Communities Centres SA

Board Governance

Participant Notes

PARTICIPANT NOTES: Why Boards Matter

Boards play a crucial role in ensuring strong governance and strategic oversight for community centres. As a board director, your responsibility is to support the growth and sustainability of the centre while fostering a positive impact on the community. Effective boards help guide decision-making, manage resources, and uphold the centres mission.

The Board helps develop long-term plans that address community needs beyond the day-to-day operations. It may also be able to help secure funding, build partnerships and advocate for resources.

Core Responsibilities of Board Directors

As Board Directors of your community centre, you have a fundamental responsibility to make decisions that serve the best interest of the organisation above all other considerations. This is the cornerstone of good governance.

As a board member ensure you read all meeting papers prior to attending the board meeting. Importantly remember that you are on the board to provide oversight and strategic direction and not to focus on the day-to-day operations. Your key focus is to ensure the vision and strategic plan are being achieved.

Board Responsibilities:

- Making decisions in the centre's best interest in alignment with the strategic plan. Decisions should prioritise the Centre's mission and purpose, financial sustainability legal compliance and long-term success. Once a decision is made support it publicly so that there is a united voice coming from the board.

- Ensure there is strong financial management - diligent budgeting processes, regular financial oversight, and compliance with all audit requirements to ensure transparency and full accountability.

- Professional legal accreditation to ensure the entity meets its obligations (to its LGSA owners?).

- Manage and declare conflicts of interest. As a board director you must put the Centre's needs first and not let your personal connections, business or your personal view take over when making decisions. When you are close to a project, or involved in anyway then declare your position prior to decision making.

- Protecting confidential information. Sometimes through personal connections or knowledge

- Focus on the high-level business decisions and don't become operational and start to focus on the day- to-day roles and tasks within the Centre - unless raised by the CEO.

- Recruit board members using the Community Centres Board Skills Matrix.

Value diverse skills and backgrounds

- A diverse board brings different perspectives and stronger decision-making.

- Look for directors with varied professional experiences and community connections:

    o Finance, Audit & Risk
    o Legal
    o Human Resource experience including policies and practices,
    o Marketing & communications
    o High level business experience
    o People & Culture
    o Community voice
    o LGA experience – optional

- Include people who represent different parts of your community.

- Consider age, cultural background, gender and lived experiences.

- Different viewpoints help identify blind spots and opportunities.

- Balance between professional expertise and community understanding.

- Diversity helps ensure all community needs are considered.

Mix of financial, industry and planning expertise

- Regular financial oversight, and compliance with all audit requirements to ensure transparency and accountability.

- Financial literacy: At least some directors should have strong financial skills across budgets and financial reporting.

- Industry knowledge: Directors who understand community services and programs.

- Strategic planning skills: People who can think long-term about the Centre's future.

- Risk management experience: skilled at identifying potential problems and review internal governance around systems and processes.

- Legal or governance background: Helpful for compliance matters.

- Community development expertise: Understanding local needs and opportunities.

- Not every Director needs all these skills, but the Board as a whole, should cover these areas.

Chair selection is critical for effective leadership

- The Chair leads the Board and is the main link between Board and CEO.

- The Chair generally should have strong knowledge and experience in Board governance.

- Ensures the Board focuses on its governance role and not become operational.

Refer to additional information provided in the Mock Board Meeting – Session 3.

Board succession planning

- Define clear guidelines regarding board tenure – Board renewal is important so decide how long a board director can sit on the board.   You may have a 2 or 3 year terms that can be renewed twice.   Plan for Director departures and recruitment – keep a register of board appointments.

- Identify skill gaps on your current board.

- Create a simple induction process for new Directors.

- Consider term limits to bring in fresh perspectives – generally 2 or 3 year terms with the opportunity remain the board for a maximum of 3 terms..

- Provide training opportunities for directors to develop skills.

- Document key board processes to maintain continuity.

