

Australian Institute of Company Directors issues revised NFP Governance Principles

The revised Not-for-Profit (NFP) Governance Principles issued by the AICD include more detailed descriptions of **good governance practices and additional guidance to support organisations to apply the Principles.**

In light of several high profile inquiries and cases regarding misconduct towards those most vulnerable in our society, community expectations for good governance amongst charities and NFP's are at an all-time high. The Australian Institute of Directors (AICD) recognises the importance of this in its second edition of the NFP Governance Principles, released last month.

While these Principles are not mandatory nor prescriptive, they are designed to be a guide and a practical tool to assist NFPs with designing and achieving good governance. The AICD encourages an 'if not, why not' approach to reporting.

Key areas of focus in the second edition

Governance can be described as a framework of rules, relationships, systems and processes to exercise and control authority within an organisation and to ensure those in control are held to account.

The cornerstone of the document are the ten principles which provide a framework to understand governance in a not-for-profit context. Each of the ten principles includes supporting practices which describe the activities or behaviours of organisations that are likely to be meeting the principles. Detailed guidance and case studies are provided to help organisations understand and apply the principles in their own unique circumstances.

The ten principles encompass:

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|-------------------------------|------------------------------------|
| 1. Purpose and strategy | 6. Performance |
| 2. Roles and responsibilities | 7. Transparency and accountability |
| 3. Board composition | 8. Stakeholder engagement |
| 4. Board effectiveness | 9. Conduct and compliance |
| 5. Risk management | 10. Culture |



"Aside from failure to meet legal obligations, in many of the examples of misconduct and poor practice it is clear that community expectations of governance have not been met"

Extract from the AICD NFP Governance Principles

Actions for organisations

As most NFPs are feeling the pressures of higher expectations from the community, these principles are a great tool to ensure your NFP meets governance best practice guidelines and to ensure you safeguard the organisation, its directors, staff, volunteers and the community.

With 30 June 2019 reporting approaching, now is a good time for directors and management to reflect on the entity's governance in light of the revised NFP Governance Principles.

How we can help

There are several ways we can work with your organisation to meet the standards. We can:

- benchmark your organisation against the revised AICD principles and assist in tailoring your internal governance to meet best practice for an organisation of your size, nature and circumstances
- provide training on governance and the AICD principles to directors and senior management
- review your governance practices to identify risks and opportunities
- act as a sounding board to discuss the concerns which directors may have with regards to the organisation's risks and governance

Get in touch to find out how we can help with your specific needs.



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