Public Sector
Commission

GOVERNMENT OF
WESTERN AUSTRALIA

Governance Manual for WA Government Boards and Committees

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Contents

1. Introduction

There are hundreds of people like you who serve on government boards and committees across Western Australia, sharing their expertise, skills, knowledge and experiences to benefit the state.

While a primary focus is on delivering for the WA Government, boards and committees also ensure the views of interest groups and stakeholders are considered in shaping and delivering vital public services to businesses, communities and individuals.

Serving on a board or committee is both a commitment and a responsibility.

While every board or committee member is responsible for their own actions and decisions, you are also part of a collective responsibility for the way your board or committee operates and the decisions it makes.

This manual has practical information to help you carry out your responsibilities.

Throughout this manual we use 'boards' to refer to boards and committees.

About good governance

Being a part of a government board is an opportunity to make a difference and contribute to the state. Boards provide leadership, direction and purpose – and, for governing boards, ensure good governance and effective systems are in place to shape, enable and oversee the management of public sector agencies.

Members of government boards operate in the public sector environment in terms of accountability, governance, management, policy development and service delivery.

You are responsible for familiarising yourself with the requirements of your board and its stakeholders, and your requirements as a member. The Public Sector Commission has resources to guide and support members. Please contact our staff for further information or for guidance on difficult matters. It should be noted that neither this manual nor any advice from the Commission constitutes legal advice.

If you or any other board member are concerned about potential personal liability, refer to the _Statutory Corporations (Liability of Directors) Act 1996_ or seek advice from the Insurance Commission of Western Australia or State Solicitor's Office.

Public sector environment

The system of government in Western Australia is a parliamentary democracy – commonly referred to as the Westminster system. It is based on the principle of the separation of powers that ensures one branch of government cannot exercise absolute power over the people of the state.

There are 3 branches of government:
- legislature
- executive
- judiciary.

As a board member you may be part of the executive branch of government that has the power to put laws into effect.

The laws, policies, priorities and other obligations that bind a public sector agency are known as its governance framework. Where applicable, you need to understand the governance framework for the public sector agency overseen by your board.

The foundations of good governance in the public sector are built on:
- legislative, legal and government frameworks
- effective risk management
- delegations in decision making
- accountability, transparency, integrity, stewardship, efficiency and leadership
- values and codes of conduct
- oversight, monitoring and continual improvement (oversight agencies).

Each board's responsible minister is accountable to the Parliament of Western Australia for the operation of the boards in their portfolios.

Types of boards

WA government boards vary in size, scope and purpose. Most are in one – but sometimes more than one – of the following categories:

- **Trading boards** are engaged in commercial activities and, in a broad sense, are all government owned. They include the Water Corporation, Gold Corporation, Electricity Networks Corporation (Western Power) and Busselton Water Board.

- **Governing boards** govern the operation of their public sector agencies. These include the Insurance Commission of Western Australia, Art Gallery of Western Australia, and Botanic Gardens and Parks Authority. Governing boards are statutory bodies and, as with most statutory bodies, their particular functions and powers are usually set out in their enabling legislation.

- **Policy, review and specialist boards** have a policy or coordination role. The Industry Management Committee and State Emergency Management Committee are examples of these.

- **Regulatory, registration, appeal and quasi-judicial boards** are charged with making independent decisions affecting large groups and determining matters of importance with a regulatory or registration role. Examples include the Electrical Licensing Board and Building Services Board.

- **Stewardship boards** are entrusted with the stewardship of assets and resources. The Aboriginal Lands Trust and Western Australian Local Government Grants Commission are stewardship boards.

- **Advisory and consultative boards** provide independent or expert advice to the government on strategic matters or matters of broad significance. They can be either statutory or non-statutory and include the Regional Development Council and Ministerial Advisory Council on Disability.

Legislation

All boards operate in line with any enabling legislation and other relevant legislation.

Some examples include:

- *Auditor General Act 2006*
- *Corruption, Crime and Misconduct Act 2003*
- *Equal Opportunity Act 1984*
- *Fair Trading Act 2010*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Government Trading Enterprises Act 2023*
- *Parliamentary Commissioner Act 1971*
- *Procurement Act 2020*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *State Records Act 2000*
- *State Superannuation Act 2000*
- *Statutory Corporations (Liability of Directors) Act 1996.*
- *Work Health and Safety Act 2020*

2. The 7 principles of governance

There are 7 principles that guide the governance of government boards:

1. **Clear roles and responsibilities:** The roles and responsibilities of the board, its members and stakeholders are clearly set out and understood.

2. **Expertise and diversity:** Members have a range of skills, knowledge, expertise and experiences, and come from diverse backgrounds.

3. **Strategic focus:** Boards operate strategically and monitor progress against strategic outcomes.

4. **Managed risks:** Boards identify and manage key risks, keep informed of obligations and responsibilities, and have reporting mechanisms to track governance, strategic and operational risks.

5. **Effective controls:** Control systems and procedures support board accountability and compliance with financial, auditing and record keeping requirements.

6. **Ethical decisions:** Board decision making is informed, consistent, responsible and ethical – and balances the requirements of multiple stakeholders.

7. **Effective operations:** Boards manage their work effectively and within the limits of their statutory responsibilities.

Government boards differ in some aspects from private sector and not-for-profit boards. These principles are slightly different from the Australian Institute of Company Directors (AICD) principles.

3. Governance in action

The 7 principles of governance need to be put into action. This section describes how the board can use these principles to get the right structures, systems and processes in place for it to deliver on its remit.

Actioning Principle 1: Clear roles and responsibilities

Relationship between your board and minister

Ministers are accountable to Parliament for the operation of the boards in their portfolios. How the relationship between the board and minister works depends in part on the type of board and how the relationship is defined in the board's enabling legislation.

Statement of expectation

A statement of expectation covers the expectations of the minister for the strategic direction of the board. Your minister prepares this statement outlining their expectations of the board in terms of performance, objectives, values and government policies. This typically includes:

- information on roles
- confirmation of regulatory independence
- compliance requirements such as legislative frameworks
- how government policies and priorities might influence the work of the board
- articulation of stakeholder engagement and management.

The statement is typically signed by the minister and provided to the chair. It complements communications arrangements that are required under section 74 of the *Public Sector Management Act 1994* about the way the minister, ministerial officers, board chair and board members communicate.

There is additional information about a statement of expectation.

Statement of intent

Once your board has considered the minister's statement of expectation (where applicable), it responds with a statement of intent which covers your board's understanding of, and commitment to, the minister's expectations. It details how the board intends to operate consistent with those expectations and may include key performance indicators for your board's performance to be assessed against.

The chair ensures board members and where applicable, the head of your public sector agency understand the contents of the statement of expectations.

Once both statements are finalised, the chair briefs the minister regularly on progress and discusses areas of potential opportunity and concern.

If there is a change of minister, it is a good idea for the chair (on behalf of the board) to meet with the incoming minister to discuss the operations of the board, confirm expectations and agree on directions. A new statement of expectation and statement of intent may be needed.

It is also a good idea for the statement of expectation and statement of intent to be reviewed and reissued every 2 years even if the minister has not changed and there are no changes to their expectations.

There is additional information about a statement of intent.

Role of the board chair

The chair is the primary contact between the board and minister as well as with your public sector agency head (where applicable).

The chair is responsible for:
- providing leadership and developing members as a cohesive and effective team
- building an effective board with the necessary skills, knowledge and experiences
- establishing the board charter
- ensuring members receive relevant information and policies to support the board's performance, objectives and governance framework
- leading meetings, encouraging members and seeking consensus when making decisions
- leading by example in demonstrating behaviours such as professionalism, respect and integrity
- shaping the meeting agenda in relation to goals, strategy, budget and executive performance
- motivating members, ensuring they all participate and, where appropriate, dealing with underperformance
- managing risk and reporting concerns to the minister
- working with the public sector agency chief executive to deliver its corporate plan and annual report.

