

# Learn Local Committee of Management (CoM) Workbook

A practical guide on governance for Committees of Management in the Learn Local sector



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## Glossary of terms

<b>ACE</b>	Adult Community Education
<b>ACFE</b>	Adult, Community and Further Education
<b>AEI</b>	Adult Education Institution
<b>AMES</b>	Adult Multicultural Education Services
<b>AQF</b>	Australian Qualifications Framework
<b>ASQA</b>	Australian Skills Quality Authority
<b>AQTF</b>	Australian Quality Training Framework
<b>AVETMISS</b>	Australian Vocational Education and Training Management Information Statistical Standard
<b>ANHLC</b>	Association of Neighbourhood Houses and Learning Centres
<b>CAE</b>	Centre for Adult Education
<b>CALD</b>	Culturally and Linguistically Diverse
<b>CoM</b>	Committee of Management
<b>DEECD</b>	Department of Education and Early Childhood Development
<b>ESL</b>	English as a Second Language
<b>LL</b>	Learn Local
<b>NCVER</b>	National Centre for Vocational Education Research
<b>NHCP</b>	Neighbourhood House Coordination Program
<b>RTO</b>	Registered Training Organisation
<b>VCAL</b>	Victorian Certificate of Applied Learning
<b>VET</b>	Vocational Education and Training
<b>VCE</b>	Victorian Certificate of Education
<b>VRQA</b>	Victorian Registration and Qualifications Authority

# 1 Introduction

This workbook provides a guide to all Learn Local Committee of Management (CoM) members on their role and responsibilities. It has been designed with the needs of new CoM members particularly in mind. It is not intended as a general guide to governance, but instead provides tailored advice to help CoM members be successful in their oversight of a Learn Local organisation.

CoM members have five main areas of responsibility. They are required to plan, direct, engage, oversee and support. This workbook dedicates a section to each of these five areas. In each of these sections we focus on the specific tasks that are required of the CoM and wherever possible and appropriate we have included checklists, templates and examples to provide practical tools to support you in your role as a CoM member. More detailed information is provided in the appendices and referred to throughout.

Three other sections are included in this workbook for your reference. Section 2 outlines the market and policy context for Learn Local training organisations; section 9 summarises your Learn Local organisation's key obligations with respect to general operations, management and delivery of training and section 10 addresses the broader legislative responsibilities that apply to all Learn Local organisations operating in Victoria.

Please note that some of the information provided is subject to change. For that reason we encourage you to check the main government websites referred to throughout the workbook, or ask your CEO for the latest information.



## 2 Understanding the context

In 2011, the Hon. Peter Hall, MLC, the Minister for Higher Education and Skills, launched Learn Local as the new network name for the Adult Community Education (ACE) sector. At that time, the Victorian government reaffirmed the important contribution of such organisations to the cohesion of our communities and the robustness of our local economies.

Alongside TAFE institutions and private training providers, the Learn Local sector forms part of Victoria's vocation education and training (VET) system.

The sector employs over 8,500 people and has a similar number of volunteers. Collectively, Learn Local organisations train about 100,000 people each year.

### 2.1 An introduction to the Learn Local sector

The Learn Local sector in Victoria encompasses independent not-for-profit community-based organisations that offer training at an affordable cost to people of all ages.

Learn Local organisations offer programs which are designed to be flexible to meet learners' needs and support them to return to study, improve their literacy and numeracy skills, gain a qualification, broaden their employment options and learn new skills. As part of the wider VET sector, Learn Local organisations deliver programs in a range of industry sectors across the spectrum of qualification levels.

Around half of Victoria's 310 Learn Local organisations are registered training organisations (RTOs) offering accredited vocational education and training that leads to a formal qualification (i.e. Certificate I through to Diplomas and Advanced Diplomas).

Almost all Learn Local organisations deliver 'pre-accredited' programs that support entry or re-entry into the workforce or into formal, accredited education and training. They are often short, modular courses that address the needs of adults who have experienced barriers to education in the past and find it difficult to undertake accredited programs as their first step back into education and training. These courses offer learners integrated pathways into accredited Certificate or Diploma programs, and/or work.

Many Learn Local organisations also deliver non-VET 'enrichment' or general interest courses. These courses are not designed with particular pathways in mind. While the government subsidises accredited and pre-accredited training, enrichment courses are all fee-for-service.

Learn Local organisations provide a unique, community-based context for learning. They have a genuine focus on the individual needs of learners and the flexibility to meet their learning requirements. Often, they are the only places people can go for adult learning in rural areas. These organisations may be small operations with a particular education focus such as basic literacy, or larger and more complex organisations offering programs ranging from basic education to Diploma-level qualifications.

Learn Local organisations are governed by voluntary committees of management whose members are drawn from the local community.

In addition to education and training programs, many Learn Local organisations deliver a range of other services to their communities such as childcare, employment services, youth and community development activities.

The Victorian government provides funding to Learn Local organisations for the delivery of education and training to people over school-leaving age. The ACFE Board supports Learn Local organisations to

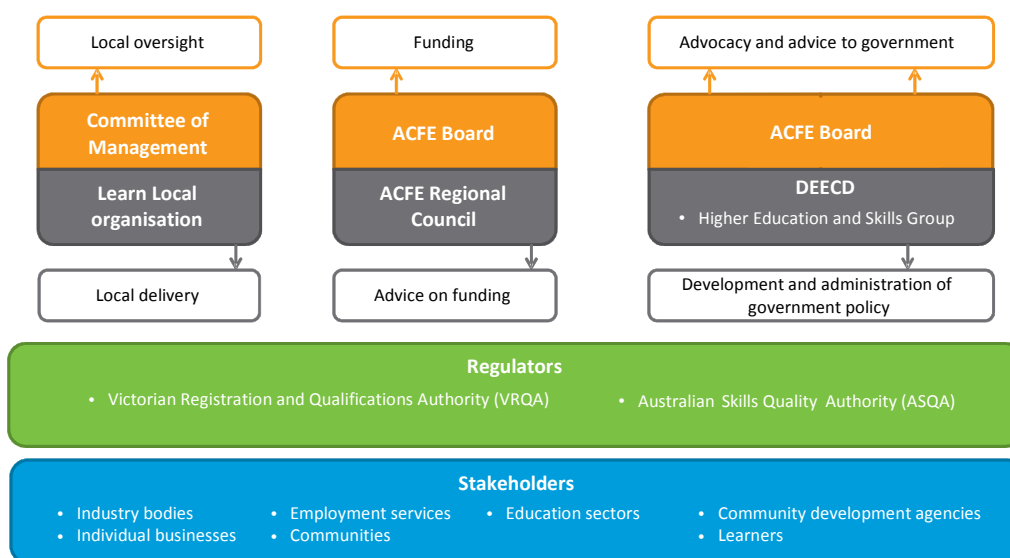
understand Government policy and to develop programs that support learners to participate in further education.

The Victorian Government supports the provision of vocational education and training through:

- Accredited vocational training delivered by TAFEs, private RTOs and community-based Learn Local organisations.
- Pre-accredited adult education delivered through community-based Learn Local organisations.
- Various grants and programs administered by the ACFE Board.

Figure 1 provides an illustration of ‘Who’s Who’ in the Learn Local sector and – broadly-speaking – their respective roles from policy-setting to training delivery.

Figure 1: High-level map of ‘Who’s Who’ in the Learn Local sector



## 2.2 The role of the CoM in the Learn Local sector

The main responsibility of the CoM is to ensure good governance of training programs offered by the Learn Local organisation. ‘Good governance’ means having:

- The right people making decisions on the basis of the right information
- Sound ways of measuring progress and performance
- Appropriate accountabilities and mechanisms for highlighting issues and addressing them.

The CoM member’s role is complementary but quite distinct to that of the Chief Executive Officer (CEO) or manager/s of a Learn Local organisation. It is about providing oversight and direction, and offering a perspective that is:

- Anchored in the community
- Mindful of broader stakeholder interests (notably those of students and local industry)



- Concerned to ensure proper use of funds by the organisation and its adherence to legislative and contractual requirements
- Attuned to strategic and operational risks, as well as opportunities to evolve and improve.

To exercise their governance responsibilities well, there are important things that CoM members need to know and do. This workbook aims to explain these responsibilities in ways that will aid new CoM members who have little experience. It will also provide a ready reference for those more seasoned CoM members who are seeking clarification or are looking for a specific resource to help them address a particular issue.

## 2.3 Training provided by the Learn Local sector

Four broad types of programs are delivered in the sector:

- **Adult literacy and numeracy** – training for adults in literacy and numeracy skills including teaching English to people from culturally and linguistically diverse (CALD) backgrounds
- **Employment skills** – training in basic skills to support work or further learning, such as communications, teamwork, problem solving, job search and return to study skills
- **Victorian Certificate of Education (VCE) and Victorian Certificate of Applied Learning (VCAL)** – for post compulsory learners
- **Vocational education** – training that assists people with skills acquisition required for specific occupations to start work, go back to work or change jobs.

The Learn Local sector has a special role in reaching learners who have not achieved year nine or an equivalent qualification. It also distinguishes itself by addressing needs of adults that have experienced barriers to education and/or employment in the past and who find it difficult to undertake accredited programs. These might include disengaged youth, learners with a disability, or vulnerable low-skilled workers. Learn Local organisations aim to reach these learners by offering flexible and innovative programs that are tailored to their circumstances.

Learn Local organisations that are also RTOs (i.e. roughly half of the 310) offer accredited training that leads to formal qualifications ranging from accredited 'foundation' courses, to Certificate-level qualifications and Diplomas and Advanced Diplomas.

A strength of Learn Local organisations is that, being firmly anchored in the communities they serve, they can be particularly responsive to the needs of local businesses, large and small.

## 2.4 Types of Learn Local organisations

Learn Local training is delivered by a variety of organisations, some of which may be principally providers of other community services, such as Neighbourhood Houses, Community Houses, Learning Centres and other non-profit providers of health, disability, youth and employment programs and the like. Their operating budgets can range from less than \$50,000 to over \$5 million.

Members of the Learn Local network include the government-owned CAE (Centre for Adult Education) and AMES (Adult Multicultural Education Services) as well as other significant community enterprises.

All are not-for-profit entities that access funding from the Government as well as from various private sources.

## 2.5 Victoria's training market

To be their most effective, it is important for CoM members to be aware of Victorian Government policy objectives for the sector, which are sometimes subject to change. In 2009-2011 the Victorian Government implemented major reforms in the VET sector with the introduction of the Victorian Training Guarantee. In essence these changes saw more funding being made available directly through a learning entitlement to students seeking to lift their qualification levels. To do this, the Government moved away from funding organisations based on anticipated skills needs towards a demand-driven market where the learner and business are empowered to choose where they will use their learning entitlement.

This change makes it particularly important for CoM members to stay abreast of key economic and market trends that might affect the operations of your Learn Local organisation. For example, trends in local unemployment rates or the emergence of new larger-scale business ventures that might affect the local labour market (either as an opportunity or a threat).

### Resources

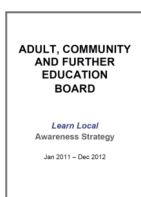
- The Higher Education and Skills Group' Quarterly Training Market reports (available at <http://www.skills.vic.gov.au>) are an easy-to-read and rich source of information about trends in the Victorian training market.
- The National Centre for Vocational Education and Research also produces a range of publications, including on industry skills shortages (see <http://www.ncver.edu.au/>).

Although trends are very positive for increasing the participation of Victorians in training, including in courses provided by the Learn Local sector, the picture can look different at the local level. It is therefore incumbent on CoM members to monitor local trends, such as:

- The current and emerging needs of the local business community
- The organisation's success with the core target groups
- Demographic changes and other drivers of local community needs.

There are few 'off-the-shelf' resources available to help round out your knowledge of regional and community needs that affect the operations of your Learn Local organisation. CoM members must therefore rely heavily on their own networking, outreach, research and observation.

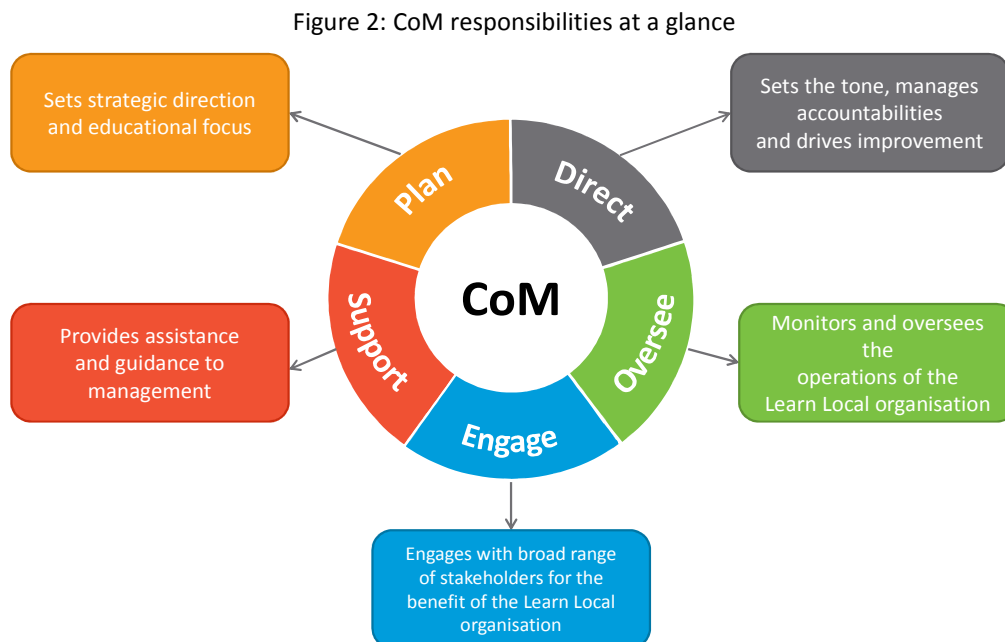
### Resources



If you are new to your region or to your role, useful background can be found in the ACFE Board Learn Local Awareness Strategy Jan 2011 – Dec 2012 at <http://learnlocal.acfe.vic.edu.au>

### 3 Overview of the CoM's responsibilities

This section outlines the five key areas of responsibility: plan, direct, oversee, engage and support (Figure 2).



ACFE has developed a capability framework that articulates the skills, knowledge and attributes associated with each of these responsibilities. More detail on this is provided in following sections of the workbook.

#### 3.1 Plan

The responsibilities under 'plan' centre on the CoM's role in developing a strategic plan for the Learn Local organisation. In very small organisations, you may only have a business plan, but one that sets out longer term directions. In larger and more complex organisations, the CoM would develop, or shape the development of a strategic plan. The process of planning can be as important as its outcome, as it provides a critical opportunity for you to challenge the organisation's and the CoM's thinking about what the future risks and opportunities are for training provision by your Learn Local organisation, and to set a course with milestones against which you can assess progress. The 'plan' section of this workbook provides some practical guidance on how to approach this task and includes an example plan from a medium-sized organisation in the sector.

The section also includes the specific capabilities associated with the 'plan' function. It is important to note that a key skill required of the CoM is to analyse market trends and the changing needs of local businesses and those in the community they aim to reach.

## 3.2 Direct

The section on 'direct' focusses on how the CoM, particularly the Chair, engages with the CEO/Manager of the Learn Local organisation and to what end. A key point of this discussion is that setting expectations about what the CoM needs from the organisation for it to operate effectively is crucially important. This translates to giving clear instructions about what you need for your meetings and what you expect from the CEO/Manager by way of follow-up on specific decisions.

This section also covers the role of the CoM in monitoring and assessing the performance of the organisation's management and to give clear direction if or when there are issues to be addressed. While this responsibility rests most squarely on the shoulders of the CoM Chair, it is important that all CoM members are able to provide their own perspective on organisational performance and the extent to which the CoM is being well-served.

The 'direct' function also covers the CoM's role in setting the tone more broadly for how the organisation should operate and, most particularly, ensuring that the achievement of learner outcomes is a key driver for all that the organisation does.

## 3.3 Oversee

The oversight function is one that comes most directly to mind when thinking about the CoM's governance responsibilities. It refers to your role in monitoring the finances of the Learn Local organisation, including the training programs that you are investing in, the pricing of those programs and the returns on that investment in terms of learner participation and outcomes, and the costs in terms of delivery and overheads.

