

PHILANTHROPY AUSTRALIA GOVERNANCE MANUAL

(Based on May 2002 Philanthropy Australia Constitution)

May, 2007

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GOVERNANCE MANUAL

INTRODUCTION

The Incorporated Associates Act of Victoria clearly holds councillors responsible for the performance of the Association that they govern. Being a councillor is a role that no councillor can take lightly.

Each organisation must establish a governance charter that recognises the statutory responsibilities of the Council, how the Council will relate to management, what will be delegated (and monitored and controlled) and how the Council will influence the future strategic direction of the organisation.

This Manual is intended to provide guidance to the Council Members of Philanthropy Australia.

Corporate governance is a continually evolving subject that will necessitate regular updating of this document to ensure it remains current.

This Manual should be read in conjunction with the Constitution.

CORPORATE STRUCTURE AND MEMBERSHIP

Philanthropy Australia (PA) is an incorporated association under the Victorian Associations Incorporation Act 1981.

It comprises financial members of four classes:

1. Leading Members – open to Full and Associate Members to support the Mission and Vision of Philanthropy Australia.
2. Full Member – open to persons whose philanthropic activities are primarily grant giving.
3. Associate Member – open to persons whose philanthropic activities are not primarily grant making.
4. Honorary Member – a person or body appointed at the discretion of Council.

CONSTITUTIONAL GOALS

The Constitution of Philanthropy Australia sets out its Objects as:

- (a) To act as a peak body of philanthropic donors
- (b) To consult with and represent the interests of philanthropic donors in Australia.
- (c) To educate and train philanthropic donors, organisations seeking grants from philanthropic donors and others.
- (d) To foster cooperation between philanthropic donors.
- (e) To encourage and facilitate exchange of information between members.
- (f) To improve communication and understanding between members of Philanthropy Australia and the community.
- (g) To advise philanthropic donors, organisations seeking grants from philanthropic donors and others.
- (h) To carry out research.
- (i) To prepare and disseminate information.

VISION

A giving and caring nation.

MISSION

To represent, grow and inspire an effective and robust philanthropic sector for the community.

PHILANTHROPY

The planned and structured giving of money, time, information, goods and services, influence and voice to improve the wellbeing of humanity and for community good.

PHILANTHROPIC SECTOR

Those who engage in philanthropy.

ABOUT PHILANTHROPY AUSTRALIA

Who we are:

Philanthropy Australia is the national peak body for philanthropy and is a non-profit membership organisation. Our members are trusts and foundations, families and individuals who want to make a difference through their own philanthropic giving and to encourage others to become philanthropists.

What we do:

Philanthropy Australia supports the philanthropic endeavour of our Members.

Philanthropy Australia:

- Represents philanthropists.
- Promotes the contribution of philanthropy by growing the understanding of the community, business and government.
- Inspires and supports new philanthropists.
- Provides information, resources and networking opportunities to increase the effectiveness of philanthropy.
- Promotes strong and transparent governance of the philanthropic sector.

Philanthropy Australia also provides information to those seeking to understand, partner and access the philanthropic sector.

Philanthropy Australia does not make grants of any kind, nor do we act on behalf of/for any specific individual or organisation.

COUNCIL AND OFFICE BEARERS

The Philanthropy Australia Constitution Statement of Purposes and Statement of Rules provides the Council:

- (a) Shall control and manage the business and affairs of Philanthropy Australia.
- (b) Shall comprise:
 - 5 office bearers, being:
 - President
 - Vice President
 - Treasurer
 - Immediate Past President
 - Chief Executive Officer
 - 6 ordinary Members;
 - 1 appointed Member,each person being a natural person and holding no more than one office.
- (c) Shall, in appointing Councillors and Bearers, be mindful of the skill sets required amongst councillors.

The immediate Past President may become an office bearer. If he or she accepts that position no later than one week after becoming the immediate Past President, the position maybe held until the next Annual General Meeting. Where there is no person occupying the position of Immediate Past President, the Council may appoint an “Appointed Member”.

Philanthropy Australia in General Meetings may by ordinary resolution remove any member of Council.

No member of the Council shall receive a fee for service but nothing shall prohibit the payment to a councillor for out-of-pocket expenses incurred by councillors in the performance of any duty as councillors of Philanthropy Australia, where the amount payable does not exceed an amount previously approved by the councillors of Philanthropy Australia.

