



The Governance
Institute

Sports Governance

Sample mark scheme

January 2018

Section A

Question number	Answer	Mark
1	The amount and type of risk that an organisation is willing to take (1) in order to meet long-term/strategic objectives (1). Do not accept 'an organisation's appetite for risk'. Reward other valid responses.	
Total		(2)

Question number	Answer	Mark
2	Any three of the following. <ul style="list-style-type: none"> • Child safeguarding • Protection from discrimination/bullying/harassment • Physical health • Mental health • Equality/diversity Reward other valid responses.	
Total		(3)

Question number	Answer	Mark
3	Any two of the following. <ul style="list-style-type: none"> • Complexity of the organisation's functions/capacity • A board of sufficient size to meet the requirements of the organisation • Long-term/strategic goals • Legal status • Mission/core purpose Reward other valid responses.	
Total		(2)

Question number	Answer	Mark
4	A remuneration committee	
Total		(1)

Question number	Answer	Mark
5	<p>Any two of the following.</p> <ul style="list-style-type: none"> • Providing text to accompany pictures/graphical buttons/non-text elements • Clearly and simply labelling the website's content • Clearly identifying the target of each link • Providing further information/a sitemap <p>Reward other valid responses.</p>	
Total		(2)

Question number	Answer	Mark
6	<p>The organisation could undertake a board evaluation (1) to identify any cultural or behavioural factors that might deter/inhibit individuals from joining/fully contributing (1). Recruitment policies and processes could be reviewed (1) to ensure role descriptions/person specifications actively encourage nominations and applications from women and other under-represented groups (1).</p> <p>Reward other valid responses.</p>	
Total		(4)

Question number	Answer	Mark
7	<p>Statement of financial position (1) and statement of comprehensive income (1).</p> <p>Accept 'balance sheet' (1) and 'income statement' (1).</p>	
Total		(2)

Question number	Answer	Mark
8	False	
Total		(1)

Question number	Answer	Mark
9	<p>Any two of the following.</p> <ul style="list-style-type: none"> • The full charity name • The place of registration • The company registration number • The address of its Registered Office • The words 'Registered Charity' <p>Reward other valid responses.</p>	
Total		(2)

Question number	Answer	Mark
10	C – To act in the best interests of stakeholders	
Total		(1)

Section B

Question number	Answer	Mark
11	<p>The AGM is a vehicle to enable members to hold the directors/trustees to account through (1):</p> <p>Award up to five further marks from the following.</p> <ul style="list-style-type: none"> • exercising their right to elect and/or reject the appointment of a director/trustee (1) • exercising their right to propose and vote on resolutions (1) • providing opportunities to ask questions on accounts/reports received from the board (1) • providing an opportunity to contribute to the strategic direction of the organisation (1) through, e.g. holding discussion forums/open debates (1) • facilitating two-way communication between members and the board (1) and actively encouraging participation from members (1) <p>Reward other valid responses.</p>	
Total		(6)

Question number	Answer	Mark
12	<p>Any combination of five marks from the following.</p> <ul style="list-style-type: none"> • Establish organisational values that will underpin the way in which the organisation is led (1). • Develop a behavioural code of conduct for the board (1). • Develop a robust conflict of interest policy (1). • Introduce a register of interests to be updated at least annually (1). • Ensure interests are declared at all board meetings/sub-committee meetings (1). • Introduce a gifts and hospitality log that records any instances of board members receiving gifts (1). • Develop anti-corruption and illegal betting policies for board members (1). • Board member induction should include all relevant policies and the code of conduct (1). <p>Reward other valid responses.</p>	
Total		(5)

Question number	Answer	Mark
13	<ul style="list-style-type: none"> • Duty to disclose a direct or indirect interest in a proposed transaction/arrangement (1), e.g. holding a position in a third-party organisation (1). • Duty to avoid conflicts of interest (1), e.g. where a director is also a representative of a stakeholder group/has a personal relationship with a third party (1). • Duty to not accept benefits from third parties (1), e.g. gifts/hospitality register/events log (1). <p style="text-align: right;">3 x 2 marks</p> <p>Award up to three marks if candidates have produced a list of duties with no examples.</p> <p>Reward other valid responses.</p>	
Total		(6)

Question number	Answer	Mark
14	<p>Any combination of six marks from the following.</p> <ul style="list-style-type: none"> • Allows for continuous oversight of current and future risks (1). • Enables the board to delegate management of risks to the appropriate person (1) and hold individuals to account (1). • Can inform development and implementation of strategy (1) and progress against strategic goals (1). • Gives the board potential actions to mitigate risks as they occur (1). • Provides the framework for monitoring risk (1). • Compares the risk profile against the organisation's appetite (1). <p>Reward other valid responses.</p>	
Total		(6)