The chair needs to develop good working relationships with ministerial officers, senior officers of their agency and board secretary/executive officer.

The chair ensures members, the minister, stakeholders and community have confidence in the leadership and operation of the board.

Where permitted by legislation, the chair should be independent. Any factors or relationships that could impact the independent management of board matters are identified at the start of each board meeting, and decisions made on how to mitigate the impact.

Role of board members

As a board member you are using your skills and experience to support public sector decisions. It is important that you understand:
- the purpose, function and responsibilities of your board
- the public sector agency connected to your board
- your legal and statutory obligations.

It is also important to understand the need to:
- act only within your authority
- stay informed about the business of the board
- make conscientious and informed decisions
- work constructively and cooperatively with the chair, other members and senior management of your agency
- maintain a good working relationship with the secretary/executive officer.

Confidence in the board's functions relies on accountable and ethical decision making. You need to be alert to the possibility of conflicts of interest.

It is not always possible to avoid conflicts of interest. What is important is how they are managed. Any potential, perceived or actual conflicts are identified and appropriately managed. There is a more detailed [information on conflicts of interest](#).

If you are a director of a statutory corporation, you may be subject to duties under the [*Statutory Corporations (Liability of Directors) Act 1996 (WA)*](#). If applicable, ensure that you are aware of your duties under the Act, which has details of duties for board members and information on ministerial directions, conflicts of interest, legal liability and insurance.

As a government board member you can be in a similar position to a company director where, under common law and statute, you have fiduciary duty to act in the best interests of the board as a whole.

It is important to let the chair know about any changes in your private interests, including personal circumstances, that could impact your membership of the board such as bankruptcy or criminal conviction.

Role of the secretary/executive officer

The board secretary or executive officer is typically a staff member from your board's public sector agency with detailed knowledge of the agency's enabling legislation, [*Public Sector Management Act 1994*](#), [*Financial Management Act 2006*](#), and other relevant legislation and government policies.

Subject to the chair's direction, the secretary/executive officer's duties may include:
- providing administrative support such as taking minutes, circulating papers and liaising between the board and chief executive
- facilitating the induction of new members
- coordinating professional development for members
- ensuring an effective flow of information within the board, between the board and its committees, and between the board and its agency's senior management
- providing advice to board members on corporate governance principles and plans, and implementing risk management and performance assessment programs
- carrying out instructions of the board, assisting in implementing corporate strategies and ensuring board decisions are implemented.

Role of the agency's chief executive officer

For governing boards, the chief executive is the primary link between the board and agency. The chief executive is responsible for the agency's day-to-day operations in keeping with the board's strategic direction and decisions. They are directly accountable to either a minister or, where legislation provides, to the board.

Board charter

The board charter includes:
- roles and responsibilities of the board, minister, chair, members and CEO (where applicable)
- structure of the board including minimum and maximum size; composition of skills, expertise and level of independence; tenure and sub-committees
- process for board meetings including frequency, quorums, resolutions, code of conduct and access to advice
- general obligations and mechanisms for accountability and transparency including the process for supporting the minister in the nomination, appointment and retirement of board members; performance evaluation; and timeframe for when the board assesses whether it has fulfilled its purpose and whether there is a continuing need for its functions.

Many of these requirements are in legislation and the board charter is consistent with the legislation. The charter is not expected to specify all the workings of the board but is a high level document that is typically supported by other documents such as:
- schedule of delegations to your agency's chief executive (where applicable)
- code of conduct
- gifts and benefits register
- controlled assets register
- chief executive authority limitations
- strategic and operational policies
- legislative requirements.

For a decision making board, typically there are 5 key objectives:
1. Agree on a strategy and assess its effectiveness.
2. Ensure the agency's operations are in line with strategy.
3. Monitor financial performance against the budget.
4. Ensure procedural and compliance matters are dealt with properly.
5. Use members as a sounding board for new ideas.

Actioning Principle 2: Expertise and diversity

Boards typically include people with financial, legal, governance and stakeholder engagement expertise as well as those with specific technical expertise related to the board's functions. A board often has community representatives.

It is also important to have diversity on a board in terms of experiences, genders and backgrounds. This includes culturally and linguistically diverse people, youth, Aboriginal and Torres Strait Islander people, people with disability, and those of diverse sexualities and genders.

The government has a particular policy to increase the representation of women on boards.

Board members also need:
- an understanding of the public sector environment
- integrity and ethical behaviour
- an ability to think strategically
- sound judgement
- commitment
- communications skills
- team intelligence – for example being able to focus on common goals, priorities and problems and establish trusting relationships.

There is additional information on communications protocols.

Appointments to the board

Boards do not usually appoint their own members. However, where a board is responsible for making a recommendation to the minister, the process is transparent and accountable, with appointments made on merit.

Skills matrix

A skills matrix is a useful way to ensure your board has relevant expertise and diversity.

A board skills matrix along with a skills audit helps identify:
- the skills, knowledge and experience the board should hold collectively
- which gender, racial, cultural and other forms of diversity are relevant to the role and functions of the board
- the skills, knowledge and experience the board currently holds collectively
- gaps in skills, knowledge and experience and the professional development needed.

The board can use this to develop and implement a plan to address identified skills gaps.

Skills audit

There are different ways to identify skills gaps and professional development needs. Whatever option is used, assessments are collated and reviewed by the chair and then discussed with the board.

Four possible ways are listed below:
1. A self-assessment is completed by each board member.
2. Board members complete an assessment of each other in addition to their self-assessment.
3. The chair, with the assistance of an external consultant, completes an initial assessment of each board member against a set of skills, knowledge and experience followed by face-to-face meetings.
4. If a sub-committee has been established to oversee nominations of new members, it gathers information on the skills, knowledge and experiences of each member through a questionnaire or other method. It could also be charged with ongoing oversight of board composition and renewal.

Planning for succession

It is important for your board to consider succession planning so it retains the expertise and backgrounds to operate most effectively.

Consider the:
- board's current performance
- competency and experience mix of members
- values of your agency, board and members
- current members' length of service
- diversity of current members
- specified membership requirements including representative obligations
- potential members' availability to fulfil requirements.

Reviewing the skills of members

Review the skills matrix each year to ensure current needs are being met and identify any future skills that may be needed as the plan to address identified skill gaps is implemented and the operating environment changes.

Actioning Principle 3: Strategic focus

Set aside time each year to develop strategy and assess the strategic environment. Ensure progress of the board and its agency are aligned with this strategic focus. Maintaining a strategic focus helps being distracted by operational matters.

Your board should:
- have an appropriate role and engage in discussions and decisions about organisational direction (while an advisory board may not be directly responsible for organisational strategy it should still have a strategic role, for example by understanding relevant trends and offering advice in light of these trends)
- be aware of the broader strategic environment including internal and external trends, government goals and relevant government policies and priorities
- allocate sufficient time in meetings to discuss matters of strategic relevance
- allow informed oversight and evaluation of proposals and understands core operations of its agency.
- view risk as a key strategic consideration, in particular the relationship between risk management and strategy, with the board's expectations communicated to management.

The chair, in consultation with the board, defines and agrees on key performance indicators (KPIs) and measures. This may also be in consultation with the agency head.

Your board should review regularly its agency's performance. This could occur informally at each meeting although formal reviews should occur at least yearly.

Actioning Principle 4: Managed risks

The chair is responsible for managing key risks; keeping members informed of their obligations and responsibilities; and developing and implementing a risk reporting mechanism to track governance, strategic and operational risks.

Understand the legal and policy frameworks in which your board operates as well as the overall risk context from organisational and whole-of-government perspectives.

It is essential that the board:
- leads by example in setting the right tone
- has an agreed view on risk tolerance
- aligns its agency's culture with agreed tolerance
- has risk management systems and reporting structures
- is comfortable that internal control processes are in place.

The board monitors implementation of its risk policy. The board's audit committee, where one exists, can oversee your agency's financial and non-financial risks.

