

FLEURIEU COMMUNITY FOUNDATION LTD

Guidelines Title: Governance

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1. INTRODUCTION:

Governance in the community not for profit sector is concerned with the systems and processes that ensure the overall direction, effectiveness, supervision and accountability of an organisation.

Board members take ultimate responsibility for the governance of their organisation. However, governance is not a role for Boards and Board members alone. Governance is also concerned with the way Boards work with executives and staff (where appointed), volunteers, sponsors and donors, recipients and other stakeholders to ensure the organisation is effectively and properly run and meets the needs for which the organisation was set up.

2. PURPOSE:

To identify the Fleurieu Community Foundation (FCF) position on governance and the underlying governance principles adopted by the organisation.

The Governance Guidelines are intended to clarify the content of the FCF's constitution by clearly defining the underlying principles of governance approved by the organisation.

These guidelines do not detail legal and ethical matters concerning the role and responsibilities of the FCF Board, which are addressed separately in related policies, the *FCF Constitution* and relevant legislation.

3. BACKGROUND:

In light of the collapse of some large private sector corporations in recent years, and growing community concern about corporate social responsibility, there is greater public expectation that governing bodies such as Boards of Directors will be held more accountable for the performance of the organisations over which they preside.

This expectation is also embodied in relevant legislation – i.e. the *Corporations Act 2001* under which the FCF is a company limited by guarantee – and which clearly holds Directors and Board members responsible for the performance of the organisations they govern.

Governance is essentially concerned with the systems and processes that are adopted to control and provide the direction, effectiveness and accountability of an organisation.

Board members are ultimately responsible for the governance of their organisation and as such the highest levels of professionalism, integrity, accountability and ethical conduct are expected. This is especially the case with community-based organisations such as philanthropic foundations that act as Trustee of a Public Fund and attract, manage and dispense public monies for community benefit.

However governance is not a role for Boards and Board members alone.

Governance is also concerned with the way in which Boards work with executives, staff, volunteers, service users and other stakeholders to ensure that an organisation is effectively and properly managed and meets the needs and objectives for which it was established.

4. PRINCIPLES:

The key principles of corporate governance recognised by the FCF Board are:

- *Transparency* – actions undertaken by the FCF are open and available for scrutiny to ensure that stakeholders have confidence in the decision-making processes of the organisation, including the management of its activities and the individuals within it.
- *Integrity* – comprising straightforward dealing, honesty, objectivity and high standards of propriety and probity in the stewardship of public funds. Integrity depends on the effectiveness of the control framework, the personal standards and professionalism of the individuals involved and is reflected in an organisation's decision making processes, its policies and procedures, its adopted code of conduct and the quality of its financial and performance reporting. .
- *Accountability* – is the foundation on which an effective governance structure must be built. Accountability is the process where organisations and the individuals within them are responsible for their decisions and actions, including the stewardship of public funds and all aspects of performance and submission to appropriate external scrutiny. This includes effective reporting to compare actual performance outcomes against the desired performance indicators and strategic planning to achieve better outcomes in the longer term.
- *Leadership* – good corporate governance focuses upon the effectiveness of an organisation as a whole. The Board and in particular, the Chairperson and EO, must provide effective leadership to achieve the FCF mission and vision and demonstrate diligence in compliance with relevant legislation.

5. DEFINITIONS:

- *Corporate Governance* – is the system by which organisations are directed and controlled. Corporate governance involves processes for decision-making including controls, behaviour, direction, leadership, accountability, performance outcomes and performance reporting. Corporate governance is also about how an organisation is managed – i.e. its functional structures, culture, policies and strategies, and the ways an organisation deals with its various stakeholders.
However, governance should be distinguished from management. The role of the FCF Board is to set the strategic goals and direction of the organisation, and management is responsible for the implementation of actions that are necessary to get there.
In many ways governance is about an organisation being accountable for the management of its financial affairs, the optimum use of its resources and the results that are achieved from its operations. Governance is arguably a combination of legal and best practice operations aimed at facilitating accountability and improving performance.
- *Corporate social responsibility* - means actions undertaken by corporations and organisations to develop a better world. Such actions include the pursuit of environmental sustainability, the implementation of fair and equal employment policies, the development and application of accountable procurement policies and best practice corporate governance policies, and ethical conduct in service provision and dealings with stakeholders.
- *Board* – means the Board of Directors of the Fleurieu Community Foundation Ltd.
- *Staff* – means the paid staff of the FCF (including permanent, casual and contract employees) as well as volunteers assisting the organisation.

6. GUIDELINE DETAILS:

The Board acknowledges that the status and credibility of the FCF as a philanthropic organisation largely rests on it being recognised by the broader Fleurieu community as a safe, sound, responsible and well managed entity that maintains the highest possible ethical and governance standards in its operations and dealings with stakeholders.

Role of the Board

All members of the FCF Board are committed to acting selflessly and making governance and other decisions solely in the best interests of the organisation. These values are to be embraced in the *Code of Conduct*, *Conflict of Interest* and other policies that have been determined for the organisation.

The Board is a collective, in that each member has the right to provide their own point of view and vote for that position, but once a collective decision has been taken all Board members are required to support that decision.

