



# Sport England Governance Strategy: On board for better governance

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**SPORT  
ENGLAND**

## Contents

1.	Foreword.....	3
2.	Better Governance, Better Sporting Outcomes.....	5
3.	Our Governance Objectives in Summary.....	7
4.	Our Requirements, Our Support: 2013-17 NGB Funding.....	9
5.	Our Requirements, Our Support: 2013-17 National Partner Funding.....	16
6.	Our Requirements, Our Support: NGB Recognition.....	19
7.	Our Requirements, Our Support, 2013-17 CSP Funding.....	20
8.	Our Requirements, Our Support: Other Grant Recipients.....	21
9.	Appendix 1 – Key criteria for effective governance (NGBs): assessment indicators	22

# 1. Foreword

## Richard Lewis, Chair

Over the last eleven years Sport England, working with National Governing Bodies of Sport (NGBs), National Partners, County Sports Partnerships (CSPs) and other grant recipients, has been leading the way on corporate governance in sport. I have set out that journey in brief in the timeline below. This work has paid significant dividends, ensuring both we and all our partners are better able to effectively fulfil our various roles and responsibilities.

During that time we have come a long way, but there is still work to do. This strategy sets out Sport England's governance requirements for investment and the governance help and support we offer to all our stakeholders.

The strategy is reflected in our own governance arrangements. For example, the Sport England Board is skills-based, it evaluates its own effectiveness and it benefits from a strong level of diversity and from appointments made by open recruitment. That is why we are asking NGBs applying for 2013-17 funding to ensure their own Boards reflect good governance criteria. Working with UK Sport and the Home Country Sport Councils we intend to develop a new initiative in the near future aimed at driving standards of good governance in NGB Boards through the provision of high quality training and support. Moving forward, I intend for my Board to continue improving alongside improvements by all our partners.

The principles of good governance apply not only to Sport England but to all of the organisations we invest in, from NGBs, National Partners and CSPs to small grants recipients. Put simply, our aim as investors of public funds is to invest in organisations that are well-governed and managed, as they will be in a stronger position to deliver our sporting outcomes. We are determined that organisations in which we invest should demonstrate robust governance frameworks and practices.

Where we invest, we set minimum governance standards. The principles underlying these reflect accepted good practice. The scope and level of detail of our standards will be applied proportionately, depending on the type of organisation you are and the level of funding you request. The application of our standards in practice is of significant importance to us.

Well-governed NGBs are critical to the delivery of our strategic investment outcomes and a sustainable sector. We will continue to place particular importance on driving up standards of governance in core-funded NGBs. We will also encourage and support good governance in the wider sector through the standards we set as investors in sport and the help and support we provide.

In concluding, I cannot stress enough the importance of effective governance. We are in a very different, and better, place than in 2000. The direction of travel across the sector has been positive and that is why the time has come to take things to the next level. For some this will require a greater effort than others – we will be setting a higher threshold for NGBs going forward, for example, reflecting how far they've

come. Overall, however, it is important to keep in mind that robust governance is a positive thing for Sport England and our partners and will ensure even greater outcomes for grassroots sport in the future.



## Sport England Governance Timeline



## 2. Better Governance, Better Sporting Outcomes

The principles of good decision making and good stewardship are fundamental to the success and sustainability of organisations across all sectors regardless of area of operation. It is unusual to listen to a news bulletin or read a newspaper without finding some reference to scrutiny by investors, regulators, the media or stakeholders where governance practices have been called into question.

In parallel, references not only to the importance of robust governance frameworks but also to the criticality of organisations actually *practising* good governance are increasingly prevalent. For example, one of the two principal conclusions drawn by the Financial Reporting Council in their review of the Combined Code and set out in updated UK Corporate Governance Code was that 'much more attention needed to be paid to following the spirit of the Code as well as its letter'. Likewise, in the foreword to the Good Governance Code for the Voluntary and Community Sector the Chair of the Charity Commission states that 'The central importance of good governance to all sectors of the economy is now clearer than ever ... Truly good governance has to be lived. Each and every trustee and board member needs to embrace its values, and apply them to the particular needs and circumstances of their organisation'. Where good decision making and stewardship have been found wanting, organisations across a variety of sectors have not delivered their strategic objectives and, in some cases, have not survived.

For the first time, our 2013-17 funding round eligibility criteria and investment principles for NGBs include a specific governance principle. Drawing on our experience with NGBs over the 2009-13 cycle, and that of other sectors, we are placing increased emphasis both on the framework and the practice of good governance, finance and control to deliver our sporting outcomes. This is reflected in our investment principle below and our 6 key criteria for effective governance set out on the following page.

### Investment Principle 9

**To be eligible for Whole Sport Plan funding, NGBs must also meet high standards of governance and financial control which will be in line with those required by UK Sport and DCMS**

Good governance, finance and control are essential to secure and maintain Sport England investment

While this principle and our 6 key requirements for effective governance are specific to NGBs to be eligible for 2013-17 core funding, the principle of developing and maintaining a robust governance, finance and control framework that is proportionate to the needs of your sporting organisation and, critically, is applied in practice is equally relevant across the wider sector.

## Key Criteria for Effective Governance: Overview



**Our key criteria for effective governance which are a requirement for core funded NGBs are set out in full, together with detailed explanation, in section 4 below. Assessment indicators for each criterion are set out at Appendix 1.**

### 3. Our Governance Objectives in Summary

The objectives of Sport England's governance strategy and how we can support you in meeting those objectives are set out in summary in the table below. Each objective links to a specific stakeholder group. Detailed explanation of each objective and the governance help and support we will provide can be found in sections 4 to 8.

