

A photograph of a swimming pool with several lanes. Two swimmers are visible in the background, and one swimmer is in the foreground, closer to the left side. The pool is divided by lane lines with red and yellow floats. The water is blue and there is some splashing. A dark blue triangle is on the left side of the image.

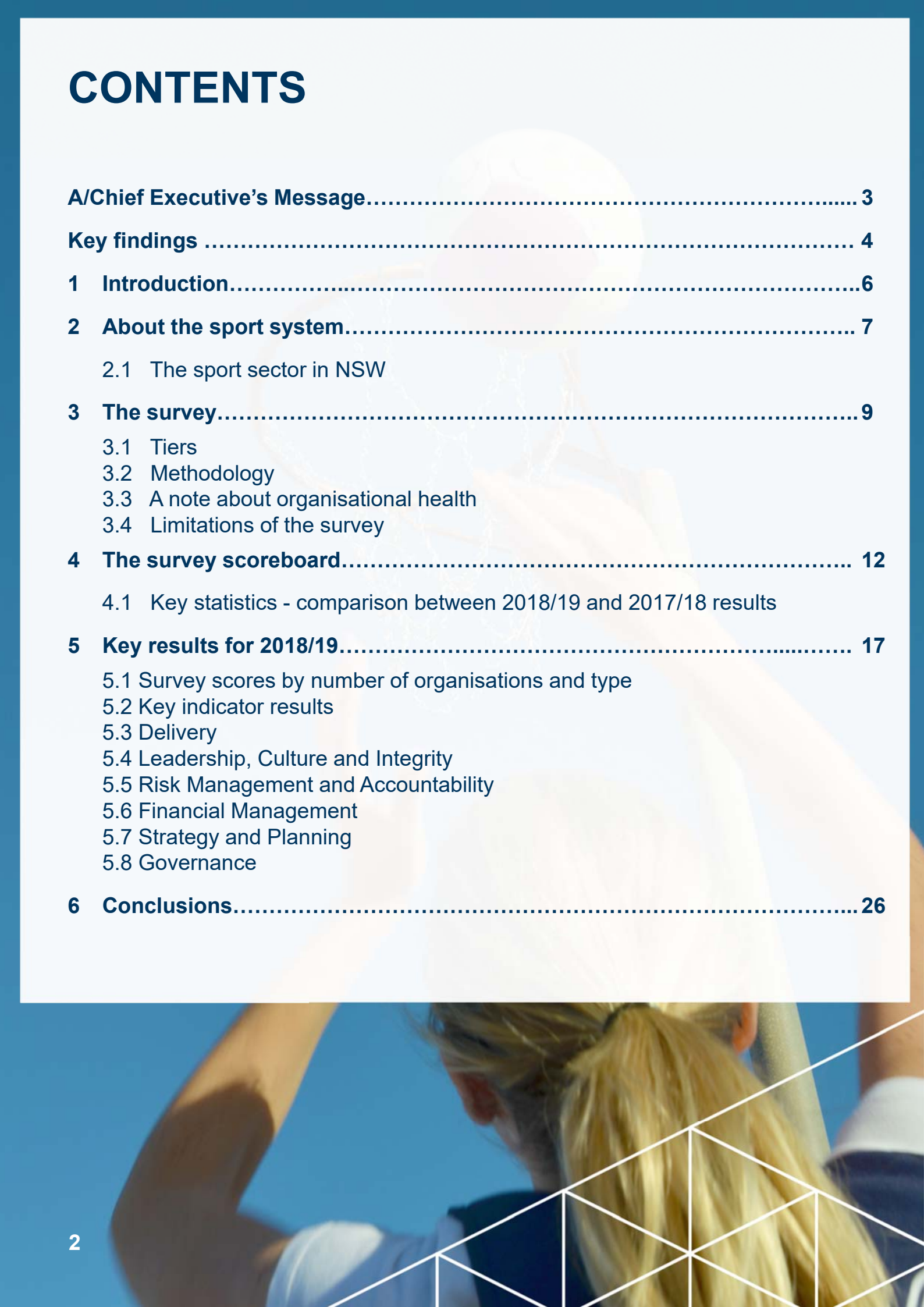
**OFFICE OF SPORT**



**STATE SPORTING ORGANISATION  
HEALTH SURVEY RESULTS  
2017/18 - 2018/19**



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# A/CHIEF EXECUTIVE'S MESSAGE

The aim of the State Sporting Organisation Health Survey is to identify the areas of organisational health most in need of support across the sport sector. The Office of Sport supports the sport sector by ensuring that the assistance provided is most beneficial and maximises impact.

In 2018, the Office of Sport undertook the second annual survey in relation to the organisational health of the NSW sport sector. The sector encompasses the 78 State Sporting Organisations and 17 State Sporting Organisations for people with disabilities who are recognised and supported by the Office.

92 out of the 95 recognised State Sporting Organisations and State Sporting Organisations for people with disabilities completed the survey which is an excellent completion rate.

Overall, 70% of the sector has been rated as having sound organisational health or above. This is a 5% improvement from 2017/18.

While this is a good result, our focus is now to continue working with the sector and to support the 30% of the sector that have been assessed as working towards sound organisational health.

The sport sector scored highly on issues such as Delivery; Leadership, Culture and Integrity; and Risk Management and Accountability. However, improvement is still required in the areas of Governance; Strategy and Planning and Financial Management.

This should not come as a surprise to the sector. These results indicate a sector that is facing significant change, resource gaps and ever-increasing competition for the attention of time poor populations. The priority of many State Sporting Organisations and State Sporting Organisations for people with disabilities is to focus on activities to increase sport participation and membership levels, running major events or increasing revenues, sponsorship and commercial opportunities.

In response, the Office of Sport has developed the Running Your State Sporting Organisation digital resource. In each of the organisational health focus areas of governance; financial management; strategy and planning; delivery; leadership, culture and integrity; and risk management and accountability, resources, templates and toolkits have been developed to assist the sport sector. We've also met one-on-one with many State Sporting Organisations to discuss ways that we can help to improve organisational health.

I wish to thank all participating State Sporting Organisations and State Sporting Organisations for people with disabilities for their continued support.

Karen Jones  
A/Chief Executive  
Office of Sport





# KEY FINDINGS

In 2018, the Office of Sport conducted the second State Sporting Organisation Health Survey to measure the health of State Sporting Organisations and State Sporting Organisations for people with disabilities.

**92 out of 95 State Sporting Organisations completed the survey**

The survey was conducted over a seven-week period from 2 October to 18 November 2018. This report draws together insights from these survey responses, covering six key indicator areas:

- 1. Delivery
- 2. Leadership, Culture and Integrity
- 3. Risk Management and Accountability
- 4. Financial Management
- 5. Strategy and Planning
- 6. Governance

On average, the overall current organisational health of the sector is sound. Over 70% of State Sporting Organisations and State Sporting Organisations for people with disabilities have been assessed as having sound organisational health or above. This equates to a 5% improvement from the survey results in 2017/18.

**70% of the sector has sound organisational health or above, an increase of 5% from 2017**

This is a good result but there is still room for improvement as 28 (30%) organisations surveyed have been assessed as working towards sound organisational health.

As shown in the table below, the sector scored highly on issues such as Delivery (1), Leadership, Culture and Integrity (2) and Risk Management and Accountability (3), but improvement is still required in the areas of Financial Management (4), Strategy and Planning (5) and Governance (6).

