

**CANADA SOCCER
GOVERNANCE GUIDE**

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GOVERNANCE GUIDE

This Guide is a companion to the Club Management and Operations Guide, having the purpose of assisting soccer Clubs in Canada as they grow and develop to higher levels of organizational complexity and capacity. The focus is the attainment of higher levels of effectiveness in how the Club is governed, or rather directed, monitored and controlled.

A Soccer Club will have good governance when three things happen. First of all, its board of directors establishes a direction and an overall strategy to guide the Club. Secondly, the board oversees and monitors Club programs and activities, measuring their impact and success in relation to the strategic goals. And thirdly, there are internal checks and balances ensuring that the board and the administration who make decisions on behalf of the Club meet the Club's legal and

regulatory obligations and act in the Club's best interests. It has been clearly demonstrated by many studies that where Clubs have good governance, they perform more effectively.

As with the Club Management and Operations Guide, this Guide focuses on best practices that will help Clubs govern well. It is not to be treated as an instruction manual or policy document but rather seeks to assist Clubs as they strive to create the organizational conditions at the governance level for the achievement of success on the field. The Guide will help those Clubs who are seeking to reach a higher level of Club Licensing classification but it is also provided to those Clubs who are looking for assistance in the creation of sound governance for themselves.

BOARD ROLES AND RESPONSIBILITIES

Good governance begins with **clarity of roles and responsibilities**. The role of the Club's board is to govern the organization, not manage it. The board needs to monitor the outcomes of management's work but it must be careful not to interfere with that work; if it does, management ceases being accountable for it.

The board's key governing roles include:

- i. setting strategy and vision, and evaluating progress towards strategic outcomes;
- ii. making high-level policy regarding board organization, oversight of senior management, ethical compliance, board recruitment and development, and succession planning;
- iii. ensuring that the Club has capable management;
- iv. ensuring that the Club has sufficient financial resources to adequately finance its operational and capital requirements;
- v. ensuring that all legal and financial obligations are being met;
- vi. anticipating, mitigating and managing risks to the Club;
- vii. representing the Club to key stakeholders.

Effective boards perform these governing functions, which relate to the health and well-being of the organization, and do not get into management and operational delivery. It is for management to manage the operations, including finances, human resources, programs, program structures, services, risk, stakeholder relations, and day-to-day operations; this includes management of technical programming, leagues, soccer facilities, and competitions.

The clarification of board and management roles are of critical importance in Clubs. The board needs to maintain sufficient independence from management to be able to assess the senior manager on his/her performance, or on the basis of outcomes for which he/she alone is accountable.

Many board members will have held other program volunteer positions before joining the Club's board. The roles that they have been used to performing as program volunteers are not appropriate for a member of a governing board. The board needs to be able to differentiate between the governing and operational roles within the Club.

Small Clubs will often have volunteers who serve on the board and in program delivery roles at the same time. This occurs because of the small number of volunteers. While not optimal governance, it can work so long as the board member understands and focuses on his/her board role and does not bring program delivery issues into the boardroom.

A policy instrument that has been found to be very effective in clarifying the respective roles of the board and senior management is an **executive limitations policy**. Basically, the policy identifies, in clear language, the limitations that are placed on senior management, or the areas which the board considers to be within its purview and where management is prohibited from making decisions. Once these limitations are identified, management is given the freedom, within the framework of the law and the requirements of the organization's by-laws and strategic plan, to direct the organization's operations. This instrument is invaluable as it combines the board's role of control with management's need of empowerment without interference.

BOARD SIZE, STRUCTURE AND COMPOSITION

The board needs to be purposefully constructed: it needs to strike a balance where board members feel valued, do not feel overworked, and have the capacity to carry out their work efficiently and effectively. The board should be of a size that facilitates a board culture of engagement, personal responsibility, cooperation and efficient decision-making. Best practice calls for a board of 7–12 members.

The key board positions should normally be: chair/president, directors, and standing committee chairs. The senior manager will not normally be a board member, reflecting and reinforcing the clear distinction between board and management roles. Still, best practice has the senior manager attending board meetings, reporting on strategic outcomes, providing advice, and listening to the direction afforded by the board.

The board needs to have **standing committees** to assist it with its governing functions. The key standing committees should include: audit and finance, risk, governance, and nominations. Standing Committees are to be distinguished from Operational Committees, which deal with program and other operational matters and which are accountable to senior management. Their chairs are appointed by senior management (rather than the board).

Years ago, soccer boards were composed exclusively of former soccer players, who were given the task of running the entire organization. We have come a long way since that time in our

understanding of what attributes and competencies a board needs to perform its governing functions. To have its governing board operating at its highest capacity, a Club must have directors whose attributes and competencies add value to the board. A strong and vibrant Nominations Committee will recruit candidates for director with this principle foremost in their mind. First of all, the board will need lawyers, accountants, strategic thinkers, risk experts, governance experts, business leaders, etc.

