

GOOD GOVERNANCE CHECKLIST

Review 8 February 2022

Approved by MSA Board 17 February 2022

Good governance is central to ensuring that Committees of Not-for-Profit community groups are effective at leading the organisation they serve while also meeting their legal and compliance responsibilities. The following checklist is a quick reference guide to ten principles of good governance to help your board or committee understand and discuss its performance.

To help you better understand the business of your organisation and identify the responsibilities involved in your Club's financial management, you should read through the Governance Checklist below when you commence Committee responsibilities.

This checklist should be completed by Committee at least annually but can be used more often according to your needs. The completed check lists findings should be summarised by a person independent of the Committee (for example Auditor or representative from the next highest level in the organisation) and presented to the Committee for their consideration and action.

1. Roles and Responsibilities

Individual responsibilities and the role of the board or committee are clear and understood by all members.

- Are your committee members clear about their roles, legal responsibilities, and the organisation's expectations?
- Do new committee members receive an induction to the organisation, their role and legal responsibilities including conflict of interest?
- Is the role of the committee and your organisation's management clearly set out in the constitution (or rules)?
- Are there clear delegations of authority between the committee and Club and MSA management, with protocols for communication and decision-making?

2. Board Composition

A committee needs to have the right group of people, with a good mix of skills and experience that are matched with the organisation's objectives and strategic goals.

- Do you have a variety of experience and skills within your committee?

Note: This could include skills in such areas as strategic planning, accounting and finance, legal issues, risk management, human resources, fundraising or specific industry knowledge.

- Will the available skills and experience support the operation and function of the Club now and into the future? Are there any potential skills gaps or learning needs?

3. Purpose and Strategy

The committee plays an important role in setting the vision, purpose, and strategies of the organisation; and adapting these as circumstances change.

- Does your committee have a clear vision and purpose for the organisation? Has this been shared with the organisation and stakeholders?
- Does the strategic plan support your vision and purpose for the organisation? Do all your organisation's activities align with the strategy?
- Does your committee regularly review your organisation's vision, purpose, and strategic plan?

4. Risk Management

Risks are very much a part of any organisation's activity. A key function of a board or committee is making sure that risk management systems are in place and being used.

- Does your committee review and endorse policies and procedures related to risk management?
- Does Club management regularly report to the committee on its efforts to mitigate and manage risks?
- Does your committee devote time in meetings to consider risks and discuss its risk appetite?

5. Organisational Performance

Committees should have a view of "what success looks like" and set performance categories and indicators to monitor the success of the organisation.

- Has your committee established objectives for the organisation?
Note: These can be both financial (such as revenue growth or ratio of expenses to revenue) and non-financial (such as member satisfaction, number of client services delivered)
- Have performance indicators been set for each objective? Are these realistic and measurable?
- Does your Club have suitable record keeping systems in place that help to measure and track performance over time?

6. Committee Effectiveness

The way in which a committee is structured and operates can have a direct impact on the ability of an organisation to achieve its objectives.

- Do your committee meetings run on time and cover all agenda items? Are discussions constructive and respectful?
- Does your committee regularly assess the performance of its members and the overall quality of governance?
- Does your committee set time aside to think about and plan for the future? Is succession planning being considered?
- Does your committee make use of sub-committees or advisory panels for larger pieces of work?

7. Integrity and Accountability

The committee is ultimately responsible for everything your Not For Profit organisation does and does not do. In order to make good decisions, the content and quality of the information it receives is a crucial consideration.

- For each meeting, does your committee receive reports from management that show the financial health and overall performance of the organisation?
- Do the reports contain relevant and timely updates? And are they provided in a format that is easily understood by all?
- Where appropriate, do the reports include an update on strategic projects and risk management activities?
- Does your committee have sufficient financial skills to understand the organisation's financial position?

8. Organisation Building

As part of their overall leadership responsibility, the committee plays a strategic role in ensuring that the organisation has the required capacity and capabilities to deliver on its purpose.

- Does your committee have a collaborative relationship with the organisation's executive and senior managers?
- Does your organisation's management provide regular reports on resource planning and capacity?
- Does the organisation have the financial resources to retain skilled workers and/or provide development opportunities for workers?

9. Culture and Ethics

A committee and its individual members have a leading role to play in promoting a healthy culture within the organisation they serve.

- Does your committee have a code of conduct? Is this provided to new members?
- Is there a formal policy on declaring and handling conflicts of interest?
- Does your organisation have a formal code of conduct and agreed set of values and behaviours?

10. Engagement

Relationships matter and most of the work of Not For Profit organisations requires collaboration with its membership, government agencies, other organisations, businesses and the community.

- Has your organisation identified its key stakeholders and current relationships? Is there a plan for regular two-way communication?
- Are there policies and practices in place that actively encourage your organisation's membership to participate in, and vote at, member meetings?