When it comes to managing risks, there are some key questions to ask:
- What are the key risks?
- Are they being managed appropriately?
- Can the board demonstrate transparency in its decisions?
- Can the board demonstrate compliance with relevant legislation and any relevant instructions?

Actioning Principle 5: Effective control

Control systems and procedures ensure your board is accountable and complies with legal, financial, auditing and record keeping requirements. This includes having an audit committee and clear terms of reference for any sub-committees.

Financial management

You are responsible for reading and interpreting financial information from the agency's reports. Seek advice and clarification from the chair if you are uncertain about any aspects.

Depending on your board you may also need to understand and follow government financial requirements including those in the *Financial Management Act 2006*, and those set out by the Department of Treasury and Department of Finance.

It can be helpful to understand the following aspects of public sector financial management.

Revenue

The WA Government raises revenue from state taxation, royalties, sale of goods and services, public corporations and other revenue sources such as investment income, fees and fines.

It also receives grants from the Australian Government. Tied grants, or specific purpose payments, are provided under certain agreed conditions. Untied grants are funded from the Goods and Services Tax (GST) collected by the Australian Government and distributed to states based on a formula.

The WA Government's primary account is the consolidated account that receives all revenue raised by and granted to Western Australia and from which amounts are appropriated by Parliament for specific purposes. The consolidated account, together with the trust fund, forms the public account. All payments from it must be authorised by Parliament.

Budget

Under the WA Constitution, the WA Parliament's Legislative Assembly is the source of all legislation involving expenditure of government revenue. The passage of the State Budget is initiated in the Legislative Assembly and Appropriation (Consolidated Account) Recurrent Bill and Appropriation (Consolidated Account) Capital Bill. These bills are passed each year.

The State Budget Papers outline the current financial position of the state, detail projections of government income and expenditure for the coming financial year, and provide key mechanisms through which Parliament authorises expenditure of public money.

The bills provide the appropriation authority to the Treasurer who applies the appropriations based on agreed outputs and targets specified in the State Budget Papers.

Some boards do not receive appropriation from the WA Government. They generate revenue from fees imposed on the people or boards they regulate. Even if a board is fully or partially self-funding from its own sources of revenue, it does not alter its accountabilities to public sector oversight bodies, the minister and Parliament.

Financial statements

Financial statements provide information on how a government agency is operating financially and are usually accompanied by explanatory notes. This information allows board members, senior management and other stakeholders to identify the agency's financial strengths and weaknesses for the period, which in turn supports planning and prioritisation of financial controls.

In public sector agencies, financial reports are usually generated on a monthly basis so board members can review and analyse results regularly. They are also reported in the agency's annual report to Parliament.

Where applicable, as a board member, you should expect to see:

- **balance sheets** (or statement of financial position) which provide a picture of the financial health of the agency at a specific moment in time (the balance sheet outlines assets the agency owns, its liabilities to stakeholders, and value of its equity or net worth)
- **an income and expenditure statement** (or profit and loss statement or statement of financial performance) which summarises the agency's income and expenses over a specific period of time, and shows how received funds have been allocated against operating expenses
- **a statement of cash flow** (or statement of receipts and payments) which includes money coming in to and going out of the agency over a specific period of time.

Actioning Principle 6: Ethical decisions

Code of Ethics

The Public Sector Commissioner establishes the Code of Ethics for the public sector. It applies to all government boards and consists of 4 standards that set minimum standards of conduct and integrity.

Code of conduct

Your board must have a code of conduct including a master copy signed by each member. Guidelines help members comply with the code. There is a guide on Developing a code of conduct.

Gifts, benefits and hospitality

While offering and accepting gifts, benefits and hospitality is common in everyday life, there can be reasons for government board members to decline them.

It is recommended that how gifts, benefits and hospitality are managed are set out in the board's conflicts of interest policy. Relevant registers are in place to record all offers and acceptances. There is additional information about Managing the risks of gifts, benefits and hospitality.

Operational policies and manuals

Your board avoids making decisions in isolation. Operational policies reflect decisions of the board and ensure consistency. These policies articulate the criteria used for making decisions and the rationale of the board's position.

Integrity in decision making

Governing boards have a clear decision making role. Matters referred to the board for a decision are consistent with the role of the board, staff and minister. A board's information requirements are defined and information delivered in a timely manner to assist the board make informed decisions. In some situations, the board or individual members may need independent and external professional advice to perform their duties appropriately.

When making decisions, use the following 4 questions to help you decide on the most appropriate course of action. The questions relate to honesty, transparency, diligence and consistency:

- Am I doing the right thing?
- How would others judge my actions?
- How could my actions impact on others?
- Should I discuss this with someone else?

The Public Sector Commission has issued Developing Code of Conduct training resources, which includes generic sample core content. Your chair will ensure members and employees, where relevant, complete formal and planned integrity training.

Actioning Principle 7: Effective operations

Board dynamic

Relationships on a board need to be characterised by a level of trust, respect, goodwill, energy and openness to debate and an appropriate distribution of power. These characteristics collectively represent the dynamic of the board. The board dynamic is considered in conjunction with the relationships between the board and minister, public sector agency and external stakeholders.

Multiple groups and individuals contribute to the board dynamic including the minister, individual board members, chair, CEO where applicable and support staff of the public sector agency. Each has a role to contribute to an effective dynamic in the boardroom.

The board chair plays a crucial role in seeking board members' views and giving ample opportunity for these views to be discussed and fully considered. Further information may need to be sought and a decision on a matter deferred until this information is available.

Healthy debate requires an environment that allows diverse perspectives and encourages constructive enquiry. Robust debate is more likely to be achieved when board communications are underpinned by a spirit of trust and professional respect. Using consensus to avoid conflict or encouraging group thinking (where all members consistently express similar views or consider few alternative views) does not encourage healthy debate and should not be interpreted as an effective board dynamic.

Regardless of the nature of board debate, the board has to retain a single unified voice in all internal and external communications following deliberation. Remaining publicly unified is enabled by board members feeling confident in decision making processes and satisfied their views have been considered.

Meetings

Agendas

The agenda sets out what needs to occur before and during a meeting, and helps:
- board members prepare
- the chair allocate time wisely
- get everyone on the same topic
- identify when discussion is complete.

Agendas are structured around decisions to be made. Staff and board members may contribute to the agenda but the chair finalises the agenda so items reflect board priorities and responsibilities.

Agendas and papers are distributed with enough time for members to read them and prepare for the meeting.

There is additional information about preparing an agenda.

Minutes

Minutes record meetings and serve as:
- a valuable source of information for future reference of those attending
- a record of proceedings for others not present
- a paper trail in case of litigation and legal actions
- evidence of decisions and actions including delegation of tasks from board decisions
- a record that allows the board to monitor progress on actions from meetings.

At the following meeting, the board approves the minutes as a true record of the meeting. They are then signed by the chair and kept as an official record.

Circulating meeting minutes in an agency or to stakeholder groups can be useful for keeping everyone informed, although your board needs to consider the level of confidentiality required and whether an abridged version should be distributed.

There is additional information on sample board minutes.

Delegations

Boards often delegate certain functions or powers to committees. Your board should consider what types of committees it may require when considering its strategic priorities. It may have several 'standing' or permanent committees such as a finance committee and audit and risk committee with others established as required.

Board committees are established with:
- a specific charter and terms of reference
- delegations (that do not undermine any board delegations to the CEO)
- appropriate number of directors including a majority of non-executive directors if allowed by the enabling legislation
- procedures for making and keeping agendas and minutes, and reporting to the board
- clear expectations that decision making responsibilities of the full board are not to be compromised by the activities of any board committee, and significant issues are to be reported to the board for the board to discuss and decide on.

The board monitors the activities of its committees as part of its duty of care, diligence and good faith. A committee's charter is reviewed each year to ensure it is appropriately focused and the committee's functions are being fulfilled.

