

Board Governance & Procedures Manual
of the Community Empowerment for Creative Innovation - CECI

June 2021



Community Empowerment for Creative Innovation (CECI)

“Building Empowered, Peaceful & Self-reliant Youth”

Endorsed:

The Terms of Reference (ToR) for the Finance and Audit Committee (FAC) set out in this document were deliberated by all board members and adopted at the End-of-Year (Q4) Meeting of the Board of the Organisation on June 30, 2021.

Table of Content

GOVERNANCE PROCESS POLICIES.....	
.....5	
1. The Role of the Board.....	6
2. Code of Ethics and Proper Practice.....	7
3. The Board's Policy Making Role.....	9
4. Governance Style.....	10
5. Board Meetings.....	10
6. Agenda Planning.....	11
7. Role of the board chair Person.....	12
8. Media Policy.....	14
9. Induction of New Board Members	14
10. Board Committees.....	14
11. Board Effectiveness Review.....	15
12. Investing in Governance Effectiveness.....	16
BOARD/ED LINKAGE POLICIES.....	17
1. Board/Executive Director Relationship Principles.....	18
2. Unity of Control.....	18
3. Board/Executive Director Delegation.....	19
4. Monitoring and Supporting the Executive Director's Performance	20
EXECUTIVE LIMITATION POLICIES.....	21
1. Overall Executive Limitation Policy.....	22
2. Budgeting/Financial Planning.....	22
3. Financial Wellbeing.....	23
4. Contracts Policy.....	24
5. Employment Implications and Obligations	25
6. Communication and Support to the Board.....	26
7. Emergency Executive Director Succession.....	27
8. Treatment of Members and Other Stakeholders.....	27
9. Public Affairs	29
APPENDICES.....	30
APPENDIX 1: Terms of Reference: Finance/Audit Committee	31

INTRODUCTION TO THE POLICIES

Success in developing an effective policy leadership capability will ensure a governing Board has:

- an effective process for conducting its own business and a mechanism through which it can articulate its own values and preferences concerning the way it wishes to operate;
- a clearer sense of where its own focus and effort should be directed;
- an effective process and mechanism for strategic direction and priority setting;
- a high degree of leverage over the enterprise's performance without unnecessary involvement in operational detail or activity;
- a clear framework to define the accountability and authority of different components of the organization structure;
- clarified and provided direction to the roles and responsibilities of those in governance and management roles and assisted those with multiple responsibilities (e.g., a Board member who is also a volunteer worker) to be conscious of their different responsibilities when "changing hats";
- Established clear performance expectations and empowered the Executive Director to deliver desired outputs and to achieve the necessary operational performance standards, within a framework of acceptable risk defined by the Board.

Principles

It is tempting for a number of reasons, if “they look about right”, to adopt a set of policies developed, say, by another enterprise. Were a Board to do so, however, simply ‘rubber stamping’ those policies mindlessly, the exercise would be relatively pointless and probably have no enduring value. That is because effective leadership necessitates a Board acting (and ‘directing’) in a deliberate, thoughtful and principled manner. The process of policy making requires that a Board’s principles, values and perspectives be clear in the first place. The Board’s policies are simply then a vehicle for expressing its leadership – a tool representing the codification of its decisions about what is important.

It is important for the Board, therefore, to be clear about appropriate and relevant principles itself. If it does not understand, and is not committed to, the principals involved it would be better not to adopt the policy.

In a broad sense, the following policies are built on a number of fundamental governance concepts and ideas including that:

- The Board represents the interests of the 'ownership' (members/shareholders/beneficiaries, etc) and acts in trust for the enterprise and its fundamental purpose;
- The Board's role as governing body is distinct from that of management. The Board's governance role involves linkage with the ownership, setting of policies and monitoring of the enterprise's success in achieving its policies; and
- The Board delegates authority to the Executive Director, as its sole linkage to the operational organization, and delegates to the Executive Director responsibility for the achievement of operational outcomes.

The Policy Framework

In many organizations, governance policy just "grows like Topsy" as issues arise over the years. Often it is the pattern that a series of ad hoc policy 'patches' are put over particular problems – usually after the event. In contrast, the following policies are intended to be developed and adopted proactively and in a coherent and connected manner. To use a sporting reference point they are the "rules" that are agreed before the game begins. They are structured as a series of interlocking and mutually reinforcing elements that provide an agreed framework for action in respect of both the Board's and the Executive Director's job. Among the benefits of this approach to establishing governance policies are that:

- all strategic objectives and policy statements that guide action are brought together in one place;
- the policies contain a clear expression of the overall results required;
- the policies facilitate clarity in setting priorities for the direction of the organization and the resolution of any conflicts of direction or emphasis;
- the policies provide a framework within which policy development can be undertaken at more detailed levels-both governance and operational (i.e. within the organization);
- the policies provide a framework for the development of acceptable operational activities (Means) to achieve predetermined strategic results (Ends);
- the policies provide a focus for ongoing monitoring of performance and strategic review; and
- the policies provide a vehicle for clear communication of outcomes to stakeholders and the wider community

Other important principles

There are a number of other important principles that guide the way in which this governance policy framework has been constructed and is managed. These include the following:

Owners and Consumers

- The Board represents the ownership *as a whole*. It acts in their collective interests, not the interests of individuals, or specific sub-groups of stakeholders;
- 'owners' can also be consumers, when they receive organization-provided services;
- The Board relates primarily to the ownership level (the policy-making role). The interaction with owners who are consumers in relation to the operational *how* of service delivery, generally takes place at a staff level.
- When discussions with the Board concern *what* services are provided by the organization, they relate to the 'owner's' interests. When discussing *how* services are provided, they relate to the consumers interests

