

SOE Board Talk

lakweaelop

SOE Board Talk is an SOEMU initiative to engage with SOE boards and share important information and developments on SOE reform.

Please feel free to comment and provide feedback on Board Talk and to share your director experiences.

This week we continue the theme of responsibilities of SOE directors and provide a Good Governance Checklist that will be useful to all RMI directors. This is found in Part 2 section 2 of the Governance Manual.

Please contact SOEMU if there are any concerns or clarifications needed.

2nd Floor Finance Building
Ph. 625 8311

The following is a checklist that every board could use. It asks the board to assess its current policies and practices and to determine whether it can “tick the boxes”. The more that a board can say – “yes we do this” or “yes we have one of these” the more confidence that the board is following good practice.

The following should be capable of simple “yes/no” responses. The checklist can also be used as a development tool. A board may not be able to “tick” every item now but can put in place a plan to develop policies and practices that will allow it to “tick” the boxes over an agreed period – a period relevant for that particular board and SOE.

Good Corporate Governance – a check list of Organizational Structures and

Processes(Drawn from “Public Appointments” developed by the UK Cabinet Office – Crown copyright <http://www.nationalarchives.gov.uk/doc/open%2Dgovernment%2Dlicence/>. Amended by Christopher Russell November 2007 and 2016)

		Yes /No
	Statutory Accountability	
1	Has the Board established effective arrangements to ensure compliance with the SOE Act and applicable statutes and regulations?	
	Financial and Non-Financial Performance	
2	Has the Board achieved the financial performance targets set out in the SOE’s business plan and SCI?	
3	Has the Board substantially achieved the non-financial performance targets set out in the corporate/business plan and SCI?	

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4	Does the Board publish an objective, balanced and understandable annual report in accordance with the requirements of the SOE Act and within the timing set out in that Act?	
5	Does the Board include in its annual report a statement explaining its responsibility for the SOE's financial statements?	
6	Does the Board include in its annual report a statement confirming that it has complied with relevant standards or codes of corporate governance and statutory obligations as a SOE?	
	Roles and responsibilities	
7	Has the board met the reporting requirements in the SOE Act through the development and adoption of the business plan and SCI within the timeframe established in the Act	
8	Does the Board: <ul style="list-style-type: none"> ▪ Meet at least every 2 months? ▪ Retain full and effective control over the SOE? ▪ Monitor the CEO and executive management? 	
9	Has the Board established a framework of strategic control (schedule of delegated and/or reserved powers ¹)? Does the framework of strategic control include a formal schedule of those matters specifically reserved for the collective decision of the Board? Does the Board review and maintain and regularly update the framework of strategic control?	
10	Is there a clearly defined division of responsibilities at senior management level?	
11	Has the Board established clearly documented processes to guide management in: <ul style="list-style-type: none"> ▪ Policy development, implementation and review? ▪ Decision-making, monitoring, control and reporting? 	
12	Has the Board established formal procedural and financial regulations to cover the conduct of its business?	
13	Has the Board established appropriate arrangements to ensure that it has access to all such relevant information, advice and resources as is necessary to enable it to carry out its role effectively?	
14	Does the Board effectively minute the decisions of each meeting and provide all directors with a copy of the minutes for their approval in a timely manner	
15	Is the role of Chair defined in writing through a position description or other document?	
16	Are non-executive Board members: <ul style="list-style-type: none"> ▪ Independent of management? ▪ Free from any other relationship which may materially interfere with exercising an independent judgement on issues of strategy, performance, resources and standards of conduct? 	
17	Are the duties, terms of office and remuneration of non-executive Board members defined in writing?	
18	Is the CEO accountable to the Board for the ultimate performance and implementation of the Board's policy?	
19	Is the role of CEO and his/her responsibilities and delegations recorded in a contract of employment?	

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20	Is the CEO's contract of employment performance based and is the performance of the CEO reviewed regularly (at least annually)?	
21	Has the Board made a senior executive responsible for ensuring that appropriate advice is given to the Board on all financial matters?	
22	Has the Board made a senior executive responsible for ensuring that the Board procedures are followed and that all applicable statutes and regulations and other relevant statements of best practice are complied with?	
23	Has the Board established a remuneration committee to make recommendations on the remuneration of top executives?	
	Internal Controls	
24	Has the Board established appropriate arrangements to ensure that public funds are: <ul style="list-style-type: none"> ▪ Properly safeguarded? ▪ Used economically, efficiently and effectively? Used in accordance with the SOE Act and other statutory or other authorities that govern their use?	
25	Has the Board taken steps to ensure that systems of internal control: <ul style="list-style-type: none"> • Are established? • Continue to operate in practice? 	
26	Does the Board include in its annual report a statement on the effectiveness of the SOE's systems of internal control?	
27	Has the Board taken steps to ensure that an effective internal audit function is established as part of the systems of internal control?	
28	Has the Board established an audit committee with responsibility for the independent review of the systems of internal control and of the external audit process?	
	External Auditors	
29	Has the Board taken steps to ensure that an objective and professional relationship is maintained with the external auditors?	
30	Has the Board established a process to periodically review the performance of the external auditors?	
	Standards of behavior	
31	Has the Board taken steps to ensure that its members exercise leadership by conducting themselves in accordance with high standards of personal behavior/ethics?	
32	Does the Board maintain an Interests Register which is reviewed regularly and confirmed as current by Board members at each Board meeting?	
33	Has the Board developed a formal code of conduct defining the standards of personal behavior, to which individual Board members and all employees of the body are required to subscribe?	
34	Has the Board established appropriate mechanisms to ensure that members and employees of the body are not influenced by prejudice, bias or conflicts of interest?	
	Communication with Stakeholders	
35	Has the Board established: <ul style="list-style-type: none"> • Clear channels of communication with the SOEMU and the Minister? • Appropriate processes to ensure that such channels operate effectively in practice? • Adhere to the no-surprises policy? 	

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36	Meet reporting requirements contained in the SCI and continue to look for means to make the Statement more meaningful and relevant as a key accountability document?	
37	Does the Board ensure that the SOE's SCI and annual report are published on its website?	
	Performance Review	
38	Has the Board established a formal process to review its collective and individual performance on a regular basis and to identify and support development programs for individual members and the Board as a whole?	

Best wishes for this week in the boardroom

SOEMU