3
THE CONTINGENT AND STANDARDS GOVERNANCE FRAMEWORK FOR NATIONAL GOVERNING BODIES

Denis Mowbray

Introduction

Governance and what constitutes good or bad governance of sporting organisations continues to be a topic as hotly debated today as it has been for the last decade. One need only review the sporting or financial sections of almost any newspaper to see examples of poor governance in the sporting sector. An important point that bears repeating is that there is no model of governance that will transform a poor-performing organisation into a pillar of high performance. The performance of the board is almost entirely dependent on the people involved; models or frameworks can only help them by providing tools to work with.

With this in mind, this chapter starts by briefly discussing a concept called the governance lifecycle and its relevance before moving on to review the current literature. This is followed by a discussion of the methodology, participant selection process, data gathering and analysis methods used to produce a flexible framework of governance for sport organisations. The core of the chapter discusses the Contingent and Standards (CaS) framework of governance that has emerged from the above research. This is in two sections: first, the contingency section discusses the driving governance role (DGR) of the board and how a board knows which role to use; and the second section discusses the standards that underpin the whole operation of the board. This discussion of standards is divided into four sections:

- Structural: describes the core documents and regulations of the standards;
- Partnership and Communication: outlines the core requirements and responsibilities of the board in this area;
- Planning: a key role of the board which includes the strategic and annual plans;
- Transparency: essential to successful boards.

The chapter closes by outlining the anticipatory mechanisms of the CaS framework that the board can use, which enable the board to understand and predict which driving governance role the board should be using.
The governance lifecycle

Organisations need to build and develop a governance structure that suits their organisation’s stage of development as it moves through its lifecycle. Figure 3.1 shows how the governance lifecycle is characterised by a change in emphasis from being predominantly focused on operations during the start-up phase of the organisation (point A) through to a greater emphasis on governing as the organisation reaches maturity (point B).

Organisations need a governance framework that is adjustable and develop with the organisation, not one that is rigid. Stages of the governance lifecycle follow the lifecycle of the organisation – start, growth, maturity, decline, near death and death – highlighting that, as an organisation develops, the requirements of the governance structure will vary. Therefore, a model of governance that is simultaneously rigid in its methods and prescriptive in their application is unsustainable for the dynamic environment sport boards operate in.

Literature review

Modern corporate governance was first put under the microscope of public review with the release of the Cadbury Report (1992) in the United Kingdom. Commissioned by the Financial Reporting Council and the London Stock Exchange, the report investigated concerns regarding the financial reporting standards and the (in)ability of auditors to stand up to dominant boards. Highlighting these concerns were cases such as the Bank of Credit and Commerce International (BCCI). This was followed by the Hilmer Report (1998) and the two King Reports (2001, 2002). These reports have been further advanced with writings by Conger, Lawler and Finegold (2001), Carver and Oliver (2002), Matheson (2004) and Monks and Minow (2004).

The Cadbury Report made a number of recommendations, including prescriptions for board structure and composition, such as recommending the proportion or numbers of independent directors. The theoretical underpinning for these and other such recommendations is agency theory, which derives from the disciplines of economics and law. Agency theory focuses on two main organisational players: the executives (management), who are the agents, and the owners (principal). The role of the board is to act on behalf of the ownership to ensure that agency costs are minimised, i.e. to minimise or eliminate managerial opportunism and expropriation. Agency theory has guided the development of most of the governance regulations and remedies that have been proposed, including prescribing numbers
of independent or non-executive directors and the separation of the CEO and Chair roles. The expected outcomes from adoption of these and other remedies were improved board oversight and performance, leading to improved organisational performance. Unfortunately, researchers have shown that this is not the case (Bhagat and Black, 1999; Baliga, Moyer and Rao, 1996; Finkelstein and Mooney, 2003).

Roberts, McNulty and Stiles (2005) stated that a widely held belief exists that independently structured boards, with a majority of non-executive directors, are associated with higher financial performance and better shareholder returns. While this belief is popular with regulators and the market, the Finkelstein and Mooney (2003) research into organisations that suffered high-profile collapses or scandal (Enron, WorldCom, Global Crossing, Quest Communications and Tyco International) showed no evidence supporting this belief. In addition, a meta-analysis of 159 studies covering a 40-year time frame found no evidence of a relationship between board composition and firm financial performance (Dalton, Daily, Ellstrand, and Johnson, 1998). Finkelstein and Mooney (2003: 102) described this best when concluding that the ‘benefits of board independence seem to be rather illusory’.

