



ROCpod episode 15 – Good governance in practice: officer induction

Speaker Key

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KM Hello and welcome to another episode of ROCpod ...this time it's our third instalment in our 'Good governance in practice series'. In this episode we will discuss the essentials for inducting new officers of organisations and branches – what officers need to know about their duties and how organisations can equip their people with the essential information.

My name is Kristina Menzies and I'm a senior adviser in the education and reporting team at the ROC. To help me, I am joined today by my colleague George Maniatis. George is a lawyer and adviser in the ROC's Compliance and Investigations Team. Welcome to ROCpod, George.



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GM Hello Kristina. Thanks for having me.

KM So I want to begin by talking about why organisations should give attention to the induction of their new officers and how it's essential to good governance. By an 'induction' I mean the steps put in place, or a program, that welcomes the officer to the organisation and gives them the knowledge they need to perform their role. The person may have never been an officer of a registered organisation before, or they



may have recently been elected or appointed to a new office with a greater level of responsibility. So, for example, an existing member of the Branch Committee of Management (so what we refer to as the BCOM) then gets elected as the Secretary. In both of those circumstances, an induction can be beneficial for the officer and the organisation, and it's also essential for good governance.

George, you've worked for a number of registered organisations as well as for the regulator, why should organisations have induction processes in place for their officers?

GM An induction for officers of registered organisations is exactly like a corporate induction for new employees of a company. Welcoming people and equipping them with the information they need to understand and perform their role is crucial for a number of reasons. New officers are often unfamiliar with the established processes of the organisation, and the start of their term of office is an ideal time to educate them about policies and procedures, and how their role fits with that. I'm referring to practical things here like where to find the rules of the organisation, how to access minutes, and how are meetings undertaken? This is all really important information that officers will need to know to be productive decision-makers of their organisation.

If your organisation wants to achieve cultural change, new officers can be 'shaped' to help you achieve this. They often bring fresh ideas and can be trained and influenced to take on the good habits your organisation wants all of its officers to embrace.



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KM Yes, that's a really important point there, George. While we all like to believe we're moral, ethical individuals and will make good decisions, there are often corporate responsibilities that new officers might not have encountered before like use of a branch credit card, or ensuring privacy requirements are met. Good governance is something that's learned – so either through formal training or by watching to see what other people are doing. With a good induction program you can begin to lift the governance standards of an entire environment. Particularly if you pair it with a speak up culture – and one where people are encouraged to raise issues and see them addressed.

GM Yes that's right Kristina. Educating officers about their duties as an officer, like their financial responsibilities under the Fair Work (Registered Organisations) Act, can make a real difference to compliance and can even protect the organisation against misconduct. It's really important to remember that officers and organisations can both be held responsible for officer misconduct, through civil penalties imposed by a Court.

KM When I think about the induction programs I've been part of for employment, what comes to mind is the 'first impression' you get about the organisation you have joined. A good induction influences your perception of how welcoming and helpful its people are, and also your understanding of privacy and accountability. An induction



can be really important for the retention of officers because it can help people to feel supported and also confident in their new role. On the flip side, if people do not understand the purpose of their work or there isn't that genuine collaboration, they may decide to leave.



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KM Having formalised induction procedures is also good for your members, particularly when you have a large number of new officers following an election. They can assist in creating that smooth transition for the organisation and help to reduce the loss of experience and corporate knowledge. It's also great for efficiency and compliance. If you have a smooth transition or induction of officers, they can essentially hit the ground running. Ongoing requirements like reporting, notifying changes to the regulator, and elections, they'll be recognised and actioned on time and to a higher standard.

Which is where you see the protection for the organisation too. Inducting new officers and giving refreshers to established officers, can create confident officers who understand their obligations. Not only does this increase the chances they properly fulfil their own duties but it can also have an impact on general compliance. In most cases that we see of serious non-compliance, many officers were actually aware of the conduct and didn't raise concerns about it. Ensuring that more officers know what is proper and accepted behaviour and empowering them to then speak up, can act to protect the organisation from serious misconduct.

Inducting officers encourages a culture of systematic good governance rather than just ad hoc instances of it.

For these reasons many organisations have a structured program in place to support new officers. However, we do know that registered organisations and their branches are all different in their size, structure and resources. George, what is the starting point for officers who are elected for the first time as an officer of a registered organisation? How have we seen that induction taken place?



