


Governance: A Guide for Football Clubs



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Governance: A Guide for Football Clubs

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Governance: A Guide for Football Clubs

Using the Guide

Introduction

Good governance (ie good leadership, direction and control) is essential for a football club to be managed effectively and to demonstrate accountability and transparency. In addition, adopting the principles of good governance contained in this Guide benefits football clubs in terms of engaging the trust of all stakeholders. It is in the interest of all clubs and the game that clubs adopt and can demonstrate good governance. Good governance will not in itself ensure success, but it should improve a club's management, stewardship and, most importantly, sustainability.

Purpose of the Guide

This Guide is intended to help those concerned with the governance of football clubs not only to understand and apply common principles of good governance, but also to benchmark their current governance arrangements and improve them.

The Guide has been designed as a tool to assist those responsible for the stewardship of football clubs to do a difficult job better, and for individuals and organisations that have an interest in examining the effectiveness of governance in football clubs.

Scope of the Guide

This Guide is intended primarily for use by football clubs involved in professional and semi-professional football. In general, professional clubs are those in membership of The FA Premier League and The Football League. Semi-professional clubs include those clubs in membership of The Football Conference, Isthmian Football League, Southern Football League and Northern Premier Football League.

Compliance with the provisions of this Guide is not mandatory, but it does seek to create a culture based on a conscious decision by clubs to take governance seriously because it is good for the club and the game, rather than being required by rules or formal codes of best practice.

Relationship with other codes and guides

The Guide does not seek to duplicate codes and guidance that already apply to some football clubs, such as the Combined Code¹. Where these codes already apply, clubs are encouraged to adopt their principles. Where codes and guidance do not already exist, the Guide aims to improve the standards of governance of those clubs.

Applying the Guide to different governance structures and sizes of club

All clubs are encouraged to adopt the principles of good governance. The principles should be applied in a way that reflects the structure and size of each club. Not all parts of this Guide may be directly applicable to all types and size of club. There are several types of club to which the Guide may apply including limited companies, mutual societies and unincorporated associations (members' clubs). Clubs will have different governance structures and vary enormously in size and complexity. Clubs will find that different parts of the Guide are more relevant and easier to apply to its circumstances than others.

¹ The Combined Code applies to those companies listed on The London Stock Exchange. Copies of the Combined Code are available from www.frc.org.uk/corporate/combinedcode.cfm

The Guide has not sought to prescribe a governance structure for a football club or to set out criteria that are appropriate at each level of the game. It is a matter for each club to consider this Guide and apply or adapt the principles to suit their size and type of club.

The Guide should be applied using common sense paying due regard to each club's individual circumstances and complexity, as well as the nature of the risks and challenges it faces.

Putting the Guide into practice

The Guide comprises four general principles of good governance. Each principle is supported by examples of practical application that may be applied by professional and semi-professional clubs. It is a matter for each club to consider its circumstances in the practical application of the criteria, including the cost of implementation.

References are also included to sources of information that clubs can access that may assist in the practical application of the Guide.

Whilst the Guide is not mandatory, clubs are strongly encouraged to report publicly on the extent to which they have adopted these principles of good governance in order to be able to demonstrate accountability and transparency to stakeholders. For example, a club may wish to include a section in its annual report or on its website to set out its governance policy.

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General Principles

The general principles of the Guide are:

A - Executive Body

Every club should be headed by an effective board or committee (the club's "executive body") that:

- Is collectively responsible for the success of the club
- Makes decisions objectively in the interests of the club
- Is not dominated by an individual or small group of individuals
- Has a fair and transparent procedure for the appointment and reappointment of directors and officers
- Has access to timely information of appropriate quality to discharge its duties
- Undertakes an annual evaluation of its performance against stated objectives

B - Risk and Control Management

The executive body should, relative to the size and complexity of the club:

- Maintain a system of internal control to safeguard club assets
- Adopt procedures to consider the nature and extent of the risks facing the club, the likelihood of those risks materialising and actions that may reduce the incidence and impact on the club of risks should they materialise

C - Regulatory Compliance

The executive body should:

- Meet the legal responsibilities of both the club and themselves as directors, officers and trustees
- Have access to appropriately qualified advice, when required, in order to carry out their duties