These and other corporate governance standards, such as the need for independent directors and set director tenure, have become the norm by which Not for Profit (NFP) organisations are measured. The blind adoption of corporate governance standards with their focus on profit and shareholder return raises questions specifically in relation to sport. For example: are corporate governance standards and best practice relevant in sport? If so, what are they? What is good governance? How is best practice defined? Is best practice in one sport or country applicable to another? Once defined, how do we implement these standards? How is performance and/or conformance against standards measured?

These questions, and incidents of poor governance, such as corruption allegations associated with the voting process for the 2018 and 2022 Fifa World Cups, have ignited intense interest in the governance of sport organisations. Governance as applied to sport organisations is essentially normative, meaning it is founded on common elements such as performance, conformance, policy, operations and social responsibility. The corporate governance environment is evidence of this normative approach and although some elements may vary, Ferkins, Shilbury and McDonald (2005) found that the substantive elements remain similar. This fits a critical observation of Nadler and Tushman (1980) that it is not how to find the ‘best way’ to govern that is crucial, but it is rather what the effective combination of elements is that leads to congruence that is critical.

A major influence on the development of governance best practice as it affects sport has been the policy governance model developed by Carver (1997) combined with additional influences from the corporate governance environment. Carver (1997) describes the Board as a servant leader and owner representative which uses systematic delegation of power via carefully crafted policies to guide the Executive in their work. The assumption underpinning this model is that it is applicable to organisations of all sizes. While agreeing that Carver (1997) has made a useful, if prescriptive, contribution to sport governance, Ingles (1997) noted that none of Carver’s assumptions regarding board practice have been tested empirically. Indeed, Gill (2001) and Hoye and Cuskelly (2003) found the Carver (1997) model assertions to be at odds with their own findings. Plumptre and Laskin (2003: 3) said claims made regarding the model’s universality were ‘seriously over-inflated and worked better in theory than in practice’.

This assertion of Plumptre and Laskin’s (2003) is supported by Gill (2001), who found evidence of seven different governance models in use by sporting organisations with 75 per cent
using a mixture of governance models. Organisations applied these different governance models to different aspects of their governance processes and practices. These findings support the earlier contention that the governance needs of an organisation change as they progress through their organisation’s governance lifecycle. Herman, Renz and Heimovics (1997) also found a wide variation in the use of prescribed board practices, finding that the perception of board effectiveness varied dramatically. Herman and Renz (1998) identified a correlation between the board and organisational effectiveness, leading to the development of five points which are applicable to sport organisations:

- Organisational effectiveness is multidimensional and not reducible to a single factor.
- Boards do make a difference to organisations, but how they do this is unclear.
- Effective organisations are more likely to implement best practice standards and practices, such as strategic development and/or review, CEO reviews, than non-effective organisations.
- Organisational effectiveness is a social construction.
- Programme outcomes, as key performance indicators of organisational effectiveness, are limited in their use.

The general dissatisfaction with the Carver model combined with the incidents of poor governance and the questions raised earlier have resulted in significant country-specific research into the governance of sport organisations, which include the Australian Sport Commission whose research led to the release of its ‘principles of best practice’. UK Sport, in conjunction with Deloitte and Touche, produced the *Investing in Change* (2003) report, which included the recommendation that a specific model for governance best practice be developed for national governing bodies (NGBs). A *UK Sport Good Governance Guide for National Governing Bodies* has also been developed by the Institute of Chartered Secretaries and Administrators with the purpose of supplementing existing governance publications tailored to small voluntary organisations. Deloitte and Touche also developed the *National Governing Bodies of Sport Success Criteria/Model Framework* (2003), which measured success based on turnover, value of grants, number of paid staff, number of clubs and personal members. Criteria developed on these metrics were categorised as one through five. NGBs were categorised according to which criteria they fitted and where that placed them in the categories, with level one being the highest ranking.

