



Victorian Council of Social Service

BOARD GOVERNANCE POLICY

Introduction

The Board adopts the UK *Good Governance Code for the Voluntary and Community Sector* (2nd ed, 2010), adapted for Australia and VCOSS's own circumstances.

Overview

The Board will provide good governance and leadership by:

- *understanding their role (Principle 1)*
- *ensuring delivery of VCOSS's objects (Principle 2)*
- *working effectively both as individuals and as a team (Principle 3)*
- *exercising effective control (Principle 4)*
- *behaving with integrity (Principle 5)*
- *being open and accountable (Principle 6).*

Summary of Principles

Principle 1

The Board will provide good governance and leadership by understanding their role.

Board members will understand their role and responsibilities collectively and individually in relation to:

- their legal duties
- their stewardship of assets
- the constitution
- the external environment
- the total structure of VCOSS

and in terms of

- setting and safeguarding VCOSS's vision, values and reputation
- overseeing the work of VCOSS
- managing and supporting staff and volunteers.

Principle 2

The Board will provide good governance and leadership by ensuring delivery of VCOSS's objects.

The Board will ensure that VCOSS delivers its objects by:

- ensuring those objects remain relevant and valid

- developing and agreeing a long term strategy
- agreeing operational plans and budgets
- monitoring progress and spending against plan and budget
- evaluating results, assessing outcomes and impact
- reviewing and amending the plan and budget as appropriate.

Principle 3

The Board will provide good governance and leadership by working effectively both as individuals and as a team.

The Board will have a range of appropriate policies and procedures, knowledge, attitudes and behaviours to enable both individuals and the Board to work effectively.

These will include:

- finding and recruiting new Board members to meet VCOSS's changing needs in relation to skills, experience and diversity
- providing suitable induction for new Board members
- providing all Board members with opportunities for training and development according to their needs
- periodically reviewing their performance both as individuals and as a team.

Principle 4

The Board will provide good governance and leadership by exercising effective control.

As the governing body of VCOSS, the Board will ensure that:

- VCOSS understands and complies with all legal and regulatory requirements that apply to it
- VCOSS continues to have good internal financial and management controls

- it regularly identifies and reviews the major risks to which VCOSS is exposed and has systems to manage those risks
- delegation to committees, staff and volunteers works effectively, and the use of delegated authority is properly supervised.

Principle 5

The Board will provide good governance and leadership by behaving with integrity.

The Board will:

- safeguard and promote VCOSS's reputation
- act according to high ethical standards
- identify, understand and manage conflicts of interest and loyalty
- maintain independence of decision making
- deliver impact that best meets the needs of stakeholders.

Principle 6

The Board will provide good governance and leadership by being open and accountable.

The Board will lead VCOSS in being open and accountable, both internally and externally.

This will include:

- open communications, informing people about VCOSS and its work
- appropriate consultation on significant changes to VCOSS's activities or policies
- listening and responding to the views of the disadvantaged, members, funders, and others with an interest in VCOSS's work
- handling complaints constructively, impartially and effectively
- considering VCOSS's responsibilities to the wider community, including its environmental impact.

Principle 1

The Board will provide good governance and leadership by understanding their role.

What?

Board members will understand their role and responsibilities collectively and individually in relation to:

- their legal duties
- their stewardship of assets
- the constitution
- the external environment
- the total structure of VCOSS

and in terms of

- setting and safeguarding VCOSS's vision, values and reputation
- overseeing the work of VCOSS
- managing and supporting staff and volunteers.

Why?

Board members have a duty to act within the legal and regulatory frameworks that apply to them and VCOSS. A full understanding of their role and responsibilities, the objects and structure of VCOSS itself and the external environment will help them to fulfil their legal duties and to lead and govern VCOSS effectively.

The Board should consider how it will set the culture of VCOSS. They should lead by example, ensuring that individuals representing VCOSS in any capacity do so in a way that positively reflects its values. The ethos and culture of VCOSS should underpin the delivery of its activities or services and the achievement of its objects.

How?

