

**2006 BATTLE OF FLOWERS  
Report of the Comptroller & Auditor General  
APPENDIX 3 ~ REVIEW OF CORPORATE GOVERNANCE  
October 2006**

*This table sets out a comparison between the governance arrangements within the Jersey Battle of Flowers Association and the provisions of 'Good Governance: A Code for the Voluntary and Community Sector'. This Code was developed by the Association of Chief Executives of Voluntary Organisations and the National Council of Voluntary Organisations among others. The reasons for choosing this Code for purposes of benchmarking the Association's arrangements are explained in the text of the report. Provisions of the Code that do not appear directly relevant to the Association have been omitted from the comparison.*

*An overall assessment of this comparison is set out in the text of the report.*

	<i>Detailed provisions of ACENVO's Code that appear relevant to the Jersey Battle of Flowers Association</i>	<i>Extent to which the provisions of the ACENVO Code are satisfied by arrangements within the Jersey Battle of Flowers Association</i>
	<b>COMPLIANCE ~ INTERNAL CONTROLS</b>	
1	The Board should set and maintain standing orders, systems of financial control, internal control, performance reporting and policies and procedures.	<p>The Council does not appear to have reviewed or set down systems of internal control, policies or procedures. These have been left largely to the Executive Officer to prescribe.</p> <p>The Board would be able to decide that financial reporting to it is inadequate, but again this appears to have been left largely to the Executive Officer or, during 2005-2006 to the Treasurer.</p>
2	The Board should ensure that there is a system for the regular review of the effectiveness of its internal controls. Larger and more complex organisations should set up an audit committee and should also consider the use of an internal audit services.	<p>There is an annual external audit and the audit partner attends annually to report to the Council.</p> <p>Otherwise, there have been no reviews of systems.</p> <p>There is no audit committee, but the Association is not a complex organisation.</p>

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<b>COMPLIANCE ~ MANAGING RISK</b>		
3	The Board must avoid undertaking activities which might place an undue risk on the organisation, service users, beneficiaries, volunteers, staff, property, assets or reputation.	I am not aware of any evidence that the Board has not done this.
4	The Board should undertake a full risk assessment either periodically or on a rolling basis and take appropriate steps to manage the organisation's exposure to significant risks. The Board should take account of that responsibility for dealing with and managing conflicts that may arise within the organisation.	<p>The Board does not undertake a risk assessment of this type. The Executive Officer prepares a risk assessment for the annual Battle. I have not seen evidence that this has been examined closely by Council although I understand that when individual members of Council have asked about the assessment, they have been given copies.</p> <p>There is no regular review of the strategic risks facing the Association although from time to time thought has been given by Council to the future of Battle.</p> <p>The absence of regular reviews leaves a possibility that some Council members may not appreciate the risks facing the Association.</p>
5	The Board should take responsibility for dealing with and managing conflicts that may arise within the organisation.	It is evident that there were conflicts between Mr Roberts and other members of the Council and the Executive Officer. The evidence for this and of the steps taken to deal with the consequences are set out in sections 3 and 4 of the report.
<b>THE BOARD ~ TRUSTEE DUTIES AND RESPONSIBILITIES</b>		
6	The Trustees should understand their duties and responsibilities and should have a statement defining them.	<p>No formal statement exists (other than the constitution of the Association).</p> <p>There appears to be no regular process of making sure that Council members understand their responsibilities. This is potentially a problem in view of the Council's practice of delegating a great deal of executive action to sub-committees of whose meetings no minutes are kept.</p>
7	The Board should organise its work to ensure that it makes the most effective use of the time, skills and knowledge of Trustees.	<p>Council members comment on or complain about the length of Council meetings.</p> <p>Allocation of responsibilities to individual members is one of the Chairman's tasks.</p> <p>During 2005/2006, it is apparent that too many tasks were allocated to or assumed by Mr Roberts who, apart from acting as Treasurer was also dealing with the hire of celebrities and arrangements for corporate</p>