No loans shall be made to any councillors or any entity with which a councillor holds office.

COUNCIL DUTIES

Council duties shall include:

- (a) To facilitate the development and implementation of longer term strategic initiatives to achieve the goals set.
- (b) To appoint, employ, dismiss or suspend the Chief Executive Officer and approve the conditions of employment, including salary, incentive payments and performance requirements, and conduct an annual review of the performance of the person so appointed.
- (c) To invest and deal with any moneys lodged.
- (d) To establish such committees as the Council thinks fit, with delegation of powers and/or functions as agreed by the Council.
- (e) To recommend the appointment of a properly qualified external auditor.
- (f) To approve the annual budget.
- (g) To set policies, including investment, marketing, distribution and governance policies.
- (h) To appoint councillors to casual vacancies, approve leave of absence and receive resignations.
- (i) To ensure compliance with statutory obligations and policy guidelines.

COUNCIL MEETINGS

A councillor may at any time request the President to summon a meeting of Council.

A quorum for a meeting shall be five members for a meeting of Council, two of whom shall be office bearers.

No business shall be transacted at any meeting of the Council unless a quorum of members is present at the time when the meeting proceeds to business.

AGENDA FOR MEETINGS

The President with assistance from the Chief Executive Officer is responsible for establishing the agenda for each meeting of Council. The CEO is responsible for the preparation and circulation of the Council papers at least five days prior to the meeting date.

Additional papers, requiring consideration or decision, may be tabled at the Council meeting only with the approval of that meeting.

Agenda items shall include:

- Confirmation of previous Meeting Minutes.
- Matters requiring Council approval.
- Chief Executive Officer's report.
- Reports or briefings by Council Committees.

MINUTES

Minutes shall be made for each meeting of Council and these shall include all appointments of officers, the names of councillors present at each meeting and details of all proceedings at all meetings of Philanthropy Australia and of the Council.

These Minutes, with all decisions recorded as formal resolutions, shall be confirmed at the next available Council meeting.

CONFLICT OF INTEREST

The Philanthropy Australia Constitution provides that councillors may make regulations requiring the disclosure of interests that a councillor, or any person deemed by the Council to be related to or associated with the councillor, may have in any matter concerning the Association and any regulations made under this article will bind all councillors.

On appointment, all new councillors shall advise Philanthropy Australia, in writing, of all other directorships, potential and present related party transactions, affiliations and any other interests that could affect their performances as councillors of Philanthropy Australia.

On a continuous disclosure basis, councillors will promptly advise Philanthropy Australia of any changes, as they occur. This information will be provided to all councillors at the next Council meeting.

At any time, in the conduct of the business of Philanthropy Australia, if any councillor considers a matter to present a potential conflict of interest, the councillor shall declare that

interest at the earliest opportunity, either to the Council or to the President. Subsequent involvement in the matter concerned shall be at the discretion of the Council.

PRESIDENT

The President manages the difficult tension of being the Council's servant and its leader, having been elected into this position.

The President will:

- a) Chair the Council's Meetings and the Governance Committee;
- b) Effectively lead Council and act as a facilitator of relationships within Council, ensuring Council's culture is in keeping with Philanthropy Australia's mission and objectives;
- c) Ensure that the Council's processes and actions are consistent with the Constitution and Policies of Philanthropy Australia;
- d) Set and manage the Council's business agenda, with support from the CEO;
- e) Promote constructive debate and encourage the frank expressions of views of all Councillors at Council meetings;
- f) Interpret a Council policy or policies to outside parties. All such interpretations shall reflect both the stated intent and spirit of the policy;
- g) Assist in the formation and good working of the Council's Committees and Working Groups;
- h) Prepare a President's Statement for the Annual Report and Philanthropy Australia Journal;
- i) Be the Council's Spokesperson. (Note: This is different from the role of Philanthropy Australia Spokesperson, a task undertaken by the CEO, exceptional circumstances aside);
- j) Coordinate the process of appointment of the CEO and, after consulting with Council, conduct the CEO's annual performance and remuneration review, in conjunction with another Council Member, and set the CEO's objectives for the forthcoming year.
- k) Coordinate the process of Council succession, appointment of new Council Members and their induction.
- l) Initiate a review of Council performance every two years or more frequently, if required;
- m) Be available to meet regularly with the CEO in order to facilitate communication between the Council and Management;
- n) Mentor and provide advice, a sounding board and support to the CEO.