D - Disclosure and Reporting to Stakeholders

The executive body has responsibility for:

- Presenting a balanced and understandable assessment of the club's position and prospects
- Ensuring that a satisfactory dialogue with stakeholders takes place

Examples of Good Governance:

Executive Body (a club's board or committee)

| | Criteria | Implementation |
|----|--|--|
| A1 | The executive body should comprise at least three members who provide a balance of skills and experience to maximise performance of the club ² . | <p>Club articles/rules should reflect the minimum number of directors/officers required.</p> <p>A good skills mix may cover the following areas:</p> <ul style="list-style-type: none"> • Commercial • Finance • Legal • Property <p>or the executive body may outsource areas of expertise.</p> |
| A2 | <p>The club should have a clearly defined policy for the recruitment of directors/officers.</p> <p>Clubs that are limited companies should also consider whether they would benefit from the appointment of non-executive directors.</p> | <p>The recruitment policy may include:</p> <ul style="list-style-type: none"> • Requirements of articles/rules • Equal opportunities considerations • Child protection considerations³ • Advertising • Application procedures • Examination of CV, relevant references and experience • Interview procedures • Consideration of football's Fit and Proper Person Test • Appointment properly confirmed by members at a general meeting in accordance with the articles or rules <p>Additional considerations may include:</p> <ul style="list-style-type: none"> • Supporter representation • Rolling succession |
| A3 | Appointment of the chairman. | The executive body should appoint the chairman in accordance with the club's articles/rules, usually for a fixed term (see A5 with regard to length of contracts). |
| A4 | <p>Appointment of the company secretary.</p> <p><i>(only clubs which are limited companies)</i></p> | <p>The board is responsible for appointing a suitably qualified company secretary.</p> <p>The company secretary may be the chief executive ("CEO") or finance director/officer.</p> |

² See Institute of Directors Fact Sheet "The Role of the Board" for further guidance available at www.iod.com

³ Those with direct access to persons under the age of 18 must complete an Enhanced Criminal Records Bureau disclosure. Further details can be obtained from The FA CRB Unit. See C9 below.

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Examples of Good Governance:

Executive Body (a club's board or committee) - *continued*

| | Criteria | Implementation |
|----|---|---|
| A5 | <p>Each full time director should have a service contract setting out the key terms of his/her appointment and responsibilities⁴ that is approved by the board.</p> <p><i>(only clubs which are limited companies).</i></p> <p><i>If the duration of the service contract is:</i></p> <p><i>(i) more than 12 months, the contract must be open to inspection by the members.</i></p> <p><i>(ii) more than 5 years, the contract must be approved by the members.</i></p> | <p>Key terms may include:</p> <ul style="list-style-type: none"> • Length of contract/appointment (see below) • Notice period • Responsibilities • Acknowledgement of statutory responsibilities⁵ • Remuneration of salary and/or expenses – if none state none • Termination arrangements including grievance and appeals procedure • Procedure for seeking independent professional advice <p>Section B1.6 of the Combined Code provides for notice or contract periods to be set at one year or less. If longer contract periods are required to attract new directors then such periods should reduce to one year or less after the initial period.</p> <p>Service contracts may not be appropriate for clubs that do not have full time directors. In those circumstances the executive body may wish to set out key responsibilities in a document that can be provided to new directors or officers on appointment (see A9 below).</p> |
| A6 | <p>The executive body should review their training and development requirements, as a group and individually, on at least an annual basis.</p> | <p>Annual consideration minuted at an executive body meeting. See also A11 for the review of the executive body's performance.</p> |

⁴ See Institute of Directors Fact Sheet "A director's service agreement" for further guidance available from www.iod.com

