

**CORPORATE GOVERNANCE HANDBOOK**

**FOR**

**HOBART CITY MISSION**

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## CHAPTER 1 - INTRODUCTION

### 1.1 OVERVIEW OF CORPORATE GOVERNANCE AND MONITORING

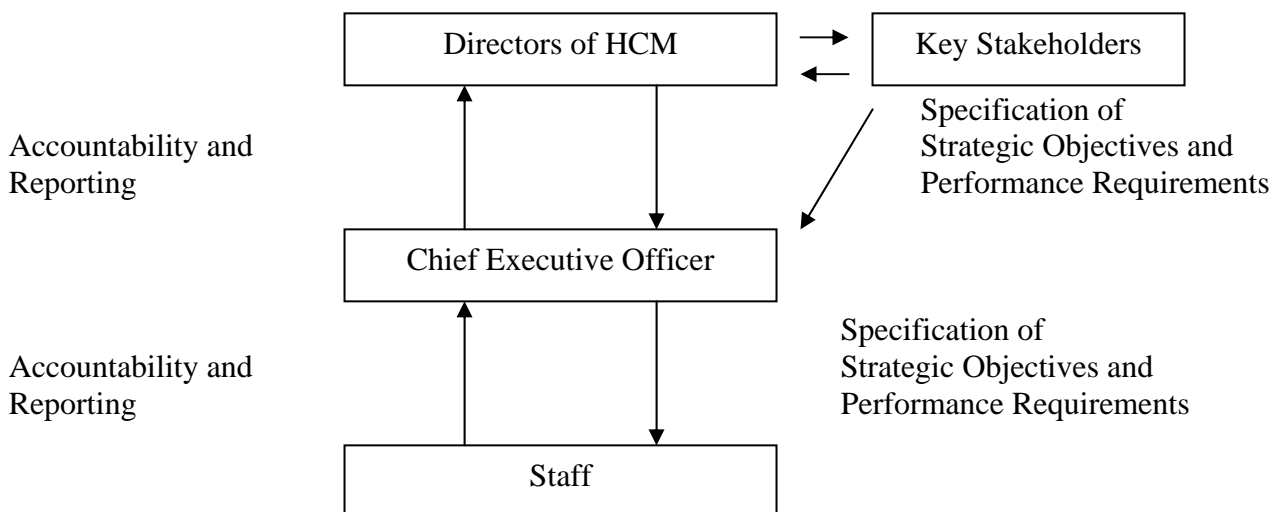
Corporate governance is the system by which enterprises and Incorporated Associations such as the Hobart City Mission (HCM) are directed and controlled. Under the HCM's Constitution and Articles of Association, the shareholders appoint a Board of Directors which is responsible for both the achievement of the Association's corporate objectives as well as the governance of the enterprise and the achievement of an adequate return on assets invested.

Under HCM's Constitution, it is the responsibility of the Board to:

- be results oriented.  
*This involves the Board making the best use of resources by operating efficiently and effectively.*
- be ethical in its operations and dealings and act with the highest standards of probity.  
*This involves the Board approving ethical standards for HCM and monitoring the implementation of those standards*
- be adaptable to change.  
*The Board is expected to ensure that HCM maximises any advantage, or minimises the impact of any change, with a focus on strategic issues.*
- keep the relevant stakeholders and Government Authorities informed.  
*Key stakeholders need to be kept informed with respect to business operations, achievement of performance targets, operational or policy issues and major customer and environmental issues.*

The Board of a HCM is expected to ensure that management runs HCM in the interests of its members and complies with the various laws which impact on its operations.

**Figure 1 - An Overview of Accountability Framework of HCM**



## **1.2 ROLE OF THE HCM BOARD**

The Board is accountable under the HCM Constitution for its performance. The HCM Constitution makes it clear that the Board is responsible for ensuring:

- that the business and affairs of HCM are managed and conducted in a manner that is in accordance with sound commercial practice;
- HCM achieves its objectives as specified in the HCM Constitution, or any other relevant Act, and the Corporate Plan of HCM; and
- advising Key Stakeholders and relevant Government Authorities of any developments significantly affecting the HCM's operations.

