

Governance Education Package. I

Principles of Governance and Management

1. Governance - what is it, why do we need it?

Governance is simply the act or manner of governing. To govern, in turn, means to conduct the policy and affairs of an organisation. A simple concept of governance is 'the art of steering societies and organisations'. Successful governance requires authority to govern being vested in those governing, usually through election. With that authority goes responsibility.

There are a number of principles our society must follow to achieve good governance.

Legitimacy and Vote

Participation: Providing *all members* with a voice in decision-making. Herein lies the authority to Govern

Consensus Orientation: Mediates differing interests to reach a consensus.

Direction

Strategic Vision: Broad and long term perspective on good governance and human development, along with a sense of what is needed for such development.

There is also an understanding of historical, cultural and social complexities in which that *Strategic Vision* is grounded. Herein lies the first responsibility to the welfare of the Society (read the Members)

Performance

Responsiveness, Effectiveness and Efficiency: responsiveness to members and other stakeholders and producing results that meet needs while making the best use of resources. Responsibility again.

Accountability and Transparency

Accountability of decision-makers (Board and Executive) to members

Transparency: built on the free flow of information. Responsibility, yet again.

Fairness

Equity: all members have opportunities to become involved.

Rule of Law: decisions and their enforcement are made in a manner that follows rules and regulations. Again, responsibility.

Good governance has several major characteristics:



Good governance means effective Board governance. The Board must ensure that objectives are realised, resources are well managed and important relationships are nurtured. The most important work of any governing body is to create and to re-create the reason for organizational existence. Simply put, the board is responsible to ensure that its organization works.

An 'Ideal Board' is mission driven, is values based, is solution focussed, is accountable, and has a strategic vision. It is pro-active rather than re-active. It is productive, ethical and it has the best interests of the Society at heart. It governs with credibility, integrity, competence, accountability and transparency. It guides the Management Team without micromanaging.

The role of the Board is to be the guardian of the 'mission' as well as being the guardian of the broader interests of the members. It is responsible in legal, financial and ethical issues. It must be able to mediate conflict, competing interests and hierarchy. It must keep a tight focus on its fiduciary duties to the Society, exercise diligence and duty of care, act in good faith and not misuse information or its position. The Board has the ultimate responsibility and liability. Board practices must recognize that it is the board, not board members, who have authority. The board speaks with one voice or not at all. "One voice" does not require unanimous votes. Rather it requires all board members, even those who lost the vote, to respect the decision that was made. Board decisions can be changed by the board, but never by board members.

What constitutes good governance?

The central components of governance are effective decision-making and implementation of those decisions. In principle a small board will be more efficient and effective. Our board has historically tended to be too large to effectively and efficiently make and implement decisions in a timely fashion. With a large board, there are reduced opportunities to meet and decisions get deferred until the next annual meeting.

Good governance also requires that there be separation of Governance and Management. Our Board has historically been involved in so much management and short-term solution development that the longer term strategic imperatives have been neglected.

ANZSRS has grown and developed very rapidly but in an ad hoc manner through successive Boards and Executives. We have set ourselves high ambitions as espoused in our mission statement

ANZSRS will lead respiratory science in Australasia through the 21st Century by providing a forum for scientific and technical communications between members, advancing the knowledge and practice of respiratory function measurement and respiratory physiology, promoting excellence in respiratory function measurement, supporting and encouraging training and education in respiratory function measurement, and facilitating dialogue with other professional societies with common interests.

This statement defines what we, as a society, wish to achieve. It is about our possibilities, our desired future, and expresses our optimism and hope. This lofty ambition is encapsulated in the Vision Statement adopted by the Society

Leading Respiratory Science in Australasia through the 21st Century.

The key words here are “Leading” and “through”. One cannot lead without direction and through implies longevity. If we are to succeed in this ambition it is imperative we have the benefit of strategic planning. We need to ensure we are constantly creating and recreating our Society. An essential element in providing the leadership that comes from good governance is the separation of the Governance and Management roles within the Society.

2. What is best practice regarding the relationship between Governance and Management?

Governance and Management are not the same.

Governance is to do with the legal & moral requirements of running the Society and is the responsibility of the Board. The central component of governance is decision making. The Board’s focus is to set the Society’s Vision & long-term strategy. An effective Board represents the membership, acts on behalf of and in the best interest of the membership, and acts from a long-term view rather than for short-term gain. The Board deals with strategic planning, liaison with other Societies and the public, and supports the Management Team (The Executive).

Management is dealing with the day-to-day activities of the Society, and putting the Vision and strategy into practice. This is the responsibility of the Executive Committee. An effective Executive Committee runs the day-to-day business of the Society, applies the constitution in its practice, and manages the affairs of the Society.

3. Governance models - which model would best fit the Society's aims and why?

There are many models of corporate governance. A board's composition, history, and specific circumstances dictate different structural arrangements, even when using the same principles.

The chosen governance model needs to

1. **Cradle the ANZSRS vision** – the framework for governance must hold and support the vision in the primary position. There must be a systematic encouragement [to all of the membership] to think the dream of “Leading Respiratory Science in Australasia through the 21st Century”.

