

SLSQ Governance Standards

Charity Compliance Governance in Action

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The SLSQ Governance Standards

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Adopting a broad framework

Surf Life Saving in Queensland is a diverse in nature and delivers a range of community and sporting services across city and regional areas. Increasingly, the delivery of these crucial services is being shaped by a number of highly complex legislations that require directors, officers, staff and members to gain and grow in the applied knowledge of these laws and community expectations. Any framework adopted for leading and controlling such organisations needs to intergrate principles that allow for the necessary flexibility for both volunteers and professional management to build organisations capable of delivering clearly articulated best practices year after year, while meeting legislative requirements and diverse community expectations.

Governance

Governance is the system by which organisations are directed and managed. It influences how the objectives of the organisation are set and achieved, spells out the rules and procedures for making organisational decisions and determines the means of optimising and monitoring performance, including how risk is monitored and assessed.

Surf Life Saving Queensland (SLSQ), the peak body for Surf Life Saving throughout the state of Queensland, recognises that effective governance requires leadership, integrity and good judgment. Additionally, effective governance ensures more effective decision making, with the organisation demonstrating transparency, accountability and responsibility in the activities undertaken and resources expended.

It is commonly accepted that governance structures have a significant impact on the performance of charitable organisations. Poor governance has a variety of causes, including director inexperience, conflicts of interest, failure to manage risk, inadequate or inappropriate financial controls, and generally poor internal business systems and reporting. Ineffective governance practices not only impact on where the charity are presently, but also undermines community confidence in Australian charities as a whole.

Governance concerns three key issues:

- how an organisation develops strategic goals and direction
- how the board of an organisation monitors the performance of the organisation to ensure it achieves these strategic goals, has effective systems in place and complies with its legal and regulatory obligations
- ensuring that the board acts in the best interests of the members.

The SLSQ Governance Principles advocate strengthening structures that support good leadership and decision making, and ensure sound and effective governance.

Australian Charity & Not for Profit Commission (ACNC)

Introduction

The ACNC established governance standards supporting registered charities in fulfilling their objectives by providing a minimum level of assurance that they meet community expectations in relation to how a charity should be managed. By adopting the ACNC Governance standards as the key components for Surf Life Saving in Queensland governance standards, SLSQ has reduced compliance complexity for Surf Life Saving, as being a registered charities, these legislated standards are already binding on our organisations.

Background

Community expectations in relation to governance may include how a charity goes about managing its affairs, the use of public monies, volunteer time and donations provided to it, how the charity manages the risks that it faces, how it promotes effective and responsible use of its resources and how the charity goes about demonstrating that it is operating transparently and for a proper purpose.

The ACNC sees the steps a charity will need to take to comply with the governance standards will vary according to its particular circumstances, such as its size, the sources of its funding, the nature of its activities and the needs of the public (including members, donors, employees, volunteers and benefit recipients of the charity).

Adoption – Annual Charity Compliance Audits

As part of the affiliating with SLSQ, clubs and branches will be required to adopt and implement the SLSQ Governance Standards and undertake an annual internal audit of their charity's entitlement to ongoing endorsement as a public benevolent institution with deductible gift recipient status, registered with the ACNC.

Objects of the ACNC Act

The objects of the Act are to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector; to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector; and to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.

The ACNC's 5 Governance standards in the ACNC regulations are: -

- Governance standard 1—Purposes and not-for-profit nature of a registered entity
- Governance standard 2—Accountability to members
- Governance standard 3—Compliance with Australian laws
- Governance standard 4—Suitability of responsible entities
- Governance standard 5—Duties of responsible entities

CHARITY COMPLIANCE FACTS

Ongoing Charity Endorsement with the ACNC

Charities must comply with a set of governance standards to be remain registered with the ACNC.

All Surf Life Saving clubs and branches must be able to demonstrate the steps they have taken to comply and that they are appropriate for a charity of its type considering such facts as its size, purpose and activities.

Ongoing Charity Endorsement with the ATO

The ATO require review of a charities activities and governance at least on an annual basis, and whenever there is a major change in the charity's structure or operations.

Australian Sports Commission

The Australian Sports Commission (ASC) is the Commonwealth Government's statutory authority responsible for developing and funding Australian sport. As such, the ASC is responsible for the Australian Government's funding to Australia's national sporting organisations to develop sporting excellence and increase participation in sport. It is important, therefore, that the ASC has a clearly stated position with respect to the governance of national sporting organisations to which the ASC provides taxpayer moneys.