⁵ See Institute of Directors Fact Sheet "The duties, responsibilities and liabilities of directors" for further guidance available from www.iod.com

| | Criteria | Implementation |
|----|--|--|
| A7 | <p>The executive body should adopt a policy for the declaration by a director/officer of a potential or actual interest in a contract to be awarded by the club. An interest is considered to be where the individual, or closely related party (eg family member), has something to gain (not necessarily a direct financial reward) from the contract.</p> <p><i>Clubs should seek independent professional advice before entering into material contracts with a director/officer, especially in relation to substantial property transactions.</i></p> | <p>The intention is that conflicts of interest are avoided and this is best achieved by interests being declared and having other directors/officers recognise these and determine whether it is appropriate for the agreement or transaction to be entered into.</p> <p>Clubs may wish to seek professional advice in developing a conflicts of interest policy.</p> <p>A policy should be devised to include:</p> <ul style="list-style-type: none"> • Requirement to declare to the executive body (preferably in writing) the nature and extent of any interest in a contract in advance of the contract being awarded. The declaration should be made as soon as is reasonably practicable. • The individual with the conflict should abstain from voting when the executive body considers the award of a contract. • The executive body should consider obtaining quotations for comparison. <p>Additional requirements for clubs that are larger limited companies may include:</p> <ul style="list-style-type: none"> • Declaration of interest form to be completed on appointment of a director and renewed annually. |
| A8 | <p>For those clubs which are limited companies, the positions of chairman and CEO (or equivalent) should be separate, unless there is a compelling reason for them not to be.</p> <p>The chairman and/or CEO may be part-time or a volunteer.</p> | <p>Clearly defined responsibilities set out in their respective service contracts.</p> <p>In practice, this criteria may be difficult to implement, especially for semi-professional clubs, where resources may be limited (see also A9 below).</p> |
| A9 | <p>Responsibilities delegated by the board to the CEO should be agreed by the board and set out in the CEO's contract of service or other binding document.</p> <p><i>(only clubs which are limited companies)</i></p> | <p>The CEO's service contract should include details of their responsibilities.</p> <p>The board should agree and minute the delegated responsibilities.</p> <p>This criteria may not be appropriate for clubs with limited resources. As an alternative, such clubs may wish to prepare an organisation structure and document responsibilities for each key position for agreement by the executive body (see also A14 below).</p> |

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Examples of Good Governance:

Executive Body (a club's board or committee) - *continued*

| | Criteria | Implementation |
|-----|--|---|
| A10 | The executive body should agree a policy for the remuneration of directors/officers that should reflect the ability and experience of the individual and, where relevant, should be linked to performance. | Minute to confirm the remuneration policy (including reimbursement of expenses) and evidence of annual review of an individual's performance. For clubs that are limited companies: <ul style="list-style-type: none"> (i) the board should consider obtaining authority from members to determine the levels of remuneration or alternatively have such authority included in the articles of association; and (ii) total directors' remuneration should be disclosed in the notes to the annual accounts and approved by members at general meeting. |
| A11 | The executive body should undertake an annual review of its performance and also separately of the club. Performance should be evaluated against targets set. | Annual review process to: <ul style="list-style-type: none"> • appraise performance against agreed objectives • review the appropriateness of the objectives • revise the objectives, if required Consideration should be given to key performance indicators of the club ⁶ including: <ul style="list-style-type: none"> • Football performance • Financial performance • Commercial performance • Communications with stakeholders • Work in the community |
| A12 | Regular minuted meetings should be held sufficient to discharge the executive body's duties effectively. Meetings should consider the performance of the club at which current financial information should be presented, considered and acted on. The executive body should consider the position of any member that fails to attend three successive meetings without exceptional or extenuating circumstances. Sub-groups (eg finance) should report to the executive body. | Regular (monthly when required) meetings should consider as a minimum: <ul style="list-style-type: none"> (i) approval of the minutes of the previous meeting (ii) Chair/CEO report (iii) reports of sub-groups (including finance officer's report) (iv) key performance indicators⁶ (v) monthly and year to date profit and loss account (vi) comparison to budget (vii) balance sheet, including statement of indebtedness (viii) short term cash flow forecast (eg 13 weeks) (ix) items requiring executive body approval |