The responsibility for interpreting financial information rests primarily with the Treasurer, but it is important that all members can contribute to a discussion about performance against budget and other aspects of financial performance and risk. Since CoM members require some technical knowledge and skills to perform this function well, we have included some practical guides on how to read a balance sheet and a profit-and-loss statement, and list other resources should you wish to gain more confidence in this area.

Oversight also involves having a good appreciation of the organisation's obligations (and indeed the CoM's) under legislation. There are a range of legal obligations that relate to contractual arrangements with funders, the maintenance of quality standards with accrediting bodies, compliance with Occupational, Health and Safety legislation, and your operation as an incorporated association with non-profit status (to cite a few examples).

For a CoM, there is always a balance to be struck between:

- Knowing enough to be able to ask appropriate questions and feel assured that your organisation is operating in full compliance with its obligations
- Not getting so involved to the extent that you are doing the job that staff in the Learn Local organisation have been engaged to do.

One of the great sources of value of a CoM is the perspective it provides, in being able to step back, see the whole picture, challenge assumptions and ask the questions that others haven't thought to ask themselves.

The 'oversee' section describes the main areas where you should feel able to exercise judgement. If you wish to understand in more detail the obligations and operations of Learn Local organisations, included in that section is advice on where to find such information.

Not everyone can excel at everything, but the goal is for the CoM collectively to succeed by having each member feel more confident and knowledgeable about the various responsibilities associated with membership.

### 3.4 Engage

The fourth area of CoM responsibility relates to the ability to leverage community connections and to build on them in the interests of helping achieve the Learn Local organisation's strategic objectives. Specifically, it is incumbent upon the CoM to have good lines of communication with local businesses that can benefit from the training your organisation provides. It may be that you can enter into formal partnerships with such businesses where you exchange a willingness to tailor training to their needs with a contribution on their part in the form of, for example, provision of facilities, trainers or mentors.

The CoM should also consider whether they have effective arrangements in place with other training providers to ensure that there is a clear pathway for their learners to continue onto higher or different qualifications if that is their goal.

A stakeholder engagement plan that clearly articulates who you need to approach, in what way, and with what purpose in mind will make both engagement and pathway planning more effective. The section on 'engage' includes an example of what an engagement plan could look like.

### 3.5 Support

The final area of responsibility is the 'support' function. In the 'support' section of this workbook we explain the way in which CoM members can lend their technical skills and/or wider knowledge to assist the organisation's manager or management team to effectively fulfil their responsibilities and to develop their professional capabilities.

The 'support' section also discusses the support that CoM members can and should provide each other, including:

- Providing background information and explaining key Learn Local matters
- Ensuring that fellow CoM members have an opportunity to ask questions and offer views.

Such collegiate support is crucial to the effective functioning of a CoM and is something that Chairs, particularly, should encourage.

As with several other CoM responsibilities, it is important that CoM members resist the temptation to assume each other's responsibilities – whether they are members of the organisation or other CoM colleagues. The Chair should ensure there is appropriate sharing of duties on the CoM, and that operational matters do not consume too much of CoM members' time.

#### Important note

There are a lot of useful materials and guidelines available through public sources, government websites and specialist advisers to the not-for-profit sector. Some of these resources are listed in the relevant sections of this document.



## 4 Plan



While Learn Local CEOs/Managers have a responsibility to implement agreed business plans and delivery plans, it is the CoM's responsibility to think about the strategic directions of the organisation and to set specific goals and priorities. They do this by drawing on their knowledge of the market and of community needs.

### 4.1 Key components of a good Learn Local strategic plan

There are common principles or 'minimum requirements' for a good strategic plan. These include the need to:

- **Set a medium to long term time horizon** to ensure you are thinking about the operating environment for your organisation, the market for its business, the risks and opportunities that could emerge, and the goals you want to achieve over time
- **Consider wider stakeholder interests** beyond the immediate needs of current learners and the current commitments in your delivery plans or service agreements with government to deliver standardised training. Questions include: What does the wider community need from your organisation? What are your funders' expectations? What are the emerging priorities of local employers?
- **Be clear about your driving vision and purpose** associated with Learn Local training provision, and the outcomes you are seeking for your learners
- **Articulate easy-to-understand objectives and communicate them** to your organisation so employees, volunteers and stakeholders understand their contribution to higher-level organisational goals
- **Indicate how organisational resources align with priorities** to assist in resource allocation
- **Include performance measures that allow you to track progress** against your higher-level outcomes and organisational objectives.

To be truly 'strategic' as well as practical and meaningful, your plan should contain all these elements.

In addition, you may want to include in your plan a statement of expectations about your organisation's culture, capability development, or accountability for delivery on different elements. Alternatively, you

might want to include more contextual information that explains the evolution of your organisation and the direction you see it moving in. This could be done in the form of a ‘message from the CoM Chair’.

All these considerations are a matter for your own judgement and contingent on the circumstances of your organisation – its size, ‘maturity’ (how long it’s been established) and whether it is undergoing change or in a consolidation period.

## 4.2 How to develop the plan

The strategic planning process should be led by the CoM and actively involve all CoM members as well as your organisation’s management. It is a crucially important activity that shapes the direction of the Learn Local business strategy and therefore warrants intensive and high-level engagement. This means that, while some of the drafting work and fine-tuning can be ‘delegated’ to others, the CoM should lead the thinking and be prepared to ‘own’ the final product.

It is also preferable to start with a ‘blank sheet’ rather than use the previous strategic plan as a basis. This allows for fresh thinking and new ideas. It enables you to challenge assumptions, and thoroughly take stock of the changing operational environment, including changes to the local market for Learn Local training.

Before you get into the work of developing a plan the CoM should do three things:

- **Define the purpose and proposed use of the plan** – Do you want it to drive change internally? Do you want to use it as a public document that helps to set up partnerships? For small organisations, how complex does the plan need to be? For larger organisations, is the strategic plan intended to integrate a range of activities and provide a unifying set of messages and objectives?
- **Agree the structure and time horizon** – To be truly strategic you need to have a timeframe for the plan of at least three years. Longer than five years is usually impractical as the plan will likely require a thorough revision before then.
- **Conduct a strategic scan** – Consider what has changed in the policy setting, market, local business and learner needs so that this informs your objectives and priorities for the period ahead. Think broadly about your stakeholder environment as illustrated in Figure 3.

Once you have done this you can start thinking about your objectives and priorities. At the same time it is important to ask “how will we know we are achieving our objectives?” and consider specific performance indicators and measures. Ideally these measures should be both at the ‘outcome’ level (e.g. the proportion of learners who move into higher education and/or employment upon completion) as well as ‘strategy-level’ measures. ‘Strategy-level’ measures assess the extent to which the particular initiative you propose undertaking are delivering the desired results (e.g. a Key Performance Indicator for a new marketing strategy would be the increase in enrolments from the group or groups targeted).



Figure 3: Mapping the stakeholder environment and external drivers of change



### 4.3 Planning for implementation

Before finalising your strategic plan, the CoM should ensure there is clarity around who is accountable for pursuing and delivering on different components of the plan.

You also need to agree as a committee how you will monitor progress – for example whether you want to commission quarterly reports on the key result areas and/or schedule presentations to the CoM about progress on specific strategies.

Finally, the CoM needs to consider how the plan will be communicated internally as well as externally. This will be informed by your earlier discussion about its purpose and use.

Some ideas about communicating it externally are:

- Publish it on your website
- Send it as an attachment to letters or emails to your key stakeholders
- Refer to it in public presentations about your Learn Local organisation
- Pick an objective from the plan and make it the basis for an item in newsletters or bulletins.

## 4.4 Capabilities and competencies associated with the CoM's responsibilities to 'plan'

 <b>Plan</b>	Competency	Competency description
	Understands the training market	Possesses a good understanding of the local training and employment market, as well as their local community, to identify risks and opportunities.
	Plans strategy	Looks beyond immediate operational matters to identify and plan a long term and sustainable business strategy.
	Sets goals	Sets goals and objectives that lead toward successful execution of strategy.

### 4.4.1 Competency 1: Understands the training market

Indicator	Indicator descriptor
Knowledge of training market	Keeps up to date with local and regional training market information, community needs and local business activities by researching, attending relevant information sessions and networking with stakeholders. Specifically, the CoM has knowledge of local issues that may impact training needs (e.g. new emerging cohorts or opportunities in industry). Keeps up to date with policy directives and funding requirements for training.
Shares insights and learnings	Shares insights and checks understanding of the Learn Local sector with CoM colleagues and stakeholders. Members bring local community knowledge to the CoM.
Makes informed decisions	Uses knowledge of the local training sector to inform decision making about funding (e.g. cost of courses), partnerships and training opportunities (i.e. new or emerging markets).
Regards interests and training needs of the community	Where appropriate brings the interests of employers and learners to the forefront in CoM discussions by proactively expressing community views and considering ways in which their respective training needs can be met. Develops strategies to address the learning needs of particular learner groups, including vulnerable workers, culturally and linguistically diverse people, Indigenous Australians, young people and people with a disability.

### 4.4.2 Competency 2: Plans strategy

Indicator	Indicator descriptor
Adopts strategic mindset	Takes a medium-long term and holistic view in setting goals for the Learn Local organisation, based on an understanding of context, stakeholders, current policy directives, emerging markets and government priority learner cohorts. Thinks about

Indicator	Indicator descriptor
	strategic opportunities and risks – e.g. with respect to meeting the needs of those cohorts.
Outcome orientated	Sets a clear sense of purpose for the organisation and desired outcomes for employers and learners of training provision. Contributes to determinations about or decides what scope of training is to be provided, the target audience and the mix of government and fee-for-service delivery.
Shapes strategic thinking	Brings understanding of government policy directions from ACFE to thinking about the organisation’s focus and direction. Shapes the content and oversees the production of a strategic plan for the organisation and in so doing, helps the CEO/Manager look beyond immediate operational issues.

#### 4.4.3 Competency 3: Sets goals

Indicator	Indicator descriptor
Knowledge of how to prioritise	Uses understanding of government policies and local community and business knowledge to develop priorities for the training organisation. (For the Chair especially) demonstrates knowledge of the difference between the urgent and important, and the ‘business as usual’ versus new or emerging priorities.
Sets key milestones and goals	Sets key milestones and goals for the organisation and its CEO/manager to improve the organisation’s performance in achieving learner outcomes. Includes being aware of ACFE specific payment schedules, reporting deadlines, dates of audits, the administration of learner satisfaction surveys and the deadlines for delivery plan submissions and setting internal target dates for relevant information to be provided.
Sets appropriate performance measures	Establishes measures for performance at both the ‘strategic’ and ‘output’ levels – e.g. the number and type of students, or the type of courses, successful audit completion and feedback from students through the learner satisfaction survey.

#### 4.5 Resources related to the CoM responsibility to ‘plan’

- Detailed competencies associated with the CoM members’ responsibilities under the ‘plan’ function - attached
- Examples of structure and high-level content for a strategic plan – attached
- Example of a good strategic plan for a medium-sized organisation – attached
- See [www.nfpcpliance.vic.gov.au](http://www.nfpcpliance.vic.gov.au)
- See the section ‘strategic planning’ in *So... You’re on a Committee! A good guide to governance* on the ACFE website under publications
- ‘Our Community’ website for advice on not-for-profit resources and training [www.ourcommunity.com.au](http://www.ourcommunity.com.au)
- See specific information on strategy and planning on the Australian Institute of Company Directors website: <http://www.companydirectors.com.au/>

### Competencies associated with the CoM members' responsibilities under the 'plan' function

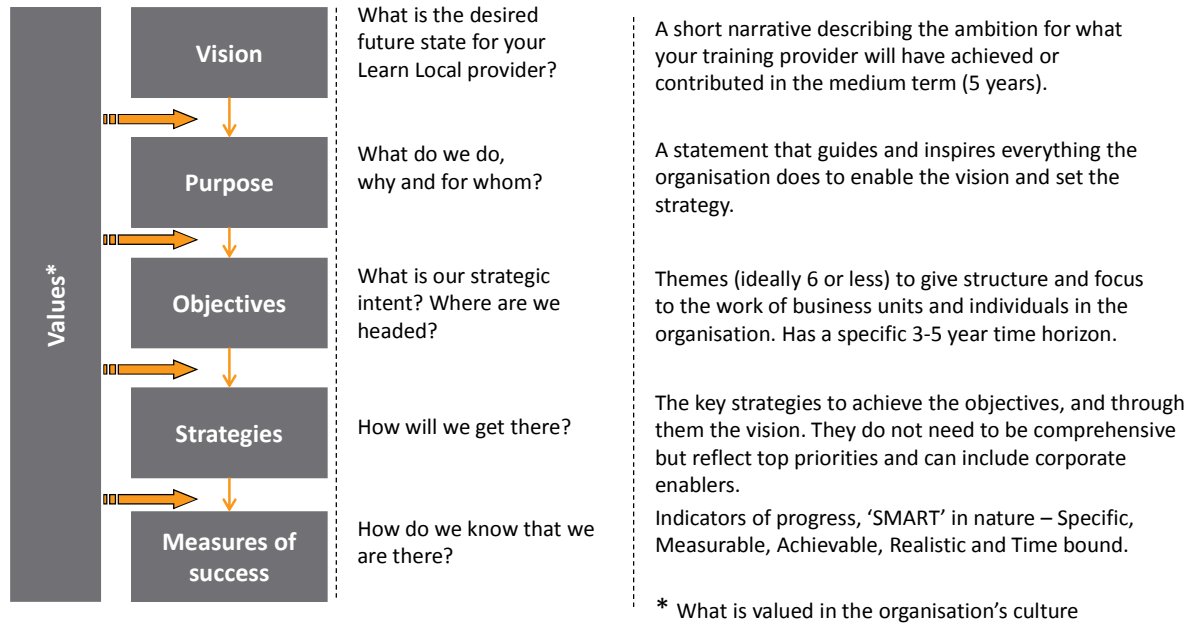
Competency 1: Understands the training market	Developing	Effective	Strength
Knowledge of training market	Is aware of the need to be knowledgeable of the local and regional training market, community and local business activities. Recognises the importance of keeping up to date with policy directives and funding requirements.	Keeps up to date with local and regional training market knowledge, community and local business activities by reading relevant sector publications, studying data, attending relevant information sessions and networking with stakeholders. Keeps up to date with policy directives and funding requirements for training. CoM has knowledge of local issues that may impact training needs i.e. new emerging cohorts or opportunities in industry.	Critically examines local and regional training market knowledge, community and local business activities as a key CoM activity. Proactively seeks information on policy directives and funding requirements for training. Debates the impact of policy directions in light of the organisation's training delivery plans.
Shares insights and learnings	Describes the benefits of sharing insights amongst CoM members and other stakeholders.	Shares insights and checks understanding about the Learn Local sector with CoM colleagues and stakeholders. Members bring local community knowledge to the CoM.	Regularly shares insights amongst the CoM and with other stakeholders that will benefit from the information. Critically evaluates each others' (the CoM) and CEO/Manager's understanding of the Learn Local sector to ensure the sector is regularly examined.
Makes informed decisions	Feels confident to make a decision when all the Learn Local training information is sourced, considered and discussed, which often makes decision making time consuming.	Uses knowledge of the local training sector to inform decision making about funding (i.e. cost of courses), partnerships and training opportunities (i.e. new or emerging markets).	Applies knowledge of the local training sector to inform decision making about funding, partnerships and training opportunities. Is able to justify and clearly articulate reasons for decisions to stakeholders.
Regards interests and training needs of the community	Considers ways to seek community interests and training need.	Where appropriate brings the interests of employers and learners to the forefront in CoM discussions by proactively expressing community views and considering ways in which their respective training needs can be met.	Debates practical strategies to address the learning needs of particular learner groups, such as vulnerable workers and culturally and linguistically diverse people. Guides CEO/Manager on the benefits of the strategies considered.

Competency 2: Plans strategy	Developing	Effective	Strength
Adopts strategic mindset	Requires a prompt to take a medium to long term holistic view in setting goals for the Learn Local organisations.	Takes a medium/long term and holistic view in setting goals for the Learn Local provider, based on an understanding of context, stakeholders, current policy directives, emerging markets and government priority learner cohorts. Thinks about strategic opportunities and risks – e.g. with respect to meeting the needs of those cohorts.	Critically examines the risks and opportunities that could affect the Learn Local organisation in the short term, medium and long term. Encourages and coaches the CEO/Manager to adopt a strategic mindset to planning by asking critical questions.
Outcome orientated	Describes the need to have a core purpose for the organisation and clarity on the desired outcomes from training provision for both employers and learners.	Sets a clear sense of purpose for the organisation and desired outcomes for both employers and learners of training provision.	Contributes to determinations about or decides what scope of training is to be provided, the target audience and the mix of government and fee for service delivery.
Shapes strategic thinking	Is aware of the need to shape strategic thinking by becoming aware of government policy directions but is not fully aware of where to seek this information from.	Brings understanding of government policy directions from ACFE to thinking about the organisation's focus and direction.	Shapes the content and oversees the production of a strategic plan for the organisation and in so doing, helps the CEO/Manager look beyond immediate operational issues.