Any delegation decisions are made formally by the board and recorded in the minutes of the relevant board meeting. The board chair signs an instrument of delegation on behalf of the board.

A person who holds a delegation complies with the limits and conditions of the delegation. The board ensures it receives regular reports on the use of delegations. A list of delegations and their details are kept in a register.

You need to be aware that delegation does not absolve the board or its members from accountability for those powers or functions.

Induction

Your board chair is responsible for ensuring new members receive a structured and well-designed induction. This includes new members completing the online e-learning that complements this manual and attending face-to-face meetings with the chair, chief executive and key employees (as appropriate). They should receive an induction pack before these meetings to prepare any questions for discussion.

The induction ensures members are aware of their responsibilities around corporate governance, structure and culture of the agency, and the personal qualities they are expected to bring as members.

The induction should also cover the public sector operating environment, roles and responsibilities, code of conduct, core operations, reporting requirements, compliance obligations, governance systems, performance expectations, need for commitment and other matters necessary for members to perform their role.

There is further information on [how to induct board members](#).

Evaluation

Evaluating board performance is an integral part of an effective board. It is important to evaluate the:
- performance of the board and established board committees
- workload of the board and required positions
- contribution of individual members against predetermined criteria.

A board evaluation includes all aspects of governance and is designed to:
- solicit honest, genuine and constructive feedback
- identify and address opportunities for improving the performance of the board
- prepare manageable recommendations with a clear process for implementation
- enhance the performance of the board.

The board chair has a key role in ensuring the evaluation process is 'fit for purpose' as well as in dealing with matters raised during the process. One of the most important and valuable stages of an evaluation is presentation of results to the board followed by an open and frank discussion about the results and consideration of areas for future focus.

Evaluation is focused on improving board performance through developing and implementing an action plan. Effective evaluation relies on the support and commitment of all board members so the board agrees on:
- purpose and objective of the evaluation
- who and what is to be evaluated
- process for undertaking the evaluation
- who is to be asked to provide input
- method to be used
- frequency of ongoing evaluations.

The board identifies the scope and preferred method, taking into consideration the stage of development of the public sector agency, tenure of board members and time since the last evaluation.

There is further information on [how to evaluate board performance](#).

4. Governance framework

It is important for all boards to employ good corporate governance practices to ensure they effectively perform their functions and comply with their obligations.

To do this, it is vital you understand your overarching responsibilities and your public sector agency's:

- governance framework
- stakeholder relationships
- strategic and business planning obligations
- monitoring and reporting obligations (for example, annual reporting)
- policies and key documents (for example, board charter).

The systems and practices that support good governance for boards may evolve over time as their individual circumstances change. There is an expectation for boards to monitor and review their systems, practices and governance framework to ensure they remain relevant and current. Good governance is part of a culture of integrity.

A board performs a range of corporate governance activities over a year. An annual planning calendar can assist in structuring the meeting agenda over the course of the year so required corporate governance activities are completed.

The board should establish an effective balance between conformance and performance, taking into consideration the 'hard' and 'soft' elements of governance.

The diagram provides an overview of the board governance framework. Governance arrangements must be flexible and are expected to vary between different types of boards due to their roles, functions and operational contexts. Some elements of the framework apply to all categories of boards and some not. For example, a member of a governing board has greater fiscal and oversight responsibilities, such as approving budgets and setting corporate strategy, while a member of an advisory board may place more focus on monitoring performance and stakeholder feedback.

There is further information on [how to create an annual board calendar](#) and a [checklist of your current board practices](#).

	Conformance Comply with legislative and legal requirements as well as corporate governance, industry standards and accountability to relevant stakeholders	Performance Monitor performance of the public sector agency and CEO including processes, outcomes and measures
External	**Accountability** - Report to minister, government bodies and Parliament - Ensure statutory and regulatory compliance - Review audit reports - Manage financial and legal risk	**Strategic thinking** - Review and initiate strategic analysis - Formulate strategy - Set corporate direction - Predict and manage risk - Manage stakeholders - Delegate day-to-day management to CEO
	Essential elements - Understand the public sector operating environment - Recognise the difference between strategy and operations - Build effective relationships with external and internal stakeholders - Form an appropriate board structure and performance framework	
Internal	**Oversight** - Display honesty, integrity, public sector values and ethics - Review CEO performance - Monitor and review business results and key performance indicators - Monitor budgetary control and corrective actions - Monitor delegations - Manage board committees	**Stewardship** - Form and approve policy - Approve budgets and resources - Set financial and non-financial key performance indicators - Create corporate culture - Confirm delegations
	Past and present	**Future**

5. Codes of ethics and conduct

Code of Ethics

The public sector is built on a strong foundation of integrity where employees act ethically and public sector bodies promote and maintain integrity.

The public sector Code of Ethics applies to boards and committees as well as public sector agencies and staff.

There are 4 standards of conduct and integrity that underpin the way you as a board member should act and work:

Standard 1: Integrity
We:
- act honestly and uphold the trust placed in us by the community
- use our position and authority for the purpose intended
- provide objective and timely advice to the government of the day
- ensure our behaviour upholds the good reputation of our public sector body and the public sector.

Standard 2: Impartiality
We:
- make considered and unbiased decisions based on merit
- place the public interest over our personal interest
- declare and manage conflicts of interest
- implement government priorities, policies and decisions impartially.

Standard 3: Respect for others
We:
- communicate with and treat people with respect
- treat people fairly, having regard for their diverse backgrounds
- work together constructively, inclusively and professionally.

Standard 4: Trust and accountability
We:
- take accountability for our time, decisions, actions and behaviours
- are responsive and provide considered advice and information to our clients, customers and stakeholders
- make decisions that ensure the best use of resources for now and the future
- access, use and disclose information only where we are authorised to do so
- record our decisions for transparency allowing for review and scrutiny.

Code of conduct

To translate the standards of the Code of Ethics, your board must have a code of conduct. This is a mandatory requirement for all government boards and committees.

The code of conduct specifies the behaviour and integrity expected of members. It reflects your legislative and operating conditions and your board's risk profile. You are expected to model these behaviours including in your relationships with other members, the chair, staff, members of the public, media, the minister's office and other stakeholders.

A well-developed code of conduct builds and sustains your board's ethical culture by:

- protecting the integrity and reputation of your board by informing members about appropriate conduct and how potential breaches of the code can be reported
- informing stakeholders about how your board operates.

Your code of conduct will:

- specify who it applies to
- refer to relevant policies and procedure to be complied with
- explain that action may be taken if non-compliance with the Code is suspected and provide examples of possible action.

It will also include how suspected non-compliance with the code can be reported through internal pathways and to external bodies such as the Corruption and Crime Commission and Public Sector Commission

You need to become familiar with the code of conduct as soon as you are appointed, ideally during the induction process, and sign a master copy to acknowledge you have read and understood it. The signed master copy is kept on record.

Integrity training

So important is it for you to understand what is expected of you under your code of conduct, every board member will be provided with integrity training on your code, and a refresher, no less than every 3 years.

There is further information in Developing a code of conduct.

Integrity Framework

A comprehensive, well-coordinated and implemented framework demonstrates a strategic and proactive approach to promoting integrity and preventing misconduct and corruption. Good governance is part of building a culture of integrity and that is why the Public Sector Commissioner, through Commissioner's Instruction 40: Ethical Foundations, requires all public sector bodies to have an integrity framework.

There is further information in Integrity framework resources.

6. Conflicts of interest

Members are often appointed for their expertise in a particular area, so it is not uncommon for conflicts of interest to arise.

Managing conflicts of interest

It is not wrong to have a conflict of interest; what matters is it is appropriately identified, declared and managed.

First, if you think you have a conflict of interest let your board chair know. It is also important for the conflict to be recorded. Recorded conflicts of interest should be revisited regularly.

Depending on the nature of your conflict of interest, you may need to be excluded from discussions and decisions on particular matters, and not be given access to certain documents.

