

The Roles and Responsibilities of College Boards

Dr Allan Ellis

allan.e@acecolleges.edu.au

ACE Community Colleges

1. Introductory comments

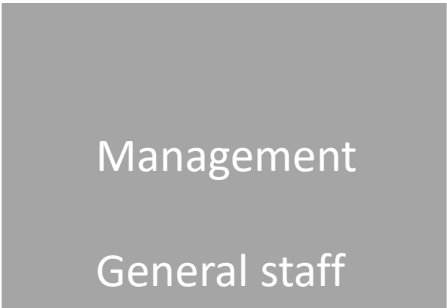
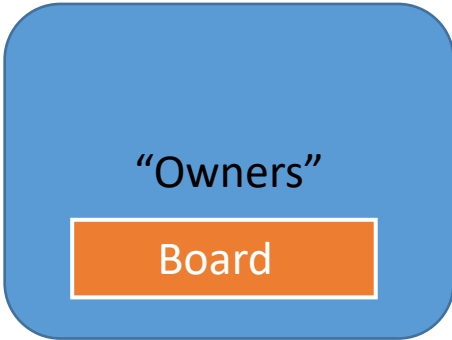
- This presentation is an amalgamation of my reading and experience - it is a personal overview not an exhaustive examination
- There are many excellent books available on board governance and some are listed at end of this presentation
- The operation of your Board needs to be individually tuned to the size, focus, mission and resources available to you
- When in doubt about major issue seek professional legal advice
- It is my hope that within the next six months year CCA, with the support of all Colleges, will undertake a comprehensive anonymous survey of me so that we can share information about our operations and challenges

1. Key documents

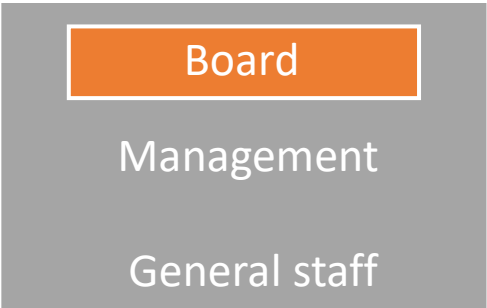
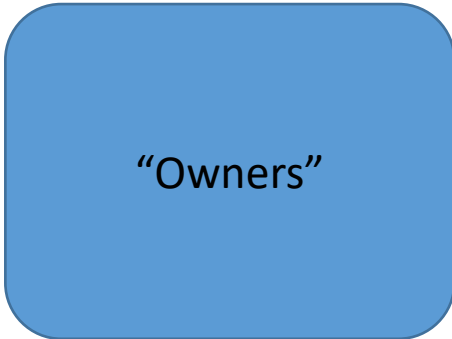
- Registration – ASIC. The most likely Community College Board structure is a Company Limited by Guarantee. Defines core legal and reporting responsibilities
- Your constitution - defines various operational parameters e.g. size of board, number of meetings per year, quorum size etc
- Policies and procedures - set by the Board, can be easily reviewed and amended e.g. process of recruiting and appointing a new director

