



NACCHO GOVERNANCE CODE: NATIONAL PRINCIPLES AND GUIDELINES FOR GOOD GOVERNANCE

Introduction

In this code:

- **board** means the governing body of the organisation
- **objectives** includes aims, purposes and objects
- **organisation** means an Aboriginal Community Controlled Health Service within the meaning of the NACCHO constitution.

Overview

The board will provide good governance and leadership by:

- *implementing community control (Principle 1)*
- *understanding their role (Principle 2)*
- *ensuring delivery of the organisation's objectives (Principle 3)*
- *working effectively both as individuals and as a team (Principle 4)*
- *exercising effective control (Principle 5)*

- *behaving with integrity (Principle 6)*
- *being open and accountable (Principle 7).*

Summary of Principles

Principle 1

The board will provide good governance and leadership by implementing community control.

The board acknowledges that community control is fundamental to the Aboriginal peoples' right to self-determination, and has been critical in improving access to good health care.

The board affirms that Aboriginal cultural values, beliefs, customs and practices play a vital role in the health and wellbeing of Aboriginal people and communities.

The board will ensure that the organisation continues:

- to be an incorporated Aboriginal organisation
- to be based in a local Aboriginal community
- to be governed by an Aboriginal body that is elected by the local Aboriginal community
- to deliver a holistic and culturally appropriate health service,

as required by the NACCHO constitution.

The board will also:

- ensure that all members of the local Aboriginal community are eligible to become members of the organisation
- actively encourage all members of the local Aboriginal community to become members of the organisation.

Principle 2

The board will provide good governance and leadership by understanding their role.

Board members will understand their role and responsibilities collectively and individually in relation to:

- their legal duties
- their care of assets on behalf of the local Aboriginal community
- the constitution and other governance documents of the organisation
- the external environment, including government, funders, the media and the public
- the total structure of the organisation

and in terms of

- setting and safeguarding the organisation's vision, values and reputation
- setting the policies of the organisation and delegating their implementation to the CEO and staff
- appointing the CEO and assessing their performance
- overseeing the work of the organisation.

Principle 3

The board will provide good governance and leadership by ensuring delivery of the organisation's objectives.

The board will ensure that the organisation delivers its objectives by:

- ensuring those objectives remain relevant and valid

- developing and adopting a long term strategy
- approving operational plans and budgets, ensuring that the organisation operates within its available resources
- monitoring progress and spending against plan and budget
- evaluating results, assessing outcomes and impact
- reviewing and amending the plan and budget as appropriate.

Principle 4

The board will provide good governance and leadership by working effectively both as individuals and as a team.

The board will have a range of appropriate policies and procedures, knowledge, attitudes and behaviours to enable both individuals and the board to work effectively.

These will include:

- building the capacity of the board so as to meet the organisation's needs in relation to representation, skills and experience
- providing suitable induction for new board members
- providing all board members with opportunities for training and development according to their needs
- periodically reviewing their performance both as individuals and as a team
- a mechanism for resolving concerns about the functioning of the board and disputes within the organisation
- appropriate succession planning.

Principle 5

The board will provide good governance and leadership by exercising effective control.

As the governing body of the organisation, the board will ensure that:

- the organisation understands and complies with all legal and regulatory requirements that apply to it
- the organisation has accurate and meaningful financial and management information, and good internal financial and management controls
- it regularly identifies and reviews the major risks to which the organisation is exposed and has systems to manage those risks
- delegation to committees, staff and volunteers works effectively, and the use of delegated authority is properly supervised.

Principle 6

The board will provide good governance and leadership by behaving with integrity.

The board will:

- safeguard and promote the organisation's reputation
- act according to high ethical standards
- respect traditional cultural values
- identify, understand and manage conflicts of interest and loyalty
- maintain independence of decision making
- deliver services that best meet the needs of the local Aboriginal community.

Principle 7

The board will provide good governance and leadership by being open and accountable.

The board will lead the organisation in being open and accountable, both internally and externally.

