

# Quest 2016 – Splus 34

## Governance

### Guidance Notes

Issue 2 – July 2016



- The organisation is clear on why it exists, what its strategy is, how it is structured and what it achieves.
- The organisation can demonstrate its integrity and financial probity (roles, responsibilities and accountabilities)
- Leadership and decision-making are of the highest standard through a fit for purpose Board with independent and highly skilled individuals maintaining professional and ethical standards at all times
- There is a commitment to equality, inclusivity, diversity and a culture for optimum performance which is well developed and rigorously applied
- The Governance of the organisation satisfies all elements of the *Governance Code for Sport in the UK* is regularly scrutinised internally and externally.

Challenge:	Unsatisfactory	Satisfactory	Good	Very Good	Excellent
<b>PLAN</b>					
How does the organisation follow national guidance and best practice in its governance?	<p>There is no clear reference to national guidance, codes of governance or best practice principles.</p> <p>It is not clear if the required legal requirements are being fully met</p>	<p>The Governance Code for Sport in the UK (see guidance at the end) is well understood by leaders and there is a Board level commitment to work towards it.</p> <p>Funder and legal requirements are met.</p> <p>The Board is properly constituted</p> <p>Induction is organised and interests are openly declared and there are procedures in place around any perceived or actual conflict of interest issues.</p>	<p>The organisation can evidence strong commitment of its leaders and its progress towards satisfying the Governance Code for Sport in the UK (see guidance at the end). It has a time limited action plan to address the elements where it is non-compliant.</p> <p>Business and Financial Planning is long term and clearly aligned to purpose, vision and values.</p> <p>Articles of Association are in place and regularly reviewed.</p> <p>Charitable objectives and</p>	<p>The organisation can evidence it satisfies all elements of the Governance Code for Sport in the UK (see guidance at the end):</p> <ul style="list-style-type: none"> <li>✓ Transparency</li> <li>✓ Integrity</li> <li>✓ Financial probity</li> <li>✓ Leadership and decision-making</li> <li>✓ Membership</li> <li>✓ Independence of thought</li> <li>✓ Diversity</li> <li>✓ Culture</li> </ul> <p>Best practice principles and practices have been introduced to the organisation, which is doing</p>	<p>The organisation can evidence it has embedded all elements of the Governance Code for Sport in the UK (see guidance at the end):</p> <ul style="list-style-type: none"> <li>✓ Transparency</li> <li>✓ Integrity</li> <li>✓ Financial probity</li> <li>✓ Leadership and decision-making</li> <li>✓ Membership</li> <li>✓ Independence of thought</li> <li>✓ Diversity</li> <li>✓ Culture</li> </ul> <p>The organisation has a reputation for best practice amongst local stakeholders,</p>

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			<p>requirements are closely managed</p> <p>The Board is openly recruited to attract high quality, independent members with a range of appropriate skills.</p> <p>Structures are regularly reviewed.</p>	<p>the best that can be done.</p> <p>Appropriate sub-committees operate to provide operational scrutiny and support to staff allowing the main Board to focus on strategic planning, risk management, financial controls over public funding and delivery of best practice/improvement over the medium to longer term</p> <p>Training and development on good governance practice is in place for Board members and staff.</p>	<p>its peers and funders/commissioners.</p> <p>There is evidence of training, development and succession planning at Board and senior leadership/management level to provide an effective balance between continuity and change.</p>
<b>DO</b>					
<p>How does the organisation develop its governance framework to have high quality and robust and leadership, operating policies, procedures and</p>	<p>There is no clear evidence of an organisational framework or structure that will provide good governance</p> <p>There is no clear evidence that policies, procedures and standards are effective.</p>	<p>There is an organisational framework or structure that will provide a basic level of governance</p> <p>There is a focus on financial controls and risk management that underpins the organisation</p> <p>Policies and procedures are</p>	<p>The organisation is proactively using the Governance Code for Sport in the UK to improve its governance</p> <p>Roles and responsibilities of the Chair, Sub Committee Chairs and the CEO are clearly set out for all to see.</p>	<p>The organisation is continuing to apply Governance Code for Sport in the UK and other best practice guidelines and principles make sure its governance is 'fit for purpose'</p> <p>There are champions or "lead" Board members to</p>	<p>The organisation is leading by example and is supporting other organisations to Governance Code for Sport in the UK. A structure is in place to involving the Chair, Board members, CEO and staff to regularly review all aspects of governance.</p>