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		hospitality. Mr Roberts was regularly asked to report on these tasks, and did so. The effect of these reports and the action taken by the Association's officers are described in sections 3 and 4 of the report.
	<b>THE BOARD ~ EFFECTIVENESS</b>	
8	The Board should meet regularly and ensure that its work is focused on delivering its strategic role.	<p>The Council meets frequently (at least monthly). Its work is not focussed on 'strategic matters'. Because much work is done by sub-committees whose meetings are not recorded, much time is spent reporting detailed actions and discussing detailed arrangements for the Battle.</p> <p>During 2005/2006, Council appears to have found some decision-taking difficult. Matters have been deferred to subsequent meetings rather than being drawn to a conclusion.</p>
9	The Chair should ensure that all Trustees contribute at meetings and that the proceedings are not dominated by a particular Trustee.	I cannot comment as I have not attended any Council meetings.
	<b>THE BOARD ~ INFORMATION AND ADVICE</b>	
10	The Board should ensure that it conducts its work efficiently and receives the information and advice it needs to make good decisions. Board papers should be timely, well presented and circulated well in advance of board meetings and should make clear recommendations to the Board.	<p>The pattern of working of Council does not appear efficient as evidenced by deferral of decisions (eg the deferral of a decision on the proposal that Mr Ian Wright should be invited to attend Battle) and the discussion of detail.</p> <p>Financial reports have been tabled rather than circulated in advance.</p> <p>Reports of ticket sales do not include helpful comparative information so that judgements about the trend of sales are not easy. The information that is provided includes information from previous years which is not strictly comparable. The reason for this is that the information is retained by reference to dates of Council meetings. As the dates of Council meetings vary from year to year, some distortion of the comparisons will occur.</p>

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<b>THE BOARD ~ SKILLS AND EXPERIENCE</b>		
11	<p>Depending on the organisation's size and the nature of its activities the experience of Trustees should, as appropriate, cover all significant areas.</p>	<p>For some years, the Council did not include a Treasurer, anyone experienced in events management (other than the Association's own staff) or anyone experienced in marketing. Moreover, in some years (eg 2005/2006) there has been no Vice-Chairman.</p> <p>The absence of a Treasurer is explained by the fact that no candidates put themselves forward for election. However, the absence of a Treasurer is such a great weakness in governance that the Officers of the Association should have made it their business to ensure that a Treasurer was found.</p> <p>A similar explanation has been given for the absence of a Vice-Chairman. However this omission is also serious partly because of the pressure it places on the Chairman and partly because it means that succession is more difficult to arrange and plan.</p>
12	<p>The Board should have a diverse group of Trustees broadly representative of the community and membership it serves.</p>	<p>The Council largely consists of people who have been involved for many years in float building and in this sense is not diverse or representative of all stakeholders.</p> <p>For example, there have not been members who represent the non-float building audience for Battle or the commercial community of the Island.</p>
<b>THE BOARD ~ DEVELOPMENT AND SUPPORT</b>		
13	<p>All new Trustees should undergo a full induction in which they receive all the information and support they need to carry out their new role and meet key staff, users and beneficiaries and other stakeholders.</p>	<p>This is not done. Some members of Council have told me that they have not seen the constitution of the Association. Certainly there is no formal process to ensure that members of Council meet key stakeholders. On the other hand, the Island is a small community and some informal relationships undoubtedly exist which mitigate this weakness.</p>

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	<b>THE BOARD ~ THE CHIEF EXECUTIVE</b>	
14	The Board should ensure that formal arrangements are set up for the regular supervision, appraisal and personal development of their Chief Executive. This may be carried out by the Chair and other Trustee or by a small group of Trustees.	I have not found evidence of any formal discussion about this by Council. In practice, this is a matter that has been left to the Chairman. From time to time, some members of Council and some stakeholders have made representations to the Chairman about the appraisal of the Executive Officer, but there has been no formal reporting to Council on this subject.  This weakness is especially important in view of the two roles that were for many years combined by Mr Avery (Executive Officer and Treasurer) and the difficult relationship between him and the Treasurer during 2005/2006.
15	The Board should ensure that there is a formal mechanism for setting the remuneration of the Chief Executive which should be ratified by the Board.	This matter appears to have been dealt with by the Chairman acting alone.
	<b>BOARD REVIEW ~ PERFORMANCE APPRAISAL</b>	
16	The Board should regularly review and assess its own performance, that of individual Trustees and of sub-committees, standing groups and other bodies.	There is a de-briefing meeting after each year's Battle to review what has gone well and what has gone badly.
	<b>BOARD REVIEW ~ RENEWAL AND RECRUITMENT</b>	
17	The Board should have a strategy for its own renewal. Recruitment of new Trustees should be open and focused on creating a diverse and effective Board.	I have not found evidence of discussions of this subject by the Council. In particular, I have not found evidence of Council discussions of the absence and need for a Treasurer (apart from Mr Avery). To the extent that active recruitment of new Council members has been considered, it has been a matter for the Chairman, advised by the Executive Officer.
	<b>BOARD REVIEW ~ REVIEWS OF THE ORGANISATION'S WORK</b>	
18	The Board should periodically carry out strategic reviews of all aspects of the organisation's work and use the results to inform positive change and innovation.	There is a de-briefing meeting after each year's Battle to review what has gone well and what has gone badly.
	<b>BOARD DELEGATION ~ CLARITY OF ROLES</b>	
19	The Board should define the roles and responsibilities of the Chair and other honorary officers in writing.	I can find no evidence of definitions of these roles having been approved by the Council during the last three years.  I think that this is surprising in view of the fact that the Executive Officer also acted as Treasurer for much of this period.

