

CHARITY GOVERNANCE

Key points

- The work of a charity's board is key to good charity governance. This is particularly true for small charities. There are many board-related actions and behaviours that set a strong governance tone.
- Annual general meetings are a component of charity governance, and can be an important way for charities to demonstrate accountability to members under ACNC Governance Standard 2.
- Solid processes to select and induct new board members are a valuable aspect of good organisational governance.
- Annual reports help inform your supporters, donors, and the wider public about your charity's activities and financial position, and serve crucial reporting and governance functions.

Annual general meetings

An annual general meeting (AGM) is where a charity provides members with a report on its efforts over the previous year, as well as inform them of the charity's financial situation.

AGMs allow members to ask questions of the charity's board and leadership, and can often see new board or committee members elected.

Charities can make changes to their legal name, Responsible Persons (board or committee members) and Governing Documents at their AGM. When a small charity makes changes like these, it must notify the ACNC in 60 days or less.

When planning their AGM, small charities should:

- Check their rules or Governing Documents to ensure they comply with any requirements for their AGM - that it be held on a certain date, for example.
- Ensure they have enough eligible and suitable people ready to nominate for any board vacancies. If there are board elections, you will need someone to oversee them.



- Have an agenda that covers all requirements set out in your charity's rules, and in any applicable legislation.
- Make it interesting - you might invite a guest speaker or pay tribute to volunteers, supporters and others close to your charity.

It is also vital to take notes (minutes) during the AGM, and to write up and distribute them soon afterwards.

For more, refer to the ACNCs information on [AGMs](#), our [AGM template](#) and our [factsheet on holding an AGM](#).

Regular meetings

Beyond AGMs, charities will hold regular meetings to help get their work done.

Some meetings can be more informal - a sub-committee discussing work at a café, for example. Other meetings will need to be 'official' and follow proper decision making processes.

Either way, charities should have rules and procedures in place.

They should be clear on the type of meeting being held (or required) and ensure the meeting proceeds accordingly. And compiling an agenda before the meeting is a must.

An agenda should cover:

- Items to be discussed at the meeting, how long each should take and who will lead the discussion
- The purpose of each item being discussed - does a decision need to be made or does it just need to be noted, is advice being sought or is the matter for discussion only?

Other simple tips towards effective meetings include:

- Consider putting priority items at the front of the agenda
- Invite the right people to the meeting
- Start on time if you have a quorum, and ensure you have a chair to run the meeting
- Take notes, keep minutes and distribute them after the meeting
- Note action items and follow up on them.

For more on meetings, visit acnc.gov.au/holdingmeetings.



Choosing a new board member

A small charity's governance is largely shaped by its Responsible Persons, meaning the process of choosing new board members is among the most important your charity will undertake.

Board members must share a common commitment to your charity's purpose, understand their duties as board members and between them have the right mix of skills and experience to support your charity's work.

Key steps in choosing a new board member include:

- Checking your rules and any legislation that applies to your charity for processes on appointing new board members - and whether there needs to be a board election or if existing board members can fill the vacancy
- Examining current members' abilities to uncover skill and knowledge gaps on your board, then aim to fill them
- Think about how you'll recruit a new board member
- Have an induction plan and induction pack for the new board member

Once the new board member is appointed, ensure you update your charity's list of Responsible Persons on the [ACNC Charity Portal](#). The ACNC website has more information on [choosing a new board member](#).

The board manual or induction pack

Board manuals or induction packs are invaluable for new board or committee members. They serve as an initial introduction to the group as well as an ongoing reference, and should include:

- General background information on the charity
- Other important or official charity information - official documents, rules/constitution, annual report, financials, policies
- Board or committee member roles and responsibilities
- ACNC-related information - Charity Portal log in details, list of Responsible Persons lodged with the ACNC, ACNC Governance Standards
- Names and roles of key staff and fellow board or committee members, as well as a diagram explaining group structure
- A list of coming events, important dates and meetings
- An invitation to the new board member to ask questions.



A solid rundown of suggested induction pack contents is available on the **Our Community website**. The ACNC also holds an annual webinar that is targeted to new board members - Welcome to the Board. The most recent session will likely be available to watch on-demand on the ACNC website at acnc.gov.au/webinars.

Annual report

Annual reports help small charities inform their supporters, donors and the wider public about their activities and financial position, and serve vital reporting and governance functions.

Many small charities fear the production of their annual report and worry that it will be a time-consuming task that will divert valuable (and limited) resources. But solid pre-planning can help reduce the stress.

Establish a timeline which plots deadlines and milestones for each stage of the report's production. And look to gather and save material throughout the year for the report - photos, statements, descriptions and stories.

You won't be able to pre-prepare some sections - financials for example. But collating as much of the material for your annual report early will mean less stress for your charity later on.

The ACNC has developed a useful **annual report template**.

More information

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acnc.gov.au/smallcharities