Policymaking

- The Board's principal tool for the achievement of effective governance is the development of policy that has a focus on results, not on activities;
- The Board decides on the broadest, most abstract, dimension of a policy issue in any category before it moves to smaller or more specific elements. This is the concept of 'cascading' policies - that the Board works down through progressively more specific levels of policy until it is satisfied that it has said enough to provide clear notification of its expectations to the Executive Director (note that each category begins with an overarching policy, setting the framework for the further policies in that category);;
- The Board stops writing policy when it reaches the point at which it is confident that the Executive Director or other elements in the governance structure of the organization are likely to apply a *reasonable interpretation* of its words; and
- Policies enable the Board to speak with 'one voice',

Governance Process Policies

1. The Role of the Board

- 1.1 The primary function of the Board, in accordance with the constitution of the CECI is to be responsible for the governance, stewardship of, and overall policy formulation for CECI and the management of the affairs of the CECI.
- 1.2 This means the Board of the CECI is responsible for ensuring that the organization fulfils its purpose and achieves its intended outcomes and, in doing so, meets all the legal and moral responsibilities and requirements consistent with 'best practice' corporate governance.
- 1.3 This responsibility is one of stewardship and management on behalf of the members and other stakeholders, ensuring that CECI not only remains viable but consistently

seeks positive achievement and that it has a secure long-term future. Consistent with this, the Board is required to

- 1.3.1 Set strategic direction, specifying longer-term strategic outcomes, intended shorter-term results and priorities;
- 1.3.2 ensure that the organization only exercises those powers and functions permitted under the constitution
- 1.3.3 ensure there is a clear policy and delegation framework for all decisions that must be made within the organization and effective internal control systems that ensure compliance
- 1.3.4 characterize risk and ensure there is an effective process for managing and mitigating risk;
- 1.3.5 gather information about members and other stakeholders' concerns, needs and aspirations and remaining up to date in matters concerning their interests:
- 1.3.6 monitor and evaluate organizational performance and account for this to its members on a regular basis; always keeping members informed about matters of significance to them;
- 1.3.7 ensure the proper keeping of records registers, accounts, reports and lodgment of documents; and
- 1.3.8 Set performance expectations for, and delegate authority to, the Executive Director and to monitor and evaluate his/her performance in a manner consistent with the expectation of both individual and corporate success.

2. Code of ethics and proper practice

2.1 Individually, Board members of the CECI are expected to:

- 2.1.1 act honestly and in good faith at all times;
- 2.1.2 act diligently and prudently acknowledging that each has equal responsibility for the financial health of the organization and its performance generally; act in the best interests of the organization as a whole, considering matters on the basis of equity and transparency and in the interests of the CECI community as a whole;
- 2.1.3 declare all interests that could result in an actual or perceived conflicts between personal interests and those of the wider organization and not take advantage of their position to seek personal advantage and comply with the conflict-of-interest provisions in the constitution
- 2.1.4 be diligent, attend Board meetings and devote sufficient time to preparation for Board meetings to allow full and appropriate participation in the Board's deliberations
- 2.1.5 It is incumbent on any Board member who misses a Board meeting to ensure that they are fully briefed on its outcomes ahead of the next meeting they attend.
- 2.1.6 ensure the proper keeping of records, registers, accounts, reports and contracts;

- 2.1.7 ensure trustworthy avoidance of dishonesty, unethical practice or any other behavior that is, or might be construed as, less than honorable in the pursuit of the CECI's objectives;
- 2.1.8 respect the confidentiality of information and not disclose to any other person confidential information other than as agreed by the Board or as required under law
- 2.1.9 Board members should not reveal the nature or content of any discussions or meetings relating to policies or plans the Board may be working on, without explicit agreement of the Board to the effect that disclosing such information would not be in the interests of the CECI
- 2.1.10 The Board should, at the very least, inform its constituents of the major decisions it has made and report on these decisions. However, the Board is justified in not disclosing all its activities, on the basis that in doing so it is acting in the interests of the CECI by preventing information which may be detrimental to it, from being revealed and potentially distorted
- 2.1.11 act in accordance with the fiduciary duties of a Board member, complying with the spirit as well as the letter of the law, recognizing both the legal and moral duties of the role;
- 2.1.12 abide by Board decisions once reached recognizing and supporting the collective decision-making responsibility of the Board;
- 2.1.13 not do anything that in any way disparages the CECI or harms its public image;
- 2.1.14 unless agreed by the Board as a whole or invited to do so by the Executive Director in specific circumstances, focus on governance rather than operational decision-making;
- 2.1.15 Keep up to date with the expectations and concerns of Members and other stakeholders and ensure that these receive proper consideration either by the Board or management

2.2 The board shall;

- 2.2.1 exercise its powers and fulfil its responsibilities in the best interests of the CECI as a whole and on the basis of equity and transparency
- 2.2.2 make all enquiries, obtain all information and take such expert advice as is necessary to understand the nature of the matters on which it must deliberate and then do so thoroughly and carefully;
- 2.2.3 once decisions have been made, speak with one voice;
- 2.2.4 ensure that there is an appropriate separation of duties and responsibilities between itself and the Executive Director;
- 2.2.5 make every reasonable effort to ensure that the CECI does not raise community, supplier or stakeholder expectations that cannot be fulfilled;
- 2.2.6 be accountable for its own performance and regularly review its own performance as the basis for its own development and quality assurance;

