



Star Divisions Program 2005 - 2006

Index

Resources Available:

1. Governance Structures for Divisions of General Practice
2. Board Member Roles & Responsibilities
3. Board Recruitment, Orientation & Training
4. Board Meetings & Other Processes
5. Board Relationship with CEO
6. Board Relationship with Members
7. Board Relationship with External Stakeholders
8. Strategic & Business Planning
9. Financial Governance
10. Legal Compliance & Risk Management
11. Board Performance Review
12. Bibliography of Resources Available



2. Board Member Roles & Responsibilities

Documents in this section:

- 2.1: Qualities of good Leadership
- 2.2: Sample Policy- Board Membership
- 2.3: Board Member Interests
- 2.4: Sample Policy-Board Conduct
- 2.5: Sample Policy– Board Office Bearers
- 2.6: Sample Policy Board Remuneration
- 2.7: Sample Policy– Board Representatives
- 2.8: Sample Policy– Public Speaking on the Boards Behalf
- 2.9: Role of Chairperson—Sample Role Description

2. BOARD MEMBER ROLES & RESPONSIBILITIES

2.1 Qualities of Good Leadership

This article summarises the qualities involved in leadership of not for profit organisations and is appropriate for divisions. The article could be used for

- self reflection by those contemplating joining a division board,
- board analysis of qualities needed on the leadership team as part of succession planning activities, or
- reflection as part of governance performance review process

The Help sheet is one of a series produced by ourcommunity, a Victorian based organisation which provides training and resources in leadership and management to not for profit organisations.

An extensive range of resources can be downloaded from their website at www.ourcommunity.com.au



Help Sheet

ourcommunity.com.au

Boards, Committees & Governance Centre: *Build a Better Board; Be a Better Board Member; Find a Board Position*



Click on the link below for:

[Qualities of good leadership](#)



(Insert Division Logo)

2. BOARD MEMBER ROLES & RESPONSIBILITIES

2.2 Sample Policy - Board Membership

1. Description

This policy sets out the constitutional and legal requirements to be a director of (Division Name) and the policy on how directors are elected.

2. Date first decided

3. Date revised

4. Background

At the time of (Division Name)'s formation in xxxxxxxx the members decided that there should be a board of (insert number of) directors. The Articles of Association stipulate that directors must be General Practitioners or (other eligible categories).

In accordance with (Division Name)'s Articles of Association a director may be removed if he or she

- (a) becomes bankrupt;
- (b) becomes prohibited from being a Director of a company;
- (c) ceases to be a Director by operation of Section 228 of the Law;
- (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- (e) resigns his office by notice in writing to the (Division Name); or
- (f) is directly or indirectly interested in any contract or proposed contract with (Division Name) which interest has not been disclosed by the Director in accordance with section 231 of the Law.
- (g) is absent without permission of the board from three (3) consecutive meetings of the Board.

5. Relevant Legislation

The Corporations Act 2001 provides that:

- (a) A person must give written consent before being appointed as a director
- (b) Directors must not be disqualified from managing corporations. If they have been disqualified the appointment must be made with permission granted by the Australian Securities & Investment Commission (ASIC) or leave granted by the Court
- (c) Automatic disqualification and/or removal from a position of director occurs when
 - a director is convicted of certain offences, or
 - becomes bankrupt during their term of office
- (d) Companies must notify ASIC of appointments, retirements and resignations of directors.

The Act describes the main duties of members of the Board which can be summarised as:

- To act with care and diligence
- To act in good faith
- To not use the information they obtain for personal gain or to the detriment of the organisation
- Not to allow the organisation to trade while insolvent.

6. Policy Statement

1. All members of the Board are non-executive directors who are not employed by the division but govern the division on behalf of the members by whom they are elected.
2. Members of the Board must be prepared to undertake the duties of a director as set out in legislation.
3. Each Board member needs to be able to work with the whole Board in a constructive way that ensures there can be rigorous debate whilst the Board maintains itself as a highly functioning group.
4. Individual board members must have the minimum, up to date skills required to adequately address the issues, risks and challenges that the division faces.
5. Board members are expected to exercise independence of judgement in all matters. They are expected to make reasonable inquiries to ensure that the division is operating efficiently, effectively and legally towards achieving its goals.
6. Board members have the right to:
 - a. receive all internal information about the division's affairs
 - b. to obtain and retain documents
 - c. to access assistance and advice.
 - d. to enforce statutory provisions
 - e. to enforce the division's constitution
 - f. to be remunerated.
 - g. to be covered by Directors and Officers indemnity insurance at the division's expense.
7. Terms of board membership are for XX.years with XX.directors retiring at each AGM.
8. Each member is eligible to nominate to the board.
9. A minimum of 14 days notice will be given between the call for nominations and the closing date of nominations.
10. If the number of nominations is greater than the number of positions available voting will be by a secret postal ballot.