This will include:

- open communications, informing the local Aboriginal community, other stakeholders and the wider community about the organisation and its work
- appropriate consultation on significant changes to the organisation's activities or policies
- listening and responding to the views of members of the local Aboriginal community, funders, and others with an interest in the organisation's work
- handling complaints constructively, impartially and effectively
- considering the organisation's responsibilities to the wider community, including its environmental impact.

Principle 1

The board will provide good governance and leadership by implementing community control.

What?

The board acknowledges that community control is fundamental to the Aboriginal peoples' right to self-determination, and has been critical in improving access to good health care.

The board affirms that Aboriginal cultural values, beliefs, customs and practices play a vital role in the health and wellbeing of Aboriginal people and communities.

The board will ensure that the organisation continues:

- to be an incorporated Aboriginal organisation
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- to be governed by an Aboriginal body that is elected by the local Aboriginal community

- to deliver a holistic and culturally appropriate health service,

as required by the NACCHO constitution.

The board will also:

- ensure that all members of the local Aboriginal community are eligible to become members of the organisation
- actively encourage all members of the local Aboriginal community to become members of the organisation.

Why?

The principle of community control of Aboriginal organisations has its genesis in Aboriginal peoples' right to self-determination.

Maintaining Aboriginal culture is essential for the health and wellbeing of the local Aboriginal community and its members.

All organisations need to meet the criteria for Aboriginal Community Controlled Health Services under the NACCHO constitution in order to remain a member.

As many members of the local Aboriginal community as possible should be members of the organisation.

How?

This *must* include:

- embracing community control not as a theoretical concept but as an essential element of every aspect of the organisation and the way in which it works
- to that end:
 - having clear policies on who is and is not eligible for membership of the organisation, including that all members of the local Aboriginal community are eligible for membership
 - developing and implementing programmes to encourage all members of the local Aboriginal community to become members of the organisation

- advancing the aims and aspirations of the Aboriginal peoples for sovereignty and self-determination, and their desire to have control over the direction and shape of their own institutions, communities and development as a people
- ensuring that the service provided by the organisation is respectful of the cultural values, beliefs, customs and practices of the local Aboriginal community
- regularly reviewing the constitution of the organisation to see that it fulfils all the criteria for Aboriginal Community Controlled Health Services mandated by NACCHO

This *should* include:

- compliance with NACCHO audits of the constitution of the organisation.

Principle 2

The board will provide good governance and leadership by understanding their role.

What?

Board members will understand their role and responsibilities collectively and individually in relation to:

- their legal duties
- their care of assets on behalf of the local Aboriginal community
- the constitution and other governance documents of the organisation
- the external environment, including government, funders, the media and the public
- the total structure of the organisation

and in terms of

- setting and safeguarding the organisation's vision, values and reputation

- setting the policies of the organisation and delegating their implementation to the CEO and staff
- appointing the CEO and assessing their performance
- overseeing the work of the organisation.

Why?

Board members have a duty to act within the legal and regulatory frameworks that apply to them and the organisation. A full understanding of their role and responsibilities, the objectives and structure of the organisation itself and the external environment will help them to fulfil their legal duties and to lead and govern the organisation effectively.

The board should consider how it will set the culture of the organisation. They should lead by example, ensuring that individuals representing the organisation in any capacity do so in a way that positively reflects its values. The beliefs and culture of the organisation should underpin the delivery of its activities or services and the achievement of its objectives.

How?

This *must* include:

- establishing and maintaining a clear separation between the strategic role of the board in formulating the organisation's policies and the operational role of the CEO and staff in implementing those policies
- avoiding involvement in operational matters but exercising oversight of the organisation, including taking responsibility for challenging and holding to account the CEO and senior management team, and other persons, organisations or agencies to whom they have delegated implementation of their strategic decisions
- accepting ultimate responsibility for the way the organisation is directed and run in meeting its objectives
- being alert to those matters that must be decided by the board as a whole