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standards?		in place and implemented across all key areas of finance and as required by legal regulations.	<p>Delegated authority and powers of decision making and reporting are clearly laid out</p> <p>Appraisal and self-assessment processes operate throughout the organisation to ensure alignment with business objectives, professional development and accountability</p>	<p>support internal working and external advocacy</p> <p>Quality and Equality policies and procedures are addressed at Board and Senior Management level</p> <p>There is a culture of rigorous self-assess and continuous improvement across the organisation.</p> <p>The organisation is responsive to local needs and priorities and can display good quality engagement with stakeholders /communities and a strong focus on end users</p>	<p>Strong standards, systems and controls exist and can clearly be seen to be impacting on both the efficiency and effectiveness of the organisation</p> <p>Decision making can be followed and understood both internally and externally</p> <p>Governance arrangements aggressively pursue greater equality, diversity, inclusivity and a culture of high performance.</p>
<b>MEASURE</b>					
How does the organisation ensure there are transparent measures in place to assess its governance and performance?	There are no measures in place to assess the standard of governance	Funder and annual financial audits and assessments take place as required	The organisation has a suite of internally focused measures in place as part of its Business Strategy/Plan and Balanced Scorecard which relate to efficiency and compliance	<p>The organisation goes out of its way to seek external and independent views on its performance through 360 degree reviews, stakeholder engagement and external audits</p> <p>Good quality trend data is</p>	<p>The organisation can demonstrate improvement against a suite of KPIs</p> <p>A feature of this organisation is its internal and external transparency as measured through staff surveys, stakeholder</p>

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				available with results of stakeholder and staff surveys covering all key elements of leadership and governance.	surveys, self-assessment processes and external accreditation  The organisation is able to report, explain and be answerable in respect of its actions, decisions and results
<b>REVIEW</b>					
How does the organisation ensure that it is scrutinised and accountable?	There is no internal check and challenge process in operation	The organisation reviews its performance as part of funding agreements as and when required to do so	There is regular and pro-active communication of Board meetings, minutes, actions and achievements throughout the year including an Annual Impact Report which is widely disseminated  Review processes are being developed using available data, best practice and feedback from staff and stakeholders to support change and improvement.	Board Members are regularly involved in thematic reviews across the organisation and in periodic reviews of departments/ project areas/programme areas to help pursue improvement in efficiency and effectiveness  Board members help form networks outside of the organisation and the sector, to share information and learn from others  Board members help the organisations to be business-like and to be responsive to outside ideas and opinions by seeking to	A programme of internal and external reviews and audits is in place and operating  The Board is used to conduct regular “fit for purpose” business reviews involving stakeholders and senior staff as appropriate with efficiency, effectiveness and best practice as underpinning themes using a structured “check and challenge” process  Independent and diverse views are sought out at Board level to help make good decisions and this is

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Challenge:	Unsatisfactory	Satisfactory	Good	Very Good	Excellent
				<p>learn from service users, front-line deliverers, stakeholders and suppliers of services.</p> <p>Benchmarking with other similar organisations outside as well as inside the sector is actively pursued and best practice utilised</p>	<p>also provided through Sounding Boards; Challenge Groups and Peer Review</p> <p>The Board support effective learning and innovation by encouraging transparency, openness and a constructive approach to raise performance which includes taking appropriate levels of risk and learning from best practice and failures</p>
<b>IMPACT</b>					
How does the organisation ensure that it is fit for purpose and improving what it does and the way it does it?	There is no evidence that the organisation is either fit or unfit for purpose	The organisation is managing to meet all basic requirements placed on it by funders and external organisations	<p>The Board is helping to drive and support a continuous improvement process to support greater efficiency and effectiveness</p> <p>Governance arrangements have improved in key areas such as representativeness; knowledge and skills base; networking/influencing work including stakeholder engagement.</p> <p>Board Members work well with staff and</p>	<p>Governance provides strong strategic leadership which means that the organisation is improving its reputation, profile and influence</p> <p>Improvements are clearly visible and can be evidenced against several elements of the Governance Code for Sport in the UK. Emerging improvements are linked to business planning, service delivery, relationship management and business development/diversification</p>	<p>The organisation can evidence its improvement against <u>all</u> elements of the Governance Code for Sport in the UK and against its own published success criteria which include financial viability; staff satisfaction; stakeholder satisfaction; reputation, profile, influence, delivery results and external accreditation.</p> <p>The organisation is</p>