<p><b>Objective 1:</b> To drive up standards of governance in our core funded <b>National Governing Bodies of Sport</b> to ensure they are well governed and managed and can deliver our strategic investment outcomes</p>	<p><b>We will achieve this through:</b></p> <ul style="list-style-type: none"> <li>• 6 key governance requirements which must be met as a condition of 2013-17 core funding. These requirements are drawn from and build upon our existing self-assurance and on-site audit requirements.</li> <li>• Our NGB audit and assurance programme.</li> <li>• New initiatives, currently in development, aimed at driving up standards of good governance in NGB Boards through the provision of high quality training and support.</li> <li>• Governance workshops and other forums to provide core funded NGBs with opportunities to work with experts and with each other on key governance topics.</li> <li>• Feedback to NGBs on sector-wide governance trends and themes arising from our audit and assurance processes.</li> <li>• Continued help and support to NGBs through our Governance, Finance and Control framework tool 'Things to Think About'.</li> <li>• Joined up working with UK Sport and the Home Country Sports Councils on our governance approach and processes.</li> </ul>
<p><b>Objective 2:</b> To drive up standards of governance in our core funded <b>National Partners</b> to support delivery of our strategic investment outcomes</p>	<p><b>We will achieve this through:</b></p> <ul style="list-style-type: none"> <li>• Specified governance requirements which must be met as a condition of core funding. These requirements are drawn from our existing self-assurance and on-site audit requirements.</li> <li>• Our National Partner audit and assurance programme.</li> <li>• Governance workshops and other forums to provide core funded National Partners with opportunities to work with experts and with each other on key governance topics.</li> <li>• Feedback to National Partners on sector-wide governance trends and themes arising from our audit and assurance processes.</li> <li>• Continued help and support to National Partners through our Governance, Finance and Control framework tool 'Things to Think About'.</li> </ul>

	<ul style="list-style-type: none"> <li>• Joined up working with UK Sport on our governance approach and processes.</li> </ul>
<p><b>Objective 3:</b> To support standards of good governance in non-core funded <b>Recognised National Governing Bodies of Sport</b> or <b>bodies that wish to become recognised</b> as National Governing Bodies of Sport</p>	<p><b>We will achieve this through:</b></p> <ul style="list-style-type: none"> <li>• A robust recognition application process for prospective National Governing Bodies of Sport.</li> <li>• A periodic review process for recognised NGBs (with the exception of core-funded NGBs) to ensure that minimum governance standards remain in place (to be confirmed).</li> <li>• Continued work with the other Home Country Sports Councils and UK Sport on the recognition process.</li> <li>• Continued help and support to all sports bodies through our Governance, Finance and Control framework tool ‘Things to Think About’.</li> </ul>
<p><b>Objective 4:</b> To drive up standards of good governance in the <b>County Sports Partnerships</b> we fund to support delivery of our strategic investment outcomes</p>	<p><b>We will achieve this through:</b></p> <ul style="list-style-type: none"> <li>• Minimum governance criteria which we will require CSPs to demonstrate to be eligible for our funding.</li> <li>• An on-site audit process which supports CSPs in improving their governance and finance frameworks and is tailored to our assurance needs as investors.</li> <li>• Feedback to CSPs on sector-wide governance trends and themes arising from our audit and assurance processes with support (e.g. governance workshops) if required.</li> <li>• Continued help and support through our Governance, Finance and Control framework tool ‘Things to Think About’ which is available via our website.</li> </ul>
<p><b>Objective 5:</b> To continue to require adequate and proportionate governance standards of <b>Other Grant Recipients</b> to support delivery of our strategic investment outcomes</p>	<p><b>We will achieve this through:</b></p> <ul style="list-style-type: none"> <li>• Minimum governance criteria which we will require applicants to demonstrate to be eligible for our funding for specific award streams (e.g. Small Grants, Sportsmatch).</li> <li>• Due diligence checks to establish whether organisations’ governance processes are fit for purpose.</li> <li>• Signposting of our ‘Governance Guidance’ for Small Grants and Sportsmatch applicants to other relevant tools and support, including our Governance, Finance and Control framework tool ‘Things to Think About’.</li> <li>• Continued help and support through our Governance, Finance and Control framework tool ‘Things to Think About’ which is available to all via our website.</li> <li>• Tailored governance support tools for sports clubs.</li> </ul>

## 4. Our Requirements, Our Support: 2013-17 NGB Funding

**Objective 1: To drive up standards of governance in our core funded National Governing Bodies of Sport to ensure they are well governed and managed and can deliver our strategic investment outcomes**

### 4.1. Our Requirements

Over the 2009-13 funding period, Sport England investment in NGBs to deliver our sporting outcomes has been closely aligned to working with them to improve their governance, finance and control frameworks. We have placed particular importance on supporting NGBs in developing these frameworks because good governance is at the heart of delivering sporting outcomes. During the 2009-13 funding period we recognised that NGBs required time to develop their governance frameworks and we have supported and encouraged them in this through our self-assurance and on-site audit processes and our relationship management activities. Where significant concerns have arisen, funding has been suspended or moved to monthly or quarterly payments until key issues were resolved.

