



Good Governance

for Western Australian Public Sector Boards and Committees

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1.0 Statement of roles

Appropriate Governing Roles are Understood and Enacted

1.1 Introduction

Effective corporate governance requires the input of the Minister, board and staff (if applicable). The role each adopts will depend on a range of factors:

1. The board's status (governing or advisory);
2. Relevant legal frameworks (including enabling legislation);
3. The requirements, accountabilities and lifecycle of the organisation;
4. The role of the Minister;
5. The role and activities of other government instrumentalities;
6. The external environment impacting the organisation and sector; and,
7. The competencies of the Board and Staff (and therefore their respective abilities to contribute).

The governing role adopted by each of these parties is likely to change over time. Governing roles should adapt to ensure performance continues to match the expectations of the organisation, Minister, Government and community.

1.2 The multiple pressures that shape governance roles are understood

The complex relationships between a public sector board and Minister, Parliament, the general community and stakeholders are a key consideration in determining the role of the board (see an example of the relationships that may operate for a governing board below).



EXPAND ↗

The Minister, board and CEO need to understand the relevant factors (as identified in points 1–7, above) to establish and maintain effective governing roles. This understanding is typically developed through experience, discussion and negotiation.

1.3 The role and responsibilities of the Minister, board, staff and chairperson are defined

Corporate governance is significantly enhanced through role clarity. While respect for roles is critical, the defined roles of each party should remain open to debate and discussion. Roles should evolve as appropriate to permit the Minister, board, CEO and staff to add greater value (an example of roles are provided below).



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1.4 The board's role is articulated through a charter

A typical charter or terms of reference will specify the board's role, scope and objectives. This charter should be formally documented and publicly available.

1.5 Resources

TOPIC	RESOURCE
Accountability and Compliance Framework	Accountability and compliance framework for the WA public sector
Board Charter	Checklist for developing a board charter
Conflict of Interest	Links to conflict of interest resources including scenarios, guidelines and FAQs
Induction checklist	Checklist of the information board members should receive and understand on becoming a member
Relationships	Relationships within the board, between the CEO, the Board, the Minister, and the Chairperson, and between the board and stakeholders.
Roles and Responsibilities in the Public Sector	Information, diagrams and links for further information on the public sector
Strategic management	Link to information on agency strategic management
Suggest a Resource to add to this section Was this useful? Take our Online Survey	

Principle URL:

http://www.dpc.wa.gov.au/PSMD/boardsandcommittees/Principles/Pages/StatementOfRoles_Introduction.aspx

2.0 Structure and composition

The Board is Structured to Fulfil the Required Role

2.1 Introduction

The board's structure is a vital enabling element of the broader governance system. The board's structure refers to the size and composition of the board, including independence, the presence of representative members and the balance of gender, cultural diversity, skills and experience.

2.2 Composition is appropriate for the current and emerging requirements of the board

The Minister and board should understand the board's structural requirements to fulfil the agreed role. In determining composition and succession planning, consideration should be given to:

1. Current performance of the board;
2. Competency mix of board members;
3. Values of the organisation, board and board members;
4. Length of service of current board members;
5. Diversity of current board members;
6. Specified compositional requirements, including representative obligations; and,
7. Availability of potential board members to fulfil requirements

2.3 The board has appropriate mechanisms to consider appointments to the board

The board should understand the process for board appointments, including the role of the Minister. An appropriate process should exist for board member succession. This process should consider the timing for replacement to maintain a balance between new and existing board members.

While boards may not have the ability to appoint their own members, they should ensure that a transparent and accountable process exists within the board for considering its preferred appointments and to influence the appointment process if appropriate. In the event of Ministerial appointments, boards should maintain an appropriate relationship with the Minister to provide input into appointments to the board (including the chairperson).

2.4 Public sector ethics are applied through the appointment process

Appointments to boards should occur on the basis of merit and transparency. For representative nominations, stakeholder groups should be encouraged to consider the merit of applicants in relation to the requirements of the board when making nominations.

2.5 The board has sufficient levels of independence

The board should have sufficient independence to discharge its responsibilities. Where permitted by legislation, the chairperson should be independent. A lack of independence contributes to the complexity of managing conflicts of interest and the reduced efficacy of the board. To assist in this regard, factors or relationships that may indicate a lack of independence should be defined for the purposes of board membership.

2.6 The board has access to the necessary skills

The board needs to have access to the skills required to carry out their role. Boards access these skills through direct appointment of suitable persons to the board or by seeking advice (within the organisation or from an external source). Where persons with the necessary skills can't be appointed to the board, access to these skills should be made available (resources permitting) or changes considered to relevant legislation (where the skills will be required on an ongoing or extended period of time).

2.7 An appropriate committee structure is maintained

Board committees provide a resource to complete tasks *on behalf of the board* and remain responsible to the board. In most circumstances, committees recommend a course of action and report back to the board rather than make binding decisions. Judgements on the performance of committees should be based on the value returned to the Board.

The number, nature and scope of committees should be determined by the board and reflect its requirements. All board committees should be formed with a defined role, articulated through terms of reference. The ongoing or time-limited nature of the committees should be appropriate to their scope.