RISK	KEY INDICATOR	SCORE %
1	Delivery	81.9%
2	Leadership, Culture and Integrity	81.6%
3	Risk Management and Accountability	78.0%
4	Financial Management	77.9%
5	Strategy and Planning	76.4%
6	Governance	71.7%

**Governance (71.7% score) remains the lowest scoring key indicator across the sector**

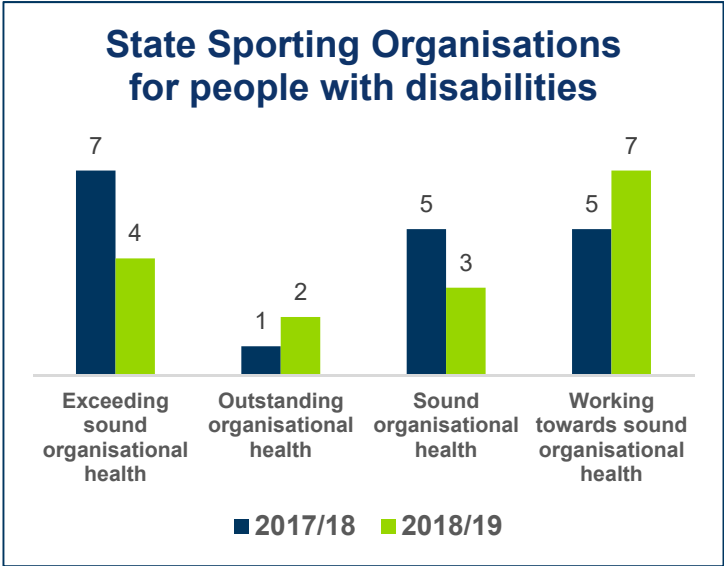
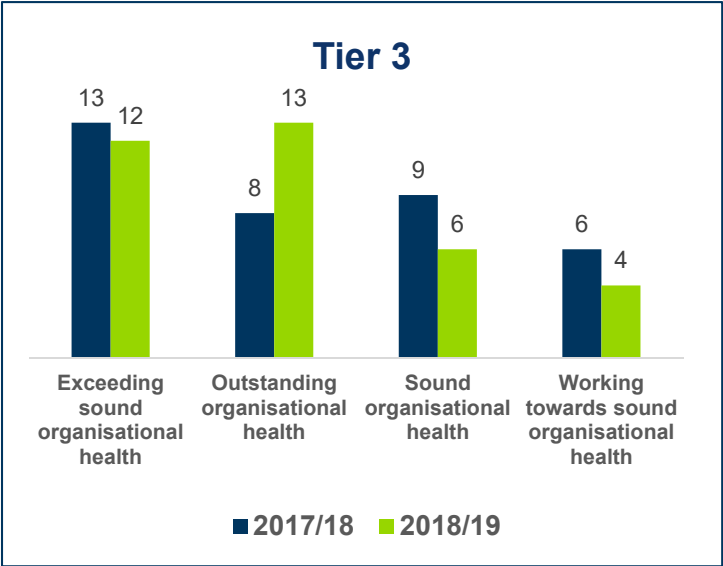
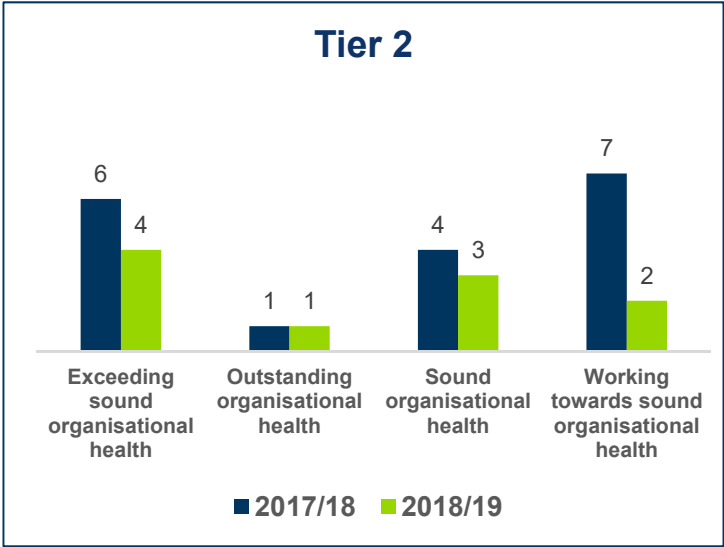
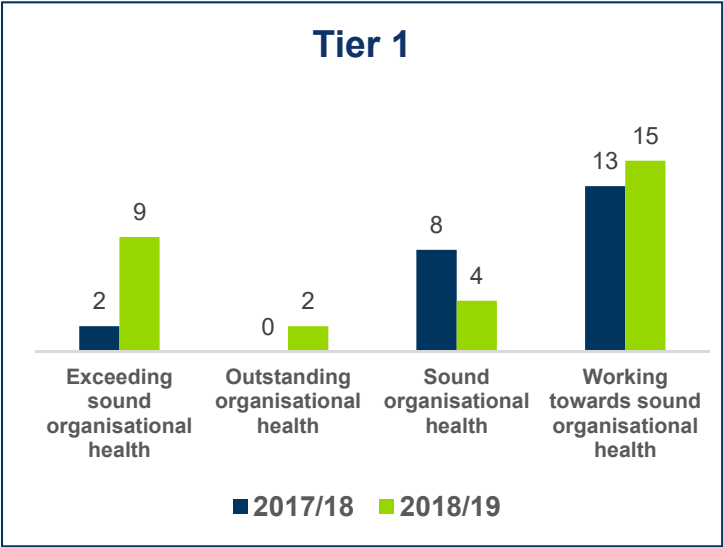
This should not come as a surprise to the sector. These results indicate a sector that is facing significant change, resource gaps and ever-increasing competition for the attention of time poor populations. The priority of many State Sporting Organisations and State Sporting Organisations for people with disabilities is to focus on activities to increase sport participation and membership levels, run major events or increasing revenues, sponsorship and commercial opportunities.

These results are consistent with the 2017/18 survey and the types of projects that State Sporting Organisations and State Sporting Organisations for people with disabilities apply for under the NSW Government’s Sport Development Grant Program.

Applicants to the Sport Development Grant Program could choose from five types of projects to apply for funding. Applications related to event or service delivery projects were the most requested and approved and applications relating to governance, strategy and planning and financial management the lowest requested and approved.

Levels of organisational health differed across the four tiers of organisations featured in this report.

Tier 3 organisations with more resources were of increased likelihood to have sound organisational health.





# 1. INTRODUCTION

The 2018/19 State Sporting Organisation Health Survey launched on 2 October and closed on 18 November 2018, running for a total of seven weeks.

The aim of the survey was to identify the areas of organisational health most in need of support across the sport sector in NSW. The Office of Sport supports the sector by ensuring that assistance provided is most beneficial and maximises impacts.

In 2018/19, 92 out of 95 State Sporting Organisations and State Sporting Organisations for people with a disability completed the survey. This compares with 95 out of 97 in 2017/18.

In 2018/19, 70% of the sector has been rated as having sound organisational health or above. This is a 5% improvement from 2017/18. The survey is voluntary and self-assessed by State Sporting Organisations. The results do not reflect an independent assessment of organisational health.

The Office of Sport has a target of at least 80 % of the organisations within the sector operating with sound organisational health by 2020.

The survey aims to assist the Office of Sport to focus its support to improve the organisational health of the sector to meet this target.

This report provides key results and conclusions from the survey and highlights resources developed by the Office of Sport to assist State Sporting Organisations in response to the survey results.





