

Policy number	POL001	Version	A
Drafted by	FOP Australia Board	Approved by Board on	02/07/2019
Responsible person	FOP Australia Board	Scheduled review date	02/07/2022

INTRODUCTION

Governance in the community sector is concerned with the systems and processes that ensure the overall direction, effectiveness, supervision and accountability of an organisation.

Board members take ultimate responsibility for the governance of their organisations. However, governance is not a role for Boards and Board members alone. Governance is also concerned with the way Boards work with chief executives and staff, volunteers, service users, members and other stakeholders to ensure FOP Australia is effectively and properly run and meets the needs for which FOP Australia was set up.

FOP Australia is committed to achieving and complying with the standards of governance articulated by law, and in particular, the Australian Charities and Not for Profit Commission (**ACNC**) governance standards (**Governance Standards**).

Those Governance Standards and our response to them, are outlined below:

Standard 1: Purposes and not for profit nature. *Charities must be not for profit and work towards their charitable purpose. They must be able to demonstrate this and provide information about their purposes to the public.*

We meet this Governance Standard by:

- a) *Ensuring our governing documents state the purposes of the charity.* An objects and not for profit provisions are included in our Constitution, which is available on the ACNC Register. Our proforma FOP Australia Board agenda also repeats the purpose of the charity (see proforma Board agenda).
- b) *Operating as a not for profit.* Our financial controls (see FOP Australia Financial Controls and Principles Management Policy) sets out the processes that protect and control what happens to any money received by FOP Australia. The controls demonstrate that we will have sufficient measures in place to ensure that the Board and our members (including their friends and relatives) do not receive any personal profit, gain or benefit from FOP Australia's activities.
- c) *Making information about our charity available to members and the public.* Information about FOP Australia, including how it meets its purpose, is available on our [website](#), [and the ACNC Register](#).

Standard 2: Accountability to members

Charities with members must take reasonable steps to be accountable to their members and provide them with adequate opportunity to raise concerns about how the charity is governed.

We meet this Governance Standard by:

- a) *Holding annual general meetings where members can ask questions and vote on resolutions.* Our Constitution sets out the requirements for annual general meeting and the processes by which members can raise questions and vote on matters.
- b) *Providing members with information on activities and finances.* Our financial accounts are audited, and the auditor's report is included in the Annual Report which is available on our [website](#) and the [ACNC Register](#). We also provide members with a report on our activities each year as required by the ACNC.
- c) *Having clear processes for appointing responsible persons.* Our Constitution sets out the process for electing directors, who are responsible persons for the purposes of the ACNC.

Standard 3: Compliance with Australian Laws

Charities must not commit any offence under Australian law) or engage in any conduct that might be dealt with by way of a civil penalty equal to 60 penalty units or more.

We meet this Governance Standard by:

- a) Ensuring that our Board members are familiar with relevant laws and regulations relating to this charity.
- b) Abiding by our financial controls set out in FOP Australia Financial Controls and Management Policy.
- c) Ensuring that we meet all other obligations under the law.

Standard 4: Suitability of responsible persons

Charities must take reasonable steps to:

- a) *be satisfied that its responsible persons (such as Board or committee members or trustees) are not disqualified from managing a corporation under the Corporations Act 2001 (Cth) (**Corporations Act**) or disqualified from being a responsible person of a registered charity by the ACNC Commissioner in the 12 months before appointment; and*
- b) *remove any responsible person who does not meet these requirements.*

For the purposes of the ACNC, a responsible person is each director of FOP Australia.

We meet this Governance Standard by:

- a) Ensuring that each of our directors signs the FOP Australia Responsible Person Declaration each year confirming they are suitable to be a responsible person (see Appendix A).
- b) Ensuring that FOP Australia remains satisfied that its responsible persons remain suitable at all times. If FOP Australia is unable to be, or remain, satisfied that a responsible person meets the above conditions, FOP Australia must take reasonable steps to remove them from office.