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GM How officers are inducted will not be the same across all organisations. It may depend on a number of factors, like the resources of the organisation. Some organisations may require their officers to participate in an online learning program with modules of information or attend training that is delivered in person. A benefit of inducting officers in this way is that the delivery of the information is consistent, is up to date and records can be kept about who attended the training. It's also an efficient way to induct a group of officers, like after a large scheduled election. A structured program that is compulsory for all new officers can be an effective way of equipping all officers with the essential information. Other induction processes may be less direct but can also help. For example, it could include a manual, which provides



written directions to the relevant policies and procedures, and how to access documents like the minutes of meetings. I am also aware of workplaces where the people with experience are mentors to new-starters. Having a mentor or being a mentor can be a great way to build relationships and sustain corporate knowledge. Your induction program could include a combination of training, written materials and mentoring. Ultimately, the method of inducting new officers is up to the organisation, however the organisation should consider how the officers of their organisation can most effectively understand their new role and responsibilities. An induction doesn't need to be resource intensive to be effective, but it should include some fundamental information.

The starting point for a new officer should be to properly understand their functions and responsibilities and the powers they can exercise in their office, whether individually or as part of a collective body of officers (such as a management committee). The RO Act requires organisation rules to provide for the powers and duties of offices. So, the rules of your organisation are a good beginning, and you can always download a copy of them from the Fair Work Commission's website.

What those rules say about your powers and duties as an officer will be unique to your organisation, so you will need to read your rules to find out what they are. However, we do see that some key offices of responsibility such as the Secretary have certain powers and functions that are typical across many organisations. For example, the Secretary is often a senior leader, who among other things, manages administrative functions and is usually responsible for signing lodged documents and ensuring compliance.

There are, however, many tasks involved in running a registered organisation. Such as approving expenditure, keeping records, calling meetings and preparing budgets – just to name a few. It is important that officers are aware of their roles and responsibilities so that they can fulfil them in accordance with the rules.



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KM That's right. And to support their rules, organisations may have internal policies which instruct how officers are to carry out those functions. So knowing where to find those policies and having a sound understanding of procedures should also be part of an officer's induction. So, for example, your rules might give you financial duties, including the power to approve expenditure and oversee finances. Your organisation might also have a Credit Card Policy, which tells you what kind of expenses are allowed, and the process for reconciling transactions. Advising new officers about where to find the policies and ensuring that officers properly understand them is all part of developing a culture of compliance and good governance. Knowing how to access the minutes of meetings for example, that's also vital, so that officers can confirm them and submit corrections where necessary.

GM In your example, Kristina, you mentioned an officer with financial duties, and I want to take the time to explain how the RO Act requires those officers to complete financial



training. For reasons that we have already discussed – good governance and responsible decision-making, the legislation requires that all officers with financial management duties must complete approved financial training within 6 months from taking office, unless they receive an exemption from the Commissioner. Non-compliance can attract a civil penalty.

In order to determine whether the office has financial duties, you will need to refer to your rules. Financial duties can include, for example, the ability of an officer or group of officers to enter into contracts, authorise spending, make donations, purchase or dispose of property, or incur liabilities on behalf of the organisation or branch.

Approved financial training covers practical issues like how to understand financial statements, the keeping of proper financial records and avoiding conflicts of interest in relation to financial decision making. All of which is necessary information for somebody with the responsibility of spending or having an influence over the expenditure of member's money.



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KM Yes I think it's also important to add that the ROC's recent audit into compliance with the financial training requirement did uncover instances of non-compliance. Some of them showed a misunderstanding of the law, others involved officers delaying training beyond the 6 month deadline. It is best practice for organisations to make arrangements for their officers with financial duties to complete training as part of the officer's induction, and ideally within the first few months of the officer commencing in their role. This will help to avoid non-compliance, which would occur if the training isn't completed within the 6 months. And I would say the same for organisations who want to apply for an exemption on behalf of an officer. We ask that if organisations want to lodge an exemption application with us that they do so at the commencement



of the officer's term of office, so they do not miss the 6 month deadline. The same level of attention also needs to be given for officers who move from one office to another, because if they have financial duties the officer will be required to undertake training (even if they have already done so in a previous office) unless they obtain an exemption within 6 months.

Another way that new officers can get support to understand their role and responsibilities is to get in touch with us here at the ROC. We have many resources available on our website, including our Officer Induction Kit, which can help new officers to identify the important information they need to know as a new officer. George, can you explain the Officer Induction Kit, and how may it help officers who are new to their role?



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GM Our Officer Induction Kit was developed following feedback from a senior leader of a registered organisation. While they had been a member for a long time, they had never been an officer before and they asked the ROC for assistance with how they could quickly begin to understand their obligations. In response, as well as providing guidance directly to that officer, we also put together the Officer Induction Kit. The Officer Induction Kit has an index with hyperlinks to our useful fact sheets and guidance notes, such as the officer's duties fact sheet, our guide to understanding financial statements, and our fact sheet about conducting meetings. It can help officers to identify their responsibilities, and the relevant time frames for compliance activities. All of our resources are written in plain English and we take pride in making the information accessible.