2. **Explicitly address fundamental values** – the board is the guardian of the ANZSRS values and the governance model must ensure that the board focuses on these values.
NB: endless decisions about events cannot substitute for deliberations and explicit pronouncements on values.
3. **Force an external focus** – such that ANZSRS focuses on the external environment and is not solely internally focused. The vision states “Australasia” and that is where we must go. This is in line with the Executive view of looking wider not just in whom we encourage to join our membership, but also geographically.
4. **Enable an outcome-driven organising structure** – the board will establish a mission in terms of an outcome (the aims are action statements that will be used to define outcome statements for the mission statement), and make the mission the central organising focus. Thus, as from the outset of the society the aims have been the primary reason for being, so they will remain and be used to develop the outcome based mission.
5. **Separate large issues from small ones** – so that all functions and decisions are rigorously weighed against the standard of purpose. I believe we do this fairly well already, but each issue needs to be weighed against the mission so that large issues get primacy of decision making over smaller issues.
6. **Force forward thinking** – the board must thrust the majority of its thinking in to the future thus chasing the vision through a long-term viewpoint.
7. **Enable proactivity** – the board must lead proactively not respond retroactively, thus the board must actively engage more in creating the ANZSRS future than approving what we have always done in the past.
8. **Facilitate diversity and unity** – the board must provide a forum for all board members to speak freely without dissent on all matters and consider all issues fairly and without prejudice. Board decisions will be spoken with one voice.
9. **Define our relationships** – we must define who we have relationships with and how they fit with ANZSRS.
10. **Define a common basis for discipline** – the model of governance must provide rational basis for a board’s self-discipline.
11. **Delineate the board’s role in common topics** – the board must articulate roles without isolating individual roles from the whole so that the board’s contribution on any single topic is clear (and is articulated in one voice).
12. **Determine what information is needed** – the ANZSRS board needs to define precisely the nature, quantity and complexity of information needed to govern.
13. **Balanced control** – the ANZSRS board must define the levels of board control required for all aspects of ANZSRS management.
14. **Use ANZSRS board time efficiently** – ensure that the ANZSRS board spends time debating issues that are of primacy to ANZSRS and its members.

Governance Style

In order to govern effectively the Board will need a style of governance. An example of a governing style that may be appropriate for ANZSRS is;

The ANZSRS board will govern with an emphasis on:

- Outward vision rather than an internal preoccupation
- Strategic leadership more than administrative detail,
- Clear separation of board and executive roles,

- Collective rather than individual decisions,
- The future rather than the past or present
- Proactivity rather than reactivity.

Thus, the ANZSRS board should:

Deliberate in many voices, but govern in one.

1. Cultivate a sense of group responsibility. The board, not the membership should be responsible for excellence in governing. The board should be an initiator of policy, not merely a reactor to membership initiatives. The board will use the expertise of individual members to enhance the ability of the board as a body, rather than to substitute the individual judgements for the board's values.
2. Direct, control and inspire the Society. The board's major (policy) focus should be on the intended long-term impacts outside of the Society, not on the administrative or programmatic means of attaining these effects.
3. Enforce upon itself whatever discipline is needed to govern with excellence. Discipline should apply to matters such as attendance at and preparation for meetings, policymaking principles, respect of roles and ensuring the continuity of governance capability. The board will not allow any officer, individual or committee of the board to hinder or be an excuse for not fulfilling its commitments.
4. Monitor and discuss the board's process and performance at each meeting. Self-monitoring will include comparison of board activity and discipline to policies in the Governance Process and Board Member Linkage categories.

Ideal Structure

The board governs and oversees operations through committees but delegates management functions to the Executive. Regional representatives are part of the Management Team and are used to communicate regular dialogue from the members to the Board and Executive and vice versa. Committees serve primarily as a conduit for passing information to the board.

The Board

The Chairman of the Board should be someone other than the President, usually rotating the position between the Members of the Board.

All appointees to the Board and subcommittees should be officially inducted with specific training and education about governance, their roles, their responsibilities and their legal obligations.

Board members should have the required skills to fill their role effectively and receive the appropriate training and induction to the Board. They should have an individual sense of accountability and should be prepared to appraise their own performance. Board member's roles will be fluid to fill needs as they arise and they must be aware of the tenure, conditions, expectations, duties and code of conduct before taking up the position.

The Board should have no more than 12 members in order to be effective. The tenure should be finite, greater than one year and no more than three years.

The Management Team

Members include the Executive Committee, Regional Representatives, committee chairs and others involved in duties to do with Society business. Individual committees may find it necessary to hold frequent meetings and meet with the management team annually.

The Executive Committee is made up of the President, Secretary and Treasurer, all of whom are elected by the ANZSRS membership, and are voting members. In addition the immediate past President is a non-voting member of the Executive Committee. The Executive Committee also has the power to coopt a maximum of two more members of ANZSRS as non-voting members of the Executive Committee. The function of the Executive Committee is to run the day-to-day business of the Society. It does this in an endeavour to move the Society towards the Society vision by achieving short-term goals that are aimed at achieving fulfilment of the long-term strategic plan. The Executive Committee accomplishes the task of running the Society through application and interpretation of the constitution; i.e. by coopting members of ANZSRS for specific task, forming of committees and groups for defined purposes and by abiding by the constitution and bylaws of the Society.