If the conflict of interest is ongoing, you may need to remove the conflict – perhaps by selling shares or occasionally even resigning from the board.

Refer to your board's conflict of interest policy and procedures as it will guide what steps are to be taken to manage the conflict of interest.

The 6Ps

The 6Ps is a tool to help identify a conflict of interest.

Potential benefits	Could the matter (if resolved in a particular way) result in a benefit to me, or someone important to me, either now or in the future that might cast doubt on my objectivity?
Perception	How will my involvement or actions be viewed by others?
Proportionality	Does/will my involvement appear fair and reasonable in all circumstances? Does my involvement allow me to act and be seen to act in a fair, impartial and objective manner?
Public scrutiny	Could I defend and justify my involvement if questioned publicly?
Promises	Have I made any promises or commitments in relation to the matter? Do I have a current or previous relationship – family, friendship, business or professional – with any interested party?
Private interest	Do I have a personal interest in this situation? Could I be influenced by this interest or appear to be influenced by this interest?

The 6Rs

The 6Rs is a tool to help manage a conflict of interest.

Record or Register	Recording the disclosure of a conflict of interest in a register is an important first step. However, this does not necessarily resolve the conflict. It may be necessary to assess the situation and determine whether one or more of the following strategies is also required.
Restrict	It may be appropriate to restrict involvement of the member, for example by them refraining from taking part in debate about a specific matter, abstaining from voting on decisions and/or restricting their access to information relating to the conflict of interest. If this occurs frequently and ongoing conflict of interest is likely, further steps may be required.
Recruit	If it is not practical for a member to restrict their involvement, an independent third party may be needed to participate in, oversee or review the integrity of the decision making process.
Remove	Removal from involvement in the matter altogether is the best option when other options are not feasible or appropriate.
Relinquish	Relinquishing the personal or private interests may be valid to ensure there is no conflict with a member's public duty. This may mean selling shares or stopping membership of a club or association.
Resignation	Resignation may be an option if the conflict of interest cannot be resolved in any other way, particularly where conflicting private interests cannot be relinquished.

Use of confidential information

In the course of your work on a board, you may hear or read information that is confidential. This means not divulging or sharing this information. It is also important that information is not used improperly.

7. Gifts, benefits and hospitality

While offering and accepting gifts, benefits and hospitality are common in everyday life, it is possible that doing this as a board member could raise conflicts of interest.

Dealing with gifts, benefits and hospitality is not necessarily straightforward given the different operating contexts for different boards.

The minimum expectations are that members should never:
- expect to receive anything extra for doing what they are paid to do
- use their role to solicit gifts, benefits and hospitality for themselves or others
- accept:
  o offers of cash and items easily converted to cash such as gift vouchers and shares
  o bribes and inducements to act in certain ways
  o offers provided to family members and associates on their behalf
  o offers from people and organisations impacted by board decision.

Depending on the circumstances, your board's policy position may:
- not allow the acceptance of any gifts, benefits and hospitality if the risks are too high
- allow certain gifts, benefits and hospitality where the risks are low.

It is important to reinforce messages about gifts, benefits and hospitality in codes and policies. Use the GIFT guide below.

G – Giver	- Who is providing the gift, benefit or hospitality? - What is their relationship to me? - Does my role require me to select contractors, award grants, regulate industries or determine government policies? - Could the person or public sector agency benefit from a decision I make?
I – Influence	- Is the provider seeking to influence my decisions or actions? - Has the gift, benefit or hospitality been offered to me publicly or privately? - Is it a courtesy, token of appreciation or highly valuable? - Does its timing coincide with a decision I am about to make?
F – Favour	- Is the provider seeking a favour in return for the gift, benefit or hospitality? - Has the gift, benefit or hospitality been offered honestly? - Has the person or public sector agency made several offers over the last 12 months? - Would accepting it create an obligation to return a favour?
T – Trust	- Will public trust be enhanced or diminished? - Could I publicly explain the rationale for providing the gift, benefit or hospitality? - Will a hospitality event be conducted in a manner that upholds the reputation of the public sector? - Have records in relation to the gift, benefit or hospitality been kept in accordance with reporting and recording procedures?

Use the HOST test to help you make decisions about providing gifts, benefits and hospitality to employees and stakeholders.

H – Hospitality	• To whom is the gift, benefit or hospitality being provided? • Are recipients external business partners or employees of the host organisation?
O – Objectives	• For what purpose is the gift, benefit or hospitality provided? • Is it being provided to further the conduct of official business? • Does it promote and support government policy objectives and priorities?
S – Spend	• Are public funds be spent? • What type of gift, benefit or hospitality is to be provided? • If hospitality, is it modest or expensive? • Is alcohol to be provided? • Are the costs incurred proportionate to and less than the benefits obtained?
T – Trust	• Will public trust be enhanced or diminished? • Could I publicly explain the rationale for providing the gift, benefit or hospitality? • Is the event to be conducted in a manner that upholds the reputation of the public sector? • Have records in relation to the gift, benefit or hospitality been kept in accordance with reporting and recording procedures?

There is additional information about gifts, benefits and hospitality and sample gifts, benefits and hospitality declaration form.

8. Misconduct

The highest level of integrity and conduct is essential for all boards and committees.

If a member sees something that concerns them, they should speak up. This may be as simple as talking with the board chair or contacting the Public Sector Commission to ask a few questions to help decide if it is something to be reported.

If it should be reported, there are a number of options.

The *Corruption, Crime and Misconduct Act 2003* (CCM Act) defines misconduct and describes 2 types of misconduct – serious misconduct and minor misconduct.

Serious misconduct

Serious misconduct is defined in sections 4(a), (b) and (c) of the CCM Act and occurs when a public officer:
- corruptly acts or corruptly fails to act in the course of their duties
- corruptly takes advantage of their position for the benefit or detriment of any person
- while acting or purporting to act in an official capacity commits an offence that carries a penalty of 2 or more years' imprisonment.

Serious misconduct relies to some extent on the term 'corruptly'. Corrupt conduct tends to show a deliberate intent or improper purpose and motivation. It may involve:
- deliberate failure to perform the functions of office properly
- exercise of a power or duty for an improper purpose
- dishonesty.

There are specific categories of serious misconduct and all allegations of serious misconduct are notified to the Corruption and Crime Commission.

Further information about serious misconduct and notification responsibilities is on the Corruption and Crime Commission.

Minor misconduct

While it is called 'minor' misconduct in the legislation, it is misconduct significant enough that if proved could lead to a public officer's employment or a board member's appointment being terminated.

Under the CCM Act, minor misconduct is behaviour by a public officer which:
- adversely affects the honest or impartial performance of the functions of a public authority or public officer or
  - involves performing functions in a manner that is not honest or impartial
  - involves a breach of the trust placed in the public officer
  - involves the misuse of information or material that the public officer has acquired in connection with their functions whether the misuse is for the benefit of the public officer or the benefit or detriment of another person
- is a disciplinary offence providing reasonable grounds for termination of employment including termination of board membership.

Allegations of minor misconduct are notified to the Public Sector Commission.

For boards that do not have employees (such as advisory boards), notification is usually the responsibility of the chair. For boards that have employees (such as the board of management of a public authority), notification is usually the responsibility of the CEO on behalf of the relevant public sector agency.

Reporting misconduct

Public interest disclosures

Board members are subject to the *Public Interest Disclosure Act 2003* (PID Act).

This means they can report wrongdoings by public authorities, public officers and public sector contractors undertaking public functions if they believe the wrongdoings to be true.

Board members can also be the subject of reports under the PID Act.

Anyone making a report under the PID Act receives certain protections if they report to a nominated PID officer. Reports to other people or organisations do not receive the protections under the PID Act. Your chair or executive officer can let you know who the PID officer is.

Board members may also be subjects of notifications of misconduct under the PID Act.

