



The SMSF Association Ltd follows the AICD Not-For-Profit Governance Principles promoting good governance for Not-for-Profit Organisations.

In response to the current health crisis the Association has enacted additional governance measures and altered other existing governance processes. This includes but is not limited to increasing the frequency of Board meetings, conducting Board and Committee meetings virtually and further engagement with our members and regular monitoring and assessment of key strategic risks.

1. Purpose and Strategy

The Board determines the purpose and strategy of the Association which is monitored on a regular basis. The Association's Vision, Mission and Strategic Plans are set for a period of five years and are reviewed at least annually by the Board and executive team. As part of the Board's decision-making process consideration is given to the impact and alignment with the Association's strategy. The Association's vision, mission and beliefs are made available via the Association's website.

2. Roles and Responsibilities

The Board of Directors is the principal body responsible for the corporate governance of the Association and has primary oversight of its performance and the development and approval of long-term strategy.

The Board has a management framework, risk management process and system of controls and established ethical standards. The Board is responsible for:

- Determining and reviewing the Association's short & long-term strategies
- Approval of budgets
- Appointment and evaluation of the CEO
- Risk oversight
- Integrity in financial reporting
- Monitoring of the activities and reputation of the Association

In accordance with the Association's delegation authorities, the Board has delegated to the CEO responsibility for the day to day management of the Association. The detailed delegations are reviewed regularly and are also reviewed by the Board.

3. Board Composition

The Board is comprised of up to nine non-executive Directors who are appointed to three-year terms. Directors may seek re-election for a maximum of two additional terms. The CEO is invited to attend Board meetings as an observer and has speaking rights. This ensures that the decisions of the Board and the background to decisions are clearly communicated to the Executive team.

The Governance, Nomination and Remuneration Committee (GNRC) meets regularly to review the Board's composition and uses a skills matrix to review the needs and skills of the Board and any potential nominations for new Directors.

As part of the consideration of potential directors the committee looks for continuity of expertise, representation across regions and different sectors and balance of skill diversity within the Board. The Association adopts two approaches to fill vacant director positions; an Expression of Interest process is conducted within the membership to ensure that members with appropriate skill sets are represented at a Board level; direct appointment using a fit-for-purpose approach is also adopted to ensure the selection of the most appropriate skillsets within the Association's resource constraints where a specific skill requirement exists.

The GNRC must include at least two Board nominated independent non-executive Directors, and the Board may appoint one or more external non-Board members provided they have suitable qualifications and experience.

All new Directors receive a comprehensive induction program including information outlining their duties and responsibilities as directors. Further education is provided to the Board through internal and external presentations and strategic presentations with the senior executive.

Board members are approved at the Annual General Meeting following their appointment.

4. Board Effectiveness

The Board meets a minimum of five times each calendar year and undertakes annual Board performance reviews. The Board also reviews its effectiveness at the conclusion of each Board meeting and follows up recommendations for improvement. Where required circular resolutions may be used to ensure decisions are made in an effective and timely manner.

To maximise Board effectiveness, some of the detailed work of the Board is considered by a number of Board committees. Each committee has clear terms of reference and major issues and action items are tabled at each Board meeting.

Minutes and action items are taken by the minute secretary and approved as an accurate record of the meeting at the subsequent meeting.

5. Risk Management

The Board has an established risk management framework to recognise and manage risk including risk culture. The Board is responsible for the setting of the Association's risk appetite, risk monitoring and oversight of risk. This is reviewed regularly by the Board as part of the monitoring of the Association's strategy.

Risk management is shared across all levels of the Association. The executive team identifies, assesses, monitors and manages current and emerging risks using the risk framework. This is reviewed regularly by the Finance, Risk and Audit Committee and at Board meetings.

6. Performance

Organisational performance is assessed against several financial and non-financial performance indicators that are determined as part of the strategic planning process. To ensure a balanced approach to performance management these are categorised against the Focus areas within the strategic plan and the foundations of the Association, being, People and Culture, Partnerships, Technology, Systems & Data and Financial Capacity.

The Board approves an annual budget for the Association which the Finance, Risk and Audit Committee regularly reviews against actual performance and provides reports to the Board.

Remuneration for the CEO is recommended by the Governance, Nomination and Remuneration Committee which assists the Board in its duties relating to remuneration, CEO performance review and remuneration policy and strategy.

Remuneration of the CEO is regularly reviewed to ensure it is in line with relevant market rates, expectations of members and based on the independent advice received by the Governance, Nomination and Remuneration Committee.

The CEO is eligible for a bonus payment subject to Board approval against a range of agreed performance indicators including the overall performance of the Association and key targets reflecting strategic objectives.

7. Accountability and Transparency

All the key documents outlining the governance of the Association and its expectations of members are available on the Associations website or via Membership Services. The Board regularly communicates to the membership on any relevant outcomes of Board meetings and regularly consults with the Membership Committee on decisions or issues impacting on the Membership.

Remuneration for the Board is recommended by the Governance, Nomination and Remuneration Committee. Any changes to Board remuneration are subject to approval at the AGM in accordance with the Constitution.

The Board's Finance, Risk and Audit Committee is responsible for assisting the Board in ensuring integrity in the Association's financial reporting. Committee members must include two independent non-executive Directors who have an appropriate level of financial literacy. The Board may appoint additional non-Board members provided they have suitable qualifications and experience.

All financial reports that are provided to the Board are reviewed by the Finance, Risk and Audit Committee for integrity and completeness.

The Association engages an external Auditor whose performance is reviewed on an annual basis.

8. Stakeholder Engagement

As part of the annual strategic planning process, the Association identifies its key stakeholders. Active engagement plans are developed for each category to maximise communication and build relationships.

9. Conduct and compliance

Board policy requires that if there is, or could be, a conflict of interest for Directors the relevant Directors do not participate in those discussions or vote on that issue and also absent themselves from the meeting room when those discussions are held. The policy provides for a register of interests and Directors are required to notify of any changes to conflicts of interest as a standing item at each Board meeting.

The Board delegates authority to the Professional Standards Committee to manage the process and investigate any complaints of misconduct or other compliance issues involving the Association's members. Complaints relating to the Association's corporate governance, operational procedures and accountability or services offered are dealt with by the CEO and/or the Governance, Nomination and Remuneration Committee.

10. Culture

The Board through the strategic planning process has developed and oversees a set of clear values that align with the strategy and the culture of the Association. The Association conducts twice yearly surveys of staff to monitor the culture as well as a six monthly performance management cycle.

The Association has an annual salary and bonus review process for all staff. The remuneration framework is in line with market rates and is linked to the delivery of key performance measures. Review of remuneration is conducted on an annual basis against industry benchmarks to ensure it is in line with market expectations.