## 2. ABOUT THE SPORT SYSTEM

Most Australian National Sporting Organisations are:

- Incorporated associations or companies limited by guarantee; and
- A federation of State and Territory associations with membership and governance structures which reflect that federal structure; and
- Recognised by respective levels of government and the sport's International Federation.

Generally, sporting structures are pyramidal or hierarchical. This is true of National Sporting Organisations, State Sporting Organisations and State Sporting Organisations for people with disabilities. Clubs generally form the foundation of the pyramid. In a few National Sporting Organisations however, clubs are not formally recognised within the traditional structure. This effectively means the National Sporting Organisation has no legal jurisdiction over those clubs although it may have some sporting power jurisdiction.

National Sporting Organisations regulate all general matters within the discipline of the sport. They also represent the sport in the relevant international federation. They organise and coordinate national teams and championships and act as a regulatory body. There is generally only one National Sporting Organisation for each sport. This is the sport's controlling body recognised by government(s) and the relevant international federation. The structure and the governance of the organisation will dictate the process by which the sport is regulated and the effectiveness of that process.

Some National Sporting Organisations recognise individuals as members but again this is not the case universally. The same recognition and jurisdiction issues arise between the National Sporting Organisation and the individual members. To regulate or control these individual members, National Sporting Organisations must rely on the affiliation process from national to state (to region in some sports) to club to individuals. Such a process is documented usually within the constitution and rules of the sport, although the process may often be unclear.

The traditional role of the club is to engage sport locally and maintain an increase in participation levels and membership numbers.

In some sporting organisations, regional associations form the next level. Generally, the next level is the State Sporting Organisation and State Sporting Organisation for people with disabilities who are usually responsible for organising state teams and championships, and coordinating the sport on a state-wide level.

## 2.1 THE SPORT SECTOR IN NSW

Each year in NSW, State Sporting Organisations and State Sporting Organisations for people with disabilities deliver sporting opportunities for 2.5 million participants<sup>1</sup>.

The majority of the recognised 95 State Sporting Organisations and State Sporting Organisations for people with disabilities in NSW are incorporated associations or companies limited by guarantee with membership and governance structures which reflect the federal structure.

The Office of Sport supports these organisations and the peak body, Sport NSW, to remain healthy and viable to reflect the Office of Sport's vision to enhance the lives of the people of NSW through a valued and vibrant sport and active recreation sector.

The Board of a State Sporting Organisation or State Sporting Organisation for people with disabilities is responsible for providing strategic direction and ultimately ensuring that members' interests are being represented. The majority of State Sporting Organisations and State Sporting Organisations for people with disabilities are heavily dependent on the invaluable contributions of thousands of volunteers who act in a variety of capacities as directors or committee members, coaches, officials, administrators, and fundraising champions.

Increasing competition to attract and maintain participants needs effective strategic management and strong leadership within the NSW sporting sector. Organised sport competes with other active recreational activities and more recently the increasing popularity of smartphones, streaming services, online

games and other related activities.

While sports clubs remain a primary avenue for children to be active, AusPlay<sup>2</sup> data showed that 32.4% of NSW adults who participate in active recreational activities only do so in a non-sport related activity<sup>3</sup>, such as walking, gym or fitness.

In 2018, NSW had 4.01 million (62.6%) adults 15 years and above participating in sport or physical activity at least three times per week. The five most popular sports and physical activities for NSW adults were walking(recreational), fitness/gym, swimming, athletics followed by cycling.

The top motivators for adults to participate were physical health or fitness, fun/enjoyment and social reasons. The AusPlay survey uncovered evidence that time pressure is by far the main barrier to participating in sport or physical activity for adults up to middle-age. Poor health or injury also become an increasing factor as people age.

<sup>1</sup>Sport NSW <https://www.sportnsw.com.au/about>

<sup>2</sup>The AusPlay Survey has replaced Australian Bureau of Statistics as the preeminent statistic data instrument for tracking sport and recreation participation outcomes.

<sup>3</sup>2018 AusPlay survey  
<https://www.clearinghouseforsport.gov.au/research/smi/ausplay/results>





# 3. THE SURVEY

The State Sporting Organisation Health Survey was based on a 2017 review of organisational health and benchmarking approaches in the sport and broader not-for-profit sector in Australia and New Zealand, and in consultation with the NSW sport sector.

The survey comprises 85 questions across six key indicator areas:

- a) Governance related to the organisation's structure, constitution, membership, voting rights, compliance with applicable legislation, policies and the operation and composition of the board.
- b) Financial Management focused on financial systems and practices adopted by the organisation.
- c) Leadership, Culture & Integrity considered behaviours of the organisation, staff practices, volunteers and the integrity measure the organisation has in place.
- d) Strategy and Planning addressed strategic and operational plans, a digital strategy and expenditure on back of house (administrative) functions.
- e) Delivery asked about how the organisation delivers its services, how it collects and stores data and how it approaches the inclusion of people with a disability.
- f) Risk Management and Accountability related to insurance, risk mitigation tools, access to professional advice, recruitment and training and measures in place for working with children.

## 3.1 TIERS

For the purposes of the survey, State Sporting Organisations were separated into four tiers. The following table shows how the four tiers map to the existing Sport Development Program categories used by the Office of Sport. All State Sporting Organisations for people with disabilities were all included in the same tier given the nature of their service delivery.

REPORT TIER	SPORT DEVELOPMENT PROGRAM CATEGORY
Tier 1 (smaller sized sports)	Categories 1A and 1B
Tier 2 (small to medium sized sports)	Categories 2, 3 and 4
Tier 3 (medium to larger sized sports)	Categories 5 and 6
Tier 4 State Sporting Organisation for people with disabilities	All State Sporting Organisations for people with disabilities regardless of Sport Development Program category

## 3.2 METHODOLOGY

The survey scoring matrix below was informed by the 2017 review<sup>4</sup> of organisational health and benchmarking projects.

ORGANISATION HEALTH RATING	DEFINITION
Outstanding organisational health	An organisation with a score of 90% or more on the survey
Exceeding sound organisational health	An organisation with a score of between 80% and 89% on the survey
Sound organisational health	An organisation with a score of between 70% and 79% on the survey
Working towards sound organisational health	An organisation with a score of less than 69% or less

On this basis, two elements have been identified as necessary for a State Sporting Organisations or State Sporting Organisation for people with disabilities to demonstrate it has sound organisational health:

- A threshold result or score of 126 out of a possible score of 180, which equates to a result of 70% - importantly any combination of answers which add to 126 would meet the first element required for demonstrating sound organisational health; and

- A requirement to obtain at least a result (or score) of 50% in each of the six key indicator areas will meet the second element required for demonstrating sound organisational health - to ensure the organisation can demonstrate positive results across each of the areas (and not fail to score in any one key indicator while exceeding in others).

<sup>4</sup> <https://sport.nsw.gov.au/sites/default/files/oos-ssoh-benchmarking-projects-review.pdf>

MAXIMUM SCORES FOR EACH OF THE FOLLOWING INDICATORS	
Governance	30 pts
Financial Management	30 pts
Leadership, Culture and Integrity	30 pts
Risk Management and Accountability	30 pts
Strategy and Planning	30 pts
Delivery	30 pts
<b>Total</b>	<b>180 pts</b>



### 3.3 A NOTE ABOUT ORGANISATIONAL HEALTH

It is acknowledged that there is not a single 'right' way of structuring and operating a State Sporting Organisation or State Sporting Organisation for people with disabilities to ensure it has sound organisational health. An attempt to be too prescriptive or to require 'correct' responses to a sub-set of identified questions within the survey as necessary for sound organisational health would be simplistic and may skew results. Instead, the methodology acknowledges that a broad range of factors determine sound organisational health for a State Sporting Organisation or State Sporting Organisation for people with disabilities and considers this in a holistic way.