Lobbying

Lobbying is accepted as a legitimate part of the political process. It is communicating with a government representative to influence government decisions either directly or indirectly in person or electronically. Communication does not have to be for any type of reward (financial or otherwise).

It is important for lobbyists to operate according the highest standards of professional conduct and adhere to high moral standards.

The government has established a code of conduct to ensure contact between lobbyists and government representatives meets public expectations of transparency, integrity and honesty. This includes interactions between government boards and lobbyists.

Registered and accredited lobbyists who are members of government boards must not represent the interests of third party clients to a government representative on any matters that relates to the functions of the board. They should also not engage someone to undertake lobbying activities for them.

The *Integrity (Lobbyist) Act 2016* prohibits individuals and companies from lobbying on behalf of third parties unless they have been accepted onto the Register for Lobbyists by the Public Sector Commissioner and thereby accredited as registered lobbyists to government.

Appendices

Appendix 1: Sample Ministerial statement of expectations

As your minister, I am pleased to provide you with my statement of expectations to be read in context with the functions in your board's establishing legislation and related acts of Parliament administered under my portfolio.

This statement is important to the discharge of my ministerial portfolio responsibilities and sets out my priorities for the board. In issuing it I provide clarity about government policies and priorities relevant to the work of the board including those you are expected to observe.

This statement recognises that the board has its own legal responsibilities. It is not a direction to the board to act in a particular way. It shares with you my expectations which include:

- clarifying the category of role of the board [insert detail]
- identifying regulatory independence where applicable [insert detail]
- describing compliance requirements, for example legislative frameworks [insert detail]
- highlighting government policies and priorities, both short and long term [insert detail]
- articulating stakeholder engagement and management [insert detail].

As your stakeholder, I recognise the high level of corporate governance in place including a robust, transparent and accountable system of annual reporting to Parliament. Accordingly, I expect this statement to be incorporated into your planning process, and your key outcome performance indicators to be published in your annual report.

This statement applies from the date of receipt until the end of this Parliamentary term or until otherwise amended. I look forward to receiving your response confirming your understanding of this statement. It is anticipated that, for transparency purposes, both this statement and your response (statement of intent) are placed on the [insert name of public sector agency] website.

I look forward to working with you and continuing our cooperative working relationship.

[insert name and title of responsible minister]

[insert date]

Appendix 2: Sample board statement of intent

I am pleased to provide this statement of intent which is in response to, and outlines how the board will implement, your statement of expectation dated [insert date].

I formally commit the board to meeting your statement of expectation and ensuring government policies and priorities relevant to the work of the board for the [insert name of public sector agency] are realised.

I will work to ensure the community's confidence in the board is preserved and strengthened and that, in all our activities, we operate in a way that promotes collaboration and demonstrates accountability and transparency in support of government policies and priorities.

Our plan includes the following strategic priorities:
- Priority 1: [insert detail]
- Priority 2: [insert detail]
- Priority 3: [insert detail]
- Priority 4: [insert detail]

Our board will continue to manage its financial affairs diligently and in accordance with legislative requirements. We will continue to comply with all relevant corporate governance requirements.

All new members of the board will participate in an induction process and receive a comprehensive orientation pack containing information pertaining to their role and responsibilities.

All board members are to abide by our Code of Conduct and will be offered ongoing support by me as chair.

The board has a formal risk management strategy which will be revised annually. The board will also be subject to regular performance reviews which I will oversee as chair.

The board looks forward to working with you and delivering the abovementioned strategic priorities.

[insert name and title of board chair]

[insert date]

Appendix 3: Sample meeting agenda

Board name					
Meeting time and date					
Meeting location					
Meeting number					
Attendees (names of those invited and note known apologies)					
			Action to take		Estimated time
1		**Meeting opening**		**Chair**	**15 minutes**
	1.1	Welcome and apologies			
	1.2	Conflict of interest disclosure [refer to attachment XXX Register of Standing Conflicts of Interest].			
	1.3	Previous minutes	Confirm	Chair	
	1.4	Actions arising [refer to attachment XXX actions arising]	Note	Chair	
	1.5	Out of session resolutions	Ratify		
2		**Reports**			**40 minutes**
	2.1	CEO report		CFO	
	2.2	Finance report		CFO	
	2.3	Board committees' reports		Chairs	
3		**Matters for decision**			**60 minutes**
		Decision papers and discussion of strategic issues			
	3.1	Paper 1			
	3.2	Paper 2			
	3.3	Paper 3			
4		**Matters for noting (discussed only on an exception basis)**			**5 minutes**
	4.1	Major correspondence			
	4.2	Updated board calendar			
		Include other matters for noting			
5		**Other business**			**10 minutes**
	5.1	Items not on the agenda can be raised for discussion (with the chair's permission)			
6		**Meeting finalisation**			**5 minutes**
	6.1	Review of actions to be taken		Chair	
	6.2	Next meeting [insert date and time]		Chair	
	6.3	Meeting close		Chair	

Appendix 4: Information about board minutes

There are many easy to prepare or structure minutes. Determine the most appropriate format for your board.

Minutes:
- are a true and accurate record of the meeting
- capture decisions, major points and actions with sufficient detail to make it clear how a decision was arrived at and whether the decision was reasonable given the information presented
- contain clear and concise notes of main points of discussion
- note when attendees join and leave the meeting if they are not there for the whole meeting
- record discussion and reference to items carried forward, matters arising and outstanding issues for future discussion
- have an accurate and clear register of decisions recording:
  o any declared conflicts of interest for an agenda item, how they were handled and what was decided
  o any independent advice received or additional information tabled
  o significant points in how decisions were reached
  o who is responsible for actions arising and by when they are to be completed.

Where decisions are not made by consensus, dissenting members may wish to have their objections noted.

Minute taker:
- is usually the board's executive officer
- uses a template updated before each meeting with specific agenda items
- records decisions and notes on actions straightaway to ensure they are recorded accurately
- asks for clarification if necessary, for example if the meeting moves on without making a decision or reaching an obvious conclusion
- can electronically record the meeting as long as members around the table know it is being recorded.

Action list:
- is an important part of the meeting records
- is attached to the minutes
- allows members to review progress quickly on actions from previous meetings
- provides a concise summary of tasks including recording:
- actions arising from the previous meeting and outstanding items not yet been completed from prior meetings
- the person responsible for actioning each item
- the timeframe for completing each action or reporting progress to the board.

Appendix 5: How to induct board members

All board members need a comprehensive induction to their board. As a member, complete the online e-learning as well as a specific introduction to your board and its agency.

A good induction includes face-to-face meetings with the chair, agency head and key employees; and an orientation pack before the face-to-face meetings so you can read the documents and identify any questions you want to ask during the meetings.

Induction covers:
- values and behaviours expected of board members as outlined your board's code of conduct and conflicts of interest policies and performance expectations
- key board roles and responsibilities
- public sector operating environment
- key legal and legislative requirements
- core operations
- reporting requirements, compliance obligations and governance systems
- the board's decision making process
- your professional development needs and available opportunities.

Orientation pack includes:
- statement of expectations from minister and statement of intent by board
- board's establishment legislation
- board charter
- board structure including board committee(s) and their terms of reference
- agency organisation structure
- board policies including code of conduct and conflicts of interest policy
- annual planning calendar
- schedule of delegations
- finance and accounting papers
- financial statements
- current year budget
- strategic plan and business plan
- strategic risk management plan
- agendas and minutes of recent meetings
- annual report
- recent publications by board and agency
- outline of board evaluation process
- Professional Indemnity Insurance Certificate
- key board processes including travel and reimbursement
- contact details for key stakeholders and board members.

This list is not exhaustive and your public sector agency may have additional documents for members' information and reference.

What board members should do

Before being appointed, prospective board members should do their own research on the objectives and operations of the public sector agency overseen by the board and the board itself. They need to ensure they have the necessary skills, knowledge, experience and time to fulfil the role of board member.