Sports Governance Principles

The Sports Governance Principles of Best Practice advocate strengthening structures that support good leadership and decision making, and ensure sound and effective governance. The principles have been in the drafting of the 6 SLSQ Governance Standards.

The Governance Principles "in action"

This document aims to give practical examples of how the SLSQ Governance Principles are reflected in the everyday operations and management of Surf Life Saving activities, be it SLSQ, a club or branch. Examples are given of how Surf Life Saving fulfils each Governance Principle at multiple levels of the organisation. These are listed under the section "*Governance Standard in Action*". Be it the strategic level of the organisation, the management level, or the delivery level through the role of the volunteer. Each has a role to play in the organisation achieving good governance in how it fulfils its charitable purpose in the community.

In addition, examples of the actual records typically found in the organisation of how it has met the Governance Principles are provided under "*Substantiation of Compliance*".

Not every example is expected to be applicable to each member organisation, however there should be practices and documentation that supports how each Governance Principle is being achieved. These records do not necessarily need to be kept in a dedicated single location, but should be readily to hand when required, particularly to Management Committee members charged with responsibility for ongoing governance and compliance.

SLSQ Governance standard 1

SLSQ Governance standard 1— *Purposes and not-for-profit nature*

Object

- (1) The object of this governance standard is:
 - (a) to commit the Surf Life Saving organisation, its members and its responsible persons, to the organisation's registered charitable purposes; and
 - (b) to give the public, including members, donors, employees, volunteers and benefit recipients of the organisation, confidence that the organisation is acting to further its charitable purposes.

Standard

- (2) A organisation must:
 - (a) be able to demonstrate, by reference to the governing rules of the organisation or by other means, its charitable purposes and its character as a not-for-profit entity; and
 - (b) make information about its purposes available to the public, including members, donors, employees, volunteers and benefit recipients; and
 - (c) comply with its charitable purposes and its character as a not-for-profit entity; and
 - (d) comply with ACNC registered charity compliance regulations.

(SLSQ Governance standard 1 is based on *ACNC Governance Standard 1 – Purposes and nature of a registered entity*).

SLSQ Governance standard 1 in action

Actions include the way in which the organisation

- demonstrates; and
- communicates and informs; and
- generally complies with

its purposes and character as a charitable organisation.

Examples in a Surf Life Saving organisation *Governance Standard #1 in Action* would include: -

- Educating the public on water and surf safety
- Carrying out its Patrol Contract with SLSQ to provide safety to the public at specified public locations. This includes elements such as range and standard of equipment utilised, rostering, Patrol Logs, management of risks to both the public and its patrolling members, and commitment to continuous improvement through feedback.
- Training members to save lives through competency in rescue techniques, first aid, CPR etc.
- Conducting of sporting activities to provide members with confidence and skills to meet the challenges of surf and other water rescues under real world conditions
- Development of leaders
- Membership Protection
- Child and Young Persons protection
- Programs to ensure sustainability of the organisation so future generations can bathe safely in public waters.

Substantiation of Compliance

Organisation

Achievement of good governance through adoption and implementation of the SLSQ Governance Standards

Annual charity compliance audit and review of ongoing entitlement to Deductible Gift Recipient status

Review and actioning of the charity's responsibilities to the ACNC as per the ACNC guide, "*My Charity and the ACNC*".

Management Committee

Board charter which is based on the organisation's not-for-profit charitable purposes

New Committee Induction Process which includes an understanding of the organisation's responsibilities and rights as an

endorsed charitable entity

Undertaking SLSQ Governance training

Formal review and minuted adoption by the Board of the internal annual *Charity Compliance Audit* including actioning any recommendations

Members

Records of charitable activities to be maintained. Examples would include but not be limited to:-

- Patrol Rosters
- Community Awareness records including brochures, records of activities, media releases, letters of support from the community and businesses;
- Patrol logs
- Community training including First Aid and CPR
- “Come and Try” programs for potential members that also provide water safety awareness content
- School outreach water safety programs
- Preventative Action records – moving flags due to changing beach conditions, talking to people regarding water safety, putting up signs with beach conditions information
- Outreach work with children or persons in necessitous circumstances or persons at risk

SLSQ Governance standard 2

SLSQ Governance standard 2— *Accountability to members*

Object

- (1) The object of this governance standard is to ensure the accountability and transparency of a organisation to its members.

