

## Standard 2: Best Practice Corporate Governance

Corporate Governance can be defined as the set of processes, customs, policies, laws and institutions affecting the way in which a corporation (or club) is directed, administered or controlled. Inadequate corporate governance mechanisms or a lack of adherence to such principles can lead to the poor performance of an organisation.

It is in the best interests of all stakeholders including club members, registered persons, participants, greyhounds, employees, volunteers, contractors, suppliers, other clubs and regional communities, that all greyhound racing clubs are well managed and adhere to sound corporate governance principles. Elements of sound corporate governance include good business sense, transparency, objectivity, accountability and integrity.

In the pursuit of better practice in corporate governance within NSW greyhound racing, all clubs are required to:

- Adopt a Code of Conduct that at, at a minimum, meets the criteria of the Model Code of Conduct for clubs developed by GRNSW; and
- Maintain a Register of Interests which records an actual or potential conflict of interest by a Committee member, employee or volunteer.

This standard also provides a range of useful information and tools to help you to establish governance systems that will facilitate the smooth running of the Committee and club.

### Templates

A Model Code of Conduct is provided at **ATTACHMENT A**.

A Better Practice Corporate Governance checklist to help clubs review their governance systems, and to identify risk areas and any weaknesses that may require action, is provided at **ATTACHMENT B**.

A Conflicts of Interest form is provided at **ATTACHMENT C**. This should form the basis of the Register of Interests. All club employees, volunteers and Committee members should complete these forms annually or update them as circumstances change and new conflicts of interest arise. Any amendment to a Conflicts of Interest form should subsequently lead to an update of the Register of Interests.

### Tools and Assistance

A 'Guidance for Greyhound Clubs Governance Charters' document can be found on the Club Resource CD-ROM supplied with your Operating Standards and Guidelines folder. This is an extremely useful reference document which will provide guidance to Committees should they encounter a governance issue or problem that is not clearly defined or outlined in their club constitution. It also provides a range of information on best practice in corporate governance and clubs should provide all Committee members with a copy of this document.



### **What GRNSW Requires From Your Club**

Clubs must have a Code of Conduct in place that, at a minimum, includes the best practice standards outlined in the template at **ATTACHMENT A**. Clubs must provide GRNSW with a copy of their Code of Conduct and with evidence of Committee endorsement and adoption of the Code (copy of resolution from Committee meeting minutes). In the future, clubs are only required to provide a copy of their Code of Conduct when it has been updated or changed.

Clubs must also provide GRNSW with a copy of their Register of Interests on an annual basis and with a copy of their Better Practice Corporate Governance checklist biennially (once every two years).



## Corporate Governance

*The overall guidance, direction and supervision of the club*

The term governance is poorly understood. It is sometimes equated with government and in the case of other organisations with compliance, however, it is the way in which any group of people organise themselves, assigns responsibilities and authority to determine how resources will be allocated. The group may be a religion, sporting club, country, village or a business. Such groups need to deal with external constraints – such as rules, regulations, and social pressures – but also organise themselves and their resources in order to survive and thrive.

Corporate governance is essentially the system by which your club is controlled. It is about how your club manages its resources to good effect for both members and stakeholders.

Committees play a critical role in the structure, organisation and management of clubs. A well functioning Committee is the cornerstone of an efficient and effective club. Committees exist to manage decisions and take responsibility for the club and as a result, the processes surrounding the Committee's operations are vital in securing the long term future of the club.

It is commonly accepted that governance structures have a significant impact on the performance of a club. Effective governance will ensure more effective decision making, with the club demonstrating transparency, accountability, integrity and responsibility in its activities and operations.

Poor governance, on the other hand, has a variety of causes, including office bearer inexperience, conflicts of interest, failure to manage risk, inadequate or inappropriate financial controls, and generally poor internal business systems and reporting. Ineffective governance practices not only impact on the club when they are present, but also may impact upon other stakeholders and at the broader level the sport of greyhound racing as a whole.

Clubs should routinely review their corporate governance systems to identify any risks and weaknesses that may require action. A Better Practice Corporate Governance checklist is provided at **ATTACHMENT B** to assist with this process.