Question number	Answer	Mark
15	<p>Any combination of six marks from the following.</p> <ul style="list-style-type: none"> • Allows an organisation to promote and uphold its values (1). • Informs the culture of the organisation (1) by instilling its values and by building an appreciation of acceptable conduct (1). • Guides the conduct of board members/other senior decision-makers (1) as guardians of the sport and the organisation (1). • Provides a moral framework/set of principles around which decisions are made (1). • Helps create a safe environment for individuals to work/participate/volunteer/compete (1). • Demonstrates to stakeholders that the organisation is committed to the highest ethical standards/will address failures to meet them (1). • Sets out how breaches of the code will be dealt with (1), e.g. how allegations will be managed transparently (1). <p>Reward other valid responses.</p>	
Total		(6)

Question number	Answer	Mark
16	<ul style="list-style-type: none"> • Produce a communications plan (1) and allocate resources to delivery of the plan (1). • Promote consultation events and activities inviting member involvement (1), e.g. through press/newsletters/social media (1). • Have senior staff and board members engage directly with members to encourage debate and invite feedback (1), e.g. through roadshows and regional meetings (1). • Provide feedback opportunities online (1), e.g. through online surveys/social media (1). • Through effective use of the AGM (1), e.g. by providing a consultation event at the meeting (1). • Invite members to participate in management of the consultation (1), e.g. by joining sub-committees/working groups (1). <p style="text-align: right;">3 x 2 marks</p> <p>One mark for identifying an activity and further marks for explanation and examples.</p> <p>Award up to five marks if candidates have produced a list of activities with no examples or further explanation.</p> <p>Reward other valid responses.</p>	
Total		(6)

Section C

Question number	Indicative content
17	<p>Answers will demonstrate an understanding of the difference between an unincorporated association and a company limited by guarantee. An evaluation of the benefits of incorporation should take account of the club's current structure, assets and operations, as well as its future risks and opportunities. The evaluation should present the benefits and challenges associated with incorporation for a club with limited resources that is reliant on voluntary effort.</p> <p>Liabilities facing the club</p> <ul style="list-style-type: none"> • Stowe is an unincorporated association of its various members. As such, the members and management committee members may be liable for the debts of and any claims against the club. • An unincorporated association cannot generally contract in its own name and cannot sue or be sued in its own name. Instead, it contracts in the name of one or more of its members. Even though Stowe contracts coaches, it cannot technically 'employ' people so the committee assumes personal liability for any claims, as with any litigation. Whilst insurance will cover many losses, any claim would need to be met from the assets of the club or, failing that, the committee members if there is insufficient employment insurance cover. • The club, as an unincorporated association, is not subject to any outside scrutiny and its constitution and finances are private. This means it is the responsibility of members to hold the management committee to account. • As the club seeks to grow its membership, expand its coaching provision, secure assets and potentially own property, the risks and liabilities facing management committee members will also increase. <p>How liabilities could be managed if Stowe incorporated</p> <ul style="list-style-type: none"> • The club would be able to contract, employ people and hold property in its own name if it went through the process of incorporation. It could also sue and be sued in its own name. • Management committee members would be the named directors of the company and would have the protection of limited liability. This means they would only be liable personally if they committed wrongdoing or if they allowed the company to continue to trade while insolvent. Members would also have the protection of limited liability. • It is considered beneficial for any entity which employs staff, owns property or enters into material contracts to incorporate to limit exposure to personal liability. Stowe volunteers give up their time to run the club but may be less willing if they believe their personal assets are also at risk. • Companies, on the other hand, are regulated under the Companies Act and must file certain documents at Companies House, including their memorandum and articles of association and their annual report and accounts. Documents filed at Companies House are open to public inspection. <p>What Stowe would have to consider before incorporating</p> <ul style="list-style-type: none"> • While Stowe is largely self-regulating, there are legal duties that the club would have to consider if they registered as a company under the Companies Act 2006. Examples include: <ul style="list-style-type: none"> ○ the preparation of annual financial statements and reports ○ the powers and duties of directors ○ disclosures of directors' remuneration ○ holding general meetings