### 3.4 LIMITATIONS OF THE SURVEY

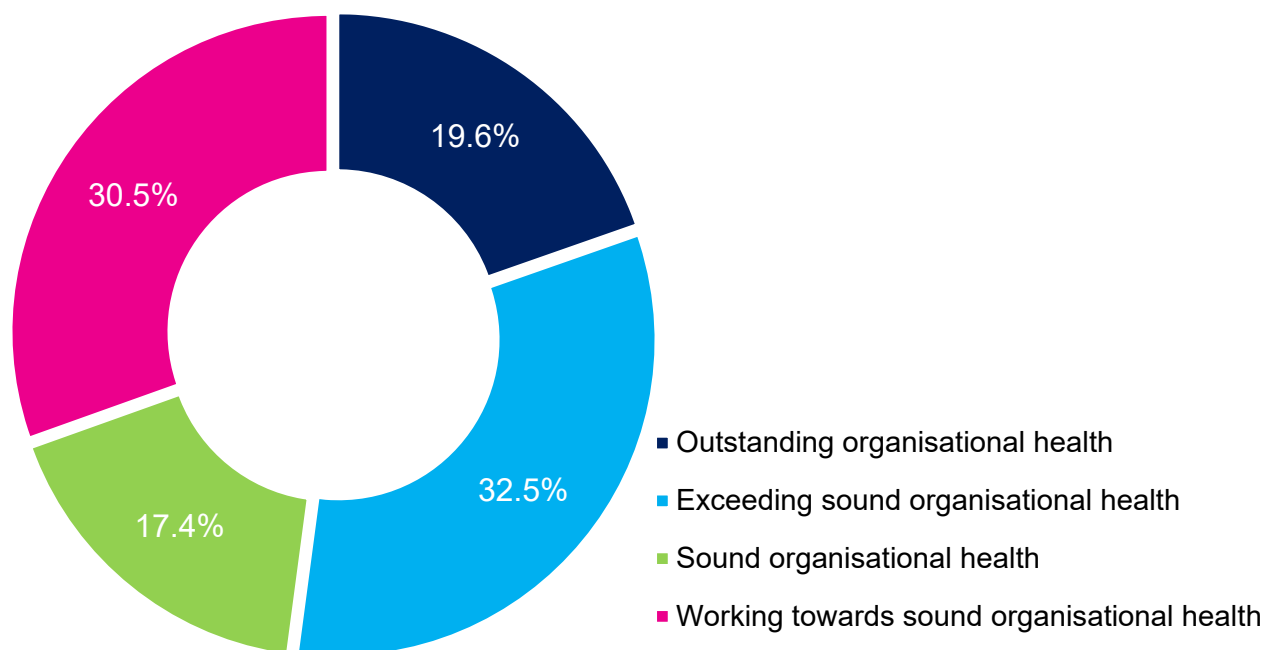
When interpreting the results of the survey, it should be noted that the answers to the survey were supplied by the organisations, not an independent third-party. Therefore, the accuracy of the survey results is dependent on the perceptions and breadth of knowledge of the person(s) completing the survey.

A small number of organisations also skipped certain questions within the survey. Where an organisation skipped a question, they were given a score of zero for that question. This does not necessarily reflect the true position of the organisation because it is possible that if an answer was provided it would have been assigned relevant points to its score.



## 4. THE SURVEY SCOREBOARD

### 2018/19 SURVEY RESULTS



#### 92 out of 95

Sector organisations completed the survey



Governance; Strategy and Planning; and Financial Services were the **lowest scoring** Key Indicators



#### Organisation Size

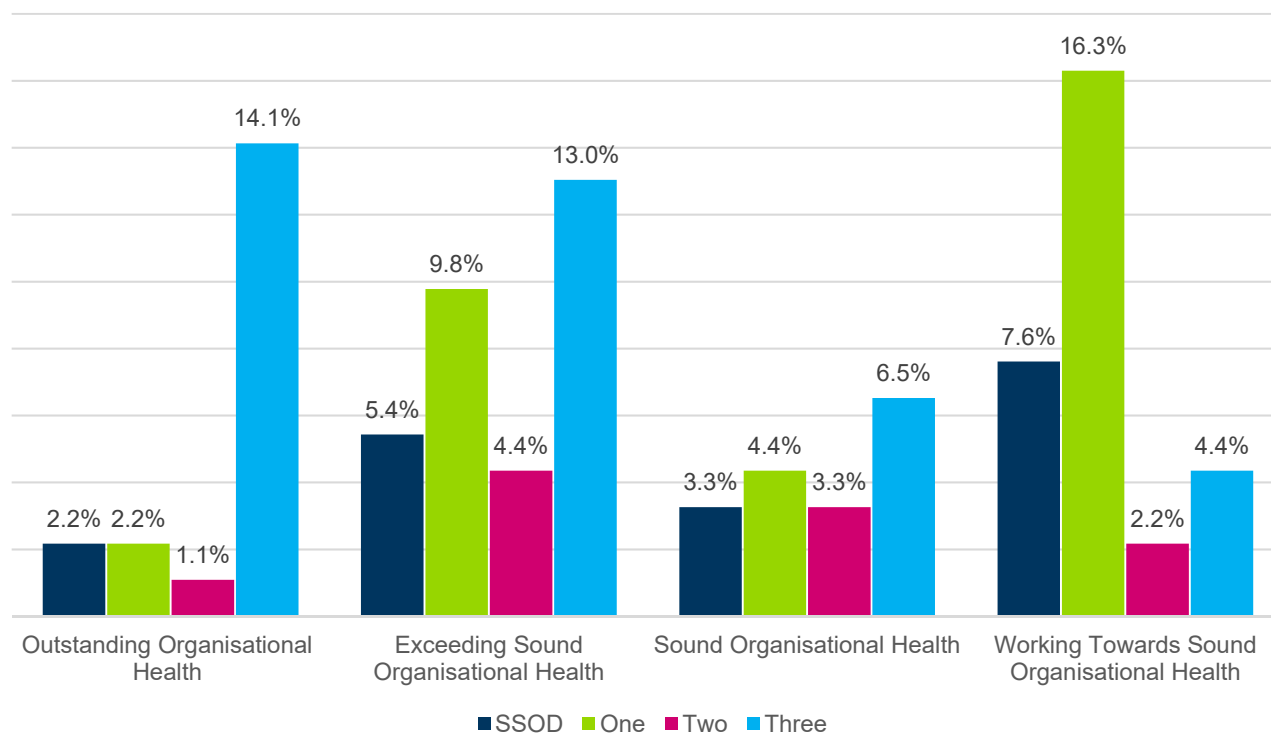
36 x Tier 3 organisations  
10 x Tier 2 organisations  
30 x Tier 1 organisations  
17 x SSOD organisations