### ***Principles of Best Practice in Corporate Governance***

Good corporate governance is about:

- Planning - developing strategic goals and objectives, and determining how these can be achieved;
- Organisational performance - monitoring the performance of the club against performance targets to ensure the goals and objectives are achieved; and
- Leadership - ensuring the club is governed responsibly with the best interests of members and stakeholders at the core of decision making.

More specifically, club Committees when striving for best practice in governance and carrying out their roles, should consider the following five principles:

1. Clear delineation of governance roles;
2. Effective governance processes;
3. Effective governance controls;
4. Continuous improve in governance; and
5. Member and stakeholder responsiveness.



### **Benefits of Good Governance**

- Better management - good governance encourages better managed and more efficiently organised clubs.
- Improved communication - a well run club facilitates better informed members and volunteers.
- Sustainability and growth - careful business planning and implementation of policies and procedures helps sustain and develop your club and the sport.
- Attracting sponsors - sponsors are more likely to link up with efficiently run organisations.
- Appealing to insurers - generally insurers have a higher regard for clubs with good governance practices. This may result in reduced premiums.
- Increased membership – people are more likely to join a club that is being well managed.
- Enhanced reputation - through satisfied members and stakeholders the profile and reputation of your club can be raised.

### **Everyone Needs to Know About Governance**

Anyone who becomes a Director or member of a Committee must fully understand their responsibilities, as well as the key operational aspects of their club. The Club Constitution generally provides detailed guidance in this area, however, a governance charter can also act as a supplementary guide and source of information.

### **Governance Charter**

The general charter of the club is contained within its articles of association and its memorandum - these are generally referred to as the 'Club Constitution'.

A governance charter usually supplements the Club Constitution, summarising the role, responsibilities, policies and processes of the club Committee and comments on the Committee's approach to corporate governance. A governance charter is often supplemented by a Code of Conduct.

A 'Guidance for Greyhound Clubs Governance Charters' document can be found on the Club Resource CD-ROM supplied with your Operating Standards and Guidelines folder. This is an extremely useful reference document which will provide guidance to Committees should they encounter a governance issue or problem that is not clearly defined or outlined in their club constitution. It will also provide particularly valuable information for new Committee members and will help with their induction process.

Embedded in this reference document are a number of tools and tips which will help clubs administer smooth and well structured Committee meetings, for example, a meeting agenda template, guidance on preparing policy submissions and minute taking. This document also provides direction on other governance procedures, including manager and board evaluations, as well as the structure and function of internal Committees.



### **What is a Code of Conduct?**

A Code of Conduct provides guidance on minimum acceptable standards of behaviour and conduct for Committee members, employees, volunteers and officials in carrying out their duties while working towards the goals of the club.

A Code of Conduct sets out general principles such as objectivity, transparency, accountability and integrity. Clubs should use the Model Code of Conduct template at **ATTACHMENT A** as the basis for developing their own code. If required, they should also include additional topics and examples which reflect the specific needs or circumstances of their own club.

### **Why Have a Code of Conduct?**

Clubs conduct their operations in a framework of different laws, regulations and internal policies, however these alone do not govern the behaviour of everyone who participates in club operations. It is important that the public and other stakeholders understand what your club stands for and how they can expect your Committee members, employees, volunteers and officials to conduct themselves.



<insert club name>

## Code of Conduct

### Objectives

It is essential that:

1. The behaviour of the <insert club name>'s Committee members, employees, volunteers and officials is at all times honest, ethical, impartial, and equitable.
2. The behaviour of the <insert club name>'s Committee members, employees, volunteers and officials is seen, by the greyhound racing industry in NSW and by the public at large, to be honest, ethical, impartial, and equitable.

This code of conduct defines publicly, the standards of behaviour with which the club's Committee members, employees, volunteers and officials are required to comply.

### Purpose of this Code

This code aims to provide guidance to Committee members, employees, volunteers and officials, to help them carry out their duties and responsibilities effectively. The club's Committee members, employees, volunteers and officials are bound to act according to this code, as are any delegates appointed to act in their place.

### Enforcement

In addition to legal obligations applying to Committee members, employees, volunteers and officials generally, compliance with the code is a condition of appointment.

