



## The Checklist of the Ten Governance Principles

# Purpose and strategy

The organisation has a clear purpose and a strategy that aligns its activities to its purpose

### Governance Checklist

Supporting Practices	Current Practices	Rating
1.1 The organisation's purpose is clear, recorded in its governing documents and understood by the board		
1.2 The board approves a strategy to carry out the organisation's purpose		
1.3 Decisions by the board further the organisation's purpose and strategy		
1.4 The board regularly devotes time to consider strategy		
1.5 The board periodically reviews the purpose and strategy		



**Rotary Checklist**

<b>Supporting Practices</b>	<b>Current Practices</b>	<b>Rating</b>
Current Constitution is reflected in Board decisions		
Purpose statement defines focus and boundaries		
Goals and Strategies reflected in Key Result Areas / Key Performance Indicators		
Actions, timelines, responsibilities are monitored and reported		
Regular Board reporting of progress on Strategic Plan in a standard format		
<i>Specific issues...</i>		

**Priority Actions Arising**

# Roles and responsibilities

There is clarity about the roles, responsibilities and relationships of the board

## Governance Checklist

Supporting Practices	Current Practices	Rating
2.1 Directors' roles are clear and understood by the board		
2.2 Directors understand and meet their duties under the law		
2.3 Directors meet any eligibility requirements relevant to their position		
2.4 Delegations of the board's authority are recorded and periodically reviewed		
2.5 The role of the board is clearly delineated from the role of management		

## Rotary Checklist

Supporting Practices	Current Practices	Rating
<p>Board may establish “standing committees”</p> <ul style="list-style-type: none"> <li>• Audit, Risk &amp; Compliance – including delegations and policies &amp; procedures</li> <li>• Governance – Appointments and Succession Planning</li> </ul>		
<p>Board may establish “special purpose committees” to address / progress issues management</p> <ul style="list-style-type: none"> <li>• Critical to have clear Terms of Reference</li> </ul>		
<p>Director nominees must meet eligibility criteria</p> <ul style="list-style-type: none"> <li>• Nominee must demonstrate that they hold “fit and proper person” status</li> <li>• Nominees should have “equivalent” experience (in terms of organisation size and complexity)</li> </ul>		
<p><i>Specific issues...</i></p>		

## Priority Actions Arising



# Board composition

The board's structure and composition enable it to fulfil its role effectively

## Governance Checklist

Supporting Practices	Current Practices	Rating
3.1 Directors are appointed based on merit, through a transparent process, and in alignment with the purpose and strategy		
3.2 Tenure of directors is limited to encourage renewal and staggered to retain corporate knowledge		
3.3 The board reflects a mix of personal attributes which enable it to fulfil its role effectively		
3.4 The board assesses and records its members' skills and experience, and this is disclosed to stakeholders		
3.5 The board undertakes succession planning to address current and future skills needs in alignment with the purpose and the strategy		



**Rotary Checklist**

Supporting Practices	Current Practices	Rating
Board composition <ul style="list-style-type: none"> <li>• DGs appoint district directors – appointees must demonstrate that they hold “fit and proper person” status</li> <li>• Appointment process must be clearly defined</li> </ul>		
Board renewal <ul style="list-style-type: none"> <li>• Constitution defines maximum periods</li> </ul>		
<i>Specific issues...</i>		

**Priority Actions Arising**

# Board effectiveness

The board is run effectively and its performance is periodically evaluated

## Governance Checklist

Supporting Practices	Current Practices	Rating
4.1 Board meetings are chaired effectively and provide opportunity for all directors to contribute		
4.2 Directors seek and are provided with the information they need to fulfil their responsibilities		
4.3 Directors are appropriately inducted and undertake ongoing education to fulfil their responsibilities		
4.4 The board's performance, as well as the performance of its chair and other directors, is periodically evaluated		
4.5 The relationship between the board and management is effective		





**Rotary Checklist**

Supporting Practices	Current Practices	Rating
Annual Board performance reviews are considered a minimum <ul style="list-style-type: none"> <li>• Strategic and operational outcomes against agreed performance measures / targets</li> </ul>		
<i>Specific issues...</i>		

**Priority Actions Arising**

# Risk management

Board decision-making is informed by an understanding of risk and how it is managed

## Governance Checklist

Supporting Practices	Current Practices	Rating
5.1 The board oversees a risk management framework that aligns to the purpose and strategy		
5.2 Directors seek and are provided with information about risk and how it is managed		
5.3 The board periodically reviews the risk management framework		



**Rotary Checklist**

Supporting Practices	Current Practices	Rating
Formal documented risk management process <ul style="list-style-type: none"> <li>• Strategic and operational risk assessment</li> <li>• Risk prioritisation and definition of Board and Executive Director mitigating action accountabilities</li> </ul>		
Most often some form of Risk Matrix		
<i>Specific issues...</i>		