⁶ See FA brochure "Key Performance Indicators" for further guidance available from www.TheFA.com/RulesandRegulations/Additional

| | Criteria | Implementation |
|-----|--|--|
| A13 | <p>All directors/officers should be required under the club's articles/rules to seek re-election at an AGM at least every three years. Reappointment should balance the need to encourage executive body renewal and the retention of experience.</p> <p>Re-election should be staggered so that reappointments do not coincide.</p> | <p>Inclusion of an appropriate clause in the club's articles of association or rules</p> |
| A14 | <p>The executive body should be supported by a management structure appropriate to the size of the club and its activities.</p> | <p>Management team may consist of:</p> <ul style="list-style-type: none"> • CEO (part-time or full-time as required) • Qualified accountant (either by membership of a professional body or by experience) • Manager(s) responsible for football activities at each level • Commercial manager • Manager responsible for operations and maintenance of IT systems • Designated person for child protection⁷ • Stadium manager and safety officer • Diversity and equal opportunities officer <p>An individual may hold more than one position and may be a volunteer. All appointments must be made in line with an appropriate safeguarding recruitment policy and procedures.</p> <p>Areas which may be outsourced include:</p> <ul style="list-style-type: none"> • Human resources • Information technology • Legal • Finance • Staff training <p>In general, resource at some clubs, especially semi-professional clubs, tends to be provided by volunteers. A club may wish to devise an organisational structure that specifies roles and responsibilities for individuals which suit their skills. In these circumstances key areas include:</p> <ul style="list-style-type: none"> • Football secretary • Finance officer or treasurer • Commercial / fund raising • Stadium and safety • Child protection |

⁷ Those with direct access to persons under the age of 18 must complete an Enhanced Criminal Records Bureau Disclosure. Further details can be obtained from The FA Criminal Records Bureau Unit. See C9 below.

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Examples of Good Governance:

Executive Body (a club's board or committee) - *continued*

| | Criteria | Implementation |
|-----|---|--|
| A15 | <p>Where a club is part of a group of companies, and the directors of the club are not also directors of the holding company, then the club directors must be made aware of any significant decisions made by its holding company which have an effect on the operation of the club.</p> <p><i>(only clubs which are limited companies)</i></p> | <p>The board of a club that is a subsidiary of another company should make appropriate arrangements (eg club representation on the board of the holding company) that allow them to consider the effect of any significant decisions made by the holding company on the club and to take appropriate action.</p> |