Competency 3: sets goals	Developing	Effective	Strength
Knowledge of how to prioritise	Is aware of the need to prioritise CoM tasks and activities.	Uses understanding of government policies and local community and business knowledge to develop priorities for the training provider. (For the Chair especially) demonstrates knowledge of the difference between the urgent and important, and the 'business as usual' versus new or emerging priorities.	Critically examines the knowledge of government policies and local community and business knowledge to inform and develop priorities for the training provider.  Applies appropriate prioritisation techniques to identify urgent and important from 'business as usual' or new emerging priorities. Establishes a series of priorities for the CoM to focus on based on the strategic plan and key dates.
Sets key milestones	Observes and considers ways in which to set milestones and goals for the organisation and its CEO/Manager to improve the organisation's performance to achieving learner outcomes.	Sets key milestones and goals for the organisation and its CEO/Manager to improve the organisation's performance in achieving learner outcomes. Includes being aware of ACFE specific payment schedules, reporting deadlines, dates of audits, the administration of learner satisfaction surveys and the deadlines for delivery plan submissions and setting internal target dates for relevant information to be provided.	Regularly reviews key milestones and goals for the organisation and its CEO/Manager to improve the organisation's performance to achieving learner outcomes. Monitors achievement of ACFE specific payment schedules, reporting deadlines, dates of audits, the administration of learner satisfaction surveys and the deadlines for delivery plan submissions and setting internal target dates for relevant information to be provided.  CoM develops processes to track and monitor progress against key milestones.
Sets appropriate performance measures	Describes the need to set appropriate measures of performance and seeks assistance on what performance levels to measure.	Establishes measures for performance at both the 'strategic' and 'output' levels – e.g. the number and type of students, or the type of courses, successful audit completion and feedback from students through the learner satisfaction survey.	Establishes measures for performance at both the 'strategic' and 'output' levels. Questions how the measures are working and discusses alternative ways to measure and gather data on performance.

## Examples of structure and high-level content for a strategic plan

### An indicative structure



**Tip:** you can include a 'mission' or 'priorities' instead of 'purpose', or 'outcomes' instead of a 'vision' as long as it links high order 5-year goals with specific short term actions.

### Example vision, purpose, objectives and strategies etc.



## Learn Local X – 20XX-YY Strategic and Business Plan

The **Strategic Plan** provides the overall vision, mission and general strategic directions of the organisation in the future. It is comprehensively reviewed every four years.

The **Business Plan** is a rolling three year plan updated annually, which details the operational and workforce arrangements for the organisation. It takes account of the objectives in the strategic plan.

The business plan is developed within the organisation and refined or endorsed by the Committee of Management. The strategic plan is developed with the active participation by and direction from the Committee of Management. The plans operate in the context of the Learn Local organisation's Mission, Objectives and its contractual and legal obligations.

### Strategic Plan 20XX- YY

#### A. Organisational Mission

Learn Local X exists to provide high quality training, education and employment services to the community, particularly to the disadvantaged and unemployed, in order to assist them find employment and enhance their quality of life.

#### B. Organisational Objectives

1. Attract and effectively deliver Commonwealth and State funded programs such as training, education, employment services to Learn Local X and its region
2. Deliver general fee-for-service training
3. Engage in commercial social enterprise activities as and when opportunities arise
4. Support selected community development initiatives that create opportunities for our participant stakeholders
5. Use resources generated by the organisation to continually improve our services, procedures and infrastructure
6. Ensure our service delivery is as inclusive and accessible as possible
7. Operate in a manner that not only complies with all relevant legislation and contractual obligations but is also actively fair, honest and reasonable

#### C. Organisational Background

Learn Local X is a substantial and respected regional organisation providing training and education services. Learn Local X, established in [year], is guided by a representative and experienced community-based board of management. Over time, Learn local X has delivered an array of different services and programs in response to community needs and in accordance with its organisational statement and objectives. Learn Local X meets the diverse needs of district learners through its quality education and training courses. Learn local X also assists many jobseekers to upgrade their skills and gain sustainable employment. The organisation operates primarily in region X and its district. Over time, the organisation has delivered a range of programs and services on behalf of the Australian Government, including labour market programs and training. Today, it mainly supplies training and education services to the Victorian Government, business, industry, learners and jobseekers. As a Registered Training Organisation, Learn



Local X supplies training services to government, business and industry. Learn Local X delivers training supported by the Victorian Government. Learn Local X also delivers an array of Fee-for Service training.

#### **D. Committee of Management**

- Name 1
- Name 2
- Name 3
- Name 4
- Name 5

#### **E. Organisational Structure**

Refer to [Attachment A](#)

#### **F. Strategic Objectives**

##### **1. Existing Business Maintenance and Development**

*1.1 Maintain, grow or replace existing programs or operations to ensure they contribute to our organisational goals and financial wellbeing:* deliver existing programs to achieve the organisation's goals, to ensure we are well-positioned to retain key services in the future and that all services delivered demonstrate an acceptable level of financial performance.

##### **2. New Business Development**

*2.1 Pursue appropriate new business opportunities:* pursue relevant new business possibilities including State or Federal Government tenders and local fee for service possibilities. Potential business may be sought in our own right or via networks. The emphasis will be on low-impact 'add-ons'.

##### **3. Human Resources Development**

*3.1 Maintain/enhance staff skills and effectiveness:* undertake measures to ensure all staff members have appropriate skills or qualifications to perform their roles, services are effectively staffed and key positions have alternates.

## 4. Organisational Framework

*4.1 Policies and Procedures:* review and refine organisational policies and procedures on the basis of continuous improvement

*4.2 Position of organisation in community and our 'industry':* market and promote the organisation's image and services at all levels

*4.3 Networks* – maintaining or develop networks and linkages at all levels, from local to the national

## 5. Organisational Infrastructure

*5.1 Develop infrastructure:* further enhance the physical, technological and other infrastructure of the organisation in regard to training delivery, management and administration.

## 6. Client Services

*6.1 Our learner clients:* ensure clients receive quality training in a supportive, safe and secure environment.

## Business Plan 20XX – 20XY

### 1. Existing Business Maintenance and Development

*Maintain, grow or replace existing programs or operations to ensure they contribute to our organisational goals and financial wellbeing.*

This involves delivering existing programs to achieve the organisation's goals, to ensure we are well-positioned to retain key services in the future and that services demonstrate an acceptable level of financial performance.

#### Success indicators – current year

- Quality services were delivered in a timely and ethical manner as evidence by achievement of relevant Key Performance Indicators, success ratings etc.
- Positive feedback was received from services purchased regarding quality service delivery and contractual compliance
- Programs operated profitably and viable unless strategic reason for not doing so
- Undertook targeted marketing initiatives to protect market share

## 2. New Business Development

### 2.1 Pursue appropriate new business opportunities

This involves pursuing relevant new business possibilities including State or Federal Government tenders and local fee for service possibilities. Potential business to be sought in our own right or via networks. Emphasis will be on low impact 'add-ons'.

#### Success indicators – current year

- Neighbourhood House Coordination program consolidated and developed
- Appropriate new business opportunities were pursued, such as training for Assets Maintenance
- Undertook targeted marketing initiatives to attract new business/learners
- Explored training and community development possibilities
- Viable Social Enterprise possibilities were evaluated

## 3. Human Resources Development

### 3.1 Maintain/enhance staff skills and effectiveness

This involves measures to ensure all staff members have appropriate skills or qualifications to perform their roles and that services are effectively staffed and key positions have alternates

#### Success indicators – current year

- Organisational structure fine-tuned to ensure it supported effective performance, communication, authority and accountability at all levels
- Conducted staff training aimed at ensuring optimal compliance with internal and external recording and reporting processes and requirements
- Key core roles and functions maintained
- Staffing for all other functions maintained, with additional training as required
- Training delivery developed to include eLearning and blended learning
- ACFE project

## 4. Organisational Framework

### 4.1 Policies and Procedures

This involves reviewing and refining range of organisational policies and procedures as part of continuous improvement.

Success indicators – current year

- AQTF compliance maintained
- Organisational policies and procedures further developed or refined
- Trainers and Assessors Handbook updated
- Comprehensive and integrated staff policy and procedure ‘manual’ incorporated into ‘staff sections’ of website.

*4.2 Position of organisation in community and our ‘industry’*

This involves marketing and promoting the organisation’s image and services at various levels.

Success indicators – current year

- Services and organisational image strongly marketed via range of strategies, editorial comment in district papers, sponsorships, specials events and suchlike
- Organisational website maintained at high levels as general promotional tool and for marketing specific services
- Engaged in at least three major public initiatives that attracted positive publicity
- Networked with substantial businesses in Hospitality, IT, Business, Aged Care and other fields we provided training in
- Majority of training and assessment staff to attend the scheduled moderation/validation sessions.

*4.3 Networks*

This involves maintaining or developing networks and linkages at all levels, from local to the national

Success indicators – current year

- Networks monitored at all levels and refocused where necessary
- General community networking activity was substantially increased
- Attended required information sessions
- Attended majority of regional ACFE Provider forums
- Attended majority of Learn Local organisation group meetings
- Attended majority of regional Neighbourhood House network meetings
- Jobs Australia linkage reviewed and ended or revamped
- Local Registered Training Organisations network revamped.

**5. Organisational Infrastructure***5.1 Develop infrastructure*

This involves further enhancing the physical, technological and other infrastructure of the organisation

Success indicators – current year

- Centre – internally and externally developed to make all space usable
- IT equipment and software – upgraded to support eLearning

- Training resources – learning materials and equipment upgraded as required, including installation of data projectors
- Equipment – items purchased as identified
- Vehicles – oldest sedan updated. Other two vehicles updated if advantageous to have done so. Feasibility of acquiring a mini-bus evaluated.

## **6. Client services**

### *6.1 General client support*

This involves ensuring clients receive quality training in a supportive, safe and secure environment. Our clients include unemployed jobseekers, disadvantaged people, employed people wishing to upgrade skills, member of community-based organisations, employees of business and industry and others. We do not deliver educational services to overseas students.

#### Success indicators – current year

- Learner Satisfaction Survey will demonstrate overall training delivery satisfaction level of 85%+ for Pre-Accredited training delivery
- Learner Satisfaction Survey will demonstrate overall training delivery satisfaction level of 85%+ for Accredited training delivery
- Learner Satisfaction Survey will demonstrate satisfaction level of 85%+ in regard to trainer-performance for Pre-Accredited training delivery
- Learner Satisfaction Survey will demonstrate satisfaction level of 85%+ in regards to trainer-performance for Accredited training delivery
- Completion levels for Pre-Accredited training delivery were 75%+
- Completion levels for Accredited training delivery were 75%+









## 5 Direct



The CoM leads and shapes its organisation. It follows that, where it has a responsibility, the CoM should exercise it directly, authoritatively and unambiguously.

In the partnership between the CoM and their organisation, there are times when it is the CoM's place to instruct, task, commission, hold people accountable, and to ensure alignment of activity with the outcomes the organisation is striving to achieve.

The Chair has a particularly important role with respect to this broad area of responsibility. The Chair largely determines the agenda and modus operandi of the CoM and most often gives direction to the CEO/Manager, including in the context of performance feedback.

More generally, the CoM should lead by example, setting the tone for how it expects the organisation to regard itself, to relate to its clients and the wider community, and manage its internal operations.

In this section we focus on those two main vehicles through which formal direction is provided by the CoM to the Learn Local organisation's management.

### 5.1 Setting meeting agendas and commissioning advice

The CoM's most formal engagement with Learn Local training delivery is through its meetings, which should include the CEO/Manager as a participant for most discussions (note that oftentimes it is appropriate for another staff member to attend for a particular discussion item as well). The CoM should set an agenda in advance and request papers for appropriate agenda items.

You may have standing items and regular reports to consider at each meeting, notably on the finances and enrolment numbers. However, the CoM also has the opportunity to seek analysis by the organisation to support more strategic discussions – for example on competitors, market trends, and learner survey feedback.

In some cases, and depending on the size and resources of your Learn Local organisation, such material might be prepared by a CoM member if s/he has the expertise and the time.

The key point is that the meeting agendas should reflect the CoM's role in providing strategic direction to the organisation and ensuring the senior management are held accountable for the organisation's day-to-day performance. For this reason, the Chair and members should take an active interest in the development of agendas and associated documentation, ensure that they are read in advance so that members are prepared to offer comment and ask questions, and engage in a robust consideration of the issues at hand.

An example of a good CoM meeting agenda is provided at the end of this section. Note the importance of maximising discussion time on those items where a debate needs to be had and/or a decision made. The more items that can be considered in advance and endorsed without discussion at the meeting, or out-of-session by email, the more productive and efficient you will be, and the more clear in your signals to the CEO/Manager about what is important and where you want to offer specific direction.

## 5.2 Managing the relationship with the CEO/Manager

While the CEO/Manager is a participant in most CoM discussions, it is important to remember the difference in the two roles. They are complementary but are not the same, and a key dimension of the value that the CoM offers is their responsibility to hold the CEO/Manager to account for the organisation's performance.

As has been observed elsewhere "The Committee of Management is accountable for what the CEO's job is, and (that) the CEO does it competently, but the CEO is not accountable for what the Committee of Management does. Unfortunately, in many organisations the Committee of Management expects the CEO to direct them, whereas the Committee of Management should set its own directions."<sup>1</sup>

Ideally, there should be a productive partnership between the CoM (the CoM Chair especially) and the CEO/Manager. They should both work closely together to further the organisation's goals and to improve or sustain a healthy financial foundation. They should regularly review the organisation's progress against both its business and delivery plans and its longer term strategic plan, and should discuss emerging issues or opportunities in an open and collaborative way.

The CoM can be a source of tremendous support to the CEO/Manager (we return to this later in this section), but the goal should always be to ensure that they are doing their job well and meeting CoM expectations. This means taking stock at least once a year of how the CEO/Manager is performing and provided specific, constructive feedback.

### 5.2.1 Laying the groundwork

In some cases you may want to have a formal performance agreement with measures of success that align with the strategic goals of the organisation. This is not practicable for smaller Learn Local organisations but the same principles that underpin formal processes can apply in less-structured performance monitoring and evaluation. A few tips for 'laying the groundwork' for performance management are provided below:

- Approach the process of evaluating performance as an important and 'normal' contribution to smooth and successful operations of the organisation and a productive, rewarding relationship between the CoM and senior management
- In conversations with the CEO/Manager, frame the relationship as a partnership where each party has something to offer

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<sup>1</sup> So... You're on a Committee! A good guide to governance, page 23

- Ensure from the commencement of a CEO/Manager or of a new CoM Chair that the expectations that both parties have of each other are clearly understood and reasonable.

### 5.2.2 Conducting a review

During the course of their interactions, the CoM Chair and members should provide timely and constructive feedback to the CEO/Manager, commenting on things done well and also on areas where s/he has fallen short of expectations. At least once a year the Chair could initiate a formal performance review with the CEO/Manager, setting aside adequate time for it and being well-prepared.

In that review discussion, the Chair should:

- Make sure that feedback is well-founded and that specific examples are used
- Ensure such conversations are not rushed and that there is an opportunity for genuine dialogue about perceived areas of improvement (i.e. make space for the CEO/Manager to offer feedback on how the CoM Chair especially can better support him/her)
- Be clear on any follow-up from the discussion and when the next review will happen
- Keep the conversations confidential but report the main outcomes to the CoM for their own information.

A checklist of questions to draw on in conducting a performance review discussion with the CEO/Manager is provided at the end of this section.

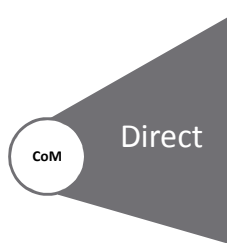
## 5.3 Directing the work of the CoM

CoM Chairs need to think about how best to use the role of Committee office-bearers – notably the Secretary and Treasurer – and how to organise and structure CoM work around other positions or structures.