Building on the NGB governance improvements that have already been made is important to us. In order to access 2013-17 funding we are setting a number of key criteria for effective governance which we will require core funded NGBs to have in place. Where these standards are not yet in place, applicants will be required to demonstrate a determination to meet them by October 2014. This determination must be supported by a robust action plan with milestones agreed both by your Board and by us. The key criteria for effective governance, set out below, draw together and build upon the minimum standards we already set through the self-assurance and on-site audit processes. They are requirements for the NGBs that we fund but we strongly encourage their dissemination by NGBs through their own structures where applicable e.g. at county board or regional board level.

#### 4.1.1. Key Criteria for Effective Governance

- **The legal/governance structure reflects good practice, allows for open recruitment to Board and provides adequate protection to members.**
- **The Board is effective. The Chair demonstrates strong leadership skills and an independent approach. The Board is well balanced, no one individual or group has unfettered powers of decision-making or dominates the Board. At least 25% of the Board - and ideally a third - are independent and the Board has an appropriate balance of skills. New members have inductions, terms are normally limited to 2 x 4 years and the Board critically evaluates its performance annually.**
- **The Board's remit and size supports effective decision-making. Ideally the Board size should not exceed 12 members. In exceptional circumstances where the Board size exceeds this number, the NGB must be able to justify this on the basis of organisational effectiveness. The Board is strategically, not operationally, focussed. There is an effective committee structure.**
- **Appointments to Board for the independent posts are via an open recruitment process. All appointments, including those drawn from the membership, are informed by skills needs which are regularly assessed and there is evidence of a skills-based assessment and appointment process for all Board positions. The Board actively works to attract a diverse range of candidates representative of the community that it serves or seeks to engage. In line with the Davies report, NGBs should aim for their Board to comprise at least 25% women (or men where they form the currently underrepresented grouping) by 2017 as part of a journey to improve the diversity of Boards.**
- **Decision-making processes are clearly documented, approved and communicated. Decisions are made at the appropriate level.**
- **Transparency and accountability is intrinsic to the way the Board, the CEO and the wider NGB operates.**

Each key criterion for effective governance is explained in more detail below<sup>1</sup>. While we set specific standards as investors of public funds in sport, each of our criteria reflect principles 1-6 of to the Voluntary Code of Good Governance for the Sport and Recreation Sector.

	<b>Criteria</b>	<b>Indicators</b>
1	<b>The legal/governance structure reflects good practice, allows for open recruitment to Board and provides adequate protection to members.</b>	<p>The Constitution/ Memorandum &amp; Articles of Association or other legal/governing documents are fit for purpose. They allow for appointment via open recruitment to Board (not solely from membership) and the appointment of independent<sup>2</sup> members to the Board.</p> <p>The legal structure provides appropriate protection to its members. This normally means the NGB is incorporated though other structures may be appropriate<sup>3</sup>.</p>
2	<b>The Board is effective. The Chair demonstrates strong leadership skills and an independent approach. The Board is well balanced, no one individual or group has unfettered powers of decision-making or dominates the Board. At least 25% of the Board - and ideally a third - are independent and the Board has an appropriate balance of skills. New members have inductions, terms are normally limited to 2 x 4 years and the Board critically evaluates its performance annually.</b>	<p>The Chair demonstrates strong leadership skills. The Chair and all Board members act independently of any interests that may impair their ability to carry out their roles effectively.</p> <p>The Board, not the Council, is the ultimate decision making body.</p> <p>There is clear separation of duties between the Chair, the CEO and the President (if applicable) and the roles of all are documented. Appropriate checks and balances are in place. These include that the Chair can be held to account by the Board.</p> <p>At least 25% and ideally a third of the Board's membership is made up of independent members and the Board acts together for the good of the sport as a whole.</p> <p>Skills required to ensure the Board is effective are regularly assessed.</p> <p>Induction processes and appointment letters for Board members set out responsibilities under the law and to the organisation.</p> <p>Terms are limited normally to 2 x 4 years (from commencement of appointment). Any combined term beyond eight years must be subject to particularly rigorous review and should take into account the need for progressive</p>

<sup>1</sup> While not set as a Sport England funding requirement, we expect all core funded NGBs to engage positively with their home country/GB counterparts where necessary.

<sup>2</sup> 'Independent' members play an important role within the Board. Their purpose is to contribute to sound decision making within the Board and to help ensure the Board always operates in the best interests of the NGB. 'Independent' means someone who is free from any close connection to the NGB and who, from the perspective of an objective outsider, would be viewed as independent. Alongside a specific skill set or experience, these individuals should bring a dispassionate objectivity to the Board that a close connection to the NGB (e.g. active involvement in its affairs or a fiduciary interest) through regional or national representation or other interests cannot provide. Like all Board members, an independent should exercise his/her best judgment for the exclusive interest of the NGB and not operate with any vested interests. Often, but not always, independents will be non-members though they may also be members simply because they play the sport. Independent members should be appointed through an open recruitment process based on skills and experience. Advertisements should be accessible to non-members, and appointments should be made following an application and interview. For the avoidance of doubt, CEOs do not meet the definition of 'independent'

<sup>3</sup> This may include a charity. Where reference is made to board members this should be interpreted to mean trustees of a charity where applicable.