Making decisions in the centre's best interest

- All decisions should fall within the legal entity's constitution, financial sustainability, be based on achieving the organisations strategic vision and goals and long-term success.

- Always ask: "Is this best for our centre and community? "

- When selecting key suppliers, get three quotes for comparison and document why the Board made or approved a specific choice.

- "Secured program funding" – if you have this in place for a project, ensure you are confident that you can properly account for and report on the use of these funds according to the requirements.

Managing finances carefully

The Board holds primary responsibility for maintaining the centre's financial stability and ensuring all resources are utilised appropriately. This includes regular oversight of income, expenses, and overall financial position to safeguard the organisation's future.

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- Carefully review all financial statements and reports presented at each meeting, asking clarifying questions about any entries or trends that seem unusual or unclear.
- Before approving any new expenditures or initiatives, thoroughly assess whether sufficient funds exist within the approved budget.
- Maintain vigilant oversight to verify that all funds are being spent in accordance with board-approved budgets .
- Ensure robust financial control systems and procedures are implemented and followed.

Following legal requirements

As a board director, it's important to understand that your community centres operate as a for-profit-entity and must adhere to all local government and state regulations.

Board directors have legal duties that can't be delegated to staff.   You need to ensure the organisation follows all applicable laws - from workplace safety to privacy regulations to industry-specific requirements. Make sure contracts are up to date and properly executed, and that meeting minutes accurately reflect decisions made.

 Stay on top of mandatory reporting deadlines, whether that's annual returns, financial disclosures, or regulatory filings. The key message here is: ignorance isn't a defence. If you're unsure about any legal requirement or whether something needs board approval, always ask - it's better to ask too many questions than to miss a critical compliance issue.

- Community Centres are for profit and must follow relevant LGA & State laws and regulations.

- Ensure meeting minutes accurately record all decisions.

- Make sure CEO/Management/Sub Committee reports are submitted on time.

- Check the Centre has proper insurance coverage.

- Don't ignore concerns about legal compliance – speak up if something seems wrong. Legal cases for example: can be: wage theft, nonpayment of LGA & State/Federal approved First Aid Allowance. Creating an environment where board members can openly discuss compliance matters helps address these issues early and can prevent potential escalation.

Confidentiality

- Understand what information is confidential.

- Use secure methods when storing or sharing sensitive documents.

- Never share sensitive information outside the of the Board.

- Return or securely destroy confidential documents when no longer needed.

- Know when and how to report potential breaches of confidentiality.

Protecting confidential information

- Member details, financial information and Board discussions are private unless stated otherwise.

- Never share sensitive information outside the board.

- Be careful with Board papers - store them securely.

- Report any privacy concerns immediately.

Handling conflicts of interest

A conflict of interest for a volunteer board director of a community not-for-profit organisation occurs when a director's personal or professional interests potentially interfere with their ability to make unbiased decisions in the best interest of the organisation. This can arise when the director, their family member, close friends or business associates may benefit or be impacted by Board decisions.

Board directors have a fiduciary duty to disclose such conflicts promptly, remove themselves from related discussions and votes when appropriate, and always prioritise the organisation's purpose over personal advantage.

- Always declare any potential conflicts at the start of meetings and if unsure check with the Chair of the Board prior to the meeting.

- Step out of discussions where you have a personal connection.

- When in doubt, declare it - transparency builds trust.

Board vs Management

The Board governs; the CEO manages

- Think of the Board as setting the destination, while the CEO decides the route.

- The Board asks "what" and "why"; the CEO decides "how" and "who".

- The Board approves the budget; the CEO manages within that budget.

- Direct all operational questions or concerns through the CEO.

Signs you might be overstepping into operations if you are:

- Getting involved in staff matters below the CEO level.

- Focusing on small details rather than big-picture issues.

- Making decisions the CEO should be making.

- Contacting staff directly about operational matters.

When to provide operational input

- When the CEO specifically asks for your expertise.

- During dedicated strategic planning sessions.