### Principles

You must follow these principles:

#### ***Selflessness***

Make decisions solely in terms of the best interests of the sport. Do not make decisions in order to gain financial or other material benefits for yourself, your family, or your friends.

#### ***Integrity***

Do not place yourself under any financial or other obligation to outside individuals or organisations that might influence you in the performance of your duties.

#### ***Objectivity***

Make choices on merit when making decisions or recommendations.

#### ***Accountability***

Be accountable for your decisions and actions to the public, submit yourself to whatever scrutiny is appropriate to your role.

#### ***Openness***

Be as open as possible about all the decisions and actions that you take. Give reasons for your decisions and restrict information only when the wider public interest clearly demands it.

## ***Honesty***

Declare any private interests and take steps to resolve any conflicts in a way that protects the interests of the club.

## ***Leadership***

Promote and support these principles through leadership and by example.

## **Role of Board and Committee Members**

### ***Committee Members***

In your capacity as a Committee member, employee, volunteer or official of the **<insert club name>**, you must:

- Act independently, using your skills and experience to the best advantage of the club;
- Perform your role objectively and impartially, using your best efforts to ensure equity and fairness to all club members, participants, and other stakeholders who may be affected by decisions of the Committee. The interests of all parties with whom the Committee interacts must be dealt with impartially and free of intrusion of self-interest or outside influences;
- Respect the interests of the greyhound racing industry as a whole;
- Attend all Committee meetings if possible. If you cannot attend, obtain a leave of absence or appoint a deputy to attend in your place;
- Make sure you are fully informed of the activities and affairs of the club including statutory and regulatory requirements and the physical, political and social environment in which its activities are conducted;
- Be independent in judgment and actions, and take all reasonable steps to be satisfied as to the soundness of decisions taken by the Committee;
- Be positive and constructive in the discussion and resolution of dissent between members, and publicly support decisions taken by the majority even if you disagree with them;
- Support the intentions and activities of the club and be loyal to the organisation and to your fellow Committee members, employees, volunteers or officials;
- Do not speak publicly or to representatives of the media unless authorised to do so;
- Do not represent the club in any capacity in dealings with outside parties unless authorised to do so;
- Do not claim the authority of the club in your private dealings;
- Do not seek to influence the activities of the club except through Committee deliberations;
- Do not act in any manner that may reasonably be expected to have adverse implications for the sport of greyhound racing; and
- Report any suspicion of corrupt conduct relating to club activities.

## **President**

In your capacity as President of the <insert club name>, you must:

- Make sure the Committee operates effectively to achieve the best possible outcomes for the club;
- Make sure all Committee members participate in the deliberation and decision making process; and
- Make sure that all relevant issues are on the agenda and that the members receive timely and relevant information to enable them to contribute actively and effectively to the performance of the Committee and its responsibilities.

## **Conflicts of Interest**

### ***Duty to Declare***

All club Committee members, employees, volunteers and officials must declare any actual or potential conflict of interest or any circumstance that might reasonably be thought to be a conflict of interest. You can declare an interest at a meeting of the Committee by filling out a Conflicts of Interest Form or in writing to the club Secretary. For your own protection, if in doubt about whether there is a conflict of interest, err on the side of caution and declare it.

You must declare any conflict of interest of which you are aware on the part of any member of your family or household, any close acquaintance, or any individual or entity with whom you have a significant personal or financial relationship.

### ***Register of Interests***

The club Secretary will maintain a *Register of Interests* book, available for public inspection, listing interests that have the potential to compromise the objectivity of Committee members, employees, volunteers and officials decision-making. It is your responsibility to provide this information and keep it up to date.

The *Register of Interests* should include the Conflict of Interest Forms from all club Committee members, employees, volunteers and officials. The register must be updated whenever an individual amends or updates their conflicts of interest form.

### ***Board Papers***

Before circulating Committee papers, the club Secretary, in consultation with the President unless the President has a perceived conflict of interest, will consider whether any matter relates to your registered interests. If so, information relating to the matter will be withheld. You will be told the nature of the information withheld and the reason for withholding it.

