



therapyfocus

growing potential

BOARD GOVERNANCE POLICY

DIVISION:	Board
AREA/TEAM:	Governance Committee
LAST REVIEWED:	26 February 2016
DUE TO BE REVIEWED:	26 February 2018



1. INTRODUCTION

Governance in the not for profit sector is concerned with the systems and processes that ensure the overall direction, effectiveness, supervision and accountability of an organisation.

Board members take ultimate responsibility for the governance of their organisations. The key role of the board should be to ensure that corporate management is continuously and effectively striving for above-average performance, taking account of risk.

However, governance is not a role for Boards and Board members alone. Governance is also concerned with the way Boards 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.

By definition, a non-profit organisation exists not in order to make a profit, but for a social purpose (which shall be referred to as its purpose). The focus of the directors has to be on fulfilling the organisation's purpose, albeit they also need to be financially responsible in their decision making.

2. 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 issues concerning the role of the Board or its members, which are addressed elsewhere.

The term 'corporate governance' refers to a system by which organisations are directed and controlled, ensuring that activities are undertaken with due diligence and accountability. It is the 'framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in organisations.

The purpose of this policy is to demonstrate Therapy Focus' commitment to sound corporate governance and to document how governance is carried out within the organisation.

Effective governance will:

- enhance organisational performance
- understand and manage risks to minimise the negative aspects and maximise the opportunities
- strengthen stakeholder and community confidence in an organisation
- enhance the public reputation of the organisation through enhanced transparency and accountability
- allow the organisation to demonstrate how it is discharging its legal and ethical obligations
- provide a mechanism for benchmarking accountability
- assist in the prevention and detection of fraudulent, dishonest and/or unethical behaviour

3. WHAT IS CORPORATE GOVERNANCE?

Corporate governance is 'the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations'. It encompasses the mechanisms by which companies, and those in control, are held to account.

Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.

As a not for profit organisation, there is an expectation from our main funder the Disability Services Commission and our stakeholders that we will act ethically and transparently, use resources wisely and perform our duty in the best interests of our children and families.

The following ethical principles underlie corporate governance:

3.1. Accountability

The essence of good governance is accountability

3.2. Transparency

All documentation and information is available to Directors.

3.3. Fairness and balance

All transactions and decisions should be made in such a way as to minimise inequalities of power.

3.4. Honesty

All statements and actions should be made honestly and accurately, so that they may be relied upon.

Selective presentation of information or suppression of relevant information is an act of dishonesty.

3.5. Dignity

All dealings with others should be characterised by dignity of treatment

3.6. Legal

All board members to have:

3.6.1. Respect for the law, and an intent to abide by the law and its intent (whether it be criminal law, corporate law, environmental law, OSH law etc)

3.6.2. Deal honestly with all stakeholders to whom they have a duty of care under the law or accepted conventions of behaviours

4. LEGAL ENTITY

Therapy Focus was established 1 July 1998 as a not-for-profit community service organisation and is incorporated under the Western Australian Associations Incorporation Act 1987 and the Corporations Act 2001 (as a part 5.7 body).

The organisation is endorsed by the Australian Taxation Office (ATO) as a deductible gift recipient.

As defined by the ATO (1997, p. 32) a charitable entity refers to 'any establishment, organisation or association instituted and run to advance or promote a charitable purpose.'

Therapy Focus is also a registered charity with the Australian Charities and Not-for-profits Commission (ACNC) within the requirements of the ACNC Act.

The organisation aspires to be an effective and accountable organisation and does this through its systems, written procedures, policies and guidelines.

The corporate governance policy has been developed with regard to the Australian Standard of Good Governance Principles, AS8000-2003.

Therapy Focus is a not-for-profit community services organisation. It is Western Australia's leading provider of therapy and support services to children from 0 – 18 years with a disability or learning disadvantage.

5. POLICY

The Board of the organisation is an elective, representative, and collective body. It is elective, in that the determination of Board members is the prerogative of members through the election process.

It is representative in that no member can be mandated by members to adopt a particular position if they do not believe it to be in the best interests of the organisation. All members are committed to acting selflessly and making decisions and voting on governance decisions solely in the best interests of the organisation.

