



## **CORPORATE GOVERNANCE CHARTER 2018**

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### **1 OVERVIEW**

This Charter explains the Stirlings to Coast Farmers (the Association's) commitment to corporate governance and should be read as a broad expression of principles. Stirlings to Coast Farmers is an organisation of integrity, committed to compliance with legislation, regulations, industry standards and the highest ethical standards. The Board maintains and requires that management maintains, the highest level of corporate ethics in all its dealings.

The composition and membership of the Board is established in Section 5 of the SCF Rules of Association (Constitution). The Board comprises a majority of member Directors, together with two Independent (non-member) Directors, who have an appropriate balance of skills, knowledge, experience and independence. The Board also comprises a non-Executive Director (Secretary and SCF CEO).

The Association's Rules (Constitution) is the Association's key governance document. The Board ensures it and the Association complies with the provisions of the Association's Rules. The Constitution establishes the legal framework within which SCF operates and is the primary reference document for all of SCF governance activities, its management and its service delivery arrangements.

The Board represents the interests of the membership, provides strategic direction, offers future-orientated leadership, vision and a broad range of viewpoints. The Board requires the SCF operating organisation to serve member interests. SCF, therefore, aims to have a Board of committed members whose personal and professional experiences collectively reflect the spectrum of attributes required to govern an organisation that represents the interests of farmers.

### **2 RISK MANAGEMENT**

Stirlings to Coast Farming is committed to high standards in Risk Management.

The CEO is charged with implementing an appropriate Risk Management Framework including a Risk Register which is monitored and reviewed by the Finance and Governance Committee and approved by the Board. Aspects of this process may be delegated.

Board members will observe the requirements of the Code of Conduct at all times they are acting in their capacity as a Board member.

### 3 ORGANISATIONAL RESPONSIBILITIES

The role of the Board is to be responsible for the governance, financial and strategic performance of the organisation. The broad duties of Office Bearers are established in Sections 11, 12 and 13 of the Constitution. Office bearers must understand the responsibilities of the office they hold and demonstrate the necessary commitment, skills and personal attributes to fulfil their obligations according to the requirements of the Constitution and the *Associations Incorporation Act 2015*.

The Board is accountable for SCF on behalf of its members, and in accordance with the requirements of the *Associations Incorporation Act (WA) 2015*, the Constitution, and all contractual arrangements, which SCF might enter into.

#### Board Responsibilities

- Setting long term goals
- Having the final say when determining yearly objectives
- Ensuring the mission of the organisation is adhered to
- Finalising budgets and allocating funds
- Appointing new board members
- Selecting committee members
- Taking responsibility for legal matters, compliance with statutory requirements (e.g. annual general meeting, annual returns, audits, OH&S)
- Appointing auditors and approving audited financial report
- Maintaining and building the organisation's public profile

#### Staff responsibilities

- Providing information to the board
- Supporting the board's planning function
- Determining community needs
- Operating programs and reporting on their successes and shortcomings
- Evaluating staff performance
- Implementing Board decisions
- Managing staff problems
- Conducting day-to-day financial operations

#### Joint responsibilities

The following objectives are best conducted jointly

- Discussing ideas and forming long term goals
- Planning organisational strategies
- Designing programs to achieve the organisation's mission
- Proposing fundraising ideas
- Ensuring that achievements are recognised and documented
- Promoting the organisation

The Board will formally review its performance at least once in each financial year.

The Board will review the Constitution as it deems necessary, but at least at intervals of no more than every three years, to ensure that it remains current and relevant to the changing environment in which SCF operates.

### **JOB DESCRIPTIONS OF BOARD MEMBERS AND CEO (Secretary and Treasurer roles)**

The Chairperson's role is to:

- Make sure the rules in the constitution are followed (for example, make sure the annual general meeting is held, elections follow the constitution, check that there are quorums at meetings, maintaining effective meeting processes etc.).
- Make sure other legal responsibilities of the organisation are met.
- Follow up on tasks which committee members or sub-committees are supposed to be doing.
- Be a member of sub-committees or other working groups.
- Be a spokesperson for the committee.