The President may delegate duties and responsibilities of the position, but remains ultimately accountable for the overall role.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer in their capacity as Council's secretary shall maintain:

- A complete set of Minutes.
- A policy manual containing all policy decisions made by the Council.
- A register of all delegations made to councillors, committees, the Chief Executive Officer or any other person.

FINANCIAL DELEGATIONS

The Council may delegate authority to the CEO on financial matters, within specified limits, to facilitate implementation of Philanthropy Australia's objectives.

Signing of Contracts

The Chief Executive Officer is authorized to enter into and sign contracts on behalf of the Council in relation to any matter previously approved by the Council.

OPERATIONAL DELEGATIONS

Membership

Honorary Members: All proposals for Honorary Membership must be submitted to Council for approval. The Council should have Honorary Membership as a standing item for its first meeting of each calendar year in order to consider new Honorary Members prior to the AGM.

Leading Members: All proposals for Leading Membership must be submitted to Council for approval.

Members: The Chief Executive Officer has delegated authority to accept or refuse admission to an applicant and determine the applicant's class of membership, based on the membership guidelines.

Associate Members: The Chief Executive Officer has delegated authority to accept or refuse admission to an applicant based on the membership guidelines.

Any decision to revoke or suspend membership must be referred to the Council for approval.

ACCOUNTS

The Council shall ensure that proper accounting and other records are kept and shall distribute, as appropriate, all relevant profit and loss accounts and balance sheets as required by law. Such accounts shall be independently audited.

The books of account shall be kept at the registered office of Philanthropy Australia and shall be available at all times to the councillors and other parties legally entitled to have access to such records.

ANNUAL REPORT

The Council shall ensure that an Annual Report is prepared on a timely basis and is made available to all interested parties.

This Report shall include a review of the year's activities, with specific reference to achievements against goals set, as well as necessary statutory information, including audited concise financial accounts.

AUDITORS

The Council shall recommend to the Annual General Meeting the engagement of a suitably qualified auditor, to independently verify that the accounts provide a true and fair view.

FEES PAYABLE BY MEMBERS

Annual subscriptions in relation to all categories of membership shall be determined from time to time by the Council.

PRIVACY

The Council of Philanthropy Australia has embraced the highest standards relating to the privacy of its interaction with its supporters and donors and a copy of the Privacy Statement is shown as Attachment 1.

COMMITTEES

The Council has established a number of committees, chaired by a councillor but whose composition may include a minority of non-councillors, which have delegated authority and act within Council approved charters.

The Charters of the Committees may be found in the following Attachments:

- | | |
|---------------------------------------|------------------|
| • Governance Committee | Charter Attached |
| • Audit and Risk Management Committee | Charter Attached |

PRIVACY STATEMENT

Philanthropy Australia takes care to respect the privacy of all its supporters and only collects personal information by lawful and appropriate means. We ensure that we are not unreasonably intrusive when it comes to dealing with our Members and only keep information that is necessary for what we do, ensuring that personal details are accurate, complete and up-to-date. We only use or disclose information about you in ways you would expect. We may, for example, disclose certain personal information to external service providers, such as providers of printing and postal services.

We will always be open and transparent in our dealings with you. Should you so request, we will let you know what sort of personal information we hold about you, how we collect it and how we use it and disclose it. We will correct any information about you that you tell us is inaccurate, incomplete or out of date.

Otherwise we will not disclose your personal information to any other external parties unless required by law.

PHILANTHROPY AUSTRALIA GOVERNANCE COMMITTEE CHARTER

PURPOSE

The Governance Committee is a committee of the Council, assisting the Council to discharge its responsibilities of oversight and corporate governance.

The committee has four broad areas of responsibility:

1. Nomination for Council Members;
2. Council Performance Review;
3. Chief Executive Officer Appointment and Performance Review;
4. Annual Governance Report.

1. NOMINATION OF COUNCIL MEMBERS

Objectives

Establish and maintain an appropriate nomination process for Council members.

Advise the Council on the establishment of appropriate committees, their role, structure and membership.

Make recommendations to the Council on succession planning for Council members and the CEO.

Responsibilities

Develop and maintain a skills matrix of existing Council members and ensure Council membership complies with statutory requirements.

Develop criteria for Council membership.

Advise on suitable candidates to fill Council vacancies.

