



# Management Committee Member's Quick Reference Guide

## Introduction

Being a member of a committee is a rewarding role which is typically voluntary in nature. This Management Committee Member's Quick Reference Guide has been developed by the TNQ Drought Hub in collaboration with Get on Board Australia, a leader in developing committee capability.

## Context

Whether you are an experienced committee member or considering joining a committee, this reference guide provides the key aspects of committee membership. Committee members engage with a range of industries which are the heart and soul of community life. A healthy community ecosystem is fundamental in building and sustaining community resilience.

## Duties and Best Practices

### Key Duties and Responsibilities

**What is an Incorporated Association?** Becoming an incorporated association means that the members have decided to give their organisation a formal legal structure. This also means that the club or community group becomes a 'legal person', which is a legal entity that stays the same even if its members change.

**Role of the Management Committee:** The Management Committee is responsible for overseeing the affairs of an incorporated association. Its core role is to ensure the association operates in line with its constitution, rules, and relevant legislation, while also managing its financial viability and legal obligations. A Management Committee's core duties revolve around overseeing the association's operations, ensuring its financial health, and upholding its legal and ethical responsibilities. This includes making strategic decisions, managing finances, and ensuring compliance with rules and regulations. They act as the governing body, setting the direction and ensuring the association fulfills its purpose.

### Core Duties (What "Good Practices Looks Like")

- **Duty of Care and Diligence:** Be an active committee member; apply your skills, knowledge, and experiences; avoid carelessness; and make reasonable decisions.
- **Duty of Good Faith:** Act honestly, in the best interests of the association, and for a proper purpose, avoiding conflicts of interest.
- **Duty to Prevent Insolvent Trading:** Do not trade while insolvent or when insolvency is reasonably expected; you may be personally liable.
- **Duty on Use of Position:** Do not improperly use your position for personal gain or to cause harm or loss to the association.
- **Duty on Use of Information:** Do not improperly use sensitive information for personal gain or to cause detriment.

## Core Duties (What "Good Practices Looks Like") cont.

- **Disclosure of Material Personal Interest:** Disclose conflicts, prioritise the association's interests, and avoid voting/presence during conflicted discussions unless permitted.
- **Other Potential Duties:** You may have other duties from other relevant Acts (e.g., WHS, Privacy). It's necessary for you to know these and comply with them.

## Financial Governance Checklist for Management Committees

Financial governance for a management committee involves establishing clear policies, procedures, and controls to ensure responsible financial management and decision-making. This includes segregation of duties, regular bank reconciliations, and maintaining auditable financial records. It also involves understanding and mitigating financial risks, ensuring compliance with relevant regulations, and promoting transparency and accountability in all financial matters.

### Core Financial Duties & Record Keeping

#### **Duty to Prevent Insolvent Trading:**

- Insolvency may lead to personal liability.
- Actions to avoid: continuing to trade while insolvent, not seeking expert help, and not understanding the financial impacts of decisions.
- Actions to encourage: financial awareness, understanding financial statements, robust internal controls, calling for help at the first sign of trouble, and knowing red flags.

#### **Financial Red Flags & Warning Signs may**

**include:** Negative cash flows, high debt-to-equity, deteriorating profitability, sale of assets to pay debts, delayed payments to creditors, and/or incompetent Management.

#### **Keeping Financial Records:**

- Requirement to keep records that correctly explain transactions, financial position, and performance.
- Enabling true and fair financial statements, audit reports (if required), and verification statements (if required).

### Financial Reporting and Disclosure

#### **Requirements**

#### **Preparing Annual Financial Statement:**

- Requirement to prepare within 6 months after year-end (unless exempt).
- Contents of Financial Statement: May be prepared using accrual (income/expenditure, balance sheet, mortgages) or cash (receipts/payments, assets/liabilities, mortgages) accounting methods.

#### **Preparing Audit Report:**

- Applies to large and certain medium/small incorporated associations.
- Requirement to audit within 6 months by an auditor/accountant (or approved person for medium/small).

#### **Preparing Verification Statement:**

- Applies to certain medium/small associations not required to be audited.
- For medium associations, an auditor/accountant/approved person examines financial records and confirms adequate bookkeeping.
- For small associations, records must demonstrate adequate bookkeeping and be signed by the President or Treasurer.

#### **Disclosure of Remuneration and Other Benefits:**

- You must present details of remuneration/benefits to specific persons (Management Committee, senior staff, relatives) at the association's AGM.

**The Tropical North Queensland Drought Resilience Adoption and Innovation Hub (TNQ Drought Hub) led by James Cook University is helping land managers and communities build resilience to future drought and climate variability.**

**Get On Board Australia is dedicated to providing accessible formal governance education, tips, tricks, and advice from the experts.**

**For more information:**    [tnqdrougthub.com.au](https://tnqdrougthub.com.au)    [getonboardaustralia.com.au](https://getonboardaustralia.com.au)