Question number	Indicative content	
17 (cont.)	<ul style="list-style-type: none"> ○ rights of the shareholders/members ○ voting rights of members. ● The club should identify the contracts, employees/contractors and liabilities that would need to be transferred to the new company. ● The club would have to discuss plans for incorporation with the national governing body to gain support and guidance. In addition, accounting and legal advice should be sought, both of which would likely cost the club money. ● The club's current constitution should be checked to see what is required to approve incorporation. ● Consultation with the club's members would involve setting out the advantages and disadvantages of incorporation. This will also require a general meeting to approve or reject the proposition. ● If the response is favourable, the management committee would have to start the process of amending the memorandum and articles of association to meet legal requirements. Members would have to approve the revised articles at a general meeting, after which they will need to sign up to the new company ● The management committee would have to consider the time, effort and cost of incorporation, including the time pressures placed on volunteers to implement this process. <p>Stowe's management committee might also see this process as an opportunity to modernise the club's governance with a new board of directors, revised governance structure, a long-term strategy and better relationships with stakeholders.</p>	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–5	<ul style="list-style-type: none"> ● The answer may attempt to list some of the legislative and practical steps needed to incorporate but they are unclear. ● The process of incorporation is not clearly linked to the scenario in the question and is accompanied by little detail. ● The answer demonstrates limited analysis of the benefits of incorporation to an amateur club. ● Any analysis is not used to make a judgement on whether incorporation is appropriate for the club.
Level 2	6–10	<ul style="list-style-type: none"> ● The answer includes a list of the legislative and practical factors needed to incorporate but some may be unclear. ● The process of incorporation is linked to the scenario in the question and accompanied by some detail. ● The answer demonstrates some analysis of the benefits of incorporation to an amateur club. ● The analysis is used to make a judgement on whether incorporation is appropriate for the club but the judgement may lack clarity.

Level	Mark	Descriptor
Level 3	11–15	<ul style="list-style-type: none">• The answer includes a clear, comprehensive list of the legislative and practical factors needed to incorporate.• The process of incorporation is clearly linked to the scenario in the question and accompanied by relevant detail.• The answer demonstrates a good analysis of the benefits of incorporation to an amateur club.• The analysis is used to make a clear judgement on whether incorporation is appropriate for the club.

Question number	Indicative content
18	<p>Answers should demonstrate a good understanding of the purpose of a committee structure in enabling efficient delivery of an organisation's strategy. Reference should be made to the relationship between the executive committee and sub-committees, with a sound understanding of the division of responsibility. Answers will also provide an analysis of the risks that could potentially face an organisation as a result of any failings on the part of the executive committee to install internal controls and delegate authority effectively.</p> <p>Risks of failing to effectively delegate authority to sub-committees</p> <ul style="list-style-type: none"> • Strategic risk – the organisation will fail to its achieve its strategic goals as a core component of its operating structures (the sub-committees) may not be implementing the elements of the strategy for which they have assumed responsibility. • Operational risk – sub-committees may be operating in ways that fail to meet the policies, processes and standards set by the organisation. Examples might include sub-committees exceeding budgetary authority, failing to declare or manage conflicts of interest, and engaging in contracts or agreements without executive committee authority. • Silo working – with limited oversight, sub-committees may inadvertently be neglecting to work together towards the organisation's goals. This could result in a waste of resources as multiple, unconnected activities are implemented. • Conduct and standards – without clear guidance and oversight, sub-committee members demonstrating behaviours that do not reflect the organisation's values or codes may not be challenged or held to account for their behaviour. • Interference in operational matters – whilst the sub-committee will have been formed to lead certain aspects of the organisation's operations, it does not have the authority to instruct a part-time staff member. Any interference by sub-committee members in the day-to-day running of the organisation could cause confusion, a break down in committee/staff relations, and the secretary could become disheartened. • Membership – the appointment of sub-committee members may become ad hoc and subject to the chair's whims with no regard for the functions of the sub-committee, the skills and knowledge required, or the dynamics of the group. <p>Practical steps an organisation can take to ensure effective delegation, division of responsibility and oversight</p> <ul style="list-style-type: none"> • Provide board member role descriptions that include duties and responsibilities, lines of accountability and limits of authority. • Provide terms of reference for sub-committees that include the purpose, outputs, timeframes (if project focused), membership, decision-making authority, budget and reporting requirements. • Education – the organisation could initiate an engagement process that informs all stakeholders of the rationale for the organisation's governance structure and educates board and sub-committee members on their roles and responsibilities. • Oversight – as well as reporting to the board, the chair of the organisation should strive to maintain regular informal contact with sub-committee chairs. This helps build good working relationships between the board members and also ensures the chair has reasonable oversight of the ways in which the sub-committees are operating.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–5	<ul style="list-style-type: none"> • The answer may attempt to explain the purpose of a sub-committee structure but it is not explained in detail and is unclear. • The answer demonstrates limited understanding of the risks in failing to create clear divisions of responsibility. • The answer includes limited discussion of practical steps which can be taken to ensure effective delegation. • Any discussion is not used to make a judgement and is not supported by examples.
Level 2	6–10	<ul style="list-style-type: none"> • The answer explains the purpose of a sub-committee structure in some detail but the explanation may not be clear. • The answer demonstrates some understanding of the risks in failing to create clear divisions of responsibility. • The answer includes some discussion of practical steps which can be taken to ensure effective delegation. • The discussion is used to make a judgement but the judgement may be unclear and is supported by limited examples.
Level 3	11–15	<ul style="list-style-type: none"> • The answer includes a clear and detailed explanation of the purpose of a sub-committee structure. • The answer demonstrates a good understanding of the risks in failing to create clear divisions of responsibility. • The answer includes a comprehensive discussion of practical steps which can be taken to ensure effective delegation. • The discussion is used to make a clear judgement and is supported by clear examples.