Examples of Good Governance: Risk and Control Management

| | Criteria | Implementation | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|-------------|--------------|------------|------------|--|--|------------------------------------|--|--|--------------------------------|--|---|--|---|---|-------------|--------------|------------|----------------------------------|---|---|
| B1 | <p>The executive body should undertake an annual risk assessment to include:</p> <ul style="list-style-type: none"> (i) identification (ii) analysis (iii) mitigation; and (iv) monitoring <p>of risk factors that may prevent the club from achieving its financial, operational and compliance objectives.</p> | <p>At least annually, including before the start of each accounting year, the executive body should consider the main threats to the performance of the club and its ability to achieve its financial, operational and compliance objectives. Appropriate arrangements should be made to manage the impact and likelihood in the event that a threat materialises. Set out below are examples:</p> <table border="1" data-bbox="683 703 1506 1137"> <thead> <tr> <th>Threat/Risk</th> <th>Mitigated by</th> <th>Monitoring</th> </tr> </thead> <tbody> <tr> <td>Relegation</td> <td>Policy for clauses for % reduction in players' wages</td> <td>Annual review of policy and financial impact of relegation</td> </tr> <tr> <td>Loss of key player at contract end</td> <td>Policy to enter into early contract renegotiations</td> <td>Monitor player performance and contract terms and length</td> </tr> <tr> <td>Non availability of key player</td> <td>Performance related pay in contract Identify replacements</td> <td>Monitor player performance, illness, injury and contract terms and length</td> </tr> <tr> <td>Loss of key source of finance (eg benefactor, sponsor)</td> <td>Assess financial strength of provider Investigate alternative sources of £ Link length of player contracts to length of key contracted income</td> <td>Regular review of financial performance and plans of the club and their sensitivity to loss of income streams</td> </tr> </tbody> </table> <p>Semi-professional clubs should also consider the following:</p> <table border="1" data-bbox="683 1229 1506 1426"> <thead> <tr> <th>Threat/Risk</th> <th>Mitigated by</th> <th>Monitoring</th> </tr> </thead> <tbody> <tr> <td>Compliance with PAYE regulations</td> <td>Application of PAYE to payments to players and/or maintaining adequate records of payment of expenses to players⁸</td> <td>Regular review of procedures in paying players and others</td> </tr> </tbody> </table> <p>Each threat should be assessed for the risk it poses to the club in terms of both the impact and the likelihood of occurrence. The level of risk may be assessed simply in terms of high, medium or low impact and likelihood.</p> <p>The above list is not exhaustive. Other areas of the club that may be subject to a risk assessment include health and safety, ground issues, loss of data and business interruption. The executive body may wish to seek professional advice when undertaking a risk assessment, as circumstances will vary between clubs.</p> | Threat/Risk | Mitigated by | Monitoring | Relegation | Policy for clauses for % reduction in players' wages | Annual review of policy and financial impact of relegation | Loss of key player at contract end | Policy to enter into early contract renegotiations | Monitor player performance and contract terms and length | Non availability of key player | Performance related pay in contract Identify replacements | Monitor player performance, illness, injury and contract terms and length | Loss of key source of finance (eg benefactor, sponsor) | Assess financial strength of provider Investigate alternative sources of £ Link length of player contracts to length of key contracted income | Regular review of financial performance and plans of the club and their sensitivity to loss of income streams | Threat/Risk | Mitigated by | Monitoring | Compliance with PAYE regulations | Application of PAYE to payments to players and/or maintaining adequate records of payment of expenses to players ⁸ | Regular review of procedures in paying players and others |
| Threat/Risk | Mitigated by | Monitoring | | | | | | | | | | | | | | | | | | | | | |
| Relegation | Policy for clauses for % reduction in players' wages | Annual review of policy and financial impact of relegation | | | | | | | | | | | | | | | | | | | | | |
| Loss of key player at contract end | Policy to enter into early contract renegotiations | Monitor player performance and contract terms and length | | | | | | | | | | | | | | | | | | | | | |
| Non availability of key player | Performance related pay in contract Identify replacements | Monitor player performance, illness, injury and contract terms and length | | | | | | | | | | | | | | | | | | | | | |
| Loss of key source of finance (eg benefactor, sponsor) | Assess financial strength of provider Investigate alternative sources of £ Link length of player contracts to length of key contracted income | Regular review of financial performance and plans of the club and their sensitivity to loss of income streams | | | | | | | | | | | | | | | | | | | | | |
| Threat/Risk | Mitigated by | Monitoring | | | | | | | | | | | | | | | | | | | | | |
| Compliance with PAYE regulations | Application of PAYE to payments to players and/or maintaining adequate records of payment of expenses to players ⁸ | Regular review of procedures in paying players and others | | | | | | | | | | | | | | | | | | | | | |

⁸ See FA brochure "PAYE and Semi Professional Football" for further guidance available from www.TheFA.com/TheFA/RulesandRegulations/Additional

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Examples of Good Governance:

Risk and Control Management - *continued*

| | Criteria | Implementation |
|----|---|--|
| B2 | <p>The executive body should prepare and approve a rolling one year business plan, including budget, in detail.</p> <p>Larger clubs may also consider developing a three year business plan in outline.</p> | <p>Clubs should undertake a budgetary process (tailored to the size and circumstances of the club) in advance of the start of each financial year to include:</p> <ul style="list-style-type: none"> (i) preparation of a detailed budget (ii) preparation of a cash flow projection (iii) approval of the budget and cash flow by the executive body (iv) if the budget demonstrates a funding gap/loss for the season, then the executive body should clearly minute how this will be addressed (v) based on the overall budget, an annual expenditure budget for players' wages and expenses should be agreed by the executive body (vi) risk factors that may impact on club performance (see B1 above) <p>The executive body should review the budget, at least quarterly, and revise where necessary.</p> <p>Professional clubs may also wish to consider preparing a written business plan to include⁹ :</p> <ul style="list-style-type: none"> (i) corporate objectives to include purpose of organisation, key aims and measures, core values (ii) business appraisal and review including analysis of products, markets and marketing (iii) human resources (iv) finance – figures that show the business ideas make financial sense, including sensitivity and breakeven analysis. Consideration should be specifically given to funding expected deficits, how the business ideas are expected to be achieved, and whether they are realistically achievable (v) risk factors that may impact on business performance (see B1 above) (vi) action plan – key success factors, short/long term objectives, milestones and decision points <p>The plan should be reviewed regularly (at least annually) and where necessary amended.</p> <p>All amendments should be approved by the executive body.</p> |