## **1.3 ROLE OF THE CHIEF EXECUTIVE OFFICER (CEO)**

The Chief Executive Officer (CEO) , is responsible to the HCM Board for the general administration and management of the HCM.

The CEO is responsible for:

- conducting the day-to-day operations of HCM in accordance with the Constitution of HCM, policies set by the HCM Board and legislative requirements;
- advising the Board on a regular basis, on the operating and financial performance of the HCM;
- advising the Board immediately of any development which is likely to seriously impact upon the operations of the HCM; and
- assisting the Board with the development and implementation of its Corporate Strategy and Operating Policies.

In essence, the role of the CEO is to manage the day-to-day operations of the HCM and to implement the broad objectives and guidelines established by the Board.

## **CHAPTER 2 - GUIDELINES FOR THE HCM BOARD**

### **2.1 OVERVIEW OF THE CORPORATE GOVERNANCE FRAMEWORK**

The Australian Institute of Company Directors (AICD) states that the essential functions of corporate governance includes:

- *the process of defining and monitoring the strategic direction of the enterprise;*
- *defining policies and procedures to ensure the enterprise operates within the legal and social requirements of the operating environment;*
- *establishing control and accountability systems within the enterprise's operations to conform to the legal requirements and the expectations of shareholders and other stakeholders;*
- *driving the performance of the enterprise;*
- *reviewing and monitoring the management and the performance of the enterprise; and*
- *developing a learning environment with an emphasis on innovation.*

### **2.2 THE DUTIES OF THE BOARD**

As referred to in 1.2 above, the Board of the HCM is responsible for ensuring:

- the business and affairs of HCM are managed and conducted in a manner that is in accordance with sound commercial practice;
- HCM performs its required functions; and
- HCM achieves its objectives as specified in the Constitution, or any other relevant Act, and the Corporate Plan of the HCM.

To fulfill these responsibilities, the Board must be actively involved in:

- setting strategic directions;
- securing and continually monitoring organisational performance;
- ensuring compliance with statutory requirements; and
- managing risk.

## 2.3 SETTING STRATEGIC DIRECTIONS

The Board sets the strategic direction of HCM by undertaking a process of strategy formulation. The AICD recommends that this process might include:

- *an analysis of the strategic environment facing the enterprise:*
  - *the political, social and technological context;*
  - *the competitive situation in the industry; and*
  - *the customer market position, viewed over the strategic horizon of the particular enterprise and industry;*
- *the consideration of the core competencies, strengths and weaknesses of the enterprise;*
- *a review of existing strategies, questioning the inherent assumptions, provision and additional strategic intelligence;*
- *the generation and evaluation of alternative strategies;*
- *the refinement of those strategic options and strategic decision-making;*
- *the reflection of the strategy in investment and the review of business plans.*

In setting strategies for HCM, the Board also needs to take into account:

- current Government policies on Charities, Welfare and other ‘not for profit’ organisational funding;
- the HCM’s current internal environment, to ensure that strategies developed enable the enterprise to adapt to changes in its external environment; and
- the long-term objectives of HCM, namely income generation and the efficient use of income resources in satisfying the Missions community obligations.

## 2.4 SECURING AND CONTINUALLY MONITORING ORGANISATIONAL PERFORMANCE

The National Competition Policy Review stressed that the Board’s key role is “to ensure that corporate management is continuously and effectively striving for above-average performance, taking account of risk”. This process includes:

- setting relevant performance targets for HCM, with a commitment towards achieving/improving commercial performance levels and, wherever possible, external benchmarks should be identified which are relevant to the HCM market niche;
- reviewing the performance of HCM on a regular basis using statutory and other reports, such as internal management reports;

- reviewing the performance of the CEO and senior management; and
- protecting the long-term viability of HCM by monitoring and continually refining the system of internal controls, liability management practices and solvency level.

## **2.5 ENSURING COMPLIANCE WITH STATUTORY REQUIREMENTS**

The Board should ensure compliance with all statutory requirements. These statutory requirements may include:

- the *Associations Incorporation Act 1964*;
- the *Freedom of Information Act 1991* and the *Privacy Act* ; and
- any other legislation affecting the HCM, such as the *Trade Practices Act*, *Income Tax Assessment Act* and the *Corporations Law* so far as they are applicable.