- 2.2.7 carry out its meetings in such a manner as to ensure fair and full participation of all Board members; and
- 2.2.8 ensure that the CECI's assets are protected via a suitable risk management strategy

3. The Board's Policy Making Role

3.1 The principal means by which the Board fulfils its responsibilities is by developing and monitoring policies which provide direction and boundaries for both its own and the Executive Director's functions, the Board will develop the following categories of policies:

- 3.1.1 *Governance Process policies*; describing the way the Board organizes its own work and carries out its role.
- 3.1.2 *Board/Executive Director Linkage policies*; defining the nature of the relationship between the Board and its Executive Director
- 3.1.3 *Executive Limitations policies*; making clear any constraints or limits the Board places on the choice of operational means available to the executive Director for the achievement of the Strategic Outcomes and Key Results policies.
- 3.1.4 *Strategic Outcome and Key Results policies*; describing the principal outcomes the Board intends that the organization should achieve in a period; to be incorporated in a strategic plan which should be developed in partnership with management and key stakeholders

3.2 The Board "owns" the strategic plan and changes in strategic direction or key result areas can only be made by the Board. The Board shall constantly analyze and assess both external and internal factors that might inhibit, or assist the CECI to achieve the key results in its strategic plan and pursuant to its strategic outcome and key results policies.

3.3 The Board will be proactive in developing and stating its policies.

- 3.3.1 Any Board member or the Executive Director may propose to the Board that a policy be added, altered or deleted.
- 3.3.2 Before the Board determines its position in respect to any policy proposal it must be satisfied that:
 - the purpose of the policy proposal is explicit and clear;
 - the proposed policy is compatible with and fits within one of the four policy categories listed above;
 - the proposed policy is consistent with existing governance policies and is not better suited to a procedures manual or other separate manual, register or schedule;
 - the Board has clarified higher, more abstract policy issues before it attempts to address consequent, more detailed, policy issues;
 - The Board has had sufficient time to consider the proposal and to understand the rationale for its adoption.

- 3.4 All Board policies will be reviewed periodically according to a Board determined schedule
- 3.5 All Board policies shall be available to all Board members, the Executive and to staff and other stakeholders as appropriate, via the Executive Director.
- 3.6** The Executive Director will oversee the development of operational policies defining day-today operational frameworks/guidelines for staff, contractors and volunteers. All operational policies shall be consistent with the principles, boundaries and definitions stated or implicit in the strategic plan and Board-level policies

4. Governance Style

- 4.1 The Board intends to govern with an emphasis on:
- 4.1.1 taking actions that demonstrate an unequivocal commitment to achieving a high level of governance excellence;
 - 4.1.2 a future rather than a present focus
 - 4.1.3 strategic issues rather than administrative detail;
 - 4.1.4 pro-activity rather than reactivity
 - 4.1.5 collective rather than individual decision making
 - 4.1.6 the recognition and acceptance of a diversity of opinions and views
 - 4.1.7 a clear distinction between Board and chief executive roles
 - 4.1.8 open and proactive communication both internally and externally
 - 4.1.9 modelling desired behaviors
 - 4.1.10 developing and expressing a collective responsibility for all aspects of the Board's decision making and performance; and

5. Board Meetings

- 5.1 Board meetings will focus on governance matters such as policy making and review, progress towards the achievement of strategic outcomes and key results, accountability and financial health of the organization rather than on administrative and operational matters
- 5.2 Board meetings will be carefully planned by the Board itself to ensure that the best possible use is made of its time both on a meeting-by-meeting basis and over the course of each year. The principal tool the Board will use to assist its planning is an annual agenda or work plan (see Agenda Planning).
- 5.3 All Board members have equal rights at Board meetings including the right to:
- 5.3.1 have their questions, opinions and views heard within the context of an agreed agenda; and
 - 5.3.2 Vote on an issue and/or refrain from voting.
- 5.4 The Board will ensure that appropriate records of its meetings are kept to provide an accurate record of decisions reached and the principal reasons for those decisions.

5.5 The Board will meet as often as required to carry out its responsibilities

5.6 While the Executive Director shall normally attend all Board meetings the Board also reserves the right to meet periodically without him/her present. Other senior management staff shall attend Board Meetings to deal with specific agenda items at the invitation of the Board and with the agreement of the Executive Director.

6. Agenda Planning

6.1 To fulfil its responsibilities and to make the best possible use of its very limited meeting time, the Board will prepare and follow an annual agenda or work plan that forms the basis for each successive Board meeting and, in particular, schedules time for the Board to:

6.1.1 regularly review strategic outcomes/key results policies and relevant strategic issues

6.1.2 provide assurance that all relevant compliance requirements are addressed, and

6.1.3 improve Board effectiveness through education and development

6.2 Examples of recurring and one-off agenda items the Board will typically factor into the annual agenda include:

6.2.1 Scheduled review of strategic outcomes and key results as indicated in the Board's results policies, e.g. via Executive reports and management presentations.

6.2.2 Scheduled time for strategic/future thinking

6.2.3 Scheduled characterization of organizational risk

6.2.4 Consultations with key stakeholders as appropriate.

6.2.5 Board and Board member education

6.2.6 Other policy compliance monitoring both in respect of the Executive Director Limitations and Governance Process policies.