Like the countries above, New Zealand, following poor performances at international events, notably the 2000 Olympics, embarked on a programme of development and research into various aspects of sport organisation development including governance. One of the outputs from this focus was the development of the *Nine Steps to Effective Governance* (SPARC, 2004) which are:

- Prepare the job description;
- Develop the work plan;
- Review the standard and content of the standard board meeting;
- Recast the strategic plan;
- The chief executive – recruitment, performance, measures and evaluation;
- Enhance the board’s monitoring effectiveness;
- Regularly review the board’s performance;
- Ensure active succession planning;
- Effective induction process.
This guideline details the key steps an organisation should initiate in developing good governance practices and the document provides policy and other templates for organisations. All these developments aspire to bring consistency, professionalism, transparency and accountability into the governance practices of sporting organisations, while achieving sporting success and governments’ social imperatives of health and well-being for their citizens.

The influence of the Carver (1997) model is evident in all these developments. However, Gill (2001) noted that a ‘one size fits all’ approach could well be counterproductive, especially for those smaller organisations where the interaction between board, CEO, staff and stakeholders may need to be more collaborative due to factors such as size and resources. This denunciation of the one size fits all approach is also supported by Hoye (2002), who found the roles of the board and paid executive are interrelated and subject to ongoing role design and as such the prescriptive nature of the Carver (1997) model would be problematic.

In summary, this review reinforces the need to develop a governance framework that adapts to the changing needs of sport organisations as they progress through their governance lifecycle. What follows is a brief description of the research methodology used to develop such a framework.

The development of the Contingent and Standards governance framework (CaS)

The development of the CaS framework was based on mixed methods of data collection, so that the final research processes were complementary in their strengths while eliminating overlapping weaknesses. The research was carried out in New Zealand, Australia, Canada and the United Kingdom for the following reasons:

- Developed sporting structures, highly developed national sporting federations;
- Well-developed sport management structures;
- Wide range of experiences concerning governance of sport organisations, from inception to those who have undergone significant change;
- Ease of communication;
- Access to a significant amount of data;
- Consistency of selected sport codes across all countries.

The federations chosen from these countries were swimming, cycling, athletics and yachting because of:

- Diversity of social and cultural mixes;
- A mix of professional and volunteer executive and board members;
- A significant national governing body in these sports;
- Consistency across countries;
- Strong international organisations;
- A diversity of experience with the implementation of best practice governance standards.

Data was collected using the following methods:

- Questionnaires: these went to 32 participants (CEO and Chairman/President) from the organisations selected. The return rate was 50 per cent.
Existing or secondary data: three types of existing data were used – documents, physical and archived. Using a wide range of externally gathered and collated data available on the selected sport lessened the impact of the lack of observational data.

Interviews: construction of the questions for the interviews followed analysis of the completed questionnaires. This allowed development of new themes of investigation not previously identified. The questions typically dealt with the personal views and opinions of the interviewee.

The results and subsequent analysis led to the development of the CaS framework, which is described in the following section. The framework allows organisations to adapt their governance style and practices dependent on their position within their governance lifecycle.

The Contingent and Standards framework

Participants in the interviews repeatedly asked this question: ‘There are times when circumstances call for us to be involved in the operations of the organisation; how can I tell when that is?’ While seemingly complex, this question has an elegant yet simple solution. In an article discussing contingent governance, Strebel (2004) said that boards, in dealing with external and internal forces, must emphasise a particular focus in decision-making and resource allocation, referring to this as the driving governance role (DGR).

This role changes as the importance and nature of external forces (externalities) that shape the organisation’s future, current operations or planning needs change. Internal forces (internalities) have their own impact, as well as adding to those external factors. For example, when management is ineffective and the organisation’s functionality is affected by internal or external factors, a board will generally become involved in execution, taking a steering or coaching role (see discussion below). Boards alternate between the four principal roles of governance (Figure 3.2), depending on the macro and micro implications that events have on their internal and external environments and the effectiveness or ineffectiveness of management.

