'None' under the 'Other' column heading, and consider whether someone should be responsible for it and how to address the need.
- Before or during the exercise, review sections 1.2 and 1.3 in this chapter if you need to refer to them.

Note: Both the activities themselves and the level of them will vary from organisation to organisation, whereby what is applicable for a larger organisation will not be applicable for a smaller one, even in relation to the same service-delivery area.

Activity or responsibility	Committee or sub-committee				
	Senior manager/s	Chair	Board	Other	
Recruiting someone to chair the committee or subcommittee					
Proposing budgets					
Approving budgets					
Acting as the organisation's spokesperson					
Running meetings					
Lobbying					
Marketing					
Engaging the senior manager/s					
Terminating the senior manager/s					
Formulating strategies					
Developing policies					
Approving policies					

Exercise 3: Measuring your board's effectiveness

- Complete this questionnaire both as an individual director and with your fellow directors so you are better able to determine:
 - how effective the board is in achieving its short-and long-term goals
 - how effective the board is in managing conflict
 - (most importantly) how effective the directors are in communicating both with each other and with the organisation's key stakeholders.
- Circle the answer that best reflects your existing board, and add any explanatory information in the spaces provided.

Does the board have clear short- and long-term goals?					
Yes/No			<p>If your answer was 'Yes', how are the goals communicated to the directors?</p> <p>If your answer was 'No', why doesn't the board have clear goals?</p>		
Does the board have a clear role?					
Yes or No			<p>If your answer was 'Yes', how is the role determined and communicated?</p> <p>If your answer was 'No', why doesn't the board have a clear role?</p>		
On a scale of 1 to 5, how well does the board resolve issues?					
1 Not well	2	3 Moderately well	4	5 Very well	If you gave the board a rating of 1 or 2, how can the rating be improved?

Does the board manage conflict productively?					
Yes or No			<p>If your answer was 'Yes', who is managing the conflict?</p> <p>If your answer was 'No', what measures need to be put in place to ensure the board does manage any conflict?</p>		
How well does the board make decisions?					
1 Not well	2	3 Moderately well	4	5 Very well	If you gave the board a rating of 1 or 2, how can the rating be improved?
What is the quality of the communication between the directors?					
1 Low	2	3 Average	4	5 High	If your answer was 'High', what tools are used?
What is the quality of the communication between the board members and the organisation's staff members?					
1 Low	2	3 Average	4	5 High	If your answer was 'High', how is this communication facilitated?

What is the quality of the communication between the board and the organisation's staff members?

1 Low	2	3 Average	4	5 High	If your answer was 'High', how is this communication facilitated?
----------	---	--------------	---	-----------	---

Does the board receive enough information for the directors to base collective decisions on?

Yes or No	If your answer was 'No', why doesn't the board receive enough information to base collective decisions on?
-----------	--

If you could change two aspects of how the board members work together, what would they be? Please use the spaces provided.

1.	
2.	

APPENDIX 3: Templates

Template 1: A sample template for scheduling meetings and agenda items

- Use this schedule to identify the items to be covered at meetings of your organisation’s board.
- The column headed ‘Agenda Item’ contains suggestions for items you might wish to include on the agenda for any meeting.
- In this sample template, you will see that the sample information has been extracted from the schedule and transferred to the meeting agenda.
- Use the column headed ‘Frequency’ to indicate the frequency of each agenda item, use the column headed ‘Responsibility’ to indicate who is responsible for tabling the item at the meeting, and place a cross under the ‘month’ column headings to indicate whether that item is dealt with at that month’s meeting.
- Before each meeting, use the schedule to develop the agenda (refer to page 51).
- During the year, use the table to schedule the organisation’s reports and activities to ensure they are not inadvertently omitted from the agenda. Not all agenda items will be applicable for all meetings.

Agenda Item	Frequency	Responsibility	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Declaration of conflict of interest	All meetings	All board members	x	x	x	x	x	x	x	x	x	x	x	x
Approval of minutes	All meetings	All board members	x	x	x	x	x	x	x	x	x	x	x	x
Senior manager’s report	All meetings	Senior manager	x	x	x	x	x	x	x	x	x	x	x	x
Financial report	All meetings	Finance manager	x	x	x	x	x	x	x	x	x	x	x	x
Compliance report	All meetings	Senior manager	x	x	x	x	x	x	x	x	x	x	x	x
Key performance indicators	All meetings	Senior manager	x	x	x	x	x	x	x	x	x	x	x	x
Complaints and incidents’ report	All meetings	Senior manager	x	x	x	x	x	x	x	x	x	x	x	x

Template 2: A sample agenda for a meeting

This example has been drawn up for the month of June and is based on the Template 1 schedule.

[The organisation's name]

'Board meeting' agenda; [Day, Month, Year]; [Venue]; [Planned starting time and ending time]

ITEM	RESPONSIBILITY	DOCUMENTS	TIME LIMIT
Opening			
1. Welcome; apologies; quorum	Chair		1 minute
2. 'Conflict of interest' disclosures	All board members	'Conflict of interest' register	1 minute (5 minutes in the case of disclosures)
3. Previous minutes <ul style="list-style-type: none"> Confirmation Matters arising and/or 'action' list 	Chair	Board minutes	5 minutes
Strategic issues for discussion or decision making			
4. Item or report	Chair or senior manager	'Strategic topic' paper	30 minutes
General business: matters for noting, discussion or approval			
5. Senior manager's report <ul style="list-style-type: none"> Significant issues that have arisen over the previous month Matters for approval Report against the strategic plan Report against the key performance indicators (KPIs) 'Risk and compliance' update WH&S report 	senior manager	senior manager's report	20 minutes
6. Financial report <ul style="list-style-type: none"> Financial report Annual acquittal 'Funding' agreements Review of insurance 	Treasurer, finance manager or senior manager	Financial report	15 minutes
7. Other committee reports	Committee chair	Committee minutes	15 minutes
8. Other business	Chair		10 minutes
Finalisation of the meeting			
9. Review of any actions to be taken	Chair		5 minutes
10. Evaluation of the meeting	Chair		5 minutes
11. Closing of the meeting	Chair		

Template 3: A ‘board skills’ matrix

- Use this table to map the directors’ skills.
- Recruit and/or develop board members in order to address any gaps.
- Add columns to the table if you believe that other skill areas are relevant for your board; for example, do you need to recruit someone who has good public-speaking skills or is able to speak to the media?

Skill area	Corporate governance	Financial literacy	Legal	Marketing	Sector knowledge	Change management	Human resources	Business development	Risk management
Director 1									
Director 2									
Director 3									
Director 4									
Director 5									
Director 6									
Director 7									
Director 8									
Director 9									
Director 10									
Director 11									