6.2.7 Board Effectiveness review to assess Board compliance with Governance Process policies.

6.2.8 Executive Director performance appraisal review meeting and remuneration review

6.2.9 Preparation for, or review of, AGM matters.

6.2.10 Meeting with the external auditor.

6.2.11 Scheduled reporting by the Finance Committee or other Board committees.

6.2.12 Implementation of constitutional issues

6.2.13 Board composition and succession planning.

6.3 The Board will attend to regular compliance monitoring and other items as expeditiously as possible to ensure that the greater proportion of its time is focused on the future.

6.4 Specific Board meetings will be arranged to focus on the Board's previously agreed annual agenda or work plan. Board members who wish to add additional topics for

consideration should propose these to the President in the first instance. The President will either suggest other avenues to deal with the matter or refer the suggestion to the Board for consideration in the light of previously agreed priorities.

6.5 The agenda, together with all written papers that are to be tabled at the next Board meeting, shall be circulated to all Board members at least 5 working days before the date of the next Board meeting – hard copy and/or email as suits each Board member.

6.6 The preparation of the agenda is the responsibility of the Board, although the President will have the primary responsibility for ensuring that this process is carried out effectively and for finalization of form and contents of the agenda and the accompanying Board papers

7. Role of the Board Chair Person

7.1 While holding special responsibilities, the President is primarily a first among equals; a 'servant leader'

7.2 The board chair person's primary role is to protect the integrity of the Board's processes ensuring that its actions are consistent with the constitution and the Board's role and its policies and that the Board carries out its role in the most effective and disciplined manner possible.

7.3 The board chair person, with input from other Board members and the executive director, is responsible for ensuring that Board meetings are effective and efficient.

7.4 The board chair person is expected to have a close and effective working relationship with the executive director but this is a linking role and it should not confuse or undermine the executive director's responsibility and accountability to the Board as a whole.

7.5 With the approval of the Board and the agreement of the executive director, the board chair person may establish a regular communication arrangement with the executive director in which there is an exchange of information. This might also provide an opportunity for the executive director to use such sessions as a sounding Board for proposed actions or to check interpretations of Board policy. However;

7.5.1 The board chair person will recognize that such sessions are not used to 'personally' supervise or direct the executive director except when that person has breached Board policy.

7.5.2 The board chair person will not inhibit the free flow to the Board of the information necessary for sound operation by the Board. Therefore, the board chair person will never come between the Board and its formal links with the executive director.

7.6 The board chair person is subject to the Board's policies and decisions and has no authority to unilaterally alter, amend or ignore these policies and decisions, or to instruct the executive director.

- 7.7 The board chair person is empowered to chair Board meetings, with all the generally accepted powers of that position. It is expected that:
- 7.7.1 meeting discussion content will be confined to those issues that, according to Board policy and the planning of its meeting content, clearly belong to the Board and are not for the Executive director to decide;
 - 7.7.2 deliberation will be fair, open, and thorough but also timely, orderly, and kept to the point;
 - 7.7.3 all Board members will be encouraged and enabled to make a contribution to the Board's deliberations; and
 - 7.7.4 the board chair person may delegate the chairing of any Board or general meeting or part of such a meeting for any reason while remaining accountable to the Board for the successful conduct of that meeting
- 7.8 The board chair person has authority act as a spokesman for the Board and to represent the organization at appropriate events.
- 7.9 There may be times when the President is called upon to interpret a Board policy or policies. All such interpretations shall reflect both the stated intent and spirit of the policy(s).
- 7.10 The board chair person shall review meeting minutes to ensure that they accurately reflect the meeting; and ensure that any matters arising are addressed.
- 7.11 The board chair person is an ex-offio member of all Board committees.
- 7.12 The board chair person may delegate aspects of the authority accompanying the position but remains accountable for its use.

8. Media Policy

- 8.1 Unless specifically authorized, only the board chair person and the Executive director are authorized to comment publicly on the affairs and policies of CECI. They should communicate closely with each other with regards to this role.
- 8.1.1 Generally, the board chair person will comment on matters that are the responsibility of the Board and the Executive director will comment on matters of operational significance.
 - 8.1.2 Other Board members cannot act as a spokesman for the organization unless the Board appoints them explicitly to perform this function.

9. Induction of New Board Members

- 9.1 The Board will ensure that all new Board members receive a thorough induction into the affairs of both the Board and the CECI at large. The board chair person will have the primary responsibility for ensuring this process is carried out effectively.
- 9.2 Prior to attendance at their first Board meeting, new Board members will:
- 9.2.2 Receive a copy of the CECI Board Manual, the Constitution, current and recent meeting papers, an organizational chart, strategic plan, contact details for

other Board members and key staff, the last Annual Report, the current year's meeting schedule and Board meeting Work Plan.

- 9.2.3 Meet with the board chair person and possibly other Board members for a governance familiarization. This meeting may be held as a group session or with individuals
- 9.2.4 Meet with the executive for an operational familiarization.
- 9.3 Prospective Board members will be provided with information relevant to their consideration of becoming a member of the Board.
- 9.4 The Board acknowledges that when even one Board member changes this has implications for the Boardroom team as a whole and that a consideration of this should form part of the induction process.