If you receive Committee papers or information relating to a matter in which you have an interest, you must notify the club Secretary.

## **Committee Meetings**

When a matter in which you have declared an interest is to be discussed, either:

- You must leave the room, with your exit noted in the minutes, or
- If other Committee members agree, you may remain and participate as normal (you must leave the room while the other committee members make this decision).

You may not remain present as a silent or non-voting observer.

## **Gifts, Benefits and Gratuities**

In their dealings with other individuals and entities in the sport, Committee members, employees, volunteers and officials must always act to foster the club's reputation for independence, impartiality, and scrupulous adherence to ethical standards.

You must not solicit or accept gifts, rewards or benefits in connection with the performance of your duties, or which might compromise or be seen to compromise your independence and objectivity, or which might give rise to a real or apparent conflict of interest.

You may accept minor hospitality offered in the course of your duties if:

- The total value is nominal;
- The offer is in accord with normal social practice; and
- The level of hospitality is not more than the Committee would provide in similar circumstances.

You must never accept, under any circumstance, an offer of:

- Money; and
- Services or favoured treatment (even if of no measurable value) relating to greyhound racing.

If you receive an offer of an unacceptable benefit, you must report it to the club Secretary or the President. As a private individual you may accept a benefit if it is offered equally to, and accepted by, the public or the industry at large.

## **Confidentiality**

In the course of your duties, you will have access to confidential information:

- You must not make improper use of information you receive in confidence and, except in order to meet the obligation to act in a transparent manner or as required by law, you must not disclose that information without the informed consent of the person who provided it;
- You must not use confidential information for personal gain or to promote your private interests or those of connected persons, firms, business or other organizations;
- You must not use, or allow someone else to use, confidential information to obtain an advantage, whether direct or indirect, for you or any other person or body;
- You must not disclose confidential information to any person or agency or the media unless it is part of your duties or specifically authorised; and
- You must maintain the confidentiality of matters discussed at Committee meetings and of information acquired by virtue of your position as a Committee member.

Information provided to you 'in-confidence' must not be disclosed to or discussed with anyone outside the Committee.

When you resign or leave the Committee or the club:

- You must return any confidential documentation in your possession; and
- Your duty of confidentiality continues indefinitely.

## Better Practice Corporate Governance Checklist

The following checklist has been prepared to assist your club to review its corporate governance systems to identify any weaknesses that may require action.

Question	Yes	No	What actions can you take to correct the situation?
<b>Board roles, responsibilities and skills</b>			
Is there a clear identification of the powers, roles, responsibilities and accountabilities between the Committee, the club Secretary and management?			
Are these responsibilities clearly communicated to all club Committee members, employees, volunteers and participants?			
Is there a good understanding of management's responsibilities in relation to internal control?			
Does your club Committee monitor the performance of management and volunteers?			
Is there a sound system of procedural and financial delegations approved by the Committee? Does it promote efficiency as well as control?			
Are appropriate decision making processes adopted by the Committee? Is there a clear distinction between what decisions should be made by the Committee and those decisions that should be made by the club's management?			
Are decisions that should be made by the Committee clearly documented and understood?			
Are there processes governing policy development, implementation and review, which ensure that the Committee approves new policies?			
Are appointments made to the Committee with regard to the skill requirements of the Committee?			
Are there adequate induction processes for new Committee members?			
<p>Does the Committee have, collectively, a mix of appropriate skills, knowledge and experience covering:</p> <p><b>Business acumen/expertise</b></p> <ul style="list-style-type: none"> <li>• the sport of greyhound racing;</li> <li>• policy development;</li> <li>• executive leadership skills;</li> <li>• finance;</li> <li>• marketing; and</li> <li>• regulatory environment.</li> </ul> <p><b>Other</b></p> <ul style="list-style-type: none"> <li>• legal;</li> <li>• vocational training; and</li> <li>• community services.</li> </ul>			
Are you aware of what your club or association's constitution and/or by-laws say about the governance of the club?			

