



SMSF Association Corporate Governance Statement

Approved 29 May 2024

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

1. Purpose, Vision and Strategy

The Board approves the purpose and strategy of the Association which is monitored on a regular basis. The Association's Vision, Mission and Strategic Plans 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 and mission 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 Charter sets out the roles, responsibilities and authorities of how the Board functions.

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 approved by the Board.

3. Board Composition and Effectiveness

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.

The Board is committed to an inclusive, diverse culture in the belief that this approach will enhance an egalitarian culture and improve overall governance. As part of the consideration of potential directors the committee looks for continuity of expertise, broad experience, representation across regions and different sectors, demographic, cognitive, and skills 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.

Board members are confirmed by resolution at the Annual General Meeting following their appointment.

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.

All new Directors receive a comprehensive induction program including information outlining their duties and responsibilities as directors. The Board is committed to the continual learning and development of Directors so they can contribute to the highest standards of governance and leadership of the Association. The GNRC is charged with ensuring ongoing Board development through various briefings, internal and external presentations and strategic presentations with the senior executive.

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.

4. 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 (FRAC) and at Board meetings.

5. Performance and Accountability

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.

The Board approves an annual budget for the Association which the FRAC regularly reviews against actual performance and provides reports to the Board.

Remuneration for the CEO which may include a performance-based component, is recommended by the GNRC 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 GNRC.

The Board monitors the performance of the CEO through a range of agreed performance measures and targets reflecting the Association's strategic objectives.

All the key documents outlining the governance of the Association and its expectations of members are available on the Association's 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.

As part of our governance processes, the Board aims to use a variety of different channels to ensure regular and transparent communication with members and stakeholders.

Remuneration for the Board is recommended by the GNRC. Any changes to Board remuneration are subject to approval at the AGM in accordance with the Constitution.

The FRAC 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 FRAC for integrity and completeness.

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

6. Stakeholders

As part of the strategic planning process, the Association identifies its key stakeholders, including government, regulators, industry bodies, corporate groups, members and staff, taking a long-term view of where the Association's interests lie, while seeking to maintain as respectful and transparent a relationship as possible with stakeholder groups. Active engagement plans are developed for each category to maximise communication and build relationships.

The Board has established formal governance structures, such as the National Membership Committee and other discussion groups, and regularly conducts member forums and policy roundtables to ensure that its decision-making is informed by stakeholder voices.

Given the diverse and occasionally conflicting interests of our stakeholders, engagement ensures that all perspectives are considered within the framework of the Association's purpose, strategic objectives and activities.

Board appointments may include directors with specific stakeholder connections or lived experience to ensure decision-making reflects diverse perspectives while upholding the organisation's best interests and common director duties.

7. Sustainability

Sustainability is regularly assessed in a manner that is consistent and in line with the Association's Vision and Strategic Plan.

The Association is a forward-thinking organisation, committed to advancing practices that not only meet the current needs of our members but also have a positive impact for future generations. This involves embracing environmentally friendly initiatives, promoting social responsibility and inclusion, and fostering economic resilience across our activities.

By integrating sustainability into our governance frameworks, the Board aims to lead by example, encouraging our members to adopt similar practices in their own operations. Furthermore, our sustainability efforts are designed to strengthen community ties, enhance member engagement, and ensure the long-term viability of our association.

8. Organisational Culture

It is recognised that the Board and its Directors play a critical role in shaping culture which significantly influences the Association's ability to achieve its purpose.

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 Board is committed to modelling these values and behaviours.

The Association conducts frequent surveys of staff to monitor culture as well as a regular performance management cycle. Board and Association culture forms part of the annual Board performance review.

The Board receives regular reports on organisational culture and actively engages with staff, volunteers and members throughout the year.

The Association has documented policies relating to the conduct of the Directors, employees, volunteers and members which sets clear expectations for behaviour.

The Board acknowledges its obligation to meet legal standards and promotes a culture of compliance within the organisation. Additionally, it understands the importance of a balanced approach to emotional intelligence and recognises that culture encompasses more than just legal 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 GNRC.