

## NOT-FOR-PROFIT GOVERNANCE PRINCIPLES – THIRD EDITION, APRIL 2024

# Small NFP Governance Checklist



### Small NFP governance checklist: Principle 1

- The NFP's organisational purpose is understood by directors, employees and volunteers.
- The board has a vision and strategy document setting out the next 3–5 years.
- In developing the vision and strategy the board has considered the types, and levels, of risk the NFP is prepared to take on.
- The board understands the resources, including employees and volunteers, that will be needed to achieve the strategic goals.
- The NFP has used practical methods, such as the organisation's website, to communicate purpose, vision and strategy to employees, volunteers and other key stakeholders.



### Small NFP governance checklist: Principle 2

- The roles and responsibilities of the board encompassing governance, oversight, and strategic direction are documented.
- Each board director understands their individual duties and obligations, consistent with relevant legal and regulatory frameworks.
- The responsibilities of the management team are well understood and set out in position descriptions.
- There are processes in place, such as training and induction, to ensure employees and volunteers are aware of their responsibilities, including legal requirements for working with vulnerable people.
- The board has an understanding of key third party providers, including IT software and system providers.
- The board receives the necessary reports aligned with the size and complexity of the NFP.



### Small NFP governance checklist: Principle 3

- The board collectively represents the diversity of the community served by the NFP.
- The board has the necessary skills, experiences, and perspectives on the board to effectively govern the NFP.
- New directors are given sufficient support and education when joining the board and ongoing directors are supported with regular learning and development.
- The board meets at appropriate intervals, the papers are concise and insightful and the meetings are well led by the chair.
- There is clear distinction between the oversight role of the chair and the management role of the CEO.
- The board at least annually formally reflects on the performance of the board and where improvements could be made.



### Small NFP governance checklist: Principle 4

- The board regularly discusses the NFP's risk appetite and documents this in a concise risk appetite statement and supporting risk register.
- The board has a risk management framework or policy that outlines the approach to identifying, assessing, and mitigating risk.
- Low cost and practical risk controls are implemented that reflect the nature of the risk, the resourcing of the NFP, and the frontline employees or volunteers managing the risk.
- The board receives reporting that allows it to have an informed view on how risk is being managed in the NFP.
- The board at least annually meets the external auditor or accountant.



### Small NFP governance checklist: Principle 5

- The board has a small set of targeted performance measures and indicators that assists in understanding and refining the NFP's performance.
- The board is able to form a quantitative and qualitative view on the effectiveness and impact of the programs and services the NFP provides for clients, beneficiaries or community members.
- There are clear quantifiable goals and targets for the NFP's senior management that the board measures and reviews regularly.
- There are mechanisms by which the board and senior management can listen to and understand the views of employees and volunteers, including surveys and 'town hall' meetings.
- The board has a dynamic approach to public transparency that goes beyond regular reporting and the AGM, including regular communications and an accessible website.



### Small NFP governance checklist: Principle 6

- The board has identified the NFP's key external stakeholders and understands the diverse interests and expectations of these stakeholders.
- The NFP uses accessible communication methods to engage with these stakeholders, including meetings, surveys, newsletters and social media.
- The board reflects on the perspectives of stakeholders when making decisions and engaging with management.
- The board regularly assesses the effectiveness of its stakeholder engagement practices and where things can be improved.
- Directors have considered whether the board skills matrix and board appointment process should account for a specific stakeholder voice or lived experience.



### Small NFP governance checklist: Principle 7

- The board has prioritised particular sustainability considerations consistent with purpose, size, industry/sector, stakeholders and resources.
- The board understands the environmental impact of the NFP's operations and has taken steps to minimise this impact where feasible.
- The board and the executive have supported employees and volunteers with guidance and training on how to prioritise focus areas related to sustainability.
- The board has indicators that enable it to track progress on key sustainability measures and can take action to improve if necessary.



### Small NFP governance checklist: Principle 8

- The board and CEO set a 'tone from the top' for the organisational culture that they expect to see at the NFP.
- The NFP has a succinct and clear code of conduct that is shared and understood by employees, volunteers, and third party providers.
- The board has documented policies that cover conflicts of interest, related party transactions and whistleblowers and takes action to improve if necessary.
- The board understands the NFP's legal and compliance obligations and the organisational culture promotes compliance.
- The board takes steps to recognise and reward employees and volunteers, including low cost options such as thank-you notes.

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For more information

T: 1300 739 119

E: [policy@aicd.com.au](mailto:policy@aicd.com.au)



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