The Secretary is a crucial resource to assist the Chair in planning agendas, commissioning papers, recording decisions and circulating information. The Treasurer has specific responsibilities in supporting the CoM in exercising its financial oversight obligations (discussed later in this section). Sample duty statements for these two positions are attached.

It may also be appropriate to allocate specific areas of focus to individual CoM members, depending on their interests and backgrounds. In addition, for larger or more complex organisations, it may make sense to establish sub-committees (for ongoing work) or time-limited sub-groups (for specific tasks) in order to make the most efficient use of people's time at meetings of the full Committee, while not curtailing the opportunities for members to provide input or take a lead where they have particular expertise.

## 5.4 Capabilities and competencies associated with the CoM’s responsibilities to ‘direct’

		Competency	Competency description
		Sets the tone	Sets the values, ethos and purpose of the organisation. Monitors the tone of the organisation and acts to positively influence it.
Sets and accepts accountability	Responsible for clearly articulating the distinction between CoM and CEO accountabilities. CoM accepts its own accountabilities and ensures the organisation does likewise.		
Focuses on learner outcomes	Ensures effective training delivery to achieve learner outcomes.		
Monitors and assesses strategy execution	Regularly reviews and assesses achievement of planned strategic initiatives, educational and training outcomes.		

### 5.4.1 Competency 1: Sets the tone

Indicator	Indicator descriptor
Articulates expectations of performance	Sets out expectations about performance of the training organisation, including on matters of compliance – e.g. the need for courses to meet relevant quality standards. Such expectations are to be reflected appropriately in governance documents (e.g. constitution, articles of association, strategic plan).
Sets the values	Provides guidance on the organisation’s values and holds the CEO/Manager accountable to promoting and demonstrating the values. The CoM supports the delivery of training outcomes in line with ACFE’s priority cohorts.
Reinforces positive behaviours	Acknowledges and reinforces positive behaviours in line with the organisation’s strategic goals and ways of working. The CoM establishes a code of conduct which is in line with ACFE’s way of working with priority cohorts (see ACFE’s Registration Guidelines).
Challenges inappropriate behaviour	Actively addresses inappropriate behaviour among CoM colleagues or by the organisation’s CEO/Manager through appropriate responses or interventions.
Sets a clear sense of purpose	Participates in planning sessions with the organisation to reflect on performance, prioritise activities and consider future possibilities in light of the evolving training market. A CoM is encouraged to have a strategic plan that recognises training as a key part of its business.

## 5.4.2 Competency 2: Sets and accepts accountability

Indicator	Indicator descriptor
Clarity over CoM role	Has a clear and realistic understanding of the CoM's role vis-a-vis the organisation and its CEO/Manager, notably in understanding the respective obligations in entering into binding contracts. Chairs especially need to articulate to the CEO/Manager the CoM's expectations regarding the organisation's advice/support to the CoM, including their information needs (e.g. the provision of statistical data and reports).
Collective ownership	Takes collective ownership of CoM responsibilities by sharing tasks and by respecting agreed CoM views/positions.
Establishes CEO accountability	Determines CEO/Manager accountabilities in light of legislative obligations (e.g. regarding audit requirements, financial viability reporting, document retention and archival, compliance with relevant quality regulators' requirements for registration) and the organisation's strategic plan. CoM reviews CEO/Manager's performance against these accountabilities.
Accepts accountability to funders and regulators	Understands and delivers on its own accountabilities to funders and regulators of training organisations (e.g. on RTO registration, financial requirements and quality standards). Is aware of contractual requirements around training delivery.
Efficient and effective decision making	Develops sound processes for clear and unambiguous decisions to be made.

## 5.4.3 Competency 3: Focuses on learner outcomes

Indicator	Indicator descriptor
Ensures focus on learner outcomes	Guides CEO/Manager to focus on learner outcomes, as opposed to training inputs and outcomes by tracking student results and (where possible) employment outcomes. Carefully reviews reports on training delivery – e.g. monthly AVETMISS data.
Understands their organisation's value proposition	(With the CEO/Manager) analyses the competitive advantage of their Learn Local organisation in comparison to other training providers by accessing local intelligence and data on the training market i.e. through own sources or quarterly Victorian Training System data reports. Adapts strategy accordingly.
Improves through learner feedback	Guides organisation to seek learners' feedback on their experience from registering with the organisation through to course completion e.g. by tailoring the ACFE learner satisfaction survey. Uses learner feedback to assist the organisation to identify ways to improve training delivery to enhance learner experiences and outcomes.

#### 5.4.4 Competency 4: Monitors and assesses strategy execution

Indicator	Indicator descriptor
Regular monitoring of training delivery activities	Regularly monitors all training delivery inputs and outputs (i.e. costs, volume, type of training, type of student) and considers any relevant audit findings (e.g. outcomes of annual 'invalid enrolment' audit process). Understands and monitors the training system data reports. Is aware of new activity schedules, associated reporting requirements and fees and charges policies.
Assesses progress	Monitors progress against their training delivery plans and strategic plans. Actively reviews the organisation's overall performance with respect to strategic objectives and outcomes as well as government and contractual obligations.

#### 5.5 Resources related to the CoM's responsibility to 'direct'

- The competencies associated with the CoM members' responsibilities under the 'Direct' function - attached
- Sample meeting agenda – attached
- Checklist of questions to consider when assessing performance of CEO/Manager – attached
- Example of duty statements for the Treasurer and Secretary
- See the section 'Good governance' in *So... You're on a Committee! A good guide to governance* on the ACFE website under 'publications'
- For information on Directors' duties and legal obligations associated with directing an organisation, see Public Interest Law Clearing House (PILCH) [www.pilch.org.au](http://www.pilch.org.au)
- See also specific information on governance responsibilities related to the 'direct' function on the Australian Institute of Company Directors website: <http://www.companydirectors.com.au/>
- For more general guidance on relevant to this section see 'Resources for Not for Profits', available on the Office for the Community Sector website [www.dpcd.vic.gov.au/communitydevelopment/community-sector](http://www.dpcd.vic.gov.au/communitydevelopment/community-sector) and the 'Our Community' [www.ourcommunity.com.au](http://www.ourcommunity.com.au)

An example of what a CoM meeting agenda might cover

COMMITTEE OF MANAGEMENT FOR...LEARN LOCAL ORGANISATION		
DATE / TIME		
TIME (MINS) (up to two hours)	ITEM	PAPERS
3	<b>1. WELCOME, APOLOGIES AND DECLARATIONS OF ANY CONFLICT OF INTEREST</b> • Chair	
2	<b>2. APPROVAL OF AGENDA AND LISTING OF ITEMS TO BE CONSIDERED UNDER 'OTHER BUSINESS'</b> • Chair	
5	<b>3. APPROVAL OF MINUTES OF PREVIOUS MEETING</b>	Draft minutes
30	<b>4. BUSINESS ARISING FROM PREVIOUS MEETING</b> <i>4.1 Preparations for annual general meeting</i> • Secretary <i>4.2 Business case for offering accredited training in aged care</i> • Treasurer	<i>4.1 Draft AGM agenda</i> <i>4.2 Revised business case</i>
30	<b>5. CEO/MANAGER'S REPORT ON LEARN LOCAL PERFORMANCE</b> 5.1 Finances 5.2 Risks 5.3 Training data and other recent reports CEO/Manager	5.1 Financial reports 5.2 Updated risk matrix 5.3 Trend analysis on learner throughput
45	<b>6. STRATEGIC DISCUSSION ITEM:</b> <i>Strategic plan objective number X – Secure an increase in business partnerships</i> <i>Community Engagement subcommittee Chair</i>	<i>Copy of presentation</i>
10	<b>7. OTHER BUSINESS</b> • Chair	
10	<b>8. ITEMS FOR NOTING/ENDORSEMENT</b> <i>CEO's performance agreement</i> <i>Minutes from the Compliance subcommittee</i> • Secretary	

**Notes:**

- The headings represent what should be standing items on any CoM agenda. It is good practice to include at least one strategic discussion item and to have papers or presentations prepared in advance for that discussion
- Items in italics are examples only
- Wherever possible, have items for information or endorsement dealt with on a 'by exception' basis.

Assessing CEO/Manager performance: key questions

**1. HOW HAS S/HE PERFORMED AS A MANAGER OF THE ORGANISATION, INCLUDING IN TERMS OF:**

- a. Delivery
  
- b. Regulatory compliance
  
- c. Staff management
  
- d. Financial management
  
- e. Risk management

Additional comments

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**2. HOW HAS S/HE CONTRIBUTED TO STRATEGIC GOALS AND DIRECTIONS OF THE ORGANISATION?**

- a. Have those goals and directions been well-communicated?
  
- b. Does the CEO/Manager hold people accountable in a timely and effective way?
  
- c. Is s/he staying abreast of major developments and emerging challenges?
  
- d. What contribution is s/he making to stakeholder relations, including business partnerships?

Additional comments

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**3. HOW HAS S/HE WORKED WITH THE CoM AND CoM CHAIR?**

- a. Are we getting enough of the right information when we need it?
  
- b. Are we happy with the quality and validity of that information?
  
- c. Is the CEO/Manager communicating his/her and the organisation's needs well?
  
- d. Is s/he responsive to our requests?
  
- e. How does s/he contribute to CoM discussions?

Additional comments

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**4. HOW WELL DOES THE CEO/MANAGER EXEMPLIFY THE VALUES AND WAY OF WORKING THAT WE WANT TO SEE?**

- a. What does the workplace culture look like?
  
- b. What policies and systems are in place to ensure continuous improvement?
  
- c. What workforce planning arrangements are in place to build capability, and enable flexibility and continuity?

Additional comments

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**5. WHAT ARE THE KEY MESSAGES WE WOULD WANT THE CoM CHAIR TO CONVEY TO THE CEO/MANAGER IN PROVIDING FEEDBACK?**

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**Treasurer Duty Statement**

1. Ensure the organisation's revenue is recorded, receipted and banked appropriately.
2. Ensure expenses are recorded, approved by CoM for payment as appropriate, and paid.
3. Provide an accurate and up-to-date monthly statement of the organisation's financial position to the CoM.
4. Briefs the CoM on the financial position of the organisation, highlighting any risks or major variances.
5. Addresses any questions or issues before moving that the financial statements be formally endorsed by the CoM.
6. Works with the organisation to ensure that its books are ready for audit.
7. Seeks CoM's guidance and approval for how investments are to be managed and acts accordingly.
8. Oversees the preparation of reports to support the organisation's financial viability and annual reporting requirements.
9. Ensures all the organisation's financial records and documentation are maintained appropriately and presents records on all financial negotiations undertaken on behalf of the CoM.

**Secretary Duty Statement**

1. Prepares CoM meeting agendas in consultation with the Chair.
2. Works with the organisation to ensure all relevant papers, including any correspondence or especially-commissioned reports, are available in advance of the meeting and are of an appropriate quality.
3. Circulates the agenda with the relevant papers several days in advance of the meeting.
4. Drafts or reviews clear, concise minutes of a meeting with specific recording of action required and responsibility for follow-up.
5. Ensures copies of final versions of all CoM meeting minutes (and sub-committee minutes as required) are distributed and archived. Publishes them on the website (if applicable).
6. Maintains copies of key documentation relating to CoM operations, including the CoM's constitution, the organisation's strategic plan, any operating principles or details on individual CoM member's responsibilities.
7. Drafts correspondence on behalf of the CoM Chair and prepares or reviews other documents as agreed by the CoM.
8. Organises Annual General Meeting and associated papers.





## 6 Oversee



The function of exercising effective oversight pertains particularly to ensuring compliance with legislative, contractual and financial obligations. Sections 9 and 10 of this workbook provide the main reference for understanding what those obligations are. It also includes key questions that are important for the CoM to ask of their organisation.

Oversight also involves some strategic challenges and decisions. For example, being satisfied with the balance sheet is one thing, but is the organisation making the right calls about the mix of funding sources? There is a tremendous opportunity for the CoM to use their oversight role to question assumptions and think about opportunity costs as well as cash flows and assets.

### 6.1 Ask the right questions to ensure compliance

A key requirement for CoM members is to ask the right questions about whether the Learn Local organisation is meeting its regulatory obligations. Principal concerns include whether it is:

- Delivering training in line with the applicable standards
- Meeting the annual business viability requirements
- Fulfilling reporting obligations, including the provision of data
- Cooperating with audits
- Meeting constitutional requirements, including holding annual general meetings
- Honouring contractual obligations
- Maintaining registration as a Learn Local organisation and also (if applicable) as an RTO.

Your CEO/Manager should keep you apprised of these obligations, but it is important 'not to wait to be told'. Moreover, if you feel that you are not getting a good explanation of the current status of the organisation's regulatory compliance, it is your responsibility to inquire further until you are satisfied.

## 6.2 Monitor financial performance and interrogate the figures

CoM members should receive regular financial reports on the organisation and be able to understand them. The Treasurer has particular responsibilities in this respect but each CoM member needs to take an interest and interrogate the data to be confident that they understand the financial health of the organisation and its risk exposure.

Examples of typical balance sheet, profit and loss statement are provided at the end of this section, along with a basic explanation of the different terms used in analysing these documents.

Some key questions for a CoM to ask when looking at such information are:

- What is the organisation's net worth?
- What are the organisation's current assets and liabilities as well as cash on hand?
- How many months could the organisation operate with no revenue coming in?
- What is the current mix of revenue sources and what risks does this expose?
- What are the financial impacts of variations between actual and from budgeted revenue, enrolments and expenditure in the year-to-date?
- What is the relationship between costs of overheads versus costs of program delivery?

In addition to being able to provide and explain an accurate up-to-date statement of the organisation's financial position, the CoM's Treasurer is responsible for:

1. Ensuring that the organisation's books are in good order for audit processes
2. Monitoring investments made on behalf of the CoM to make certain that they are being managed in line with CoM instructions
3. Working with the organisation to bring finance-related documentation to the CoM for appropriate consideration and sign-off
4. Advising the CoM on any commitments entered into on their behalf or reports approved (i.e. that don't require full CoM approval)
5. Presenting the financial statements to the Annual General Meeting.

A checklist for the CoM Treasurer to use is also included at the end of this section.

See Section 9 for more detail on your Learn Local organisation's responsibilities and section 10 for general compliance legislation.

## 6.3 Maintain an 'eagle-eye' view of the organisation's functioning

The CoM can maintain a unique, high-level perspective on how the Learn Local organisation is performing and the impact it is having in the community. While the CEO/Manager will have a very good feel for this, it is wise not to assume that s/he knows all that's going on.

CoM members can be effective trouble-shooters by keeping alert to any emerging issues and testing any perceptions of deteriorating performance. Your risk matrix is a useful reference in this.

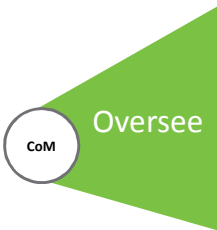
Occasionally it is healthy to take a step back to gain a perspective also on how the organisation is tracking towards its strategic goals. For example, the CoM's desire to maintain a strong operating surplus might have led to overly conservative decisions about investing in new courses that have limited your ability to test emerging opportunities. Adopting a macro perspective and asking some 'first



principles' questions about what you are trying to achieve as an organisation (by reference to your strategic plan) can generate new, positive insights and innovative ideas.

General oversight of the organisation's functioning extends also to considering ongoing sustainability and managing business continuity. A key example of this is developing a succession plan for your CEO. If you can build capability within the organisation to fill your business-critical positions as absences arise, you will be contributing to staff job satisfaction and motivation while also ensuring that training delivery and organisational performance is not compromised.

## 6.4 Capabilities and competencies associated with a CoM's responsibilities to 'oversee'

	Competency	Competency description
	Monitors financial performance and reporting	Understands, interprets and comments on financial statements and ensures provider reporting requirements are met.
	Fulfills legal obligations	Is aware of CoM's legal obligations, regulations and contractual requirements and acquits their responsibilities accordingly.
	Applies business acumen	Has experience and confidence to ensure sound commercial choices are made. Provides guidance on revenue generation and resource allocation.
	Innovates to improve	Facilitates innovation and continuous improvement in line with meeting the training needs of the Learn Local sector. Plays a role in identifying opportunities and encouraging their pursuit.

