



UNIT 15:

GOVERNANCE OF A SPORTS ORGANISATION

- A. Role of the Board
- B. Role of Committees
- C. Role of the President
- D. Role of the Secretary
- E. Role of the Treasurer
- F. Conflict of Interest



UNIT 15 - GOVERNANCE OF A SPORTS ORGANISATION

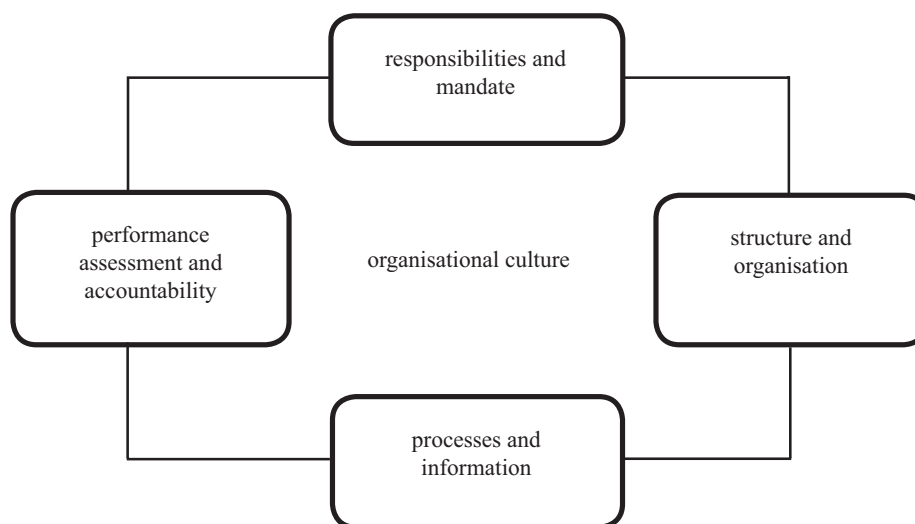
In democratic systems, the membership of an organisation is the supreme authority. They often delegate certain (not all) responsibilities to a board of directors (for example, elections are held by the membership, not by the board). The board undertakes certain tasks but it may delegate certain responsibilities to an executive committee. The board or executive committee may also appoint other committees to undertake certain studies or functions. These may be “permanent” or “standing” because of the on-going nature of their responsibilities, or, they may be “ad hoc” or temporary. In either case, these committees would report to their higher authority, being the executive committee if appointed by them or the board if they are committees of the board. For example, a marketing committee may report to the executive committee, while an audit committee or a nominating committee would report to the board.

There is a difference between governance of an organisation and management of the organisation. In general, the membership and its board are responsible for governance. The president, the executive committee, the staff and operational committees contribute to management.

A. Role of the Board

Often, a board’s role and activities fall in five distinct areas:

1. responsibilities and mandate
2. structure and organisation
3. processes and information
4. performance assessment and accountability
5. organisational culture



The sequence of these elements is not intended to imply a sequential connection between them - there are no starting and finishing points. Instead, these elements comprise an interactive, interconnected system.



Responsibilities and Mandate

The board's primary role is stewardship, to oversee management and ensure that the organisation's affairs are being conducted in a way which achieves the organisation's objectives.

There are five key responsibilities to be included in the mandate of boards:

- ◆ strategic planning for the organisation
- ◆ risk identification and management
- ◆ management effectiveness and succession
- ◆ communications with stakeholders
- ◆ internal control and management information systems

Boards with Operational Responsibilities

In some organisations, individual board members take on operational tasks, such as serving in a management capacity (for example, a board member who is a qualified accountant or banker may serve as the organisation's treasurer).

Strategic Planning for the Organisation

The board's responsibility for strategic planning is not to actually develop a strategy, but to satisfy itself that management has implemented an appropriate strategic planning process. The board's role is to provide an independent challenge of management's key assumptions, assess whether management's strategy is reasonable in relation to the risks involved, and the resources required and benefits to be achieved. In short, the board approves the strategy, but does not create the strategic plan itself.

Risk Identification and Management

Every organisation faces a variety of potential risks, such as the loss of key staff, theft or public liability, decreasing revenues and increasing costs. Each could seriously damage the organisation's reputation, resources or ability to operate. The board's responsibility is to ensure that management has implemented an effective process to identify, minimise where possible, monitor and manage the potential risks the organisation faces.

Management Effectiveness and Succession

It is the board's responsibility to ensure that the right management team is in place. The board's role is to question, scrutinise and actively monitor management. Board members should have the opportunity to constructively question, test and challenge management's views and proposals. The board should also be active in appointing the Chief Executive Officer (CEO), monitoring his or her performance against specified goals, and setting the CEO's remuneration. The board also has a role in ensuring that positions, both elected and appointed, are effectively filled. This involves anticipating vacancies and having regard for the views of the membership and the needs of management.

Communications with Stakeholders

The board is responsible for determining the way in which the organisation will communicate with its stakeholders, the kind of information to be disclosed, and under which conditions disclosures will be made. The board should determine to whom, within the organisation, it will delegate the authority to speak publicly for the organisation, and perhaps whether the board itself will liaise directly with any group of stakeholders.



