

Summary of minimum content for a governance manual by chapter

At the end of each chapter there are bullet points on the minimum areas an entity's own governance manual should cover on that topic. These bullet points are provided below with the following caveats:

Each chapter provides the background for the bullet points; therefore the relevant chapter must be read before drafting any material for an entity.

The full guidance does not cover all topics relevant to governance, and many boards' manuals will need to include additional material to suit their legal circumstances and particular activities.

Chapter 1: Relevant legislation

At a minimum, a good governance manual should cover:

- the relevant entity-specific legislation, the Crown Entities Act and the relationship between them as it applies to the particular category of Crown entity; and
- all other legislation that has general application to boards and entities.

Chapter 2: Functions and powers of the entity

At a minimum, a good governance manual should cover:

- the functions as set out in the entity's establishing legislation including clear arrangements for the delivery of any policy functions;
- any functions that the Minister has added in accordance with the entity's establishing legislation;
- any functions that are incidental or related to, or consequential on, the entity's functions;
- any underpinning objectives or government policy statements of which the board is required to take account;
- any exceptions to the board implementing the entity's functions and powers, i.e. where these are the responsibility of the chief executive or other office holder; and
- a diagram of the structure of the board and entity would be a useful addition.

Chapter 3: Key relationships

At a minimum a good governance manual should cover:

- the nature of the relationship between a board and the Minister, taking account of the type of entity, including:
 - the protocols to be observed;
 - identification of any statutorily independent functions, and the relationship with the Minister in regard to these functions;

- the 'no surprises' approach;
- the nature of the board's relationship with the chief executive and other entity staff, including any protocols to be observed and the boundaries between governance and management;
- the nature of the entity's relationship with the monitoring department, including any protocols to be observed; and
- who will interact with parliamentary select committees.

Chapter 4: Collective duties of the board and individual duties of board members

At a minimum a good governance manual should cover:

- the collective duties and the role of the board and individual board members in ensuring the duties are complied with;
- the individual duties and the role of the board and individual board members in ensuring the duties are complied with; and
- a process for making sure all board members are aware of their collective and individual duties (eg, member induction, ongoing training, updating requirements) and of the consequences for breaching the duties.

Chapter 5: Role of the board chair

At a minimum a good governance manual should cover:

- The key requirements of the Crown entity chair's role; reflecting both the provisions of the CE Act and any functions that are specific to the entity concerned.

Chapter 6: General responsibilities of members

At a minimum a good governance manual should cover:

- a description of the general behaviour expected of and approach to be taken by members; and
- cross-references to relevant chapters, e.g. identifying and managing conflicts of interest, key relationships.

Chapter 7: Members' interests and conflicts: identification, disclosure and management

At a minimum, a good governance manual should cover:

- the fact that interests, if not disclosed, registered and managed properly, have the potential to lead to conflicts that will undermine decisions taken by a board and the confidence held by stakeholders in the actions of the entity;
- the importance of board members taking a broad and honest approach to identifying their interests and when considering potential conflict of interest situations;
- the need for both perceived and real interests to be identified;
- the importance of fully exploring ways to manage an interest, looking beyond

- compliance with legal requirements to whether anything more needs to be done;
- any legislative requirements specific to the entity relating to conflicts of interest;
- the process by which board members must declare their interests to the chair. This should include:
 - both standing disclosures and specific interests;
 - the need for declarations to be recorded in board minutes;
 - the need for all interests to be recorded in the board's register of members' interests, including the nature and extent of the interests, and where appropriate, their monetary value;
- the processes and mechanisms for managing a declared interest, including:
 - how the board and entity staff will preclude a member's access to information on any declared interests;
 - how the board will preclude a member's participation in matters relating to any declared interests; and
- the process for members to keep their interests under regular review, and making amendments to previously declared interests if required.

Chapter 8: Disclosure of information

At a minimum a good governance manual should cover:

- The requirement for board members to handle information that they obtain in their board role according to the requirements of s. 57 of the CE Act and consistently with any board policies.

Chapter 9: Gifts and hospitality

Many boards already have internal protocols on gifts and hospitality that are tailored to their particular circumstances, within which gifts of a specific value may be acceptable. The provisions and value thresholds may vary according to the entity's circumstances and stakeholders.

At a minimum, a good governance manual should cover:

- the fact that acceptance of gifts and hospitality by a board member can, or may be seen to, impact on the public's trust in the entity and in board governance in general. Therefore, such offers should be accepted only if there is no prospect of the gift or hospitality being seen to influence the board's judgement in any way;
- the need for careful judgement to be exercised when considering offers of gifts or hospitality, in light of the entity's roles and relationships;
- the board's approach to its members accepting offers of gifts and hospitality, including:
 - any entity-specific considerations that needed to be exercised in deciding whether to accept gifts and hospitality
 - a monetary value above which gifts and hospitality need to be disclosed;
 - the accepted treatment of benefits in kind (eg, air points); and

- the procedures to follow for declaring and registering offers of gifts and hospitality, and for regularly reviewing such declarations;
- the need to have in place an understanding of and the appropriate protocols surrounding koha;
- the board's approach to offering gifts and hospitality which emphasises the importance of exercising appropriate and sensitive judgement;
- a clear statement that members must never solicit favours for themselves or others; and
- an effective disclosure regime, including maintaining a register of gifts, is strongly recommended.