**Priority Actions Arising**

# Performance

The organisation uses its resources appropriately and evaluates its performance

## Governance Checklist

Supporting Practices	Current Practices	Rating
6.1 The board oversees appropriate use of the organisation's resources		
6.2 The board approves an annual budget for the organisation		
6.3 The board receives and considers measures which evaluate performance against the strategy		
6.4 The board oversees the performance of the Executive Director		
6. The board monitors the solvency of the organization		



**Rotary Checklist**

Supporting Practices	Current Practices	Rating
Board ensures that strategic priorities are aligned to budget with allocations		
Board needs to have separate strategic and operational (performance) reporting		
Board process to manage Executive Director Establish Executive Director performance criteria, monitoring and feedback		
<i>Specific issues...</i>		

**Priority Actions Arising**

# Transparency and accountability

The board demonstrates accountability by providing information to stakeholders about the organisation and its performance

## Governance Checklist

Supporting Practices	Current Practices	Rating
7.1 The organisation's governing documents and policies relevant to its governance are available to stakeholders		
7.2 The board oversees appropriate reporting to stakeholders about the organisation's performance and financial position		
7.3 Transactions between related parties, if any, are disclosed to stakeholders		
7.4 Directors' remuneration and other benefits, <b>if any</b> , are disclosed to stakeholders		
7.5 Members have the opportunity to ask questions about how the organisation is run and to hold the board to account for their decisions		



### Rotary Checklist

Supporting Practices	Current Practices	Rating
Directors’ conflicts’ are defined and addressed <ul style="list-style-type: none"> <li>• Club, District and Regional “alliances” are potential conflicts – as are all direct appointees</li> </ul>		
For NFPs, it’s all about disclosure and transparency <ul style="list-style-type: none"> <li>• For shareholder and all Rotarians</li> </ul>		
<i>Specific issues...</i>		

### Priority Actions Arising

# Stakeholder engagement

There is meaningful engagement of stakeholders and their interests are understood and considered by the board

## Governance Checklist

Supporting Practices	Current Practices	Rating
8.1 The board understands who the organisation's stakeholders are, their needs and their expectations		
8.2 The board oversees a framework for the meaningful engagement of stakeholders		
8.4 There is a process for gathering and responding to complaints and feedback from stakeholders		
8.3 Stakeholders are considered in relevant board decision making		
8.5 The board oversees a framework for how the organisation works with and protects vulnerable people		



### Rotary Checklist

Supporting Practices	Current Practices	Rating
<p>NFPs are reliant on <u>above average</u> stakeholder engagement (and management) to achieve their objectives and deliver on their strategies</p> <ul style="list-style-type: none"> <li>It is a pre-condition of community trust and on-going social license to operate</li> </ul>		
<p>Key stakeholders for Rotary Boards</p> <ul style="list-style-type: none"> <li>Internal: DGs, Clubs, Districts and Regions...</li> <li>External: Financial and in-kind givers, donors, government and media...</li> </ul>		
<p><i>Specific issues...</i></p>		

### Priority Actions Arising



# Conduct and compliance

The expectations of behaviour for the people involved in the organisation are clear and understood

## Governance Checklist

Supporting Practices	Current Practices	Rating
9.1 The board articulates its expectations of conduct, and the consequences for misconduct, for the people involved with the organisation		
9.2 The board oversees compliance with relevant laws, regulations and internal policies		
9.3 Conflicts of interest are identified, disclosed and managed		
9.4 There is a process for investigating misconduct and relevant instances are brought to the attention of the board		

### Rotary Checklist

Supporting Practices	Current Practices	Rating
<p>Board must establish its expectations through policies and procedures</p> <ul style="list-style-type: none"> <li>• “Feral” behaviours that compromise the Rotary Values are unacceptable and there will be consequences</li> <li>• This applies to director behaviours such as Board discussion disclosures</li> </ul>		
<p>It is now common place for the organisation’s Values to be matched with expected behaviours at both the Board and operational levels (including volunteers)</p> <p>...and for these to be explicit and form part of induction and on-going training</p>		
<p><i>Specific issues...</i></p>		

### Priority Actions Arising

# Culture

The board models and works to instil a culture that supports the organisation's purpose and strategy

## Governance Checklist

Supporting Practices	Current Practices	Rating
10.1 The board defines and models a desired culture that aligns to the purpose and strategy		
10.2 The board oversees a strategy to develop and maintain the desired culture		
10.3 The board oversees mechanisms to monitor and evaluate organisational culture		
10.4 The organisation's values are clear, periodically reviewed and communicated to stakeholders		
10.5 The board oversees a framework for the reward and recognition of workers		



**Rotary Checklist**

Supporting Practices	Current Practices	Rating
<p>Much compliance relies on the culture of the organisation, hence the focus on culture as a Board responsibility to manage and measure it</p>		
<p>Classic language of non-compliant culture</p> <p>“It doesn’t apply here...</p> <p>“We are volunteers, so don’t worry about it...</p> <p>“The rules are different for Not-For-Profits...</p>		
<p><i>Specific issues...</i></p>		

**Priority Actions Arising**