### 6.4.1 Competency 1: Monitors financial performance and reporting

Indicator	Indicator descriptor
Understands contractual and financial reporting requirements	Understands reporting requirements (e.g. Guidelines from the Department of Education and Early Childhood Development, Higher Education & Skills Group and ACFE on the Business Viability Assessments and Financial Assessment Certificates) and seeks financial reports, budget and performance information from CEO/Manager (e.g. activity schedules and contract requirements).
Monitors financial risk	Ensures the organisation's financial control procedures are adequate, and that risk management strategies and safeguards against fraud (i.e. fraud polices) are in place. Uses resources like the Business Viability Assessment and Financial Assessment Certificates to determine the financial health of the organisation.

Indicator	Indicator descriptor
Interprets financial reports	Understands how to read and interpret the organisation's financial reports to extract key information about the organisation's performance (i.e. Guidelines from the Department of Education and Early Childhood Development, Higher Education & Skills Group and ACFE on the Business Viability Assessments and Financial Assessment Certificates).
Oversees budget development	Oversees preparation of the organisation's budget for the coming year, including by reflecting on the previous year's financial performance and considering the future opportunities.

#### 6.4.2 Competency 2: Fulfils legal obligations

Indicator	Indicator descriptor
Understands legal obligations	Understands the legal obligations the organisation must fulfil (e.g. holding required value of public liability insurance, re-registering as a Learn Local organisation every three years) and the CoM's role in ensuring these obligations are being met (e.g. ensuring that the ACFE Business Viability Assessment and/or the Financial Assessment Certificate must be complete in time for every Annual General Meeting).
Exercise due diligence	Checks that all major procurements and funding contracts meet required standards, including by using the ACFE Board contract as a prompt.
Ensures policies are appropriate and up-to-date	Ensures appropriate policies and procedures are in place to meet legal and regulatory obligations (i.e. fraud policy, Occupational Health and Safety policy and Work Cover requirements, environmental and/or sustainability policies).

#### 6.4.3 Competency 3: Applies business acumen

Indicator	Indicator descriptor
Manages succession of CEO	(For the Chair especially) applies business acumen to plan for and manage the transition of the CEO/Manager in times of change. Explains the business and market for new CEO's/Manager's context.
Makes commercially sound decisions	Employs business acumen in making decisions (Chair) and especially in guiding CEO/Manager to exercise judgement over operational matters (e.g. costing courses and developing fee structures, as outlined in the fees and charges policy).
Develops budget strategy	Injects business acumen into deliberations on strategies for revenue generation and decisions on resource allocation, including by using cost/benefit analysis (e.g. in considering whether to run specific training courses targeting priority cohorts).

#### 6.4.4 Competency 4: Innovates to improve

Indicator	Indicator descriptor
Advocates and facilitates innovation	Promotes innovation in the organisation and the CoM by being open to new ideas, to adapting existing ideas and fostering a 'can-do' attitude. For example, considers blended learning or e-learning opportunities and explores new partnerships that offer improved pathways and outcomes for the learner.
Learns from feedback	Translates constructive feedback (e.g. from audit outcomes) into improved performance as well as guides the CEO/Manager to do the same.
Seeks opportunities and identifies risks	Applies local training market knowledge to identify specific opportunities and risks for the organisation to lift participation and improve outcomes for learners and businesses in the local community. For example, identifying training opportunities for emerging industries and new cohorts of learners.
Challenges advice where appropriate	Objectively considers the pros and cons of substantive proposals from the CEO/Manager and ensures there is a sound evidence or business case before agreeing.

#### 6.5 Resources related to a CoM's responsibility to 'oversee'

- The competencies associated with the CoM members' responsibilities under the 'oversee' function – attached
- 'Top 10' questions a CoM should ask relating to their legislative, contractual, financial and other governance obligations – attached
- Example of a balance sheet and profit and loss statement – attached
- Quick-reference guide to terms and concepts relevant to financial analysis - attached
- Treasurer's checklist – attached
- See information related to exercising oversight, in particular 'Roles, Duties and Responsibilities', on the Australian Institute of Company Directors website: <http://www.companydirectors.com.au/>
- See the sections 'Financial Management' and 'Risk Management' in *So... You're on a Committee! A good guide to governance* on the ACFE website under publications
- See also [www.nfpcompliance.vic.gov.au](http://www.nfpcompliance.vic.gov.au)

### Competencies associated with the CoM members' responsibilities under the 'Oversee' function

Competency 1: Monitors financial performance and reporting	Developing	Effective	Strength
Understands contractual and financial reporting requirements	Develops an understanding of some of the reporting requirements detailed in the ACFE Board contract and the Service Agreement if an RTO.	Understands reporting requirements (e.g. Financial Assessment Certificate Report and the ACFE Business Viability Assessments) and seeks financial reports, budget and performance information from CEO/Manager (e.g. activity schedules and contract requirements).	Places a high priority on understanding reporting requirements and establishes all important requirements for the training provider. Shares good practice of adhering to reporting requirements with other training providers.
Monitors financial risk	CoM has some awareness of the need to ensure financial control procedures are in place and seeks ways in which to develop and monitor these processes on a regular basis.	Ensures the organisation's financial control procedures are adequate, and that risk management strategies and safeguards against fraud (i.e. fraud polices) are in place. Uses resources like the Business Viability Assessment and Financial Assessment Certificates to determine the financial health of the organisation.	Regularly examines the organisation's financial control procedures and provides guidance as to ways in which the procedures can be improved and updated in line with ACFE requirements.
Interprets financial reports	Is aware of the need to read and interpret basic financial reports and requires assistance to analyse the data in detail.	Understands how to read and interpret the organisation's financial reports to extract key information and messages about the organisation's performance.	Critically examines and analyses financial reports to extract key performance information by asking questions and considering different financial scenarios in light of the organisations direction. Debates opportunities to increase financial viability based on analysis.
Oversees budget development	Provides input to develop the organisation's budget by taking into account the organisation's performance from the previous year.	Oversees preparations of the budget for the organisation for the coming year by reflecting on the previous year's financial performance and considering the future opportunities.	CoM provides final sign off on budget and holds CEO accountable to delivering training outcomes within specified budget.

Competency 2: fulfil legal obligations	Developing	Effective	Strength
Understands legal obligations	Has some understanding of the legal obligations the organisation must fulfil.	Understands the legal obligations the organisation must fulfil (e.g. holding required value of public liability insurance, re-registering as a Learn Local organisation every three years) and the CoM's role in ensuring these obligations are being met (e.g. ensuring that the ACFE Business Viability Assessment and/or the Financial Assessment Certificate must be complete in time for every Annual General Meeting.	Has a clear understanding of all the legal obligations the organisation must fulfil and the CoM's role in ensuring these obligations are being met. Regularly seeks evidence of documentation from the CEO/Manager to ensure all legal obligations
Exercise due-diligence	Has some understanding of their role in exercising due-diligence.	Checks that all major procurements and funding contracts meet required standards, by using the ACFE Board contract as a prompt.	Checks regularly that all major procurements and funding contracts meet required standards by using the ACFE Board contract as a prompt and questions any standards they are not sure of.  Regularly seeks evidence of documentation from the CEO/Manager to ensure all legal obligations are being met appropriately.
Ensures policies are appropriate and up-to-date	Is aware of the CoM's role to ensure policies are in place and up to date.	Ensures appropriate policies and procedures are in place to meet legal and regulatory obligations i.e. fraud policy, Occupational Health and Safety policy and Work Cover requirements, Environmental and/or Sustainability policies.	Oversees the development of policies ensuring they are specific to the training market and comply with ASQA/VRQA, AQTF and other training standards requirements. Sign off on all policies and procedures once satisfied they meet requirements.

Competency 3: Applies business acumen	Developing	Effective	Strength
Manages succession of CEO	Is aware of the need to think about the succession of the CEO, and seeks guidance from information sources.	(For the Chair especially) applies business acumen to plan for and manage the transition of the CEO/Manager in times of change. Able to explain the need for CEO's to understand the training sector and its obligations.	Proactively develops a succession plan for all major roles in the organisation by taking a long term perspective of the organisation. CoM keeps an active look out for future CEO talent potential. CoM encourages the organisation to develop knowledge management systems so key organisational knowledge is not lost when key roles are replaced.
Oversees CEO's performance	Shows some understanding of how to review the performance of the CEO/Manager.	Applies business acumen in conducting the annual performance review of the CEO/Manager, by providing an objective and fair assessment based on specific examples of performance. Advises on where and how CEO's performance can be improved by reference to the agreed training delivery plan, the strategic plan and other key governance and compliance documents.	Assesses CEO's/Manager's ability to grow the training market and develop quality training standards in delivery i.e. the organisation would become recognised for its quality training that responds to industry requirements –'trainer of choice'.
Makes commercially sound decisions	Is aware of the need to make commercially sound decisions that ensure the organisation operates like a 'business' whilst fulfilling its core purpose.	Employs business acumen in making decisions (Chair especially) and in guiding CEO to exercise judgement over operational matters - e.g. costing courses and developing fee structures (as outlined in the fees and charges policy).	Applies sound business judgement when considering opportunities that fulfil social and community commitments but are less financially viable.
Develops budget strategy	Shows some awareness of how to develop strategies to increase revenue generation.	Injects business acumen into deliberations on strategies for revenue generation and decisions on resource allocation, including by using cost/benefit analysis – e.g. in considering whether to run specific training courses targeting priority cohorts.	Able to identify and respond to current and new emerging markets. Proactively positions organisation strategically so it is recognised by industry and business as a training organisation of 'choice'.

Competency 4: Innovates to improve	Developing	Effective	Strength
Advocates and facilitates innovation	Shows a willingness to consider new ways to approach training delivery, or the way in which the CoM works together.	Applies different ways of thinking about training delivery and is open to identify new opportunities and emerging markets.	Facilitates the organisation and CoM to be innovative by being open to new ideas or adapting existing ideas and fostering a 'can-do' attitude in the organisation. For example, considers blended learning or e-learning opportunities and explores new partnerships that offer improved pathways and outcomes for learners.
Learns from feedback	Demonstrates a keenness for the organisation to collect feedback from students and stakeholders.	Translates constructive feedback (e.g. from audit outcomes) into improved performance as well as guides the CEO/Manager to do the same.	Uses constructive feedback to explore new opportunities as well as guides the CEO/Manager to do the same. Uses learner satisfaction questionnaires and audit outcomes to drive improvement.
Seeks opportunities and identifies risks	Is aware of the need to seek opportunities and identify risks to assist the organisation to grow as a training provider.	Applies local training market knowledge to identify specific opportunities and risks for the organisation to lift participation and improve outcomes for learners and businesses in the local community. For example, identifying training opportunities for emerging industries and new cohorts of learners.	Maximises networks to seek and follow through on opportunities. Critically examines risk management plans and guides CEO/Manager to consider both the pros and cons of presenting opportunities.
Challenges advice where appropriate	Is aware of the need to challenge and critically examine information as a key component of the CoM role.	Objectively considers the pros and cons of substantive proposals from the CEO/Manager and ensures there is a sound evidence or business case before agreeing.	Advocates a constructive and critical approach in their role of being a CoM member. Critically examines advice, proposals and opportunities to ensure the CEO/Manager is guided appropriately.

## A general guide to terms and concepts used in the analysis of a Learn Local organisation's finances

At a minimum, the documents that the Treasurer should provide to each CoM meeting (and/or to circulate inter-sessionally, depending on frequency of meetings) are the organisation's latest:

- Balance sheet
- Profit and loss statement (or income and expenditure statement)

The CoM is also required to prepare and/or oversee the development of the budget and monitor performance against it. More often than not training providers will have multiple income streams especially if the organisation receives grant money or other types of funding to deliver particular training programs. It is important that the organisation operates discrete budgets and can account for each budget area.

### **Balance sheet**

The balance sheet shows what the organisation 'owes' (liabilities) against what it 'owns' (assets). These are defined as follows:

- Assets are the things the Learn Local organisation owns that have monetary value. They include concrete items such as cash, inventory, property and equipment owned, as well as marketable securities (investments), prepaid expenses and money owed to the organisation (accounts receivable) from payers. Assets also include intangible assets that hold value, like patents for training packages or any trademarks held.
- Liabilities represent all the money the organisation owes to others. This includes amounts owed on loans, accounts payable, wages, taxes and other debts. Similar to assets, liabilities are categorised based on their due date, or the timeframe within which you expect to pay them.

The net worth of an organisation equates to its assets minus its liabilities. Assets are displayed in decreasing order of how quickly they can be turned into cash (i.e. liquidity). Liabilities are presented in order of how soon they must be repaid.

**Tip:** An organisation showing a negative net worth must urgently seek legal advice on whether it is solvent!

### **The Profit and Loss Statement (or statement of Income and Expenditure)**

The Profit and Loss statement is a measurement of the organisation's income (sales) and costs (expenses) over a specific period of time. It is also prepared at the end of each month and the financial year end. To be able to get the most useful information from this statement it should include the following:

- Current month actual revenue and expenditure ("actuals")
- Budget/forecast for the month ("budgeted")
- Year-to-date actuals
- Budget forecast for the year-to-date
- Budget forecast for the full year
- Comparison with the previous year (if possible and meaningful).



By comparing these figures the CoM can assess whether the organisation is performing against expectations and against previous years' performance.

**Tip:** A figure in brackets means a negative or a minus. For example (\$10,500) = -\$10,500.

### **Budget**

Your CEO/Manager should prepare a draft budget for the CoM's consideration indicating the projected income and expenditure over the year by program and various corporate support functions.

Budget monitoring reports should look at pro rata expenditure and revenue, highlighting the variances between what had been projected and the actual inflows and outflows. Any significant variances could indicate:

- Unrealistic assumptions – e.g. overly optimistic view about the receipt of grant funding
- Poor financial management – e.g. slow invoicing or recording processes that distort the 'real' budget picture
- Poor planning – e.g. factoring in costs for an IT upgrade that was not possible to effect during the financial year for other reasons (which were evident earlier but not communicated)

Some variation is always likely and can be resolved through re-prioritisation and re-purposing of budget allocations over the course of the year. However, it is important to be alert to any underlying or systemic issues.

**Tip:** Any variations from budgets of more than 10% should be explained by the Treasurer or the Co-ordinator or the CEO.

**'Top10' questions for a CoM to ask in exercising governance oversight**

QUESTION	YES/NO
<b>LEGISLATIVE AND POLICY OBLIGATIONS</b>	
1. Is your Learn Local organisation's business focus and strategic plan consistent with government policy objectives for the sector, including target learner groups and alignment with business needs?	
2. Is your Learn Local organisation complying with the regulator's standards – whether these are ASQA/VRQA standards or the ACFE A-Frame?	
3. Are your employment policies consistent with legislative requirements – notably the Fair Work Act, OH&S, privacy and Equal Opportunity laws?	
<b>LEGAL OBLIGATIONS</b>	
4. Is your Learn Local organisation meeting the requirements set out in Service Agreements and Delivery Plans?	
5. Is your Learn Local organisation acting in accordance with contractual arrangements with its partners (e.g. sponsors and business partners)?	
<b>FINANCIAL OBLIGATIONS</b>	
6. Do you know the financial health of your organisation and are you costing courses appropriately to meet strategic objectives and business viability requirements?	
7. Are there good controls and reporting mechanisms to ensure that you can identify financial vulnerabilities quickly?	
<b>GENERAL GOVERNANCE OBLIGATIONS</b>	
8. Are you receiving the data that is necessary to monitor activity, outputs and outcomes of your Learn Local organisation?	
9. Have you properly identified the risks to your Learn Local organisation's operations and put in place measures to deal with them?	
10. Are you doing anything that would create a real or perceived conflict of interest?	

### Financial reporting checklist

QUESTION	YES/NO
1. Are financial statements prepared and circulated to Committee members regularly?	
2. Are the financial statements accompanied by a simple covering explanation to all Committee members?	
3. Do the financial statements give an accurate assessment of the organisation's financial position?	
4. Does the statement contain an updated estimate/budget/forecast of profit/(loss) to end of year, based on actual results? Are regular cash reports provided to the Committee and senior management?	
5. If any potential danger spots are identified in the financial projections are they discussed thoroughly?	
6. Are standard reports used to convey information to the governing body and senior management?	
7. Are financial reports explained to Committee members particularly to new members in an uncomplicated and simple manner?	
8. Are financial reports written in a manner to be understood by all Committee members?	
9. Are diagrammatic methods ever used to show the position of the organisation? For example, graphs.	
10. Does the CoM have a clear sense of the organisation's financial risks?	
11. Is the CoM satisfied with the proposed risk mitigation strategies?	