- acting at all times in the best interests of the organisation and the local Aboriginal community (see also Principle 6)
- ensuring the solvency and financial strength of the organisation
- safeguarding the organisation's assets and using them only to advance its objectives
- taking a considered, proportionate and balanced approach to risk management
- acting reasonably in their decision making and leadership of the organisation
- recognising and respecting that all board members are equally responsible in law for the board's decisions
- complying with all relevant legislation and regulation applicable to the organisation and the activities it undertakes and making appropriate public statements to confirm that this is the case (see also Principle 5)
- ensuring that all board members are properly elected or appointed and are not disqualified from acting (see also Principle 4)
- understanding and ensuring independence of board decision making and action (regardless of any kinship or other personal ties) and putting the needs of the local Aboriginal community as a whole ahead of any other interests (see also Principle 6)
- establishing and periodically reviewing statements setting out the vision, mission and values of the organisation. Ensuring that these statements are developed in consultation with the local Aboriginal community, that they accurately reflect the objectives in the organisation's constitution, and are effectively communicated and easily understood outside the organisation

- ensuring that all board members understand their relationship with, and responsibilities towards (as applicable):
 - staff, particularly senior staff
 - members
 - volunteers
 - committees, working groups and advisory groups
 - other organisations with which the organisation formally collaborates
- following proper and formal arrangements for the CEO's appointment, supervision, support, appraisal and remuneration. Being clear which board members are responsible for communication with, and supervision of, the CEO. Ensuring that the relationship between the board and the CEO retains an appropriate balance of support, scrutiny and challenge
- where board members are also acting as volunteers, being clear about the capacity in which they are acting at any given time
- ensuring that individual board members do not act on behalf of the board without authority
- strategically reviewing all aspects of the organisation's work and functioning to ensure its overall effectiveness.

This *should* include:

- ensuring that the organisation provides every board member with all relevant information, including:
 - appropriate induction and training
 - copies of key documents such as the constitution, regulations, codes of conduct, board policies and financial information
 - a general role description for board members and further descriptions for specific roles or functions, such as Chair and Deputy Chair
 - guidance produced by regulators and other organisations

- the amount of time board members are expected to commit to the organisation

Principle 3

The board will provide good governance and leadership by ensuring delivery of the organisation's objectives.

What?

The board will ensure that the organisation delivers its objectives by:

- ensuring those objectives remain relevant and valid
- developing and adopting a long term strategy
- approving operational plans and budgets, ensuring that the organisation operates within its available resources
- monitoring progress and spending against plan and budget
- evaluating results, assessing outcomes and impact
- reviewing and amending the plan and budget as appropriate.

Why?

The organisation's objectives are its reason for existing; it should aim to secure the optimum means of fulfilling them. To do otherwise would be failing its members, other stakeholders and the wider community. If board members are committed to the organisation's objectives, this should drive them to aim to do better for the organisation's members. The board should always bear this in mind, and make decisions in the best interests of the people it aims to help. The board must also ensure that the organisation remains focussed on delivering its objectives and avoids losing its way.

How?

This *must* include:

- ensuring that all activities and projects match the stated objectives of the organisation as defined in the constitution and other governance documents of the organisation.

This *should* include:

- identifying and considering the range of data and information from both internal and external sources to help meet the needs of the local Aboriginal community in line with the organisation's stated objectives
- setting short, medium and long term goals and ensuring that organisation-wide strategies are in place to monitor and implement these
- gaining the support of members of the local Aboriginal community for these goals
- receiving and reviewing management reports of organisational activities aligned to the appropriate powers and objectives in the constitution
- assessing outcomes against relevant comparisons (e.g. similar organisations, suitable quality standards), undertaking periodic reviews of services, and seeking feedback from the local Aboriginal community where appropriate
- having systems in place to provide board members with timely and regular management accounts, ensuring that all board members are in a position to read and understand them, in order to make informed decisions
- the board and senior management team remaining alert to external and environmental factors that could result in the board having to consider whether:
 - the objectives could be better achieved through collaboration, or where appropriate, merging with one or more other organisations with similar objectives

- different ways of working may be required to meet the opportunities and challenges presented by developments within the field of operation, including the risk of missing opportunities

- having systems in place to measure outcomes, assess impact and enable the board to ensure the organisation delivers its objectives and identify:
 - successes that the organisation can celebrate
 - areas for improvement
 - new opportunities.