## **2.6 MANAGING RISK**

The Board should ensure that there are systems in place to monitor and flag areas requiring corrective action in respect of major risks to which the HCM is exposed:

- *general risks*, such as the competition risk, risks associated with long term contracts and the risks associated with customers and suppliers;
- *operational risks*, such as the risks associated with HCM's physical environment;
- *financial risks*, such as those associated with managing HCM's liquidity and liabilities, including contingent liabilities;
- *technological risks*, such as the risk of system breakdown and system obsolescence; and
- *external risks* associated with HCM operating environment and community responsibilities, including the risks associated with the changes in the economy and government policy.

## **CHAPTER 3 - BEST PRACTICE GUIDELINES FOR THE HCM BOARD**

### **3.1 THE ROLE OF THE HCM CHAIRMAN**

Although the Chairman does not have any more onerous legal responsibilities than the other Directors, it is expected that the Chairman will contribute more time to Board activities than the other Directors. It is also expected that the Chairman will be responsible for the overall functioning of the Board and raise with other Board Members and Stakeholders issues affecting HCM. The AICD recommends that the Chairman:

- *be the Director primarily responsible for the direction and effectiveness of the Board;*
- *chair Board meetings in a manner which result in a consensus and commitment to Board decisions;*
- *ensure that the Board as a whole performs effectively;*
- *ensure the timely and accurate dissemination of information to Board members;*
- *advise and counsel Board members; and*
- *act as a link between the Board and senior management between meetings.*

### **3.2 QUALITIES/SKILLS EXERCISED BY DIRECTORS**

To discharge their legal responsibilities, the AICD recommends that Directors need to look:

- *outwards beyond the enterprise, seeing the enterprise in its competitive, commercial context; and*
- *inwards at the enterprise.*

To do this, it is crucial Directors possess the appropriate level of knowledge and skills in relation to:

- their legal responsibilities;
- the internal organisation of HCM;
- Government legislation affecting HCM;
- the current economic environment of HCM;
- the current policies, strategic directions and financial performance of HCM;
- any significant issues currently being considered by the Board; and
- future events which may affect the HCM.

The type of information that should be provided to new Directors will vary according to the previous experience of that Director, as shown in Figure 2. The type of information that is provided to new Directors will also vary from the information that is provided to existing Directors.

**Figure 2 - Recommended Information to be provided to New Directors**

<b>Previous Experience of New Director</b>	<b>Information Provided</b>
None or little previous experience as a Director	<ul style="list-style-type: none"> <li>• Briefing material on Board responsibilities, legislative requirements, general economic environment and HCM specific information.</li> <li>• Training courses in the legal responsibilities of a Director and other areas as required depending upon the Director’s area of expertise.</li> </ul>
Previous experience on a private sector Board	<ul style="list-style-type: none"> <li>• Information specific to HCM and the legislative requirements of the HCM.</li> </ul>
Previous experience as a senior manager	<ul style="list-style-type: none"> <li>• Focus on Board responsibilities and HCM specific information if new Director has come from outside HCM.</li> <li>• Training courses in the legal responsibilities of a Director and other areas as required depending upon the Director’s area of expertise.</li> </ul>

It is also important for existing Directors to be continually supported with access to relevant educational material and articles so as to adequately discharge their legal responsibilities and be responsive to changes occurring which impact on the HCM. Information provided should include:

- current issues facing the HCM;
- changes in Government policy, such as competition policy and industry specific policy;
- changes in the external environment, such as market conditions and the actions of competitors;
- the legal responsibilities of each Board member; and
- the financial and operational performance of the HCM.

### **3.3 THE RELATIONSHIP BETWEEN THE HCM BOARD AND SENIOR MANAGEMENT**

The Board must remain independent of management, whilst at the same time having access to necessary resources and information to allow the Board to effectively govern the HCM. The majority of the Board should be independent of senior management. Independence of individual Directors may be compromised if the Director:

- has been or is a CEO, senior manager or internal auditor of the HCM;
- has been a business adviser to HCM; or
- has had any other relationship with the HCM, such as a significant customer or supplier.