		<p>refreshing of the Board.</p> <p>Succession planning forms part of the Board's processes.</p> <p>The Board evaluates its performance individually and collectively on an annual basis and uses appraisals and evaluations as a means of continually improving effectiveness.</p>
3	<p><b>The Board's remit and size supports effective decision-making. Ideally the Board size should not exceed 12 members. In exceptional circumstances where the Board size exceeds this number, the NGB must be able to justify this on the basis of organisational effectiveness. The Board is strategically, not operationally, focussed. There is an effective committee structure.</b></p>	<p>The Board's terms of reference reflect good practice, are documented and available to members and stakeholders.</p> <p>The Board is not too large or small to be effective and ideally has no more than 12 members.</p> <p>The number of Board meetings is appropriate (not too many or too few) to allow for strategic, not operational, decision-making. A clearly set out committee structure is in place with terms of reference agreed by the Board for all committees.</p> <p>The committee structure supports effective working and decision-making. Key issues are escalated to the Board for decision.</p>
4	<p><b>Appointments to Board for the independent posts are via an open recruitment process. All appointments, including those drawn from the membership, are informed by skills needs which are regularly assessed and there is evidence of a skills-based assessment and appointment process for all Board positions. The Board actively works to attract a diverse range of candidates representative of the community that it serves or seeks to engage. In line with the Davies report, NGBs should aim for their Board to comprise at least 25% women (or men where they form the currently underrepresented grouping) by 2017 as part of a journey to improve the diversity of Boards.</b></p>	<p>Independent member positions on the Board are widely advertised and independent members are recruited on the basis of the skills they offer. Membership-only appointments are made with full consideration of, and due regard to, the skills needs of the Board. For all Board positions there is evidence of a skills-based assessment and appointment process.</p> <p>A skills matrix is maintained so that any skills gaps can be addressed both through the recruitment and appointment of new members and training for existing members.</p> <p>The Board promotes equality and diversity throughout the organisation and actively works to attract a diverse range of candidates including (but not limited to) women, BME and disability.</p> <p>When recruiting to Board level positions the Board seeks and implements advice to ensure its marketing and other recruitment activity targets a diverse range of candidates. Steady progress is made in improving Board diversity including through target setting and disclosure of progress in annual reports.</p>
5	<p><b>Decision-making processes are clearly documented, approved and communicated. Decisions are made at the appropriate level.</b></p>	<p>Decision-making powers, authorisation levels and statutory responsibilities have been delegated to individuals or committees appropriately but with Board retaining responsibility for key decisions and strategy.</p>
6	<p><b>Transparency and</b></p>	<p>The 'tone at the top' and the culture of the whole NGB is that</p>

	<b>accountability is intrinsic to the way the Board, the CEO and the wider NGB operates.</b>	of transparency of decision-making and process together with accountability for decisions and actions, including those in relation to delivery of Sport England outcomes (see detail at Appendix 1). All conflicts of interest, perceived or actual, are declared and robust procedures are in place to support this.
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## **Self-Assurance and On-Site Audit**

All our core-funded NGBs will be required to complete our self-assurance assessment. This process has two broad functions. Firstly, it is designed to be a valuable tool to support NGBs develop and continually improve their governance, finance and wider control framework processes. Secondly, it provides Sport England with an indication of whether the NGB has an adequate governance, finance and control framework to receive and manage public funds. The self-assurance assessment, which is submitted on-line, is reviewed by independent auditors with the outcome reported to the NGB and to Sport England. In line with our approach to 2009-13 funding, we will continue to require all core funded sports to achieve a 'green' rating for self-assurance or to have a clear action plan in place to achieve 'green'. NGBs are already required to meet at least the 'Foundation' level of the Equality Standard and specific standards in relation to safeguarding and anti-doping. In relation to equality, diversity and safeguarding, as well as in all governance related areas, we will expect NGBs to demonstrate continuous improvement.

During the 2013-17 funding period we will review the self-assurance process in light of the maturity of the governance, finance and control frameworks and practices of our core funded NGBs. We recognise that as core funded NGBs develop, our processes should develop in parallel whilst still ensuring an adequate level of assurance is provided to us.

In addition to the self-assurance process, core-funded NGBs will also be subject to an in-depth on-site review of their governance, finance and control framework and practices during the funding period. The main objective of these reviews, which are carried out by independent auditors on behalf of Sport England, will be to assess the adequacy of the governance, finance and control framework and its operation in practice and to consider whether Sport England funding is properly managed and accounted for. The audits will assist NGBs in identifying any areas of governance, finance or internal control which may need to be improved or strengthened.

We anticipate that the coverage of on-site audits will remain similar to that currently in place but the scope and level of detail applied to specific areas will continue to be reviewed on an ongoing basis. Particular emphasis will be placed on how frameworks operate in practice, including areas set out in our key criteria for effective governance. The existing coverage is:

- Governance
- Strategic Planning
- Financial Management
- Human Resources
- Organisational Policy
- Risk Management

During the 2013-17 funding period, NGBs which no longer meet our key criteria for effective governance and / or have significant weaknesses in their governance, finance and control frameworks, which are not addressed immediately, will have their funding withheld or withdrawn.

### **4.1.2. Awards' Compliance Testing**

All on-site audits will include an element of financial compliance testing. This testing will be sample-based. For the 2013-17 audit and assurance programme, samples will be taken over the complete range of the funding streams from Sport England, not just core funding. Where grants are given by the recipient body to a third party the auditors will also review the adequacy of the assurance provided to the initial grant recipient.

### **4.1.3. Tailored assurance / Special investigations**

Should significant concerns arise in relation to an NGB's governance, finance and control framework or practices Sport England may consider it necessary to commission a 'tailored'

assurance review or a special investigation to provide in-depth assurance over one or more specific aspects of the governance, finance and control framework, including how the framework operates in practice.

#### **4.1.4. Continuous improvement**

The standards we set through our key criteria for effective governance and our self-assurance and on-site audit processes reflect good practice. We encourage all NGBs to continuously improve their governance, finance and control frameworks and practices on an on-going basis.

