



GOOD GOVERNANCE IN SPORT ORGANISATIONS

Handbook by Transparency International Germany

Introduction

Germany has nearly 90,000 sport clubs or associations (both expressions are used here synonymously), organised under the umbrella of the German Olympic Sports Confederation (Deutscher Olympischer Sportbund, DOSB) with more than 27 million members. These clubs are non-profit private entities under German civil law – from very small clubs with only one type of sport and a few dozen members, to large clubs with a broad variety of different sports and up to several thousand members. Even professional football (the Bundesliga) is organised either in private clubs or in companies majority-owned by private clubs.

These clubs or associations are traditionally led by volunteers, usually a president and board members who all work pro bono; most have no paid staff at all. The main decisions – on strategy, the budget, election of bodies, etc. – are made by the general assembly.

While corruption and other types of misconduct in sport federations on international and national level (doping, match-fixing, sexual abuse, etc.) have been widely discussed in recent years, what is needed to increase integrity in sports in the long term is an approach that starts at the bottom.

Transparency International Germany has therefore developed these guidelines to support good governance at the lowest level of sport organisations, i.e. in local sport clubs or small-sized associations with minor risks. While this publication may be useful for anyone in sports (and beyond) who is interested in good governance, high performance sports clubs or professional teams with a larger budget and/or a more complex structure will need a more sophisticated approach, such as a professional Compliance Management System. The same applies to sport federations on the national or international level.

Transparency International Germany has been working on increasing transparency and accountability in sports since 2006.

With these guidelines we hope to contribute to improving governance in sports.

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Dr. Angela Reitmaier
Board Member

Sylvia Schenk
Chair of Working Group Sport

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1 Good Governance in Grassroots Sport

The expectations of stakeholders towards institutions and organisations – e.g. companies, political parties, but as well organisations from the welfare sector or in sport – have changed fundamentally in recent years. Clients, customers, members, the public etc. require:

- Transparency regarding foundations and important issues
- More pro-active information and communication
- Early involvement in strategy and planning processes
- Objective criteria in decision-making
- Appropriate handling of conflicts of interest
- Measures to ensure the integrity of all responsible persons

In order to increase public trust in sport organisations, a leadership concept based on the principles of transparency, integrity, accountability and participation, i.e. the involvement of the stakeholders of a club in fundamental decisions, is necessary.

The German Olympic Sports Confederation (DOSB), the umbrella organisation of German sport, has already published a „Good Governance Concept“¹ in 2015. This is now being implemented in an adapted form by national sport federations, regional sports associations, and sport clubs.

Additionally, the Federal Ministry of the Interior, Building and Community – which is responsible for sports – has developed governance criteria as a condition for the financial support of top-level sport. The state governments (German: *Bundesländer*) as well as some municipalities have started to work on such criteria, too. Nowadays, sponsors and donors want to know in more detail than in the past how the money they donate to sport is being used and how risks are identified and managed. Although there are already many initiatives on specific misconduct in sports – e.g. against racism, violence, doping, sexual abuse, match fixing, etc. – a holistic approach is still lacking.

A Good Governance Concept analyses the risks for the sport club and all those involved with it, especially its members², and closes gaps in prevention by means of tailor-made measures. We do not need to reinvent the wheel in order to achieve good governance – much is already in place and parallel structures or split responsibilities can be reduced, so that in the end even capacities can be saved.

2 Structure of a Good Governance Concept

As a pre-condition, good governance in a sports club requires statutes which are fit for purpose. The statutes must be observed (e.g. timely invitations to general meetings) and properly administrated (e.g. taking minutes of meetings, proper record keeping).