10. Board Committees

- 10.1** The Board recognizes that there are times when a committee can act more effectively than can the full Board. The Board has the right to establish committees, task forces or working parties. These will be designed to support the Board in its own work being conscious that these should not duplicate responsibility delegated to the executive director. The Executive director also has the right to establish committees, task forces and working parties to assist him/her in an operational context.
- 10.2** Every Board committee and task force or working party should have a 'Terms of Reference' defining the role of the committee, the extent of its authority, structure and membership and reporting requirements. This should be reviewed annually.
- 10.3** Unless explicitly empowered by the full Board, committees or working parties cannot speak for the Board or make decisions binding on the Board. For the most part the function of committees, working parties and the like, in fulfilling their role, is to explore issues and/or make recommendations to the Board.
- 10.4** A decision of a Board committee or working party exercising delegated authority is a decision of the Board and should be treated by the executive accordingly.
 - 1.1 Committees, task forces and working parties may co-opt outside members from time to time in order to assist the Board to access to additional skills, experience or networks.
- 10.5** Committees etc. cannot exercise authority over staff nor shall they delegate tasks to any staff unless the Executive director has specifically agreed to such delegations.
- 10.6** Normally, the definition of the responsibilities and scope of Board committees, task forces and working parties will ensure that these do not directly mirror the design and functions of operational divisions, departments or other staff groups.
- 10.7** The terms of reference of committees currently in existence are set out in the Appendices.
- 10.8** Except in necessary circumstances the board chair person shall not, as a matter of course, be a member of a Board Committee

11. Board Effectiveness Review

- 11.1.1** The Board shall undertake a formal assessment of its effectiveness no less frequently than bi-annually. This will be based on:
- 11.1.2** the extent to which the standards of performance set in these policies are met;
- 11.1.3** the degree of compliance with its own policies;
- 11.1.4** the performance of the organization as a whole as measured through the achievement of the Strategic Plan;
- 11.1.5** the effectiveness of the Board as a leadership and decision-making group; and
- 11.1.6** The Board's contribution to its working relationship with its executive director.

12 Investing in Governance Effectiveness

- 12.1** The Board recognizes that governance is a cost to the organization and thus will invest in Board and individual Board member training and development to increase its governance capability and performance.
- 12.2** To assist it to fulfil its stewardship responsibilities the Board may engage outside assistance. This includes, but is not limited to, financial audit.
- 12.3** All costs associated with governance effectiveness will be prudently incurred, though designed to ensure the development of the highest standard of governance. Financial provision may be made each year for:
 - 12.3.1** Attendance at workshops, seminars or conferences.
 - 12.3.2** External audits/performance reviews, training and coaching to improve governance performance
 - 12.3.3** Meeting costs and other costs associated with effective communication with owners and other key stakeholders e.g., travel expenses, surveys and associated analysis, focus groups etc.

12.4 Expenses

- 12.4.1** The CECI will reimburse Board members and others co-opted to assist in the governance process for actual and reasonable expenses incurred on activities authorized by the Board.
- 12.4.2** Claims for expenses must be approved by a person (other than the claimant) who is in a position to confirm that the claims are valid in terms of the organization's policies and procedures
- 12.4.3** In the case of the board chair person's expenses, these shall be approved by the Board as a whole or by the Finance Committee.

BOARD/EXECUTIVE DIRECTOR LINKAGE POLICIES

1. Board/Executive Director Relationship Principles

- 1.1 An effective and productive Board-Executive Director relationship is essential if the CECI is to function successfully. The key ingredients of a productive relationship are:
 - 1.1.1 Mutual respect for their separate but interdependent roles and responsibilities
 - 1.1.2 Mutual agreement on the limits to the freedom granted to the Executive Director to carry out his/her role;
 - 1.1.3 A fair and ethical process for evaluating Executive Director effectiveness
 - 1.1.4 Clearly defined delegations, responsibilities and accountabilities that are based on the assumption that the Executive Director is fully capable of managing operational matters;
 - 1.1.5 A commitment by both Board and Executive Director to open, honest, rigorous dialogue and a willingness by both to challenge the other without personalizing issues and defensiveness.
 - 1.1.6 The exchange of information required for sound governance decision making
 - 1.1.7 Once the delegation has been made, respecting the accountability of the executive director to the Board as a whole not to any one individual Board member and his/her prerogatives to exercise operational management of the organization
 - 1.1.8 In addition to regular reporting and assessment processes, there will be a formal, annual, appraisal of the performance of the Executive Director. The timing, format and process for this annual review will be agreed between the Executive Director and the Executive Review Committee at the beginning of the monitoring period.

2. Unity of Control

- 2.1 The Executive Director is the only direct employee of the Board; all other staff are employed by and responsible to the Executive Director. Contractors and volunteers are engaged by the Executive Director in a manner and for a purpose consistent with the Board's policy and financial delegations. This means that the Board's primary linkage to the operations of the organization is through the Executive Director
- 2.2 Only the Board as a whole can instruct the Executive Director and only decisions of the Board as a whole are binding on the Executive Director. Accordingly, decisions or instructions of individual Board members, Board officers or committees or task forces are not binding on the Executive Director unless the Board has specifically delegated such authority
- 2.3 The Board and individual Board members may provide advice and assistance to the Executive Director and other management staff on operational matters, but only at the request of the Executive Director or management staff
- 2.4 Board members, because of their expertise, may be asked to sit on management committees or undertake roles at the request of management staff. When serving

in this capacity the Board members serve as a volunteer advising staff or carrying out a role, and not as a Board member.

2.5 Board members are free to talk with all staff and office contractors but in doing so they must take all care to ensure that they do not come between and the staff member or contractor.

2.6 When Board members seek advice from management staff in respect of an issue which has been raised with the Board or that Board member by Members or other stakeholders then the Board member shall ensure that the Executive Director is informed of the request; recognizing that the Executive Director has responsibility in accordance with his or her delegated authority for the performance of management.