Standard 5: Duties of responsible persons

Charities must take reasonable steps to make sure the responsible persons are subject to, understand and carry out the duties set out in the standard. These duties include:

- a) acting with reasonable care and diligence;*
- b) acting honestly and fairly in the best interests of the charity and for its charitable purposes;*
- c) not misusing their position or information they gain as a responsible person;*
- d) disclosing conflicts of interest;*
- e) ensuring that the charity's financial affairs are managed responsibly; and*
- f) not to allow the charity to operate while it is insolvent.*

We meet this Governance Standard by:

- a) bringing the duties of responsible persons to the attention of responsible persons (including through this policy);
- b) regularly providing information or training to responsible persons on their duties to refresh their knowledge;
- c) encouraging responsible persons to attend, prepare for and participate at meetings;
- d) having processes for the responsible management of money (see FOP Australia Financial Controls and Principles Management Policy);
- e) having processes in place to manage conflicts of interest (see FOP Australia Conflicts of Interest Policy);
- f) taking action if a responsible persons are failing to meet their duties.

Our Board members have also required to read and understand the following ACNC guides:

- a) [“Governance for Good”](#);
- b) [“Managing Conflicts of Interest”](#); and
- c) [“Managing Charity Money”](#).

PURPOSE

The Governance Policy is intended to clarify the underlying principles of governance approved by FOP Australia.

This policy does not cover legal or ethical issues concerning the role of the Board or its members, which are addressed separately elsewhere.

POLICY

The Board of FOP Australia is an elective, representative, and collective body.

- It is **elective**, in that the determination of Board members is the prerogative of FOP Australia members through the election process.
- It is **representative**, in that no Board member can be mandated by their constituency to adopt a particular position if they do not believe it to be in the best interests of FOP Australia. Whatever the constituency of any Board member, all Board members are committed to acting in accordance with their duties and making decisions and voting on governance decisions solely in the best interests of FOP Australia.
- It is **collective**, in that while each Board member should put the point of view of their constituency, and each Board member has the right to argue for their own point of view and to vote for that position, once the Board has made a decision in respect of a matter, Board members are required to support that decision.

The function of the Board of FOP Australia is to collectively ensure the delivery of FOP Australia's objects, to set its strategic direction, and to uphold its values. The Board is also responsible and accountable for ensuring and monitoring FOP Australia's performance. This includes assessing whether FOP Australia is solvent and monitoring compliance with its legal, financial, and ethical obligations.

A number of the Board's responsibilities cannot be delegated to any other person or body. These include:

- *Compliance monitoring.* Ensuring compliance with the objects, purposes and values of FOP Australia, and with its Constitution.
- *Organisational governance* setting or approving policies, plans and budgets to achieve FOP Australia's objects and monitoring the carrying out of those objects.
- *Strategic planning* Reviewing, approving and monitoring FOP Australia's strategic direction and initiatives.
- *Regulatory monitoring* Ensuring FOP Australia complies with all relevant laws, regulations and regulatory requirements.
- *Funding.* Securing and approving financing to support FOP Australia's purposes.
- *Financial monitoring* Reviewing FOP Australia's budget, monitoring management and financial performance to ensure FOP Australia's solvency, financial strength and good performance.

- *Financial reporting.* Reviewing and approving annual financial statements and required reports to government.
- *Organisational structure.* Setting and maintaining a framework of delegation and internal control
- *Advocacy.* Representing FOP Australia to the community and to its members and stakeholders.
- *Succession and remuneration planning* -planning for Board succession, and determining senior management remuneration.
- *Risk management* Reviewing and monitoring the effectiveness of risk management and compliance in FOP Australia, and agreeing to or ratifying all policies and decisions for matters which might create significant risk to FOP Australia (financial or otherwise).
- *Dispute management* Dealing with and managing conflicts that may arise within FOP Australia, including conflicts between Board members, members, volunteers, or service users.
- *Social responsibility.* Considering the social, ethical and environmental impact of all activities and operations and ensuring that such activities and operations are appropriate and in line with FOP Australia's purposes.
- *Board performance and composition* Evaluating and improving the performance of the Board.

