

1.19 Key Legal Duties for Committee of Management

1. Duty to act in good faith for proper purpose

- Duty to act in the best interests of the organisation as a whole
- Duty to act for a proper purpose within the powers given to the committee

Tips:

- Familiarise yourself with your purpose and your rules
- When making decisions, ask yourself “Am I deciding this in the best interests of the organisation?”
- Apply the “how will it look later” test: looking back, would a reasonable person in your shoes with the same information have made the same decision?

2. Duty to act with reasonable care, skill and diligence

- Make considered decisions about the important affairs and strategic activities of the organisation
- Make considered decisions about the financial position of the organisation
 - Understand your organisations current financial position
 - Prevent your organisation from “trading when insolvent”

Tips:

- If you don't understand, speak up! If you don't agree, say something. If you need more information, ask for it
- Take extra care when making big decisions
- If you have any concerns about financial health, seek professional advice

3. Duty not to misuse position or information

- You cant make improper use of your position as a committee member or the information you receive to
 - Gain advantage for yourself or a relative or other organisation
 - Cause detriment to the organisation

Tips:

- Induct new committee members into the organisation
- Avoid gossip
- Use information in the way it was intended – respect confidentiality

4. Duty to manage conflicts of interest (ie. when your position allows you or a relative to personally benefit)

- Conflicts of interest are common and ok
- Process to manage them is
 - Disclose as soon as possible
 - Do not take part in decision making
 - Record in the minutes that you did not take part in decision

Tips:

- Stay alert and disclose early – minute this
- Check motive – are you thinking about benefit to yourself when making decisions?