This *must* include:

- accepting ultimate responsibility for the way VCOSS is directed and run in meeting its objects
- being alert to those matters that cannot be delegated to individual Board members or others
- acting at all times in the best interests of VCOSS and its stakeholders (see also Principle 5)
- ensuring the solvency and financial strength of VCOSS
- safeguarding VCOSS's assets and using them only in furtherance of its objects
- taking a considered, proportionate and balanced approach to risk management
- acting reasonably in their decision making and leadership of VCOSS
- recognising and respecting that all Board members are equally responsible in law for the Board's decisions
- complying with all relevant legislation and regulation applicable to VCOSS and the activities it undertakes and making appropriate public statements to confirm that this is the case (see also Principle 4)
- ensuring that all Board members are properly elected or appointed and are not disqualified from so acting (see also Principle 3).

This *should* include:

- ensuring that VCOSS provides every Board member with all relevant information, including:
 - appropriate induction and training
 - copies of key documents such as the constitution, regulations, codes of conduct, Board policies and financial information
 - a generic role description for Board members and further descriptions for specific roles or functions, such as President, Vice-President and Treasurer

- guidance produced by regulators and other organisations
- understanding and ensuring independence of Board decision making and action (regardless of any member organisation a Board member may represent) and putting the needs of stakeholders ahead of any other interests (see also Principle 5)
- establishing and periodically reviewing statements setting out the vision, mission and values of VCOSS. Ensuring that these statements are developed in consultation with VCOSS's stakeholders, that they accurately reflect the objects in VCOSS's constitution, and are effectively communicated and easily understood outside VCOSS
- ensuring that all Board members understand their relationship with, and responsibilities towards (as applicable):
 - staff, particularly senior staff
 - members
 - volunteers
 - committees, working groups and advisory groups
 - other organisations with which VCOSS formally collaborates
- being clear about what matters are strategic and what matters are operational in relation to Board oversight of VCOSS. Avoiding inappropriate involvement in operational matters but taking responsibility for challenging and holding to account the CEO and senior management team, and other persons, organisations or agencies to whom they have delegated implementation of their strategic decisions

- following proper and formal arrangements for the CEO's appointment, supervision, support, appraisal and remuneration. Being clear which Board members are responsible for day to day communication with, and supervision of, the CEO. Ensuring that the relationship between the Board and the CEO retains an appropriate balance of support, scrutiny and challenge
- where Board members are also acting as volunteers, being clear about the capacity in which they are acting at any given time
- ensuring that individual Board members do not act on behalf of the Board without authority
- strategically reviewing all aspects of VCOSS's work and functioning to ensure its overall effectiveness.

Principle 2

The Board will provide good governance and leadership by ensuring delivery of VCOSS's objects.

What?

The Board will ensure that VCOSS delivers its objects by:

- ensuring those objects remain relevant and valid
- developing and agreeing a long term strategy
- agreeing operational plans and budgets
- monitoring progress and spending against plan and budget
- evaluating results, assessing outcomes and impact
- reviewing and amending the plan and budget as appropriate.

Why?

VCOSS's objects are its reason for existing; it should aim to secure the optimum means of fulfilling them. To do otherwise would be failing its members, other stakeholders and the community. If Board members are committed to VCOSS's objects, this should drive them to aim to do better for VCOSS's stakeholders. The Board should always bear this in mind, and make decisions in the best interests of the people it aims to help. The Board must also ensure that VCOSS remains focussed on delivering its objects and avoids "mission drift".

How?

This *must* include:

- ensuring that all activities and projects, particularly new ones, match the stated objects of VCOSS as defined primarily in the constitution.

This *should* include:

- identifying and considering the range of data and information from both internal and external sources to help meet the needs of stakeholders in line with VCOSS's stated objects
- setting short, medium and long term goals and ensuring that organisation-wide strategies are in place to monitor and implement these
- ensuring that VCOSS's stakeholders are supportive of, and committed to, achieving these goals
- aligning management reports of organisational activities to the appropriate powers and objects in the constitution
- assessing outcomes against relevant comparators (e.g. similar organisations, suitable quality standards), undertaking periodic reviews of services, and seeking stakeholder feedback where appropriate
- providing Board members with timely and regular management accounts, ensuring that all Board members are in a position to read and understand them, in order to make informed decisions

- the Board and senior management team remaining alert to external and environmental factors that could result in the Board having to consider whether:
 - the needs of stakeholders are being met by the government, or VCOSS's objects have been achieved in some other way, and therefore VCOSS can be wound up or the objects changed
 - the objects could be better achieved through collaboration, or where appropriate, merging with one or more other organisations with similar objectives
 - different ways of working may be required to meet the opportunities and challenges presented by developments within the field of operation, including the risk of missing opportunities
- having systems in place to measure outcomes, assess impact and enable the Board to ensure VCOSS delivers its objects and identify:
 - successes that VCOSS can celebrate
 - areas for improvement
 - new opportunities.