## **4.2. Our Help and Support**

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### **4.2.1. Thematic Review**

Our NGBs have told us that they would like help and support in developing their governance, finance and control frameworks. The audit and assurance work we carry out provides us with very valuable trend data on the how governance is developing in the core-funded NGB sector. For the first time, in July 2011, we shared trends and themes data from the 2010/11 audit and assurance process with core funded NGBs. We will develop and build on this thematic review work and our sector-wide feedback in future years allowing NGBs to benchmark themselves, learn from areas of best practice and explore some of the themes through workshops, seminars and other relevant channels (see 'workshops' section below).

### **4.2.2. High quality specialist training and support**

We want to support and help NGBs meet our key criteria for effective governance. We have therefore allocated funds from April 2012 onwards specifically to help NGBs drive governance improvements where necessary. These funds will be used to provide Boards with high quality, tailored, specialist training and support. Where required, we will work in partnership with NGBs to identify the type of support that would be most beneficial to them. The details of this new initiative are currently in development and this strategy will be updated shortly when further details are available.

We are also working with UK Sport and the Home Country Sport Councils on joint initiatives aimed at driving up standards governance in NGB Boards. We will update this strategy with further details when they become available.

### **4.2.3. Governance workshops and other support forums**

We have worked in partnership with UK Sport and the Sport & Recreation Alliance to develop 'Supporting Good Governance' workshops which provide targeted support. We are also considering how we can best facilitate other support mechanisms as we develop our approach, including seminars and other governance-related events which would facilitate best practice, increase opportunities to share best practice and provide targeted support.

### **4.2.4. Web-based tools**

We will continue to develop our 'Things to Think About' (TTTA) governance, finance and control framework self-help support tool. TTTA sets out the standards we assess through self-assurance and provides prompts or Things to Think About in relation to the principles that support those standards. It also provides links to some other specialist websites and can be found at [http://www.sportengland.org/support\\_advice/governance\\_finance\\_control.aspx](http://www.sportengland.org/support_advice/governance_finance_control.aspx)

### **4.2.5. Finance and Governance Forum**

Sport England works in partnership with UK Sport and the Sport & Recreation Alliance to provide an opportunity for those charged with NGB or National Partner governance and finance to come together to:

- explore and share best practice in relation to finance and governance matters;
- consider issues and potential solutions to finance and governance challenges;

- receive up-to-date briefings on new and emerging issues that relate to finance and governance.

We will continue to promote good governance and strong financial control through the Finance and Governance Forum.

#### **4.2.6. Continuous improvement**

During 2010/11 we introduced feedback mechanisms as well as support tools for both self-assurance and on-site audits. Early in 2011/12 we also introduced workshops for new users of the self-assurance system. We will continue to develop and refine these tools and workshops during the 2013/17 period.

### **4.3. Joined-up Working with UK Sport and the Home Country Sports Councils**

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The Home Country Sports Councils and UK Sport are working together to be as joined-up as possible in our approach to governance. Sport Wales and UK Sport already use our self-assurance system and we have shared our basic assurance process (essentially a shortened version of self-assurance) with UK Sport and with Sport Scotland. We understand the importance of a joined-up, consistent approach but we also fully appreciate that NGBs outside of those we fund may be at different points in terms of governance maturity. We recognise that we need to take account of that in how we each apply our governance standards.

Sport England and UK Sport have a joint contract for the provision of the NGB audit and assurance programme and our respective teams work closely together. Should issues of particular concern arise in any of our jointly funded sports, Sport England and UK Sport will continue to work closely together to understand those issues and, in turn, work with the NGB to resolve those issues while maintaining our independence as investors of public funds in sport. We also specifically endeavour to avoid any duplication of the provision of information by NGBs in relation to governance.

## 5. Our Requirements, Our Support: 2013-17 National Partner Funding

**Objective 2: To continue to drive up standards of governance in our core funded National Partners to support delivery of our strategic investment outcomes**

### 5.1. Our Requirements

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Over the 2009-13 funding period Sport England investment in National Partners to help deliver our sporting outcomes has been closely aligned to working with them to improve their governance, finance and control frameworks. During the 2009-13 funding period we recognised that National Partners required time to develop their governance frameworks and we have supported and encouraged them in this through our self-assurance and on-site audit processes and our relationship management activities.

Building on the governance improvements that have already been made is important to us. In order to access 2013-15 funding we are setting a number of key criteria for effective governance which we will require National Partners to have in place. Where these standards are not yet in place, applicants will be required to demonstrate a determination to meet them by October 2014. This determination must be supported by a robust action plan with milestones agreed both by your Board and by us. These key criteria for effective governance are the same as those set out in section 4 above for our core-funded NGBs. They draw together and build upon the minimum standards we already set through the self-assurance and on-site audit processes.

#### 5.1.1. Self-Assurance and On-Site Audit

All our core-funded National Partners will be required to complete our self-assurance assessment. This process has two broad functions. Firstly, it is designed to be a valuable tool to support National Partners develop and continually improve their governance, finance and wider control framework processes. Secondly, it provides Sport England with an indication of whether the National Partner has an adequate governance, finance and control framework to receive and manage public funds. The self-assurance assessment, which is submitted on-line, is reviewed by independent auditors with the outcome reported to the National Partner and to Sport England.

During the 2013-17 funding period we will review the self-assurance process in light of the maturity of the governance, finance and control frameworks and practices of our core funded NGBs. We recognise that as core funded National Partners develop, our processes should develop in parallel whilst still ensuring an adequate level of assurance is provided to us.

