



## Management Support Unit

### Good Governance and Partnerships: Information Sheet 22

This information sheet explores some of the issues that need to be addressed for the effective governance of formal partnership arrangements between non-profit organisations and outlines possible risks.

#### **Principles for Good Governance**

Co-operation and collaboration is a natural impetus within the not for profit community sector [the sector] and in recent times there has been much debate about the advantages and drawbacks; the challenges and constraints and the risks and opportunities inherent in more formal shared service arrangements – as well as the key practice considerations that need to be taken into account.

A central issue that needs to be addressed when embarking on a partnership agreement is to ensure proper attention to good governance. While factors such as developing trust and relationships and ensuring effective project management are central to the success of a partnership agreement, without careful attention to governance issues, partnerships are destined to fail and may even eventuate in some serious legal ramifications for the organisations concerned.

The Institute on Governance in Canada defines governance as ‘the process whereby power is exercised, decisions are made, citizens or stakeholders are given voice and account is rendered on important decisions’ (Edgar et al, 2006, 4). The Institute defines five good governance principles to be followed that are relevant to governance of non-profit organisations in general and to partnerships between them:

1. **Legitimacy and Voice:** All stakeholders should have a voice in the decision-making process and good governance dictates a consensus orientation which mediates differing interests to reach a consensus of what is in the best interests of the group.
2. **Direction:** The decision-makers hold responsibility for strategic vision and a broad perspective on good governance.
3. **Performance:** The decision-makers are responsive to the interests of all stakeholders and work in effective and efficient ways that produce results within available resources.
4. **Accountability:** Decision-makers are accountable to the public as well as to institutional stakeholders, and transparency is built into the flow of information.
5. **Fairness:** Decisions are executed with equity and within the legal frameworks.

These principles provide an ethical framework within which partnership arrangements can be negotiated.

## **Good Governance for Effective Partnerships**

What then are the specific issues that need to be addressed if the governance of the partnership is to be effective? In essence paying attention to governance matters ensures that creative partnerships can go ahead while possible risks are anticipated, assessed and minimised.

### **1. Leadership and Strategic Planning**

The Board members of all the participating organisations are responsible for developing a strategic vision for the partnership and setting the goals. The principles and values that underpin the partnership need to be clearly defined.

### **2. Legal Responsibilities**

The Board is aware of and takes responsibility for the legal obligations incurred by the partnership agreement. These may include contractual obligations such as

service agreements entered into with government authorities. Other legal responsibilities relate to leases, contracts, property purchases, occupational health and safety, privacy, pending litigation faced by partners, intellectual property, form of incorporation and concomitant responsibilities, employment and industrial relations obligations and fundraising legislation. Special care needs to be taken with respect to the legal implications of the proposed partnership agreement.

### **3. Financial Responsibilities**

The Board is responsible for ensuring that a thorough assessment of the financial health of partner agencies is conducted and the viability of the partnership, when the contribution of each partner is taken into account. This assessment includes accounting practices, financial management policies, details of all accounts and investments, audited accounts, tax returns, budgets, capital expenditure, bank statements, liabilities, asset register, superannuation payments and insurance policies.

### **4. Governance**

The Board should review the proposed partners' governance policies, their strategic plan, annual reports, constitution, copies of minutes of the Annual and Special General Meetings, Board minutes and voting processes.

### **5. Management and Operations**

In order to assess the feasibility of the partnership, the current management and operations of the proposed partner need to be assessed, including the operational plan, workplans, management reports to the Board, complaints and grievances pending as well as information about quality improvement processes. Part of the management review includes the review of human resources management including salaries, conditions, awards or workplace agreements, all operational policies, payroll reports and sick leave reports.

## **6. Information and Communications Technology (ICT)**

Before entering a partnership, the ICT processes and capacity of the proposed partner require assessment – issues include the adequacy of the server, the number of PCs in relation to staff, security/privacy of information, knowledge management systems, databases and other software used and backup systems.

### **Look before you leap!**

The amount of work that is required to ensure an effective partnership, and its proper governance, can seem overwhelming. However, there are no short cuts and careful attention to governance processes at the outset can both prevent serious issues from arising down the track and pre-empt problems so that the partnership arrangement can progress smoothly. A stitch in time...It certainly makes sense to do the preparatory work up front before embarking on a partnership agreement.