All committees should maintain an appropriate membership (merit-based or representative), and where possible, committee duties should be equitably distributed between all board members. Committee members should be provided with the necessary skills and resources to discharge their responsibilities. Committees should operate with a schedule of committee meetings that is appropriate for the committee's scope and encourages efficiency and effectiveness.


















A range of committees may be appropriate, depending on the lifecycle of the organisation, the role of the board and the availability of resources. An audit committee is an example of a board committee.

2.8 The board is appropriately resourced

Board and committees should be resourced at a level commensurate with their responsibilities and requirements. Due to resource

limitations, a board will often need to be creative to access sufficient resources. Resources may include time to complete their appointed tasks, finances, staff or access to skills. The resources available to a board include those within the organisation. Where boards cannot access sufficient resources to complete allotted tasks, an ethical and legal obligation exists to communicate this to the relevant Minister.

2.9 Resources

TOPIC	RESOURCE
Appointment	<p>Links to resources that may assist in the appointment process</p> <ul style="list-style-type: none">  Consumer and stakeholder representatives on boards - guides available for boards and consumers  Interested Persons Register
Board Charter	<ul style="list-style-type: none">  Checklist for developing a board charter
Conflict of Interest	<ul style="list-style-type: none">  Links to conflict of interest resources including scenarios, guidelines and FAQs
Evaluation	<p>Hints and templates to assist boards to appropriately evaluate and improve their performance</p> <ul style="list-style-type: none">  Board Evaluation Brief Survey  Board Evaluation Guide  Quick probe into your board's practices in relation to the principles
Independence	<p>Definition of independence in the context of boards and committees</p> <p>Links including conflict of interest sites</p> <ul style="list-style-type: none">  Corruption and Crime Commission, including advisory service and consultancy materials  Public Sector Standards Commissioner – Integrity Co-ordinating Group guidelines and FAQs
Legislation	<ul style="list-style-type: none">  List of potentially applicable legislation and where to find it
Misconduct	<ul style="list-style-type: none">  Misconduct resources from the Corruption and Crime Commission
Professional Development Guide	<p>Information on board member attributes, adding value, and professional development opportunities</p> <ul style="list-style-type: none">  Assessing a Board Member's Professional Development Requirements  Training Providers
Representative Boards	<ul style="list-style-type: none">  Links of particular interest to boards comprised of members who, according to the board's terms of reference or charter, are required to represent particular stakeholder or interest groups.
Roles and Responsibilities in the Public Sector	<ul style="list-style-type: none">  Information, diagrams and links for further information on the public sector
Sub-Committees	<ul style="list-style-type: none">  Link to Structure and Composition Principle
Succession plan	<ul style="list-style-type: none">  Hints on the importance of succession planning, and the factors to consider in board succession planning.
<p>Suggest a Resource to add to this section Was this useful? Take our Online Survey</p>	

Principle URL:

http://www.dpc.wa.gov.au/PSMD/boardsandcommittees/Principles/Pages/StructAndComp_Introduction.aspx

3.0 Responsibilities

The Responsibilities of Board Members are Understood and Enacted

3.1 Introduction

Board members have individual responsibilities in addition to those outlined in relation to collective board and committee roles. Some of these responsibilities are in addition to the expectations of commercial or non-profit board members. It is important that the responsibilities of board members are understood and enacted.

3.2 The responsibilities of board members are defined and understood

The responsibilities of board members are numerous and broad in scope. Board members are responsible for ensuring they are familiar with the obligations that apply to them, including:

1. Their fiduciary responsibilities (including the *Corporations Act 1996*);
2. The public sector-specific responsibilities of board members (including the *Statutory Corporations (Liability of Directors) Act 2001*);
3. The appropriate agency-specific legal responsibilities;
4. Their representative responsibilities and obligations, including from any legislative requirements;
5. Their responsibilities to act in the best interests of the organisation; and
6. The expectations regarding time commitment, preparation and attendance at board meetings.

Board members should also be aware that their responsibilities cover the full range of governing activities, rather than being limited to technical specialties.

Potential board members should be aware of their responsibilities prior to appointment to the board.

Understanding of these obligations should be supported by the Board's induction and professional development programs.

3.3 The responsibilities of the chairperson are defined and understood

The chairperson performs a vital governing role that includes additional internal and external tasks to other board members. These tasks include:

1. Clarifying with the board what the group has to achieve, in the short and long term;
2. Providing firm guidance on expectations and positive reinforcement to other board members;
3. Ensuring the board fulfils its functions and behaves in accordance with its rules and codes of conduct, including with respect to disclosures of interest;
4. Ensuring meeting agendas and papers are appropriate for board requirements;
5. Making meetings effective;
6. Ensuring the board is focusing on matters relevant to their function and considering each matter with appropriate care and propriety;
7. Ensuring that the board arrives at clear decisions;
8. Ensuring decisions are implemented appropriately and outstanding actions are monitored;
9. Behaving fairly by allowing all board members equal opportunity and input (taking into consideration meeting requirements of efficiency, timeliness and orderliness);
10. Allowing opportunities for non-executive board members to meet without management in attendance;
11. Working with the CEO in developing the board's and organisation's relationships with the Minister;
12. Taking a lead role in developing the board's relationship with the CEO;
13. Making the board's requirements clear to the CEO by acting as the focal point for communications between the board and CEO;
14. Ensure that all board members actively build and maintain the organisation's image and reputation;
15. Ensuring compliance obligations are fulfilled;
16. Coordinating the performance management of the board and other board members;
17. Participating in the supervision and performance management of the CEO;
18. Fulfilling duties of representative or spokesperson of the board. These duties are typically on governance matters; and
19. Seeking to strengthen the composition and performance of the board.

