

THE GOVERNANCE LITE FRAMEWORK

**SPORT AND RECREATION
ORGANISATIONS**

—
FEBRUARY 2020

0.0 INTRODUCTION AND TERMINOLOGY

These help sheets and the associated resources in the toolbox are a version of the Governance Framework for Sport and Recreation in New Zealand adapted for small and voluntary organisations. The principles that sit under the full Framework still apply and that guide, and its associated resources, will work well for some organisations.

The Governance Lite Framework acknowledges that the majority of sport and recreation organisations have no or very few paid staff.

Therefore, many boards are wearing many hats at once. These short guides explain that in any setting there is a distinct governance function to be performed and that is separate from your contribution as a volunteer helping with day-to-day matters.

People volunteer to do good work. Hopefully these resources will help your board do exactly that and its members will get enjoyment and satisfaction from their efforts and the time they give generously.

Terminology

We use the word **board** throughout to describe your governing group. You may call it a committee, council, trust, or leadership team. We use board as it has a clear legal meaning under the Companies Act 1993, which is at present the best legal guide to the obligations of boards in a legally incorporated group.

For the same reason we use **director** to indicate any member of that group. This may cover roles such as committee member, trustee and councillor, but again the duties of a director under the Companies Act are the best guide we have for the non-profit world.

If you have staff, the terms chief executive, general manager, manager, and team leader all mean the most senior and responsible member of your paid staff.

Related Governance Lite sections

Each guide gives links to related sections in this Framework.

Governance Lite Toolbox

There is a toolbox of templates, good practice examples and related resources.

These have been created or selected as especially suited to smaller or voluntary organisations and are linked out of each section.

Sport New Zealand

Sport NZ has a wealth of governance resources and learning opportunities for directors. Some of these have been created for larger organisations but the principles are still the same and generally easily transferable. Links are provided throughout.

Feedback

We are interested in suggestions, gaps, and great examples from the sector.
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GOVERNANCE LITE FRAMEWORK

CLARITY AND COHESION	PEOPLE	AT THE LEADERSHIP TABLE	INTEGRITY AND ACCOUNTABILITY
THE GOVERNANCE LITE FRAMEWORK FOR SPORT AND RECREATION IN NEW ZEALAND KEY ELEMENTS			
<p>Everyone agrees WHY the organisation exists</p> <p>Everyone understands WHAT we are trying to achieve this year and in the long term</p> <p>Everyone is confident HOW our effort and money are going into activities that will get us where we want to be long term</p> <p>The organisation's legal structure and documents are helping rather than holding us back</p>	<p>The best people available are sitting at the board table</p> <p>We have a good mix of fresh and experienced directors</p> <p>Everyone knows what their job is and how to do it well</p> <p>We have a good mix of elected people and people brought in for their expertise or independence</p> <p>Our board has a good mix of new and experienced directors and is refreshed on a planned basis</p>	<p>We agree that our meetings make good use of our time</p> <p>We make time for future thinking as well as day-to-day operational work</p> <p>We avoid arguments by agreeing on how we make decisions</p> <p>We have clear and agreed connections with the people we rely on to get things done (our paid or volunteer workforce)</p>	<p>Conflicts of interest are discussed and dealt with in a transparent way</p> <p>Our behaviour is always ethical and in the best interests of the organisation</p> <p>We comply with any relevant legislation</p> <p>We let people who have an interest in our success know what we are doing, and we check that everyone is happy with the work we do</p>
DOCUMENTS/TOOLS			
<p>A <u>strategy</u> (1.1) that clarifies why we exist and what we hope to achieve</p> <p>An <u>action plan</u> (1.2) that clarifies what must be done, by who and by when</p> <p>A <u>constitution</u> or <u>trust deed</u> (1.3)</p> <p>A <u>budget</u> and <u>regular reports</u> (1.4 & 4.1) that show we are spending the most money in areas that will make the most difference and are making progress towards our targets</p>	<p><u>Role descriptions</u> (2.2) for the board so we know <u>what skills</u> (2.3) we need on the team and what everyone is expected to do</p> <p><u>Information</u> (2.2 & 2.4) for people new to specific roles e.g. key information or 'how to' guides</p> <p><u>Some simple recruitment tips</u> (2.1)</p>	<p>A <u>meeting agenda template</u> (3.2)</p> <p><u>Quick guide to good meetings</u> (3.1)</p> <p>An <u>annual agenda</u> (3.5) with time set aside to focus on the long term</p> <p>A <u>risk register</u> (3.6)</p> <p>An <u>action register</u> (3.4)</p> <p>Agreed '<u>rules of engagement</u>' that clarify how the team will behave (2.1)</p> <p><u>Regular reports</u> (3.1 & 4.1) that show if we are doing what we planned and if we are achieving the results we hoped for</p> <p><u>Delegations/policies</u> (0.3) that connect us to the people who do the work</p>	<p>A document that clarifies for everyone in the organisation how the team manages <u>conflicts of interest</u> (4.2)</p> <p>A <u>list of legal acts</u> (4.4) to be aware of and a summary of how these impact us</p> <p>A <u>plan to talk to key people/ organisations on a regular basis</u> (4.5)</p>
GOING A BIT FURTHER – SOME MORE GOOD PRACTICE			
<p>Support from a mentor who can help us <u>think strategically</u> (2.4)</p> <p>One-page <u>statement of intent</u> for use with stakeholders (1.1)</p> <p>Regular '<u>thinking sessions</u>' when we talk about the future (0.2)</p>	<p>Documented <u>induction programme</u> (2.4)</p> <p>Self-assessment of our <u>performance as a board</u> (4.3)</p>	<p><u>Post-meeting review</u> (3.1)</p> <p><u>Decision making</u> (4.3)</p>	<p><u>Governance statement in the annual report</u> (4.5)</p>

