



ABN 61 456 305 396

CORPORATE GOVERNANCE

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Drafted by	Denise Kuchmar	Approved by COM	3/12/14
Responsible person	President	Scheduled review date	31/10/15
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Introduction

Governance in the community sector is concerned with the systems and processes that ensure the overall direction, effectiveness, supervision and accountability of an organisation.

Committee of Management members take ultimate responsibility for the governance of their organisations. However, governance is not a role for Committees' of Management and Committee of Management members alone. Governance is also concerned with the way Committees' of Management work with chief executives and staff (where appointed), volunteers, service users, members and other stakeholders to ensure their organisation is effectively and properly run and meets the needs for which the organisation was set up.

Purpose

The Governance Policy is intended to clarify the content of the organisation's constitution by making explicit the underlying principles of governance approved by the organisation.

This policy does not cover legal or ethical issues concerning the role of the Committee of Management or its members which are covered in PN-2 Code of Conduct and PN3-Code of Ethics.

Policy

1. The Committee of Management of the organisation is an elective, representative, and collective body.
 - a. It is elective, in that the determination of Committee of Management members is the prerogative of members through the election process.
 - b. It is representative in that no member can be mandated by their constituency to adopt a particular position if they do not believe it to be in the best interests of the organisation. Whatever the constituency of any member, all members are committed to acting **selflessly** and making decisions and voting on governance decisions solely in the best interests of the organisation.

- c. It is collective, in that while each member should put the point of view of their electoral constituency, and each member has the right to argue for their own point of view and to vote for that position, once a collective decision has been taken Committee of Management members are required to support that decision.
2. The function of the Committee of Management of the organisation is to collectively ensure the delivery of its objects, to set its strategic direction, and to uphold its values. The Committee of Management should collectively be responsible and accountable for ensuring and monitoring that the organisation is performing well, is solvent, and is complying with all its legal, financial, and ethical obligations. The responsibilities of the Committee of Management that cannot be delegated to any other person or body include;
 - a. **Compliance monitoring** – ensuring compliance with the objects, purposes and values of the organisation, and with its constitution
 - b. **Organisational governance** – setting or approving policies, plans and budgets to achieve those objectives, and monitoring performance against them
 - c. **Strategic planning** – reviewing and approving strategic direction and initiatives
 - d. **Regulatory monitoring** – ensuring that the organisation complies with all relevant laws, regulations and regulatory requirements
 - e. **Financial monitoring** – reviewing the organisation’s budget, monitoring management and financial performance to ensure the solvency, financial strength and good performance of the organisation
 - f. **Financial reporting** – considering and approving annual financial statements and required reports to government;
 - g. **Organisational structure** – setting and maintaining a framework of delegation and internal control
 - h. **Leadership selection** – selecting, evaluating the performance of volunteers and other staff and contractors if necessary dismissing unsatisfactory personnel from their duties if applicable.
 - i. **Succession and remuneration planning** – planning for Committee of Management, Operations & Sales management/staff and executive succession, and determining senior management remuneration
 - j. **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
 - k. **Dispute management** – dealing with and managing conflicts that may arise within the organisation, including conflicts arising between Committee of Management members, staff, the Operations & Sales Management, members, volunteers, or service users.
 - l. **Social responsibility** – considering the social, ethical and environmental impact of all activities and operations and ensuring that these are acceptable
 - m. **Committee of Management performance and composition** – evaluating and improving the performance of the Committee of Management

3. Relationship with management

The Committee of Management will focus on the strategic direction and the core policies of the organisation and avoid becoming involved in day-to-day operational decisions.

Where individual Committee of Management members do need to become involved in operational matters, they should separate their strategic role (where they operate independently of any direction) from their operational role (where they act at the direction of management).

Responsibilities

1. It shall be the responsibility of the Committee of Management to establish and maintain standing orders, policies and procedures, and systems of financial control, internal control, and performance reporting.
2. It shall be the responsibility of the Committee of Management to clearly demarcate and delegate the functions of sub-committees, officers, the Operations & Sales management, and other staff and agents.
3. It shall be the responsibility of the Committee of Management to address key management and operational issues within the direction and the policies laid down by the Committee of Management, including
 - a. Developing and implementing organisational strategies and making recommendations to the Committee of Management on significant strategic initiatives;
 - b. Making recommendations for the appointment of staff, determining terms of appointment, evaluating performance, and developing and maintaining succession plans for staff;
 - c. Developing the annual budget and managing day-to-day operations within the budget;
 - d. Maintaining an effective risk management framework;
 - e. Keeping the Committee of Management and regulators informed about any developments with a material impact on the organisation's performance; and
 - f. Managing day-to-day operations in accordance with agreed standards for social, ethical and environmental practices.

Procedure

1. Internal controls- Monthly Reports

The Committee of Management should set and maintain standing orders, policies and procedures, and systems of financial control, internal control, and performance reporting. The Committee of Management should ensure that there is a system for the regular review of the effectiveness of its financial control, internal control, performance reporting, and policies and procedures.

2. Risk Management

The Committee of Management should undertake a full risk assessment (either periodically or on a rolling basis) and take appropriate steps to manage the organisation's exposure to significant risks. These risks must be documented on a risk register listing recommended actions and who will be accountable to those actions according to the recommended time frame.. The Committee of Management will regularly review the risks to which the organisation is subject and take action to mitigate risks identified.

3. Committee of Management review

The Committee of Management should ensure that there is a system for the regular review of its own effectiveness in meeting its responsibilities by using the on line CBAA Community Radio Station Health Checklist.

Related Policies

- PN26 Financial Management
- PN43 Technical Committee Terms of Reference
- PN1 Risk Management
- PN3 Code of Ethics
- PN2 Code of Conduct
- PN54 Training

Related Resources

- Committee of Management Induction Kit
- Articles of Association
- Community Radio Codes of Practice

Authorisation

Approved Signature _____ President

Date _____