Standard

- (2) A organisation must take reasonable steps to ensure that:
 - (a) the organisation is accountable to its members; and
 - (b) the organisation's members have an adequate opportunity to raise concerns about the governance of the organisation.

(SLSQ Governance Standard 2 is based on *ACNC Governance Standard 2 – Accountability to members*).

SLSQ Governance standard 2 in action

Processes and actions where organisation provides accountability to their members including: -

- An up to date constitution containing appropriate accountability mechanisms for all committees that act on behalf of the members
- Facilitating member's rights and access to have adequate opportunity to raise concerns, including
 - providing for elections for member representation and engagement
 - providing an opportunity for members to propose resolutions and to vote upon those resolutions
- Communications
 - Newsletters
 - Distribution of Notices of Meetings and Minutes of Meetings
- Meetings
 - holding Annual General meetings with a Question & Answer session
 - communicating general outcomes achieved through Management Committee meetings
- Reports
 - Organisation's Annual Report including Financial Report and details of the achievements towards its stated purpose.

Substantiation of Compliance

Organisation

Transparent compliance with the constitution and By-Laws accountability mechanisms

Posting of constitution and By-Laws on the organisation's website

Details of the members of the current Management Committee made available through a range of communications including newsletters, website, and Member Notice Board

Posting on organisation's website: -

- appointment of Grievance Officers
- the Grievance Policy and details of how to lodge a grievance or complaint
- the details and an understanding of the role of the Member Protection Information Officer

Management Committee

Maintaining a Company Register that includes copies of the Notice of Meetings for AGM and EGM meetings

Circulate with reasonable notice, opportunity for members to put forward Notices of Motion and items for General Business at general meetings

Members

Member induction process that includes providing an understanding of the organisation's governance and how it fulfils its commitment to the members, and how members raise issues or make complaints.

SLSQ Governance standard 3

SLSQ Governance standard 3— *Compliance with Australian laws*

Object

- (1) The object of this governance standard is to give the public (including members, donors, employees, volunteers and benefit recipients of an organisation) trust and confidence that the organisation is governed in a way that ensures its on-going operations and the safety of its assets, through compliance with Australian laws (including preventing the misuse of its assets).

Standard

- (2) A organisation must not engage in conduct, or omit to engage in conduct, if the conduct or omission may be dealt with:
 - (a) as an indictable offence under an Australian law (even if it may, in some circumstances, be dealt with as a summary offence); or
 - (b) by way of a civil penalty of 60 penalty units or more.

(SLSQ Governance Standard 3 is based on *ACNC Governance Standard 3 – Compliance with Australian laws*).

Governance standard 3 in action

Broadcasting of an understanding of applicable laws to the general membership

Development of policies and procedures which effectively manage the risks of non-compliance

Review or investigation of incidents, complaints and grievances that relate to a real or potential breach of the organisation's legal responsibilities in a suitable manner, including reporting to the Management Committee for further action where required

Induction and training in laws applicable to all members of the Management Committee

Audit and review of compliance to applicable laws through operational and administrative areas

Risk assess where potential breaches are likely and implement risk management plans to manage or mitigate breaches

Substantiation of Compliance

Organisation

Member Protection policies

Child and Young Persons (Blue Card) protection policy and procedures, records in SurfGuard. Attendance at prescribed training by the Management Committee in CYRMS and signed statement of completion to SLSQ Member Services by 31 December each year.

Workplace Health & Safety regulations policies and training

Risk Management practices and training

Incident Reporting through to a Safety Officer or the SLSQ Risk Management Manager

Management Committee

New Committee Member Induction processes that includes in-depth training on legislation that is relevant to the organisation and the environment it operates in

Company Register maintained containing all the charity's registrations and insurances including taxation, charity and incorporation

Lodgement of all statutory returns on time and in a professional manner including the ACNC and the Office of Fair Trading

Members

New member induction process that includes training on legislation that is relevant to the role of the volunteer in the organisation and the environment it operates in

SLSQ Governance standard 4

SLSQ Governance standard 4— *Suitability of responsible persons*

Object

- a) The object of this governance standard is to maintain, protect and enhance public trust and confidence in the governance and operation of the organisation.
- b) That the board outline the role of individual directors/board members

Standard

Meeting the ACNC conditions

- 1 (a) To maintain, protect and enhance public trust and confidence in the governance and operation of the organisation:
 - (1) Each organisation must:
 - (a) take reasonable steps to ensure that each of its responsible persons meet the conditions mentioned in subsection (3); and
 - (b) after taking those steps:
 - (i) be, and remain, satisfied that each responsible person meets the conditions; or
 - (ii) if unable to be, or remain, satisfied that a responsible person meets the conditions, take reasonable steps to remove that person.
 - (3) Subject to subsection (5), the conditions for each responsible person are that they:
 - (a) are not disqualified from managing a corporation, within the meaning of the *Corporations Act 2001*; and
 - (b) are not disqualified by the Commissioner, at any time during the preceding 12 months, from being a responsible person of a registered entity under subsection (4).