⁹ For guidance on the preparation of a business plan see www.grantthornton.co.uk/pages/services-risk_management_services-resources.html

| | Criteria | Implementation |
|----|---|---|
| B3 | <p>Any financial support required by the club (e.g. loans, donations) should be documented and approved by the executive body.</p> | <p>Loan documentation to include as a minimum, in accordance with FA Rule I 1(g):</p> <ul style="list-style-type: none"> • Value of loan • Length of loan • Interest rate to be charged • Repayment terms • Full name of the lender • Terms in event of default • Security held <p>The agreement should be signed by the lender, agreed by the executive body and signed by two directors/officers who are independent of the party extending the loan.</p> <p>Other material financial support provided (e.g. donations, services in kind) should be approved by the executive body and minuted.</p> |
| B4 | <p>The executive body should devise a written policy for player trading and contract negotiations consistent with FA and League Rules and that includes the parameters for:</p> <ul style="list-style-type: none"> • Transfer negotiations • Player contract negotiations and renegotiations (including % reductions on relegation of the club) • Monitoring the progression of negotiations • Executive body approval for all major transfers and contract agreements. | <p>All player transfers and contracts should be agreed by the members of the executive body and minuted at the next meeting.</p> <p>All payments to players must be in accordance with football rules and tax legislation.</p> <p>The annual net expenditure budget for player registration acquisitions and wages should be agreed by the executive body in advance of each financial year taking into consideration the expected financial performance of the club.</p> <p>For clubs that are limited companies the extent of any authority delegated to the CEO should be agreed by the board. All directors should be consulted on material agreements with subsequent ratification at a board meeting.</p> <p>The appointment of registered agents to represent the club in transfer dealings should be subject to a written agreement signed by an authorised signatory of the club and the agent. The agreement should set out the terms under which the agent is employed by the club and should be completed before the agent commences to act.</p> <p>Transactions with agents must comply with FIFA or FA regulations that are in force at the time.</p> |

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Examples of Good Governance:

Risk and Control Management - *continued*

| | Criteria | Implementation |
|----|---|--|
| B5 | The executive body should implement key controls to safeguard the assets of the club. | <p>It is not possible to list all controls in this Guide but key procedures include:</p> <ul style="list-style-type: none"> • Staff payroll evidenced as approved by an authorised signatory before payment • Full reconciliation of all income • Regular inventories of stock • Authorised club signatories to be agreed by the executive body and regularly reviewed • Clearly defined levels of financial authority (see B6 below) • Comparison of actual results to budget • Full monthly bank reconciliation • Matters reserved for the executive body, including any transactions requiring multiple signature on the documentation¹⁰ <p>Larger professional clubs may wish to introduce an Audit Committee to oversee their financial reporting and internal control principles. Further details can be found in the Combined Code¹¹.</p> |
| B6 | The executive body should agree and document clearly defined levels of financial authority for budgeted and unbudgeted expenditure. | <p>The executive body should review, and if necessary update, the following at the start of each financial year:</p> <ul style="list-style-type: none"> • Bank mandate to ensure that it is current and requires more than one signatory • Electronic payment authorities (eg BACs, autopay) • Purchase order procedures (if appropriate) • Limits of authority document for contracts and expenditure • Expenditure that requires executive body approval including items requiring two (or more) signatures of directors/officers. |
| B7 | Key finance and administration procedures should be documented. | <p>Key financial and administrative tasks should be documented.</p> <p>It is the executive body's responsibility to keep the procedures manual current. For clubs that are limited companies the responsibility may be delegated to the CEO, or equivalent.</p> <p>Copies of the manual should be provided or made available to all executive body members and staff.</p> |

¹⁰ See Institute of Chartered Secretaries & Administrators Guidance Note - "Matters reserved for the Board" (Ref 031119) available from www.icsa.org.uk/index.php

¹¹ Copies of the Combined Code that applies to companies listed on the London Stock Exchange are available from www.frc.org.uk/corporate/combinedcode.cfm