3.4 Processes to enable board members to exercise their duties appropriately are established and maintained

Several supporting policies and processes assist board members to exercise their governing duties. Policies and processes for each should be defined and regularly reviewed:

1. Codes of conduct clarify behavioural expectations and should be developed. Evaluating past or potential actions against the code of conduct provides guidance on behaviour to board members;









2. How to raise a grievance regarding board matters, including an alternative to raising the matter with the Chair in the event the matter relates to the Chair;
3. Reporting misconduct;
4. Internal and external communication channels for the Minister's office, staff, the media and other stakeholders (consistent with roles) should be identified and respected;
5. Policies for conflicts of interest and 'related party' transactions should be developed. Registers of standing conflicts of interest and 'related party' transactions should be maintained; processes for declaring and minuting disclosures, recording standing conflicts of interest and quarantining papers are established;
6. The expectations to attend and prepare for board meetings should be clearly articulated;
7. Appropriate insurance, including Directors and Officers Liability Insurance for board members; and
8. Use of agency facilities and resources.

3.5 Board members model the expected behaviours

Board members should be expected to model behaviours espoused by codes of conduct, including in their relationships with other board members, the chair, staff, members of the public, the media, the Minister's Office and other stakeholders.

3.6 Resources

TOPIC	RESOURCE
Accountability and Compliance Framework	 Accountability and compliance framework for the WA public sector
Agenda	 Tool to assist in preparation for board meetings, particularly for chairpersons  Tips on using agendas effectively  Template board agenda
Agenda Checklist for Chairpersons	 Tool to assist in preparation for board meetings, particularly for chairpersons  Tips on using agendas effectively  Tips on writing meeting minutes  Template board agenda
Board member responsibilities	 Links that provide further information on responsibilities that may apply to board members
Chairperson's interactive tool	 Interactive tool for chairpersons, including links to information on the roles of the chairperson
Code of conduct	 Links to resources on conduct in the public sector by the Office of the Public Sector Standards Commissioner
Code of Ethics	 Links to the Public Sector Code of Ethics and related resources by the Office of the Public Sector Standards Commissioner
Communication	 Information on communication protocols for public sector boards
Conflict of Interest	 Links to conflict of interest resources including scenarios, guidelines and FAQs
Ethical decision making tools	 Links to tools on building and sustaining integrity and accountable and ethical decision making  First steps for making accountable and ethical decisions
Evaluation	Hints and templates to assist boards to appropriately evaluate and improve their performance  Board Evaluation Brief Survey  Board Evaluation Guide  Quick probe into your board's practices in relation to the principles

Induction checklist	 Checklist of the information board members should receive and understand on becoming a member
Legislation	 List of potentially applicable legislation and where to find it
Meetings	 Interactive tool for chairpersons, including links to information on the roles of the chairperson  Tips on using agendas effectively
Misconduct	 Misconduct resources from the Corruption and Crime Commission
Relationships	 Relationships within the board, between the CEO, the Board, the Minister, and the Chairperson, and between the board and stakeholders.
Representative Boards	 Links of particular interest to boards comprised of members who, according to the board's terms of reference or charter, are required to represent particular stakeholder or interest groups.
Roles and Responsibilities in the Public Sector	 Information, diagrams and links for further information on the public sector
Suggest a Resource to add to this section Was this useful? Take our Online Survey	

Principle URL:

http://www.dpc.wa.gov.au/PSMD/boardsandcommittees/Principles/Pages/Responsibilities_Introduction.aspx

4.0 Effective relationships

The Relationship between Board and CEO is Effective

4.1 Introduction

An effective relationship between the CEO and board is critical. This relationship is founded on role clarity and effort by both board and CEO to cultivate the relationship.

4.2 The requirements of the CEO are understood by the Minister, board and CEO

The appointment of an appropriate CEO, evaluation of their performance, identification of professional development requirements and appropriate succession planning requires an understanding and consideration of:

1. The current and future needs of the organisation;
2. The current competencies of the CEO;
3. The values and desired culture of the organisation;
4. The working style of the board;
5. The relationship between the board and CEO; and
6. The relationship between the chairperson and CEO.

4.3 The board provides appropriate input into the selection of the CEO

The Minister or Premier is likely to appoint the CEO in most circumstances. Although the role of the board may be limited, most boards retain some responsibilities in this process and the board should maintain an effective relationship with the Minister to enable opportunities to provide input. In cases where the board appoints the CEO, the board should ensure the **requirements of the CEO** are considered, an appropriate selection process is undertaken, and the Minister consulted if appropriate.

4.4 The role and responsibilities of the CEO are defined

The role and responsibilities of the CEO should be defined, including specific objectives and performance indicators. The expectations of the CEO should be clearly articulated, including the desired behaviours and relevant limitations of authority.