The basis of good governance is the commitment to **values**³ in the **Code of Ethics**. However, values alone do not guarantee integrity, especially in difficult situations (e.g. high pressure to make a decision, strong competition, individual weaknesses/problems). Neither do people recognize what is right and wrong in every situation, nor do they always follow the rules. Therefore, the highest body of the club must carry out a **risk analysis** to assess which incidents or actions may have a negative impact on the values. The risks

1 https://cdn.dosb.de/alter_Datenbestand/fm-dosb/downloads/dosb/GGinGermanSports_EN.pdf

2 “Members” in this handbook always includes athletes, i.e. active sport persons of all ages

3 Values are sometimes already included in the statutes or mission statement of a club

vary from club to club according to the type(s) of sport, number of members, structure and activities (e.g. sexual harassment/abuse in children's sports, training camps), financial volume (own sports facility; sponsorship contracts), current task (construction project), and can also be situation-specific.

Preventive measures are derived from the risk assessment in order to **avoid damage** to the club its members, and third parties (e.g. protection against irregularities in the administration of funds, against sexual violence or damage to health). A **Code of Conduct**, i.e. guidelines to regulate all significant risks and responsibilities, outlines a **framework** on how to act, including possible sanctions.

The result of the risk analysis and the prevention measures derived from it will be different for each club. This *Good Governance Handbook* by Transparency International Germany takes a systematic approach and focuses on best practice regulations for the most common prevention gaps in grassroots sports. Where regulations and tools already exist in (German) sport, e.g. concerning economic risks, doping or sexual harassment, we have added links under <https://www.transparency.de/themen/sport/>.

The top leadership must commit to integrity and **lead by example**. Additionally, an **open culture, based on respect and attentiveness** must be established. The implementation of Good Governance requires comprehensive **information**, and **education** for officials, volunteers and paid staff. Continuous **communication** ensures transparent standards of behaviour and promotes active participation and involvement in the management of the club.

Particularly in the implementation phase, it is vital that an experienced, independent and most importantly trustworthy person (**ombudsperson** or **governance advisor**) is available as a **contact point for questions**, individual advice (e.g. on possible conflicts of interest) and to report on any misconduct.

Since **misconduct** can **never be absolutely ruled out**, the clubs need controls and **monitoring**. They must follow up on all **reports of misconduct** and investigate whether a violation has occurred. Possible **sanctions** must be appropriate, often a reprimand is enough to ensure that the guidelines are complied with in the future. In the case of **damage caused**, however, in addition to remedy and support for a victim, it may also be necessary to impose sanctions, including in severe cases expulsion from the club or association.

3 Steps towards Good Governance

To understand the structure and function of a good governance concept, it is helpful to look at the setting of a football match and compare compliance with the rules on and off the pitch:

With only the football pitch, two goals, a ball and the rules of the game (comparable to the basic structure according to the club's statutes and administration), two teams cannot play a match. What is needed additionally is a basic understanding of values (respect, fairness), a definition of what constitutes foul play (code of conduct), and the willingness of everyone to follow the rules and ensure that they are observed.

Nevertheless, in the heat of the competition, it is to be expected that there will be violations of the rules. That is why there is a referee who enforces the rules. If this referee does not enforce the rules consequently from the beginning, including minor fouls, the game will slip away from them. This demonstrates the importance of addressing every rule violation, even minor ones, so that everybody can see the rules are to be taken seriously. Additionally, the coaches and other support staff must themselves be role models for rule-compliant behaviour. For more serious violations on the pitch, players can be sanctioned with yellow and red cards and in serious cases subsequent disciplinary proceedings occur.

This is exactly how a good governance system functions off the pitch as well!

The following list shows which steps to take to implement good governance:

- One time:** **Establish the Structure of the system**
- Code of Ethics
 - Risk analysis
 - Changes to the Articles of Association
 - Code of Conduct
- Yearly:** - Update risk analysis
- Complement rules and measures according to risk analysis
- Ongoing:** **Integration of good governance into the everyday life of the club**
- Information/Communication
 - Education (e.g. for new employees)
 - Contact point / general advice (ombudsperson)
 - Controls and monitoring; assess allegations
 - Investigate possible infringements and, if necessary, take action

4 Who does what?

Executive Board

- Establishes the good governance system (involving members and employees) based on initial risk assessment
- Prepares amendments to the statutes (e.g. on ombudsperson; sanctions) and the Code of Ethics for the general assembly
- Approves the Code of Conduct
- Annual risk analysis: addresses acute risks, supplements Code of Conduct and measures
- Investigates infringements and imposes sanctions, as far as not reserved to other bodies