11. The [\[insert division's agreed\]](#) method of voting is used. [\[Describe voting method\]](#).
In the event of a tie, a successful candidate will be drawn by lot. In the event of a vacancy occurring outside the annual election an election will be held to fill the casual vacancy. The successful candidate shall take over the balance of the term of the member they have replaced.

7. Positions responsible for implementation

Chairperson

Company Secretary

8. Authorised by

The Board

2. BOARD MEMBER ROLES & RESPONSIBILITIES

2.3 Board Member Interests

One of the legal duties of all board members is to effectively and ethically manage any material interest they may have in the affairs of the division.

This article is recommended reading for its examples of what may constitute material interest and how to avoid conflict of interest

The Help sheet is one of a series produced by ourcommunity, a Victorian based organisation which provides training and resources in leadership and management to not for profit organisations.

An extensive range of resources can be downloaded from their website at www.ourcommunity.com.au



Help Sheet

ourcommunity.com.au

Boards, Committees & Governance Centre: *Build a Better Board; Be a Better Board Member; Find a Board Position*



Department for
Victorian Communities



Click on the link below for:

[Handling conflicts of interest](#)

2. BOARD MEMBER ROLES & RESPONSIBILITIES

2.4 Sample Policy - Board Conduct

1. Description

This policy describes the board's commitment to relevant codes of conduct and to processes for dealing with material interests of individual board members

2. Date first decided

3. Dates revised

4. Background

The Australian Institute of Company Directors promotes an agreed industry code of conduct for directors of companies. The code provides guidance to the (Division Name) board.

AUSTRALIAN INSTITUTE OF COMPANY DIRECTORS

Code of Conduct

1. A director must act honestly, in good faith and in the best interests of the company as a whole.
2. A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office
3. A director must use the powers of office for a proper purpose, in the best interests of the company as a whole.
4. A director must recognise that the primary responsibility is to the company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the company.
5. A director must not make improper use of information acquired as a director.
6. A director must not take improper advantage of the position of director.
7. A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the company.
8. A director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.
9. Confidential information received by a director in the course of the exercise of directorial duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or the person from whom the information is provided, or is required by law.
10. A director should not engage in conduct likely to bring discredit upon the company.
11. A director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

5. Relevant Legislation

Corporations Act 2001

6. Policy Statement

1. The board will ensure that each board member agrees to
 - *recognise and observe the AICD code of conduct*
 - *actively seek adequate knowledge about the business of the division*
 - *take personal responsibility for contributing impartially to the decisions of the board*
 - *prepare for meetings and to insist on sufficient information to enable informed debate and decision making*
 - *devote sufficient time to the duties of a director*
2. The board places great importance on making clear any material interests of its directors in order that any conflict with the interests of (Division Name) is avoided.
3. Any existing material interests shall be declared by directors and officially documented in the Register of Board Member Interests. A material interest exists when a board member receives any income or financial benefit from any source as an employee, a director or a beneficiary. Material interests also include
 - When a board member, or his/her immediate family or business interests, stands to gain financially from any business dealings, programs or services provided by the division
 - When a board member, or his/her immediate family or business interests, offers a professional service to the division.
 - When a board member stands to gain personally or professionally from any insider knowledge if that knowledge is used for personal or professional advantage.
4. All entries on the Register shall be presented to the board.
5. New entries shall be minuted at the first board meeting following entry in the Register.
6. Where a potential conflict of interest is identified and/or registered the board member concerned shall leave the room while the relevant issue is discussed.
7. When the Chairperson is aware of a real or potential conflict of interest involving one or more board members he/she must take whatever steps are necessary to ensure the conflict is managed in an appropriate manner.

8. There are many instances when board members are also members of other organisations, which may not always agree with the division on important matters. In this event, the board will decide whether interests may be in conflict in respect of any issue before the board. The board reserves the right to decide that where this cross membership issue arises, the affected board member may participate in a board discussion, but not vote.