3. Board/CEO Delegation

3.1 General Delegation

3.1.1 The Executive Director is responsible for the day-to-day management of the organization. In carrying out these duties, he/she must ensure nothing is done or authorized to be done that is harmful to the organization and does not comply with Board approved policy.

3.1.2 The Executive Director is authorized to establish all operational policies, decisions, practices, and activities provided his/her decisions are consistent with the stated intent and the spirit of the Board's policies

3.2 Delegation of Authority

3.2.1 The Board delegates to the Executive Director the full authority to manage the business of the CECI and to carry out the terms of his/her appointment as recorded in the Executive Director Position (as varied from time to time) Description; subject to the limitations contained in or caused by:

3.2.1.1 This document;

3.2.1.2 Or Board policies from time to time. The present Board Policies that are relevant to the limitations/boundaries of the authority to manage the organization delegated to the Executive Director form part of this document; and

3.2.1.3 The Executive Director Position Description

3.2.2 To make it clear the Executive Director shall have the:

3.2.1 Authority to initiate, implement and exercise sanctions and judicial procedures where such actions are in accordance with the Board's policies;

3.2.2 power to initiate and defend in the name of the CECI any legal or other judicial procedures by or against the CECI provided such actions are in accordance with the Board's policies,

3.2.3 In exercising these delegations, the Executive Director should not do or cause to have done anything that in the judgment of a reasonable person acting as a

member of the CECI Board will cause harm to the organization, and in particular, the Executive Director should do nothing:

- 3.2.3.1 to harm the trust held in the CECI by members of the CECI, and by members of the CECI;
- 3.2.3.2 That places the CECI, or any of its business units in isolation, in any financial risk, meaning that net liabilities exceed net assets, that debts cannot be met when they are due or that income expected to directly offset project or similar expenditure has not been confirmed. For particular prohibitions refer to the Board's Limitation policies.
- 3.2.3.3 That creates any personal advantage to the Executive Director (or their family or associates) arising from any decision the Executive Director makes;
- 3.2.3.4 To hide or make any business conducted less transparent to the auditors or to the Board;
- 3.2.3.5 That involves a conflict of interest where that interest is not disclosed to the affected party;
- 3.2.3.6 To disclose confidential information except within the bounds of existing policy;
- 3.2.3.7 That reduces the ability of The CECI to meet its regulatory compliance obligations.

3.3 Cases of Doubt

- 3.3.1 Where the Executive Director is in doubt as to whether he/she has the authority to act in a particular manner, then the Executive Director shall refer the matter to the board chair person who shall be entitled to decide whether or not the Executive Director has the delegated authority to authorize the CECI to enter into a particular contract or carry out a particular activity;
- 3.3.2 The board chair person shall be entitled to refer the matter to the Board.
- 3.4 Review the terms of delegation of authority for the Executive Director are subject to review by the Board from time to time.

Executive Limitation Policies

1. Overall Executive Limitation Policy

The Executive Director shall not cause or allow any practice, activity, organizational circumstance, or decision which is unlawful, imprudent or which contravenes any organization specific or commonly held business or professional ethic

2. Budgeting/Financial Planning

- 2.1 Budgeting/financial planning for any financial year or the remaining part of any financial year shall be directed to ensure the achievement of the Board determined strategic outcomes and key results. Accordingly, the Executive Director shall not develop a budget that

- 2.1.1 Contains too little information to enable:
 - 2.1.1.1 credible projection of revenue and expenses,
 - 2.1.1.2 separation of capital and operational items,
 - 2.1.1.3 projection of cash flows, and
 - 2.1.1.4 Disclosure of planning assumptions.
- 2.1.2 Creates financial risk beyond limits or other measures set by the Board.
- 2.1.3 Does not reflect/accommodate medium to long-term financial plans/projections
- 2.1.4 Is designed to achieve an end of year financial result that is materially different from that agreed by the Board.
- 2.1.5 Will result in the non-achievement of Board determined financial ratios.
- 2.1.6 Fails to provide for current and future capital requirements.
- 2.1.7 Fails to provide for the depreciation and maintenance of critical operating assets.
- 2.1.8 Fails to provide for the financing of the Board's own operations and its governance development.
- 2.1.9 Fails to plan for the achievement of Board-determined revenue targets

2.2 Budgets and cash flow must be kept under regular review and control. Accordingly, the Executive Director shall not;

- 2.2.1 Make budget alterations and deviations without Board approval;
- 2.2.2 fail to present quarterly, updated annual budget and cash flow forecasts to the next occurring Finance Committee Meeting, .(Note – after consideration by the Finance Committee and if approved by the Board
- 2.2.3 The reforecast budget shall become the operative budget until any further approved reforecast

3. Financial Wellbeing

- 3.1 The Executive Director is responsible for the day-to-day financial management of the CECI and shall not cause or allow the development of actions or conditions that might harm the financial well-being of the organization. In particular, the Executive Director shall not:
 - 3.1.1 Cause the organization to incur unauthorized indebtedness;
 - 3.1.2 Utilize any organizational funds for purposes other than the furtherance of the CECI's purposes and strategic goals as approved by the Board;
 - 3.1.3 Use restricted or "tagged" contributions for any purposes other than those designated;
 - 3.1.4 Operate outside of the organization's approved budgets and the procedures and authorizations set out in the Finance Procedures Manual
 - 3.1.5 Approve expenditure which, although in keeping with the organization's goals and policies, is beyond the organization's ability, using budgeted resources, to meet;