The Chief Executive Officer must provide the Chairman with the necessary information for Board meetings allowing a reasonable time before each Board meeting so that the information can be disseminated to the Board. This will enable the Board to make informed decisions on the organisational performance of HCM and future actions, including corrective measures, which may need to be taken.

### **3.4 THE ROLE OF THE CEO AS A DIRECTOR**

The CEO has a special responsibility to inform the Board on issues where the CEO has special and relevant knowledge. Given the extensive knowledge and experience that a CEO brings to an organisation it is expected that a CEO will play an important role in making recommendations in areas such as setting controls, managing risks and the development of future strategies. However, whilst the CEO plays a vital role, it is important that at all times the Board retains effective control over the HCM and is guided but not driven by the actions and advice of the CEO. This can be achieved by the Board:

- adequately questioning the decisions and recommendations of the CEO and senior management; and
- seeking independent advice on important matters for consideration at Board meetings.

### **3.5 PARTICIPATION BY DIRECTORS**

Board members should aim to attend all meetings of the Board and of any Committees on which the Board member is placed. Board members should ensure that they prepare adequately for meetings by obtaining and reviewing, before each meeting, information on:

- regular agenda items such as financial performance, risk assessments, and compliance with statutory requirements; and

- additional agenda items, such as external auditor reviews, external events affecting HCM and recent changes in Government policy that could materially affect the performance of HCM.

The CEO must provide the Chairman with information relevant to each meeting and alert the Chairman to all important issues affecting HCM. There may be circumstances in which the Board needs to seek additional, and/or independent, information and advice regarding agenda items. In such cases, the Board should be entitled to be reimbursed for expenses incurred in seeking such information.

The following table summarises the preceding text in relation to best practice for the Board and the CEO.

**Figure 3 - Summary of Best Practice Guidelines**

<b>Guidelines for the Chairman</b>	<p>The Chairman should:</p> <ul style="list-style-type: none"> <li>• have an extensive knowledge of all aspects of HCM;</li> <li>• be independent of senior management;</li> <li>• review Board membership and succession planning; and</li> <li>• raise material issues affecting HCM with other Board Members and key Stakeholders.</li> </ul>
<b>Guidelines for Directors</b>	<p>Directors should:</p> <ul style="list-style-type: none"> <li>• ensure they have and maintain adequate knowledge of their legal responsibilities the HCM’s internal organisation and operating performance, Government policy and future issues likely to affect HCM;</li> <li>• ensure that the majority of the Board is effectively independent of senior management;</li> <li>• not be “captured” by HCM management;</li> <li>• attend all of Board meetings;</li> <li>• prepare adequately for Board meetings; and</li> <li>• obtain independent information and advice where necessary.</li> </ul>
<b>Guidelines for the CEO</b>	<p>The CEO should:</p> <ul style="list-style-type: none"> <li>• make recommendations for the setting of controls, managing risks and the development of future strategies;</li> <li>• provide the Board with information relevant to the agenda of each Board meeting; and</li> <li>• alert the Board of important issues affecting HCM on a timely basis.</li> </ul>

### **3.6 HCM BOARD AND CEO PERFORMANCE**

The National Competition Policy Review stressed that the Board's key role "is to ensure that corporate management is continuously and effectively striving for above-average performance, taking account of risk". To adequately fulfill this role, it is necessary for the Board to review the performance of each Board member and the CEO on a regular basis. A number of methods for reviewing a Board's performance have been proposed. The AICD Working Group on Corporate Practice and Conduct, suggests that, regardless of processes chosen by a Board, there are four key issues which should be fundamental to a review:

1. Do the members understand and agree on the key functions of the Board?
2. Are those functions being properly performed and is sufficient time being allocated to them?
3. Have the most essential objectives been agreed and are they being achieved?
4. Can the Board's administrative and operative arrangements be improved?

## **CHAPTER 4 LEGAL REQUIREMENTS OF BOARDS AND DIRECTORS**

### **4.1 COMMON LAW FIDUCIARY DUTY OF CARE**

Directors, both executive and non-executive, have a common law responsibility to exercise an appropriate level of due care and diligence. Executive directors are those holding management positions in HCM of which they are also a Board member, whereas non-executive directors do not hold management positions in HCM.