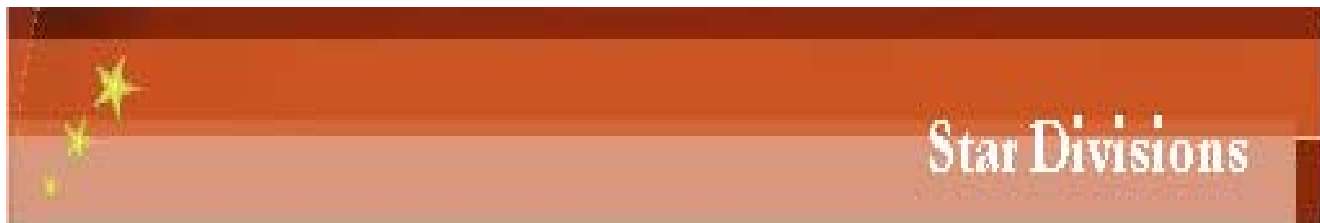
7. Related Document/s

8. Responsibility for implementing this policy rests with

The Chair and board

9. Policy statement authorised by

The board



(Insert Division Logo)

2. BOARD MEMBER ROLES & RESPONSIBILITIES

2.5 Sample Policy - Board Office Bearers

1. Description

This policy describes who may become an office bearer and which office bearer positions the board will appoint.

2. Date first decided

3. Dates revised

4. Philosophy / Background

The Articles of Association provide that

(insert relevant references from the constitution relating to office bearers)

5. Relevant Legislation:

Corporations Act 2001

6. Policy Statement:

1. The Board will appoint a Chair and a Deputy Chair to act in the absence of the Chair.
2. The Board will appoint a Treasurer to act as its agent in overseeing the financial condition, and to ensure that the CEO does not act alone on all financial matters.
3. The CEO will be the Company Secretary.
4. The Board will approve position descriptions for all office bearers
5. Any board member is eligible to become an office bearer.
6. The office bearers are elected by the Board at the first board meeting after the AGM. Election is by simple majority. In the event of a tie, the successful candidate will be drawn by lot.

7. Related documents

Position description – Chair

Position description – Treasurer

Position description – Company Secretary

8. Responsibility for implementing this policy rests with:

The board

9. Policy statement authorised by:

The board

2. BOARD MEMBER ROLES AND RESPONSIBILITIES

2.6 Sample Policy: Board Remuneration

Description:

This policy addresses the payment of director fees, remuneration of director expenses and the purchase of directors and officers' indemnity insurance

Date first decided:

XXXXX

Dates revised:

XXXXXX

Philosophy / Background:

The Articles of Association provide that:

19 -

1. The Directors shall be paid such remuneration as is from time to time determined by the Company in general meeting.
2. That remuneration shall be deemed to accrue from day to day.
3. Thee Directors may also be paid all travelling and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company.

The rates of remuneration for directors were last approved by a general meeting on xxxxxx.

53. The Articles of Association also provide that:

Every Director auditor, secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability arising out of the execution of the duties of his or her office which is incurred by him or her in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favour or in which he or she is acquitted or in connection with any application under the Law in which relief is granted to him or her by the Court in respect of any negligence, default, breach of duty or breach of trust.

Relevant Legislation:

Corporations Act 2001

Policy Statement:

1. Board member remuneration is based on a rate of \$xx per hour and an additional annual stipend of \$xx in recognition of the responsibility carried by directors

2. Board remuneration is paid as an annual fee calculated on the basis of a fixed number of hours for preparation, board meetings, attendance at <insert division name> forums and contacts with members.
3. Additional annual fees are paid to the Chair, Deputy Chair and Treasurer calculated on the basis of a fixed number of hours in recognition of the additional hours entailed.
4. Time spent on other duties that are not predictable or easily calculated in advance is paid on the basis of retrospective claims by a director at the hourly rate.
5. <insert division name> will purchase Directors and Officers Liability insurance to the value of \$10,000,000.
6. Reimbursement of travelling and other expenses will be in accordance with the annual Board Member Expenses Guide approved by the Board.

Related Documents:

<insert division name> Board Member Expenses Guide 2006-7

Responsibility for implementing this policy rests with:

Chair
CEO
Finance Officer

Policy statement authorised by:

The board of <insert division name>

2. BOARD MEMBER ROLES AND RESPONSIBILITIES

2.7 Sample Policy: Board Representatives

Description:

This policy addresses the role of representatives of the division and the key messages that the board will take to external agencies.

Date first decided:

<insert date>

Dates revised:

<insert date>

Philosophy/Background:

<insert division name> board has determined that it will speak as one on policy issues relevant to achieving the goals of <insert division name>. The board has also determined that it will from time to time make policy statements on the goals and end of the Divisions Program, and these will guide <insert division name> representatives.

<insert division name> has an internal mandate from the members to present to external agencies the views of the members on what the changes to general practice in the local area should be, and how the changes should be managed. In addition, <insert division name> has an external mandate from DoHA to facilitate the changes.