Principle 4

The board will provide good governance and leadership by working effectively both as individuals and as a team.

What?

The board will have a range of appropriate policies and procedures, knowledge, attitudes and behaviours to enable both individuals and the board to work effectively.

These will include:

- building the capacity of the board so as to meet the organisation's needs in relation to representation, skills and experience
- providing suitable induction for new board members
- providing all board members with opportunities for training and development according to their needs
- periodically reviewing their performance both as individuals and as a team
- a mechanism for resolving concerns about the functioning of the board and disputes within the organisation
- appropriate succession planning.

Why?

To work in the best interests of the organisation and the local Aboriginal community, the board needs to recruit individuals who:

- reflect the diversity of the local Aboriginal community
- together have a mixture of knowledge, skills and experience that is relevant to the organisation's circumstances and needs
- have the requisite characteristics and skills to work as a committed, effective and supportive team, whilst retaining independence of thought and the maturity and ability to challenge constructively
- embody diversity in its widest sense, strengthening decision making by bringing a broad range of backgrounds and perspectives.

The organisation needs to provide board members with appropriate support to enable them to carry out their responsibilities.

Issues about the functioning of the board (and the organisation) are better resolved internally, without outside intervention.

How?

This *must* include:

- complying with the requirements of the constitution in relation to the election or appointment and terms of office
- complying with the requirements in the constitution concerning board meetings (see also Principle 6)
- ensuring that board members are, and remain, eligible to act
- developing and adhering to a code of conduct for board members which sets out expected standards of behaviour and the consequences of inappropriate behaviour, ensuring that any potential sanctions are in line with the constitution

- ensuring that the board meets regularly, that board members are well-prepared and committed to attending and contributing constructively, and that meetings have a well-structured agenda and good chairing
- developing and maintaining a strategy for board renewal that will meet the organisation's changing needs. This will cover maximum terms of office and succession planning, particularly for the Chair and other key positions/skills
- ensuring that the local Aboriginal community and other stakeholders can contribute appropriately and meaningfully to decision making
- providing effective processes for:
 - members (including board members) to raise and resolve concerns about the functioning of the board
 - resolving disputes within the organisation (including within the board).

This *should* include:

- ensuring that the board:
 - collectively provides a mixture of skills, experience, qualities and knowledge appropriate to the organisation and the local Aboriginal community's needs, using skills audit and other relevant tools as appropriate
 - takes an active and intelligent approach towards diversity, understanding the term in its widest sense, avoiding tokenism and using board diversity to support its effectiveness
 - is big enough to provide the skills and experience needed, but not so large that decision making becomes unwieldy

- invests sufficient time in developing positive working relationships amongst themselves and between the board and senior staff, particularly the CEO
- acts quickly and positively to deal with any relationship strains or breakdowns, using external facilitation or mediation where appropriate
- using a range of ways to recruit board members (such as advertising) to encourage diversity; including formal recruitment procedures and making appointments based on merit, objectively measured against the agreed skills audit and role description
- using provisions in the constitution for the election and appointment of board members effectively, so that elections by members are informed by the skills needs identified by the board, and the power of appointment is used to fill key gaps in board skills
- setting aside time to reflect on performance and functioning of the board and its committees as teams, and identifying and dealing with any areas for improvement
- supporting board members in their training and development, and to facilitate this, conducting an annual review of the performance and development needs of each board member.

Principle 5

The board will provide good governance and leadership by exercising effective control.

What?

As the governing body of the organisation, the board will ensure that:

- the organisation understands and complies with all legal and regulatory requirements that apply to it

- the organisation has accurate and meaningful financial and management information, and good internal financial and management controls
- it regularly identifies and reviews the major risks to which the organisation is exposed and has systems to manage those risks
- delegation to committees, staff and volunteers works effectively, and the use of delegated authority is properly supervised (see also Principle 2).