A board works within four governing roles – coaching, auditing, supervising and steering – and each is dependent on three factors. The first is internal – is management ineffective or effective? The second is the board perspective – is it long or short term? Third are external conditions – are they significant or insignificant? This focuses a board on what its behaviour should be in terms of monitoring policy or involved with execution.

The ability to adapt their governance style allows a board to move between roles as necessitated and changes in role can occur during a board meeting. For example, an NGB hired a CEO with extensive knowledge of the sport and skilled at public relations yet his governance knowledge was limited. The interviewee described how the board dealt with this and agreed that the board oscillated between auditing in those areas of strength and coaching in the areas of weakness (governance). They were using the CaS model without even knowing.

For the board to identify changes in externalities that may influence the DGR, it must have an excellent line of communication with its constituents. A board that is reliant on the CEO and executives for information will be ineffectual, as they may hear only what the CEO and executive believe is important, or want them to hear. There are two key indicators that assist a chairman and board members in anticipating when to change their DGR. The first is a review of the agenda items and papers in order to note which DGR the board may need to adopt, and the second is an intuitive recognition of the need to change, which relies on the
The four DRG roles are:

- **Coaching:** The coaching role is undertaken when the externalities concerned are of an insignificant nature; the impact from the board’s perspective is short term, and the management is ineffective. This role sets out to develop the required skill with the executive concerned and the coach should be the director with the greatest expertise or, if unavailable, the board should access these skills from training providers or consultants. Coaching and developing the skills of the executive is one of the great contributions a board can make towards the success of their NGB.

- **Auditing:** The board takes on an auditing role when the externalities are insignificant and the management is effective. The dominant activity is one of fiduciary responsibility – monitoring the agreed key performance indicators (KPIs) for the organisation. This relies heavily on the reporting structures initiated through the anticipatory mechanisms. Conceivably boards may work within both the auditing and coaching styles, with the auditing style being dominant. The auditing role is appropriate in a stable environment, where the need to make dramatic changes or decisions or deal with high-impact situations is unlikely.

- **Supervising:** The supervising role is appropriate when an NGB with effective management undertakes strategic decisions aimed at creating value over the longer term, or which carry a measure of risk more significant than normal. It occurs when the externalities or internalities are significant but the management is effective. This is the most difficult for boards to grasp, due to the culture of the volunteer, which is ‘to roll their sleeves up and get stuck in’. Boards working within this DGR must go beyond the fiduciary duties of an auditing

*Definitions of driving governing roles*

The four DRG roles are:

- **Coaching:** The coaching role is undertaken when the externalities concerned are of an insignificant nature; the impact from the board’s perspective is short term, and the management is ineffective. This role sets out to develop the required skill with the executive concerned and the coach should be the director with the greatest expertise or, if unavailable, the board should access these skills from training providers or consultants. Coaching and developing the skills of the executive is one of the great contributions a board can make towards the success of their NGB.

- **Auditing:** The board takes on an auditing role when the externalities are insignificant and the management is effective. The dominant activity is one of fiduciary responsibility – monitoring the agreed key performance indicators (KPIs) for the organisation. This relies heavily on the reporting structures initiated through the anticipatory mechanisms. Conceivably boards may work within both the auditing and coaching styles, with the auditing style being dominant. The auditing role is appropriate in a stable environment, where the need to make dramatic changes or decisions or deal with high-impact situations is unlikely.

- **Supervising:** The supervising role is appropriate when an NGB with effective management undertakes strategic decisions aimed at creating value over the longer term, or which carry a measure of risk more significant than normal. It occurs when the externalities or internalities are significant but the management is effective. This is the most difficult for boards to grasp, due to the culture of the volunteer, which is ‘to roll their sleeves up and get stuck in’. Boards working within this DGR must go beyond the fiduciary duties of an auditing
Contingent and standards governance framework

role and include oversight and policy in order to accommodate the risk effects of the externalities or internalities impacting on the NGB.

- **Steering**: In this role, the board goes beyond coaching or supervising and becomes an active player in the management of the organisation. In extreme cases, such as the replacement of the CEO, the board may have to support a director as they fulfill the role of CEO. In the situation where a board member (or external consultant) replaces the CEO, the board needs to ensure it remains apprised of, and agrees with, the major decisions affecting the organisation.