It is important to read the orientation pack before the face-to-face meetings to identify any matters you need more information about such as:
- board expectations
- mentor program for new members
- terms of appointment and any sitting fees
- critical documents to be read during the first 3 months
- access to information by members
- significant current issues.

Appendix 6: Communications protocols

Communications protocols guide communications between the board and stakeholders. They set out the communications path internally and externally, and accepted processes for approving and disseminating information.

As a general rule, it is important your board communicates:
- a clear and united message, usually through the chair
- only on matters within its scope and authority
- with consideration of the board's responsibility to its agency and its accountabilities including to government and/or parliament
- with appropriate protocols in place to ensure stakeholders are informed about board activities
- with consideration to confidentiality obligations.

Communications refer to:
- personal interactions (telephone calls, meetings, conferences)
- electronic media (emails, social media, messaging)
- written documents (letters, reports, briefings, papers)
- industry consultative forums and group activities
- government and stakeholder strategic directions, policies and programs.

Communications protocols establish for each type of communications:
- who communicates with whom and when
- scope and extent of what is to be communicated
- relevant conflicts of interest and confidentiality considerations.

Board and agency head

The CEO leads communications with employees and authorises communications from employees with industry, government agencies, other stakeholders and the media.

Generally, board members do not directly approach staff for information but make requests through the CEO. Staff approach the board through the CEO.

Boards develop protocols regarding board-to-CEO communications to suit their particular circumstances.

A board member's communications are focused on direction, strategic planning, policy determination, and financial and governance matters. They are likely to be whole-of-board business.

For a consistent and unified approach, you and your fellow board members need to inform the board and CEO of any significant external communications activity.

Board and minister

Usually the chair or CEO communicates with the minister. As a board member you only communicate directly with the minister or minister's staff with authorisation from the chair or CEO.

From time to time the board may receive requests from the minister or representative on matters before the board. In some cases, a board's enabling legislation may allow the minister to provide a direction to the board. It is important for there to be clear guidelines about what constitutes a 'direction' from the minister.

For agencies headed by a governing board, the chair may have a major role in liaising with the minister.

Public comments and representing the public sector agency

A comment is considered 'public' if it is reasonable to expect it could reach the wider community, for example via the internet or social media, in a speech or to media.

Generally, only the board chair or agency CEO makes public statements, however you could occasionally be asked to represent the board or agency in a public setting. Your comments need to reflect that operational responsibility lies solely with the agency. Your comments and behaviour should be consistent with the objectives of the board, be ethical and demonstrate the level of probity expected in the public sector.

As a board member you should not publicly share your personal views, speculate on future directions, criticise any political parties or continue debate on an issue after a decision has been made by the board.

Talking with the media

Communications protocols also cover how members deal with requests and queries from the media. The first step is to discuss any request with the chair or CEO as appropriate.

Members who have permission to make public comments should confine their comments to information necessary to provide a concise, factual response. Most public sector bodies have their own media liaison policies and procedures which may apply. Many also have staff with expertise and responsibility for liaising with the media.

Working with stakeholders

Information flows between the board and stakeholders are 2-way and ideally include the board receiving feedback from stakeholders on its stakeholder engagement and communications strategies.

Communications protocols include who communicates with whom and what can be discussed, public comments and representing the board or agency.

Representative boards need protocols that allow members to consult with their networks and remain informed while not compromising their need to act in the interest for which the board was formed rather than promoting the interests of the particular stakeholder group they represent. Where representative members are expected to communicate with those in their networks or consult with constituents, it may be appropriate to reimburse necessary costs incurred.

Contact with lobbyists

The WA Government has established a Lobbyist [code of conduct](#) that guides government officers, including board members, on contact with lobbyists.

Confidential information

Section 81 of the *Criminal Code* makes it illegal for public officials to disclose confidential information and prohibits them from publishing or communicating any facts or documents that came to their knowledge or possession by virtue of their office and which it is their duty to keep confidential.

The board's code of conduct and communications protocols outline the board's approach and responsibilities in relation to confidentiality.

Any private use of information obtained in an official capacity that is not already in the public domain is likely to be inappropriate as it has the potential to conflict with a member's official duties or compromise confidentiality.

Boards may be subject to the *Freedom of Information Act 1992* which provides public access to government documents, subject to certain restrictions, to promote accountability and transparency.

Given the nature of board member communications and that it may often include email contact and use of personal email accounts, particular care is required with information provided to members electronically (for example, ensuring that confidential information from earlier email conversation threads is not forwarded on unintentionally).

Raising concerns

Board members have several avenues for raising concerns about decisions and actions that may be contrary to the board's public duty or potential misconduct by board members and management.

Depending on the nature of the matter, the first step is to raise concerns with the board chair and, for matters relating to management, also with the CEO or relevant public sector agency representative.

Where concerns relate to improper conduct, members may wish to make a public interest disclosure (PID) in accordance with the *Public Interest Disclosure Act 2003*.

Misconduct should be reported to the Corruption and Crime Commission (serious misconduct) or the Public Sector Commission (minor misconduct) in accordance with the *Corruption and Crime Commission Act 2003*.

Any information about actual or potentially corrupt or illegal activities should be disclosed to the board chair, CEO or, if necessary, the Corruption and Crime Commission or board's PID officer.

Appendix 7: How to set up an annual board calendar

To operate effectively, compliance and reporting obligations, governance matters, events and functions need to be identified and actioned.

To ensure the board stays focused, consider developing a month by month calendar that:

- identifies matters, events and activities to be undertaken
- enables the board secretary to propose a calendar that balances workload and logical workflow over 12 months
- aligns agendas with corporate reporting and compliance dates
- allows members to plan board responsibilities and time demands in advance
- minimises repetitive discussion of matters at meetings.

The board secretary can prepare a list of reporting and event dates such as:

- board meetings
- board committee reporting
- key governance matters such as strategy and risk management development and review
- budget preparation, sign off and review
- financial and organisational performance
- parliamentary reporting
- regulatory agencies reporting
- management presentations
- events and functions
- site visits.

Spread these across the year in a logical sequence so the board meets all its obligations.

Keep the calendar as be a live document and update it regularly. You can search the web for other examples of annual board calendars.

Area	Task	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Meetings	Board meetings	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Board committee reports	Audit Committee	✓			✓			✓			✓		
	Risk Management Committee		✓			✓			✓			✓	
	Governance Committee			✓			✓			✓		✓	
Budget	Development		✓										
	Sign off			✓									
	Monitor and review	✓			✓			✓				✓	
Financial oversight	Financial performance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	Approve operating plan							✓	✓				
	Approve annual report							✓					
Operational oversight	Receive CEO report												
Performance review	Review KPI appropriateness												
	Conduct CEO performance review												
	Evaluate board performance												

Appendix 8: How to evaluate board performance

Regular evaluation of a board's performance is integral to effective corporate governance. This includes:

- performance of the board and board committees
- workload of the board and required positions
- contribution of individual members against predetermined criteria.

A well-designed board evaluation has numerous benefits for the board as a whole, individual members and the public sector agency overseen by the board. It assists the board to determine the extent to which it is delivering on its purpose and the minister's statement of expectations. The chair has a vital role in ensuring the evaluation process is fit for purpose and dealing with matters raised during the process.

Objective

A board evaluation process includes all aspects of governance and is designed to:

- solicit honest, genuine and constructive feedback
- identify and address opportunities for improving the performance of the board
- prepare manageable recommendations with a process for implementation
- enhance the performance of the board.

Evaluation process

An effective evaluation process relies on the support and commitment of all board members so the board agrees on:

- purpose and objective of the evaluation
- who and what is to be evaluated
- process for undertaking the evaluation
- who is to be asked to provide input
- method to be used
- frequency of ongoing evaluations.

Identify the scope for evaluation and preferred method, taking into consideration the stage of development of the public sector agency, tenure of board members and time since the previous evaluation.