(SLSQ Governance Standard 4 is based on *ACNC Governance Standard 4 – Suitability of responsible entities* and the Australian Sports Commissions – *Sports Governance Principles 1.11*)

SLSQ Governance standard 4 in action

The term '*responsible person*' refers to those persons responsible for governing the charity. In Surf Life Saving organisations this applies to members of Management Committees. All appointees to Management Committee roles are to complete the *ACNC Responsible Persons Declaration*. This standard is to be applied to persons appointed to Management Committees on either a permanent or casual vacancy basis.

Substantiation of Compliance

Management Committee nominations received with signed declaration of not being a disqualified person either within the meaning of the *Corporations Act 2001 (Cth)* or by the ACNC Commissioner.

Induction processes and records including signed *ACNC Responsible Persons Declarations*

Prescribed disqualification checks performed before Management Committee members are listed with either the ACNC or the Office of Fair Trading

Signed policy by all Management Committee members that they will resign immediately they become disqualified within the meaning of the *Corporations Act 2001 (Cth)* or disqualified by the ACNC Commissioner.

Duties of responsible persons appointed to charities such a Surf Life Saving organisations

The ACNC requires charities to meet governance standards. Under *ACNC Governance Standard 4* charities must ensure that responsible persons are suitable, and under *ACNC Governance Standard 5* they must ensure responsible persons are aware of their duties and comply with them.

SLSQ Governance Standard 5

SLSQ Governance standard 5—*Duties of responsible persons*

Object

- (1) The object of this governance standard is:
 - (a) to ensure that the responsible persons of a charity conduct themselves in the manner that would be necessary if:
 - (i) the relationship between them and the charity were a fiduciary relationship; and
 - (ii) they were obliged to satisfy minimum standards of behaviour consistent with that relationship; and
 - (iii) That the roles of key positions in the governance system are documented and understood; and
 - (b) to give the public, including members, donors, employees, volunteers and benefit recipients of a charity, confidence that the responsible person:
 - (i) is acting to prevent non-compliance with the duties imposed on responsible persons; and
 - (iii) if non-compliance with the duties imposed on responsible person occurs—will act to identify and remedy non-compliance with the duties imposed on the person.

Standard

- (2) A charity must take reasonable steps to ensure that its responsible persons are subject to, and comply with, the following duties:
 - (a) to exercise the responsible person's powers and discharge the responsible person's duties with the degree of care and diligence that a reasonable individual would exercise if they were a responsible person of the charity;
 - (b) to act in good faith in the charity's best interests, and to further the purposes of the charity;
 - (c) not to misuse the responsible person's position;
 - (d) not to misuse information obtained in the performance of the responsible person's duties as a responsible person of the charity;
 - (e) to disclose perceived or actual material conflicts of interest of the responsible person;
Including:
 - (i) a director must disclose actual/potential conflicts of interest
 - (ii) the process for disclosure of real or potential conflicts of interest
 - (iii) a process that governs a director's involvement in any decisions with which they have a conflict of interest
 - (iv) the requirement for a register of ongoing interest to provide a record of all potential conflicts
 - (v) a director should not hold any other official or corresponding administrative position within the organisation at any level that creates a material conflict of interest. This is to ensure no actual or perceived conflicts of interest
 - (vi) maintaining a register of related party transactions
 - (f) to ensure that the charity's financial affairs are managed in a responsible manner;
 - (g) not to allow the charity to operate while insolvent.
- (3) For paragraph (2)(e), a perceived or actual material conflict of interest must be disclosed:
 - (a) if the responsible person is a director of the charity—to the other directors (if any); or
- (4) That the board outline the role of individual directors/board members, including (at a minimum):
 1. the fiduciary duty of directors to act in the interests of the members as a whole and not to represent individual constituents. Thus, once elected, the board should have the ability to operate independently in the interests of the charity as a whole, free from undue influence
 2. the legal duties of individual directors, including the requirement of directors to:
 - (i) meet the requirements of various other federal and state laws that directly impact on the charity

- (ii) a code of conduct or policy specifying the behaviour expected of directors
- (5) That directors complete an induction program as well as engage in ongoing performance assessment.