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Challenge:	Unsatisfactory	Satisfactory	Good	Very Good	Excellent
			<p>partners/stakeholders in pursuit of clear aims and objectives</p>	<p>where appropriate.</p> <p>Risk is well managed within a business-like approach that supports change and innovation.</p> <p>The organisation is perceived to be well governed, led and managed and 'fit for purpose'.</p>	<p>perceived to be a leader in its field, with exceptional levels of governance and high performing staff team.</p> <p>There is evidence that it is leading by example and supporting other organisations to learn for its experiences and be 'fit for purpose'.</p>

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### Guidance

#### PLAN

#### GUIDANCE

- Appropriate Memorandum and Articles of Association are in place setting out legal structure and core purpose including charitable status if in existence. In instances where an organisation is “hosted” then there will be an Agency Agreement or Memorandum of Understanding in place which clearly sets out roles, responsibilities as well as liabilities.
- The principles and characteristics of the proposed UK Sport/Sport England Governance Code for Sport (under development) will be used as a framework for organisational governance and to display the standards required of an organisation receiving public funds. A eight principles are understood and are in place or proactively being pursued.
- Alternatively the principles contained in the Sport and Recreation Alliance Voluntary Code of Good Governance are put into practice within a planned framework for the organisation.
- The organisation has systems in place that enable it to keep up to date with changing laws and legislation as it affects the running of the business.
- Terms of Reference for the Board and relevant Sub-Committees are in place, communicated to partners/stakeholders and regularly reviewed to ensure there is: independence, accountability and transparency.
- There is a governance document in place that has been lodged or recognised as a blueprint of how the organisation will conduct itself.
- There is a medium to long term Business Strategy/Plan and with detailed financial projections in place to deliver the core purpose of the organisation and to ensure its long term viability and sustainability.
- A risk policy and register is made available and updated at least annually. The organisation regularly identifies and reviews the major risks to which it is exposed and there are appropriate systems in place to manage these risks.
- The organisation has a training and development plan in place for staff and Board Members/Trustees that includes a recognition of and compliance with principles of good governance.
- The organisation’s management and leadership development programme covers issues of governance, accountability and stewardship and addresses how these are to be managed and developed.
- Specific policies and procedures for governance been developed and is there evidence that these are understood by those involved in stewarding the organisation.
- Interests and decision making processes are openly declared and transparent.
- There are open and transparent systems in place for finding and recruiting new members to meet the organisation’s changing needs in relation to skills, experience and diversity. Recruitment and selection procedures are suitably designed to comply with all relevant legislation and applied throughout the organisation including the Board.
- The organisation has a clear approach to succession planning for its key people.