In addition to the self-assurance process, core-funded National Partners will also be subject to an in-depth on-site review of their governance, finance and control framework and practices during the funding period. The main objective of these reviews, which are carried out by independent auditors on behalf of Sport England, will be to assess in the adequacy of the governance, finance and control framework and its operation in practice and to consider whether Sport England funding is properly managed and accounted for. The audits will assist National Partners in identifying any areas of governance, finance or internal control which may need to be improved or strengthened.

We anticipate that the coverage of on-site audits will remain largely similar to that currently in place but the scope and level of detail applied to specific areas will continue to be reviewed on

an ongoing basis. Particular emphasis will be placed on how frameworks operate in practice. The existing coverage is:

- Governance
- Strategic Planning
- Financial Management
- Human Resources
- Organisational Policy
- Risk Management

Where National Partners do not fully meet our minimum governance, finance and control standards and risks are identified payments may be suspended and, in some cases, changed to monthly or quarterly payments to reduce any risks to Sport England. In certain circumstances, all planned future payments may be terminated.

#### **5.1.2. Awards' Compliance Testing**

All on-site audits will include an element of financial compliance testing. This testing will be sample-based. For the 2013-17 audit and assurance programme, samples will be taken over the complete range of the funding streams from Sport England, not just core funding. Where grants are given by the recipient body to a third party the auditors will also review the adequacy of the assurance provided to the initial grant recipient.

#### **5.1.3. Tailored assurance / Special investigations**

Should significant concerns arise in relation to a National Partner's governance, finance and control framework or practices Sport England may consider it necessary to commission a 'tailored' assurance review or a special investigation to provide in-depth assurance over one or more specific aspects of the governance, finance and control framework including how the framework operates in practice.

#### **5.1.4. Continuous improvement**

The standards we set through self-assurance and on-site audit processes reflect good practice. We encourage all NGBs to continuously improve their governance, finance and control frameworks and practices on an on-going basis.

## **5.2. Our Help and Support**

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### **5.2.1. Thematic Review**

The audit and assurance work we carry out provides us with very valuable trend data on the how governance is developing in the core-funded National Partner sector. For the first time, in July 2011, we shared trends and themes data from the 2010/11 audit and assurance process with the sector. We will develop and build on this thematic review work and our sector-wide feedback in future years allowing National Partners to benchmark themselves, learn from areas of best practice and explore some of the themes through workshops, seminars and other relevant channels (see 'workshops' section below).

### **5.2.2. Governance workshops and other support forums**

We have worked in partnership with UK Sport and the Sport & Recreation Alliance to develop 'Supporting Good Governance' workshops which will provide targeted support. We are also considering how we can best facilitate other support mechanisms as we develop our approach, including seminars and governance related events.

### **5.2.3. Web-based tools**

We will continue to develop our 'Things to Think About' governance, finance and control framework self-help support tool which we developed jointly with UK Sport. TTTA sets out the standards we assess through self-assurance and provides prompts or Things to Think About in relation to the principles that support those standards. It also provides links to some other specialist websites and can be found at [http://www.sportengland.org/support\\_advice/governance,finance\\_control.aspx](http://www.sportengland.org/support_advice/governance,finance_control.aspx)

#### **5.2.4. Finance and Governance Forum**

Sport England works in partnership with UK Sport and the Sport & Recreation Alliance to provide an opportunity for those charged with NGB or National Partner governance and finance to come together to:

- explore and share best practice in relation to finance and governance matters;
- consider issues and potential solutions to finance and governance challenges;
- receive up-to-date briefings on new and emerging issues that relate to finance and governance.

We will continue to promote good governance and strong financial control through the Finance and Governance Forum.

#### **5.2.5. Continuous improvement**

During 2010/11 we introduced feedback mechanisms as well as support tools for both self-assurance and on-site audits. Early in 2011/12 we also introduced workshops for new users of the self-assurance system. We will continue to develop and refine these tools and workshops during the 2013/17 period.

### **5.3. Joined-up Working with UK Sport**

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Sport England and UK Sport work very closely together on all aspects of National Partner governance for those partners we jointly fund. We have a joint contract for the provision of the audit and assurance programme and our respective teams work closely together on developing our approach. Should issues of particular concern arise in any of our jointly funded National Partners, Sport England and UK Sport will work closely together to understand those issues and in turn work with the partner to resolve those issues while maintaining our independence as investors of public funds in sport. We also specifically endeavour to avoid any duplication of the provision of information by National Partners in relation to governance.

## 6. Our Requirements, Our Support: NGB Recognition

**Objective 3: To support standards of good governance in non-core funded **Recognised National Governing Bodies of Sport or bodies that wish to become recognised as National Governing Bodies of Sport****

### 6.1. Our Requirements

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Recognition is a joint policy operated by the four home country sports councils (Sport England, Sport Northern Ireland, Sport Scotland, Sport Wales) and UK Sport. The aim of the recognition process is to identify a single lead NGB structure which governs a sport at UK, GB or home country level. Our recognition criteria focus on establishing if a NGB has achieved a position of pre-eminence within its sport and if it has a reasonable level of organisation and governance. Sports Council recognition of a National Governing Body is not a guarantee of funding and neither does it mean we have approved or accredited the quality of its programmes.

Sport England will continue to work with the other Home Country Sports Councils and UK Sport to develop the recognition process to ensure that those bodies that are recognised NGBs have reasonable levels of organisation and governance.