### Anticipatory mechanisms for the driving governance role

The research identified five key aspects required to aid a board in identifying what driving governance role it should be using. These are referred to as the anticipatory measures and they are:

- **Board reviews**: These should be carried out bi-annually and preferably with an outside facilitator, inclusive of all directors (including the chair). While this was a contentious subject when discussed with chairmen, the CEOs all agreed it would be a good thing, saying that their performance was influenced by the board’s performance.
- **Meeting without the CEO**: Board meetings may be the only opportunity a board has to discuss in private any issues concerning the organisation’s performance and any other matters that should remain private amongst board members.
- **Agenda, meeting management**: The board (chair) must control the agenda detail in consultation with the CEO and executive. This includes the reports and other informational mechanisms required for meetings. Not surprisingly with these two aspects, CEOs were more reluctant to see them implemented than the chairmen were. The management of the agenda is practically important as this is one method by which CEOs control their boards. This inhibits a board’s ability to perform and undertake the governance role required.
- **Communication**: However it is managed it is essential to have excellent channels of communication across the organisation.
- **Statutory and governance committees**: The only committee recommended no matter the size of the organisation is an audit and risk committee. After this, the number and types of committees to be constituted and that report directly to the board can be adjusted to suit the needs, size and cultural and other drivers of the NGB. A significant number of NGBs indicated they had no audit/risk committee. Given the large amount of public funding channelled through these organisations this is a significant oversight. Roles for the audit and risk committee include reviewing financial results, planning, reporting, and overseeing risk and risk minimisation and this committee is an essential component of all NGBs’ governance structure.

### An outline of CaS standards

The CaS framework is not prescriptive in its application, therefore neither are the standards that underpin the DGR. The CaS framework encourages a board to look at its role as complementary to the CEO, executive and staff, not as a replacement for them. When the
governance of an organisation is working well, the board should display a combination of intangible and tangible qualities that add significant value to their organisations, while making a discernible contribution to the accomplishment of their vision and strategic plan.

Board members link organically to the NGB, not by formula and rules but by the feeling that they, as volunteer board members, are contributing to the success of the NGB.

What follows are the standards of the CaS framework and their associated sub-components. These are the structures, policies and activities that will help the board to become more effective. This offers readers the opportunity to reflect on their board’s conformance with them, while allowing NGB boards, CEOs, constituents and major funders a view of how an empowered board may operate so as to add lasting value to their organisation.

**Structural standards**

There are nine components associated with the structural standards of CaS:

- **Framework**: The existence of a sound governance framework is imperative for the board of an NGB. This ‘governance framework’ comprises a core set of documents including:
  - Articles of incorporation;
  - Registered company status (in some cases);
  - By-laws and regulations;
  - Policies: i.e. executive limitations, conflicts of interest;
  - Board charter: including code of conduct, chairman’s role, and induction of new board members;
  - Practices.

These guide and define how the governance processes will work, who takes decisions and the limitations of power in various circumstances. The size and complexity of the by-laws, regulations and policies are in part determined by the complexity of the organisation. They must reflect the core values, objectives and essential mission of the NGB.

- **Purposeful structure**: Boards should purposefully structure their activities in order to fulfil essential governance duties, making the governance process intentional in design rather than accidental. High-performing boards invest in structures and systems that are dependable and flexible enough to accommodate the changing requirements of the organisation.

- **Process-based**: Whatever the design of the governance system, it is imperative it is process-based, not people-based, and the governance of the NGB should not be reliant on an individual or their skills. The governance system should have strong processes, policies and procedures. While acknowledging the importance of strong leadership, in the event of the loss of a strong leader, the organisation’s processes and policies will ensure it continues to function well.

- **Induction**: A new board member must be given a proper induction into the processes, policies and workings of the board. Those involved will typically be the chair, CEO, divisional heads and CFO. The process should include:
  - A full briefing by the chair regarding the board and its policies;
  - An induction pack that includes meetings minutes, financials, board regulations, letter of commitment, current papers before the board, any supplementary papers, annual work plan and meeting plan;
  - A full contact list of directors and executives as required;
Contingent and standards governance framework

- Copy of the constitution and strategic plan;
- A CEO and executive briefing outlining the organisation’s progress on deployment of the strategic plan;
- A detailed analysis of issues currently on the board’s agenda.