Relationship with operational matters

The Board should focus on the strategic direction and the core policies of FOP Australia, with day-to-day operational decisions managed outside the context of board meetings. Where individual Board members do need to become involved in operational matters, they should separate their strategic role (where they operate independently of any direction) from their operational role (where they act at the direction of management). In this case, there may be a conflict of interest between acting independently as a director and in the best interest of FOP Australia, and acting in an operational role (and possibly at the direction of management). If a Board member believe that such a conflict exists or may exist, or that it may be perceived that such a conflict exists, they must disclose this conflict to the Board. Where there is a conflict that might affect how a Board member votes in relation to a decision, that Board member should refrain from voting at the Board meeting.

For further details, please refer to our Board Conflict of Interests Policy

Authorisation

02/07/2019
FOP Australia

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RESPONSIBILITIES

It shall be the responsibility of the Board to establish and maintain standing orders, policies and procedures, and systems of financial control, internal control and performance reporting.

It shall be the responsibility of the Board to clearly demarcate and delegate the functions of committees, officers, employees and agents.

It shall be the responsibility of the Chair to address key management and operational issues within the direction and the policies laid down by the Board, including:

- a) developing and implementing FOP Australia's strategies and making recommendations to the Board on significant strategic initiatives;
- b) working with the treasurer in developing the annual budget and managing day-to-day operations within the budget;
- c) maintaining an effective risk management framework;
- d) keeping the Board and regulators informed about any developments with a material impact on FOP Australia's performance; and
- e) managing day-to-day operations in accordance with agreed standards for social, ethical and environmental practices.

PROCEDURES

Internal controls

The Board should set and maintain standing orders, policies and procedures, as well as systems of financial control, internal control and performance reporting. The Board should ensure that there is a system for the regular review of the effectiveness of its financial control, internal control, performance reporting and policies and procedures.

Managing risk

The Board should undertake a periodic risk assessment and take appropriate steps to manage FOP Australia's exposure to significant risks.

Board review

The Board should ensure that there is a system for the regular review of its own effectiveness in meeting its responsibilities, including compliance with the Governance Standards and adhering to its policies.

Strategic planning

The Board is responsible for designing and developing a strategic plan for achieving the purposes of FOP Australia. The Board should also undertake regular review of this plan in to ensure that it remains consistent with those purposes.

The strategic plan must be available to members of FOP Australia and to members of the public through our website.

The Board is also responsible for ensuring the key performance indicators are developed for the duration of a strategic plan. This will enable objective assessment of the ability of FOP Australia to effectively meet the objectives specified in the strategic plan during that period.

RELATED DOCUMENTS

- FOP Constitution
- FOP Board Conflicts of Interest Policy
- FOP Australia Financial Controls and Principles Management Policy
- ACNC's guideline, "Governance for Good"
- ACNC's guideline, "Managing Conflicts of Interest"
- ACNC's guideline, "Managing Charity Money"

AUTHORISATION

02/07/2019

FOP Australia

Appendix A



FOP AUSTRALIA Pty Ltd Declaration for Responsible Persons

I, [name]

of [address]

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.....,

declare that:

- I am not disqualified from managing a corporation, within the meaning of the Corporations Act 2001 (Cth) (**Corporations Act**); and
- I have not been disqualified by the Australian Charities and Not-for-profits Commissioner at any time during the previous year from being a responsible person (what the ACNC Act calls a 'responsible entity') of a registered charity.

While I am a responsible person for FOP Australia Pty Ltd, I agree to notify this charity as soon as possible if I do become disqualified from managing a corporation within the meaning of the Corporations Act, or I am disqualified by the Australian Charities and Not-for-profits Commissioner.

Responsible persons are the members of a charity's governing body who share responsibility for the governance of the charity (called 'responsible entities' under the ACNC Act).

I acknowledge that I have read and understood the requirements relating to this declaration and have read the material set out at Governance Standard 4 (Suitability of Responsible Persons), available [here](#).

Declared at: [location]

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On: [date]

.....

Signature:

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Name:

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Position:

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