## Balance sheet

## Organisation X

## Financial Year 2011-12

## June 2012 Income and Expenditure Statement

JUNE 2011	ACTUALS MONTH	BUDGET MONTH	ACTUALS YEAR TO DATE	BUDGET YEAR TO DATE	PREVIOUS YEAR TO DATE	FULL YEAR BUDGET
<b>Income</b>						
General Income	\$10,000	\$12,000	\$60,000	\$70,000	\$65,000	\$140,000
Fee for Service	\$40,000	\$30,000	\$150,000	\$180,000	\$160,000	\$390,000
Grant	\$15,000	\$15,000	\$90,000	\$90,000	\$85,000	\$180,000
Net Income						
Cost of Goods Sold						
Gross Margin						
<b>Expenses</b>						
Salaries	\$50,000		\$250,000			
Salary Expenses	\$5,000		\$25,000			
Depreciation						
Information	\$2,000		\$8,000			
Technology						
Motor Vehicles	\$1,500		\$10,000			
Services	\$1,000		\$6,000			
Telephone	\$1,000		\$6,000			
Course Expenses	\$3,000		\$7,000			
<b>Total Expenses</b>						
<b>Operating Profit =</b>						
<b>Other Income</b>						
<b>Other Expenses</b>						
<b>Net Profit (or loss) Before Tax</b>						
<b>Taxes</b>						
<b>Net Profit (or loss)</b>	\$1,500		(\$12,000)			

## Profit and loss statement

## Organisation X

June 2012 Balance Sheet

	Current Year (June 2012)	Previous Year (June 2011)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash on Hand and Investments	\$150,000	\$300,000
Accounts Receivable	\$100,000	\$50,000
Prepayments	\$20,000	
<b>FIXED ASSETS</b>		
Property and Equipment	\$350,000	\$350,000
Motor Vehicles	\$60,000	\$30,000
Furniture and Fixtures	\$40,000	\$40,000
Computers	\$40,000	\$40,000
Office Equipment	\$10,000	\$10,000
<b>Other Assets</b>		
<b>Total Assets</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade Creditors	\$30,000	\$15,000
Payroll Liabilities	(Leave) \$20,000	(Leave) \$20,000
Superannuation Payable	\$15,000	
Tax	\$30,000	
Grants received in Advance	\$140,000	
<b>Long Term Liabilities</b>		
Bank Loan		
<b>Total Liabilities</b>		
<b>Net Worth (Retained Earnings)</b>		
<b>Equity</b>		

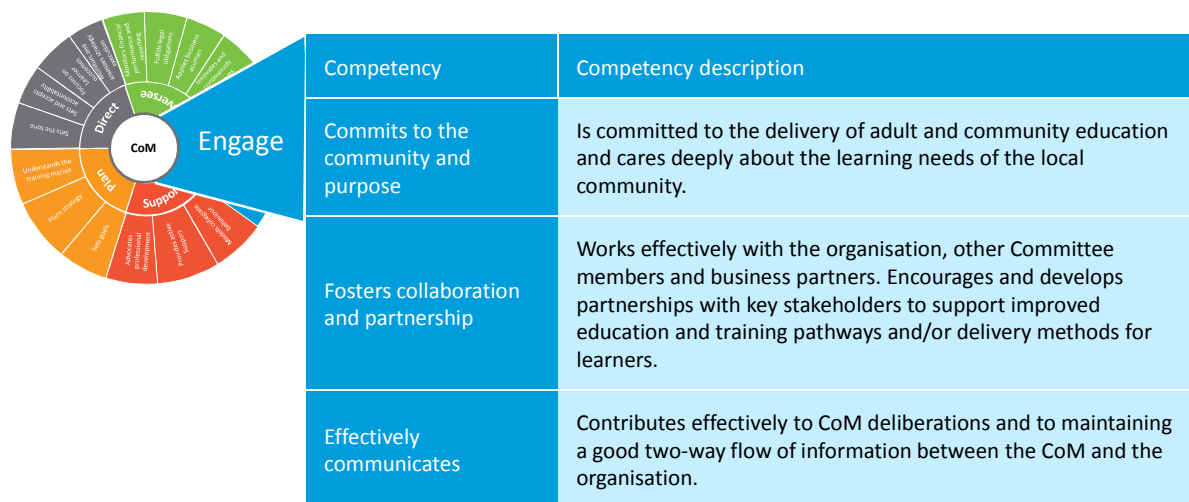








## 7 Engage



CoM members are generally drawn from the community they serve. Indeed, this is one of their great strengths. However your responsibility as a CoM member goes beyond representing your own views and interests as a member of a community. You have an opportunity, and a duty, to bring a wider community perspective to the CoM table wherever appropriate and practicable.

A CoM managing Learn Local training should aim to:

- Understand local stakeholders’ needs and expectations (business and learner needs primarily)
- Promote the Learn Local course offerings (including by addressing any misconceptions)
- Forge partnerships (e.g. with regional TAFEs, private training providers or other Learn Local organisations; industry and community)
- Stay abreast of any developments that may present risks or opportunities for your organisation.

In larger organisations a CoM may do this through developing a specific stakeholder and/or community engagement strategy. At the end of this section is an *indicative* list of targets that you might want to consider in your stakeholder engagement and the focus of any such engagement. It is an example only, provided to help your own CoM think through who its stakeholders are and how to reach out to them.

As Chair you may want to discuss with your CoM colleagues the best approach to stakeholder engagement and set aside time at meetings to report any feedback and what it means for your Learn Local organisation’s operations and directions.

### 7.1 Representing community interests

CoM members need to stay abreast of regional training demand and supply issues from the point of view of both businesses and potential learners. Some of this information you can acquire opportunistically, by keeping your ‘ear to the ground’.

It is helpful to actively increase your circle of engagement with the community, however, so that you are better able to represent a broader range of interests and to keep your knowledge up-to-date. You can seek out networking opportunities by getting onto mailing lists, seeking referral or introductions from others and attending public forums.

As the goal of this interaction is to gain community perspectives on business' skill requirements and learner needs, it might also be appropriate on occasion for your CoM to more formally approach people to interview or complete a questionnaire (i.e. do your own market research).

## 7.2 Promoting the CoM

As a CoM member, you can be an important and potentially very effective promoter and advocate for the Learn Local training services your organisation provides. You can do this through general networking, and also in a more deliberate or systematic way.

A CoM Chair or member can carry more authority than the CEO/Manager in certain situations and may therefore serve as a more effective 'spokesperson' for the organisation, or negotiator if an issue arises that needs to be 'elevated'. However, it is important that CoM members are not routinely drawn into such negotiations, particularly if they are of a fairly operational or technical nature.

In all cases of promotional work or advocacy it is important to make your colleagues aware of who is being engaged with, for what purpose and what feedback you are receiving. Such transparency and willingness to share information is an important precept for effective governance.

Collectively, CoM members should take an active interest in the marketing strategy for their Learn Local organisation, and should ensure that it is regularly evaluated and refreshed. In doing so, it is important to think about how you can both build on the profile and reputation already established in some quarters while pushing into new areas as well.

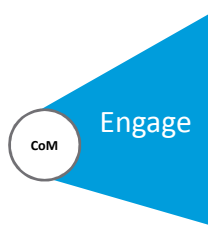
## 7.3 Pursuing partnerships

CoM members should take a lead in identifying potential partnerships that will serve the interests of the Learn Local organisations. Some examples of potential partnerships include:

- Having local businesses provide volunteer tutors or guest speakers
- Partnering with local schools to deliver to youth for whom school is not a suitable setting
- Partnering with a TAFE, private training provider or a Learn Local organisation to promote a training pathway that starts with courses offered by the Learn Local organisation and continues through to more advanced offerings
- Entering into an arrangement with other Learn Local organisations to share administrative resources
- Negotiating an agreement with enterprises to provide training to new recruits into areas of high skill demand but limited supply
- Agreeing with a nearby university to deliver units or modules which provide credit towards a degree course.

The organisation will have ideas, too, that the CEO/Manager should bring to the CoM for consideration. Be sure that the CoM assesses the effectiveness of any new arrangement after an appropriate period of time and draw any lessons learned from partnerships that have been particularly successful.

## 7.4 Capabilities and competencies associated with a CoM’s responsibilities to ‘engage’

	Competency	Competency description
	Commits to the community and purpose	Is committed to the delivery of adult and community education and cares deeply about the learning needs of the local community.
	Fosters collaboration and partnership	Works effectively with the organisation, other Board members and business partners. Encourages and develops partnerships with key stakeholders to support improved education and training pathways and/or delivery methods for learners.
	Effectively communicates	Contributes effectively to CoM deliberations and to maintaining a good two-way flow of information between the CoM and the organisation.

### 7.4.1 Competency 1: Commits to the community and purpose

Indicator	Indicator descriptor
Promotes organisation in community	Promotes the organisation’s activities to raise awareness, source funding, identify potential CoM recruits, target new learners and explore partnership and training opportunities.
Has a community purpose	Develops a clear sense of community goals by proactively seeking the community views, identifying training needs and considering ways to help meet them through Learn Local training provision.
Translates needs into opportunities	Translates community training needs and requirements into potential opportunities for the organisation’s training delivery.

### 7.4.2 Competency 2: Fosters collaboration and partnership

Indicator	Indicator descriptor
Understands and encourages a collaborative culture	Understands the importance of collaboration within the CoM and the benefits of partnerships within the training sector and local community.
Seeks feedback from the community	Actively seeks feedback from the community through surveys and other means, including by making CoM processes and or outcomes accessible.
Proactive about building external relationships	Develops a stakeholder engagement strategy with internal-to-CoM accountabilities for its implementation. Uses business networks and resources to inform what partnerships the organisation may want to consider based on business needs and education pathways.

### 7.4.3 Competency 3: Effectively communicates

Indicator	Indicator descriptor
Acts as a 'public face'	Understands the organisation's media and communications policy (which should be in line with the Learn Local marketing strategy and ACFE branding requirements) and acts as a spokesperson for the organisation as appropriate.
Persuasively and confidently communicates	Communicates effectively and argues persuasively by providing a sound rationale. Tailors communication style to meet the needs of the audience. Asks for feedback from audience to assess the impact of communication style.
Maintains effective information flows	Monitors CoM communication with the Learn Local organisation's management (e.g. for clarity, timeliness, quality) and seeks improvement where necessary. For example, the CoM should ensure CEOs provide regular financial reports and inform them of new funding opportunities. The CoM should ensure a good flow of communication with ACFE and take opportunities (e.g. regional provider forums) to network.

### 7.5 Resources related to CoM responsibilities to 'engage'

- The competencies associated with the CoM members' responsibilities under the 'Engage' function – attached
- Indicative list of potential targets for stakeholder engagement – attached
- The Association of Neighbourhood Houses and Learning Centres (ANHLC) website at <http://www.anhlc.asn.au/>

### Indicative targets for a Learn Local stakeholder engagement strategy (Example only)

POTENTIAL TARGETS	RATIONAL AND OBJECTIVE	STRATEGY	RESPONSIBILITY AND TIMING
LOCAL COUNCILS	Potential funding, partnerships, promote value of Learn Local training, access councillors and council staff with connections into business and wider community	Meetings with council. Include on mailing list	CEO and CoM Chair, ongoing
LOCAL NEWSPAPERS AND RADIO	To feature stories of successful graduates of Learn Local training and to promote upcoming course or secure support for/coverage of fund-raising events	Meeting with editor and/or feature writers. Issue press releases at milestone achievements	CEO and CoM Chair, at critical milestones
REGIONAL TAFES	To explore cooperation that enables clear pathways into higher level courses for Learn Local students	Identify key contacts, meeting informally before sending a formal proposal	Q1, Q2, Q3, Q4 <sup>†</sup>
COMMUNITY LEADERS AND LOCAL 'CELEBRITIES'	To seek a 'patron' who can assist with profile-raising or fund-raising, or who can improve access to hard-to-reach learners (e.g. a local sports hero)	Use networks to identify whether there is a connection between a Learn Local alumnus or teacher or similar history that can be established with a local identity	Engagement sub-committee Chair. Ongoing Q1-Q4
BUSINESS CHAMBERS OF COMMERCE	To seek support for partnerships between individual businesses and Learn Local. Explore sponsorships	Meet with Chair and/or CEO	Engagement sub-committee Chair and CEO Q1
COMMUNITY FACILITIES	Child care providers, employment services (if not part of Learn Local organisation already), men's sheds, single parents groups, libraries, local Centrelink and Medicare offices – to market to places where potential students may gather	Seek permission to display marketing materials. Meet those who could more actively refer clients	CEO, with CoM assistance as required Q1
OTHER LEARN LOCAL CoM	To explore an efficient way to share administrative resources	Ask Manager/CEO to develop a proposal to circulate for consideration	Treasurer and CEO Q2
STATE AND FEDERAL MPS' OFFICES	To raise awareness and attract local support	Issue invitation to tour facility and meet learners, involve in a special event	Chair, Post state election Q3
INDIVIDUAL BUSINESSES	To target potential employers of Learn Local graduates to seek support and to inform training focus	Meet, or send letter with background information and meet. Involve program managers as appropriate	Chair and CEO Q2 with follow-up in Q3
REGIONAL DEVELOPMENT AUSTRALIA (RDA) BOARD	To engage with the RDA board about how Learn Local can support achievement of its regional development goals, and seek funding	Study regional RDA plan, write to Chair to discuss relevant objectives/access to RDA funds	Chair Q1

<sup>†</sup> Q1, Q2 etc. refers to the relevant quarter of the financial year

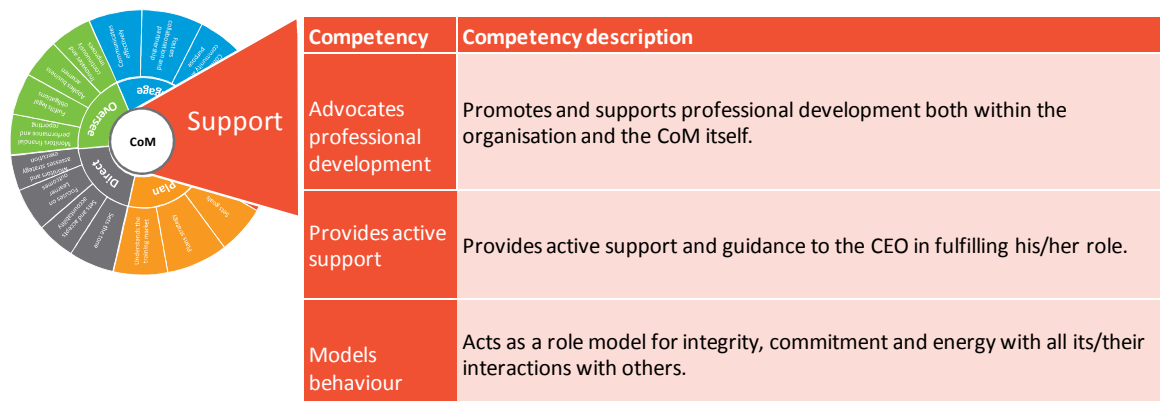








## 8 Support



This aspect of CoM roles and responsibilities covers the things that you need to do to support the effective functioning of your Committee. It also includes the actions by CoM members to – individually and collectively – provide more general support, encouragement and advice to the Learn Local organisation.

The support you provide can be either informal – as in ad hoc assistance to a manager where you have particular expertise to offer – or formal where the CoM decides that something will be developed (e.g. a marketing plan) with input and assistance from designated CoM members.

The nature of your advice could be technical – as in assisting with some trend data analysis – or it could be in the form of more general encouragement, information-sharing and positive feedback.

One way in which a CoM can support the Learn Local organisation is to make sure that the CEO/Manager is giving attention to professional development opportunities for themselves and the staff and to take an interest in developing capability of the Learn Local team.

The final important aspect of the CoM’s role to ‘support’ is the need to be collegiate as a committee – to assist newcomers to get on top of the issues, to make sure different views are heard, and to resolve conflicts in a mature and professional way by sharing information.

### 8.1 Supporting the Learn Local organisation’s management team

CoM members may have particular technical skills that can be helpful to Learn Local organisations, particularly smaller operations. For example, a CoM member might have strong financial skills or marketing expertise that usefully supplements capability in the organisation. While CoM members are not there to fill gaps in the organisation’s skills base, where a CoM member is in a position to advise or assist, it is expected that they make an effort to do so (within reason). Sometimes such assistance could take the form of mentoring, to help an employee become better at their job.