The <insert division name> role in the State health system is also to present the views of the members, with a particular focus on enabling the State health system to work more effectively with general practice. Where changes that are beneficial to general practice are identified, <insert division name> will work with the other local agencies to facilitate the changes.

In <insert date> the <insert division name> board decided on a core statement of the aim of <insert division name> representation and of the issues for general practice.

Policy Statement

At its meeting on <insert date> the board identified the following as the key messages for use by <insert division name> representatives when establishing their position with other stakeholders.

Divisions of General Practice

Divisions provide the most effective organisational interface between government and other stakeholders and GPs because

- Divisions provide broad representation of general practice without vested interests.
- Divisions have the capacity and expertise to consult effectively with individual GPs.

- Divisions play a recognised , valued and effective role in GP education for systemic and practice change.

As the key body for representation re the place of general practice within the local health system, <insert division name> coordinates general practice representation which is accountable back to the <insert division name> division and members.

General Practice

General practice representation in any discussion about health system issues is vital because

- General practitioners see more than 80 % of the Australian population at least every 12 months.
- GPs provide comprehensive and continuing whole patient care to individuals, families and their community. GP care spans the continuum of wellness. GPs are the best placed primary care provider to coordinate medical services for patients with co-morbidities. GPs have an ongoing commitment to better health outcomes for their communities.
- GPs have credibility with their patients.
- GP care impacts on the demand for public sector health services.

Relevant Legislation

Corporations Act 2001

Responsibility for implementing this policy rests with:

The board of <insert division name>.

Policy Statement authorised by:

The board of <insert division name>..

Procedures:

See Guidelines for representatives

2. BOARD MEMBER ROLES AND RESPONSIBILITIES

2.8 Public Speaking on Board's Behalf

Description:

This policy directs representatives to the key concern of [<insert division name>](#) in any public statements and to the core positions of the [<insert division name>](#) board

Date first decided:

[<insert date>](#)

Dates revised:

[<insert date>](#)

Philosophy / Background:

At the initial board meeting, [<insert date>](#), the board decided that it would speak with one voice, through formal meetings.

Relevant Legislation:

Corporations Act 2001

Policy Statement:

1. A key concern of [<insert division name>](#) in any public speaking is to build, maintain, enhance and defend [<insert division name>](#)'s reputation.
2. Once a policy position is adopted and documented the board will speak with one voice around that policy.
3. The board delegates authority to speak on behalf of [<insert division name>](#) to the media and other organisations where an opinion is sought, to the Chair as the public face of the organisation, and to the Deputy Chair and CEO where appropriate.
4. In speaking to the media and other organisations, board members will promote the core values and key positions of [<insert division name>](#) as determined by the board and set out in the Board Representatives policy

Related policies

Board Representatives policy

Related documents

Board policy register

Responsibility for implementing this policy rests with:

The board of [<insert division name>](#)



Policy statement authorised by:

The board of <insert division name>

SAMPLE

2. BOARD MEMBER ROLES & RESPONSIBILITIES

2.9 Role of the Chairperson

Background

The responsibilities of the chairperson extend beyond those of other directors.

Term of Office

The Chair is appointed for a one year term and may be appointed for one subsequent one year term.

Responsibilities

1. Promote the highest standards of governance.
2. Provide coherent leadership by representing <insert division name> and understanding the views of its members.
3. Ensure that induction and continuing development programs for directors build and maintain an effective and complementary board.
4. Establish and maintain a close relationship of trust with the CEO providing support and advice while respecting executive responsibility.
5. Ensure a clear structure for the effective running of board committees.
6. Establish the board agenda.
7. Encourage active engagement by all board members.
8. Ensure effective time management for the board to consider complex or contentious issues.
9. Run the board and its agenda, style and tone to promote effective decision making and constructive debate.
10. Ensure the board receives accurate, timely and clear information to enable effective monitoring of <insert division name> performance.
11. Ensure effective implementation of board decisions.
12. Ensure regular performance reviews of the board, its committees and its individual directors.
13. Chair the AGM and other <insert division name> forums.
14. Ensure the views of the members are reflected in the priorities, policies and functioning of <insert division name>.
15. Ensure the effective resolution of complaints from members against <insert division name>.

Delegation

1. The board delegates to the Chair (along with the Deputy Chair and CEO as appropriate) the authority to speak on behalf of <insert division name> to the media other organisations where an opinion is sought.
In exercising this delegation the Chair will observe the guidelines for representatives and the board conduct policy.

Authorised by: