



# Board vs Management Functions

## Functions and responsibilities

For an effective, cohesive relationship between the board and management, a clear mutual understanding of roles, delegations and boundaries is required to allow each party to respect the other’s responsibilities, contributions and expectations. The relationship depends on the open flow of relevant and timely information in both directions.

## Differences

The below table provides an overview of key functional differences between the board and management.

	Board of Directors	Management
Includes	<ul style="list-style-type: none"> <li>• Chair</li> <li>• Elected Directors – directors elected by the members</li> <li>• Appointed Directors – directors appointed by the board</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Executive Officer (CEO) or equivalent – head of the executive</li> <li>• Chief Operations Officer (COO) – head of operations</li> <li>• Chief Financial Officer (CFO) – head of finance</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>• Responsible for oversight, strategic planning and big picture thinking</li> <li>• Make informed decisions based on available information</li> <li>• Satisfied itself of the competence, capability and capacity of the CEO</li> <li>• Is accountable to members and regulators for the organisation’s performance</li> <li>• Hire, develop and monitor the CEO’s performance and accountability (when there is a CEO)</li> <li>• Monitoring the organisation’s progress including how it manages its financial and other risks</li> <li>• Helping set and monitor the values, culture and purpose of the organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Day-to-day leadership of the organisation</li> <li>• Assists the board in developing strategy</li> <li>• Responds to issues raised by the board</li> <li>• Responsible for the efficient and effective operations of the organisation, including its finances in accordance with approved delegations</li> <li>• Reports relevant information to the board</li> <li>• Stimulates board discussion on emerging issues</li> </ul>
Appointment	Elected by the members	Hired by the board of directors
Decision making	Required to make decisions that will affect the future of the organisation	Must implement the decision made by the board of directors
Accountability	Are accountable to the members	Are accountable to the board of directors
Company Administration	Responsible for the organisation’s administration	Related duties associated with the organisation’s administration can be delegated to management, but this does not relieve the directors of their ultimate responsibility
Ethics and values	Directors have a key role in the determination of the values, culture and purpose of the organisation	Managers must enact the values and behaviours, taking their direction from the board



Legal Responsibility	May be held responsible for the organisation's actions. Can be held personally liable if they are in breach of their duties or act improperly	No legal responsibility
----------------------	---	-------------------------

## Relationships

The nature of the relationship and the responsibilities and expectations of each of the board and management should be set out in the organisation's board charter. However, it is the translation of these principles in practice as part of the culture of the organisation and the relationship between board and management which is vital. The chair has a primary responsibility to foster and maintain a constructive and effective culture in the best interests of the organisation.

### Responsibilities and expectations of the board

- Making quality informed decisions based on relevant material information being available to the board, especially from management
- Overseeing, managing and holding management accountable
- Satisfying itself of the competence, capability and capacity of management
- Being accountable to shareholders/members and regulators of the organisation's performance

### Responsibilities and expectations of management

- Report relevant material information to board
- Stimulating board discussion on emerging issues
- Assisting board in analysing and considering issues
- Responding to issues raised by board
- When reporting or presenting to the board, management must:
  - be clear as to the purpose to the report or presentation and expectations of the board as a result (i.e. for noting information purposes only, for discussion and to gain the board's wisdom and input, or for decision making and resolution)
  - know their audience
  - be responsive to the audience's needs
  - understand board politics and personalities
  - maintain focus on key issues
  - be patient, polite and respectful

### Relationship between the Chair and CEO

The relationship between the chair and CEO is critical. Primarily it should be an engaged business relationship where professional and personal trust and respect are paramount in an environment of construction challenge. This is a vital relationship as the primary source of communication between the board and management between board meetings is through the chair and the CEO.

The relationship needs to primarily be a "business relationship" where professional and personal trust and respect is paramount and where the chair can act as a mentor/sounding board to the CEO. At the same time, it should be a relationship of frankness and candour (behind the scenes) and unity and mutual support (in public).

It is to be expected that the chair and CEO meet from time to time between board meetings to help set board agendas, to debrief following board meetings and to exchange updates and give guidance on material issues impacting the organisation.



## Relationship between individual board directors and executive management

Individual directors have no inherent authority or executive power. Enquiries by directors of management and by management of individual directors should primarily be channelled via the chair and CEO.

Where there is any direct material contact between individual directors and executive management, the chair and CEO should be kept informed by way of courtesy. Where there is strength of mutual respect and confidence that the chairs and CEO's authority will not be undermined, communications between executive management and directors may be freer. There may also be expectations of freer communication between the chairs of the finance, audit and risk committees and the relevant executives responsible for those functions, on matters within the scope of those functions.



This document is from the Sport Governance Resource Library, which contains a suite of consistent governance resources aligned with the Sport Governance Principles and Sport Governance Standards. The library is a collaboration between the Australian Sports Commission and the state and territory agencies for sport and recreation, which are united in the pursuit of sport governance excellence.

Visit the **Sport Governance Resource Library** to learn more.