The Officer Induction Kit does not cover everything you need to know and it does not replace reading your organisation's rules, but as a quick reference guide, it's a great place to build your knowledge about your role as an officer. It is a live document that does get updated, so you don't necessarily want to print a pile or save a local version and then never come back for the updates. This is why it contains a mixture of hyperlinks and documents.

So, using officers' duties as an example. The ROC has produced a Duties of Officers fact sheet. You can download this from our website and there is a hyperlink to it in our Officer Induction Kit. I don't think I can emphasise enough just how critical it is for officers to understand what their duties are under the RO Act. The duties set a minimum standard of conduct for officers and they are essential to good corporate governance.

An officer runs the risk of financial penalties if they fail to meet those standards, and some misconduct can even be a criminal offence.

One misconception about officer's duties is that they only apply to senior leaders like the Secretary, or to full-time officials. That's just wrong. The general duties of officers apply to all officers of registered organisations, and many of them apply to all officers



with financial duties, including where you share them with others, like Committee of Management members. And there is good reason for that; officers of registered organisations are entrusted by their members to make decisions and act in the members' best interests. Officers can control and influence how members' money is spent. It is so essential that organisations make it very clear to all of their officers that there are significant responsibilities that come with their position. That's why organisations should provide this information during the officer's induction, and regularly throughout their term of office.

Organisations can strengthen the induction processes of their officers by encouraging access to our Duties of Officers fact sheet, which explains the duties under the RO Act and the penalties which can be imposed if misconduct arises. This includes the duty to exercise powers and discharge duties with care and diligence, to act in good faith and with a proper purpose, and not to misuse their position as an officer or misuse information to gain an advantage for themselves or others.

As we've said, you can read more about the statutory duties of officers and the consequences of breaching them, in our Duties of Officers fact sheet or the officer induction kit.



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KM Thanks George, I think that's a really important message, particularly for organisations who don't have a formal induction program in place, and for officers who feel that they need extra support.

Another ROC resource that a new officer should look at are our plain English case summaries. We have developed a set of summaries of Federal Court decisions, and several of the cases involve officers who breached their duties. Our case summaries are real life examples of how the Courts have penalised officers who have breached their duties. The court judgments themselves can be quite lengthy and complex to read, so we have published summaries for busy people like officers who just want to extract the key points and the lessons that come from them.

Another common query we get from people who are new to registered organisations is about the role of the ROC, what we do and how we can help, and how that is different to the Fair Work Commission (or the 'FWC'). We understand why this may be the case. Many of the functions of the ROC were previously carried out by the Regulatory Compliance Branch of the Fair Work Commission, and we keep in touch with the FWC where our responsibilities require that collaboration. George, did you want to explain how the ROC can assist officers of registered organisations, and the matters that are the responsibility of the FWC?



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KM Thanks George. It's important that officers know what help is available, and where they can go to get it.



Now I want to end this episode with a quick reminder to organisations about some obligations that occur at the same time that new officers take up their role, in addition to financial training. So firstly, the requirement for organisations to update their records and lodge a notification of change with the ROC. And this must occur within 35 days of the change occurring.

And secondly, where the new officer has taken office following an election, organisations must consider the post-election report. So this report is issued by the Australian Electoral Commission and is a way for the AEC to communicate about any issues that have occurred during the conduct of the election, and also to advise that the organisation fix them before the next election. If the report identifies that rules were difficult to interpret or to apply, the organisation must reply to the AEC setting out its response to the issues, and they also must make the AEC's report and their response available to members, a common way we see this happen is by publishing it on their website.

To summarise today's discussion:

An induction for new officers can be valuable to the officer, to organisations and even your members. It is essential for officers to be informed about the rules of the organisation (including their duties as an officer), internal policies and also their statutory obligations. There are a variety of ways that registered organisations can deliver this information including through training programs delivered online or in person, as well as mentoring new officers.

The ROC encourages good governance in registered organisations and a culture of voluntary compliance. Organisations should reflect on their induction process and ensure that it includes the fundamental information the officer needs to properly carry out their functions. And if they don't have an induction process yet, start thinking now about how it should look like. The ROC has published resources, including the Officer Induction Kit, to assist officers to understand their duties and responsibilities.

Thank you for joining me today, George. It's been a pleasure having you.



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GM You're welcome, Kristina.

KM And listeners, take care and please join us again next month for another episode of ROCpod. We will be speaking with the Registered Organisations Commissioner Mark Bielecki.

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