- 3.1.6 Make financial commitments which, although consistent with an approved budget, business plan, business case approval, or similar, does not yet have confirmed revenue to offset the liability.
- 3.1.7 Use anything other than standard accounting practices for the recording of all financial transactions;
- 3.1.8 Allow the use of any of the organization's funds, or allow contractual commitments to be made or other liabilities be accepted, other than in the furtherance of Board-approved purposes and priorities.
- 3.1.9 Allow tax payments or other government payments or returns to be overdue or inaccurately filed.
- 3.1.10 Fail to maintain accurate financial records.
- 3.1.11 Violate accounting and financial reporting standards.
- 3.1.12 Acquire, encumber or dispose of real property without Board approval.
- 3.1.13 Fail to assertively pursue overdue receivables.
- 3.1.14 Allow any non-compliance with the Finance Procedures Manual.
- 3.1.15 Operate in a way that lends to the imposition of penalties by the ATO; or the issue of qualifications in the auditor's report on the annual financial statements

4. Contracts Policy

- 4.1 The Executive Director is responsible for the effectiveness and probity of the contracts entered into by the CECI. However, the Executive Director may not approve contracts where;
 - 4.1.1 the hiring of employees and entry into contracts for labour services means that the employment cost for the budgeted activity for which the employee is to be employed will exceed the budgeted employment cost;
 - 4.1.2 the supply of goods or services to CECI where the term of supply is greater than 12 months and/or the value of the supply to CECI over the term of the contract exceeds **\$5,000**
- 4.2 The Executive Director may not cause application to be made in the name of the CECI, and sign the application, to Class 4 gaming machine charities for grants to the CECI where a second signatory is required unless such second signature has been obtained.
- 4.3 The Executive Director shall not cause the CECI to vary or terminate a contract unless the terms of such variation are also within the Executive Director's delegated authority;
- 4.4 Contracts that concern matters that lie beyond the Executive Director's delegated authority must always be conditional on Board approval. The Executive Director shall not submit for the Board's approval proposals that do not contain:
 - 4.4.1 A statement of the background; and the material terms of the contract and the role of the contract in the achievement of the CECI's strategic goals; and

- 4.4.2 A certificate that appropriate legal and financial advice has been obtained on the terms of negotiation of the contract;
- 4.5 Notwithstanding any other delegation or authority, the Executive Director shall not commit the CECI to contracts with related parties; or contracts which would cause there to be a conflict of interest. (“Related parties” means a relative or close associate or partner of an existing staff member, or a company where a staff member or a relative or close associate or partner of an existing staff member, is a shareholder or director).

Explanatory note: In this policy “contract” includes any agreement or document creating or intending to create an obligation enforceable by or against the CECI, and which provides for the payment of money or the supply of goods or services.

5. Employment Implications and Obligations

- 5.1 With respect to the employment and engagement of employees, consultants, contract workers and volunteers, and their compensation and benefits, the Executive Director shall not in any way jeopardize the CECI’s financial integrity or good name in the community. Accordingly, the Executive Director shall not:
 - 5.1.1 Agree to appointments which
 - 5.1.1.1 are not based on merit and the outcome of a contestable recruitment process;
 - 5.1.1.2 would place staff members who are have family or other close personal relationships in a position where one is accountable for the performance of the other;
 - 5.1.1.3 Would result in individual compensation, conditions of service or benefits that could not be justified to the CECI’s key stakeholders by reference to the employee’s skills and experience and relevant benchmarks such as market and award rates and the market demand for such skills and experience.
 - 5.2 Take any action that would have the direct or indirect consequence of increasing his/her own remuneration and benefits.
 - 5.3 Create obligations in the name of the CECI that cannot be met over the projected period of an individual’s term of engagement and/or employment, or over a period for which the financing of the cumulative obligations to all employees, consultants, contract workers and volunteers can realistically be secured.
 - 5.4 Cause unfunded liabilities to occur or in any way commit the CECI to benefits that incur unpredictable future costs.
- 5.2 With respect to the employment and treatment of staff, contractors and volunteers, the Executive Director shall not cause or allow working conditions that are unsafe, unfair or undignified as defined in relevant workplace legislation. Accordingly, the Executive Director shall not:
 - 5.2.2 Take actions or allow situations or circumstances that are inconsistent with the CECI’s responsibilities to be a Good Employer
 - 5.2.3 Operate without written personnel policies that make clear rules for staff and protect against unfair or unethical practices;

- 5.2.4 Deny to any employees, contractors and volunteers their right to an approved and fair internal grievance process and, thereafter, to externally provided disputes resolution processes;
- 5.2.5 Violate any part of relevant workplace employment legislation
- 5.2.6 Fail to keep the Board fully informed about impending disputes and grievances that may lead to action against the organization;
- 5.2.7 Fail to ensure that all staff members are acquainted with their rights under this policy.