### 6.2. Our Help and Support

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#### 6.2.1. More detail on the Recognition process can be found at

[http://www.sportengland.org/about\\_us/recognised\\_sports/how\\_we\\_recognise\\_sports.aspx](http://www.sportengland.org/about_us/recognised_sports/how_we_recognise_sports.aspx)

#### 6.2.2. Web-based tools

Our 'Things to Think About (TTTA)' governance, finance and control framework self-help support tool which is available on our website can be used by sports bodies either already recognised, considering applying for recognition or simply interested in improving their applying for recognition. TTTA sets out the standards we assess through self-assurance and provides prompts or Things to Think About in relation to the principles that support those standards. It also provides links to some other specialist websites and can be found at [http://www.sportengland.org/support\\_advice/governance\\_finance\\_control.aspx](http://www.sportengland.org/support_advice/governance_finance_control.aspx)

#### 6.2.3. Joined-up Working with UK Sport and the Home Country Sports Councils

All the Home Country Sports Councils and UK Sport are working together to be as joined up as possible in our approach to recognition and we will continue to do so as the new approach develops and becomes embedded.

## 7. Our Requirements, Our Support, 2013-17 CSP Funding

**Objective 4: To drive up standards of good governance in the County Sports Partnerships we fund to support delivery of our strategic investment outcomes**

### 7.1. Our Requirements

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We will require our CSPs to meet a number of specified, tailored, governance standards in order to access Sport England funding. While requirements for 2013-17 funding have not yet been defined, the principles will be drawn from the standards we set our NGBs and National Partners. As applicable, the standards will be tailored to reflect the structure and purpose of CSPs.

#### 7.1.1. On-Site Audit

In 2011/12 we are commencing a programme of on-site audits for a small sample of CSPs. The scope and coverage of the audits is narrower than the equivalent scope for NGBs and National Partners and focuses largely on the governance and finance elements of the overall framework. Sport England is seeking assurance that the governance and financial management arrangements are adequate and effective and will support delivery of Sport England objectives. The CSP audit coverage has been tailored to provide that assurance.

We anticipate that each year a sample of CSPs will be subject to an on-site audit to provide us with assurance that they are adequately governed and managed, that our funds are being used for the purposes intended and that our funds are properly managed and accounted for.

#### 7.1.2. Awards' Compliance Testing

All on-site audits will include an element of financial compliance testing. This testing will be sample-based. Samples will be taken over the complete range of the funding streams from Sport England, not just a CSP's core funding. Where grants are given by the recipient body to a third party the auditors will also review the adequacy of the assurance provided to the initial grant recipient.

### 7.2. Our Help and Support

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#### 7.2.1. Thematic Review

The audit and assurance work we carry out will provide us with valuable trend data on the how governance is developing in CSPs. We will consider how we can best share trends and themes data from the audit and assurance process with CSPs.

#### 7.2.2. Governance workshops and other support forums

In consultation with CSPs, we will review whether providing some element of facilitated support in relation to themes coming out of the CSP audit process would be helpful.

#### 7.2.3. Web-based tools

We will continue to develop our 'Things to Think About (TTTA)' governance, finance and control framework self-help support tool which is available on our website and can be used by CSPs. TTTA sets out the standards we assess through self-assurance and provides prompts or Things to Think About in relation to the principles that support those standards. It also provides links to some other specialist websites and can be found at [http://www.sportengland.org/support\\_advice/governance\\_finance\\_control.aspx](http://www.sportengland.org/support_advice/governance_finance_control.aspx)

## 8. Our Requirements, Our Support: Other Grant Recipients

**Objective 5: To continue to require adequate and proportionate governance standards of Other Grant Recipients to support delivery of our strategic investment outcomes**

### 8.1. Our Requirements

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There are a number of mechanisms through which we require proportionate assurance that the governance of the other, often smaller, organisations we fund is adequate for them to be able to receive and manage the public funds we invest in them and deliver the sporting outcomes we commission from them.

#### 8.1.1. Open funding programmes

Where our funding programmes are open to a range of applicants, Sport England checks that organisations are both eligible to hold a grant and can demonstrate appropriate levels of governance to manage an award of public funds. We will do this primarily through using the information contained within your governing document. The specific areas that we currently consider primarily through review of your governing document are:

- Clearly set out objects for the organisation
- Application of income and property
- Democratic decision making
- Financial controls
- Proper management of conflicts of interest in best value procurement
- Dissolution clause
- Membership across the community
- Clearly set out decision making powers and delegations
- Record keeping for key decisions

#### 8.1.2. Other funding

Where Sport England is considering funding organisations not covered in any of the above sections, we will carry out a number of due diligence checks to allow us to evaluate prospective investment and business decisions by gathering, interpreting and assessing financial, legal, commercial and other material business information considered pertinent to the decision-making process.

### 8.2. Our Help and Support

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More detail including help and support is provided at [SS Small Grants: Governance guidance](#) and [Sportsmatch: Governance guidance](#) .

#### 8.2.1. Web-based tools

'Things to Think About' (TTTA) our governance, finance and control framework self-help support tool is also available on our website. TTTA sets out the standards we assess through self-assurance and provides prompts or Things to Think About in relation to the principles that support those standards. It also provides links to some other specialist websites and can be found at [http://www.sportengland.org/support\\_advice/governance\\_finance\\_control.aspx](http://www.sportengland.org/support_advice/governance_finance_control.aspx)

#### 8.2.2. Supporting clubs

Over the next few months, working with our partners and stakeholders and as part of the work we have commissioned on Club Leaders, we will consider how best we might be able to support sports clubs with governance tools tailored to their governance needs.

