

*Running Your Club
Corporate Governance
Presentation*

Corporate Governance

- **Outline**

- Introduction
- What is corporate governance?
- What are your responsibilities
- Knowing your Club: What is the role of the committee/board and what do you need to know?
- Conclusion

Corporate Governance

- **Introduction**

What is Corporate Governance?

“Corporate governance is the system by which your club or association is controlled. It is about how your club or association can better manage the club or association’s resources to good effect for both members and stakeholders”.

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Introduction

Good corporate governance is about three key issues:

Planning - developing strategic goals and objectives as part of a 'whole of sport' approach, for the club or association's members and other stakeholders i.e. government, sponsorship, national, state, district associations.

Organisational performance - Monitoring the performance of the club or association to ensure the goals and objectives are achieved.

Leadership - Ensuring the club or association is governed with the best interests of members and stakeholders

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- **Who is a committee/member?**
 - Your club constitution and the *Associations Incorporation Act* should tell you
 - Usually any person elected or appointed to the committee or board
 - Can include persons who were not elected e.g. immediate past president
 - Can also include persons who are not on the committee or board but who still exert influence over the Club
 - These are the persons who have legal responsibility for the Club

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- **Why is it relevant to your Club?**
 - An incorporated legal entity
 - Dealing in money
 - Dealing in members and other stakeholders' rights and expectations
 - Running events and other fixtures
 - Publishing newsletters or a website
 - Owning or leasing property
- **As a committee member/director you are responsible for these matters**

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- **Your legal duties**
 - As a committee member/director you:
 - owe certain duties to your Club and its members by virtue of the position of trust you hold (fiduciary duty)
 - You are bound to exercise rights and powers in good faith and for the benefit of your Club
 - are required to comply with both common law duties and statutory duties
 - If you fail to satisfy your duties you may be liable to compensate members of the Club or third parties

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- **Your legal duties cont'd**
 - You must act for a proper purpose and must exercise your powers (under the Club Constitution) for the purposes for which they are given
 - You must act in good faith and honestly
 - You will generally have broad discretion to act under your constitution and you must consider the interests of the members of the Club as a whole not any one member or group of members
 - You should consider both short and long term interests
 - You must act with the level of care, skill and diligence that would be expected of a person such as you at a Club such as your's

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- As a committee member/director you are expected to:
 - take reasonable steps to monitor the activities of your Club
 - acquire a working knowledge of the business of your Club
 - remain informed of your Club's activities and assess the success or failure of these activities
 - be familiar with your Club's financial position by regularly reviewing financial statements
 - ask questions about the financial position where necessary or prudent

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- **Conflicts of interest**
 - You must avoid actual or potential conflicts of interest
 - This means you must put the Club ahead of your own interests
 - You should disclose to your committee any personal interests that may give rise to a conflict
 - If a conflict arises you should at least not vote on the matter and at best leave the meeting whilst the matter is being discussed
 - You should also keep information you obtained by being a committee member confidential
 - These actions protect you and your Club

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- **Duties relating to incurring debt**
 - You will be personally liable for a debt of the Club if:
 - You are a committee member/director of the Club when the debt was incurred
 - Your Club is insolvent or becomes insolvent by incurring the debt at that time
 - There are reasonable grounds for suspecting that the Club is or will become insolvent
 - You are aware of grounds for suspecting insolvency, or a reasonable person in a like position would be aware
 - You fail to prevent the Club from incurring the debt
 - Insolvency means the inability to pay debts in full

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- **What is the committee's role?**
 - Primarily to manage the activities of the Club
 - To give direction to the Club and to accept initial responsibility for its management
 - Key functions include:
 - Monitoring the activities of the Club
 - Adopt and monitor an annual budget
 - Ensure that some risk management systems are in place

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- **What about meetings?**
 - The committee must meet regularly and you should attend meetings
 - Establish clear meeting procedures and stick to them
 - Keep clear and accurate minutes of meetings
 - Establish “job descriptions” for existing and new committee members

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- **The committee should adopt a code of conduct**
 - This will identify standards of behaviour and serve as a role model for the Club
 - It should address managing conflicts of interest
- **Should the committee assess its performance?**
 - Yes: the collective performance of the committee as well as the individual directors should be reviewed on an annual basis
 - Formally or informally
 - Establish goals and measurable objectives to assist this review

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- **What about sub committees?**
 - Do not establish them for the sake of it. They should genuinely relieve the committee of certain tasks
 - Use skills of persons willing to contribute their time and expertise to a sub-committee
 - Ensure any sub-committee has clear terms of reference
 - Ensure any sub-committee circulates minutes and reports to the committee on a regular basis

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- **What about the chair?**
 - The chair should:
 - Understand legal and procedural requirements for meetings
 - Determine meeting is properly convened and constituted
 - Understand the business and objects of the meeting
 - Preserve order in the conduct of those present
 - Confine discussion within the scope of the meeting and timelines
 - Decide whether proposed motions and amendments are in order
 - Decide points of order and other incidental matters
 - Handle all matters in an impartial manner
 - Adjourn the meeting where justified

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- **Conclusion**

- Corporate governance is:

- common sense and knowing what your responsibilities are
 - listening to your members and responding to them
 - carefully monitoring the activities and finances of your Club
 - attending and actively participating in Club meetings
 - developing some basic risk management practices for your committee and your Club