The function of the Board is to collectively ensure the delivery of the FCF objectives and set the strategic direction for the organisation to pursue its philanthropic vision. The Board is collectively responsible and accountable for ensuring and monitoring that the organisation is performing well, is solvent, and is complying with all of its legal, financial, and ethical obligations.

Even though the Board has total authority and is responsible and accountable for governance decisions, the Board is able to delegate certain responsibilities to others and establish advisory and other committees where such delegation is necessary to achieve better outcomes and operational efficiencies.

The responsibilities of the Board that cannot be delegated to any other person or body include:

- **Trusteeship of a Public Fund** - undertake, execute and administer the trusteeship of any public charitable trust of which the association is appointed trustee. This includes the responsibility to appropriately invest moneys lodged with any FCF trusts and to decide on grants and donations for charitable purposes.
- **Compliance and regulatory monitoring** – ensure compliance with the objects, purposes and values of the organisation as set in the FCF Constitution and with all relevant laws and regulations.
- **Organisational governance** – facilitate the development of strategic initiatives to achieve agreed goals and objectives and determine appropriate policies, procedures, plans and budgets to achieve those initiatives. This includes the determination and review of business and fund development and marketing plans to achieve FCF philanthropic objectives.
- **Financial planning and reporting** – set, monitor and review the FCF budget to ensure the financial strength and good performance of the organisation. This includes approving annual financial statements, endorsing required financial reports and appointing a properly qualified external auditor to provide independent scrutiny of the organisation.
- **Operational structure and performance monitoring** – determine and maintain a framework of delegation and appropriate systems of internal control and regularly monitor and review the effectiveness of these systems to improve organisational performance.
- **Risk management** – reviewing and monitoring the effectiveness of risk management and compliance in the organisation; agreeing or ratifying all policies and decisions on matters which might create significant risk to the organisation, financial or otherwise
- **Leadership selection** – appoint, monitor and evaluate the performance of and if necessary dismissal of the Executive Officer including the determination of appropriate conditions of employment and performance criteria.
- **Succession planning** – plan for Board, EO and staff succession, including Board member recruitment and induction strategies
- **Dispute management** – deal with and manage conflicts that may arise within the organisation, including conflicts involving Board members, staff, EO and service users.
- **Social responsibility** – ensure that the FCF operates in a socially responsible manner by considering the social, ethical and environmental impact of all activities and ensure that these are acceptable.
- **Board performance and composition** – evaluate and improve the Board including the assessment of its membership to ensure that it has an appropriate mix of the necessary skills, expertise and experience to meet its various responsibilities.

Responsibility of the Board

- The Board is responsible for setting strategic direction and determining a policy framework to improve organisational performance.
- The Board is responsible for clearly demarcating and delegating the functions of sub-committees, officers, the EO and other staff and agents.

Relationship with Management

Better governance and operational outcomes will be achieved through the clear demarcation of Board and management responsibilities. In general, the Board will focus on determining the longer-term strategic direction of the organisation and avoid becoming involved in day-to-day operational decisions.

However, individual Board members will also become involved in operational matters through relevant sub committees or other activities approved by or delegated by the Board. Where this occurs Board members should separate their strategic role (where they operate independently of direction), from their operational role (where they may be required to act at the direction of management).

Role of Management

The primary role the Executive Officer (EO) is to exercise leadership and take responsibility for the effective implementation of Board strategies and initiatives in accordance with FCF guidelines and procedures, Constitution and relevant legislation.

The EO is responsible to the Board and reports to the Chairperson and the Executive Team. Key management functions include:

- Provide effective management and administrative support services to the Chairperson, Board and Board committees.
- Support the Board with the preparation, implementation and review of business plans, strategic plans, fund development, marketing and other planning initiatives and the ongoing assessment and updating of governance policies.
- Provide support to Legal and Finance sub committee of the Board to keep abreast of relevant legislation and when the need arises, report any changes to the Board with policy amendment recommendations that comply with legislation.
- Assist the Board with the ongoing review of organisational performance and performance reporting.
- Assist the Board to prepare an annual budget and assist with the preparation of reporting requirements including the Annual Report.
- Provide support to the Chairperson and the Executive Team with the recruitment and induction of Board members including the preparation and maintenance of an FCF Board Member Information Kit.
- Provide a first point of contact for the FCF including liaison with the media and government departments, and business and community stakeholders across the Fleurieu.
- Provide grant funding support to the Board's Grant Making Sub-committee, including developing grant guidelines and criteria, assessment of grant applications, preparing grant recommendations for Board consideration, reviewing and amending the grant application process to improve operations, and maintain appropriate records of all grant decisions made by the Board as Trustee.
- Determine, implement and review management, administrative, human resources and other operational policies and procedures as required.
- Manage and supervise the daily functions of the FCF office and staff in accordance with standards set by the Board, and provide leadership with all human resources functions including
 - The appointment and performance evaluation of staff;
 - Training, development and staff succession planning; and
 - Work Health and Safety

Responsibility of Management

- The Executive Officer is responsible for the effective implementation of FCF operations and activities and the management of FCF office in accordance with Board policies and directions.