Question number	Indicative content
19	<p>Answers need to identify the board composition appropriate to the needs of the organisation as a non-funded national governing body (NGB) with a clear strategic direction. The answer will demonstrate an understanding of best practice in board composition, referring to relevant research and/or governance codes. Practical steps will be outlined that would enable the organisation to address its current board structure and build a board that meets Flag's current and future needs. The answer will also need to demonstrate an analysis of Flag's current circumstances and discuss the benefits of a revised board structure.</p> <p>Best practice in board composition</p> <ul style="list-style-type: none"> • The need to create a board with a balance of skills and experience. • Establishing a board whose size is commensurate with the organisation's purpose, complexity and capacity. • Board composition that ensures a balance of views, deterring factions and encouraging independent judgement. • Reference to codes of governance, including sports codes that highlight diversity and independence as key factors in appointments. • Skills matrix – establishing the skills, knowledge and experience required to lead the organisation. • Creating a nominations committee or similar sub-group of the board with delegated authority to lead the appointments process. • Creating role descriptions that set out the duties and responsibilities of board members, including time commitment and expectations. • Developing person specifications that define the competencies, skills and behaviours the board needs to be effective. • The need to include directors with sport-specific knowledge and experience who can be elected by the membership, enabling input from key internal stakeholders. • Establishing terms of office that enable consistency of approach whilst allowing the organisation to refresh its board at regular intervals. • Encouraging diversity of views to expand the board's perspective and strategic outlook. • Examples from other sports bodies that have initiated change in their board composition and governance structures. <p>Analysis of Flag's current board composition</p> <ul style="list-style-type: none"> • The answer should take account of Flag's circumstances and strategic goals in considering the size and composition of the board. • An analysis of the organisation's current board in relation to best practice and the guidance set out in governance codes. Specific reference will be made to size, diversity and independence. • Identifying the priorities for Flag. <p>Practical steps to establish a revised board structure</p> <ul style="list-style-type: none"> • A review of the articles of association to check what changes would be required to install a revised governance structure. • A communications plan that engages internal stakeholders, in particular, members, in the process. • Development of board terms of reference and individual director role descriptions. • Consideration of the size of the board.

Question number	Indicative content	
19 (cont.)	<ul style="list-style-type: none"> • Introduction of a skills matrix and skills audit. • An evaluation of the benefits of retaining elected members – deep knowledge of the sport, higher levels of commitment and emotional attachment, sufficient representation of member interests whilst ensuring that decisions are made in the best interests of the organisation. • Introduction of terms of office that enable a transparent election and appointment process, and ensure the board is refreshed at regular intervals. • A proposed board structure and the means by which individuals are appointed, including election processes and open recruitment. <p>Answers may also refer to:</p> <ul style="list-style-type: none"> • the need for succession planning • director induction programmes • boardroom ethics and behaviours • board performance reviews. 	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–5	<ul style="list-style-type: none"> • The answer may attempt to explain the rationale for a competency-based board but it is unclear and not explained in full. • The answer demonstrates a limited understanding of best practice in board composition, without reference to relevant research and governance codes. • The answer includes limited discussion of practical steps which Flag can take to address its current board structure and future needs.
Level 2	6–10	<ul style="list-style-type: none"> • The answer explains the rationale for a competency-based board in some detail but the explanation may not be clear. • The answer demonstrates some understanding of best practice in board composition, with some reference to relevant research and governance codes. • The answer includes some discussion of practical steps which Flag can take to address its current board structure and future needs.
Level 3	11–15	<ul style="list-style-type: none"> • The answer includes a clear and detailed rationale for the creation of a competency-based board. • The answer demonstrates a good understanding of best practice in board composition, with detailed reference to relevant research and governance codes. • The answer includes a comprehensive discussion of practical steps which Flag can take to address its current board structure and future needs.