

BOARD OPERATION

1. Purpose

This Policy aims to assist Members who seek effective and efficient operation of their Board by:

- describing a framework for effective Board functioning;
- identifying best practice strategies for Board functioning; and
- affirming individual Director responsibility.

2. Definitions

'Business plan' means any plan for the future administration of the Club (including strategic and operational plans) developed by senior management and approved by the Board.

'Close associate' means any family member, personal friend or business associate of a Director.

'Material personal interest' means the Director stands to personally benefit financially or in some other material way.

'Board charter' means an agreement that outlines the role, structure and responsibility of the Board.

3. Guiding Principles

Boards should pursue the aims and purpose of their Club by actively ensuring that management and staff:

- a) Make decisions that are consistent with the Club's role/purpose and the interests of members;
- b) Comply with any relevant legislative, industrial and administrative requirement and keep up to date with any changes;
- c) Maintain adequate documentation to support any decisions made;
- d) Treat each Club member and staff members with courtesy and sensitivity to their rights;
- e) Provide all necessary and appropriate assistance to members of the Club;
- f) Promote a culture of continuous professional development and training;
- g) Strive to obtain value for Club money spent and avoid waste and extravagance in the use of Club resources;
- h) Contribute to a safe, healthy and discrimination-free Club environment; and
- i) Not take or seek to take improper advantage of any Club information gained in the course of their appointment (in the case of Directors) or employment (in the case of managers/staff).

The Board should have a clearly defined and expressed statement or equivalent expression of their aims and purpose as an organisation. This should be clearly communicated to members and stakeholders

4. Functions of the Board of Directors

The Board of a Club is responsible to members for the overall governance and performance of the Club.

The functions of the Board include the following:

- a) Providing strategic direction to the Club by constructive engagement in the development, execution and modification of the Club's strategy;
- b) Appointing the Club manager and approving succession plans;
- c) Monitoring the performance of the Club manager and approving senior management remuneration policies and practices;
- d) Reporting to members and ensuring that all regulatory requirements are met;
- e) Providing advice and counsel to management on a periodic and ad hoc basis, adding strategic value;
- f) Ensuring appropriate compliance frameworks and controls are in place;
- g) Approving policies governing the operations of the Club;
- h) Monitoring financial results on an ongoing basis;
- i) Ensuring the Board's effectiveness by operating as a team;
- j) Ensuring the Club's business is conducted ethically and transparently; and
- k) Overseeing strategic risk management.

5. Board Composition

To provide competent leadership and direction, Boards should contain, if available, an appropriate mix of skills from professions such as business, management, law, accounting, public administration and marketing.

Board make-up should be representative of the Club membership. For example, Clubs that have a large number of women in membership should actively encourage appropriately qualified women to seek directorship. Clubs should avail themselves of the services of the Club Directors Institute of Clubs NSW to provide training to prospective Board candidates from under-represented segments of the membership.

Boards should be of an optimum size, according to the needs of the Club. Excessively large Boards tend to be inefficient and should be avoided. However, diversity on the Board is encouraged.

6. Ethics

In accordance with legal and statutory requirements, Directors should:

- a) Discharge their duties in good faith and act honestly, in the best interests of the Club, and with the level of skill and care agreed in their role expectations;
- b) Act with required care and diligence, demonstrating commercial reasonableness in their decisions;
- c) Declare any conflicts of interest;
- d) Act for the benefit of the Club at all times;

- e) Not make improper use of information gained through their position as a Director or otherwise take improper advantage of the position of Director;
- f) Not allow personal interests, or the interests of any close associate, to conflict with the interests of the Club;
- g) Make reasonable enquiries to ensure that the Club is operating efficiently, effectively and legally towards achieving its goals; and
- h) Undertake diligent analysis of all proposals placed before the Board.

7. Role of the Chairperson

The Chairperson's responsibilities include:

- a) Providing appropriate leadership to the Board and the Club;
- b) Facilitating Board discussions to ensure the core issues facing the Club are addressed;
- c) Maintaining a regular dialogue and mentor relationship with the Club manager;
- d) Monitoring Board performance; and
- e) Guiding and promoting the on-going effectiveness and development of the Board and individual Directors.