Chapter 10: Board meeting procedures

At minimum a good governance manual should cover:

- the meeting procedure requirements that are set out in Schedule 5 of the CE Act and in the entity's own legislation;
- additional provisions that will assist the smooth functioning of the board's business; and
- processes to ensure effective forward planning of the board's regular activities.

Chapter 11: Board committees

At a minimum a good governance manual should cover:

- details of the entity's committees, including their roles, responsibilities, accountability, reporting procedures, membership and duration; and
- procedures for establishing new committees and for reviewing whether existing committees should continue.

Chapter 12: Delegations

At a minimum a good governance manual should cover:

- boards remain legally responsible for the exercise of any functions and powers exercised under delegation;
- delegation policies and procedures, which should include areas such as:
 - the process for reviewing delegations,
 - any generic conditions or restrictions around delegations,
 - policies for the reporting of decisions made under delegation; and
- schedules of delegations, which should include areas such as:
 - the legislative authority for delegation,
 - strategy (planning, setting policy, compliance),
 - expenditure (budgets, contracts, operating and capital expenditure),
 - financial management (bank accounts, investment, financial reporting, audit,

taxation)

- communications (marketing, media, Official Information Act 1982, government)
- risk (risk management, insurance)
- legal (appointment, dispute resolution, litigation).

Chapter 13: Crown entities as employers

At a minimum, a good governance manual should cover the provisions of the applicable legislation in respect of:

- the processes to be followed in appointing an entity's chief executive, setting their performance expectations and formally evaluating his/her performance;
- the obligation for Crown entities to operate as good employers;
- where responsibilities lie for the employment of entity staff;
- the board's role in ensuring that the State Services Commission's code of conduct is promulgated within the entity; and
- the factors to be taken into account by Crown entities in setting pay and employment conditions.

Chapter 14: Subsidiaries

At a minimum a good governance manual should cover:

- the purpose of subsidiaries, how they can be established and by whom;
- key details of any subsidiary, including their role and purpose;
- the ways in which the Companies Act 1993 and any specific provisions in an entity's own legislation apply to subsidiaries; and
- procedures for appointing directors, business planning, monitoring and reporting on the activities of the subsidiary.

Chapter 15: Planning and reporting

At a minimum a good governance manual should cover:

- each of the key planning and reporting requirements in the CE Act and the board's role, including:
 - the Statement of Intent;
 - the Statement of Performance Expectations, and
 - the Annual Report;
- any planning and reporting requirements in the entity's own legislation, the board's role and engagement with the responsible Minister; and
- any relevant non-legislative planning and reporting processes and the boards role, including:

- enduring letters of expectation;
- annual letters of expectation; or
- any other agreements

Chapter 16: Board and member performance evaluation

At a minimum a good governance manual should cover:

- the aim of evaluating the board's and individual member performance;
- the method and procedures for carrying out the evaluation; and
- advice to board members on how the information from the evaluation will be used.

Chapter 17: Board appointments and reappointment

At a minimum, a good governance manual should cover:

- any legislative qualifications and skill requirements for participation on the board;
- who is responsible for the appointments;
- the chair's role in appointments/reappointments;
- policies and procedures if nominations registers or nominations committees are required;
- the "no automatic right of reappointment" standard;
- reappointment requirements;
- grounds and responsibilities for removal from a board; and
- what to do if a temporary deputy chair appointment is required.

Chapter 18: Remuneration and expenses for board members

At a minimum a good governance manual should cover, in a way that is relevant to the category of entity:

- the need for a good understanding of the application of the Cabinet Fees Framework;
- who sets and reviews board fees and remuneration, and who needs to be consulted;
- who in the board engages with the fee setting authority on board fees and remuneration;
- when the board becomes the fee setting authority and the mechanism they are required to use;
- the general principle that board members do not act as consultants to an entity or board where they are a member of that board; and
- the need to have in place appropriate policies and procedures for submitting and approving board member expenses.

Chapter 19: Liability and protection from legal claims or proceedings

At a minimum a good governance manual should cover:

- the approach taken to indemnity for board members, office holders and employees;
- the approach taken to any insurance for board members, office holders and employees;
- who the board has indemnified or provided effective insurance for in relation to employees and office holders; and
- the extent of the indemnity or insurance with an explanation of what acts, omissions and costs are not included.