<b>Independence</b>			
Is the majority of the Committee independent of the club Secretary, management team and commercial dealings of the club?			
Are there sufficient numbers on the Committee to achieve independence, but not too many to become inefficient?			
Are appropriate policies and procedures in place to identify any potential conflicts of interest?			
<b>Board meetings</b>			
Are regular Committee meetings held and are financial reports tabled?			
<b>Board resources</b>			
Do Committee members have access to independent professional advice to enable them to discharge their duties?			
<b>Code of conduct</b>			
Is there a written code of conduct to be followed by the Committee, Secretary, employees, participants and volunteers?			
Is this code of conduct communicated and understood by the Committee, Secretary, employees, participants and volunteers?			
Are there clear guidelines in the code of conduct in relation to conflicts of interest?			
Does your club have a register for declarations of conflicts of interest?			
<b>Strategy setting and planning</b>			
Is there an overall organisational plan, and is it supported by a business plan, budgets and marketing plan?			
Are there clearly defined performance measures (operational and financial) incorporated into the plans?			
Does the Committee approve the budget set by management?			
<b>Risk management</b>			
Is there a risk management plan that is supported by risk management strategies?			
Does the Committee regularly review the risk management strategies?			
Are there any procedures for the Committee to review the strategies and assess whether they are working effectively?			
Is the risk management plan reviewed regularly to ensure new risks are identified and risk management strategies are put into place?			

<b>Financial and operational reporting</b>			
Are there appropriate performance measures, financial and non financial, which enable the efficiency and effectiveness of the club to be assessed?			
Do reports efficiently and effectively communicate key financial data?			
Do financial reports show a comparison between year-to-date, budget, last year-to-date and full-year data?			
Are detailed financial reports supported by explanations of significant variations?			
Are financial reports provided to the Committee at least quarterly?			
Are financial reports provided to the club Secretary at least monthly?			
Do adequate accounting systems and records support financial reports?			
Are financial reports provided to the Committee in sufficient time to enable review before meetings?			
Do members of the management team brief the Committee when financial reports are tabled?			
Does the management team include a person with appropriate financial management expertise and experience?			
Does that person have a direct reporting line to the Committee?			
<b>Committee performance</b>			
Are there mechanisms to monitor performance of the Committee and individual Committee members?			
<b>Committees</b>			
Does your club have a remuneration Committee and an audit Committee?			
If yes, to the preceding question, do these Committees have clear terms of reference?			
<b>Statutory accountability</b>			
Is there a process that identifies all legislation relevant to the club, and monitors changes to the legislation and new legislation impacting on the club?			

<insert club name>

## CONFLICT OF INTEREST DECLARATION

*Committee Members, Volunteers and Employees*

### Background

The <insert club name> Code of Conduct requires all employees, volunteers and Committee members to avoid conflicts of interest. A conflict of interest exists whenever you are in a situation where your private business or personal interests conflict with those of the club. This can arise in many situations, such as when you (or a close family member) have a direct or indirect personal relationship, affiliation or association that may affect the way in which you carry out your role at the club.

It should also be noted that Stewards under the Greyhound Racing Rules and in accordance with the Code of Conduct, are required to pass on any concerns they become aware of with respect to conflicts of interest (potential or perceived) with respect to other participants in the sport.

In addition to this annual declaration, all employees, volunteers and Committee members are under an ongoing obligation to disclose any conflicts of interest as they arise. A conflict of interest in itself is not necessarily wrong or unethical, however, identifying and managing the situation is important. Therefore, when in doubt, please disclose the relevant interest for discussion with the club Secretary.

**Declaration:**

*Actual or Perceived Conflicts of Interest*

I declare that I **do not** have any direct or indirect personal relationship, affiliation or association with any party that would give rise to any actual or perceived conflict of interest.

**OR:**

I declare that the following details are the only direct or indirect personal relationships, affiliations or associations that I have with parties that may give rise to any actual or perceived conflict of interest.

1. .

2. .

3. .

4. .

5. .

(Please provide their name, and the nature and value of the relationship, affiliation or association)

By signing below, I agree that I have made a full and frank disclosure of all relationships that may put me in a conflict of interest situation in performing my role within the club, and acknowledge that a failure to do so could result in disciplinary action being taken.

Signature: .....

Name: .....

Date: .....