0.1

WHAT IS THIS THING CALLED GOVERNANCE?

The word 'governance' is derived from a Greek word meaning 'to steer'.

Simply put, governance is undertaken by a group of people who represent your ownership and make decisions on their behalf to steer the organisation to a successful future.

Directors¹ in any setting hold in trust the organisation's physical and intellectual assets, as well as the efforts of those who have gone before, preserving and growing these for current and future generations.

“Mō tātou, ā, mō kā uri ā muri ake nei”

“For us, and our children after us.”

Ngāi Tahu whakataukī (proverb)

Directors protect the organisation from harm (risk) and steer it towards positive achievement. That means governing is an active role with a focus on ensuring your organisation is well managed, but not doing the managing.

Whatever the size of the organisation, all directors of legally constructed entities have duties and responsibilities. These will be set out in your constitution (sometimes called rules). The detail of how your board works should be in a separate charter or board policy manual. This will outline the unique role of the board separate from that of any staff. It also outlines how you connect and interact with the people who work day-to-day across your organisation.

The members of your board² will be a mix of elected, appointed and co-opted members. They are charged with setting your organisation's purpose, values and key outcomes. Your stated values should include an expression of a moral and social responsibility relevant to your organisation or, simply put, 'how we do things around here'.

One of the best and simplest ways of viewing the governance role is the creation of:

The right benefits at the right worth

Within that, the detailed responsibilities include:

- setting the direction of the organisation
- setting high-level policy
- monitoring and achieving appropriate outcomes
- meeting all legal requirements
- ensuring the organisation is financially sustainable.

It is important to have processes in place to ensure you select the right people with the right skills and experience to govern your organisation. This includes the willingness to work collaboratively with the team that delivers the services and the person appointed to lead that team.

¹ We use the term 'directors' throughout the Governance Lite resources. Trustees, governors, board members and committee members are all equally valid terms. We use directors as it is the Companies Act that presently best spells out the obligations of those who serve in these roles.