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<b>BOARD DELEGATION ~ EFFECTIVE DELEGATION</b>		
20	The Board should ensure that staff volunteers and agents have sufficient delegated authority to discharge their duties. All delegated authorities must have clear limits relating to budgetary and other matters.	There are terms of reference for sub-committees and the constitution gives sub-committee chairmen considerable authority. Arrangements for reporting are weak, however. For example, problems have arisen because sub-committee chairmen have accepted commitments on behalf of the Association which have not been known to the Association's Executive Officer or Council. This appears to have occurred during 2005/2006 in respect of the acceptance of a commitment to Mr Ian Wright's agent and the acceptance of a commitment to Vibert Marquees.
<b>BOARD DELEGATION ~ TERMS OF REFERENCE</b>		
21	The Board should set clear terms of reference for sub-committees, standing groups and advisory panels etc.	Such terms of reference exist for almost all sub-committees.  However, during 2005/2006, a 'Future of Battle' sub-committee was established which was to deal with steps to honour the funding arrangements with the States and the Council's minutes do not record the Council's agreement to formal terms of reference for that sub-committee.
<b>BOARD DELEGATION ~ MONITORING</b>		
22	All delegated authorities must be subject to regular monitoring by the Board. In particular, honorary officers and other Trustees should report back to the Board promptly on any use of delegated authority.	Sub-committee chairmen are expected to report to each meeting of the Council as are Officers (eg the Chairman and the Treasurer). The Council minutes record that this was done. The minutes also record that (during 2005/2006) one sub-committee chairman was replaced because no reports were forthcoming.  However, it is also clear that some decisions and actions were not reported to the Council (see comment above on effective delegation).
23	The Board should receive regular reports and minutes from all sub-committees.	Minutes are taken of all Council meetings. However, a number of Council members have commented/complained about their belief that the minutes are not reliable records of business transacted at meetings and are manipulated by the Executive Officer and that when the minutes are presented for approval remonstrations about this are ignored or are ineffective.  Sub-committee reports are given to each meeting of Council.  Minutes are not taken of sub-committee meetings. In some cases, this has not caused concern (eg there is no evidence that the absence of minutes of the Exhibitors' committee has caused difficulty). In other cases, especially

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		where a sub-committee has been concerned with more commercial matters (eg the Future of Battle sub-committee) this has been a serious weakness.
24	The mechanisms established for internal control on performance reporting should be used to monitor use of delegated authority by the Chief Executive or other staff or volunteers.	The Executive Officer makes reports to Council meetings. However, many Council members have commented/complained to me of a lack of openness on the part of the Executive Officer concerning the work of the Association's office and certain parts of his activities. For example, concerns have been expressed about a lack of openness about negotiations about various contractual matters.
	<b>BOARD AND TRUSTEE INTEGRITY ~ NO PERSONAL BENEFIT</b>	
25	Trustees should not benefit from their position beyond what is allowed by the law and is in the interests of the organisation. In particular, Trustees must be scrupulous to avoid gaining any private benefit from their position, whether financial or other except as permitted by law and the organisation's governing document and whether it is agreed by the Board as demonstrably in the interests of the organisation.	I have found no evidence of Council members receiving inappropriate benefits.
	<b>BOARD AND TRUSTEE INTEGRITY ~ CONFLICTS OF INTEREST</b>	
26	Board members should identify and promptly declare any actual or potential conflicts of interest affecting them.	I have seen no evidence in the Council minutes of such conflicts being declared.
27	There should be clear guidelines for receiving gifts or hospitality by Board members.	I have not found evidence that such guidelines exist.
	<b>BOARD OPENNESS</b>	
28	The Board should identify those with a legitimate interest in the organisation's work, i.e. (stakeholders) and ensure that there is a strategy for regular and effective communication with them about the organisation's achievements and work.	The reactions of outsiders with a legitimate interest suggest that the Council does not communicate well.
29	The Board should be open and accountable to stakeholders about its own work and the governance of the organisation.	The reactions of outsiders with a legitimate interest suggest that the Council is not open and accountable to stakeholders.
30	The Board should encourage and enable the engagement of key stakeholders such as users and beneficiaries in the organisation's planning and decision making.	The Council accepted a proposal that a representative of the States' Economic Development Committee should be co-opted (during 2005) but would have been more effective if the Council's internal reporting and accountabilities has been more effective.