**Purpose:** The board should be core-driven. It is the board’s responsibility to help develop, shape and uphold a compelling core purpose for the NGB. The board must articulate this and ensure integrity between decisions and core values. Whenever deliberations take place these should acknowledge how possible decisions may fit within the purpose and core values of the organisation and how the final decision will embody these core components.

**Board size:** The board’s size should reflect the complexity, activity and needs of the organisation. Where possible a mix of appointed and elected board members gives the best results. Ten is the largest suggested board size with five being the smallest. If an NGB can appoint outside directors, it should appoint directors only when they bring the skill sets identified in the developed skills matrix.

**Tenure:** Board rotation and replenishment should aim to invigorate the board with new members while not losing the board’s corporate memory and the skills of experienced members. Revitalisation cannot happen if the same board members are sitting for lengthy periods so a maximum term of office should be determined.

**Chairman selection:** The chair’s role is pivotal to the success of the board as a whole and should not be left to the vagaries of a general election. It is recommended the chair is elected by the board (his peers). The tenure of the chair should be the same as the elected period of other board members. The reasons for, and process required, if a board wishes to remove a chair or director should be clearly defined in its regulations.

**Policy:** Boards spend considerable time developing policy, which is often unused or not required. Policies are living documents; they should be at hand at every meeting and have a review date, at which time each policy’s relevance and usefulness is discussed. Following this, any changes or deletions to the policy should be actioned.

---

**Partnership and communication standards**

There are four components associated with the partnership and communication standards of CaS:

**Partnership:** A board’s role is to advance and protect the interests of the organisation and its constituents. Exceptional boards undertake this through a constructive partnership with the CEO, remembering that the board and CEO’s effectiveness are independent but still intrinsically linked. This is not, however, a partnership of equals as the board is the ultimate authority. To facilitate this, this partnership must be built through trust, candour and mutual respect for each other’s role and, foremost of all, must operate within an environment of honest communication. The CEO and board chair should have a strong relationship as this is critical to the NGB’s success and the way the board–CEO relationship manifests itself. If for whatever reason either feels that this relationship is dysfunctional in any way, they should immediately take steps to correct it, either through discussion among themselves or, if necessary, with other members of the board.

**Relationships:** NGBs have, by their very nature, a complex set of relationships with an extremely diverse group of organisations and individuals, including members, regional and local clubs and associations, volunteers and funders. Maintaining good relationship with stakeholders is essential as these provide valuable input and expertise, which allows the NGB to identify new opportunities, challenges and methods or means of dealing with a crisis. The
board is not personally responsible for the management of all these relationships; however, it plays a pivotal role in ensuring that the CEO, and through them the organisation, manage these relationships to maximise the benefit. Relationships with major stakeholders are a form of insurance for the future of the NGB. Relationship building is a key task of the board and should be managed with the same careful approach used in managing the finances of the organisation.

Communication: Perhaps the least understood, most neglected and yet one of the most important roles that NGB boards undertake is communication. The board’s ability to communicate well with its constituents and stakeholders will be the measure of success or failure. Importantly, the NGB must purposely set out to communicate all that it does to those it affects, in a timely and honest manner. Communication outside board meetings between individual board members should be encouraged. This allows informal discussion to take place and further develops collegiality within the board.

Advocacy: Advocacy undertaken by the board on behalf of the organisation was identified as a key role of governance and could be within their local area or at local government level. While not denying the benefits gained from having strong advocates, especially in the form of board members, the limitations on this advocacy must be clearly defined within policy, regarding members advocating on behalf of the board. The board should take a specific interest in ensuring that the key relationships are well managed, particularly with major funders, regional associations and other major stakeholders. This is achieved through the CEO reporting regularly on events that have taken place and inviting major stakeholders to meet with the board or board chair and CEO alone if desired.