Advise the Council on its committee structure and responsibilities.

Develop a succession plan for Council.

2. PERFORMANCE REVIEW

Objectives

Develop a system of performance review for Council.

Ensure performance reviews are undertaken at least every 2 years and, where appropriate, there is follow up action.

Responsibilities

Recommend an appropriate system of performance review for the Council.

Ensure that appropriate action is taken.

3. CHIEF EXECUTIVE OFFICER APPOINTMENT AND PERFORMANCE REVIEW

The Council has responsibility for establishing and maintaining an appropriate appointment and review process for the Chief Executive Officer. This will involve maintaining an up to date role and responsibilities statement for the position of Chief Executive Officer.

The annual process of review, to be conducted for the Chief Executive Officer by the President and a nominated Council Member of Philanthropy Australia, should involve:

- Consultation with Council Members on the performance of the Chief Executive Officer
- Review of the past year's performance against agreed key performance indicators.
- Review and adjustment of the Chief Executive Officer's remuneration for the forthcoming year, if appropriate.
- Establishment of key performance indicators for the forthcoming year.
- Circulating key performance indicators for the forthcoming year to Council.

4. MEMBERSHIP

Number of members: Council President as Chair and 3 other members of Council.

Quorum: A majority of members.

Term of membership: Annual; to be reviewed following the Annual General Meeting.

The Committee has power to co-opt other members of Council to the committee as required.

PHILANTHROPY AUSTRALIA AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

OBJECTIVES

Assist the Council to exercise its responsibilities of due care, diligence and skill in relation to all financial and other risks of the Company in relation to:

- Reporting of financial information;
- Application of accounting policies;
- Financial management systems;
- Internal control systems;
- Protection of assets;
- Compliance with applicable laws and regulations

Facilitate the effectiveness of the external audit function, ensuring auditor independence and providing a forum for communication between the Council and auditors.

Ensure legal and regulatory obligations are met.

Set and monitor appropriate compliance and risk management policies.

RESPONSIBILITIES

1. Audit

Recommend to the Council the adoption of the annual financial statements.

Review the accounting policies adopted.

Review the internal control systems and matters arising, including processes for the prevention, detection and investigation of fraud and irregularities.

Review the risk management system and matters arising.

Establish a framework for continuous monitoring of processes for compliance with laws and regulations.

Review any related party transactions.

Approve the scope of the external audit and review the quality and effectiveness of the external auditor's performance.

Meet formally with the auditor for discussion of draft report prior to finalisation of the auditor's final report.

Monitor and review management's response to matters raised by the external auditors.

2. Financial and Budget Management

Review the annual budget prepared by management and recommend to Council for approval.

Review financial performance against the budget.

Review other financial matters, as required, for example, in relation to property or special events.

3. Compliance & Risk Management

The Council is responsible for setting an appropriate compliance and risk management framework, based on recommendations from the Committee.

The Chief Executive Officer is then responsible for implementing the risk management systems and policies and reporting to the Council any incidence of major risk or perceived risk in relation to:

- Privacy;
- Insurance;
- Liquidity;
- Occupational health and safety;
- Employment and industrial relations (including EEO and anti-discrimination);
- Financial policies and reporting (refer also audit section);
- Taxation;
- Other risks.

Review compliance and report to the Council at least on an annual basis. This report should be based on an annual compliance report to be produced by the Chief Executive Officer for the committee's consideration, together with any specific individual report undertaken or commissioned by the committee.

Review the constitution and articles as necessary to ensure that necessary changes are made as Philanthropy Australia evolves.

MEMBERSHIP

<u>Number of members:</u>	Treasurer as Chair and 3 other members of Council.
<u>Quorum:</u>	A majority of members.
<u>Term of membership:</u>	Annual; to be reviewed following the Annual General Meeting.

The Committee has power to co-opt other members of Council to the Committee as required.

MEETING SCHEDULE

The Audit Committee will meet at least three times per year, with specific timing of meetings as determined by the Committee.

The Committee will meet:

- February/March – review financial statements and audit issues, meet with auditor and recommend Council acceptance of financial reports;
- June/July – review compliance and risk management plan and action on audit issues;

- November/December – review budget and recommend to Council for approval. Agree on audit plan with auditor.

The external auditor is to be invited to the meetings, as required.

The external auditor shall also have access to the Audit Committee Chairman at any time.