- If you notice serious risks or compliance issues – raise these with the Chair of the Board. Always through proper channels, not by approaching staff directly.

Being a Board Director is about finding the right balance between governance oversight and letting the CEO manage. Your role is vital to the Centre's success but works best when boundaries are clear. Always ask questions when needed - good governance depends on open, thoughtful discussion.

Cybersecurity Essentials - What Boards Need to Know

Understanding Common Cyber Threats

Phishing Attacks:

- **What it is:** Fake emails that trick people into clicking malicious links or sharing passwords
- **Example:** An email that looks like it's from your bank asking you to "verify your account"
- **Impact:** Can lead to stolen passwords, compromised accounts, or malware installation

Ransomware:

- **What it is:** Malicious software that locks all your computer files and demands payment to unlock them
- **Example:** Staff arrive to find they can't access any files, bookings systems, or member databases
- **Impact:** Can shut down all operations for days or weeks

Data Breaches:

- **What it is:** Unauthorised access to personal information you store about community members
- **Example:** Hackers accessing member contact details, medical information, or financial records
- **Impact:** Legal liability, fines, loss of community trust, notification requirements

Essential Personal Security Practices

Password and Account Security:

- **Use unique passwords:** Never reuse passwords between different accounts
- **Use a password manager:** Tools like Bitwarden or LastPass generate and store secure passwords
- **Enable two-factor authentication:** Require both password and phone verification for important accounts
- **Examples:** Your board email, banking access, cloud storage accounts

Safe Communication Practices:

- **Use organisation email only:** Never conduct board business through personal email accounts
- **Verify unusual requests:** If someone asks you to transfer money or change banking details, verify through a separate communication method
- **Be cautious with attachments:** Don't open unexpected attachments, even from people you know

Document and Data Security:

- **Use approved platforms only:** Store board documents only in organisation-approved cloud storage or secure devices
- **Avoid public WiFi:** Don't access sensitive board materials on public WiFi networks
- **Lock your devices:** Use passcodes/passwords on phones, tablets, and laptops

AI Tool Usage Guidelines:

- **Never input confidential information:** Don't put board meeting notes, financial data, or member information into public AI tools like ChatGPT
- **Understand data retention:** Many AI tools store and learn from your inputs
- **Use organisation-approved tools only:** If the organisation provides AI tools, use those instead of public ones
- **Be transparent:** If you use AI to help draft documents, disclose this when appropriate

Recognising Social Engineering Attacks

Common Tactics Targeting Board Members:

- **Urgency pressure:** "This needs to be done immediately, or we'll lose funding"
- **Authority impersonation:** Someone pretending to be the CEO, bank, or government agency
- **Familiar relationship abuse:** Using knowledge about your colleagues or organisation to seem legitimate
- **Bypass requests:** "Can you approve this quickly to avoid the usual process?"

Red Flags to Watch For:

- Urgent requests for financial information or transfers
- Unexpected requests to change banking details or payment methods
- Pressure to bypass normal approval processes
- Communications that seem unusual for the sender
- Requests to click links or download files unexpectedly

Ongoing Responsibilities

1. **Regular reporting:** Establish cyber and AI updates as a standing item on the board agenda
2. **Annual reviews:** Conduct comprehensive annual assessments of cyber and AI risks
3. **Stay informed:** Keep updated on emerging threats and regulations

Resources for Further Learning

Cybersecurity Resources:

- Australian Cyber Security Centre (ACSC) - cyber.gov.au
- Stay Smart Online - staysmartonline.gov.au
- Australian Privacy Commissioner - oaic.gov.au

AI Governance Resources:

- Australian Government AI Ethics Framework
- Responsible AI Network Australia
- Industry-specific AI guidelines for community services

Board Governance Resources:

- Australian Institute of Company Directors (AICD)
- Governance Institute of Australia
- Community sector governance resources

Remember: You don't need to become technical experts, but you do need to ask the right questions and ensure appropriate oversight of these critical risks.