General Assembly

- Approves the amendments to statutes (ombudsperson; sanctions)
- Approves the Code of Ethics
- Elects ombudsperson

General Manager

- Prepares proposals for Executive Board and General Assembly
- Information and communication
- Develops and implements education
- Monitors implementation including conduct of staff
- Cooperates with ombudsperson

All managers (including non-paid officials, coaches)

- Set a good example („Tone from the Top“)

- Exercise compliance and mindfulness
- Participate in education
- Report own conflicts of interest
- Monitor implementation; take up allegations and indications
- Address and clarify minor violations directly
- In case of doubt: ask respective superior or ombudsperson
- Report more serious infringements

Ombudsperson/Governance Advisor

- Advises managers and members on conflicts of interest and Code of Conduct (e.g. regarding gifts, invitations)
- Receives information/reports on infringements
- Evaluates the overall system and gives yearly report to Executive Board

All members

- Compliance and mindfulness
- Address minor violations directly
- When in doubt: ask a manager or the ombudsperson
- Report more serious infringements

5 Transparency and Participation

Transparency strengthens the trust of members, officials, employees, sponsors, business partners and the public in the sports club. The disclosure of data, as required by the „Initiative for a Transparent Civil Society“ (ITZ)⁴, is a good starting point for increased transparency:

Ten minimum points the ITZ requires organisations to disclose:

1. Name, registered office, address and year of foundation
2. Statutes and objectives
3. Confirmation of financial status as a non-profit organisation
4. Name and function of key decision makers
5. Annual report
6. Personnel structure
7. Information on the source of funding
8. Information on the use of funds
9. Affiliation with third parties under national corporate law
10. Names of any legal entities whose annual payments represent more than 10% of the total budget

However, this does not replace further measures for good governance, depending on the size of the club and the specific risks.

Another essential principle of good governance is **participation**, i.e. the involvement of stakeholders in fundamental planning and decision-making processes. For a sports club, **stakeholders** can be distinguished in two groups:

⁴ <https://www.transparency.de/mitmachen/initiative-transparente-zivilgesellschaft/?L=0>

Internal: members, parents of minor members, volunteers and paid staff

External: sponsors (municipalities, donors, commercial sponsors), neighbours of sports facilities, local authorities, business partners, neighbouring clubs, superior sport organisations, schools and the media

Discussions on strategy and basic planning must be conducted intensively internally initially, but should then also involve external stakeholder such as donors and cooperation partners. For a construction project on the club-owned real estate, the participation of local residents is important; the same applies to events and other measures that have an impact on the vicinity. For larger clubs with many different external stakeholders it may make sense to develop a concept for systematic stakeholder involvement.

A good example from the world of sport is the dialogue forum of the German Special Olympics used for planning the Special Olympics 2023 in Berlin⁵.

6 Prevention as an essential part of Good Governance

When it comes to prevention, sports clubs have a lot of experience. After all, the goal of many popular forms of exercise is prevention – from fitness programs to back training. In high performance sport, the prevention of accidents and injuries is an integral part of state of the art training program.

Anyone involved in sports knows that risks must be dealt with and that the right measures can prevent problems in advance or at least reduce their negative effects.

This approach from active sports (on the pitch) must be transferred to the organisation and administration of a club (off the pitch). Here too, risk management is necessary, which in addition to preventing economic risks (e.g. loss of income), prevents misconduct and ensures the proper behaviour of members, volunteers and paid staff.

The term „compliance“ in the business world is understood to mean adherence to rules. Nowadays, it requires comprehensive guidelines and a corresponding framework to ensure compliance in view of complex expectations and interrelationships in business as well as in other sectors.

It is always about the same core issue: How does an institution appropriately assess its risks and take preventive action?

A holistic understanding of prevention, which can then be applied to individual risk areas, makes the work easier: the club does not have to separately develop prevention of discrimination, prevention of sexual harassment, prevention of corruption, conflicts of interest, etc. Instead, all risks are systematically examined and evaluated with the help of a prevention concept, and then the specific measures are taken for the various identified risks.