Understanding charity protections under ACNC Governance Standard 5

Under *Australian Charities and Not-for-profits Commission Regulation 2013*, if a responsible person (*entity*) meets a protection mentioned in the Subdivision, the charity is taken to have taken all reasonable steps to ensure that its responsible persons complied with the duties set out in section 45.25.

Responsible persons of the charity should read, and understand the provisions of protections offered them under the *Australian Charities and Not-for-profits Commission Regulation 2013* in the exercise of their duties and responsibilities.

These protections are afforded Management Committee members who have diligently and with due care, exercised all their duties as a responsible person. They do not apply if the committee member was negligent in their duty, was influenced by a conflict of interest, or failed to act in order to protect the charity from harm.

(SLSQ Governance Standard 5 is based on *ACNC Governance Standard 5 – Duties of responsible entities*).

Governance Standard 5 in Action

Directors and officers duties and responsibilities

For Management Committee members to act in the best interests of the charity, it is crucial they receive a level of understanding of how to conduct themselves. Steps to achieve this include the board providing each member with:

1. an outline the role of individual directors/board members in advance of their appointment;
2. a letter of appointment upon commencement explaining any regular tasks and responsibilities, sub-committee responsibilities, any delegations of authority, any financial delegations and how they are to operate, details of induction process, and how to raise concerns, complaints or grievances;
3. a new committee induction process at the beginning of season/financial year;
4. a copy of the organisation's constitution and By-Laws and the SLSQ Governance Standards;
5. a code of conduct or policy specifying the behaviour expected of directors;
6. an explanation of how conflicts of interest are disclosed and managed;
7. onboarding mentoring by an existing experienced director; and
8. access to governance training as provided by SLSQ or a professional body.

Financial responsibilities

Ensuring financial affairs are managed in a responsible manner including ensuring appropriate and tailored financial systems and procedures. These systems and procedures are to be developed having regard for the size and circumstances and the complexity of the charity's financial affairs.

Financial systems and controls relating to the spending of money and financial Delegations of Authority

Appropriate insurances in place

Review by the Board as a team of the ACNC guide, "*My Charity and the ACNC*" with Minute notes of any actions required to implement

Substantiation of Compliance

Each board member at the time of on boarding and induction is to receive all of the above material and a checklist to be signed off by the board member and held in the organisation's Company Register. This is to include records of any training delivered.

Documented financial systems

Documented Delegations of Authority for purchasing and movements of money for all committee members signed off by appointees

Audit Financial Report

Annual Report

Conflicts of Interest Register

Minutes of Board meetings

Governance Standard 6

SLSQ Governance standard 6.1 — *Composition of the board*

Object

- (1) That each board should be structured to reflect the complex operating environment facing the modern Surf Life Saving organisation.
- (2) That the key roles in the governance system are documented and understood.

Standard

- (2) It is envisaged that a board ideally will:
 - comprise between five and nine directors
 - have a sufficient blend of expertise, skills and diversity necessary to effectively carry out its role
 - have all directors being independent, regardless of whether they are elected or appointed
 - institute a staggered rotation system for board members with a maximum term in office to encourage board renewal while retaining corporate memory
 - be broadly reflective of the organisation's key stakeholders, but not at the expense of the board's skills mix and the organisation's objectives.
- (3) It is envisaged that a Surf Life Saving club board will comprise of:
 - a. Chair/President
 - b. Secretary
 - c. Treasurer
 - d. Vice-President
 - e. Directors

(SLSQ Governance Standard 6.3 is based on Australian Sports Commission's *Sports Governance Principles 1.18 & 1.12*).

Governance Standard 6 in Action

A letter of appointment provided for each of the above positions upon commencement, outlining the responsibilities and expectations associated with the role as a Management Committee member.

A Job Description for each role on the Management Committee member to be provided and updated regularly.

Constitutional changes implemented to achieve staggered rotation of Management Committee members

Skills analysis undertaken specific to each Surf Life Saving organisation to identify the crucial skills mix required for the operation of the organisation currently, and into the foreseeable future.

Substantiation of Compliance

Board and organisational Skills Analysis conducted at least annually

Structure and composition of the board documented in the constitution and a brief role description included in the By-Laws.

Records of Club Health Checks carried out at least bi-annually