**70%** of the sector has sound organisational health or above (**5% increase in comparison to 2017/18**)



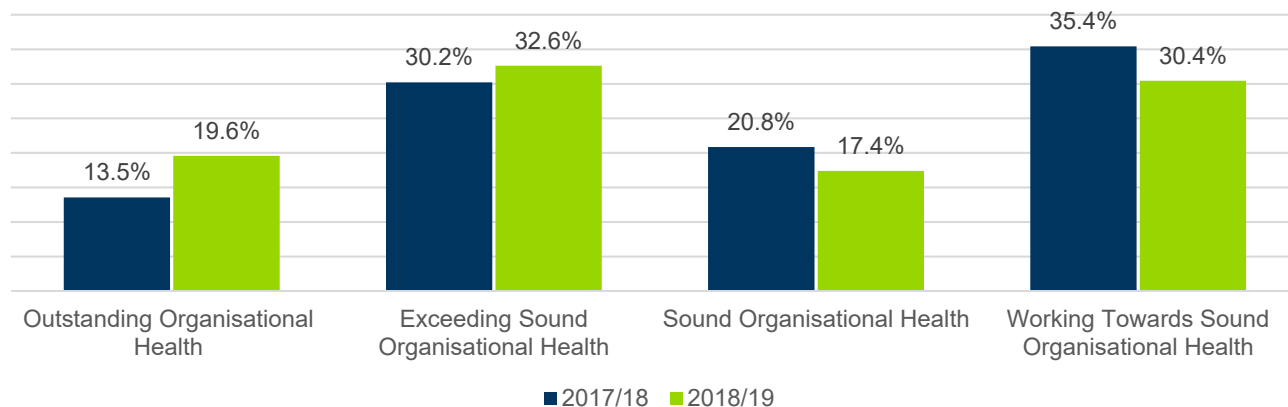
## ORGANISATIONAL HEALTH OUTCOME BY TIER



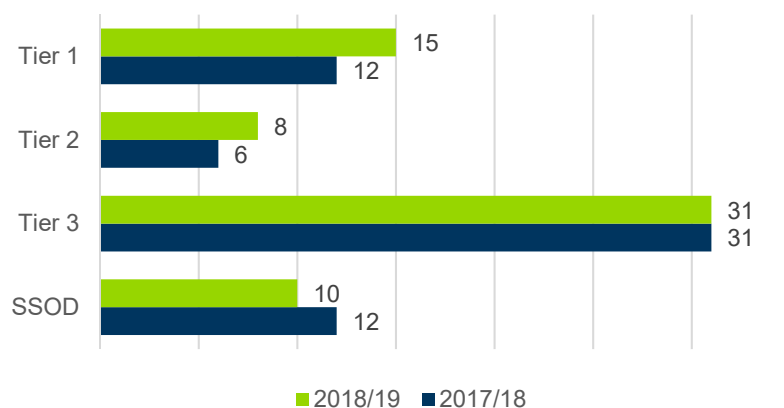
## THE AVERAGE SECTOR PERCENTAGE ACROSS KEY INDICATORS

RANK	KEY INDICATORS	SCORE (%)
1	Leadership, Culture and Integrity	81.9%
2	Delivery	81.6%
3	Risk Management & Accountability	78.0%
4	Financial Management	77.9%
5	Strategy & Planning	76.4%
6	Governance	71.7%

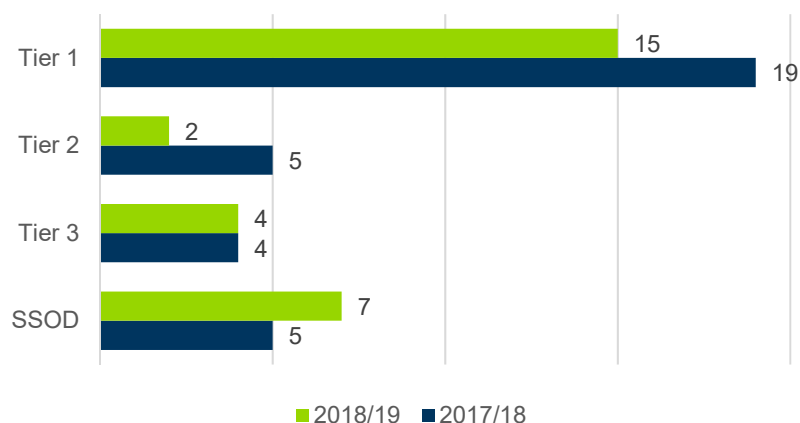
## YEAR ON YEAR COMPARISON RESULTS



## NUMBER OF ORGANISATIONS WITH "WORKING TOWARDS SOUND ORGANISATION" - COMPARISON BY YEAR AND TIER



## NUMBER OF ORGANISATIONS WITH "WORKING TOWARDS SOUND ORGANISATION"- COMPARISON BY YEAR AND TIER





## GOVERNANCE

- 44.6% of organisations have at least 40% of female representation on their board. This is an increase of 3.5% from 2017/18.
- 40.2% of organisations have a board succession plan in place. This is an increase of 13.6% from 2017/18.
- In 90.2% of organisations, members can remove directors (or the board as whole), an increase of 1.4%.
- 58.7% of organisations don't have a board capability matrix in place that helps identify skill gaps, a decrease of 4.1%.

## FINANCIAL MANAGEMENT

- 60.9% of organisations prepare a profit and loss statement and balance sheet every month, a decrease of 6.5%
- 73.9% of organisations reinvest and manage their assets to best meet the organisation's objectives, a decrease of 6.1%
- Organisations that budget in advance  
39.1% < 12 months, an increase of 4.4%  
54.3% 1-3 years, a decrease of 4.6%  
6.5% > 3 years, an increase of 0.2%
- 73.9% of organisation board's consider budget versus actual financial spend at each Board meeting, an increase of 6.5%
- 56.5% of organisations have an audit committee which includes at least one external and independent CPA or CA, an increase of 10.2%

## LEADERSHIP, CULTURE AND INTEGRITY

- 88% of organisations believe they appropriately monitor anti-doping controls, an increase of 17.3%
- 69.6% of organisations undertake a regular (annual) performance review of the CEO, an increase of 19.6%.
- 78.3% of organisations use independent tribunals for grievance and/or disciplinary proceedings, an increase of 9.2%
- 64.1% of organisations provide education to relevant people regarding integrity risks, a decrease of 3.6% from 2017/18.