Why?

The board are ultimately responsible for the decisions and actions of the organisation. Board members need to be assured that everyone acting in the organisation's name is complying with the board's directions and the requirements of law or regulation. Boards should provide direction, leadership and oversight without inappropriate involvement in operational matters. Delegation needs to be effectively supervised and monitored.

How?

This *must* include:

- ensuring, through appropriate policies, procedures and reporting mechanisms, that the organisation understands and complies with all legal and regulatory requirements which apply to the organisation, including:
 - the legislation under which the organisation is incorporated
 - employment law
 - health law and standards
 - workplace health and safety law and standards
 - equal opportunity legislation
 - privacy and data protection legislation
 - funding and other legal agreements the organisation has entered into

- complying with relevant provisions in the constitution and relevant law concerning the exercise of powers of delegation by the board
- having clear written terms of reference for committees of the board, working groups and advisory groups, and for all delegated authority, which provide sufficient delegated authority and clear boundaries to allow officers, committees, staff, volunteers, consultants and agents to discharge their duty effectively and which are regularly reviewed and updated
- allowing the proper exercise of delegated authority by the CEO and other staff and volunteers without inappropriate interference, whilst being sufficiently involved and engaged to properly hold to account and retain ultimate responsibility for decisions and actions taken, through appropriate systems of monitoring and reporting back
- acting prudently to protect the reputation, assets and property of the organisation
- ensuring that the organisation's assets and property are used only to deliver its stated objectives.

This *should* include:

- regularly reviewing the range and impact of risks the organisation faces, including the risk of missed opportunities and the potential of small risks to snowball into higher impact risks. Considering the impact of each identified risk on the local Aboriginal community, other stakeholders, staff and volunteers, long term plans and income generation, and putting in place strategies to manage those risks. This will include having and regularly reviewing a risk register and appropriate risk policy outlining the board's appetite for risk and how it will manage and limit the impact of identified risks

- maintaining and regularly reviewing the systems of financial controls, internal controls, performance reporting, policies and procedures, with the board periodically taking steps to assure itself of their effectiveness and relevance to the activities the organisation undertakes and the risks it faces
- recognising and maximising the value of diversity within the board as a means of identifying and managing risks, especially as a way of challenging institutional assumptions and thinking
- periodically reviewing the organisation's committee, working group and advisory group structure to ensure that it continues to meet the organisation's governance needs
- taking appropriate professional advice where necessary before making important decisions, especially those involving material risk.

Principle 6

The board will provide good governance and leadership by behaving with integrity.

What?

The board will:

- safeguard and promote the organisation's reputation
- act according to high ethical standards
- respect traditional cultural values
- identify, understand and manage conflicts of interest and loyalty
- maintain independence of decision making
- deliver services that best meet the needs of the local Aboriginal community.

Why?

The board, both individually and collectively, have ultimate responsibility for the organisation's funds and assets, including its reputation. They take the lead in setting and championing the values and beliefs of the organisation (see Principle 2). It is vital, therefore, that they maintain the respect of the local Aboriginal community, other stakeholders and wider community, by behaving with integrity both when acting as board members and more generally. To behave otherwise risks bringing the organisation and its work into disrepute.

How?

This *must* include:

- having in place and scrupulously following policies and procedures for identifying, declaring and managing conflicts of interest and conflicts of loyalty, especially including those resulting from kinship and other personal ties and gender
- ensuring that board members comply with the requirements of the constitution and the legislation under which the organisation is incorporated in relation to disclosure of interest
- always taking decisions in the best interests of the organisation and the local Aboriginal community as a whole, ensuring that:
 - the decision is within the board's powers
 - the board is acting in good faith
 - the board has adequately informed itself and is basing its decision on a range of data and information that provides sound understanding of all relevant factors
 - the board is not allowing itself to be swayed by irrelevant factors
 - the decision is within the range of reasonable options open to the board and can be justified as such to members and regulators

- complying with laws against corruption, including implementing policies and clear guidelines governing dealings with family and friends
- complying with all legal requirements in relation to payments to board members, including the legislation under which the organisation is incorporated, the constitution and funding agreements.