## 9. Appendix 1 – Key criteria for effective governance (NGBs): assessment indicators

We have set out below the evidence indicators relating to each of the 6 key criteria for effective governance. In the majority of cases evidence will be available to us through a combination of your most recent self-assurance submission and on-site audit report. We will form an initial view of whether or not you meet our requirements based on that information and we will confirm our understanding with you. Where we do not have the relevant information, evidence will be requested from you. It will be reviewed with the support of Moore Stephens and discussed with you to clarify if necessary.

In a small number of cases it may be necessary to assess one or more of the 6 key criteria through a short, tailored on-site audit. Should this be required, Sport England and Moore Stephens will agree timing of the review with you in the normal way.

As set out at in section 4 above, where these standards are not yet in place, applicants will be required to demonstrate a determination to meet them by October 2014. This determination must be supported by a robust action plan with milestones agreed both by your Board and by us.

	Criteria	Evidence indicators
1.	<b>The legal/governance structure reflects good practice, allows for open recruitment to Board and provides adequate protection to members.</b>	<ul style="list-style-type: none"> <li>• Relevant information as provided through most recent self-assurance submission:               <ul style="list-style-type: none"> <li>○ Constitution / Memorandum and Articles of Association (or equivalent)</li> <li>○ Company structure chart</li> </ul> </li> <li>• Relevant information as set out in most recent on-site audit report</li> </ul>
2.	<b>The Board is effective. The Chair demonstrates strong leadership skills and an independent approach. The Board is well balanced, no one individual or group has unfettered powers of decision-making or dominates the Board. At least 25% of the Board - and ideally a third - are independent and the Board has an appropriate balance of skills. New members have inductions, terms are normally limited to 2 x 4 years and the Board critically evaluates its performance annually.</b>	<ul style="list-style-type: none"> <li>• Relevant information set out below as provided in most recent self-assurance submission:               <ul style="list-style-type: none"> <li>○ Board terms of reference</li> <li>○ Board composition data</li> <li>○ Board induction process</li> <li>○ Board election and appointment processes</li> <li>○ Board evaluations (including an assessment of the Chair)</li> </ul> </li> <li>• Chair and CEO role profiles and Board members length of term data (this may need to be provided by the NGB)</li> <li>• Relevant information as set out in most recent on-site audit report</li> </ul>
3.	<b>The Board's remit and size supports effective decision-making. Ideally the Board size should not exceed 12 members. In exceptional circumstances where the Board size exceeds this number, the NGB must be able to justify this on the basis of organisational effectiveness The Board is strategically, not</b>	<ul style="list-style-type: none"> <li>• Relevant information set out below as provided in most recent self-assurance submission:               <ul style="list-style-type: none"> <li>○ Board Terms of Reference</li> <li>○ Board composition and size data</li> <li>○ Governance structure including Council and Committees (this may need to be provided by the NGB)</li> <li>○ Council and Committee terms of reference (these may need to be provided by the NGB)</li> </ul> </li> <li>• Relevant information as set out in most recent on-</li> </ul>

	<b>operationally, focussed. There is an effective committee structure.</b>	site audit report
4.	<b>Appointments to Board for the independent posts are via an open recruitment process. All appointments, including those drawn from the membership, are informed by skills needs which are regularly assessed and there is evidence of a skills-based assessment and appointment process for all Board positions. The Board actively works to attract a diverse range of candidates representative of the community that it serves or seeks to engage. In line with the Davies report, NGBs should aim for their Board to comprise at least 25% women (or men where they form the currently underrepresented grouping) by 2017 as part of a journey to improve the diversity of Boards.</b>	<ul style="list-style-type: none"> <li>• Relevant information set out below as provided in most recent self-assurance submission: <ul style="list-style-type: none"> <li>○ Board skills matrix</li> <li>○ Board appointment process data</li> <li>○ Equality data</li> </ul> </li> <li>• Relevant information as set out in most recent on-site audit report</li> </ul>
5.	<b>Decision-making processes are clearly documented, approved and communicated. Decisions are made at the appropriate level.</b>	<ul style="list-style-type: none"> <li>• Relevant information set out below as provided in most recent self-assurance submission: <ul style="list-style-type: none"> <li>○ Delegated authorities</li> <li>○ Matters reserved for Board</li> </ul> </li> <li>• Relevant information as set out in most recent on-site audit report</li> </ul>
6.	<b>Transparency and accountability is intrinsic to the way the Board, the CEO and the wider NGB operates.</b>	<ul style="list-style-type: none"> <li>• Relevant information set out below as provided in most recent self-assurance submission or reported in most recent on-site audit: <ul style="list-style-type: none"> <li>○ Conflicts of interest</li> </ul> </li> </ul> <p>Supporting information for the evidence indicators below is not collected through the self-assurance process or currently reviewed in detail as part of the on-site audit process. These areas will be reviewed as part of our 2013-17 audit and assurance processes.</p> <ul style="list-style-type: none"> <li>• Evidence of disclosure of summary statistics for complaints and whistleblowing allegations received and progress to their resolution, including confirmation of reporting to Board and summary reporting of statistics to members (e.g. on website)</li> <li>• Publication of Board agenda and minutes so that these are readily available to members and other stakeholders</li> <li>• Reporting to, and scrutiny of, delivery to Sport England outcomes by Board members through CEO's reports to Board or similar</li> <li>• Reporting of delivery to Sport England outcomes to members, for example, via the NGB's website</li> </ul>