## STRATEGIC PLANNING

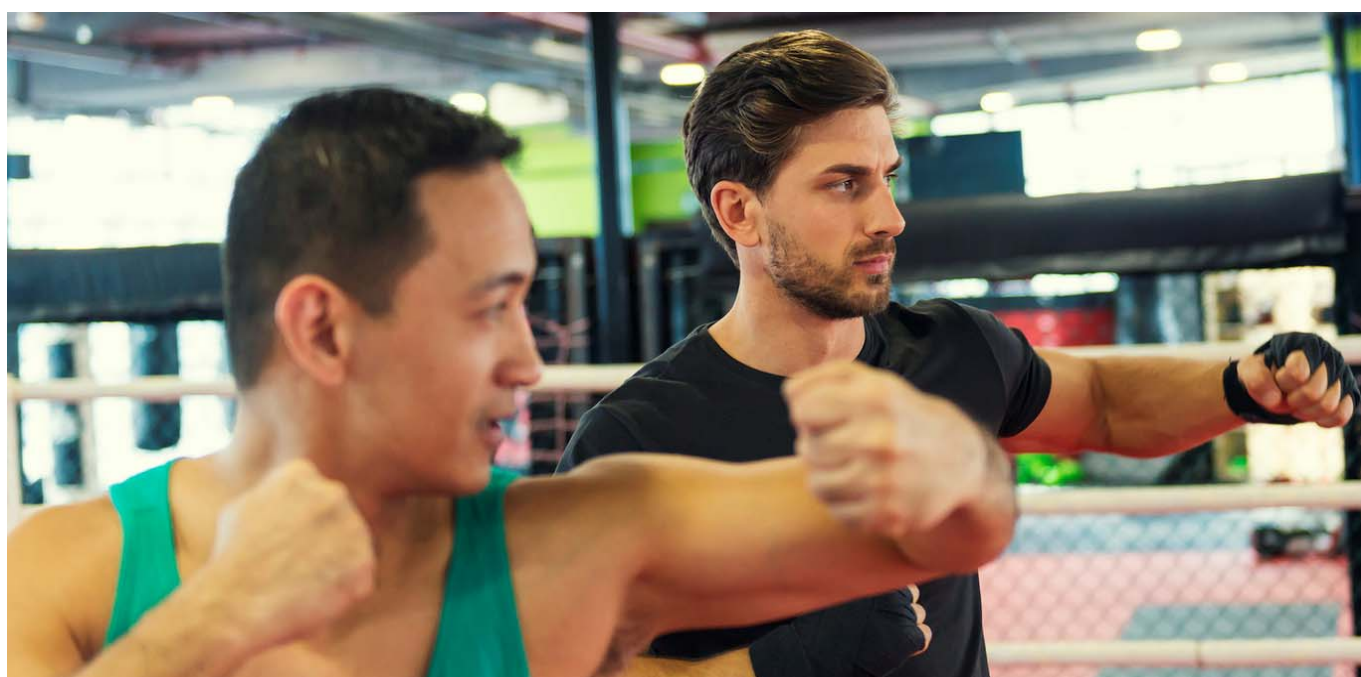
- 84.8% of organisations actively engage with stakeholders to seek input when developing the organisation's strategic plan.
- 88% of organisations have a strategic plan in place, a slight decline from 89.4%.
- 77.2% of organisations report that their objectives and strategic plan align with their National Sporting Organisations.
- 65.2% of operational plans outline the activities and actions required to achieve outcomes in the strategic plan. A small decline of 1.5%.
- 68.5% of organisations have an operational plan, a decrease of 5.7% from 2017/18.

## DELIVERY

- 66.3% of organisations have programs with a focus on including people with a disability.
- 94.6% of organisations comply with privacy legislation and have a privacy policy in place, an increase of 3%.
- 88% of organisations believe they direct adequate resources to the local level, an increase of 8.2%.
- 79.3% of organisations state that there is a consistent and unified delivery of the sport across the organisation, an increase of 5.9%
- 98.9% of organisations utilise social media (e.g. Facebook) and digital channels to deliver services to members.

## RISK MANAGEMENT AND ACCOUNTABILITY

- 50% of organisations ask volunteers to provide references and subsequently check these references.
- 76.1% of organisations have strong digital, IT and data governance processes in place to ensure the integrity, security, quality and privacy of it's systems. This is a 3.7% increase from 2017/18.
- 94.6% of organisations regularly review their Working with Children Checks.
- 62% (a decrease from 64.2%) of organisations have a risk register in place and 88 % (decrease of 6.7%) of organisations have a risk management framework in place.
- 89.1% of organisations have a child safety policy in place.







# 5. KEY RESULTS FOR 2018/2019

This section outlines the key results from the survey responses.

Key results of the report include:

- 92 out of 95 organisations completed the survey.
- 70% (64 out of 92) of respondents have been rated as having sound organisational health or above.
- This is an increase from 65% in 2017/18 as the table below illustrates.
- The average survey score across the sector was 75% (144 points out of 192 points).
- The remaining 28 organisations (30%) are working towards sound organisational health.

**TIERS - For the survey, organisations were separated into the following tiers:**

- Small State Sporting Organisations (Tier 1)
- Medium State Sporting Organisations (Tier 2)
- Larger State Sporting Organisations (Tier 3)
- State Sporting Organisations for people with disabilities

RATING	2018/19		2017/18	
	# of SSOs	%	# of SSOs	%
Outstanding organisational health	18	19.6%	13	14.0%
Exceeding sound organisational health	30	32.6%	29	30.0%
Sound organisational health	16	17.4%	20	21.0%
Working towards sound organisational health	28	30.4%	33	35.0%
Total	92	100%	95	100%

## 5.1 SURVEY SCORES BY NUMBER OF ORGANISATIONS AND TYPE

OUTCOME (2018/19)	SSOD	TIER 3	TIER 2	TIER 1	TOTAL
Outstanding organisational health	2	13	1	2	18
Exceeding sound organisational health	5	12	4	9	30
Sound organisational health	3	6	3	4	16
<b>Subtotal</b>	<b>10</b>	<b>31</b>	<b>8</b>	<b>15</b>	<b>64</b>
Working towards sound organisational health	7	4	2	15	28

## 5.2 KEY INDICATOR RESULTS

The survey was made up of six sections. Each section of the survey assessed a key indicator of performance and organisational health.

The average score (represented as a percentage) across the sector within each key indicator is given in the below table along with the ranking when each key indicator is compared with the others (with one being highest scoring key indicator and six the lowest):

In 2018/19 there was overall improvement in the average score across all key indicators. In both surveys, the strongest areas of performance are Delivery; and Leadership, Culture and Integrity; and Risk Management and Accountability. The lowest areas of performance were Financial Management; Strategy and Planning; and Governance.

KEY INDICATOR	SCORE (2017/18)	SCORE (2018/19)
Delivery	77.5%	81.9%
Leadership, Culture and Integrity	77.6%	81.6%
Risk Management and Accountability	77.3%	78.0%
Financial Management	77.0%	77.9%
Strategy and Planning	72.7%	76.4%
Governance	66.3%	71.7%



Broken down into each tier, the average score (represented as a percentage) for each tier across each key indicator is given in the below table. Governance is the lowest ranked across each tier.

#### AVERAGE KEY INDICATOR SCORES ACROSS TIERS (2018/19)

RANK	KEY INDICATOR	Tier 1 score	Tier 2 score	Tier 3 score	SSOD score
1	Delivery	75.0%	80.7%	87.1%	82.2%
2	Leadership, Culture and Integrity	75.9%	81.3%	89.8%	76.5%
3	Risk Management and Accountability	70.2%	83.0%	85.6%	72.9%
4	Financial Management	70.8%	75.0%	87.3%	72.5%
5	Strategy and Planning	68.0%	80.0%	84.0%	73.5%
6	Governance	64.2%	72.7%	78.7%	70.0%



## 5.3 DELIVERY

The delivery section looked at how the organisation delivers its services, how it collects and stores data and how it approaches the inclusion of people with a disability.

- Delivery was the strongest performing key indicator overall at 81.9%.
- Responses highlighted the need for ongoing work in the sector in relation to disability inclusion. While 66.3% of the sector had programs with a focus on disability inclusion, almost one-third of the sector did not.
- The *Privacy Act 1988* regulates how personal information is handled. The Board or Committee of Management have legal obligations to ensure they comply with the provision of the Act. 94.6% of organisations comply with applicable privacy legislation and have a privacy policy in place which sets out requirements and processes in relation to the collection of personal information.
- A key role of a Director and a responsibility of the Board or Committee of Management of a State Sporting Organisation is to ensure the ongoing financial viability of the organisation. This includes budgeting and allocation of resources to ensure the strategic objectives of the organisation are delivered effectively and efficiently to all levels of the sport including at grassroots. 88% of organisations say they direct adequate resources to local level for the delivery of services.
- 58.7% of organisations compared to 76.8% in 2017/18 have adequately effective, modern and operative the IT platform(s) or service(s). This drop may indicate that ongoing capital and maintenance of IT for the sector is a significant challenge.