The exact nature of this duty of care has been reaffirmed in court cases involving duties of Directors, such as *AWA v Daniels (1992)* and *Commonwealth Bank v Friedrich and Ors (1991)*. The judgments in these and related cases reaffirm that Directors have a duty to:

- take a diligent interest in the affairs of the corporation;
- obtain a general understanding of the business of the organisation;
- obtain all information necessary, from both senior management of the organisation and internal and external auditors, to make an informed decision on all matters that come to the Board's attention, including the organisation's financial capacity; and
- in the case of non-executive Directors, have the capacity to make an independent assessment on the organisation's financial capacity.

What this means, in essence, is that it is no longer appropriate to take at face value information provided by management. Poor corporate performance should be the main contemporary concern of the Board's activity.

### **4.2 STATUTORY DUTIES UNDER THE HCM CONSTITUTION**

Under the HCM Constitution, the Board consists of up to 5 officers and between 5 and 9 general members. The Board is responsible for:

1. controlling and managing the business and affairs of HCM;
2. exercising all such powers and functions as may be exercised by HCM under its Constitution, other than those powers and functions that are required to be exercised by general meetings of members of HCM;
3. complying with the Incorporated Associations Act, Corporations Law and the HCM Constitution in performing the function it considers to be essential for the proper management of the business and affairs of HCM.

## **CHAPTER 5 TERMS AND CONDITIONS FOR APPOINTMENT OF DIRECTORS**

### **5.1 APPOINTMENT OF MEMBERS OF THE HCM BOARD**

A Director of the HCM Board, once appointed, enters into a contract detailing the conditions of the appointment including remuneration, if any, and the term of the appointment which should not exceed four years. It is usual practice for the Director to be eligible for reappointment unless he/she attains 72 years of age prior to the completion of the next term of office.

### **5.2 OTHER BENEFITS**

From time-to-time other costs incurred by Directors, such as travel or accommodation expenses occasioned undertaking HCM Board activities, would normally be booked and paid for directly by the HCM.

### **5.3 CONFLICT OF INTEREST**

The HCM Constitution aims to ensure that there is proper disclosure of circumstances which may involve a Director in a conflict of interest. Each Director must make a preliminary general disclosure of financial interests, directorships and other offices. In addition, a Director must ensure that the Board is aware of any interest which a Director may have in a matter which the Board is to consider.

The Board should as good practice maintain registers of actual and potential conflicts of interest which may affect a person's capacity to fulfill his or her responsibilities as a Director, and in particular, their ability to make an independent decision on matters brought before the Board.

### **5.4 VACATION OF OFFICE OF DIRECTORS OF THE BOARD**

Under the HCM Constitution, the office of an officer of the Association or the office of an ordinary Board member becomes vacant if the officer or Board member:

- a) dies; or
- b) becomes bankrupt or applies to take or takes advantage of any law relating to bankrupt or insolvent debtors or compounds with his creditors or makes any assignment of his estate for their benefits; or
- c) becomes of unsound mind; or
- d) resigns his office in writing under his hand addressed to the Board; or
- e) ceases to be resident in the State; or

- f) an officer or Board member who fails to attend more than four consecutive meetings of the Board and has not been granted leave by the Board shall be asked to supply reasons for his or her absence and if such reasons are unacceptable to the Board and/or the members fail to attend the two meetings immediately following, he or she shall be excluded as an officer or member of the Board; or
- g) ceases to be a member of the Association;

## **CHAPTER 6 BOARD COMMITTEES**

### **6.1 INTRODUCTION**

The AICD states that Committees offer many benefits, including:

- allowing directors to examine issues in a concerted manner, ensuring that the subject will get proper attention;
- reducing the workload of the whole Board;
- bridging gaps of information or process;
- giving the opportunity to source specialist skills from outsiders;
- being a method for managing conflicts;
- providing support to the CEO; and
- spreading the risk of error in process or outcome.

### **6.2 RECOMMENDED COMMITTEES FOR HCM BOARD**

The HCM Constitution allows the HCM Board to nominate members and officers of the Board certain powers, duties and functions to be exercised jointly in the form of the Committees. It is appropriate for the HCM Board to establish the following Committees.