² We use the term 'board' throughout; committee, trust and council are all interchangeable.

Your board must understand how it adds value to the organisation and the community it serves. It does this by regularly asking itself some key questions.

Governance check – good questions to ask

- *What is our purpose, our reason for being?*
- *If this organisation didn't already exist, why would we create it?*
- *What's our vision?*
- *Is it still relevant?*
- *Who are we doing this for? Who should benefit?*
- *What's the essence, ethos or spirit of this organisation?*
- *What's important to us?*
- *What do we stand for?*
- *Where is the organisation at present?*
- *Where do we want to get to?*
- *What do we want to become?*
- *How do we want to interact with each other and the outside world?*
- *Have we fulfilled our purpose – is it time to close the doors and move on?*

In small organisations with few or no employed staff, the board may need to fill both the governing role and all or part of the operational functions. For this to be effective, you need to put the right 'hat' on – a governing hat when governing and one that focuses on being a volunteer when delivering the day-to-day services.

Governance check – acting as a volunteer outside the boardroom

Remember that only the board as a group can instruct staff. Individual directors have no authority. If you are providing advice or helping out, you do so as a volunteer.

More information

Sport NZ has a wealth of resources and learning opportunities for directors. Each resource sheet includes links to others in the Governance Lite set and to further readings and resources.

Related Governance Lite sections

[0.2 The role of the board](#)

[1.1 The strategic plan](#)

[4.2 Conflicts of interest](#)

Sport NZ resources

Governance in the New Zealand sport and recreation sector

<https://sportnz.org.nz/assets/Uploads/SportNZ-GovernanceDocument.pdf>

Sporttutor – Sport NZ's free Governance IOI training course

<https://www.sporttutor.nz/pages/coursedescription.jsf?courseId=112261>

0.2

THE ROLE OF THE BOARD

Governance is different from management. No matter what size the organisation, there are some things that are just for the board.

If you are a fully voluntary organisation or have limited staff members, the boundaries between governance and operational roles can become blurred.

Being clear about which is which will make the job easier.

The board's job

In any size organisation there are several things that are exclusively the role of the board. They cannot be delegated and a number of them are outlined in legislation.

These include:

- setting organisational purpose – why we exist
- deciding the outcomes to be achieved – the benefit we will deliver for our community
- being accountable to our owners (members/community/participants)
- ensuring confidence is maintained with our key stakeholders and partners
- exercising strategic choice – how best to apply our resources for maximum benefit
- monitoring the organisation's performance – are we moving the dial and how do we know?
- conducting financial and asset oversight
- ensuring legal compliance – such as being a good employer and complying with health and safety
- setting the tone – how we conduct business and how we expect our people to act.

Management's role

The board's job is to define what is to be achieved; management works out how to get there. Obviously the two talk to each other, but where you do have staff they are accountable for progress against the goals set by the board. In fully voluntary organisations, these roles are often performed by the same people, but they remain separate functions.

Directors supporting management

Non-profit organisations want the benefit of the specific individual skills that directors bring. This can be on an operational committee or as advisors to the management team. This is desirable and welcome, but remembering that it's not a governance function.

Operational committees

These are not board committees; they don't support the board's work. They are convened by and report to the senior management person, who will in turn report on their work to the board.

Committees' powers are limited and should be made clear in their terms of reference.

Board committees

Board committees do board work. Generally, they are limited to audit, risk (not finance), governance (board recruitment, performance and development), and chief executive performance. Some boards now have a health and safety committee. Sometimes the board will create a time-bound project committee, for a major project, for example. Many organisations create operational committees that duplicate management functions (e.g. marketing, fundraising, finance). They are likely to be useful in voluntary organisations but remember that they are not doing governance work.

