



Public Sector Corporate Governance Ready Reckoner

(based upon "on board: guide to better practice for public sector governing and advisory boards")

<p>1. The role of the board</p>	<p>A board provides effective leadership, advice, and independence in decision making to an organisation. Legislation should clarify whether a board is governing or advisory. If it doesn't, a board should seek clarification with its Minister/s.</p> <p>A governing board:</p> <ul style="list-style-type: none"> • sets strategic direction • liaises with stakeholders • ensures compliance with statutory requirements • manages risk • monitors organisational performance.
<p>2. The role of the Chair</p>	<p>The Chair provides leadership and promotes cohesiveness/effectiveness of the board. Some of the key roles performed by an effective Chair include:</p> <ul style="list-style-type: none"> • assisting the board to develop good relationships with the Minister(s), with the CEO and with other key stakeholders and interested parties • assisting individual members, and the board as a whole, to understand their role, responsibilities and accountability • helping members understand their risks and liabilities as individual members and as a board • rigorously assessing the performance of members on a regular basis • ensure the performance of the board is assessed and reported.
<p>3. The role of the CEO</p>	<p>The CEO is responsible for:</p> <ul style="list-style-type: none"> • supporting the board in its governance or advisory role • providing leadership to the organisation • managing the organisation's day-to-day operations • creating an ethical working environment.
<p>4. Board committees</p>	<p>All boards should establish an audit committee. Governing boards are likely to benefit from establishing a governance committee. Other committees may be of value if significant issues require confidential input at board level (eg. environmental, legal or technical matters). Such committees may not need to be permanent.</p> <p>Board committees:</p> <ul style="list-style-type: none"> • distribute the workload • enable detailed consideration to be given to important matters • offer advice on sensitive matters. <p>A committee is effective when it has:</p> <ul style="list-style-type: none"> • an appropriate number of members • a majority of non-executive members • a clear charter • procedures for reporting to the board.

<p>5. Appointments</p>	<p>Ideally, and where permitted by legislation, the Chair and the CEO both should be appointed by the board.</p> <p>Appointment of new members needs to take into account:</p> <ul style="list-style-type: none"> • the current and future needs of the board • the current skill mix of the board • the extent to which the board's membership should reflect the demography and views of the general community.
<p>6. Induction and training</p>	<p>Induction and training programs should cover:</p> <ul style="list-style-type: none"> • information about the public sector • the impact of the agency's legislation on the role of the board • information about the organisation • board procedures • care, skill and diligence obligations • the kind of environment in which the board operates (e.g. government policies, business context etc.).
<p>7. Board meetings</p>	<p>A board meeting is effective if:</p> <ul style="list-style-type: none"> • the agenda is carefully prepared • papers are circulated well in advance of the meeting • it is conducted in a way that allows frank and open discussion • it defines the parameters for the way in which the board conducts business • it records decisions, discussion and dissent • it ensure minutes are accurate • it has rules about access to information • it allows for seeking independent and external professional advice at the organisation's expense.
<p>8. Standards</p>	<p>A board should have:</p> <ul style="list-style-type: none"> • a code of conduct • a register of related party transactions • a register of pecuniary interests • a mechanism to allow for disclosure of actual & perceived conflicts of interest.
<p>9. Risk management and liability</p>	<p>Board members need to understand their risks and liabilities and need to exercise care, skill and diligence. Boards need to have risk management strategies including appropriate internal controls.</p>
<p>10. Reporting and evaluation</p>	<p>Boards should report their corporate governance practices and achievements in an Annual Report. The Australian Stock Exchange Listing Rule 3C(3)(j) provides for its members an indicative list of corporate governance practices on which they might report. These include:</p> <ul style="list-style-type: none"> • the non-executive composition of the board • the nomination and selection processes • terms and conditions related to the appointment of non-executive members • access to information • risk management strategies • ethics. <p>A board should evaluate:</p> <ul style="list-style-type: none"> • its performance • the workload of the board and the number of positions it needs (legislative provisions here may need to be reviewed) • the contribution of individual members against pre-determined criteria. <p>The relevant Minister should also evaluate the performance of the board and have a "performance agreement" with it.</p>