This approach increases the understanding of the measures introduced and their implementation of all parties involved, and it also enables a rapid response to new risks.

⁵ <https://specialolympics.de/news/national/2020/02/180-teilnehmer-diskutierten-beim-dialogforum-leidenschaftlich-ueber-gesellschaft-sport-und-mitbestimmung/>

It is not enough to simply rely on the values of good sportsmanship. Fair play relies on the proper structures: a transparent organisation, a culture that promotes civil courage (i.e. a “speak-up culture”), an open approach to solving problems and the willingness to listen to and involve all those affected.

7 Risk analysis

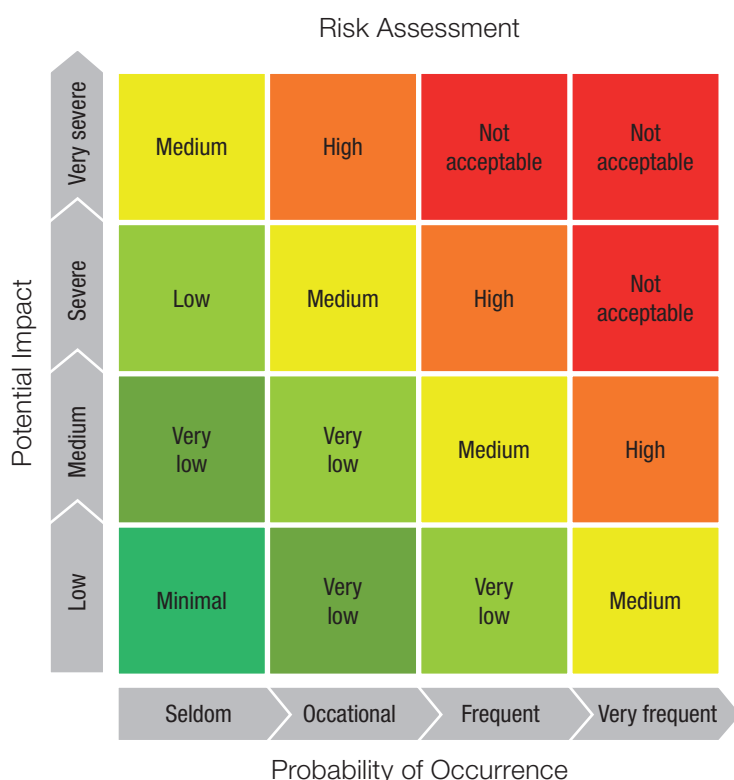
Anyone who wants to take preventive measures must know what risks they are exposed to. For certain risks there are legal regulations for prevention: e.g. for accidents at the workplace there are regulations on occupational safety. Other risks are often underestimated or even ignored, such as white-collar crime.

Every association should therefore first list the risks in the various areas of activity as comprehensively as possible in a **risk analysis** and then evaluate them. Such a risk analysis is a central leadership task and should be conducted by the executive board, i.e. the highest body.

The degree of a risk depends on the probability of its occurrence on the one hand and the expected damage on the other (whereby not only the direct financial risk is decisive here, but also consequences for the reputation of a club).

A frequently occurring event with a medium impact requires attention, as does a rare event that could have a major impact. It makes sense to use a **risk matrix** and classify the risks accordingly:

Example Risk Matrix



The priority and extent of the measures to be taken depend on the results of the risk analysis. In the case of large and/or frequent risks, especially in the case of imminent personal injury, fast and comprehensive action must be taken. Depending on the willingness of a club to take risks, protection against smaller risks

with purely financial consequences can be omitted altogether if a club prefers to repair the damage in individual cases rather than prevent it from occurring in advance.

When considering whether or not to protect oneself against a risk however, the damage caused by the event, and the time and effort required to manage the consequences must be taken into account.

8 Identifying Possible Risks

Every sports club, like other organisations, faces general economic and other types of risks in its administration and operations (e.g. theft, embezzlement, damage to property, data abuse, cyberbullying).