Examples of Good Governance: Regulatory Compliance

| | Criteria | Implementation |
|----|--|---|
| C1 | <p>For club companies the annual report should be prepared to include financial accounts as required by accounting standards and the Companies Act.</p> <p><i>(only clubs which are limited companies)</i></p> | <p>Whilst reduced form accounts (eg abbreviated) may be prepared for filing at Companies House¹², the directors may consider filing the accounts agreed by the members for the purposes of full disclosure and transparency.</p> |
| C2 | <p>The club's annual accounts may be audited by an independent, appropriately qualified auditor.</p> <p>In the absence of an audit the accounts should be accompanied by an accountants' report prepared by an appropriately qualified independent accountant.</p> | <p>Whilst an audit may not be required by law¹² the executive body should balance the levels of assurance available from an audit, and the transparency and comfort that an audit can provide for the user of the accounts against the cost of the audit. For club companies, the directors should also consider any banking covenants or the club's articles of association that may require the annual accounts to be audited.</p> <p>In the absence of an audit the executive body should state within the accounts their reasoning for not requiring an audit.</p> |
| C3 | <p>The annual accounts should be delivered to interested parties within the timescales prescribed by the appropriate regulations.</p> | <p>Annual accounts should be delivered to the following:</p> <ul style="list-style-type: none"> • Members for approval at an annual general meeting • Companies House within prescribed timescales¹² (only clubs that are limited companies) • Tax authorities¹³ • The football authorities as required by FA/League rules |

¹² For guidance on the filing and auditing of accounts see GBA3 "Accounts and Accounting Reference Dates" available from www.companieshouse.gov.uk

¹³ See FA Brochure "Corporation Tax and Football" for guidance available from www.TheFA.com/TheFA/RulesandRegulations/Additional

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Examples of Good Governance:

Regulatory Compliance- *continued*

| | Criteria | Implementation |
|----|---|---|
| C4 | An annual general meeting should be held within the timescale set out in the club's constitution and company law requirements (for those clubs which are limited companies), for the members to approve the accounts. | <p>The executive body is responsible for arranging the annual general meeting within the required timescale and giving appropriate notice. For club companies the responsibility may be delegated to the company secretary.</p> <p>Clubs are encouraged to hold an AGM as early as possible after the club's accounting year end.</p> <p>There should be no more than 15 months between AGMs. (See also D4 below)</p> |
| C5 | <p>The directors are required to meet the secretarial requirements under company law.</p> <p><i>(only clubs which are limited companies)</i></p> | <p>The company secretary should be tasked by the board to meet the secretarial requirements including:</p> <ul style="list-style-type: none"> • Arrange the AGM as required by law • Maintain the club's statutory records (e.g. share register, schedule of directors, register of mortgages and charges) • Completion of annual return to Companies House by due date • Forward accounts to Companies House by due date • Advise Companies House of all changes in officers and their details • Addition/removal of mortgages and charges |
| C6 | The share/members register should be kept up to date, be available for inspection and copies provided on request. | <p>It is the responsibility of the executive body to maintain the share/members register and to make it available for inspection and provide copies on request.</p> <p>For clubs that are limited companies the responsibility may be delegated to the company secretary.</p> |
| C7 | The executive body should ensure that all employees have contracts of employment and receive adequate training to complete their duties. | <p>The executive body should ensure that:</p> <ul style="list-style-type: none"> • each employee has a contract of employment • an employee handbook is available to each member of staff • key employees receive appropriate training and that the training is recorded in personnel files <p>For clubs that are limited companies, the task may be delegated to the CEO or equivalent.</p> |

| | Criteria | Implementation |
|----|--|---|
| C8 | The executive body should ensure that the club meets its obligations under the various forms of legislation and regulation to which it is subject. | The executive body should ensure that the club is able to seek advice from professional advisors, as required. |
| C9 | The executive body should implement policies and procedures throughout the club. | <p>Club policies and procedures on the following should be documented:</p> <ul style="list-style-type: none"> • Equal opportunities • Disability discrimination¹⁴ • Staff welfare • Abuse discrimination and harassment • Safety policy for spectators at the stadium¹⁵ • Creditors' payment • Customer Charter <p>All clubs must have a child protection policy¹⁶.</p> |

¹⁴ See guidance notes available from Disability Access section of www.TheFA.com

¹⁵ See guidance from The Football Licensing Authority at www.flaweb.org.uk

¹⁶ See FA Child Protection Policy, Procedures and Practices Handbook and Other Guides at www.TheFA.com/TheFA/GOALChildProtection