Principle 3

The Board will provide good governance and leadership by working effectively both as individuals and as a team.

What?

The Board will have a range of appropriate policies and procedures, knowledge, attitudes and behaviours to enable both individuals and the Board to work effectively.

These will include:

- finding and recruiting new Board members to meet VCOSS's changing needs in relation to skills, experience and diversity
- providing suitable induction for new Board members
- providing all Board members with opportunities for training and development according to their needs
- periodically reviewing their performance both as individuals and as a team.

Why?

To work in the best interests of VCOSS and its stakeholders, the Board needs to recruit individuals who:

- reflect VCOSS's diverse membership
- together have a mixture of knowledge, skills and experience that is relevant to VCOSS's circumstances and needs
- have the requisite characteristics and skills to work as a committed, effective and supportive team, whilst retaining independence of thought and the maturity and ability to challenge constructively
- embody diversity in its widest sense, strengthening decision making by bringing a broad range of backgrounds and perspectives.

How?

This *must* include:

- complying with the requirements of the constitution in relation to the election of Board members, including number to be elected, eligibility, ensuring at least half of the Board members are the representatives of member organisations, term of office and manner of election
- complying with the requirements of the constitution in relation to the co-option of Board members, including number to be co-opted and term of office

- complying with the requirements in the constitution concerning Board meetings (see also Principle 5)
- ensuring that Board members are, and remain, eligible to act and have given VCOSS a signed consent.

This *should* include:

- developing and implementing policies for the co-option of Board members to give effect to this Principle
- ensuring that the Board meets often enough to be effective, that Board members are well-prepared and committed to attending and contributing constructively, and that meetings have a well-structured agenda and good chairing
- developing and adhering to a code of conduct for Board members which sets out expected standards of behaviour and the consequences of inappropriate behaviour, ensuring that any potential sanctions are in line with the constitution
- maintaining a strategy for Board renewal that will meet VCOSS's changing needs. This will cover maximum terms of office and succession planning, particularly for the President and other key positions/skills
- ensuring that members and other stakeholders can contribute appropriately and meaningfully to decision making
- ensuring that the Board:
 - collectively provides a mixture of skills, experience, qualities and knowledge appropriate to VCOSS and its stakeholders' needs, using skills audit and other relevant tools as appropriate
 - takes an active and intelligent approach towards diversity, understanding the term in its widest sense, avoiding tokenism and using Board diversity to support its effectiveness

- is big enough to provide the skills and experience needed, but not so large that decision making becomes unwieldy
- invests sufficient time in developing positive working relationships amongst themselves and between the Board and senior staff, particularly the CEO
- acts quickly and positively to deal with any relationship strains or breakdowns, using external facilitation or mediation where appropriate
- using a range of ways to recruit Board members (such as advertising) to encourage diversity; including formal recruitment procedures and making appointments based on merit, objectively measured against the agreed skills audit and role description
- using provisions in the constitution for the election and co-option of Board members effectively and intelligently, so that elections by members are informed by the skills needs identified by the Board, and the power of co-option is used to fill key gaps in Board skills
- setting aside time to reflect on performance and functioning of the Board and its committees as teams, and identifying and dealing with any areas for improvement
- supporting Board members in their training and development, and to facilitate this, conducting an annual review of the performance and development needs of each Board member.

Principle 4

The Board will provide good governance and leadership by exercising effective control.

What?

As the governing body of VCOSS, the Board will ensure that:

- VCOSS understands and complies with all legal and regulatory requirements that apply to it
- VCOSS continues to have good internal financial and management controls
- it regularly identifies and reviews the major risks to which VCOSS is exposed and has systems to manage those risks
- delegation to committees, staff and volunteers works effectively, and the use of delegated authority is properly supervised.