## 5.4 LEADERSHIP, CULTURE AND INTEGRITY

Leadership, Culture and Integrity considered behaviours of the organisation, staff practices, volunteers and integrity measures the organisation has in place.

- Leadership, Culture and Integrity ranked second across the sector, scoring 81.6%.
- Directors on the Board of a State Sporting Organisation or State Sporting Organisation for people with disabilities together with their respective executive team (if any) are the leaders of that organisation. Those persons are responsible for setting the culture of the organisation through their leadership style and adopting and promoting a position of integrity for the State Sporting Organisation.
- A Board with a positive culture and an agreed set of values will underpin Board and organisational unity and commitment. Boards should make ethical decisions that are in the best interests of the members and the organisation.
- Boards should ensure and actively promote ethical behaviour and decision-making within their organisation. Good corporate governance ultimately requires people with integrity and leadership to ensure that the reputation of an organisation is managed, protected and enhanced.
- 88% of organisations indicated they invest financially in implementing new methods of achieving goals or delivering services. This is a positive result as it is important the sector understands trends in sports innovation as it applies to both high performance and participation, and invests financially into new methods of service delivery.
- 78.3% of organisations indicated the use of independent tribunals for grievance and/or disciplinary proceedings, an increase of 9.2% from 2017/18. The main reason and benefit of an independent tribunal for grievances and disciplinary proceedings is that it protects the Directors (they remain independent and cannot be challenged for bias) if they are not involved in internal proceedings. Such matters (and the authority to manage them) should be delegated away to the independent body to manage and conduct. The organisation then recognises and enforces any sanction that is applied in the proceedings. The system should be recognised in, and authorised by, the organisation's constitution.
- 91.3% of organisations indicated they are addressing and managing matters of ethics and integrity. This is an increase of 5% from 2017/18.
- 94.6% of organisations believed that their Board is actively promoting organisational value, culture and are committed to legal and ethical behaviour.
- 35.9% of respondents indicated that they either did not have clearly defined position descriptions and performance evaluation criteria or that they only had this for some of their staff (including volunteers). One of the most important sets of documents that a State Sporting Organisation can have is a current and clearly expressed set of job/position descriptions which include a performance evaluation criteria.

The Office of Sport's Sport Governance Capability Framework and Toolkit meets this need. Launched in 2018 in response to the 2017/18 survey, it outlines a range of key steps State Sporting Organisations and State Sporting Organisations for people with disabilities should take to ensure they promote ethical behaviour and decision-making within their organisation. Access to the Framework and Toolkit can be found at: [www.sport.nsw.gov.au/ryssso](http://www.sport.nsw.gov.au/ryssso)

- Other Integrity and Child Safe web resource available to the sector include:
  - ✓ [www.sport.nsw.gov.au/integrity-in-sport](http://www.sport.nsw.gov.au/integrity-in-sport)
  - ✓ [www.sport.nsw.gov.au/ryssso/leadership-culture-and-integrity](http://www.sport.nsw.gov.au/ryssso/leadership-culture-and-integrity)
  - ✓ [www.sport.nsw.gov.au/childsafety](http://www.sport.nsw.gov.au/childsafety)



## 5.5 RISK MANAGEMENT AND ACCOUNTABILITY

The Risk Management and Accountability section related to insurance, risk mitigation tools, access to professional advice, recruitment and training and measures in place for working with children.

- Risk Management and Accountability ranked third across the sector at 78%.
- 94.3% of organisations (compared with 90.3% in 2017/18) stated they ensure workers/volunteers in child related roles have a current Working With Children Check (WWCC), in accordance with NSW legislation.
- 76.1% of organisations (compared with 92.6% in 2017/18) indicated they registered as an employer for the purposes of the WWCC and verified the numbers of all workers/volunteers required to hold a WWCC in accordance with NSW legislation.
- 94.6% of organisations indicated they ensured workers/volunteers in child-related roles have a current WWCC in accordance with NSW legislation. A small number of organisations (5.6%) answered no to this question, which may be due to the nature of the sport, such as adult orientated sports with no junior or child categories.
- 79.3% of organisations responded that all employees had reference checks.
- 50% of organisations indicated volunteers are required to provide references.
- 89.1% of organisations indicated they have a current child safety policy in place.
- More than a one third of organisations (38%) do not have a risk register to improve risk reduction or mitigation. This is a 2.4% increase from the 2017/18 survey.
- Emerging globalisation of cyber and data security risks are of concern for sporting organisations who are predominately managed by volunteers. The management of all risks remains of paramount importance for Directors of Boards or Committees of Management. Board secretaries, officers, and committee members of State Sporting Organisations and State Sporting Organisations for people with disabilities are regarded as owing a fiduciary duty to the organisation. They must seek to demonstrate that they used all “due diligence” or take all reasonable steps to prevent a reasonably foreseeable loss or injury occurring; thus, limiting the liability of the organisation and sport.

The Office of Sport outlines a range of key steps which State Sporting Organisations and State Sporting Organisations for people with disabilities should take to ensure they adopt and put into place best practice risk management systems and processes. State Sporting Organisation risk management resources can be found at: [www.sport.nsw.gov.au/rysso](http://www.sport.nsw.gov.au/rysso)

## 5.6 FINANCIAL MANAGEMENT

The Financial Management section focused on financial systems and practices adopted by the organisation.

- Financial Management ranked fourth across the sector at 77.9%.
- State Sporting Organisation Boards need up to date financial information to allow them to make better decisions. Across the sector 73.9% indicated they prepared reports on budget versus actual financial spend for each Board meeting.
- 92.4% of organisations have a qualified staff member/volunteer responsible for compiling the financial statements (in conjunction with appropriate accountants or advisers).
- The Association Incorporation Act NSW (2009) divides associations into two tiers for reporting purposes. Larger, or Tier 1, associations are those whose gross receipts are more than \$250,000 or current assets are more than \$500,000. Tier 1 associations are required to submit audited financial statements each year to the members at the Annual General Meeting. Smaller, or Tier 2 associations are those whose gross receipts are less than \$250,000 or current assets are less than \$500,000.
- Tier 2 associations are required to submit a summary of their financial affairs to the Annual General Meeting. Associations must lodge annual financial summaries in the approved form with Fair Trading within one month after the Annual General Meeting and no later than seven months after the end of the association's financial year.
- 78.3% of organisations compared to 83.2% in 2017/18 provide annual audited signed reports within 6 months of the year end. An incorporated association must hold its Annual General Meeting within six months after the end of the association's financial year, and if a Tier 1 organisation, prepare and provide an audited financial report.
- Lack of cash flow can result in organisation failure even when an organisation is profitable. 62% of organisations prepare rolling short-term cash-flow forecasts to manage their cash and liquidity or set the minimum cash position (i.e. the minimum amount of available cash to avoid cash shortfalls).
- Responses indicated that developing budgets, clarifying delegation for spending and ensuring appropriate procurement safeguards was a consistent issue across all tiers of the sport sector.

The Office of Sport's Financial Management Toolkit was launched in 2018 in response to the 2017/18 survey outlines a range of key steps which State Sporting Organisations and State Sporting Organisations for people with disabilities can take to ensure they adopt and put into place best practice financial management systems and processes.