References:

John Carver. Boards that make a difference: a new design for leadership in nonprofit and public organizations. 2nd Ed. Jossey-Bass Publishers, San Francisco.

Also look at PolicyGovernance.com at <http://www.carvergovernance.com/> and read the following from the website <http://www.carvergovernance.com/pg-np.htm>.

<http://www.mapl.com.au/governance/governance3.htm> gives a review of 3 models of governance.

4. How does a Society member have a voice in Governance?

The voice of the members is through active involvement with the Society both in terms of regional activities and in actively participating in sub-committees. Going forward the Board will be looking to initiate consultation around the Society Vision and Goals. This consultation will be the first step in developing the medium and long-term strategic plan and will require all society members to participate, provide ideas and voice their visions and dreams for the society.

The members' voice is also heard during the Annual General Meetings when all members are invited to raise issues in an open forum discussion with the Board and the Executive team.

Members with burning issues always have the right to raise issues with the Board via the Chair of the Board. However, it should be remembered that issues about day-to-day running of the Society are directed to regional representatives and the Executive. The Board deals with strategic and governance issues

5. What are the accountabilities and safeguards to the membership?

Accountability is a key requirement of good governance. In general an organization is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law. Transparency means that decisions taken and their enforcement are

done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe. **A society's well being depends on all its members feeling included and equal, not excluded.**

The Board is accountable for all actions and inactions of the Society and is ultimately liable for all ethical, moral and legal outcomes that result from actions or inactions brought about by the Society. In principle, the board is accountable for all activities the Society engages in; legal and illegal, moral and immoral, and must therefore keep the principals of ethics, morality and legality to the fore. The Board is responsible for the vision, goals and long-term strategic planning and direction of the Society. **Ultimately all roads lead to the Board as it is the Board that answers to, and is liable for the actions of, the Society.**

The ANZSRS Constitution defines the structures that ensure effective governance and management of the Society. These structures are the Board and the Executive Committee. The constitution also defines the functions of the Board and the Executive Committee.

The powers and responsibilities of the Board are defined under the society's constitution. The Board is also responsible for causing the books of account to be kept by the Treasurer and to be audited annually with a report being made to all members of the Society.

The powers and duties of the Executive committee are; to carry out the objectives of the constitution, to make bylaws and put these into effect, to manage the funds and other property of the Society. The Treasurer shall be responsible for the receipt of all monies from subscriptions or other sources and for the disbursement for or on account of the Society. All cheques of the Society shall be signed by two members of the Executive Committee unless the Treasurer directs otherwise in relation to regional or other Society activities. The Treasurer shall be responsible for ensuring documentation of all financial transactions and for arranging the audit of the Society's accounts each calendar year. The Executive committee will carry out other duties as directed by the constitution and the bylaws of the Society or the Board. It is important to highlight that;

1. The Board is at the extreme end of the accountability chain, i.e. the buck stops with the Board. It has no supervisor.
2. The Board acts, in a moral sense, and sometimes in a legal one, as agent of a largely unseen and often undecided principal.
3. The Board is a set of individuals operating as a single entity. It melds multiple viewpoints and values into single resolutions.
4. The Board is likely to have more discipline than any one of its members operating alone.
5. The Board is generally physically removed from the membership.
6. The accountabilities and responsibilities of the Board and the Executive Committee follow from the roles they are set up to fulfil.

Board Responsibilities

For the Board to act in a consistent manner it requires specified job responsibilities. The satisfying of these responsibilities will ensure the Board's overall accountability. Thus, the Board requires a

limited responsibility list constructed in such a manner that that the Board's accountability for the total is not circumvented in the name of simplicity. These Board responsibilities can be summarised as job products which are in turn job outputs.

1. Linkage to the ownership – the Board acts in trusteeship for “ownership” and serves as the legitimizing connection between this base and the membership of ANZSRS.
2. Explicit governing policies – the values and perspectives of the Society are encompassed by the Board's explicit enunciation and proper categorization of Board policies.
3. Assurance of Executive performance – the Board is responsible to ensure that Society members and their representatives meet the criteria set by the Board, thus fulfilling the Board's requirement for accountability.

The three job products are intended to capture the reason for the Board's existence. Board work is thus channelled in to activities designed to fulfil these intended outcomes.

Executive Responsibilities

For the Executive Committee to act in a consistent manner it requires specified job responsibilities. This will ensure the ongoing accomplishment of these responsibilities and overall accountability of the Executive Committee through changes in elected members. The Executive Committee is responsible for the day-to-day running of the Society, and for fulfilling these duties to the best of its ability whilst working within the strategic frameworks defined by the Board with the aim of achieving short-term goals in the endeavour of reaching the Society vision; all activities being underpinned by the Society objectives (and mission). The Executive Committee is accountable to the Board.