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### DO

#### GUIDANCE

- Structures are in place to identify and manage governance within the organisation
- Roles, responsibilities, relationship of the Chair and CEO in relation to leadership and governance is clear to everyone concerned inside and outside the organisation. There is a focus on transparency and accountability throughout the organisation
- There is clarity of purpose, vision/mission, values, beliefs, goals and behaviours at Chair/CEO and Board level
- There is an annual performance appraisal process in place to monitor the CEO's performance and there is a suitable process for all other members of the staff.
- Coaching and mentoring is used to assist team members with the development of appropriate skills in managing the governance of the organisation
- There is a well thought out system in place for providing one to one or peer reviewed feedback on the performance and competency of key individuals involved in leading the organisation
- There is an annual review process for Board Members and Trustees
- Open access to copies of Board papers and minutes is provided and promoted to ensure as much transparency as possible
- The Board's involvement in performance management, risk management, budget management and line management is clearly mapped out and communicated to staff and funders
- The Board appoint Champions or a Sub Group to help direct and support work in key areas that have been identified as fundamental to success including human resources; quality and equality; improvement
- There is a Finance and Audit Sub Committee in place to oversee financial systems and controls including procurement; ensure the requirements of funders are fully met; supervise business development, investment and tendering processes and regularly review the efficiency and effectiveness of the organisation
- Financial systems set out and monitor internal financial and management controls with appropriate levels of delegation and decision making
- Appropriate insurance risks been identified and suitable cover obtained for those required to lead and manage the organisation at a strategic and operational level
- The organisation has a clear policy for the reimbursement of costs and expenses associated with those governing the organisation and there is a procedure in place that prescribes how gifts and hospitality are to be managed
- Effective controls are in place that identify the management and control of monies raised through donations, charitable foundations and fundraising and how such income is used
- Meeting arrangements and reporting structures ensure that delegated authority to teams and/or individuals is appropriately and properly supervised in pursuit of clear objectives and ambitions.
- The organisation undertakes regular skills audits to identify any gaps in its competencies and capabilities with the future in mind
- Relevant health and safety guidance and standards are used to clearly set out the parameters the organisation needs to work within and referenced where appropriate in training plans and other documentation
- The organisation works to achieve the highest level of Safeguarding Standards and to ensure that this work is embedded in their organisation reflecting latest



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developments in the field.

- The organisation works to achieve the highest level of Equality Standard for Sport and to ensure that this work is embedded in their organisation reflecting latest developments in the field and meeting the requirements of the Equality Act 2010 in full.

### MEASURE

#### GUIDANCE

- The governance of the organisation is subject to internal review and external scrutiny of its systems and processes on a regular basis. Recommendations are regularly followed up and the actions are implemented successfully
- The relationship between the CEO/leader and the Board is assessed for the effectiveness in terms of obligations and duties are discharged
- The organisation assesses and measures its appetite for risk. The level of risk formally recorded and new ventures, investments and projects evaluated against the risk profile of the business
- The Board reflects the community it serves and is appropriately diverse
- The Board has considered its skill sets and has determined the level of influence it needs to achieve to benefit the organisation.
- Staff and stakeholder satisfaction surveys are pro-actively used to measure and seek feedback on the quality and transparency of governance within the organisation. Self-assessments are undertaken to address key challenges with the involvement of the Board, staff, stakeholders and customers where appropriate
- External awards and accreditations are used to provide an independent measure of performance of how effective the organisation is in managing its affairs
- Efficiency and effectiveness measures are set out in a Balanced Scorecard or equivalent, reported on and communicated to all key stakeholders

### REVIEW

#### GUIDANCE

- The performance of the strategic leadership team is regularly monitored and assessed for its effectiveness in managing and leading the business
- Board Members and Trustees are actively involved in check and challenges designed to drive improvement and recognise achievement
- Suitable auditing controls have been put in place with evidence of continual review and the successful implementation of report recommendations
- Sounding Boards or Challenge Groups of key partners/stakeholders are convened to provide challenge, independent peer review, advice and support.
- Key strategies and plans regularly viewed and updated in line with feedback from partners, stakeholders, funders, beneficiaries and service users
- Regular reviews of the KPI metrics take place using tools like dashboards and Balanced Scorecards to identify and focus on strategic issues and drivers
- Benchmarking is used to identify areas for improvement and there is evidence that the staff team are working proactively to close any gaps
- There is clear evidence that both local community outcome priorities and customer/partner feedback has informed or brought about significant changes in the way the business has improved
- Procedures and policies are regularly re-designed and updated to take account of important changes in legislation and regulatory requirements
- The organisation produces an annual report and annual Governance Statement which is widely disseminated

### IMPACT

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- The governance of the organisation is deemed to be “fit for purpose” through regular self-assessment, stress testing and external audit/scrutiny.
- KPIs are improving for internal compliance, productivity and satisfaction while there is discernible progress in the achievement of the financial, social and qualitative metrics set for the business
- There is evidence of positive and successful organisational change and development
- There is evidence of professional and personal development and successful succession planning in place for key roles within the organisation
  