This *should* include:

- ensuring that the organisation's values and beliefs are enshrined in its policies and practices
- including standards of ethical behaviour, such as selflessness, integrity, objectivity, accountability, openness, honesty and leadership in the code of conduct for board members (see Principle 4)
- fostering a working environment that supports constructive challenge and welcomes different points of view
- maintaining a register of interests and declaring an interest even if the board member is unsure of its relevance and potential impact
- being open and honest in all matters presented to the board where a personal or business relationship may be perceived to impact adversely on (or simply influence) the work of the board or the organisation
- as far as possible, seeking to diversify income streams to help ensure that no single funder can exercise undue influence over the actions and decisions of the board
- where board members or others act as spokespersons for the organisation, ensuring that their personal views are never confused with, or represented as being, those of the organisation
- ensuring that any statement made on behalf of the organisation is consistent with its mission, vision and values

- ensuring that all board members understand and accept the need to be transparent and honest in all dealings with or on behalf of the organisation, to avoid any public perception of improper conduct. This will include the establishment of an expenses policy and procedures to claim legitimate expenses incurred (see also Principle 7)
- having in place appropriate policies and procedures for whistle-blowing, including safeguards to protect individuals who whistle-blow.

Principle 7

The board will provide good governance and leadership by being open and accountable.

What?

The board will lead the organisation in being open and accountable, both internally and externally.

This will include:

- open communications, informing the local Aboriginal community, other stakeholders and the wider community about the organisation and its work
- appropriate consultation on significant changes to the organisation's activities or policies
- listening and responding to the views of members of the local Aboriginal community, funders, and others with an interest in the organisation's work
- handling complaints constructively, impartially and effectively
- considering the organisation's responsibilities to the wider community, including its environmental impact.

Why?

Making accountability real, through genuine and open two-way communication that celebrates successes and demonstrates willingness to learn from mistakes, helps to build trust and confidence with stakeholders and to demonstrate legitimacy when representing them.

How?

This *must* include:

- fully complying with the requirements of the constitution and the legislation under which the organisation is incorporated to produce annual reports and accounts. These should present a balanced and accurate assessment of the organisation's performance
- holding an annual general meeting of members as required by the constitution and the legislation under which the organisation is incorporated and encouraging the participation of members in the AGM
- fully complying with the reporting requirements of funding agreements
- complying with equal opportunity legislation
- complying with the requirements of the legislation under which the organisation is incorporated and the Privacy Act concerning membership records.

This *should* include:

- identifying those with a legitimate interest in the organisation's work (members, supporters, staff, volunteers and other stakeholders) and ensuring that there is a strategy for regular and effective communication with them about the organisation's achievements and work, including the board's role and the organisation's objectives and values
- ensuring that these people have the opportunity to hold the board to account and know how to do this appropriately, and that their views inform the organisation's planning, decision making and strategic reviews

- demonstrating that the organisation learns from mistakes and errors and how that learning is used to improve organisational performance and internal decision making. This could be by having clear and effective complaints procedures, implementing them constructively and using the process as a valuable source of management information
- ensuring that the organisation upholds principles of equality and diversity in every sphere of activity, going beyond the legal minimum where appropriate. Information and meetings should be accessible to all sections of the local Aboriginal community e.g. by using plain language, and offering communications in all languages commonly spoken in the local Aboriginal community
- as a membership-based organisation, ensuring that the organisation:
 - has clear and accurate and up-to-date membership records
 - keeps members informed about the organisation’s work
 - actively seeks, values and takes into account the views of members on key issues
 - encourages members to participate in the governance of the organisation, clearly informing them about the responsibilities of board membership
- recognising and acting on broader organisational responsibility towards the wider community and the environment, in so far as this does not divert the organisation from achieving its objectives.

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- www.vcross.org.au
- www.goodgovernancecode.org.uk