Governance check – set the boundaries

- *Terms of reference should define the committee's role, lifespan, procedures and functions, and its authority should be reviewed annually.*
- *Members may be co-opted from outside the board to bring additional skills, experience or networks.*
- *Committees or working parties can't exercise authority over employees or delegate tasks to an employee unless the board has given that power and the management team leader is comfortable with it.*
- *Unless explicitly empowered by the board, committees or working parties can't make binding governance decisions or speak for the group. This will be in the terms of reference.*
- *Committees and working parties shouldn't mirror operational divisions, departments or employee functions.*

Directors as advisors

An individual member of the board can't directly instruct a member of staff and the management team is not bound by advice given. Diligence, professionalism and accountability are required, and the initiation, continuation and termination of advice is at the discretion of the management team.

Governance check – a meeting of two halves

Start your meetings in governance mode by dealing with governance matters. Take a break, have a coffee and restart in operational/helping mode as a volunteer. If you have a manager, perhaps they can run this section of the meeting.

Governance check – which hat?

In small organisations the board may need to fill both the governing role and all or part of the operational functions. For this to be effective, you need to put the right 'hat' on at the right time – a governing hat when governing and one that focuses on being a volunteer when delivering the day-to-day services.

More information

Sport NZ has plenty of resources and learning opportunities for directors. Each resource sheet includes links to others in the Governance Lite set and to further readings and resources.

Related Governance Lite sections

[0.1 What is this thing called governance?](#)

[1.3 The rules](#)

[4.2 Conflicts of interest](#)

[3.5 The annual work plan](#)

Sport NZ resources

Directors assisting outside the boardroom (policy)

<https://sportnz.org.nz/assets/Uploads/Service-outside-the-boardroom-policy-guidance.docx>

Committee terms of reference – included in the board charter and policies

<https://sportnz.org.nz/assets/Uploads/Board-Charter-2018-Financial-Governance-Changes-to-Content-13032019.doc>

0.3 WHAT IS POLICY?

The very first thing a board needs to do is state its intent in policy terms.

Before any other work is done, the board must do its job first. This core task can be summarised in the organisational statement of intent. This will include:

- Purpose** Why do we exist and what is the change we are trying to make in the world?
- Outcomes** What will that change look like written in outcome terms?
(See I.1 The strategic plan)
- Strategy** What are the key high-level strategies to be pursued?
- Values** What do we believe in and how do we want to do business?

It is not well understood that this is policy, an expression of the board's beliefs and values.

Ends policies

What is the end point of our work and what does it look like? Ends policies include purpose, outcomes and values. Every organisation has some beliefs and things that it holds close. These should be discussed and written down. They form a box or framework which guides the action for anyone within the organisation. They might include how we treat our volunteers, whether we take pokies money, what behaviour is acceptable on the side-line – could be anything really.

Connection to management

It doesn't matter if you have paid staff or the legwork is done by volunteers. The board needs to frame how much discretion there is to act. This combined with the overarching guidance of the Ends policies ensures the board has set and maintains control over the operation of the business. These policies are set out as specific delegations to management or as guidance on the freedom to act, known as 'limitations'.

It is more empowering to staff to set what is to be achieved and encourage them to work out how to get there within certain boundaries, rather than prescribing how things must be done. Having limitations provides both excellent control for the board and a level of freedom for staff.

Some things, such as finance, will have exact levels of discretion. Others will be more generic – for example, 'you can design volunteer programmes as you see fit as long as they do not contravene our core stated values on dealing with these essential stakeholders'.

This is all work the board needs to do before digging into operational detail.

More information

Sport NZ has a wealth of governance resources and learning opportunities for directors. Links are provided throughout.

Related Governance Lite sections

- [0.1 What is this thing called governance?](#)
- [0.2 The role of the board](#)
- [I.1 The strategic plan](#)

Governance Lite Toolbox

- [0.3 Policies as remote control](#)
(Terry Kilmister on policy)

Sport NZ resource

Sample board charter (policy suite)
<https://sportnz.org.nz/assets/Uploads/Board-Charter-2018-Financial-Governance-Changes-to-Content-13032019.doc>



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