

Article Information

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Service: Corporate Governance

Sector: Not-for-Profit

Reviewing Your Not for Profit Governance Arrangements? Here are 6 things you should consider

Partner, Sarah Johnson discusses six areas your Not For Profit should consider when reviewing your governance arrangements.

Do the director election procedures function well?

Have there been any controversies surrounding the election of directors to the Board? If so, these procedures should be reviewed. The organisation's compliance with the director retirement by rotation and election procedures in its constitution should also be checked.

Does any one group of members have more control over the composition of the board than any other group? Is this desirable?

There are several methods that not for profits can employ to allow the board or particular categories of members to have additional influence over the composition of candidates for election to the board and the board itself.

Are certain directors protected from retirement? Should they be?

If the organisation is relatively new, there may be merit in certain directors, for example, the Chair, not being subject to the retirement by rotation provisions in the Constitution. Alternatively, where Director turnover is low, Board election procedures can be revised to encourage new directors to be elected or appointed to the board and/or directors with particular skills or experience.

What checks and balances are in place to monitor the delegation of the Board's authority to committees?

If the Board delegates responsibility for some of its activities to committees, who is responsible for monitoring the committees' compliance with the terms of the delegation? Are there procedures in place to ensure that committees do not act outside their remit?

When was the constitution last reviewed?

Constitutions can become outdated for a number of reasons, including that the role, objectives and activities of the organisation have changed over time, the constitution no longer reflects modern drafting techniques or that, in practice, the organisation no longer complies with the constitution.

What opportunities are there for members to have input into the direction of the organisation? Should these opportunities be expanded?

Typically members' only input into the direction of the organisation is via the election of directors they consider best reflect their interests. In recent years, particularly since the introduction of the National Disability Insurance Scheme, we have seen organisations expand opportunities for member input, including by the appointment of advisory boards that make recommendations to the Board for consideration.