The CoM has a particular obligation to support the CEO/Manager where s/he is doing the right thing. People doing these jobs carry a good deal of responsibility and the CoM’s role is to help them succeed and recognise their achievements. Again this is something that the Chair should give particular attention to, but all CoM members can play their part.

## 8.2 Supporting the effective, collegiate functioning of the CoM

Supporting each other on the CoM means helping colleagues to play to their respective strengths and contribute fully to the Committee's effective functioning. Just because a CoM draws its membership from volunteers in the community, it does not follow that there should be lower expectations of each other or of the Committee as a whole. All committees should aspire to demonstrate the practices associated with good governance by corporate boards or other professional bodies.

The CoM should take time periodically to review its relative strengths and weaknesses and to consider whether and how it can become more effective. The CoM capability framework is a useful resource for individual reflection on the contribution each member makes. It is as useful in developing a whole-of-committee view about where capability is lacking or lagging. Every one to two years the CoM should complete a self-assessment on their collective capability and consider what areas need developing. This can inform recruitment decisions and also the assignment of roles and responsibilities on the CoM.

All members should see it as being in their own interest to support the professional development of colleagues who are looking to build skills or knowledge in any of the five main areas of capability outlined in this workbook.

Similarly, supporting CoM colleagues involves being respectful of each other's time and other commitments, and take a fair and reasonable approach to sharing tasks. The Chair has a particular responsibility in making efficient and effective use of subcommittee structures so that the entire CoM is not spending time on something that can be delegated to a smaller group.

## 8.3 The Chair's role in inducting new members

The CoM Chair has a particular responsibility to make sure new committee colleagues are settled in well to their role and supported at the outset with information and advice. An initial meeting with the new member should include a discussion of shared responsibilities on the CoM and any specific expectations of the new member. Clarity at this stage will avoid tension and conflict later.

The Chair should recognise that this is a volunteer role and that the new member will have his/her own motivations for becoming involved. This should be discussed also in order to ensure that the new member's interests are accommodated where possible.

Finally, in addition to conveying information about the Learn Local organisation's strategic objectives and any current challenges, the Chair should make sure new committee members receive information resources and know where to turn to seek further advice and support.

## 8.4 Capabilities and competencies associated with a CoM's responsibilities to 'support'



Competency	Competency description
Advocates professional development	Promotes and supports professional development both within the organisation and the CoM itself.
Provides active support	Provides active support and guidance to the CEO in fulfilling his/her role.
Models behaviour	Acts with integrity, commitment and energy.

### 8.4.1 Competency 1: Advocates professional development

Indicator	Indicator descriptor
Proactive about capability development	Is proactive in assessing one's own capability using the ACFE CoM Capability Framework. Monitors capability in organisation, including by ensuring compliance with the requirement that all trainers must have a Certificate IV in training and assessment to deliver accredited training.
Strives for high performance and success	Has a clear goal and vision of what high performance and success should look like in line with Adult, Community and Further Education Board objectives and any other policy statements.
Derives personal satisfaction from delivering outstanding results	Takes pride in achieving results, celebrates and recognises the elements of success for learners, the local community, businesses and for the organisations.
Plans and manages CoM development	Actively and regularly assesses collective capability against ACFE's CoM Capability Framework to identify areas of strength and development.

### 8.4.2 Competency 2: Provides active support

Indicator	Indicator descriptor
Supports CEO whilst remaining objective	Delegates responsibility to the CEO/Manager to manage operations, internal processes, and day-to-day activities, consistent with good governance practices.
Provides targeted assistance	Provides targeted assistance and advice to the CEO/Manager where the organisation's capability is weak or requires development e.g. marketing.
Facilitates and supports CEO's thinking	(The Chair especially) assists the manager to translate broad government policy on training into meaningful training delivery strategies for the organisation and for

Indicator	Indicator descriptor
	the community.

### 8.4.3 Competency 3: Models collegiate behaviour

Indicator	Indicator descriptor
Respects and supports CoM members	Shows respect for diverse views and backgrounds of others on the CoM and the need to hear all views.
Ensures corporate social responsibility	Ensures that the organisation operates in an ethically, environmentally and socially responsible way by ensuring correct policies are in place and are being followed.
Takes responsibility for quality and timely contributions	Takes responsibility for delivering high quality and timely contributions to CoM deliberations that help the CoM and the organisation be successful.
Demonstrates integrity and solidarity	Delivers on commitments and holds true to what has been agreed. Communications about CoM matters respect the principle of consensus.

## 8.5 Resources for 'support'

- CoM Capability Framework and self-assessment tool on the ACFE website: [www.acfe.vic.gov.au](http://www.acfe.vic.gov.au)





## 9 Understanding your Learn Local organisation's responsibilities

Learn Local organisations have seven key areas of responsibility which you need to be aware of. They include:

1. **Registration process** – which covers establishing an organisation's bona fides, including the existence of a business plan
2. **Standards** – systems in place to ensure an appropriate quality of training is provided
3. **Financial viability** – processes to assure government funders that the organisation is financially viable
4. **Funding** – sourcing funds from government and elsewhere
5. **Delivery** – marketing and delivering courses
6. **Reporting** – providing data on training activity and expenditure
7. **Performance Auditing** – complying with specific audit requirements

Figure 4 on the following page provides a high-level view of these seven areas which are the 'bare essentials' of what a Learn Local organisation must do to stay operational as a training provider.

This section does not attempt to set out everything that a Learn Local organisation does. Nor does it explain the CoM's role and responsibility. Rather it is intended to highlight the operational information that is relevant for a member of a CoM to know about in order to exercise your governance role.

### Tip:

Some of the information in this section is of a fairly technical nature and CoM members are not expected to be across the details. What is important is that you understand:

- the main responsibilities and accountabilities of the Learn Local organisation across the seven key areas
- that operational issues that may challenge the organisation from time to time
- that key decisions that need to be made and when
- what information you need to have to be able to exercise effective oversight.

### Important note

The responsibilities outlined in this section were current as at May 2012. Since these arrangements are subject to change it is important that you ask your Learn Local CEO to keep you up to date with any developments in relevant policy, regulation and funding.

Figure 4: High-level view of a Learn Local organisation’s responsibilities

	(Re-)Registration	Standards	Financial viability	Funding	Delivery	Reporting	Performance Audits
Key issues	Learn Local organisations must undergo initial registration and re-register to deliver training.	The ACFE Board provides guidelines to ensure appropriate standards for pre-accredited training. This is called A-Frame: A Framework for Quality Pre-Accredited Teaching and Learning. There are national and state regulators for the provision of accredited training.	All Learn Local organisations need to formally demonstrate financial viability annually to satisfy registration and funding requirements.	Public subsidies are available to organisations who have demonstrated business viability. For RTOs, funding is actively based. Learn Local organisations receive program funding based on agreed delivery plans. Other sources (public and private) are available.	All Learn Local training must be responsive to student needs. Pre-accredited training needs to build skills and confidence to engage in employment or further education. Providers must be attuned to these desired outcomes. Accredited training especially needs also to align directly with industry demands.	There are standard governance obligations such as preparation of an annual report. Learn Local organisations also need to provide data regularly to enable tracking of trends across the sector.	Periodic compliance audits linked to Service Agreements. The regulators also perform audits against quality teaching standards.
Key actions	<ul style="list-style-type: none"> <li>All Learn Local organisations must meet the conditions for registration with the ACFE Board</li> <li>Learn Local RTOs must register with their regulator (either VRQA or ASQA).</li> <li>There are multiple conditions, including adequate planning.</li> </ul>	<ul style="list-style-type: none"> <li>Pre-accredited providers should draw heavily on the A-frame in designing courses.</li> <li>All providers should ensure ongoing compliance with quality standards.</li> </ul>	<ul style="list-style-type: none"> <li>Learn Local organisations must complete a Business Viability Assessment (or Financial Assessment Certificate if an RTO) at the time of the Annual General Meeting.</li> <li>CoM to certify these.</li> </ul>	<ul style="list-style-type: none"> <li>RTOs can seek funding under the Victoria Training Guarantee</li> <li>Pre-accredited training providers access government funding via an ACFE Agreement/Delivery Plan.</li> <li>Pursue other sources of grant funding.</li> </ul>	<ul style="list-style-type: none"> <li>Have appropriate staff to deliver courses.</li> <li>Market and promote courses.</li> <li>Issue information for learners.</li> <li>Monitor delivery performance and learner outcomes.</li> <li>Obtain student feedback.</li> </ul>	<ul style="list-style-type: none"> <li>Produce annual report with financials.</li> <li>Monitor Key Performance Indicators or Key Result Areas in strategic plan.</li> <li>Providers must submit regular (AVETMISS) data</li> <li>Report compliance as necessary.</li> </ul>	<ul style="list-style-type: none"> <li>Have a plan to deal with an audit.</li> <li>Cooperate with auditors.</li> <li>Take account of audit findings and address issues identified.</li> </ul>
Key questions	<ul style="list-style-type: none"> <li>When is re-registration due?</li> <li>What are the requirements and do we meet them?</li> <li>Who’s responsibility is it to ensure re-registration happens?</li> <li>Do we have the required oversight arrangements in place?</li> </ul>	<ul style="list-style-type: none"> <li>Which body regulates our organisation?</li> <li>Do our courses comply with the relevant standards?</li> <li>Would we satisfy an audit by our quality regulators?</li> </ul>	<ul style="list-style-type: none"> <li>What is the state of our balance sheet and our general financial health?</li> <li>What are our financial risks and opportunities?</li> <li>Are we planning effectively and appropriately?</li> </ul>	<ul style="list-style-type: none"> <li>What are our funding options and preferred mix of sources?</li> <li>Do we meet eligibility requirements for government funding?</li> <li>What are the risks and obligations associated with different funding types?</li> </ul>	<ul style="list-style-type: none"> <li>Are we complying with our Delivery Plan/Service Agreement?</li> <li>Are we meeting our goals (e.g. reaching the right learners)?</li> <li>Have we got the right teachers?</li> <li>What are learners’ experiences, success rates and outcomes?</li> </ul>	<ul style="list-style-type: none"> <li>Are we meeting our targets/expectations?</li> <li>Are we measuring the right things?</li> <li>What needs to change?</li> <li>What do stakeholders think?</li> <li>How does our performance compare to that of the sector?</li> </ul>	<ul style="list-style-type: none"> <li>What are our internal checks and audit processes?</li> <li>When is an external audit likely?</li> <li>Are we ready for an audit, if one took place?</li> <li>Have we addressed all the findings of previous audits?</li> </ul>
More info	See section 9.1	See section 9.2	See section 9.3	See section 9.4	See section 9.5	See section 9.6	See section 9.7



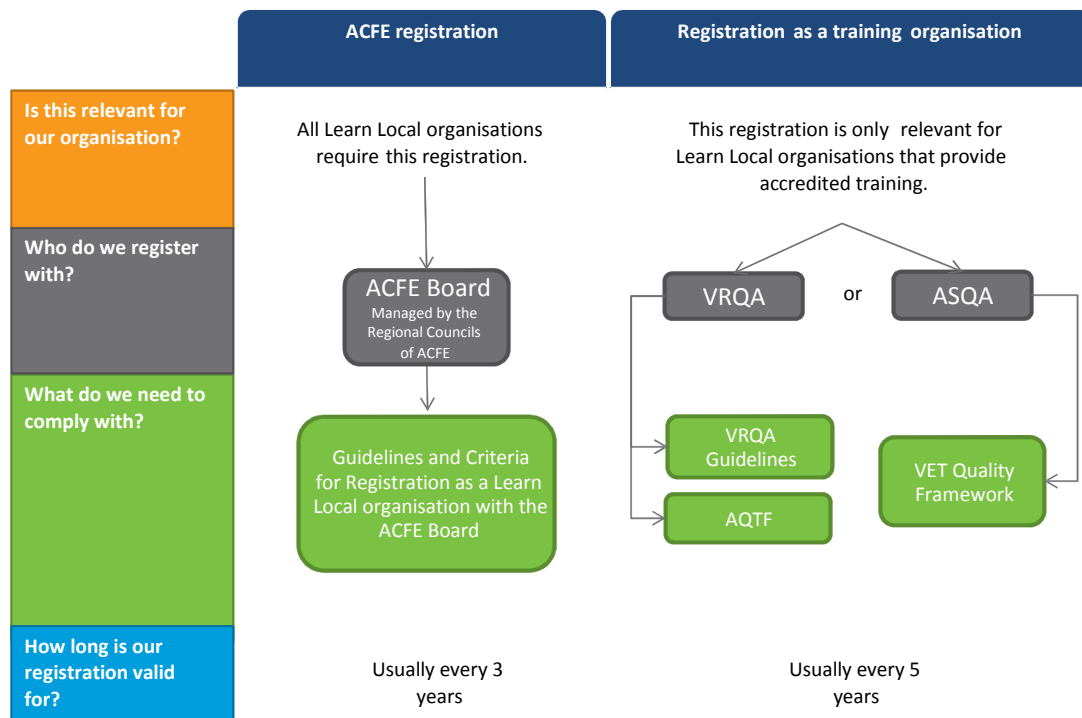
## 9.1 Registration and re-registration

The CoM needs to be aware of the registration requirements of their Learn Local organisation. This means understanding whether your organisation is registered or not and when re-registration is due. There are two main types of registration that apply to your Learn Local:

- **ACFE Board registration** – all Learn Local organisations require this registration. It is issued by the ACFE Board and usually valid for three years
- **Registration as an RTO** – if your Learn Local organisation delivers accredited training you will need to register (and re-register) with your relevant regulator, either the Victorian Registration and Qualifications Authority (VRQA) or the Australian Skills Quality Authority (ASQA), is current.

Figure 5 provides an illustration of these registration requirements. Please remember that these arrangements are subject to change. It is important that you check with your Learn Local CEO to ensure that this information is current.

Figure 5: Registration requirements of Learn Local organisations



Some Learn Local organisations may also need to register for the delivery of accredited training to overseas students (not depicted in Figure 5), if they deliver training to international students. However, this type of training is relatively uncommon in the Learn Local sector so it is unlikely that your organisation will need it. For more information contact your regulator.

### Key questions for the CoM

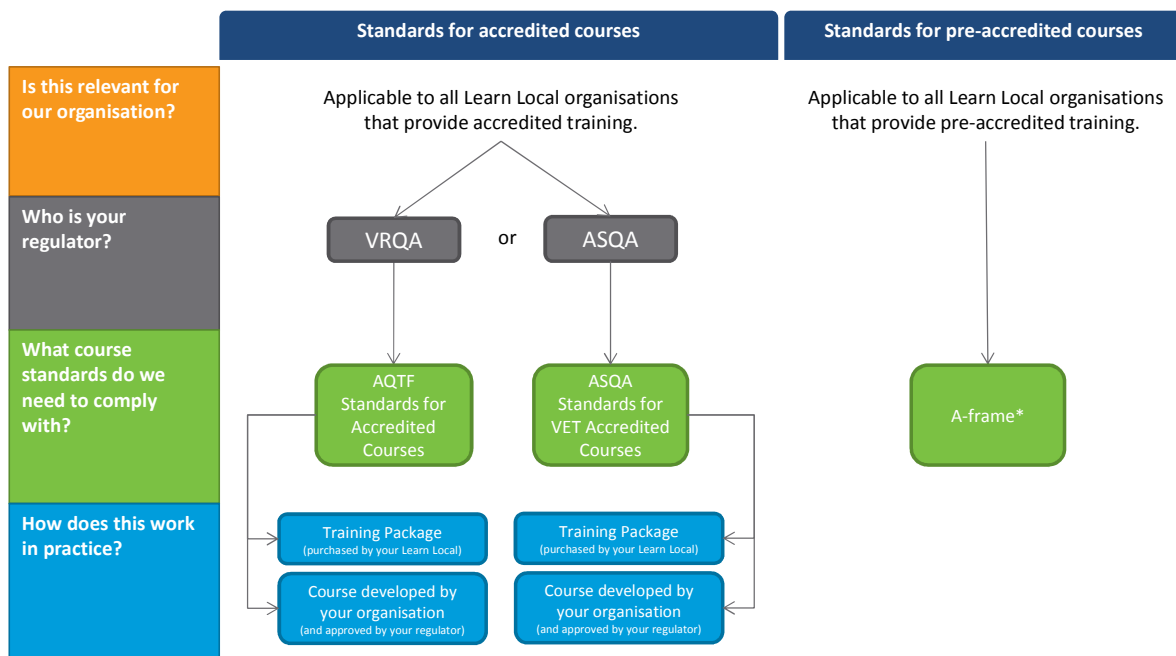
- When is re-registration due?
- What are the requirements and do we meet them?
- Whose responsibility is it to ensure re-registration happens?

