Boards and committees

Principles of good governance for boards and committees

Government boards and committees contribute greatly to the public sector, providing strategic leadership, direction and accountability across government. They provide a voice for the community and enable the varied interest of Western Australians to be considered in government decision making processes.

There are many different types of Western Australian government boards and committees, including boards of public trading enterprises, boards of statutory authorities, policy coordination committees, research committees, commissions, tribunals, registration boards, public trusts and advisory committees.

Like you, many Western Australians serve on government boards and committees, some in a voluntary capacity. Membership can be a highly rewarding and satisfying experience, but it also carries a range of obligations. As a board or committee member, you are entrusted with the stewardship of major public assets and services. For this reason, it is vital that you fully understand your role and responsibilities so that you may contribute judiciously and positively to the Western Australian community.

In conjunction with the Board essentials publication, Good Governance Guides and the information for boards on the Commission's website, this folder is designed to assist you in understanding your obligations and the scope of the task ahead.

An overview of the principles of good corporate governance for Western Australian public sector boards and committees

1. The roles and responsibilities of the board are clear and understood

There is clarity regarding the roles and responsibilities of the board, individual members, the CEO and the minister. Appropriate instruments are established that describe the responsibilities of the board collectively and individual members, confirming to the public sector principles in Part 2 of the *Public Sector Management Act 1994*. Processes exist to ensure these are known and understood.

2. The board structure and composition ensures relevant expertise and diversity

Board members have the necessary skills, experience and knowledge to enable the board to collectively fulfil its role. Consideration is given to optimizing gender, racial, cultural and other forms of diversity relevant to the role and function of the board.

3. The board has a strategic focus

The board sets the overall strategic direction of the public sector body and monitors performance against the intended outcomes.

4. Relevant risks are identified and managed

The board ensures that an appropriate system of risk oversight and internal controls are in place to enable effective identification and management of risk.

5. Control systems have integrity and support accountability

The board has a system in place to ensure there is a flow of information to the board (and to the public sector body) that supports effective policy and coordinated decision making. Control systems are in place to ensure accountability to relevant oversight bodies and to external stakeholders. The integrity of financial statements and other key reports is safeguarded.

6. A culture of responsible and ethical decision making is promoted

The board, together with the CEO, sets the tone for ethical and responsible decision making throughout the public sector body. Decision making is informed, consistent, balances the requirements of multiple stakeholders and is responsible and ethical. The public interest and the public sector Code of Ethics are actively applied as the benchmark for individual conduct and open accountable governance.

7. The board operates effectively

The board ensures that it manages its business efficiently and effectively, within the limits of the statutory functions and powers of the public sector body, to enable it to fulfil its role. The board undertakes both informal and formal reviews of performance on a regular basis and has appropriate board succession planning in place.

This quick probe is intended to help your board consider its application of good governance in relation to the principles. It is not intended to be used as a comprehensive checklist or evaluation, but rather as an initial exploration to stimulate further discussion on the application of the good governance principles, and provide impetus for review of your board's practices.

Indicate your assessment of your board's practices in relation to the statements below as:

1. Consistent with good practice
2. Satisfactory
3. Insufficient
4. Not addressed

1. The roles and responsibilities of the board are clear and understood

☐ Does the board have a documented board charter which clearly sets out the roles and responsibilities of the board, CEO and individual members?

☐ Has the minister issued a statement of expectation to the board and has the board responded with a statement of intent?

☐ Is there a formal induction process in place for new board members?

☐ Are delegations of authority from the board to the CEO or chief employee formally documented?

2. The board structure and composition ensures relevant expertise and diversity

☐ Is the board aware of the process or requirements for board appointments, including the role of the minister?

☐ Does the board use a 'skills matrix' to ensure members have the necessary skills, experience and knowledge to enable the board to fulfil its purpose?

☐ Is there sufficient diversity on the board?

☐ Has the board developed a succession plan to identify the skills needed by the board?

☐ Are board members able to commit the time required to effectively undertake their role?

3. The board has a strategic focus

☐ Does the board understand the strategic environment it operates within, including the key risks?

☐ Is the board clear on its role and scope of engagement in strategy?

☐ Has the board set aside time in its yearly calendar for focused strategy development?

☐ Is strategy alignment considered as a key factor in all board decision making?

☐ Does the CEO or chief employee regularly report to the board on the progress of implementing the strategic plan?

4. Relevant risks are identified and managed

☐ Is there an effective procedure in place for the board to identify, assess and manage risk?

☐ Does the board devote time in its agenda to consider risk?

☐ Does the board ensure that management has designed and implemented systems to give effect to policies and procedures endorsed by the board, and to periodically report to the board as to what extent those risks are being effectively managed?

☐ Does the board conduct a comprehensive risk governance review on a regular basis?

5. Control systems have integrity and support accountability

☐ Has the board established an audit subcommittee?

☐ Does the board have an effective procedure in place for ensuring compliance with legal, financial and record keeping requirements?

☐ Is the board provided with sufficient information to assess the financial and non-financial position and performance of the public sector body?

☐ Are there rigorous processes in place to effectively oversight the organisation's resources?

☐ Is there a clear performance reporting link to the objectives set out in the strategic and business plans, and where relevant, to the performance agreement with the CEO?

☐ Do reports to the board include appropriate information to facilitate meaningful review?

☐ Do all existing board subcommittees have clear terms of reference?

☐ Is there a process by which the chair of each board subcommittee reports back to the full board regarding the activities of each subcommittee?

6. A culture of responsible and ethical decision making is promoted

☐ Is there a current and comprehensive code of conduct for board members and a master copy signed by each member?

☐ Are members familiar with the code of conduct and is adherence reviewed regularly?

☐ Are members familiar with the Gifts, Benefits and Hospitality policy and register?

☐ Are mechanisms in place for engaging and communicating with stakeholders and appropriately considering their positions in decision making?

☐ Is strategy alignment considered as a factor in every board decision?

☐ Is the board clear on its role in setting the strategic direction?

☐ Does management regularly report progress to the board on resource planning and management for the public sector body?

7. The board operates effectively

☐ Are meeting agendas sufficiently focused?

☐ Does the board have an annual planning calendar to enable it to structure the meeting agenda over the course of the year to ensure that all required corporate governance activities are completed?

☐ Do board meetings involve a frank and open discussion, advanced circulation of board meeting agendas and papers, a record of decisions made and a record of the actions or progress against those reported to the board?

☐ Is a summary of declared conflicts of interest included in the board minutes and in the central register?

☐ Is respect, collegiality and confidentiality maintained throughout and between all board meetings?

☐ Does the board evaluate and review the performance of its board members and the board itself at least yearly?