It will also need diversity. Canada Soccer, CONCACAF and FIFA each now require **gender balance** in their leadership bodies. The logic behind gender balance in soccer leadership positions is inescapable. First of all, 48% of those who play soccer in Canada are women and girls. Secondly, Sport Canada and other sport regulators in the provinces require that sport organizations ensure that their leadership positions (Directors, coaches, managers, etc.) are populated by an appropriate proportion of women. The *UK Sports Charter for Sports Governance* (2016) has enunciated the new gender balance policy requirements for sport organizations in England: “The target for women on boards (or men where they are the underrepresented group) will be increased from a minimum of 25% to 30% (in line with wider business practice, such as the 30% Club).” Sport organizations are required to ‘publish a detailed annual explanation of what steps they have taken to address this.’

BOARD OPERATIONS

The legal basis of the operation of the directors of the Club are their fiduciary duties, which include the duty of care and duty of loyalty. The **duty of care** requires each director to exercise the care, diligence and skill that can be reasonably expected of a person performing their functions as a director. The **duty of loyalty** requires that a director, in making decisions, act with a view to the best interests of the organization.

The duty of loyalty lies behind the practice where an organization prohibits its board from including among its members individuals who hold official positions in another organization in which they have conflicting obligations. Well performing Club boards will ensure that directors do not have ‘dual loyalties’ arising from their membership on another board.

The imperative of making decisions that are in the best interest of the Club also lies behind the requirement, usually implemented in policy, that decisions by the Club board and its directors must not privilege particular interests (e.g., teams, academies, officials¹ or players) but rather further the interest of soccer.

Related to conflicts of loyalty are **conflicts of interest**. Directors are considered to be in a conflict of interest whenever they, members of their family, or any of their business partners or close personal associates, benefit personally, either directly or indirectly, financially or otherwise, from their position on the board. A conflict of interest may be real, potential or perceived; the same duty to disclose applies to each. There may also be a moral conflict of interest if a director of a Club holds a board or staff position in another organization that has competing interests.

When governing boards operate well, they perform two functions: providing **direction and control** of the organization. An individual board member cannot, in a legal or moral sense, provide direction for the organization. The only legal authority to provide direction is vested in the full board. The board of the Club provides direction by deciding where the Club should be going in the future. It does so by developing and enacting a Strategic Plan and high-level strategic initiatives for the Club. Providing direction does not include running the Club’s programs or operations.

¹ “Officials” means anyone, with the exception of players, performing an activity connected with soccer at the Club. It includes, but is not limited to, all Directors, Officers, committee members, coaches, trainers, referees, assistant referees, and any other person responsible for technical, medical and/or administrative matters at the Club, as well as all other persons obliged to comply with the Club’s By-laws.

There is no governance process that is more misunderstood than the process by which the board of directors controls or oversees an organization. It does not mean that the board reviews all management decisions, overturning those it doesn't particularly like, or periodically intervening and making the management decision itself. In such a scenario, management ceases to be accountable for program and operational decisions, and the organization's governance is dysfunctional. Properly understood, overseeing or controlling the organization entails the development and implementation of policy. In this sense, and by directing the organization through the enactment of the highest order of policy known

as the strategic plan, a board that governs most effectively is a **policy board**. Oversight through policy development involves the creation of a whole host of policy documents and processes: executive limitations that define the limits and scope of management's authority, codes of conduct and ethics, whistleblower processes, formal processes to assess the performance of senior management, operational succession planning, regularized management updates, financial reporting requirements, reports on program quality — and, perhaps most important, ongoing measurement of progress on meeting the priorities of the strategic plan.

ETHICS AND DISCIPLINE

Following directives from FIFA and CONCACAF, Canada Soccer needs to ensure that its programs, activities and events operate in an ethical environment where there is an expectation, at all times, of appropriate behaviour consistent with Canada Soccer's core values. By enacting its *Code of Conduct and Ethics*, Canada Soccer has affirmed that it supports equal opportunity, prohibits discriminatory practices, and is committed to providing an environment in which all individuals are treated with respect. Soccer Clubs in Canada need to enact policies and processes that enable individuals to report violations of Canada Soccer's *Code of Conduct and Ethics*

or similar policy documents enacted by their other governing bodies, and/or the Clubs themselves. They also need to ensure that they develop their own policies and procedures that provide for discipline by an independent judicial authority where Club by-laws, rules or policies have been broken.

It is also suggested that Clubs develop Whistleblower Policies to enable individuals within the Club to report anonymously on cases of harassment, discrimination or unfair treatment by Club officials.

BOARD DEVELOPMENT

How the board does its business and the board culture that an organization develops are as important as the how the board is structured and operates and how roles and responsibilities are divided between the board and management. Club boards will succeed when they pay careful attention to board development. Effective board development includes:

- ▶ formalized and sophisticated board recruitment and director nomination processes
- ▶ orientation and mentoring of new directors

- ▶ annual performance assessment of the board and/or director self-assessment
- ▶ succession planning by the board
- ▶ ongoing education at board meetings
- ▶ technology support (e.g., iPads)
- ▶ reinforcement of practices that promote a positive and norm-based board culture
- ▶ recognition of director contributions (e.g., personal tributes, awards, gifts)²