



# GOVERNANCE HANDBOOK

THIRD EDITION



National Apprenticeship  
Employment Network

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**AUTHOR: DIRECTORS AUSTRALIA PTY LTD**

(ABN: 69 534 872 071)

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## FOREWORD

The National Apprentice Employment Network (previously Group Training Australia) first commissioned Directors Australia in 2007 to prepare this governance handbook to assist directors and CEOs of Group Training Organisations (GTOs) to achieve best practice in corporate governance.

Through its work with GTOs over many years, Directors Australia understands the governance issues faced in the sector and prepared this handbook for the National Apprentice Employment Network in a simple, easy to follow format to assist directors and CEOs of GTOs throughout Australia.

Since those first and second editions, there have been a number of governance developments and trends which are relevant to GTOs. This third edition, prepared by Directors Australia, updates the handbook to address many of those developments as well as providing additional information in the following key areas:

- + new governance standards for not-for-profit and charitable organisations;
- + the role of the board in setting an organisation's culture;

Additional information regarding board processes, including reference to the leading authority on board meeting minutes;

- + a template board conflict of interest policy;
- + legislative updates regarding directors' duties; and
- + new focus areas regarding risk management.

This handbook is generally based on a whole-of-organisation governance approach (refer to Figure 1).

While this handbook does not cover every aspect of corporate governance, it provides a good basis on which all GTOs should operate and is a useful reference tool for existing and incoming board members, CEOs and other managers.

I commend this revised handbook as essential reading for every board member and senior manager in your GTO.

**Dianne Dayhew**

Chief Executive Officer  
October 2021



**1.0**

INTRODUCTION

## 1.1 PURPOSE OF THIS MANUAL

Corporate governance refers to the framework of rules, relationships, systems and processes which are used to direct and control an organisation. It includes the mechanisms by which companies, and those in control of companies, are held to account.<sup>1</sup>

The board of every Group Training Organisation (GTO) should strive to achieve high standards of corporate governance which, in turn, should enhance their organisation's performance now and into the future.

In addition, all GTOs are required to comply with the National Standards for GTOs. Standard 3 outlines the requirements for GTOs to maintain a sustainable, well governed and administered organisation.

The purpose of this handbook is to clearly set out how boards can comply with Standard 3 and fulfil their corporate governance responsibilities in a concise ready reference guide.

The handbook is based on contemporary best practice corporate governance standards such as:

- + the ASX Corporate Governance Principles and Recommendations (4th Edition);
- + Australian Institution of Company Directors' (AICD) Not-for-profit Governance Principles (2nd Edition); and
- + Australian Charities and Not-for-profits Commission's (ACNC) Governance Standards.<sup>2</sup>

This handbook provides guidance in applying these principles so they are relative to the size and nature of the GTOs.

The following key areas are addressed in this handbook:

- + the role of the board;
- + key office holders;
- + directors' duties and responsibilities;
- + board composition;
- + board effectiveness;
- + purpose and strategy;
- + risk management;
- + culture, conduct and compliance;
- + CEO and representative functions;
- + monitoring organisational performance;
- + monitoring financial performance
- + accountability and transparency;
- + stakeholder engagement; and
- + board skills and development.

1 ASX Corporate Governance Principles and Recommendations at 1.

2 The standards are respectively available on the ASX's website at [asx.com.au](http://asx.com.au), the AICD's website at [companydirectors.com.au](http://companydirectors.com.au) and ACNC's website at [www.acnc.gov.au](http://www.acnc.gov.au).

## 1.2 GOVERNANCE CHARTERS

Each GTO should consider how the issues raised in this handbook are dealt with in their organisation and ensure that everyone is clear about their roles and responsibilities.

It is suggested that each GTO use this manual as a base to prepare their own governance charter or manual setting out their roles, responsibilities and processes as they relate to their particular organisation.

PREVIEW ONLY