## 9.2 Standards

Your Learn Local must meet certain course standards to be able to deliver training. If your Learn Local offers accredited courses you will need to ensure that you comply with either the Australian Quality Teaching Framework (AQTF) Standards for Accredited Courses or the ASQA Standards for VET Accredited Courses (depending on your regulator). If you provide pre-accredited training it is recommended that you follow the 'A-Frame', a framework developed to ensure the delivery of high quality pre-accredited training.

These arrangements are outlined in Figure 6. Check with your Learn Local CEO to make sure this information is still current.

Figure 6: Standards for accredited and pre-accredited courses



\*Compliance is mandatory only for those seeking/in receipt of ACFE Board funding.

As a CoM you are responsible for checking with your CEO that your Learn Local organisation meets these standards.

### Key questions for the CoM

- Which body regulates our organisation?
- Do our courses comply with the relevant course standards?
- Would we satisfy an audit by our quality regulators?

## 9.3 Financial viability

To apply for government funding your Learn Local organisation must meet certain financial viability requirements.

There are two separate key processes for reporting and confirming financial viability – one for Learn Local RTOs and one for Learn Local non-RTOs.

Demonstrating financial viability to your funders and regulators must be done annually and is a pre-requisite for eligibility for receipt of any government funding. Importantly this financial viability assessment does not *guarantee* funding, but simply ensures you are eligible.

### Key questions for the CoM

- What are our financial goals?
- What is the state of our balance sheet and our general financial health?
- What are our financial risks and opportunities?
- Are we planning effectively and appropriately?

## 9.4 Funding

As a CoM member you need to understand your Learn Local organisation's potential funding sources, the eligibility requirements for government funding and the risk and obligations associated with different funding types.

There are several options available to Learn Local organisations to seek funding. They include:

- **The ACFE Board** which directly purchases pre-accredited training from Learn Local organisations, and from time to time offers a range of other grants
- **Higher Education and Skills Group** which contracts Learn Local RTOs to deliver government subsidised accredited training to eligible individuals under the Victorian Training Guarantee
- **Neighbourhood House Coordination Program (NHCP)** which provides recurrent funding to eligible Neighbourhood Houses, for the coordination of services that support community development activities consistent with NHCP aims
- **Fee for service** courses. This involves the delivery of courses that are not government subsidised. Fees are charged directly to students or enterprises
- **Other sources** such as Commonwealth funding for specific purposes such as Language Literacy and Numeracy programs and English as a Second Language (ESL) programs.

Each funding source has different requirements.

### Key questions for the CoM

- What are our funding options and preferred mix of sources?
- Do we meet eligibility requirements for government funding?
- What are the risks and obligations associated with different funding types?

## 9.5 Managing delivery

There are three main things you need to be aware of in relation to your Learn Local organisation's responsibilities for managing delivery:

1. **Staffing and workforce development plans** – all Learn Local organisations should have a workforce development plan. CoM members should oversee the development of this plan and receive updates from the CEO on its progress and implementation. Other strategic workforce issues should be elevated for the CoM's consideration
2. **Marketing** – the training sector's shift to a 'learner-driven' market means that Learn Local organisations need to become more proactive and strategic in how they promote their courses. CoM members should take an interest in how this is done, particular in determining how best to promote those courses in areas of local business demand, and how to reach the organisation's target learners
3. **Costing courses** – CoM members do not have a direct role in costing courses, but it's important that you understand how a course is costed. All courses should, at a minimum, break even, unless you have identified a case to do otherwise. It is important when costing a course to ensure the ongoing viability of the organisation is maintained as well as affordability and providing competitive pricing to potential learners.

### Key questions for the CoM

- Do we understand and are we complying with our Delivery Plan/Service Agreement?
- Are we meeting our goals (e.g. reaching the right learners)?
- What are learners experience, success rates and outcomes?
- Have we got the right teachers?

## 9.6 Reporting

Learn Local organisations are required to regularly report certain information to regulatory and funding bodies. Broadly speaking, reporting of data addresses three needs:

- It underpins a process to confirm that your organisation is a viable and reputable one, deserving of government funding
- It enables you to account for the appropriate use of such funds, including by demonstrating that you are maintaining the appropriate standards in your training offerings
- It provides an evidence base for policy-makers and others who need to follow trends in training provision and outcomes.

These reports are also a really important source of information of your organisation's performance. Your CoM may not see these reports in full but you should receive a summary report so that you can keep track of your organisation's performance. In some cases the CoM will also need to certify the data being provided to your regulator or funding body.

The CoM should also be aware that their Learn Local organisation should produce an annual report and hold an Annual General Meeting.

### Key questions for the CoM

- Are we meeting our targets/expectations?
- Are we measuring the right things?
- What needs to change?
- What do stakeholders think?
- How does our performance compare to that of the sector?
- What are the reporting requirements and when are key reports due?

## 9.7 Performance Audits

If your Learn Local organisation is an RTO you will be subject to audits by your regulator, the Department of Education and Early Childhood Development's (DEECD) Higher Education and Skills Group and the National Centre for Vocational Education Research (NCVER) on behalf of The Commonwealth Department of Education, Employment and Workplace Relations (DEEWR).

1. **Audits by your regulator** – your Learn Local organisation will be audited by your regulator upon initial application for registration with ASQA or VRQA; upon application for renewal of registration (usually every five years); upon application for a change of scope of registration. Other audits may be conducted at any time to assess compliance
2. **DEECD, Higher Education and Skills Group** - conducts both an annual audit program and 'off-cycle' audits triggered by matters that come to their attention throughout the year, including issues that appear through the data you report. These are triggered by a specific issue and therefore may not follow the process of the annual audits. If you are selected to be audited you will receive approximately two weeks notice
3. **Valid Student Enrolments audits** - are conducted by the NCVER on behalf of DEEWR. Every year NCVER conducts audits of AVETMISS data submitted by selecting a sample of RTOs' student records from the previous year's data.

As a CoM it is important that your Learn Local organisation has a plan to manage an audit and that the organisation cooperate with the auditors. The CoM is also responsible for taking account of the audit findings and ensuring that your Learn Local responds to the issues identified.

### Key questions for the CoM

- What are our internal checks and audit processes?
- When is an external audit likely?
- Are we ready for an audit, if one took place?
- Have we addressed all the finding of previous audits?





## 10 Compliance with legislation

In addition to the range of responsibilities that Learn Local organisations have in order to retain their registration, their funding and the accreditation of their courses, they have other obligations under law. Complying with relevant Commonwealth, State or Territory legislation and regulatory requirements is also a requirement of registering and complying with RTO regulators.

It is important to note that legislation is constantly subject to reform, so be sure to check the currency of the standards and laws briefly summarised here. This should be a resource for general information only, as it is high level and is not legal advice.

### 10.1 The CoM's role

Again, in most cases, it is not the CoM's own responsibility to be across the detail of these requirements, but it is important that you have a general understanding of them in order to exercise your governance role to the fullest effect.

This is particularly the case, because the law recognises the relationship between a CoM member in a position of governance and an organisation's members as a whole as a specific relationship of trust whereby Committee members must act in the best interests of those who have trusted them.

The four main legal obligations that relate to you specifically as member of a CoM are:

1. The duty to act in good faith in the best interest of the organisation and for a proper purpose
2. The duty to act with reasonable care and skill
3. The duty not to improperly use information or position
4. The duty to disclose and manage conflicts of interest.

It is helpful to think of these as overlapping duties. They are not onerous; typically they will be met by using common sense and good practice. However they are legal obligations so you need to be aware of them.

### 10.2 Employment law

Employment law is relevant at two distinct levels. Your Learn Local organisation is obliged to comply with employment law and meet certain standards in its role as an employer, for example teaching staff. The CoM may also be subject to meeting employment law requirements if they exercise employment responsibilities, for example by appointing the organisation's CEO. You quite possibly have a volunteer workforce as well for which your organisation will have a duty of care.

Your Learn Local organisations's legal obligations to their employees are quite detailed and this should be considered a brief summary.

#### **Minimum standards**

All employees (ongoing, fixed-term and casual) employed in Victoria are entitled to 10 minimum Standards of Employment, which are set out in the *Fair Work Act 2009 (Commonwealth)*.

Some organisations may engage independent contractors for specific roles. Independent contractors have no statutory entitlement to minimum wages or other benefits. However, they are entitled to some general protections set out in the Fair Work Act including protection from unlawful discrimination.

### **Industrial instruments**

Employees and employers in certain industries may be bound by an industrial instrument such as a modern award, enterprise agreement or a determination of Fair Work Australia. These include additional minimum entitlements that supplement *Fair Work Act's* national employment standards.

### **Termination and Unfair Dismissal**

Most full-time and part-time employees are entitled to a notice period (or pay in lieu of) of between one and five weeks. Modern awards, enterprise agreements or contracts of employment may specify a greater period.

Of significance to Victorian incorporated not-for-profit organisations is the fact that under the *Fair Work Act*, unfair dismissal laws apply to all organisations of less than 100 employees.

These laws mean that if your organisation dismisses an employee for an unlawful (i.e. discriminatory) reason or the termination is otherwise deemed 'harsh, unjust or unreasonable', the employee may be able to make a claim against your organisation.

For Victorian not-for-profit groups that are covered by the *Fair Work Act*, the laws provide that:

- For organisations with fewer than 15 full-time employees, the unfair dismissal laws will apply to those employees that have been employed for at least 12 months
- For organisations with 15 employees or more, an employee must have been employed for at least six months before being able to access the unfair dismissal laws.

Even if your organisation is considering dismissing an employee because their job is no longer required, it is important that you check the terms of their employment because the employee may be entitled to redundancy pay.

## **10.3 Equal Opportunity Act 2010**

Equal Opportunity legislation requires your organisation to provide no less than equal opportunity to all persons, including Aboriginal and Torres Strait Islanders, persons from Non-English speaking backgrounds and the disabled, including people of all ages.

Equal Opportunity legislation protects workers from discriminatory practices in the workplace, including prejudiced and judgemental practices to do with age, sex, marital status, health, country of birth, religion, appearance and favouritism. The Act now includes a positive duty to eliminate discrimination, which obliges organisations covered by the law to take proactive, reasonable and proportionate measures to prevent discrimination, sexual harassment and victimisation from happening.

## **10.4 Occupational Health and Safety**

In Victoria, occupational health and safety (OH&S) in the workplace is currently regulated by the *Occupational Health and Safety Act 2004* (Vic) (the OHS Act) and the *Occupational Health and Safety Regulations 2007* (Victoria) (the OHS Regulations). There are different laws in other States and Territories and your organisation will need to check these if it operates outside of Victoria.

All community organisations that have employees, or operate in a 'workplace' (defined broadly) have an obligation under the *Occupational Health and Safety Act 2004 (Victoria)* to protect the health and safety of their volunteers.

Obligations under OH&S responsibilities apply to employees, contractors, volunteers, students and all visitors to your organisation's premises.

OH&S laws include a variety of specific obligations, such as 'monitoring conditions of the workplace and the health of employees'. It is best to consult sections 20-130 of the *Occupational Health and Safety Act 2004 (Victoria)* or find a helpful checklist online.

Generally speaking, the overarching duty is for an organisation to provide, so far as is reasonably practicable, a safe working environment and safe practices and systems of work. The determination of your responsibility for others safety stems from your organisation exercising a degree of 'control' over the place at which work is performed.

'Reasonably practicable' means an organisation is required to eliminate potential risks to health and safety, and, where this is not reasonably practicable, reduce those risks to an acceptable level. Whether or not it is 'reasonably practicable' to do something will depend on the likelihood of the hazard/risk eventuating; the degree of harm that would result; the cost and availability of reducing the risk, etc.

The organisation itself will be held liable in instances of breach of OHS law – volunteer officers such as CoM members can never be personally liable.

## 10.5 Insurance

If your organisation's annual financial payroll is expected to be more than \$7500 a year, you are required to have workers' compensation insurance to cover the organisation's employees. You are also required as part of registration with regulators and the ACFE Board to hold public liability insurance.

Public liability insurance will protect your Learn Local organisation from its legal liability to pay:

- Compensation to third parties for bodily injury/property damage that may occur as a result of the community organisation's activities
- Legal costs associated with defending such claims.

Professional indemnity insurance may be appropriate to consider in some cases also.

It might a good idea for your organisation to take out personal accident insurance to cover your volunteers for out of pocket medical expenses if they are injured at work.

## 10.6 Duty of care for volunteers

If not covered by the provisions of the *Occupational Health and Safety Act 2004 (Victoria)*, a community organisation may owe its volunteers a duty of care under the common law (case made law) of negligence, or under the negligence provisions in the *Wrongs Act 1958 (Victoria)*.

This means a community organisation may be liable for any acts or omissions made by the organisation which result in an injury to a volunteer or damage to property. There are a number of legal tests that must be satisfied before your organisation will be held liable for negligence (it is not automatic).

Negligence claims (by volunteers or, for that matter, anyone) against community organisations are *rare* and we have not developed any resources in relation to this topic. Your organisation should look to

operate in a way that reduces the risk that your volunteers will be injured whilst volunteering for your organisation, and should also look at getting appropriate insurance coverage (see 5.5).

### **Liability for the actions of volunteers**

'Civil liability protection' is afforded to volunteers who undertake community work that is organised by a 'community organisation'. A 'community organisation' includes incorporated associations under the *Incorporated Associations Act 1981 (Victoria)*.

What this means is that liability resulting from the actions of volunteers may transfer to the organisation itself, so that it would be held liable to injured parties rather than the volunteer. The volunteer's actions (or failure to act) must have been in 'good faith' – i.e. honestly and without fraud.

The exemption from liability only applies to *civil* proceedings – these are legal actions between two citizens typically related to financial loss, property damage or personal injury – *not* criminal proceedings. Furthermore, Learn Locals are not liable where the volunteer knew or ought reasonably to have known that they were acting outside the scope of their work or contrary to instructions.

## **10.7 As a business or not-for profit**

Your Learn Local organisation will have been registered either as not-for-profit incorporated association under the *Incorporated Associations Act 1981 (Victoria)* (regulated by Consumer Affairs Victoria), or as a company limited by guarantee under the *Corporations Act 2001 (Commonwealth)* (regulated by the Australian Securities and Investments Commission).

An incorporated association is the most common legal structure in Victoria, and widely perceived to be the 'best' for most locally focused not-for-profit community organisations such as Learn Local organisations, particularly because it is less expensive than registering as a company limited by guarantee. One disadvantage is that a group incorporated under the *Incorporated Associations Act* can only operate inside Victoria. Companies limited by guarantee are incorporated under the *Corporations Act 2001 (Commonwealth)* and can therefore carry out activities anywhere in Australia.

If this poses a problem for your organisation, a common remedy if your group first registers in Victoria is to then register with ASIC as a 'Registered Australian Body' – this means you are 'recognised' by the Commonwealth Government and can then operate in any State or Territory. This involves being regulated by both Consumer Affairs and ASIC and keeping both regulators up to date.

#### **Remember:**

- Not-for-profit relates to what your organisation does with any profit it earns, not with whether you generate profit.
- You can certainly generate profit!

### **Obligations as an incorporated association**

In addition to the legal duties outlined above, if your organisation is incorporated under the *Incorporated Associations Act 1981 (Victoria)*, this act includes legal obligations imposed on the organisation as a whole related to administration:

- Legal duties to keep proper records
- Legal duties to hold an AGM; meetings of the CoM and in certain circumstances of all the members of the organisation
- Legal duties to submit documents to your regulating authority, in this case Consumer Affairs Victoria.

### When making decisions, ask yourself:

- Do I have all the information I need to make an informed decision?
- Is this decision in the best interests of the organisation?
- Is this decision in line with the organisation's purpose?
- Do I have a conflict of interest?
- Can the organisation actually afford this?

### Resources

- See [www.nfpcompliance.vic.gov.au](http://www.nfpcompliance.vic.gov.au)
- For more information, see 'Guide to the Legal Duties of Not-For-Profit Committee Members in Victoria' September 2011 produced by PilchConnect. In the event that you require more information or specific assistance, PilchConnect is a legal service for Victorian not-for-profit organisations and provides free and low-cost legal information and phone advice for eligible not-for-profits. Find out more at [www.pilchconnect.org.au](http://www.pilchconnect.org.au).

