



Management Support Unit (MSU)



Information Sheet 2:

A code of conduct for Boards of Management of incorporated non-government organisations

There are many hundreds of thousands of Australian non-government organisations, all with their own boards of management. All are varied, depending on size, responsibility, funding and culture. What they do have in common, is the requirement that they operate legally and ethically.

Purpose of a code

A code sets out the relevant standards expected of board members of voluntary organisations in order to maintain the highest standards of integrity and leadership. It will help ensure the organisation is effective, open and accountable.

The following **code of conduct** is suggested for all incorporated organisations operating in NSW.

In regards to legal and ethical responsibilities, board members:

1. Must act with honesty, due caution and be willing to consider professional advice on any matter in which they do not have expertise
2. Must administer the organisation and its assets in the interest of current and future stakeholders
3. Should hold themselves accountable to the organisation's stakeholders, (including the general community) for their decisions and for their and the organisation's performance
4. Must not gain financially, or in other material ways, including families and friends, from association with the Board. This includes using his/her status on the Board to gain advantage from any other organisation. The Board should ensure there are clear written policies on claiming expenses by Board members
5. Must not place themselves under any obligation, financial or otherwise, to any other organisation that can or may influence them in the performance of their duties
6. Must not act in a manner that may damage or undermine the reputation of the organisation or the staff and must not take part in an activity which is in conflict with the organisations objectives
7. Must make decisions together and take joint responsibility for those decisions. Where one Board member or small group of members is authorised to speak or take action on behalf of the organisation, it is a matter for all members to decide together. This decision needs to be recorded in a written format.

8. Who sit on a Board as a representative of another group/s must accept that their sole responsibility is to the organisation where they serve as a Board member and not to their nominated group or body.
9. Must formulate and review regularly the organisation's vision, values and long-term strategy as well as policies
10. Must, with the help of the chief executive and professional advisors, ensure that the organisation complies with all legal requirements and that they exercise overall control over the organisation's financial affairs
11. Must be familiar with and regularly review the rules and constitution of the organisation. Any changes must be made in accordance with legal requirements
12. Must strive to attend all meetings regularly, ensuring they are familiar with the issues to be discussed, enabling them to contribute appropriately and effectively
13. Must aim to predict and avoid any conflict of interest. Where any conflict of interest does arise, the member must at once declare an interest and absent him/herself from the discussion or vote
14. Must ensure that any confidential information or material provided or discussed at the meetings, remain confidential and only within the scope of the meeting
15. Must ensure that the Board is properly constituted, balanced and competent. This includes clear procedures for selection, election (including office-holders), training and if necessary removal.

Relevant resources available from the Management Support Unit (MSU)

- **MSU Information Sheet No 3** Roles and Responsibilities of office bearers and general members of Boards of Management of Incorporated Associations (Free)
- **MSU Information Sheet No 4** A Code of Conduct for Executive Officers of Voluntary Organisations (Free)
- **MSU Information Sheet No 6** Ensuring a productive relationship between Board Members and the Executive Officer (Free)
- Fishel, D. *The Book of the Board – Effective Governance for Non-profit Organisations* 2003 Federation Press (Loan)
- NSW Health *Corporate Governance and Accountability in Health – better practice reference guide* 2002 (Loan)

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