Planning standards

There are four components associated with the planning standards of CaS:

Strategy: The board must ensure that it allocates sufficient time and resources to thinking strategically about the organisation. This will aid in the development of agendas and goals that are aligned with the strategic plan. Once per year the board and selected staff should meet for a strategic review process. The length of this meeting will be governed by the NGB’s structure and complexity, but will, however, involve a complete review of the strategic plan and the accomplishments to date and a review of the following year’s strategic plan to ascertain its validity.

Annual Plan: This is a key working document through which the chair, in consultation with the CEO and board members, sets out major action points for the following year.

Meeting plans: From the Annual Plan, the board will develop their meeting plans. These allow the chair and CEO to put in place the structure and content for the meeting while also ensuring matters deemed as essential in the Annual Plan are dealt with in a timely manner. This should be a board meeting, not the CEO’s meeting, and the chair and board should drive the agenda in consultation with the CEO.

Resources: Boards of NGBs should be reminded constantly that resources are not infinite and most NGBs rely heavily on grants and subsidies to undertake and complete their work. Boards of NGBs should ensure strategic and operational plans link to the resource allocation plan. It is only by linking budgeting to the strategic plan via a resource plan that NGBs can realistically finance and plan within the existing or procurable resources. This should be balanced against the need to ensure the NGB has the infrastructure and internal capacity required to sustain its core operations.
Contingent and standards governance framework

Performance standards

There are six components associated with the partnership and communication standards of CaS:

**Performance:** For a board to judge if the organisation has performed well it must ask the right questions. To do this it must first know what good performance is and what that means for their NGB, e.g. financial, sport performance, increased membership. Therefore boards must spend time detailing and defining good performance, and how and when it will be measured.

**Financial:** A principal role of the board is to ensure the financial health of the NGB and this role is more encompassing than just making sure money is spent in the right way. It is, in fact, financial stewardship. This includes a number of important components, such as adopting a budget, appointing a reputable auditor, measuring performance against the budget and understanding and receiving the necessary financial reporting monthly, including a cash flow statement and if required a cash flow forecast.

**Results:** The board should regularly review the organisation’s achievements against its stated strategic objectives by measuring the NGB’s progress towards the achievement of its strategy. The board should be able to measure the achievement level through the ‘anticipatory measures’ that it has in place and the reporting that it receives. These measures should not only look at the core activities – ‘Did we provide X service or run Y programmes? – they should also look at the quality of service, effectiveness and impact. Benchmarking is difficult for NGBs, so unless it is easily achievable great effort should not be put into measuring the success of the NGB against others. Each structure and sport body is unique and comparisons of success between sporting bodies are almost irrelevant. The board, executive and constituents will know if the NGB is successful or not.

**Learning:** NGBs should develop a culture of continuous learning, championed by the board, as they themselves evaluate their own performance and measure the value they add. Through their actions, the board leads the NGB in accessing opportunities for learning, in both their internal and external board activities.

**Meeting attendance:** Board members should prepare for and attend meetings regularly. If there are continued absences, the chair should speak to the board member and if necessary they should be asked to reconsider their position. Members should prepare for meetings by ensuring that they have fully read all the papers and are fully versed in the issues that are on the agenda.

**Risk minimisation:** Risk minimisation is a key component of good governance. The role of a director is to ensure that the NGB has fully identified and assessed all risks that are associated with its operations. There are two parts to this assessment. One is operational, for which the CEO is responsible; the other is strategic, which the board is responsible for. The strategic assessment includes the review of the CEO’s plan. The board and CEO should each prepare a risk assessment and minimisation plan for their respective areas. Both should be reviewed twice yearly by the board to ensure they are current as risk changes over time. Appropriate actions must be taken to minimise risk and reviews of the risk minimisation plans should form part of the work undertaken by the audit committee as part of its statutory duties.

Transparency standards

There are eight components associated with the transparency standards of CaS:
**Board committees:** As well as the permanent audit and risk committees others will be needed to provide a level of closer scrutiny as the DGR changes or as the need dictates. It is imperative that all committees have as a minimum the following:

- Clear terms of reference (TOR), including, powers, budgetary allowance, responsibility, selection of members and chair;
- Clearly defined reporting guidelines;
- A date for disestablishment if not a standing committee such as audit;
- All committees’ TOR should be reviewed annually as this ensures the TOR are current and reflect the mission, vision and strategic plan while fulfilling the role required by the board.