Why?

The Board are ultimately responsible for the decisions and actions of VCOSS. Board members need to be assured that everyone acting in VCOSS's name is complying with the Board's directions and the requirements of law or regulation. Boards should provide direction, leadership and oversight without inappropriate involvement in operational matters. Delegation needs to be effectively supervised and monitored.

How?

This *must* include:

- ensuring, through appropriate policies, procedures and reporting mechanisms, that VCOSS understands and complies with all legal and regulatory requirements which apply to VCOSS, including:
 - the Corporations Act
 - employment law
 - health and safety legislation

- equal opportunity legislation
- privacy and data protection legislation
- complying with relevant provisions in the constitution and relevant law concerning the exercise of powers of delegation by the Board
- acting prudently to protect the reputation, assets and property of VCOSS
- ensuring that VCOSS’s assets and property are used only to deliver its stated objects and aims.

This *should* include:

- regularly reviewing the range and impact of risks VCOSS faces, including the risk of missed opportunities and the potential of small risks to snowball into higher impact risks. Considering the impact of each identified risk on stakeholders, staff and volunteers, long term plans and income generation, and putting in place strategies to manage those risks. This will include having and regularly reviewing a risk register and appropriate risk policy outlining the Board’s appetite for risk and how it will manage and limit the impact of identified risks
- maintaining and regularly reviewing the systems of financial controls, internal controls, performance reporting, policies and procedures, with the Board periodically taking steps to assure itself of their effectiveness and relevance to the activities VCOSS undertakes and the risks it faces
- recognising and maximising the value of diversity within the Board as a means of identifying and managing risks, especially as a way of challenging institutional assumptions and thinking

- having clear written terms of reference for committees of the Board, working groups and advisory groups, and for all delegated authority, which provide sufficient delegated authority and clear boundaries to allow officers, committees, staff, volunteers, consultants and agents to discharge their duty effectively and which are regularly reviewed and updated
- periodically reviewing VCOSS’s committee, working group and advisory group structure to ensure that it continues to meet VCOSS’s governance needs
- allowing the proper exercise of delegated authority by the CEO and other staff and volunteers without inappropriate interference, whilst being sufficiently involved and engaged to properly supervise, hold to account and retain ultimate responsibility for decisions and actions taken, through appropriate systems of monitoring and reporting back
- taking appropriate professional advice where necessary before making important decisions, especially those involving material risk.

Principle 5

The Board will provide good governance and leadership by behaving with integrity.

What?

The Board will:

- safeguard and promote VCOSS’s reputation
- act according to high ethical standards
- identify, understand and manage conflicts of interest and loyalty
- maintain independence of decision making
- deliver impact that best meets the needs of stakeholders.

Why?

The Board, both individually and collectively, have ultimate responsibility for VCOSS's funds and assets, including its reputation. They take the lead in setting and championing the values and ethos of VCOSS (see Principle 1). It is vital, therefore, that they maintain the respect of members, other stakeholders and the public at large, by behaving with integrity both when acting as Board members and more generally. To behave otherwise risks bringing VCOSS and its work into disrepute.

How?

This *must* include:

- having in place and scrupulously following policies and procedures for identifying, declaring and managing conflicts of interest and conflicts of loyalty
- ensuring that Board members comply with the requirements of the constitution and the Corporations Act in relation to disclosure of interest
- always taking decisions in the best interests of VCOSS and its stakeholders, ensuring that:
 - the decision is within the Board's powers
 - the Board is acting in good faith
 - the Board has adequately informed itself and is basing its decision on a range of data and information that provides sound understanding of all relevant factors
 - the Board is not allowing itself to be swayed by irrelevant factors
 - the decision is within the range of reasonable options open to the Board and can be justified as such to stakeholders and regulators

- complying with laws against bribery, including implementing policies and clear guidelines concerning hospitality or gifts, the declaration and recording of offers of gifts or hospitality, and in what circumstances such offers may be accepted or must be refused
- complying with the requirements of the constitution and the Corporations Act in relation to payments to Board members.