6. Communication and Support to the Board

- 6.1** The Executive Director shall not allow the Board to be uninformed or unsupported in its work. Accordingly, the Executive Director shall not:
 - 6.2** Neglect to provide required information in a timely, accurate and understandable fashion addressing the various issues to be monitored by the Board.
 - 6.2.1** Neglect to provide financial reports that make clear:
 - 6.2.1.1 significant trends
 - 6.2.1.2 data relevant to agreed benchmarks and Board-agreed measures
 - 6.2.1.3 further Board financial data as determined by the Board from time to time
 - 6.2.2** Fail to inform the Board of significant external environmental trends, achievement of, or progress towards the achievement of, the Board's Strategic Outcomes and Key Results policies or changes in the basic assumptions upon which the Board's policies (both Outcomes/Results and Limitations) are based.
 - 6.2.3** Fail to inform the Board of significant external environmental trends, achievement of, or progress towards the achievement of, the Board's Strategic Outcomes and Key Results policies or changes in the basic assumptions upon which the Board's policies (both Outcomes/Results and Limitations) are based
 - 6.2.4** Fail to proactively communicate with the board chair person to ensure there is effective liaison with the Board and that the relationship between Executive Director and Board is maintained on a constructive and 'no surprises' basis.
 - 6.2.5** Fail to make him/herself reasonably available for consultation or discussion with the President, Board, Board committees, and Board members, between scheduled Board meetings.
 - 6.2.6** Fail to inform Board members when for any reason there is actual or anticipated non-compliance with a Board policy.
 - 6.2.7** Fail to inform the Board of any breach of any externally imposed compliance requirement.
 - 6.2.8** Neglect to inform the Board of any serious legal conflict or dispute or potential serious legal conflict or dispute that has arisen or might arise in relation to matters affecting the CECI

- 6.2.9 Fail to ensure that the Board is provided with a wide range of views and perspectives, and assisted to gain a sufficient knowledge of the operational issues affecting the organization, to support effective governance decision-making.
 - 6.2.10 Fail to inform the Board of such occasions when it violates its Governance policies, particularly when this relates to the Executive Director's ability to carry out his/her responsibilities.
 - 6.2.11 Fail to deal with the Board as a whole and to treat individual Board members on an equivalent basis except when authorized to respond to individual requests for information or when responding to requests from Board committees or working parties.
- 6.2.1 The Executive Director shall not neglect to supply such information to the Board and its members as, from time to time, they shall reasonably require.

7. Emergency Executive Director Succession

- 7.1 In order to protect the Board and the CECI from the sudden or unexpected loss of its Executive Director's services, the Executive Director shall not fail to ensure that either:
 - 7.1.1 there is at least one other person on staff who is capable of assuming the Executive Director's duties and who is familiar with Board-level issues and priorities: or
 - 7.1.2 other arrangements, satisfactory to the Board, have been made for the temporary leadership of the operational organization

8. Treatment of Members and Other Stakeholders

- 8.1 With respect to interactions with members and other stakeholders of the CECI, the Executive Director shall not cause or allow conditions, procedures, or decisions which are unsafe, undignified, unnecessarily intrusive, or that fail to provide appropriate confidentiality or privacy. Accordingly, the Executive Director shall not:
 - 8.1.1 Seek information for which there is no clear necessity.
 - 8.1.2 Collect, review, transmit or store information relating to members and other stakeholders in a manner that fails to protect against improper access to that information.
 - 8.1.3 Maintain facilities that fail to provide a reasonable level of privacy.
 - 8.1.4 Fail to ensure that there are systems to provide information to members and other stakeholders regarding the services offered and their rights.

9. Public Affairs

- 9.1 The Executive Director shall not approve, or in any way support, any action or public statement that is derogatory or in any way damaging to the CECI

APPENDICES

APPENDIX 1: Terms of Reference: Finance/Audit Committee

The Objective of this committee is to oversee the Financial Reporting of the organization to ensure that within the time limits prescribed by the Board, the AWF complete satisfactorily the following:

- A. Comply with the generally accepted accounting principles
 - B. Be appropriate to the circumstances of the organization
 - C. Comply with **ATO** laws
- Given the size of the business this committee will also act as an audit committee and will
- D. Liaise with external auditors and review audit findings
 - E. Assess the performance of financial management
 - F. Review accounting policies
 - G. Maintain records of its meetings.

It is recognized that it is the responsibility of management to prepare the Financial Statements. The Finance Committee's role will be to provide a check on the management procedures. It is clearly understood the prime responsibility for the Statements rests with the Board members who accept the task and must

- H. Expect high Standards
- I. Know the business
- J. Understand basic accounting principles

The committee will meet monthly and view the financial reports

- K. Profit and Loss Statement
- L. Balance Sheet
- M. Accounts Payable
- N. Accounts receivable
- O. Schedule of Grants applied for
- P. Schedule of grants received
- Q. Variance Report

Members of the committee will be delegated to act as signatory to the CECI accounts along with the Executive Director.

The Committee is delegated authority to approve any minor deviation from an approved budget (defined as a variation of less than **5%** in respect of any one particular revenue or

expenditure item) provided such variation should then become part of the next quarterly forecast submitted to the Board for its approval.

APPENDIX 2: Terms of Reference: Executive Director Review Committee

Make-up

- Board members as approved yearly by the Board
- The President is a member of this committee but not its chairperson.

Role:

- To negotiate the terms and variations of the terms, if so reviewed, of the Executive Directors' contract, subject to Board approval;
- To determine the level of any annual or performance bonuses for the Executive Director;
- To review the performance of the Executive Director as an Executive Director as distinct from the performance of the organization itself (e.g., effective leadership skills) as and when required and at least and before the first meeting after the AGM.

Reporting

- To the Board as and when required, but at least for the first meeting after the AGM.

Boundaries of Authority

The Executive Director Review Subcommittee shall have no power to:

- Enter into a new contract or a renewal contract with the Executive Director – that requires the authority of the full Board;
- Invoke disciplinary or termination procedures for the Executive Director contract without full Board approval.