



## STEPS TO BUILDING GOVERNANCE CAPACITY

### Introduction

Not for profit organisations, like public companies need to have a governing body. This is the board or management committee and this group takes responsibility for the leadership and control of the organisation.

The board or management committee is legally responsible for the well being of the organisation, and the people who are elected to the board or management committee need to take these responsibilities seriously.

By law, members of boards or committees are expected to understand their governance responsibilities and to carry out these duties with care and to the best of their abilities.

They are also expected to be honest and ethical, and to always act in the best interests of the organisation. This means they need to declare any personal interest that might conflict with the interests of the organisation or that might interfere with them carrying out their responsibilities.

The job of members of boards or management committees is called the 'governance' role, and to carry out this role, members need to ensure that the organisation:

- sets its direction
- follows its aims, objectives and rules, and achieves its purpose
- complies with relevant legislation and meets any contractual obligations
- keeps proper financial records and remains financially solvent
- monitors its performance
- conducts its business honestly and with integrity
- is accountable

### About the governance role

There are four important parts to the governance role:

- **Providing leadership** through forward planning and guidance to the organisation, particularly in developing a strategic direction for the organisation.

- **Safeguarding the organisation** by acting as the custodian of the organisation on behalf of its members or constituents.
- **Monitoring and controlling** the management of the organisation through decision making, setting limits on what individuals can do within the organisation and maintaining accountability.
- **Maintaining the viability** of the organisation by ensuring that the organisation has the resources to sustain itself over time and that the board or committee continues to provide effective governance.

For a board or management committee to do its job well, members need to have the right skills and knowledge and the organisation needs to have good systems and processes to support the board or committee in its governance role.

An ongoing program of assessment and capacity building can assist a board or management committee to:

- make the most of its strengths and assets
  - build the skills of its members
  - address any deficiencies
- and
- provide high quality governance to the organisation.

### **What's involved in building governance capacity**

The **Governance Development Resource Pack**, accessed through the Queensland Government's Community Door, gives your organisation the tools and resources to work through the key steps for developing good governance.



- The first step is to understand the job. Before you begin to build governance capacity, you really need to understand the individual and group roles, responsibilities and duties of board or committee members.

To ensure that you understand your governance role, work through **the Roles and Responsibilities** session from the Governance Development Resource Pack.

Even if your board or committee is confident about its role, this session provides you with an opportunity to review the foundations of good governance.



- The second step is developing leadership. To provide good leadership, the board or committee must take responsibility for setting the directions for the organisation and planning for its future development.

The **Planning** session provides you with a guide to running an organisational planning session, developing strategic directions for the organisation and developing a plan for the coming period.



The third step is ensuring accountability and monitoring performance. Even the best plans can go astray unless the board or committee has effective control, can monitor the organisation's overall performance and has a system that supports good accountability.

The **Monitoring and Accountability** session provides you with guides to establish clear delegations of authority between the board or committee and senior staff and processes for monitoring performance and reporting. These all support effective accountability.



• The fourth step is safeguarding the organisation – Safeguarding the organisation is a crucial aspect of ensuring the organisation's future viability and sustainability. The key elements of safeguarding an organisation are making sure that compliance, risk management and financial sustainability are in place.

The **Risk Management** session takes you through the process of reviewing the organisation's processes for risk management and developing a risk management plan.

The **Legal Compliance** session assists you to review the organisations legal obligations and takes you through a check of legal compliance.

The **Financial Management** and **Financial Sustainability** sessions review the financial management responsibilities of the board or committee, provides you with information about reading and understanding financial reports and takes you through the process of assessing and planning for future financial sustainability.



• Finally you need to sustain good governance – Over time, the board or management committee needs to make sure that it has an active and skilled membership, sufficient numbers to be viable and the expertise do its job to a high standard.

The **Recruitment and Succession Planning** session guides you through developing comprehensive recruitment, induction and succession planning process for new board or committee members.

The **Performance Review** session provides you with a framework and process for conducting a self assessment of the board or committees performance and identifying improvements that can be made in the way it carries out its role.

The **Meeting Governance Standards** session provides you with an **overview** of governance standards and a checklist that guides you through a self assessment against the governance standards of the Queensland Standards for Community Services.

For a guide to assessing the current governance capacity of your organisation and designing your own governance development program to meet your organisation's particular needs, start by reading the **Guide to Using the Governance Development Resource Pack**.