8. Role of the Club Manager

The Club manager is responsible to the Board for the overall management and performance of the Club in accordance with the strategy, plans and policies approved by the Board to achieve the agreed results.

9. Conduct of Board Meetings

Key criteria for the conduct of Board meetings are:

- a) The Board should meet at least monthly on previously determined dates and conduct special meetings at the request of the Chairperson;
- b) The chairperson establishes the agenda for each Board meeting. Board members should be encouraged to suggest items for inclusion on the agenda;
- c) The agenda for each meeting should be provided to the Directors in advance of the meeting together with written materials on certain matters to be presented for consideration. Management should endeavour to provide material that is concise and informative;
- d) The agenda should, at a minimum, include:
 - i. minutes of the last meeting and business arising;
 - ii. finance (including gaming machine operations);
 - iii. Chairpersons' report;
 - iv. tabling of ClubsNSW Circulars; and
 - v. other business.
- e) Financial reports which accurately reflect the true financial position of the Club should be provided for each Board meeting.

10. Conflicts of Interest

If a Director has a real or potential material personal interest relating to Club procurement of goods and services and/or major capital works, the nature of that interest should be disclosed at the earliest possible meeting of the Board.

11. Confidentiality

Directors have a duty to question, request information, raise any issue which is of concern to them, fully canvas all aspects of any issue confronting the Club and cast their vote on any resolution according to their own judgement.

Outside the boardroom, Directors should support the letter and spirit of Board decisions.

Directors should keep confidential Board discussions, dialogue and decisions that are not publicly known.

Confidential information received by a Director in the course of the exercise of directorial duties remains the property of the Club and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been properly authorised, or is required by law.

12. Board Sub-committees

The full Board is ultimately responsible for the conduct of a Club's affairs. However, larger Clubs may opt for supervision of major functional areas to be handled by specialised Committees (eg, audit and remuneration) of the Board while ensuring that the full Board remains ultimately responsible for the Committees' decisions.

It is important that all Committees should be established with clearly defined objectives, authorities, responsibilities and tenure and that they report regularly to the full Board.

The Board should ensure that the structure of each Committee is suitable having regard to the Club's size and business, the Board's composition and individual Directors expertise.

13. Supporting Teamwork and Diversity

Each financial year the Board should facilitate:

- a) A review and modification of the Club's strategic plan to ensure the Club's aims and purpose are realised;
- b) The agreement of role expectations for each Director that identifies what results each Director has committed to deliver to the Board;
- c) Personal learning plans for each Director, agreed with the Chairperson, which identifies what and how new skills should be developed, based on the role expectations; and
- d) The giving and receiving of performance feedback for Directors by their peers based on the agreed role expectations.

14. Relationship between Board and Management

Club Directors decide what matters are delegated to management and should ensure that adequate controls are in place to oversee the operation of these delegated powers.

As delegated by the Board, agreements with suppliers, customers, employees, consultants, professional firms or other parties or organisations should be made by management unless such an authority is explicitly delegated by the Board to a Director, either individually or as a member of a Committee.

15. Strategic Planning

A critical role of the Board is to ensure that the Club is pursuing an appropriate strategy in line with its aims and purpose. To achieve this the Board should constructively engage with management concerning the development, execution and modification of the Club's strategy.

Management and the Board should agree on the processes used to develop the Club's strategy and business plan. Each financial year management and the Board should discuss the substantive elements that are to be considered in the development and execution of the strategy.

Management then prepares and proposes a written strategy for consideration and approval by Directors.

The approved strategy forms the basis for the business plan, which is also prepared by management and considered and approved by the Board.

In reviewing the strategy and business plan, Directors should consider implementation and timing issues and monitor on a continuing basis the execution of the strategy against milestones and targets set down in the business plan.

The full Board should review and approve the strategic and business plans, including financial objectives and budgets.

16. Board Charter

The implementation of Board Charters for both Boards of Directors and Committees is becoming more commonplace to ensure that all Directors/Committee members are aware of their roles and responsibilities.

A Board Charter endeavours to provide the framework for the Board to deliver best practice standards of corporate governance in the execution of the responsibilities reserved for the Board. Management, in consultation with the Board should review and update the Board Charter annually, with all Directors required to review and 'sign-on' to the Charter following each election