Internal Control and Management Information Systems

All organisations require controls and information systems which enable the organisation to evaluate operational effectiveness and efficiency, compliance with laws and regulations, and the reliability of management and financial information. The board is responsible for ensuring that management has implemented effective internal control systems.

Processes and Information

The board's mandate and structure are both important. However, without the appropriate processes and information to support the board's activities, effective governance is only words and not action. The board must be able to operate effectively, which requires it to establish and maintain appropriate systems and practices.

Performance Assessment

Governance guidelines recommend that the board, its committees and individual board members be periodically assessed in terms of their effectiveness in carrying out the board's responsibilities.

Public Accountability and Liability

The responsibilities of board members include:

- ◆ acting in good faith, in the best interest of the organisation
- ◆ avoiding conflicts of interest
- ◆ being diligent with regard to board meetings and obtaining information
- ◆ obtaining a degree of confidence regarding the Chief Executive Officer's integrity and ability
- ◆ ensuring financial accountability and prudence

Organisational Culture

The culture of the organisation and its board are often intertwined - the culture of one usually affects the other - and, together, they can have an impact on the effectiveness of both the organisation and its board. Culture can also affect the quality of governance.

Organisations which place a high value on open communication, commitment to the organisation, accountability for actions and results, respect for individuals' rights and privacy, etc. are ones with a culture that is especially supportive of good governance. That is because good governance really only exists in an environment where board members do not feel inhibited in openly asking questions, confronting issues and saying "no" when necessary in a constructive manner. Often, the test of this environment comes in times of stress; when things go wrong, is the culture one where the priority is to fix the problem or attribute the blame?

Boards and senior management set the "tone at the top". Their behaviour has a pervasive effect on the organisation as a whole, and upon its stakeholder's perceptions of it. For example, is the board seen to be open, up-front and honest in its dealings with its own members, and with others in the organisation? Do individual board members share a sense of accountability to other members of the board, and to the organisation's stakeholders? Do the board and management stress the importance of the organisation's values and live up to the organisation's codes of conduct in their behaviour and actions?



B. Role of Committees

Committees may be appointed by the board or the executive committee, and they would report to the authority that appointed them. The structure and mandates of the board and each of its committees should be documented, to help ensure that board members and management clearly understand the board's role.

Audit Committee

Organisations that have an audit will also benefit from an audit committee comprising three or more independent board members who have experience in financial reporting.

The audit committee:

- ◆ helps to ensure that the audit is conducted in an efficient and cost-effective manner
- ◆ oversees the organisation's financial systems and internal controls
- ◆ recommends to the board approval of the organisation's annual financial statements
- ◆ recommends the appointment of the external auditor, and the appropriate fee

Executive Committee

- ◆ acts on behalf of the board between board meetings
- ◆ may be limited in some of its powers because certain issues may require full board review and decision
- ◆ helps management review issues, and to prepare them for presentation to the full board
- ◆ develops and recommend policies, which shall be effective when made but shall be subject to ratification by the board
- ◆ receives reports from and provide policy direction to the president and CEO between meetings of the board
- ◆ co-ordinates the priorities and activities of the board, the president, the CEO and board committees (provided that such committees shall not be accountable directly to the board)

Finance Committee

- ◆ assesses whether funds are or will be available to meet expenditure commitments
- ◆ assesses the effectiveness of budgeting, financial control and financial reporting procedures
- ◆ reviews and make recommendations with respect to all proposed contracts of the organisation
- ◆ approves, reviews and makes recommendations with respect to expenditures or commitments beyond the approval limits of the CEO and the chairman of this committee
- ◆ reviews and monitors financial statements and budgets
- ◆ recommends policies and procedures to avoid and deal with conflicts of interest; monitors compliance with conflict policies and procedures; investigates any specific cases involving an allegation or question of conflict of interest and report the committee's findings to the board
- ◆ reports at regular intervals to the board on the organisation's financial condition and on the deliberations of the committee

Nominating Committee

- ◆ searches for suitable candidates for appointment to the board
- ◆ reviews potential candidates
- ◆ makes recommendations of qualified candidates to the board of directors



Marketing Committee

- ◆ reviews and approves the organisation's marketing, advertising and promotional plans
- ◆ reviews the performance of the organisation's marketing agent(s) on an ongoing basis
- ◆ reviews all proposed marketing contracts and make recommendations
- ◆ reviews the organisation's non-commercial fund raising plans and activities and make recommendations
- ◆ assesses the effectiveness and adequacy of the organisation's marketing resources and make recommendations regarding resources as required
- ◆ assists the organisation's marketing agent(s) as required, including assisting in presentations, generating contacts, and other activities

Team Selection Committee

- ◆ proposes the principles upon which team selection will be based
- ◆ recommends specific criteria for team selection
- ◆ recommends the process and time-lines for the selection process
- ◆ establishes with each national sport organisation the specific selection criteria as it pertains to their sport and to have written agreements with each at least 2 years before the Games
- ◆ verifies the achievement of the criteria by athletes nominated by national sport organisations
- ◆ considers applications on behalf of athletes not meeting the criteria
- ◆ recommends to the executive committee or board the athletes to be selected
- ◆ provides advice and information to the board if there is an appeal by a national sport organisation of their recommendation

Note: see Unit 37 Team Selection for more details.