- the Investment and Property Management Committee; and
- the Communications, Infrastructure and Governance Committee;

The Constitution of each Committee should be determined by the Board with the Board being the sole authority for the appointment to and removal of members from a Committee. Each Committee should constitute mainly by voting Board members with the President of the Board as a non-voting chairperson and the Chief Executive Officer to the Board as a non-voting executive member.

The quorum for all Committee meetings of the Board should be four persons, three of whom must be voting members.

### 6.3 CONSTITUTION OF BOARD COMMITTEES

The following table specifies the recommended Constitution of each Committee, which constitution may be altered by resolution passed at any ordinary or special meeting of the Board:

**Figure 3 – Recommended Constitution of each Committee**

	<b>Investment and Property Management Committee</b>	<b>Communications, Infrastructure and Governance Committee</b>
<b>Chairperson and Voting Member</b>	(Normally the Chair of the Board)	(Normally the Chair of the Board)
<b>Other Voting Members (4 positions)</b>	(1) (2) (3) (4)	(1) (2) (3) (4)
<b>Non Voting Executive Members</b>	CEO	CEO
<b>Quorum of Members</b>	4	4

### 6.4 DUTIES OF BOARD COMMITTEES

All acts or things done by a Committee on the performance of its functions and duties should be made pursuant to an Instrument of Delegation and deemed to have been done by the Board.

Where a Committee is not satisfied that it is able to exercise the right of delegation, the Committee shall refer the question back to the full Board for determination.

All Committees should maintain minutes of meetings held and report details of any performance or exercise of such functions and powers to the first available meeting of the Board.

Committee members are required to adhere to the following fiduciary principles and standards when exercising their duties;

- to act honestly in all matters concerning the Fund;
- observe the terms of the HCM Constitution and carry out their duties as required by the Constitution;
- to act impartially and equitably;
- to ensure that their duties and powers are exercised in the best interest of HCM;
- to keep and maintain accurate accounting and administrative records that enable the HCM to prepare all accounts, statements and returns in line with standards required by the Australian Taxation Office, the HCM Constitution and other relevant statutory requirements
- are required to exercise the same degree of skill, care and diligence that a prudent person would exercise; and

- not to profit from their position as a Committee member and are to avoid real and apparent conflicts of interest in the exercise of their powers and duties.

## 6.5 RECOMMENDED OBJECTIVES FOR BOARD COMMITTEES

The recommended objective for each Committee is summarised below:

- a. The Investment and Property Management Committee;  
The objective of the Committee is to make a positive contribution to the investment and property returns of HCM through timely and appropriate investment and property management decisions.
- b. The Communications, Infrastructure and Governance Committee;  
The objective of the Committee is to ensure that administrative issues (including marketing and communication, technology and infrastructure, (including audit, risk management and governance issues) are adequately monitored and directed, thereby increasing the business information available to the Board for strategic planning and decision making.

The Committees should establish systems and processes designed to ensure that the Board undertakes the following functions in the management and control of the HCM;

- Exercise director responsibility over the management and control of the HCM.
- Ensure that adequate reporting and control mechanisms are established in order to demonstrate that the Board's operations are being conducted in accordance with HCM's strategic and operational objectives, policy, pertinent laws and regulations.

The Committees are to increase the effectiveness and efficiency of the Board's total operations by ensuring that the decision making processes are focused on the deployment of resources and strategies which best deliver outcomes consistent with the policies fo the Board and relevant stakeholders.

## **CHAPTER 7 CORPORATE PLANS**

### **7.1 INTRODUCTION**

Corporate planning is the most important part of corporate governance. The Corporate Plan identifies and forecasts the objectives, business and operating environment and performance goals of HCM and sets benchmarks against which actual performance can be compared. Corporate planning also aims to identify and manage any risks associated with a HCM's business environment.

The HCM Board should prepare a Corporate Plan. A Corporate Plan covering a minimum 5 year period must include the Statement of Corporate Intent, the main undertakings of HCM, financial information and budget, cash flow and investment estimates. Comparative data is required relating to the financial year during which the Corporate Plan is prepared, the previous financial year and a minimum of three forecasted years. The Statement of Corporate Intent is the summary of the Corporate Plan, which should be published in the Annual Report each year.