This *should* include:

- ensuring that VCOSS's values and ethos are enshrined in its policies and practices
- including standards of ethical behaviour, such as selflessness, integrity, objectivity, accountability, openness, honesty and leadership in the code of conduct for Board members (see Principle 3)
- fostering a working environment that supports constructive challenge and welcomes different points of view
- maintaining a register of interests and declaring an interest even if the Board member is unsure of its relevance and potential impact
- being open and honest in all matters presented to the Board where a personal or business relationship may be perceived to impact adversely on (or simply influence) the work of the Board or VCOSS
- as far as possible, seeking to diversify income streams to help ensure that no single funder can exercise undue influence over the actions and decisions of the Board
- where Board members or others act as spokespersons for VCOSS, ensuring that their personal views are never confused with, or represented as being, those of VCOSS
- Board members and other representatives of VCOSS should never accept gifts or hospitality where this could be perceived as being likely to influence their decisions

- ensuring that any statement made on behalf of VCOSS is consistent with its mission, vision and values
- where Board members are the representative of a member organisation, being clear that the responsibility as a Board member of VCOSS is to act and make decisions in the interests of VCOSS and its stakeholders, and not as a representative of the member organisation
- ensuring that all Board members understand and accept the need to be transparent and honest in all dealings with or on behalf of VCOSS, to avoid any public perception of improper conduct. This will include the establishment of an expenses policy and procedures to claim legitimate expenses incurred (see also Principle 6)
- having in place appropriate policies and procedures for whistle-blowing, including safeguards to protect individuals who whistle-blow.

Principle 6

The Board will provide good governance and leadership by being open and accountable.

What?

The Board will lead VCOSS in being open and accountable, both internally and externally.

This will include:

- open communications, informing people about VCOSS and its work
- appropriate consultation on significant changes to VCOSS's activities or policies
- listening and responding to the views of the disadvantaged, members, funders, and others with an interest in VCOSS's work
- handling complaints constructively, impartially and effectively

- considering VCOSS's responsibilities to the wider community, including its environmental impact.

Why?

Making accountability real, through genuine and open two-way communication that celebrates successes and demonstrates willingness to learn from mistakes, helps to build trust and confidence with stakeholders and to demonstrate legitimacy when representing them.

How?

This *must* include:

- fully complying with the requirements of the constitution and the Corporations Act to produce annual reports and accounts. These should present a balanced and accurate assessment of VCOSS's performance
- holding an annual general meeting of members as required by the constitution and the Corporations Act and encouraging the participation of members in the AGM
- complying with equal opportunity legislation
- complying with the requirements of the Corporations Act and Privacy Act concerning membership records.

This *should* include:

- identifying those with a legitimate interest in VCOSS's work (members, supporters, staff, volunteers and other stakeholders) and ensuring that there is a strategy for regular and effective communication with them about VCOSS's achievements and work, including the Board's role and VCOSS's objects and values
- ensuring that these people have the opportunity to hold the Board to account and know how to do this appropriately, and that their views inform VCOSS's planning, decision making and strategic reviews

- demonstrating that VCOSS learns from mistakes and errors and how that learning is used to improve organisational performance and internal decision making. This could be by having clear and effective complaints procedures, implementing them constructively and using the process as a valuable source of management information
- ensuring that VCOSS upholds principles of equality and diversity in every sphere of activity, going beyond the legal minimum where appropriate. Information and meetings should be accessible to all sections of the community e.g. by using plain language, offering communications in formats such as audio and Braille and in languages commonly spoken in the communities served
- as a membership-based organisation, ensuring that VCOSS:
 - has clear policies on who is and is not eligible for membership of VCOSS
 - has clear and accurate and up-to-date membership records
 - keeps members informed about VCOSS's work
 - actively seeks, values and takes into account the views of members on key issues
 - encourages members to participate in the governance of VCOSS, clearly informing them about the responsibilities of Board membership
- recognising and acting on broader organisational responsibility towards communities, wider society and the environment, in so far as this does not divert VCOSS from achieving its objects.

Prepared by Tony Lang for the Victorian Council of Social Service (VCOSS).

Adopted by VCOSS on 9 December 2011.

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- www.goodgovernancecode.org.uk, and
- www.vcooss.org.au.