

Separation of authority between board (council) and management

Not-for-profit sector

It is considered **good governance** for a not-for-profit organisation to have clear guidelines determining the boundaries between the duties of the board and the day-to-day or week-to-week activities of the organisation.

The following guidelines are vital regardless of whether employed staff or volunteers run the regular activities of the organisation.

- Formalise and disclose the delegation of authority to management and the matters reserved to the board.
- Define the role of the chief executive (general manager) in a job description.
- Ensure that key performance indicators (KPIs) are in place to measure the chief executive's performance.
- Ensure that regular financial reports are prepared and presented to the board. These should include:
 - statement of assets and liabilities
 - statement of income and expenditure
 - cash position, cash flow and solvency statement.
- Ensure that adequate insurance cover is in place. Suggested essential covers are:
 - fire and burglary — building and contents
 - public liability
 - workers compensation
 - directors and officers (D&O) liability
 - professional indemnity
 - public accident (for volunteers).
- Ensure that adequate board/council committees are established to assist with the governance of the organisation, as well as compliance with the relative Commonwealth and state laws.
- Ensure the establishment of a volunteer recruitment and management program together with relevant policies and legal requirements (where applicable).