4. Question: What is the ownership structure of your College?

A

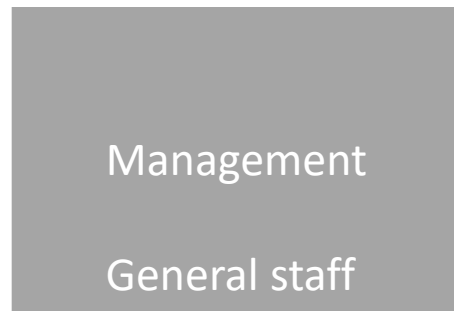


B

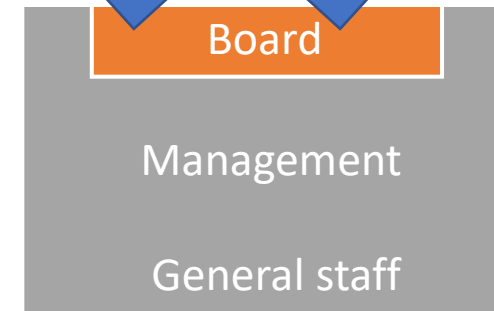
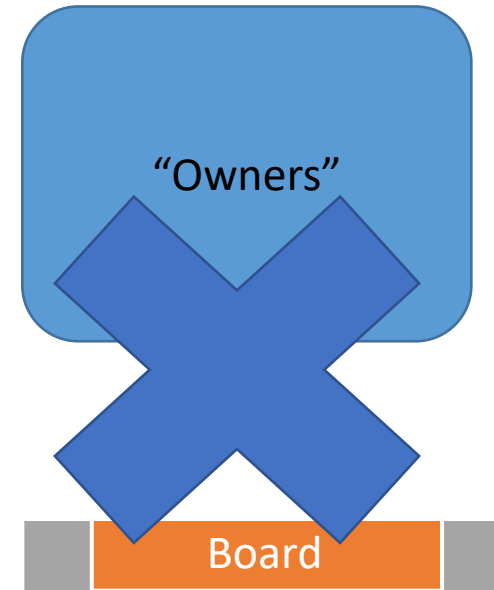


4a.Question: What is the ownership structure of your College?

A



B



5. Principles of Governance

Corporate Governance is the system of rules, practices and processes by which a College is directed and controlled. It involves:

- Being a layer of ownership, not a layer of management
- Creating the future (the past is behind you)
- Being clear about how the Board intends to use the time and money of others
- Behaving ethically and being transparent and accountable
- Managing risk
- Promoting a top-to-bottom culture that values people's time and makes their tasks achievable and satisfying
- Ask probing questions as responding "I did not know about that...." is not an excuse for an important action being neglected.

6. The processes of Governance involve:

- Ensuring the College complies with its corporate registration and constitutional requirements
- Setting the strategic direction, priorities and culture of the College
- Setting high-level policies and management performance expectations
- Monitoring and evaluating the performance of the College
- Characterizing then overseeing and mitigating or managing risk
- Monitoring and addressing complaints
- Accepting the ultimate responsibility for the performance of the College