Much of the chairperson's work involves meetings and includes:

- Making sure committee members are given proper notice of meetings and that the committee meets when it should.
- Making sure there is an agenda for every meeting (the secretary and/or the manager or coordinator should help with this).
- Making sure meetings follow the rules in the constitution. For example, are there enough people to make a quorum?
- Checking if the minutes of the previous meeting are accepted and sign them as such.

The CEO;s role is to (effectively acting as Secretary and Treasurer):

- Help the chairperson draft the agenda for each meeting.
- Make sure minutes are taken of all committee meetings and that minutes are properly written up, distributed and filed.
- Make sure that a list of correspondence 'in' and 'out' is presented at management committee meetings. (Usually a staff person will process the correspondence.)
- Make sure all letters and other documents of the group are properly filed (once again, usually a staff person will do the work).
- Make sure written policies and procedures for the organisation are maintained up to date in a policy file.
- Be a member of sub-committees or other task groups.
- Make sure proper financial management systems are in place.
- Make sure that the financial management systems are followed (oversight of the person responsible for doing the books).
- Be part of budget development and monitoring.

- Make sure that monthly financial reports are prepared and are accurate and that the board understands them and deals with any financial issues.
- Make sure the financial records are audited each year and that end of financial year reports are produced within the timeframe specified in the constitution.
- Assist with submissions for funding

The role of all board members is to:

- Assist the office bearers as required.
- Be a member of sub-committees or other task groups.
- Be aware of the legal responsibilities of the organisation and make sure the committee deals with them.
- Promote new ideas for the operation of the group or organisation.
- Be involved in the decision-making process at committee meetings
- Generally, bring to the attention of the committee any issues or problems in the group or organisation which need to be dealt with by the committee.

In relation to the Chief Executive Officer, the Board will:

- recruit appoint and, if necessary, dismiss the Chief Executive Officer;
- set the Chief Executive Officer's salary package and employment conditions, and review these annually as part of the performance review;
- delegate responsibilities and authorities to the Chief Executive Officer;
- ensure that the Chief Executive Officer has adequate supervision through the Chairperson, (or another Board member nominated by the Board), and has access to the support and resources required to carry out the duties of the position;
- conduct an annual appraisal of the Chief Executive Officer's performance based on their job description and outcomes achieved against the Strategic Plan.
- understand, accept and respect the differences in their role and that of the Chief Executive Officer to ensure that they work together in an effective and complementary manner to achieve SCF's strategic outcomes; and
- ensure that directions to the Chief Executive Officer have the prior endorsement of the Board and are delivered via the Chairperson, or a Board member endorsed by the Board.

#### 4. BOARD SETTING STRATEGIC DIRECTION

In setting SCF's strategic directions and ensuring good governance, the Board will:

- develop and work to a five-year Strategic Plan, which is reviewed bi-annually;
- work to an agreed Budget prepared by the Chief Executive Officer to support the implementation of the Strategic Plan;
- ensure SCF has relevant and effective policies and procedures that support good governance, quality service delivery and continuous organisational improvement;
- endorse and monitor, through the Chief Executive Officer's monthly reports to the Board, an organisational risk management plan prepared by the Chief Executive Officer;
- provide fiduciary oversight by assessing reports of membership, cash flow, financial position, net income and legal challenges. SCF's financial viability is to be monitored through approving the annual Budget, maintaining accurate financial records, exercising appropriate accountability and diligence for expenditure at Board meetings and ensuring an external financial audit process is conducted annually;

#### 5. CONFLICT OF INTEREST

The most fundamental duty of any Board member is to act in the best interests of the organisation and not themselves as individuals. Board members must be able to say that the board decisions were made fairly and impartially.

**A conflict of interest occurs if a board member will benefit from a decision which the committee has to make.** This includes direct or indirect benefit to the member or the member's employer, family or friends. There are both legal and ethical requirements on a member in relation to conflicts of interest. Potential and apparent conflicts of interest must also be considered.

An example of a conflict of interest is where a board member's duties to the organisation clash with duties elsewhere (family, employment, business relationships etc). The type of conflicts of interest that are easiest to identify are those that involve financial gain for the board member or his employer or family, such as the sale of property to a family member at below market rates, or the awarding of a contract to the board member's company.