In addition, there are risks in sport that do not occur in other areas, or do not occur to such an extent. These depend on the respective club, including the type(s) of sport, the number and structure of its members, income, and property.

Current general developments (e.g. changes in legislation, drought periods, pandemics, construction projects) can have sports-related effects. For this reason, the overview of the risks of the sport club must be reviewed and adjusted at regular intervals by the head of management.

a) Finances

- Falsified donation receipts (in a non-profit organisation) and other forms of tax fraud, e.g. on sponsoring in kind, misappropriation of donations
- Obtaining subsidies by fraud (e.g. improper use; backdating of invoices)
- Embezzlement, fraud, corruption, infidelity, theft

b) Decision-making processes

- Conflicts of interest (e.g. due to family ties, accumulation of functions)
- Corruption in connection with:
 - Elections and appointments
 - Awarding of competitions and other events (e.g. championships)
 - Sponsorship contracts
 - Ticketing and Hospitality (invitations/honorary tickets)
 - Transfers of players
 - Team composition, nomination in competitive sport

c) Health and well-being

- Injuries/accidents due to lack of supervision/prevention
- Dietary supplements and drug abuse (e.g. appetite suppressants; pain killers)
- Eating disorders (especially in sports that prefer a certain body type i.e. (rhythmic) gymnastics; endurance sports; but possible in any sport)
- Gambling (mainly young males in competitive sports – partly depending on environment)
- Mistreatment of animals (equestrian sports)

d) Integrity of the competition

- Manipulation of results („match-fixing“) for sporting or betting reasons
- Doping
- Age fraud; technical manipulations (sport-specific); arbitrary ratings

e) Integrity and human rights

- Racism, antisemitism
- Discrimination based on gender, sexual orientation, religion
- Sexual harassment/abuse (exploitation of dependence/trust)
- Violence (also e.g. by fans, parents at youth competition)
- Violation of personal integrity (bullying, videos in social media)

9 Conflict of interest

A conflict of interest occurs if there is a conflict between the official responsibility of a person in an entrusted position and their personal (material or immaterial) interests i.e. if there were a dilemma between handling the objective interests of the sports club and one's personal interests. This also applies if one person represents two different organisations at the same time, as the interests of organisations could be conflicting.

This would be the case if a member of the Executive Board

- Has a personal relationship to persons involved (e.g. a relative applies to work for the club)
- Has personal economic interests that are affected by a board decision (e.g. ownership of shares of a supplier of the club; legal representative of an athlete of the club)
- Could be personally impacted (e.g. position in the sport club could be used for the promotion of a candidacy for a municipal office)

This does not only apply to financial aspects; non-material interests can also play a role. Key is to determine whether the decision-making process is impacted, i.e. whether an objective decision could be influenced. Even the impression that a decision is not made in the best interests of the club, but on the basis of irrelevant, personal interests, can have negative consequences.

A typical example is the actual or perceived influence of parents of a player on the coach of a youth team, especially regarding starting line-ups, when the parents are important sponsors of the team. What does this mean for this player, their teammates and the coach? How would you deal with this situation?

Conflicts of interest cannot be completely avoided, especially for volunteer positions in a sports club. Different interests e.g. from the volunteer's profession or other honorary positions may conflict with the sports club. Therefore, conflicts of interest must be handled in a systematic way.

The most important measure is the mandatory disclosure of any possible conflicts of interest. Pre-emptive transparency and clearly defined decision-making criteria help to reduce a lot of mistrust. In the example given above, the coach should announce far in advance the standards set for the team in order to be on the starting line-up. If this is discussed openly with the players, the risk (of fear) of unjustified preferential treatment can be countered.

In the case of board decisions, the person with a conflict of interest should not be involved in any deliberation regarding the decision; this must also be recorded in the minutes. The board may still decide to hire a friend of a board member, if this person is best fit for the position based on objective decision criteria, and the member with the conflict of interest has not been involved in the decision. This prevents accusations of nepotism.