Environmental Committee

- ◆ develops policies to reduce or eliminate environmental impacts that may negatively affect the health and safety of athletes, spectators or the community
- ◆ enhances the environmental attractiveness of sports venues in the community
- ◆ assures that the organisation's environmental strategies are developed in consultation with community groups, and communicated to the public.
- ◆ monitors the organisation's activities to determine their compliance with the environmental standards

C. Role of the President

1. The president is responsible for:
 - ◆ opening the meeting
 - ◆ getting through the agenda
 - ◆ giving people the opportunity of putting forth their views
 - ◆ seeing that decisions are taken and agreed
 - ◆ conducting votes on resolutions
 - ◆ upholding the rules and constitution

Two points:

- ◆ the chair is neutral
- ◆ the chair is in charge



To control meetings the president should be aware that:

- ◆ there should be a formality about procedure
- ◆ there is a skill in selecting speakers
- ◆ it is important to keep a good tone
- ◆ speakers should be encouraged to be short and to the point
- ◆ the importance of extracting decisions cannot be overestimated

2. Wider responsibilities of the president include:

- ◆ acting on behalf of the organisation between meetings
- ◆ carrying forward the organisation - pursuing decisions made in meetings
- ◆ representing the organisations views to outside groups, agencies and individuals
- ◆ resolving conflicts or clarifying issues in preparation for meetings
- ◆ providing leadership, direction, planning strategy and thoughtfulness to the association

D. Role of the Secretary

In general, the secretary is responsible for the preparation of meetings, agendas, minutes, and for administration.

In addition, the secretary should know:

- ◆ what is happening in the organisation
- ◆ what decisions are needed and by what time
- ◆ the most effective order to place items on the agenda
- ◆ the timing of agendas

Depending on whether the secretary is part-time or full-time, paid or unpaid, there will be a significant difference in his/her responsibilities.

E. Role of the Treasurer

The treasurer is responsible for keeping the accounts and establishing appropriate financial procedures. The treasurer would cooperate fully with the audit committee, the finance committee, the auditors or others concerned with financial controls, procedures or reporting.

He/she should:

- ◆ be manifestly honest
- ◆ have the ability to keep straight, clear records and accounts
- ◆ be familiar with money at the level at which the association deals
- ◆ be skilled in financial management
- ◆ have commitment to the aims and objectives of the association

At meetings he/she is required to:

- ◆ present financial reports and accounts
- ◆ submit estimates of expenditure for approval
- ◆ make comments on the financial viability of projects



© Creative Media Services



Annually he/she is required to:

- ◆ present the annual accounts in draft to the executive committee
- ◆ forward the accounts from the executive committee to the auditors
- ◆ present the audited accounts to the Annual General Meeting for approval

F. Conflict of Interest

From time to time, there is controversy in sport, as in other professions and activities in life, concerning conflict of interest. Organisations should have policies on this matter, to govern the conduct of employees, officers and members of the organisation. A draft policy is presented.

Draft Conflict of Interest Policy

Members and employees of an organisation will permit no influence which could conflict with the best interest of the organisation or prejudice the organisation's reputation. Disclosure in writing is required for anyone employed by, performing services for or with a financial interest in any business enterprise doing business with or seeking to do business with the organisation.

Members and employees will not, without prior approval:

- a) engage in any business, transaction, financial interest or personal action which:
 - i) is incompatible, interferes or appears to interfere with the duties and responsibilities of their position
 - ii) is detrimental to the purpose of the organisation's work
 - iii) provides the person with an advantage or appearance of advantage derived from association with the organisation
- b) place themselves or their relatives in a position where they may profit, gain or in any way benefit from special favour or special consideration by virtue of employment with the organisation
- c) place themselves in a position where they are under obligation to any person or organisation who might benefit from special favour, consideration or preferential treatment on their part
- d) accord any preferential treatment to relatives or friends in the performance of official duties, or to organisations in which friends or relative have an interest, financial or otherwise
- e) place themselves in a position where they could derive any direct or indirect benefit or interest from any contracts or services about which the employee can influence decisions
- f) benefit in any way from the use of information acquired during the course of official duties and which is not generally available to the public
- g) use property, equipment, supplies, services or any material of consequence for activities of a personal nature not associated with the discharge of official duties
- h) accept gifts, hospitality or entertainment that could reasonably be construed as being given for favour, special consideration or anticipation or recognition of special consideration.

Whenever an employee considers that he or she could be involved in a conflict of interest as described in this policy, the employee will inform his/her supervisor or designate, and will abide by the advice given.

Contravention of these principles of conduct and/or engaging in a conflict of interest may be considered as cause for disciplinary action, including dismissal.