Indirect financial benefits can also arise such as: awarding an employment contract to a spouse. Other conflicts can arise where decisions are made in a way that involve a conflict of loyalties. Conflicts of interest inevitably arise because board members are members of the community and have numerous family, social and business relationships.

Conflicts cannot always be avoided but they must be identified, and action must be taken to ensure that the conflict situation is mitigated effectively. If a conflict of interest does arise and is not prevented, it can have a very damaging impact on public confidence in the board and the organisation. This can result in an adverse impact on fundraising (sponsors), volunteering levels, government grants and general community confidence.

### ***Corporations Act 2001 breaches***

The law may only protect a board member who breaches the duties of office if the breach was due to an honest mistake. If a breach occurs and the board member knows it is a breach, then the board member will be held personally liable and ordered to rectify the loss or damage caused.

It is prudent for the board to consider what its code of conduct is in relation to conflict of interest. There are legal penalties that apply where a board member does not declare specific types of conflict of interest (direct or indirect pecuniary interest in a contract or proposed contract); and further penalties if the board member votes in such a situation. Common law requirements may well impose stricter obligations on a board member than these situations.

Board directors of NFPs that are companies limited by guarantee are subject to the provisions of the Corporations Act 2001. Directors are required to declare any conflict of interest when the organisation enters into contracts, and failure will result in a fine.

### ***When a conflict of interest arises, what then?***

The board should be notified as soon as a potential or real conflict of interest is identified. Information should be provided about the nature of the conflict and how it can be dealt with.

The board member who is implicated in the potential or real conflict of interest should declare their interest and leave the room during the entire discussion of the matter and should not return until invited by the other board members. The minutes of the meeting should record why the board member left the room and at what time they returned to join the meeting. If the conflict cannot be resolved, then the board member must resign from the board.

## **6. BOARD MEETING FREQUENCY**

Unless otherwise agreed, the Board will meet at 5 times per year, usually in the third Thursday of the months of February, March, July, August and October. In addition to the fixed Board meetings, additional reserved dates will be set in July and September in the event the Board have additional business to consider. There will be an Annual Planning Workshop for Board members each year between January and March. A schedule of the meeting dates for the year will usually be approved in the last meeting of the year. Alternatively, a Board meeting can be convened under the Constitution when a Director so requests. In such situations, at least seven days' written notice of a meeting must be given unless it is an emergency meeting.

It is intended that at least four Board meetings will be physical face to face meetings, other meetings may be conducted by emailed papers or teleconference by agreement. Unless special circumstances prevail, and notification/apologies is provided to the Chair beforehand, all Directors are expected to attend meetings.

## **7. CONDUCT OF MEETINGS**

The Chair will determine the degree of formality required at each meeting while maintaining the effectiveness of such meetings. As such, the Chair will:

- a) Enquire of Directors at the commencement of each meeting whether they have any interest that needs to be declared;
- b) ensure that all Directors are heard;
- c) retain sufficient control to ensure that the authority of the Chair is recognised. This may require a degree of formality to be reintroduced when it is required to make progress;
- d) take care that the decisions are properly understood and well recorded; and
- e) ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached.

In the case of an equality of votes, the Chair has a casting vote in addition to a deliberative vote.

## **8. BOARD INDUCTION**

New Board members will be provided with an Induction Package including the following information that they are required to be familiar with:

- Board Operations Manual (including Governance Charter, Code of Conduct and Conflict of Interest Policy);
- a copy of the *Associations' Incorporation Act (WA) 2015*;
- SCF's (Rules of Association) Constitution;
- SCF's Strategic Plan, Annual Report and R&D Plan for the current year;
- a summary of current funding contracts and reporting requirements;
- an outline of their obligations as an employer;
- the budget for the current financial year; and
- SCF's policies and procedures manual.

The Board Chairperson and / or the Chief Executive Officer will jointly provide new Board members with a formal orientation to SCF, to be completed within 3 months of the member's election to the Board.

### **Relevant Documents**

- *SCF Rules of Association: Constitution Version 2.0 (2016)*
- *Associations Incorporation's Act (WA) 2015*
- *SCF Strategic Plan 2016-2019*
- *SCF R&D Plan (2017)*
- *SCF Annual Report*
- *SCF Policies and Procedures Manual*

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