Methods

Board evaluations can be internal or external. It is important that trust is established in the credibility and confidentiality of the evaluation process, encouraging candid input by, and feedback from, members. This make it more likely that the board takes account of the results.

Internal evaluation

In internal evaluations, the board manages the evaluation process and its content. Internal evaluations are typically coordinated by the chair, governance or nomination committee, or executive officer. They are generally undertaken through a standard questionnaire and/or one-on-one interviews.

An internal evaluation of the board is:
- positive – determining strengths of the board
- constructive – identifying specific changes to be made.
- educational – identifying learning needs and making plans to acquire the required learning.

Self-assessment: Self-assessment allows board members to step back from everyday business and address larger and more fundamental matters. The board reflects on how well it is meeting its responsibilities and focuses on integral aspects of its work. A standard questionnaire supports self-assessment and covers roles and responsibilities, group dynamics, board processes and procedures, and member behaviour.

Peer assessment: A confidential questionnaire can give members the opportunity to comment on strengths and weaknesses of peers. Comments can be compared to responses of individual members in the self-assessment. Any peer assessment that examines the contribution of individual board members requires a sensitive approach with 'buy-in' from all involved.

A board-managed process may also move beyond strict self-assessment by seeking input from stakeholders.

Informal confidential discussions

A board may choose to conduct informal confidential discussions based on specific 'fit for purpose' questions at the end of a board meeting. This type of evaluation is facilitated by the chair or nominee such as the deputy chair, a chair of a board committee or the executive officer.

External evaluation

External evaluations are carried out by a third party using observation, a standard questionnaire and/or one-on-one interviews. They can include input from stakeholders. The third party is retained by, and reports to, the board. External evaluations have the advantage of impartial appraisal and providing an unbiased report on findings.

Action plan

One of the most important and valuable stages of an evaluation, no matter which method is used, is the presentation of results to the board. This is followed by an open and frank discussion about the results and determination of areas of focus for the board to strengthen its effectiveness.

Any board evaluation is about improving board performance, with a plan on what to focus on and implement.

Appendix 9: Sample gifts, benefits and hospitality declaration form

This declaration supports the board's gifts, benefits and hospitality policy.

Board member to complete	
Board member details	

Surname		First name	
Position title		Division/unit	

Description of offer	
Date of offer	
Date gift, benefit or hospitality **will be accepted** (if declaring before occurrence)	
Description of offer	
Estimated or actual value (attach any information that confirms value)	

Description of person/organisation making/made offer	
Name of person/organisation making/made offer	
Position of person making/made offer (if known and applicable)	
Nature of the board's relationship with person/organisation making/made offer	☐ Client/customer ☐ Member of public ☐ Supplier/contractor ☐ Other (describe)

Officer assessment	
Why is offer being made/has been made?	
Could accepting offer create an actual, potential or perceived conflict of interest[1]? For example, are you/your board about to make a decision on the person/organisation that could lead to a favourable outcome for them?	☐ Yes If yes, ensure decision reflects appropriate management strategy, and consider if conflict of interest declaration is also required. ☐ No ☐ Unsure
Does accepting an **offer of hospitality** have a link or obvious benefit to either the broad or government priorities or objectives?	☐ Yes ☐ No ☐ Unsure
Have any previous offers been made to you/your board by the same person/organisation in the last 12 months?	☐ Yes ☐ No ☐ Unsure
Have you already accepted/declined the offer?	☐ Yes ☐ No Date accepted/declined:
Do you want to accept the offer? If **yes**, why?	☐ Yes ☐ No

Board member declaration			
I declare the information I am providing in this declaration is true and accurate to the best of my knowledge.			
Signature		Date	

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[1] **Actual conflict of interest** is where a public officer's personal interests and their public duty conflict. These are happening now and require management.

Potential conflict of interest is where a public officer's personal interests and their public duty are likely to conflict sometime in the future.

Perceived conflict of interest is where a third party could form the view that personal interests could improperly influence a public officer's decisions or actions now or in the future.

Approving officer to complete			
Surname		First name	
Position title		Division/unit	
Relationship to officer			

I have reviewed the information provided and recommend the following action:

☐ Offer be declined

☐ Gift or benefit be returned to person/organisation

☐ Gift or benefit be retained by board member

☐ Gift or benefit be retained by board

☐ Gift or benefit be disposed of by board (e.g. donated to charity)

☐ Hospitality be accepted

☐ Other (detail)

I confirm that to the best of my knowledge the offer or its acceptance:

☐ will not create/has not created an actual, potential or perceived conflict of interest

☐ where **hospitality** is accepted, it has a link or obvious benefit to either the authority or government priorities and objectives; and creates no actual, potential or perceived conflict of interest.

Approved value (if applicable):

I have submitted this declaration for inclusion on the gifts, benefits and hospitality register.

Signature		Date	

Appendix 10: Checklist of current practices of your board

This checklist can be used to help your board consider how it is applying governance principles. It is not comprehensive but is intended as an initial exploration to stimulate further discussion.

Indicate assessment of your board's practices in relation to the statements below as 1. Consistent with good practice 2. Satisfactory 3. Insufficient or not addressed.

Actioning Principle 1: Clear roles and responsibilities
There is clarity about the roles and responsibilities of the board, individual members, CEO and minister. Appropriate instruments are in place that describe the responsibilities of the board collectively and for individual members, conforming to the public sector principles set out in Part 2 of the *Public Sector Management Act 1994* which are known and understood.
☐   Does the board have a documented charter which clearly sets out the roles and responsibilities of the board, CEO and individual members?
☐   Has the minister issued a statement of expectations to the board and has the board responded with a statement of intent?
☐   Is a formal induction process in place for new board members?
☐   Are delegations of authority from the board to CEO formally documented?

Actioning Principle 2: Expertise and diversity
Board members have the necessary skills, knowledge and experience to enable the board to fulfil its role collectively. Consideration is given to optimising gender, racial, cultural and other forms of diversity relevant to the role and function of the board.
☐   Is the board aware of the process or requirements for board appointments including the minister's role?
☐   Does the board use a skills matrix to ensure members have the necessary skills, experience and knowledge to fulfil the board's purpose?
☐   Is there sufficient diversity on the board?
☐   Has the board developed a succession plan to identify the skills needed by the board?
☐   Can board members commit to the time required to undertake their role?

Principle 3: Strategic focus

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

☐	Does the board understand the strategic environment and its key risks in which it operates?
☐	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?

Actioning Principle 4: Managed risks

The board ensures that an appropriate system of risk oversight and internal controls are in place to identify and manage risk.

☐	Does the board have procedures to identify, assess and manage risk?
☐	Does the board devote time at its meetings to consider risk?
☐	Does the board ensure management has designed and implemented systems to give effect to the board's policies and procedures?
☐	How are key risks managed?
☐	Does the board regularly conduct risk management reviews?

Actioning Principle 5: Effective controls

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

☐	Has the board established an audit sub-committee?
☐	Does the board have procedures to comply 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 agency?
☐	Are there rigorous processes to oversee the agency's resources?

Actioning Principle 5: Effective controls

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

☐ Do reports include appropriate information for the board to conduct a meaningful review?

☐ Do all board sub-committees have clear terms of reference?

☐ Is there a process for the chair of each board sub-committee to report back to the full board on its activities?

Actioning Principle 6: Ethical decisions

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

☐ Is there a current and 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 there mechanisms 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 strategic direction?

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

Actioning Principle 7: Effective operations

The board manages its business efficiently and effectively within the limits of the statutory functions and powers of the public sector agency to fulfil its role. The board undertakes regular informal and formal reviews of its performance and has appropriate board succession planning in place.

- ☐ Are meeting agendas sufficiently focused?

- ☐ Does the board have an annual planning calendar to structure the agendas for meetings throughout the year and ensure all corporate governance activities are completed?

- ☐ Do board meetings involve frank and open discussions, advanced circulation of agendas and papers, and a record of decisions made and actions or progress against actions?

- ☐ 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 members and the board itself at least yearly?