The Financial Management Toolkit can be found at: [www.sport.nsw.gov.au/ryssso](http://www.sport.nsw.gov.au/ryssso)

## 5.7 STRATEGY AND PLANNING

The Strategy and Planning section addressed strategic and operational plans, a digital strategy and expenditure on administrative functions.

- Strategy and Planning ranked fifth across the sector at 76.4%.
- An important function of the Board or Committee of Management is to plan strategy and direction and develop a strategic plan that should guide staff and members to achieve identified objectives, mission and vision.
- A third of organisations did not have an operational plan (31.5%) and 35.9% did not link the operational plan activities and actions with their organisation's strategic plan.
- 97% of organisations indicated they utilise social media for communication and marketing, however
- 51.1% of organisations do not have a digital strategy formalised within their strategic plan. 23.9% of organisations do not undertake regular evaluation, monitoring and reporting to key stakeholders.
- 84.8% of organisations actively engage with stakeholders when developing the organisation's strategic plan compared with 77% in 2017/18. This is a positive development as sporting organisations need to engage all levels of their sport in the effective planning and implementation of strategies and operational plans.
- Regardless of the sport's governance structure, strategy remains the fundamental enabler for a whole-of-sport approach to unified planning behaviours between the National Sporting Organisation, the State Sporting Organisation, its regional associations and clubs.

The Office of Sport's Strategic Planning Toolkit outlines a range of key steps which State Sporting Organisations and State Sporting Organisations for people with disabilities can take to ensure they adopt and put into place best practice strategic planning systems and processes. Access to the Strategic Planning Toolkit can be found at: [www.sport.nsw.gov.au/rysso](http://www.sport.nsw.gov.au/rysso)





## 5.8 GOVERNANCE

The Governance section looks at the organisation's structure, constitution, membership, voting rights, compliance with applicable legislation, policies and the operation and composition of the Board.

- Governance ranked last across the sector at 71.7%. It remains the lowest scoring key indicator area for the sector.
- A significant number of the organisations surveyed did not stagger director appointments (33.7%) or adopt a Board succession plan (59.8%). This creates a risk of lost corporate knowledge if Board members leave at one time.
- Most Boards (55.4%) do not have the 40% female representation currently seen as an appropriate target in the sector. However, there are signs of improvement and this result is better than the 74% of ASX 200 Boards that did not reach the Australian Institute of Company Director's target of 25% of women in ASX 200 Board positions<sup>5</sup>.
- While historically some sports have had predominantly male participants and members, the targeted transition towards 40% female representation could be linked with issues organisations have attracting new Board members generally. With ongoing education and promotion by the Office and Sport, this target is more likely to be attained.
- 42.4% of Boards evaluate their performance, an increase from 32% in 2017/18.
- 43.5% of Boards do not elect their Chair/President, down from 44.2% in 2017/18.
- 90.2% of organisations indicated they have a defined process for reporting integrity issues (e.g. bullying, corruption, harassment, doping) throughout the organisation and to the Board where appropriate.
- More than 56.5% of organisations have an audit committee which includes at least one external and independent Certified Public Accountant or Chartered Accountant qualified accountant. This is an increase of 10.6% from 2017/18.
- 40.2% of organisations indicated the Board has a succession plan in place, which is an increase of 13.6% from 2017/18.
- 69.6% of organisations indicated the Board undertakes a regular performance review of the Chief Executive Officer which is an increase of 19.6% from 2017/18.

<sup>5</sup> AICD board diversity statistics (December 2017)  
<http://aicd.companydirectors.com.au/advocacy/board-diversity/statistics>

The Office of Sport's Sport Governance Capability Framework and Toolkit launched in 2018 in response to the 2017/18 survey was developed to assist State Sporting Organisations improve governance practices and skill.

The framework refers to, and reflects, the Sport Australia Sports Governance Principles and the requirements of the Associations Incorporation Act 2009 (NSW). It aims to assist State Sporting Organisations with a key part of good governance as identified by Sport Australia. Given the governance, administrative and operational models for State Sporting Organisations, a range of different organisations will not be able to, or need to, adopt all the themes in this framework. It can be found at: [www.sport.nsw.gov.au/rysso](http://www.sport.nsw.gov.au/rysso)



## 6. CONCLUSIONS

- Overall, current organisational health of the NSW sport sector is sound.
- Over 70% of State Sporting Organisations and State Sporting Organisations for people with disabilities have been assessed as having sound organisational health or above. This equates to a 5% change from the 2017/18 survey.
- The sport sector is in a strong position to reach the Office of Sport's target of 80% of the sector having sound organisational health by 2020.
- There is still room for improvement particularly in the areas of Financial Management, Strategy and Planning and Governance. Each are closely interlinked in improving organisational health and capacity of State Sporting Organisation.
- Governance refers to the systems and processes put in place to control or govern the State Sporting Organisation. Good governance is often the result of the good behaviour and judgement of the Board running the State Sporting Organisation. Good governance can lead to better organisational strategy, plans and improved use of financial resources which leads to operational efficiencies, prudent compliance and improved financial and risk management systems and practices.
- The Board of a State Sporting Organisation also has a role in good financial management. They must know how to oversee the finances of the organisation. This means that they must understand the financial information that is prepared and presented. They are ultimately responsible for transparency, accountability and stewardship of all financial matters and strategic direction to ensure that the objectives are met.
- Understanding an organisation's financial position and its strategic direction are important for the successful provision of its services to members and stakeholders.
- By implementing sound financial management practices and processes, the State Sporting Organisation is better placed to deliver the financial and strategic goals of the organisation in a financially sound manner.
- The governance of a State Sporting Organisation is different to the everyday work of that organisation. Boards make strategic decisions, while management and staff/volunteers action these governance decisions.
- Whatever the goals, a State Sporting Organisation must have a strategy to achieve them and the financial resources to manage them. The role and responsibility of Board Directors in setting strategy and managing the financial systems and processes go hand in hand.

- Governance remains as challenging for the business sector as it does for the sport sector. There are many issues which impact on sports and the way they are governed. Higher and more consistent standards of governance based on supportive legal and governance frameworks reflect rising expectations of accountability and transparency across society, including government and sponsors.
- The recent Financial Services Royal Commission has uncovered a range of issues contributing to poor governance culture and practices. The Australian Institute of Company Directors submission to the interim report of the Financial Services Royal Commission<sup>6</sup> notes there are several factors that contribute to the prudent management of conduct risk including corporate culture, company governance frameworks, as well as remuneration structures.
- In the view of the Australian Institute of Company Directors, fostering and maintaining a sound corporate culture is pivotal to managing conduct risk. A sound corporate culture depends on strong leadership, and it is the role of a Board to 'set the tone from the top' in establishing behavioural standards.
- Ongoing Board renewal in accordance with succession plans, including promotion of diversity, can also assist by reducing the risk of 'groupthink' and prompting fresh questioning around organisational culture.
- Boards also have an important role to play in setting the governance policies and frameworks that drive behaviour throughout the organisation.
- The sport sector in NSW is predominately controlled by volunteer boards, committees and administrators who carry extra responsibilities and burdens associated with the complex legal and regulatory environment within which they operate. Continued focus on governance support to the sector is necessary to build sustainability and organisational capacity.
- The Office of Sport supports the sport sector to implement good governance principles and practices through continuous benchmarking and evaluation processes and investment into resources and training opportunities for Boards and high-level management.

<sup>6</sup> AICD Financial Services Royal Commission - Interim Report (November 2018) <http://aicd.companydirectors.com.au/advocacy/policy/submission-to-financial-services-royal-commission>






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