- The organisation is adept at responding to new business opportunities with the successful development of new ventures and popular products and services working within the approved Risk Framework
- The organisation has an ever improving or top quartile performance rating from its staff, stakeholders and customers that reflects a growing reputation.
- Turnover is increasing over time and there are sufficient reserves are sufficient to cover the key liabilities of the business and to re-invest in support of the business as needed. The business is viable and can continue to deliver its purpose
- The organisation is committed to continuous improvement, utilised appropriate and recognised improvement tools
- The outcome and impact of the organisation’s work and ambitions are visible to and shared with relevant stakeholders and the wider community. The profile and influence of the organisation can be seen to have increased/improved
- The organisation has evidence that it is a role model of good practice.

### A GOVERNANCE CODE FOR SPORT IN THE UK

Sports bodies and organisations that want to receive public funding will have to adhere to a new Code of Governance to help ensure that the highest levels of transparency, ethical standards and leadership are present across sport in this country. A Charter for Sports Governance in the United Kingdom was published in May 2016 that outlines some of the main themes that will feature in the code that will be finalised later this year and come into effect in 2017. All organisations in receipt of public funding must complete and publish an annual governance statement that sets out how they have met the requirements of the new Code. This statement should be fair, balanced and easily understandable. In their position as guardians and stewards, leaders of organisations must seek to ensure that their organisations continuously strive for improvement and excellence, demonstrating innovation and creativity. They should adopt an open culture throughout the organisation that makes it normal practice to discuss things that have gone wrong or need improvement.

Link to the Charter: <https://www.uk sport.gov.uk/resources/charter>

### Transparency

Organisations must be clear to both stakeholders and the public about why they exist (purpose, vision/mission), what their strategy is and how they are structured with annual reports and accounts published with transparency around all public funding.

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### **Integrity**

Organisations must demonstrate that they have adequate measures in place to protect against sport manipulation. Those holding senior positions of office will sign a declaration stating that they are of 'good character,' defined through the use of objective criteria, and that they have the skills and experience for their role.

### **Financial probity**

Organisations must be fully accountable for their use of public funding, accounting for every penny and demonstrating how it has been used to achieve the purpose for which it was given.

### **Leadership and decision-making**

Organisations must have fit-for-purpose boards and the code will, in some cases, look to build on existing requirements such as term limits and the size of boards. The code will look to ensure best practice in decision-making.

### **Membership**

Organisations with membership bases will have to ensure that healthy democracy exists. Further consultation will be undertaken to identify best practice in how governing bodies should engage with their members.

### **Independence of thought**

Organisations' decision-making bodies must include a sufficient number of people who are free from a close connection to the organisation and who provide constructive challenge. There will also be a consultation on increasing independence on sports boards. This will include looking at whether the existing requirement of a minimum of 25% of independent board members should be increased as well as looking at a possible new requirement for independent chairs.

### **Diversity**

Organisations must have diversity in their leadership, decision making and throughout their workforce. The target for women on boards (or men where they are the underrepresented group) will increase from a minimum of 25% to 30%. There will also be a consultation on the introduction of other specific targets (including for BAME and disability representation on boards) and guaranteed interview schemes for under-represented groups.

### **Culture**

The code will also look to ensure that there is a good organisational culture in sports organisations to help them achieve optimum performance. Sport England and UK Sport will work together to support sport organisations that want to be eligible for public funding to achieve the requirements of the Governance Code for Sport in the UK.

### **OTHER GUIDANCE**

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The Sport and Recreation Alliance's voluntary code of governance with FAQs and case studies: <http://www.sportandrecreation.org.uk/governance/voluntary-code-of-good-governance>

Following the principles for managing public money (see [http://www.hm-treasury.gov.uk/psr\\_mpm\\_index.htm](http://www.hm-treasury.gov.uk/psr_mpm_index.htm))

The Charity Commission is the regulator for charities in England and Wales, and offers a wide range of guidance: see [http://webarchive.nationalarchives.gov.uk/+http://www.charitycommission.gov.uk/charity\\_requirements\\_guidance/ccpubs3.aspx](http://webarchive.nationalarchives.gov.uk/+http://www.charitycommission.gov.uk/charity_requirements_guidance/ccpubs3.aspx)

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