**Compliance with integrity:** Through the actions of each member of the board, the board as a group should demonstrate strong ethical values and a disciplined approach to compliance. The board should establish mechanisms, such as the anticipatory mechanisms discussed above, to ensure accountability, with sufficient controls so that the opportunities for waste, fraud and abuse of position in any form are minimised.

**Conflict of interest:** There are two minimum standards that an NGB board should have in place. The first is a conflict of interest policy, which every board member signs up to when they join, and the second is a register of interests which requires board members and the CEO to list all the connections, outside interests or other relevant associations that may have some bearing on the NGB. This register should be available at each meeting and should be an agenda item to ensure that it is kept up to date. The policy must be clear and concise and used as required and the actions taken listed in the minutes of the meeting.

**Culture of inquiry:** The board’s role is one of a ‘loyal opposition’ and this requires a culture of mutual respect and constructive debate that takes the board and CEO through a sound and shared decision-making process. When required, the board should seek more information, and challenge and question assumptions and conclusions. This ensures the solutions or decisions are tested and based on analysis rather than a blind acceptance of the information given.

**Transparency:** It would be easy for the board to be led by the CEO because the locus of power rests with the CEO. The board must therefore promote a culture of transparency both for their own benefit and for all other stakeholders. The board does this by ensuring that the appropriate levels of access and the accuracy of information are maintained for all stakeholders and individual directors in such areas as finance, operation and results. The culture of inquiry discussed above is unattainable if there is not transparency and access to information. These two important standards are inextricably linked.

**Board members:** Alongside selection of the CEO, selection of board members is a key step in the development of a board committed to good governance. No matter the process used, prospective board members should be recruited and selected in the same manner as a senior member of staff. There are three major criteria a board can use to ensure the right people are elected or selected and these are:

- The board develops a skills matrix, detailing strengths, weaknesses and needs;
- The board undertakes development and publication of a role description and expectations document;
- Candidates are interviewed by the chair and one other senior director or, if available, an independent director.
Selection is a key step in the development of good governance, yet often it is left to chance. NGBs can improve the odds of appointing a good director by ensuring all involved understand the needs and expectations required of the successful candidate. A well-planned succession process will energise the board as they see the emerging relationship between a dynamic board, its composition and the successful development and deployment of the NGB’s strategy.

**Equal opportunity:** The board should openly and continuously reinforce its commitment to equal opportunities for all those involved in the organisation. This is achieved not only by the adoption of equal opportunity policies, but also by these being reflected in the organisation’s activities and the board’s own mix of technical expertise and the geographical, gender and cultural backgrounds of its members.

**Independence:** Members of the board should put the interests of the NGB ahead of any other interest when making decisions. There is a need for honest reflection by each director when an issue arises in which they have an interest. It is preferable to declare the interest and decide its relevance, followed by a decision on what if any actions are required, rather than have the decision process and its outcome called into question.

**Summary**

The CaS framework recognises that organisational effectiveness is multidimensional and cannot be reduced to a single factor. The CaS framework’s flexibility allows the development of best practice governance standards in smaller organisations where by necessity the interaction between the CEO, stakeholders and staff may need to be more interactive due to factors such as size and resources.

The non-prescriptive nature of the CaS framework allows organisations to develop governance standards that account for the different governance requirements associated with the recreational and elite/competitive elements of the sport. The conflicts that occur between these sectors were evident in the research in a number of sports but specifically in cycling where the reality is that, for the great majority of participants, their participation does not require the help or services of the NGB.

The CaS governance framework provides an alternative for those NGBs who are dissatisfied with their current structure and who do not want to adopt models that are not reflective of the culture of the sport or its constituents or the volunteers that govern it. Boards can attain a level of excellence through the application of the CaS framework that will reflect the success of the organisation. Finally, it does not matter what standards, policies or rules are implemented or developed; good governance is totally dependent on the quality of the people that participate and are involved in it, combined with the synergy, trust and communication that exists between the board and executive teams of the organisation.

For a full description of the framework please visit <www.sportgovernance.org>.

**References**


Contingent and standards governance framework