It is collective, in that while each member should put the point of view of members, 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 Board members are required to support that decision.

The function of the Board of the organisation is to collectively ensure the delivery of its objects, to set its strategic direction and to uphold its purpose and values. The Board 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 Board that cannot be delegated to any other person of body include:

5.1. Compliance monitoring

Ensuring compliance with the, purpose, values and objectives of the organisation, and with its constitution.

5.2. Organisation governance

Setting or approving policies, plans and budgets to achieve those objectives, and monitoring performance against them.

5.3. Strategic planning

Reviewing and approving strategic direction and initiatives.

5.4. Regulatory monitoring

Ensuring that the organisation complies with all relevant laws, regulations and regulatory requirements.

5.5. Financial monitoring

Reviewing the organisation's budget, monitoring management and financial performance to ensure the solvency, financial strength and good performance of the organisation.

5.6. Financial reporting

Considering and approving annual financial statements and required reports to government.

5.7. Organisational structure

Setting and maintaining a framework of delegation and internal control.

5.8. Leadership selection

Selecting, evaluating the performance of, and if necessary dismissing the organisation's Chief Executive Officer (CEO).

5.9. Succession and remuneration planning

Planning for Board, CEO and executive succession, and determining CEO remuneration.

5.10. 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.

5.11. Dispute management

Dealing with and managing conflicts that may arise within the organisation, including conflicts arising between Board members, staff, the CEO, members, volunteers or service users.

5.12. Social responsibility

Considering the social, ethical and environmental impact of all activities and operations and ensuring that these are acceptable.

5.13. Board performance and composition

Annually evaluating and improving the performance of the Board.

6. RELATIONSHIP WITH MANAGEMENT

The Board should focus on the strategic direction and the core policies of the organisation, and avoid becoming involved in day-to-day operational decisions. Where individual Board 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).

7. PROCEDURES**7.1. Internal Controls**

The Board should set and maintain standing orders, policies and procedures, and systems of financial control, internal control, and performance reporting. The Board 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.

7.2. Managing Risk

The Board 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. The Board must regularly review the risks to which the organisation is subject, and take action to mitigate identified risks.

7.3. Board Review

The Board should ensure that there is a system for the regular review of its own effectiveness in meeting its responsibilities.

8. RESPONSIBILITIES

8.1. Board

It shall be the responsibility of the Board to:

- Establish and maintain standing orders, policies and procedures, and systems of financial control, internal control, and performance reporting.
- Clearly demarcate and delegate the functions of committees, officers, the CEO and other staff and agents.

The Board has adopted a formal charter which outlines the Board's roles and responsibilities in detail.

8.2. Board Committees

The Board may delegate any of its powers to committees consisting of any one or more members of the Board.

The following Board committees have been established:

- Audit & Investment
- Governance & Risk

Each committee has adopted a formal terms of reference, outlining the responsibilities and functions of each committee.

8.3. Chief Executive Officer

It shall be the responsibility of the CEO to address key management and operational issues within the direction and the policies laid down by the Board including:

- 8.3.1. Developing and implementing organisational strategies and making recommendations to the Board on significant strategic initiatives
- 8.3.2. Making recommendations for the appointment of staff, determining terms of appointment, evaluation performance and developing and maintaining succession plans for staff
- 8.3.3. Developing the annual budget and managing day-to-day operations within the budget
- 8.3.4. Maintaining an effective risk management framework
- 8.3.5. Keeping the Board and regulators informed about any developments with a material impact on the organisation's performance
- 8.3.6. Managing day-to-day operations in accordance with agreed standards for social, ethical and environmental practices

9. REVIEW

This document is to be reviewed every two years by the Committee to ensure it remains consistent with the Committees' authority, objectives and responsibilities.

All amendments to the Policy will be discussed and approved by the Board. A copy of the Governance Policy is available on Therapy Focus' website www.therapyfocus.org.au

10. RELATED DOCUMENTS

- Code of Conduct Policy
- Conflict of Interest Policy
- Whistleblower Policy
- Finance Management Policy
- Asset Management, Expenditure & Reimbursement
- Risk Register