4.5 The CEO is effectively evaluated






The CEO should be evaluated regularly against performance indicators through a transparent process agreed at the beginning of the performance period. A performance agreement should be undertaken between the CEO and the responsible authority (the board headed by the Chair with input from the Minister, or the Minister(s) with input from the Chair/Board according to the relevant legislation). Agreed performance indicators may include both organisational and individual measures of performance.





CEOs of public sector entities are formally held accountable for the organisation's performance in accordance with agreed outcomes through the CEO Performance Agreement and Assessment System, Administered by the Department of the Premier and Cabinet under the *Public Sector Management Act, 1994*.

4.6 An effective relationship between board (particularly the chairperson) and CEO is maintained

A dialogue of open communication should be encouraged between the board and CEO. As the board's representative, the chairperson and the CEO should meet frequently to develop the board agenda and ensure board expectations are clear and being met.

4.7 Resources

TOPIC	RESOURCE
CEO performance evaluation	 Information on conducting CEO performance evaluations  Link to information on the CEO performance agreement and assessment system for CEOs appointed under the Public Sector Management Act.
Chairperson's interactive tool	 Interactive tool for chairpersons, including links to information on the roles of the chairperson
Communication	 Information on communication protocols for public sector boards
Independence	Definition of independence in the context of boards and committees Links including conflict of interest sites  Corruption and Crime Commission, including advisory service and consultancy

	<p>materials</p> <p> Public Sector Standards Commissioner – Integrity Co-ordinating Group guidelines and FAQs</p>
Legislation	<p> List of potentially applicable legislation and where to find it</p>
Relationships	<p> Relationships within the board, between the CEO, the Board, the Minister, and the Chairperson, and between the board and stakeholders.</p>
Roles and Responsibilities in the Public Sector	<p> Information, diagrams and links for further information on the public sector</p>
<p>Suggest a Resource to add to this section Was this useful? Take our Online Survey</p>	

Principle URL:

http://www.dpc.wa.gov.au/PSMD/boardsandcommittees/Principles/Pages/EffectRelationships_Introduction.aspx

5.0 Effective dynamics

The Dynamic within the Board is Effective

5.1 Introduction

Relationships between board members can be described by the distribution of power, the existence of conflict and the level of trust, respect, goodwill, energy and openness to debate. These characteristics collectively represent the dynamic of the board. The board dynamic required to achieve effective organisational performance may change over time. The board dynamic should also be considered in conjunction with the relationships between board and the Minister, organisation and external stakeholders.

5.2 The individual responsibilities for developing an effective Board dynamic are acknowledged

Multiple groups and individuals contribute to the board dynamic, including the Minister, individual board members, the chairperson, the CEO and support staff. Each needs to ensure they contribute to an effective dynamic within the boardroom.

5.3 Openness and professional debate within the board are encouraged

Healthy debate requires an environment that allows diverse perspectives and encourages constructive enquiry. Robust debate is more likely to be achieved if the board's activities are underpinned by a spirit of trust and professional respect.

Boards should not pursue consensus to avoid conflict. Boards should also be cautious when all directors consistently express similar views or consider few alternative views. Situations of conflict-avoidance or 'groupthink' should not be interpreted as an effective board dynamic.














Regardless of the nature of board debate, the board should retain a single unified voice in any internal or external communications following deliberation. This ability to remain publicly unified is enabled by board member's feeling confident in the decision making process and satisfied their views have been considered.





5.4 Self-evaluation, reflection and development are encouraged

The board should encourage an environment of self-improvement. This aspect of board culture is supplemented by further discussion in the **Professional Development** principle.

Board evaluations should consider the relationships within the board. This social system can be developed through several mechanisms, including brief evaluations of style and behaviour at the conclusion of board meetings. Investing in time outside of formal board meetings can be valuable for relationship building. The chairperson also fulfils a critical role by encouraging desired behaviour and identifying inappropriate behaviour.

5.5 Resources

TOPIC	RESOURCE
Agenda	 Tool to assist in preparation for board meetings, particularly for chairpersons  Tips on using agendas effectively  Template board agenda
Agenda Checklist for Chairpersons	 Tool to assist in preparation for board meetings, particularly for chairpersons  Tips on using agendas effectively  Tips on writing meeting minutes  Template board agenda
Board and Committee Remuneration	 Government Board and Committee Remuneration information
Chairperson's interactive tool	 Interactive tool for chairpersons, including links to information on the roles of the chairperson
Communication	 Information on communication protocols for public sector boards
Evaluation	Hints and templates to assist boards to appropriately evaluate and improve their performance  Board Evaluation Brief Survey  Board Evaluation Guide  Quick probe into your board's practices in relation to the principles

Professional Development Guide	<p>Information on board member attributes, adding value, and professional development opportunities</p> <p> Assessing a Board Member's Professional Development Requirements</p> <p> Training Providers</p>
Relationships	<p> Relationships within the board, between the CEO, the Board, the Minister, and the Chairperson, and between the board and stakeholders.</p>
Succession plan	<p> Hints on the importance of succession planning, and the factors to consider in board succession planning.</p>
<p>Suggest a Resource to add to this section Was this useful? Take our Online Survey</p>	

Principle URL:

http://www.dpc.wa.gov.au/PSMD/boardsandcommittees/Principles/Pages/EffectiveDynamics_Introduction.aspx

6.0 Stakeholders

Stakeholders are Identified, Understood and Respected

6.1 Introduction

Stakeholder issues need to be taken into account in the context of directors' responsibilities to act in the best interests of the organisation. Engaging and understanding the organisation's stakeholders will improve the quality of the board's decision making and stakeholder's acceptance of board decisions.