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Examples of Good Governance:

Disclosure and Reporting to Stakeholders

| | Criteria | Implementation |
|----|---|---|
| D1 | <p>The annual accounts should include a statement from the executive body:</p> <ul style="list-style-type: none">(i) accepting responsibility for preparing the accounts(ii) reporting that the business is a going concern, with supporting assumptions or qualifications as necessary <p>Additional requirements for clubs that are larger limited companies may include:</p> <ul style="list-style-type: none">(iii) recognising their responsibility for internal controls(iv) undertaking an annual review of internal controls to determine their effectiveness(v) stating the key internal controls | <p>Statement included in annual accounts.</p> |

| | Criteria | Implementation |
|----|---|---|
| D2 | <p>The directors should consider including a section on governance in the annual report.</p> <p><i>(only clubs which are limited companies)</i></p> | <p>For the purposes of disclosure and transparency, clubs may wish to include in their annual report a summary of their governance procedures tailored to the size and circumstances of their club.</p> <p>A statement of governance should include:</p> <ul style="list-style-type: none"> (i) the names of directors during the year and their roles (ii) frequency of board meetings (iii) role of the board and their responsibilities (iv) matters reserved for the board (v) reference to the club's financial reporting procedures, such as budgets approved by the board, actual results compared to budget and revised forecasts prepared on a regular basis (vi) the board's policy for authorisation of player transfers and contracts (vii) the roles played by any key board sub-groups (eg finance committee) (viii) directors' responsibility for preparing the financial statements (ix) statement that in the opinion of the directors the club is a going concern (x) terms for the election and re-election of directors (xi) separation of the roles of the chairman and CEO (xii) key risks faced by the club and how they are managed (xiii) the reasons for not adopting any particular principle(s) of good governance <p>The statement of governance may also include:</p> <ul style="list-style-type: none"> (xiv) the number of board meetings in the year (xv) attendance records of directors at meetings (xvi) training policy for directors (xvii) availability of independent advice to directors (xviii) relationships with stakeholders |

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Examples of Good Governance:

Disclosure and Reporting to Stakeholders - *continued*

| | Criteria | Implementation |
|----|---|--|
| D3 | The annual report provides an opportunity for the executive body to set out the past performance of the club and their objectives for the future. | A chairman's or CEO's report may be included in the annual report setting out: <ul style="list-style-type: none"> (i) the financial performance for the year (with comparative figures) highlighting trends (ii) the current financial position of the club (iii) significant events and transactions in the year (iv) club objectives and strategy (v) significant future risks and influences (vi) communications with stakeholders including supporters, supporters trusts, the community and commercial partners |
| D4 | General meetings should be held within the timescale set out in the club's constitution and company law requirements (if applicable) that are currently: <ul style="list-style-type: none"> (i) not more than 15 months should elapse between each AGM (ii) directors and shareholders need at least 21 days clear notice | The procedures for general meetings should be as required by company law (for those clubs that are limited companies) and the club's articles/rules, and may include: <ul style="list-style-type: none"> (i) notice and agenda sent to all members, typically at least 21 days before the meeting (ii) annual report to be circulated with the notice (iii) minutes of last meeting to be circulated or made available for inspection (iv) names and resumes of directors/officers to be circulated (v) names of directors/officers seeking confirmation of appointment/re-election to be circulated (vi) separate resolutions for approval of: <ul style="list-style-type: none"> • annual accounts • directors' remuneration (only clubs which are limited companies) • election/re-election of directors/officers • appointment/reappointment of auditors, if applicable, (or adoption by elective resolution to dispense with the obligation to appoint auditors annually) (vii) any shareholder/member resolutions and supporting documents (viii) chairman, directors, officers and CEO to be available to answer questions |
| D5 | The executive body should develop a policy for communicating with other stakeholders in the club including supporter groups, supporters' trusts and the local community providing as much information as possible about the running of the club subject to confidentiality. | Communicating with other stakeholders on a regular basis may be via: <ul style="list-style-type: none"> (i) regular forums and meetings (ii) supporter representation on the executive body (iii) newsletters (possibly in electronic format) (iv) the club's website including details of: <ul style="list-style-type: none"> • club strategy • officers • executive body members • customer charter • governance policy |



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