7. To optimize your Board's performance identify the key issues to address

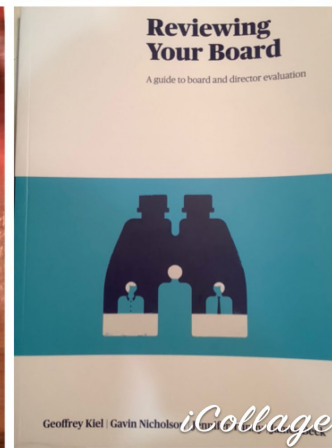
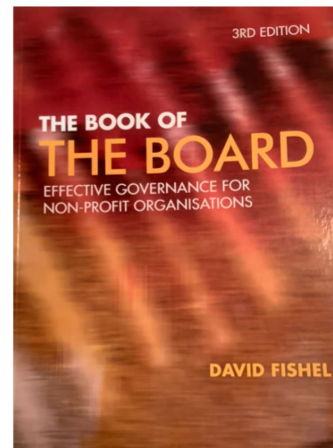
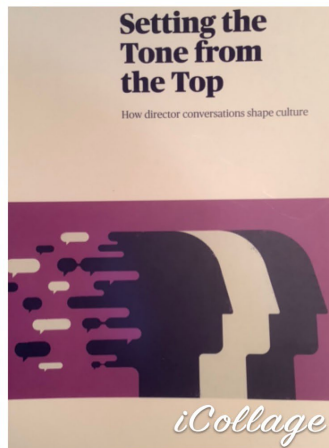
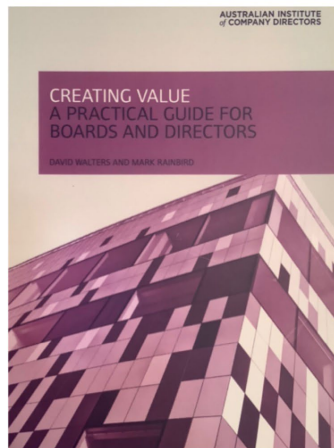
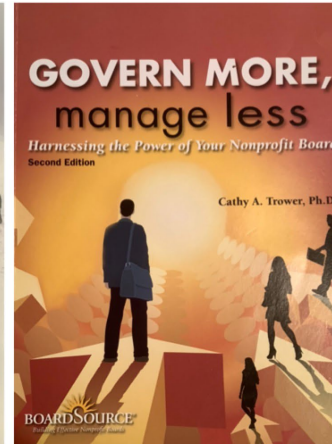
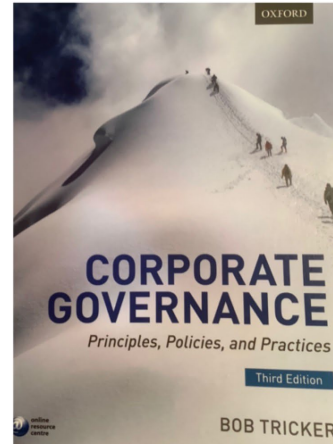
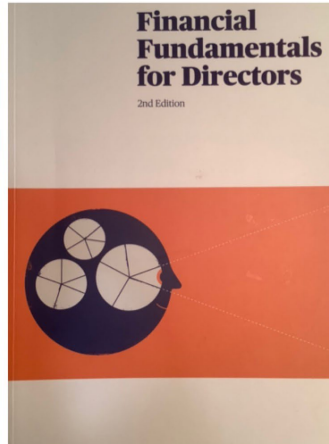
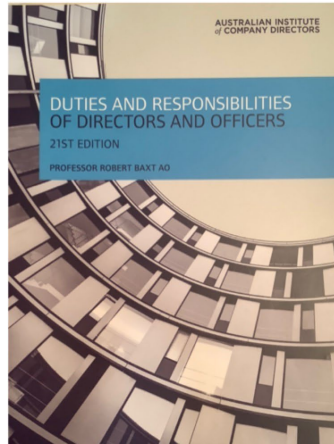
Some example:

- Managing reporting and compliance issues such as audits, insurances, data security etc
- The Board's vision, mission and goals must be appropriate and need to be understood by all levels of the College staff (and reviewed regularly)
- Recruiting, supervising, retaining, evaluating and compensating the CEO/Principal is perhaps the most important Board function (after legal and compliance issues)
- There should be separation between governance and management roles and these should be clearly recorded, particularly delegations
- Board members have a duty of care to the College to carry out their role to the highest standard. They should have access to appropriate professional development

8. Develop many small focused activities that contribute to the achievement of major goals

- Work to develop a strategic Board Agenda - get the most out of every Board meeting
- Understand and compile what constitutes a good set of Minutes
- Appreciate the value of a comprehensive suite of operational Board policies
- Develop a framework to make appropriate new Board appointments
- Evaluate Board and Board member performance - internally and externally
- Provide orientation and ongoing professional development for new (onboarding) and existing Board members
- Support and evaluate senior management staff
- And many more

9. Reading material



10a. References

- Kiel,G. et. al. (2018) Reviewing Your Board - a guide to board and director evaluation. AICD
- Baxt,R. (2016) Duties and Responsibilities of Directors and Officers, 21st Edt. AICD
- Muth,M. & Seldon,R. (2018) Setting the Tone from the Top. AICD
- Trower,C.A. (2010) Govern More, Manage Less - Harnessing the Power of Your Non-Profit Board. 2nd Edt BoardSource
- Walters,D. & Rainbird,M. (2016) Creating Value - A Practical Guide for Boards and Directors. AICD
- Fishel,D. (2014) The Book of the Board - Effective Governance for Non-Profit Organisations. 3rd Edt. Federation Press
- Tricker,B. (2015) Corporate Governance - Principles, Policies and Practices, 3rd Edt. Oxford University Press
- Dianne,S. & Huges,A. (2019) Financial Fundamentals for Directors, 2nd Edt. AICD

Thankyou for participating

Any further questions

Workshop – College Board issues

Dr Allan Ellis

allan.e@acecolleges.edu.au

ACE Community Colleges

Workshop – College Board issues

Some suggested topics for discussion:

- Creating and sustaining a high performance Board*
- The Role of the Chair of the Board
- Setting a Strategic Agenda - making best use of your time*
- Keeping Appropriate Board Minutes - a legal document*
- Selecting and Appraising the CEO
- Reviewing the Performance of the Board*
- Recruiting New Board Members*
- Board Member - reimbursement/fees
- Providing Professional Development – new and ongoing Board Members
- Other suggested topics

Creating and sustaining a high performance College Board

- Understand what a high performance Board looks like. They are unlikely to occur organically. They require time and intention to establish and maintain.
- Why is the Board meeting (compliance requirements, determining strategy, drawing together appropriate skills, providing diverse perspectives etc)
- How does your current Board rate? To fix problems you first have to recognize them.
- The Management Literature talks about 4 Pillars (or Factors) of Board Effectiveness - they are not really independent pillars, rather they interact
- 1. People - quality (expertise and competence), focus (priorities), dedication
- 2. Information architecture (includes right information, right format, internal and external, formal and informal channels, self-directed information gathering)
- 3. Structures and Processes (How you work is as important as what you work on, board agenda and meeting calendar, balance strategic vs tactical, track decision outcomes etc)
- 4. Group dynamics and Board culture - agree upon values, behaviours and rules of engagement, heed red flags and move quickly, work to make the sum of the Board greater than its parts.

Recruiting New Board Members

- Document the process so it can be repeated and improved
- Regularly review current Board member skills against your strategic direction
- Plan to replace skills lost when any existing Board members retire
- Compile an information pack (typically includes: Board Member Directory, Organizational Chart, College History, Strategic Focus (Mission, vision, in particular outline of key strategic and action plans that you hope a new members will contribute to, key policies and current operational calendar, sample Annual Report)
- Have the Board Chair and one other Board member conduct initial sound-out session. Follow-up with meeting of full board, CEO and key Exec Staff

Setting a Strategic Agenda

- Board Chair owns Agenda (usually prepared in consultation with CEO and CFO)
- Useful to place Vision Statement at top of Agenda (focuses and steers discussion)
- Make sure format and distribution suits all Board members. Consider allowing time for any Board member to seek clarification of an item before the meeting
- Use a Consent (starred) Agenda - makes best use of time
- Identify items for Noting, Discussion or Decision (consider colour coding)
- Put strategic matters (particularly Decisions that must be made) before operational issues
- Consider the use of graphs or dashboard reports
- Consider short presentations from staff to allow detailed questioning of a specific issue
- Consider including the use of declarations (sign-offs) to confirm all key payments have been made, insurances renewed etc
- It can be useful to have a tentative time allocation against important items. Also useful to spend a few minutes at the end of each meeting to evaluate its effectiveness - ask what could be improved

Reviewing the performance of the College Board

In 2021 the business literature identified the top 5 Governance under performance:

- Stakeholder engagement - what do Board members understand about stakeholders and what is the Board doing to get stakeholders involved
- Strategic Direction - allow time for this at every meeting (Strategy formulation, oversight, sector strategic trends)
- Continuous Review and Development - never believe you have got it all right, what have you missed? Annual review of all levels of the organization
- Risk Management and Compliance - including addressing environmental issues
- Sector Relevant Skills - know the skills your Board members have and develop the skills that they need (based on your strategic plan), recruit new Board members where appropriate

When recruiting new Board members point out the benefits of being on your Board (what they will learn). Consider annual internal reviews and perhaps an external review every three years.

Keeping Appropriate Board Minutes

Why bother to keep Board Minutes?

- A legal document required under the Corporations Act
- Provides a record of decisions for current and future Board Members
- Provides a succinct record of what the Board discussed, the documents it consulted and the reasoning behind the decisions
- Records action items and presentations from staff or external advice
- Documents evidence of compliance with legal obligations e.g. Tax and superannuation payments, insurances, contracts, data security etc
- Demonstrates the Board acted with care and due diligence and in good faith and avoided any conflicts of interest