Boards also often fulfil roles within an organisation's management of stakeholders, from the identification of stakeholders to the consideration of and response to their requirements. Other boards may fulfil a role in communicating directly with stakeholders, or in the case of representative boards, bring their views for consideration. The nature of this role for an individual organisation will depend on the purpose of the organisation, the nature of its stakeholders and the role of the board, Minister and staff.

6.2 The organisation's stakeholders are understood

An organisation's stakeholders can be numerous and diverse. Stakeholders include the public, shareholders/owners (eg. the Minister), government agencies, industry members, not-for-profit organisations, staff members and others who affect or are affected by the organisation's services or decisions. Differentiation between the types of stakeholders can assist the organisation to navigate the multiple (and sometimes competing) desires of the various groups. It is important for an organisation to identify the full range of stakeholders and understand their perspectives. The board should ensure the views of the organisation's stakeholders are understood.

6.3 The board takes account of stakeholder considerations

The board should ensure the understanding of stakeholders is applied through their decision making and strategy development. Further guidance on this application is provided in the '[Decision Making](#)' principle













6.4 Mechanisms to engage with stakeholders are appropriate




A range of mechanisms are available to engage with stakeholders, including surveys, forums, advisory groups and direct representation on the board. The appropriate approach for engaging stakeholders should be determined in relation to the nature of the individual decision, level of required stakeholder involvement and level of stakeholder interest.

The Minister is a key stakeholder. The board should ensure responsibilities, reporting protocols and lines of reporting are clearly articulated.

Stakeholders should be aware the board exists and have a mechanism for contacting the board. Staff members should also have access to information about the board.

6.5 Resources

TOPIC	RESOURCE
Agenda	<ul style="list-style-type: none">  Tool to assist in preparation for board meetings, particularly for chairpersons  Tips on using agendas effectively  Template board agenda
Board and Committee Remuneration	<ul style="list-style-type: none">  Government Board and Committee Remuneration information
Communication	<ul style="list-style-type: none">  Information on communication protocols for public sector boards
Complaints handling	<ul style="list-style-type: none">  Links to guidelines for complaint handling by the WA Ombudsman
Evaluation	<p>Hints and templates to assist boards to appropriately evaluate and improve their performance</p> <ul style="list-style-type: none">  Board Evaluation Brief Survey  Board Evaluation Guide  Quick probe into your board's practices in relation to the principles
Lobbyists	<ul style="list-style-type: none">  Guidelines regarding contact with Lobbyists
Relationships	<ul style="list-style-type: none">  Relationships within the board, between the CEO, the Board, the Minister, and the Chairperson, and between the board and stakeholders.
Representative Boards	<ul style="list-style-type: none">  Links of particular interest to boards comprised of members who, according to the board's terms of reference or charter, are required to represent particular

	stakeholder or interest groups.
Roles and Responsibilities in the Public Sector	 Information, diagrams and links for further information on the public sector
Stakeholders management	 The Department of the Premier and Cabinet's guide to stakeholder engagement
Sub-Committees	 Link to Structure and Composition Principle
Suggest a Resource to add to this section Was this useful? Take our Online Survey	

Principle URL:

http://www.dpc.wa.gov.au/PSMD/boardsandcommittees/Principles/Pages/StakeHolders_Introduction.aspx

7.0 Involvement in strategy

The Board is Appropriately Engaged in Strategy

7.1 Introduction

Strategy is one of the key functions of the board. In most circumstances, the identification of strategic direction and holding management to account for progress is a fundamental corporate governance role. Maintaining a focus on these two tasks will help boards avoid being unnecessarily distracted by operational matters. Often boards choose to take a more substantial role in strategy (see the **Statement of Roles** principle). The appropriate role and engagement in strategy requires careful consideration of several factors. While advisory boards may not necessarily engage in conventional strategy, the Guidelines outlined here can be extended to them. All boards should operate strategically by taking account of the internal and external environment.

7.2 An appropriate board role and engagement in strategy has been defined

This will require consideration of the board's role (as defined through application of the **Statement of Roles** principle) alongside the board's preferred style of engagement with strategy.

The board should engage in discussions and decisions on organisational direction. Boards may also engage in the design of the system for discrete strategic planning and more fluid, regular and emergent discussions on strategic issues.

Advisory boards often are not directly responsible for organisational strategy. However, these groups should still enact a strategic role, for example, by understanding trends relevant to their scope and offering positional advice in light of these trends.

7.3 The board understands the strategic environment

The board should operate with awareness of the broader strategic environment. The strategic environment has many internal and external considerations. Government boards should be familiar with and actively consider:

1. Internal and external trends;
2. The State Strategic Plan for the relevant sector; and
3. Relevant government policy and priorities.

The board should ensure sufficient time is allocated within the normal board agenda to discuss issues of strategic relevance.

7.4 The board understands the core operations of the organisation

The board should sufficiently understand the core operations of the organisation to enable informed oversight and evaluation of proposals. This understanding will also assist the board to enact the desired role in relation to strategy.

7.5 The board understands key risks

Risk is a key input into strategy. Changes to strategy may have implications for the organisation's risk profile. The relationship between risk management and strategy should be understood by the board. The board's expectations in relation to risk should be communicated to management.

7.6 The board contributes appropriately to strategy

The board's required contribution to strategy will depend on the role of the board. For some boards, this role may be limited to approving strategic direction, whereas others may desire more extensive input in the development process. The appropriate level of contribution is often dependent on the level of assistance effectively utilized by the CEO.




7.7 The agreed strategy has been appropriately documented













The strategy should be documented adequately. The strategy document needs to be updated with appropriate frequency to meet Government requirements, remain relevant and add value to the organisation.

7.8 Strategy is monitored effectively

The progress toward an organisation's strategic goals requires regular oversight by the board. The board should receive regular reports on progress against the strategic plan. This may include the use of strategic reviews, audits or formal planning sessions. The board should also remain informed of emergent issues relevant to the strategy.

7.9 Resources

TOPIC	RESOURCE
Agenda	 Tool to assist in preparation for board meetings, particularly for chairpersons  Tips on using agendas effectively  Template board agenda

Agenda Checklist for Chairpersons	 Tool to assist in preparation for board meetings, particularly for chairpersons  Tips on using agendas effectively  Tips on writing meeting minutes  Template board agenda
Board Calendar	 Template governance calendar for boards
Legislation	 List of potentially applicable legislation and where to find it
Roles and Responsibilities in the Public Sector	 Information, diagrams and links for further information on the public sector
Risk management	<p>Guides to Risk Management</p>  Riskcover (provides advice, training, facilitation and associated publications), including business continuity planning and Key Risk Reporting Framework  Premier's Circular 2006/03 - Risk management and business continuity planning
Stakeholders management	 The Department of the Premier and Cabinet's guide to stakeholder engagement
Strategic management	 Link to information on agency strategic management
Strategy	 An interactive tool for considering how your board can develop a more strategic focus
Suggest a Resource to add to this section Was this useful? Take our Online Survey	

Principle URL:

http://www.dpc.wa.gov.au/PSMD/boardsandcommittees/Principles/Pages/InvolveStrategy_Introduction.aspx

8.0 Performance and monitoring

The Board Monitors Risk, Finance and Performance Effectively

8.1 Introduction

Oversight is another critical function of a board, particularly where a management team exists. Most public sector boards are responsible for a level of public resources and almost all have responsibility for some aspect of performance.

8.2 Board members understand their responsibilities in relation to risk management and oversight

The board should understand the risk context, including organisational and whole-of-government perspectives. The board should approve and review risk management strategy and policy. The boards should also identify and communicate the extent to which the organisation is prepared to take on risk (the organisation's 'risk appetite'). The board should monitor implementation of risk policy by regularly reviewing risk management reports on key organisational risks.

8.3 The organisation's management of risk is appropriate

The board needs to be satisfied that the organisation's approach to risk is appropriate. The Board's audit committee, where one exists, can play a role in oversight of the organisation's risks, including both financial and non-financial risks such as conflicts of interest. The risk management system should use risk reporting, internal audits, codes of ethics, and succession plans.

8.4 The board engages appropriately with risk

When engaging risk a board should consider its role. (see the **Statement of Roles** principle). Most boards are likely to engage only with key risks, delegating the management of lower priority risks while providing oversight of the risk management system.

8.5 Budgeting, reporting, financial management and compliance obligations are understood and met

Where relevant, the board must ensure it understands and complies with:

1. Government financial requirements (including requirements of the Department of Treasury and Finance and the *Financial Management Act 2006*);
2. Annual reporting requirements;
3. Premier's Circulars; and,
4. Other obligations imposed by legislation, for example identifying a 'principal officer' for reporting misconduct (*Corruption and Crime Commission Act 2003*).

8.6 Appropriate internal controls are in place

The board must ensure internal controls are adequate. This requires:

1. Adequate knowledge and experience amongst board and senior staff,
2. Accurate, timely and relevant information;
3. Honest and diligent implementation of internal controls;
4. Support for internal controls amongst board and staff; and,
5. Reporting of significant deficiencies in the system of internal controls.

8.7 Financial reporting is timely, accurate and complete

The board must receive adequate financial reports. Board members have a responsibility to be able to read and interpret the financial information contained in reports. Board members should also be able to seek advice where uncertain.

8.8 The board provides appropriate input into performance monitoring

The chairperson, in consultation with the board, should define and agree strategic KPIs and measures with the CEO. The board should define and articulate their information requirements and reporting preferences to the staff to assist with performance monitoring.

Guidelines for the access to performance information by board members should be developed. These rules should consider a board member's rights to access information against the appropriate level of focus for the board. The board should also ensure performance monitoring makes appropriate use of quality assurance and benchmarking.

8.9 Performance measures are appropriate

Performance measures should accurately portray the effectiveness and efficiency of the organisation, including both financial and non-financial performance. Both forward-looking and retrospective measures of performance should be included. These measures should be presented in an appropriate form to permit effective engagement by the board.

















8.10 Performance is reviewed by the board at appropriate intervals

Organisational performance should be reviewed regularly. This may occur informally at each meeting, although formal reviews of the organisation's performance should occur at least annually, if not more regularly.

8.11 Complaints and issues are handled appropriately

Systems to resolve service or public interest issues should be developed and maintained consistent with the expectations of the Ombudsman, Auditor General and the *Public Interest Disclosure Act 2003*.

8.12 Resources

TOPIC	RESOURCE
Accountability and Compliance Framework	 Accountability and compliance framework for the WA public sector
Board Calendar	 Template governance calendar for boards
Communication	 Information on communication protocols for public sector boards
Complaints handling	 Links to guidelines for complaint handling by the WA Ombudsman
Conflict of Interest	 Links to conflict of interest resources including scenarios, guidelines and FAQs
Legislation	 List of potentially applicable legislation and where to find it
Misconduct	 Misconduct resources from the Corruption and Crime Commission
Performance monitoring	
Professional Development Guide	Information on board member attributes, adding value, and professional development opportunities  Assessing a Board Member's Professional Development Requirements  Training Providers
Public Interest Disclosure	 Link to Public Interest Disclosure requirement
Reporting Requirements	 Links to some reporting requirements that may be applicable
Roles and Responsibilities in the Public Sector	 Information, diagrams and links for further information on the public sector
Risk management	Guides to Risk Management  Riskcover (provides advice, training, facilitation and associated publications), including business continuity planning and Key Risk Reporting Framework  Premier's Circular 2006/03 - Risk management and business continuity planning
Strategic management	 Link to information on agency strategic management
Strategy	 An interactive tool for considering how your board can develop a more strategic focus
Suggest a Resource to add to this section Was this useful? Take our Online Survey	

Principle URL:

http://www.dpc.wa.gov.au/PSMD/boardsandcommittees/Principles/Pages/PerformanceMonitor_Introduction.aspx

9.0 Decision making

The Board Engages Appropriately in Accountable and Ethical Decision Making

9.1 Introduction

The board exerts its authority through decision-making, an activity that lies at the heart of effectiveness. Governing boards have a clear decision-making role, and although the guidance provided by advisory boards carries no onus for action, deliberations resulting in the provision of advice are nonetheless decisions.

9.2 The matters to be referred to the board have been defined

Matters referred to the board for decision making should remain consistent with the role of the board, staff and Minister.

Decision-making should be sufficiently informed. The definition of the board's information requirements can assist in this regard. Information should be provided to the board in a timely manner to permit informed judgment.

In some situations, the board or individual board members may need access to independent and external professional advice to perform their duties appropriately.

9.3 Decision making balances the requirements of multiple stakeholders

Organisations are likely to have multiple stakeholders and the interests of each need to be considered by the board. Governing boards are a key mechanism for Ministerial (ie. shareholding) interests to be accounted for during decision making. These interests also include broad governmental policy objectives. However, board members should ensure they make decisions with due consideration of their legal obligations to act in the best interests of the organisation.

9.4 Decision making meets the expected ethical standards of the public sector

In addition to broader community standards, decision-making by government boards should fulfil expectations of probity, transparency and accountability.

9.5 Policies for decision making are developed where appropriate








Boards should endeavour to avoid making decisions in isolation. Boards should articulate their decisions through policy, obviating the need to revisit similar issues; ensuring consistency of approach; and reinforcing the practice of decision-making according to agreed criterion.

9.6 An effective meeting format and schedule is implemented

Boards should meet with sufficient frequency to discharge their responsibilities. Meeting effectiveness can be assisted by:

1. Developing an annual calendar of governance tasks;
2. Preparing appropriate agendas;
3. Providing board members with sufficient advance notice of board meetings;
4. Circulating papers sufficiently in advance of the meeting;
5. Identifying the nature of board papers and decisions required;
6. Conducting meetings in a manner that permits frank and open discussion;
7. Taking accurate and appropriate minutes which record an appropriate level of detail; and
8. Maintaining a list of decisions and a record of the actions or progress against them.

9.7 Resources

TOPIC	RESOURCE
Accountability and Compliance Framework	 Accountability and compliance framework for the WA public sector
Agenda	 Tool to assist in preparation for board meetings, particularly for chairpersons  Tips on using agendas effectively  Template board agenda
Agenda Checklist for Chairpersons	 Tool to assist in preparation for board meetings, particularly for chairpersons  Tips on using agendas effectively  Tips on writing meeting minutes

	Template board agenda
Board Calendar	 Template governance calendar for boards
Chairperson's interactive tool	 Interactive tool for chairpersons, including links to information on the roles of the chairperson
Code of Ethics	 Links to the Public Sector Code of Ethics and related resources by the Office of the Public Sector Standards Commissioner
Ethical decision making tools	 Links to tools on building and sustaining integrity and accountable and ethical decision making  First steps for making accountable and ethical decisions
Legislation	 List of potentially applicable legislation and where to find it
Meetings	 Interactive tool for chairpersons, including links to information on the roles of the chairperson  Tips on using agendas effectively
Minutes	 Tips on writing meeting minutes  Template board minutes
Misconduct	 Misconduct resources from the Corruption and Crime Commission
Operational Policies	 Guidance on the development of operational policies and policy manuals
Record keeping	 Link to information on good record keeping, record keeping procedures, who is responsible for it  Link to information on freedom of information
Representative Boards	 Links of particular interest to boards comprised of members who, according to the board's terms of reference or charter, are required to represent particular stakeholder or interest groups.
Roles and Responsibilities in the Public Sector	 Information, diagrams and links for further information on the public sector
Strategic management	 Link to information on agency strategic management
Strategy	 An interactive tool for considering how your board can develop a more strategic focus
Suggest a Resource to add to this section Was this useful? Take our Online Survey	

Principle URL:

http://www.dpc.wa.gov.au/PSMD/boardsandcommittees/Principles/Pages/DecisionMaking_Introduction.aspx

10.0 Professional development

The Board's and Board Members' Ability to Add Value is Consciously and Continuously Developed

10.1 Introduction

The evaluation and improvement of the performance of boards and their members should be conscious and deliberate. This process will require continual definition of role and expectations and appropriate formal and informal processes to ensure the highest standards of probity and performance are reached.

10.2 Board members, chairperson, committee members and the CEO are appropriately inducted

Induction processes should include details of the:

1. Strategic direction and issues impacting the organisation; and a history of the organisation and its journey (including copies of annual reports, strategic plans, and other key strategic documents);
2. Board roles and practices;
3. Legislation relevant to the organisation and board;
4. Impact of the agency's legislation on the board; and
5. Broader government accountabilities, requirements and obligations.

10.3 Board performance is appropriately evaluated

The board should have agreed its own outcomes/goals and have adopted a statement of the board's governing principles/standards. Each board should maintain a Performance Agreement with the Minister. The CEO performance agreement and assessment cycle may provide opportunities to establish a performance agreement and seek feedback from the Minister regarding the Board's performance.

The board should evaluate its own performance. Many alternatives are available for board evaluations. Different approaches involve varying levels of formality, may use internal or external evaluators and use different standards to judge board performance. The board should consider the appropriate scope for evaluation and the preferred method with regard to the stage of development of the organisation, tenure of board members and the elapsed time since previous reviews.







10.4 Board member performance is appropriately evaluated

The chairperson fulfils a vital role in informally managing the performance of individual board members. Similarly to whole-of-board evaluation, the frequency, scope and mechanism for formal individual board member evaluation should be carefully considered.

10.5 Board members, chairperson, and committee members are appropriately developed

The board should consider the development requirements of the board as a whole and board members as individuals. The board and board members should undertake an appropriate level and type of development activities in light of these requirements and allocate resources to professional development accordingly.

10.6 Resources

TOPIC	RESOURCE
Chairperson's interactive tool	 Interactive tool for chairpersons, including links to information on the roles of the chairperson
Evaluation	Hints and templates to assist boards to appropriately evaluate and improve their performance  Board Evaluation Brief Survey  Board Evaluation Guide  Quick probe into your board's practices in relation to the principles
Induction checklist	 Checklist of the information board members should receive and understand on becoming a member
Legislation	 List of potentially applicable legislation and where to find it
Performance monitoring	
Professional	Information on board member attributes, adding value, and professional development opportunities

Development Guide



[Assessing a Board Member's Professional Development Requirements](#)



[Training Providers](#)

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Principle URL:

http://www.dpc.wa.gov.au/PSMD/boardsandcommittees/Principles/Pages/ProfessionalDev_Introduction.aspx

11.0 Appropriate recognition

Board Members and Staff are Recognised Fairly and Appropriately

11.1 Introduction

People are driven by a variety of motivations to join public sector boards. The public sector offers significant opportunities to give back to the community, pursue personal interests and aspirations, develop further skills and networks and to apply an individual's skills and expertise. The recognition for a board member's input will typically involve acknowledgements of contribution, reimbursement and in some situations, remuneration.

11.2 The value added by the board and board members is recognised appropriately

Recognition should be commensurate with the time and effort required of board members, the legal obligations and degree of responsibility imposed by board membership and the size and complexity of the organisation.

Recognition should also be sufficient to encourage participation by suitable board members.




In determining the recognition offered to board members, the following should be considered:

1. Government requirements and obligations relevant to remuneration and reimbursement;
2. The organisation's capability to remunerate;
3. The balance between pecuniary and non-pecuniary reward;
4. The ability to attract and retain suitable board members; and
5. The additional responsibilities of the chairperson.

11.3 Board and staff are remunerated appropriately

Remuneration for board and staff should follow the appropriate process and be consistent with public sector values. Boards should initiate regular reviews of remuneration.

11.4 Resources

TOPIC	RESOURCE
Board and Committee Remuneration	 Government Board and Committee Remuneration information
Independence	<p>Definition of independence in the context of boards and committees</p> <p>Links including conflict of interest sites</p> <p> Corruption and Crime Commission, including advisory service and consultancy materials</p> <p> Public Sector Standards Commissioner – Integrity Co-ordinating Group guidelines and FAQs</p>
<p>Suggest a Resource to add to this section Was this useful? Take our Online Survey</p>	

Principle URL:

http://www.dpc.wa.gov.au/PSMD/boardsandcommittees/Principles/Pages/AppropriateRecognition_Introduction.aspx