10 Ombudsperson

Analysed risks, preventive measures and a code of conduct are an important basis, but good governance has to be implemented in everyday life. And this is where many questions may arise, especially in the initial phase. What exactly constitutes a conflict of interest? Could accepting an invitation endanger an objective decision or at least give the impression of undue influence? Is a specific statement discriminatory?

In order to answer these questions, trustworthy advice is necessary. It is advisable to create a position (ombudsperson or governance adviser) for this task. The ombudsperson is to be elected by the general meeting and should be independent of all other positions within the club, without any personal relationship to the leaders. A close friendship with individual board members, for example, could impair neutrality in case of a conflict. An ombudsperson should be able to assess facts, give competent advice, and settle disputes. They should be someone in whom the members, volunteers and paid staff, but also parents of young members have confidence. Only then will the ombudsperson receive information of problematic incidents in the club and be able to react quickly. Some incidents only become a real problem if they are not immediately addressed, or their effects are underestimated and pushed aside by those responsible.

It is important to detect any indications of misconduct in order to eliminate wrongdoing at an early stage. For this reason, special reporting systems have been put in place in sport associations such as the World Anti-Doping Agency (WADA) or FIFA's whistleblowing systems for match-fixing, corruption and human rights abuses. In Germany, a working group is currently examining the development of an independent reporting system for German sports, including on club level.

For allegations of sexual violence or abuse, it is recommended that, in addition to the ombudsperson, the club should cooperate with a competent organisation outside of sport (i.e. safeguarding experts, child protection services) from the outset. These cases can have considerable consequences for all parties involved, are emotionally taxing, and may overextend the capacities of the organisation.

The ombudsperson gains an objective insight into the implementation of the good governance concept through their work, can identify weaknesses and gaps, propose improved measures, and thus plays an important role in the life of the club.

The punishment of violations should be reserved for another body of the club, e.g. the executive board, in order to ensure a clear separation of advice on the one hand, and control and sanctions on the other.

11 Sanctions and Legal Questions Regarding Good Governance

A Good Governance concept usually does not start from scratch. Often the **statutes** already specify the **values of the club** – these should then be taken up in the development of a code of ethics.

In Germany, association statutes usually regulate the **removal of members** due to **association-damaging behaviour**. However, such a removal is typically a last resort. In the case of violations of a code of conduct (e.g. non-disclosure of a conflict of interest, discriminatory remarks, disregard of rules to prevent sexual violence), exclusion from the association is not immediately necessary or legally possible. In many minor cases, it is sufficient to address the issue. Especially in the introductory phase of a good governance concept, learning together is more important than reacting immediately with severe punishments. Sometimes just talking about the breach without further sanctions is enough.

However, in order to be able to react appropriately based on the severity of the misconduct, possible **sanctions** as well as **procedures** and **responsibilities** must be **defined in the statutes**.

A **sanctions catalogue** could contain the following disciplinary steps:

- Internal warning
- Reprimand with/without publication
- Mandatory education or training based on misconduct
- Obligation to cooperate in specific association projects
- Temporary suspension from an association function
- Temporary suspension of membership
- Disqualification of honours
- Permanent exclusion from association functions

In addition to the ombudsperson who is responsible for the confidential consultation and collection of information, there must be a body that investigate the facts of a case and imposes a sanction. For smaller clubs this can be the executive board, for larger clubs a specific body is recommended.

The General Meeting can serve as a court of appeal.

It is important that the procedure is transparent. The member concerned must be heard and must be able to defend themselves. Parties involved in the case may not participate in the sanction decision (conflict of interest).

In the case of **paid staff, national labour law regulations** must be observed. This already applies to the introduction of a code of conduct, which may be included in the **employment contract**. If there is a **works council**, this **must also be consulted**.

For misconduct involving doping, sexual violence and drug abuse, there are also **state laws and specific sports rules** which must be taken into account.



Author: Working Group Sport

Transparency International Deutschland e.V.

Office

Alte Schönhauser Straße 44

10119 Berlin, Germany

Phone: +49 30 54 98 98-0

Fax: +49 30 54 98 98-22

office@transparency.de

www.transparency.de



@transparency_de



TransparencyDeutschland



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