### **7.2 RESPONSIBILITY OF THE BOARD**

The Board's responsibility is to approve a Corporate Strategy (5 years) and a Business Plan for each year. The Board may delegate this responsibility to the CEO of the HCM. However, it is the Board that is ultimately accountable for compliance with the corporate planning requirements of HCM.

When preparing the draft Corporate Plan, the Board should consult with:

- the Key External Stakeholders in relation to interests as a whole and the long term objectives of the HCM; and
- sponsors, the CEO and senior staff in relation to financial performance objectives.

### **7.3 RESPONSIBILITY OF THE CEO**

The responsibility of the CEO of HCM is to assist the Board in preparing the Corporate Plan. This responsibility includes the provision of information in all areas of HCM activities.

## **CHAPTER 8 FINANCIAL AFFAIRS**

### **8.1 INTRODUCTION**

HCM should have prudent investment, audit and accounting policies to minimise any financial risks inherent in the market in which HCM operates. The Board should discuss and agree on an Audit Programme with HCM's external Auditor.

It is the responsibility of the Board to establish investment, budgeting and accounting objectives which form the framework and set the overall targets from which investment and budgeting strategies are developed. In addition, it is the responsibility of the Board to monitor the HCM's compliance with established investment policies and regularly assess the continued appropriateness of the policies.

### **8.2 PERFORMANCE REPORTING**

Monitoring performance is achieved by HCM providing regular performance reports against agreed performance indicators.

The Board of HCM should prepare half yearly performance reports.

In preparing half yearly performance reports, it is the responsibility of the Board to:

- review trends in the financial performance of the HCM;
- seek information from the CEO where the actual financial performance of HCM differs materially (at least ten per cent) from budgeted levels, including reasons for the changes in financial performance, any action taken or that will be taken in the future and the long-term effects of any changes in financial performance; and
- include in the quarterly performance report any future events which are expected to impact on the future operations of HCM, such as industry competition, economic trends and legislation review programs affecting HCM and, if possible, information on the magnitude of the impact and the likelihood of the change occurring;

### **8.3 FINANCIAL STATEMENTS**

Financial Statements are a necessary source of information for monitoring the financial performance of HCM. Financial statements include an operating statement, a statement of financial position and a statement of cash flows.

The financial statements should include:

- a profit and loss statement;
- a balance sheet;
- a cash flow statement;

- statements, reports and notes, attached to, or intended to be read in conjunction with, the financial statements; and
- a statement of compliance;

The Board should prepare full Financial Statements for inclusion in the Annual Report as well as a set of Statements mid financial year.

## 8.4 ANNUAL REPORTS

The HCM annual report contains the achievements and financial results of HCM during the financial year to which the report relates. The annual report should be finalised within five months after the end of the financial year.

In addition to the normal disclosure requirements the Board can report additional information in the HCM's annual report. Such additional information could include:

- highlights of the financial year to which the annual report relates, including any developments in financial performance, customer relations and other information;
- an overview of the financial year to which the annual report relates, written by the Chairman of the HCM;
- an overview of the key operational areas of HCM;
- a five year summary, containing key elements of the balance sheet, profit and loss statement and cash flow statement as well as a statement of key performance indicators (including financial and non-financial performance indicators), both in tabular and graphical form;
- forward projections for key performance objectives beyond the subsequent financial year to which the annual report relates, and non-financial performance measures relating to the efficiency and effectiveness of HCM's operations, for example staff turnover and accident free work days;
- any information relating to activities of the Board of HCM, such as Corporate Governance Practices followed by HCM, Board composition, types of Board committees and activities of each Board committee and number of attendances of HCM Board and each Board committee;
- information relating to the employees of the HCM; and
- any other information which the Board wishes to include in HCM's annual report.

Notwithstanding that the Board may delegate the preparation of the annual report to the CEO, the Board remains responsible for the preparation of the annual report and the accuracy of the information contained in the annual report. This is emphasised by the Statement of Compliance which must be signed and dated by two Board members.