Of course, once the partnership is established, good governance of the project itself is essential and the agreement needs to state clearly which body carries responsibility for this function and how.

## **References**

Partnerships in Practice – Theories, Management and Politics, February 2009, Centre for Public Policy, University of Melbourne,

[http://www.public-policy.unimelb.edu.au/events/partnerships\\_in\\_practice.html](http://www.public-policy.unimelb.edu.au/events/partnerships_in_practice.html)

Shared Services in the NGO Sector, November 2008, NCOSS Seminar,

<http://www.ncoss.org.au/content/view/1498/111/>

Edgar, L; Marshall, C and Basset, M, Partnerships: Putting Good Governance Principles in Practice, August 2006, Institute on Governance, Ottawa, Canada

[http://www.ioq.ca/publications/2006\\_partnerships.pdf](http://www.ioq.ca/publications/2006_partnerships.pdf)

(This resource includes a 'Good Governance Principles Based Tool for Assessing Partnerships, 8 – 9).

## Resources for Developing Partnerships

### Australian Resources

#### 1. NCOSS Website

##### Memorandum of Understanding

Sample MOU that may be helpful: [http://www.ncoss.org.au/hot/docs-early-intervention-program/eip\\_model\\_mou.pdf](http://www.ncoss.org.au/hot/docs-early-intervention-program/eip_model_mou.pdf)

##### NCOSS Partnerships kit

<http://www.ncoss.org.au/resources/080801-formalising-partnerships-resource-kit.pdf>

##### The Ins and Outs of Community and Business Partnership Programs

<http://www.ncoss.org.au/bookshelf/conference/download/welfare/skinner.rtf>

Helen Backhouse, Industry Assistance Strategies for the Community Services Sector in the Illawarra Region

<http://www.ncoss.org.au/bookshelf/conference/download/welfare/skinner.rtf>

#### 2. Queensland Dept of Communities website

Assessing the Potential for Collaboration.

<http://www.qld.gov.au/ngo/networks/collaboration/assessing-potential.html>

This Department of Communities, Queensland Government website includes links to the following tools:

[Collaborative ventures: costs and benefits](#)

[Collaborative ventures: risk assessment](#)

[Collaborative ventures: assessing and selecting partners](#)

The above resources are produced by Management Support Online

[www.managementsupportonline.com.au](http://www.managementsupportonline.com.au) and are available free of charge from that website.

#### 3. QCOSS Community Door

[www.communitydoor.org.au](http://www.communitydoor.org.au)

#### 4. Department of Community Services

[DOCS Partnerships process](#)

<http://www.ncoss.org.au/hot/docs-early-intervention-program/docs-eip.html>

#### 5. Community Builders

Renewal.net: Toolkit: How to Build a Partnership

[http://www.communitybuilders.nsw.gov.au/getting\\_organised/setting\\_up/hbp.html](http://www.communitybuilders.nsw.gov.au/getting_organised/setting_up/hbp.html)

6. Partnerships in Practice 2006, Key success factors for Partnerships, Lesley Cook (on the website of the Nepean, Cumberland, Blacktown and The Hills Service Network Project.  
[http://www.servicenetwork.ngo.net.au/index2.php?option=com\\_docman&task=doc\\_view&gid=282&Itemid=32](http://www.servicenetwork.ngo.net.au/index2.php?option=com_docman&task=doc_view&gid=282&Itemid=32)

Churchill Fellowship Report, Lesley Cook, Partnerships in Practice

<http://www.churchilltrust.com.au/content.php?id=151>

### International Resources

Improvement and Development agency, UK (Look under Networking, then partnerships)  
<http://www.idea.gov.uk/idk/forum/thread-maint.do?topicId=8910104>

### The Community Toolbox

<http://ctb.ku.edu/en/>

Partnerships: [http://ctb.ku.edu/en/dothework/tools\\_tk\\_1.htm](http://ctb.ku.edu/en/dothework/tools_tk_1.htm)

East Leeds Primary Care Trust, Partnerships Self-Assessment Toolkit: A Practical Guide to Creating and Maintaining Successful Partnerships

[www.neighbourhood.gov.uk/displaypagedoc.asp?id=876](http://www.neighbourhood.gov.uk/displaypagedoc.asp?id=876)