

# Managements Role in Good Governance

## Board Reporting

13 August 2024

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Founder and CEO, GovernRight

# Outline for Today

➤ To support your board with the **right composition**

To establishing a **Modern Governance and Reporting Framework** to meet that challenge

GovernRight™ :

*the HOW...*

*.. Taking theory into practice*

The GovernRight Framework

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# Modern Governance

The **Challenge** of Modern Governance...

... building a “should know” mindset

1.1 A Governing  
Body that  
understands its  
role, supporting a  
"should know"  
mindset

The Challenge

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1.2 Has the correct balance of oversight and management

## Recap : Five Key Challenges

A Governance and Reporting Framework that:

- Supports a clear distinction between “ownership”, “oversight” and “operations”
- Is supported by an “engaged relationship” between those in oversight and those in operations
- Builds an engaged, trusting relationship both within the “Board/Leadership Team” and with the management/staff
- Is supported by a Board with the right composition
- Aligns Governance reports to outcomes, not activity



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Trust

$$f \left( \begin{array}{l} \text{Common Goal +} \\ \text{Confidence in Ability +} \\ \text{Feedback} \end{array} \right)$$

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The Solution

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1.1 A Governing  
Body that  
understands its  
role, supporting a  
"should know"  
mindset

***Model 6 – Getting the Right Board Composition  
... building attributes is the “KUEE”***

***K.U.E.E.***

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# Modern Board Composition

Turn your mind to “attributes needed”, not just the “skill” gained from their calling:

- Knowledge of ...
- Understanding of ...
- Experience in ...
- Empathy with ...

The Solution



Illustrative – large NFP,  
long history, in care  
services

# An “Attributes” matrix

Attribute Needed	A	B	C	n
➤ An informed appreciation and empathy for the client group (including lived experience)		Primary		Secondary
➤ Experience with large, complex businesses	primary			
➤ Political connection and credibility			Primary	
➤ Experience in working with government				
➤ A will to take and accept risks	Primary		Secondary	Primary
➤ A mindset to respond constructively to failure	Secondary			
➤ Financial literacy and management				
➤ Understanding of the Corporate History		Primary		
➤ A “should know ” mindset (ability to think about emerging governance items)				
➤ Technical knowledge and expertise of operating client services		secondary	Primary	
➤ Experience in Governance (Board's role in oversight, not management)	Primary			Primary

The Solution

1.1 A Governing Body that understands its role, supporting a "should know" mindset

The Solution

## Five Key Challenges

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## *Model 7 – The 3 Lenses of Governance*

*... to help focus of key governing roles*



Why do we need a Board?

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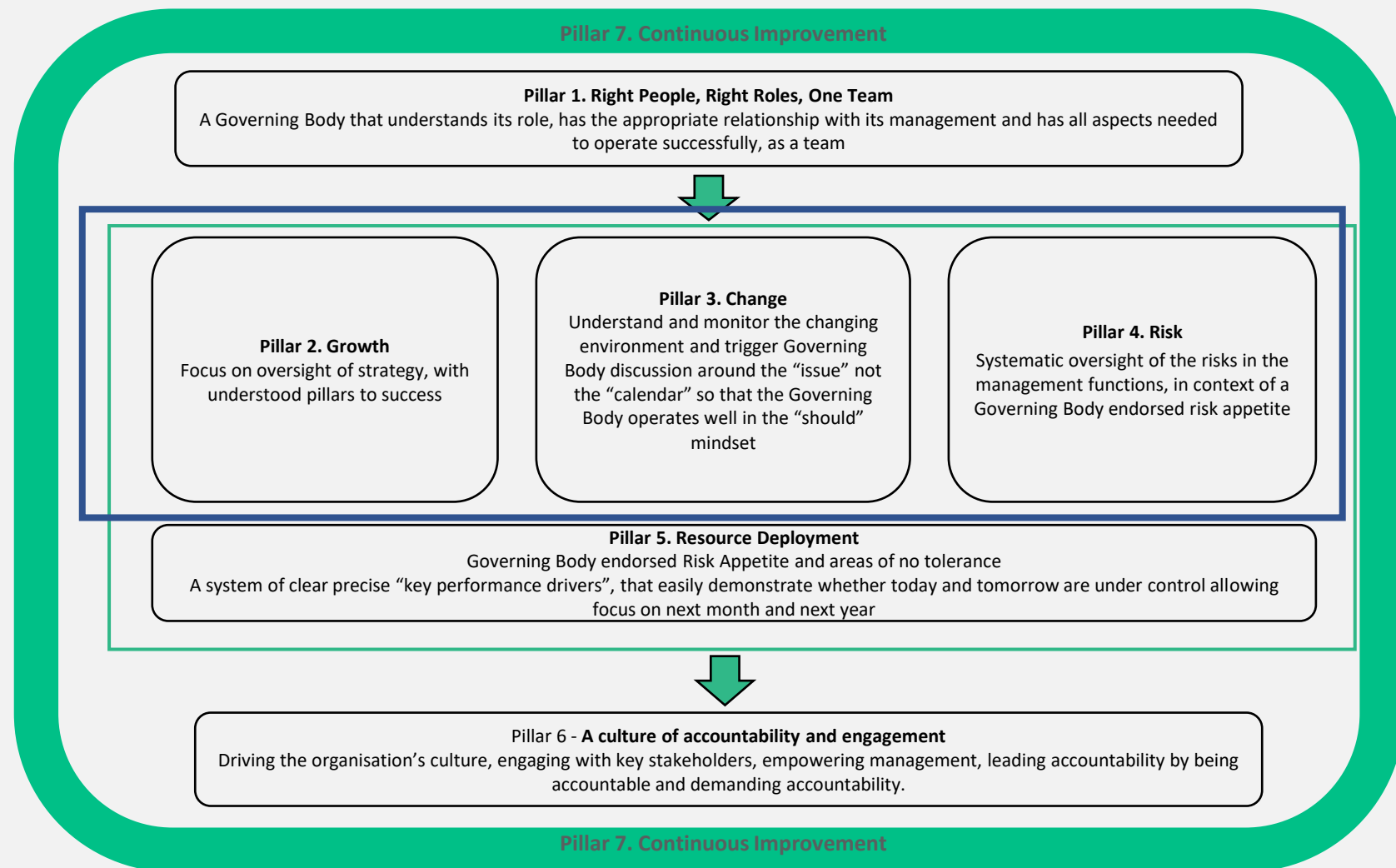
# The Growth, Change, Risk Model

Modern Governance requires those in oversight to consider risk at the core of everything they do. Post Centro, those in governance should ..... consider the “3 lenses of Governance”

- **Growth** – Building a sustainable organisation through the strategic pillars within the strategic plan. Investing to build a sustainable business
- **Change** – addressing the “emerging governance items”, with response to either a risk or opportunity where the likelihood of occurrence is increasing
- **Risk** – oversight of risks in the management operations, supported with “positive assurance” that mitigations are working as they should

The 3 Lenses of Governance

# The GovernRight Framework©



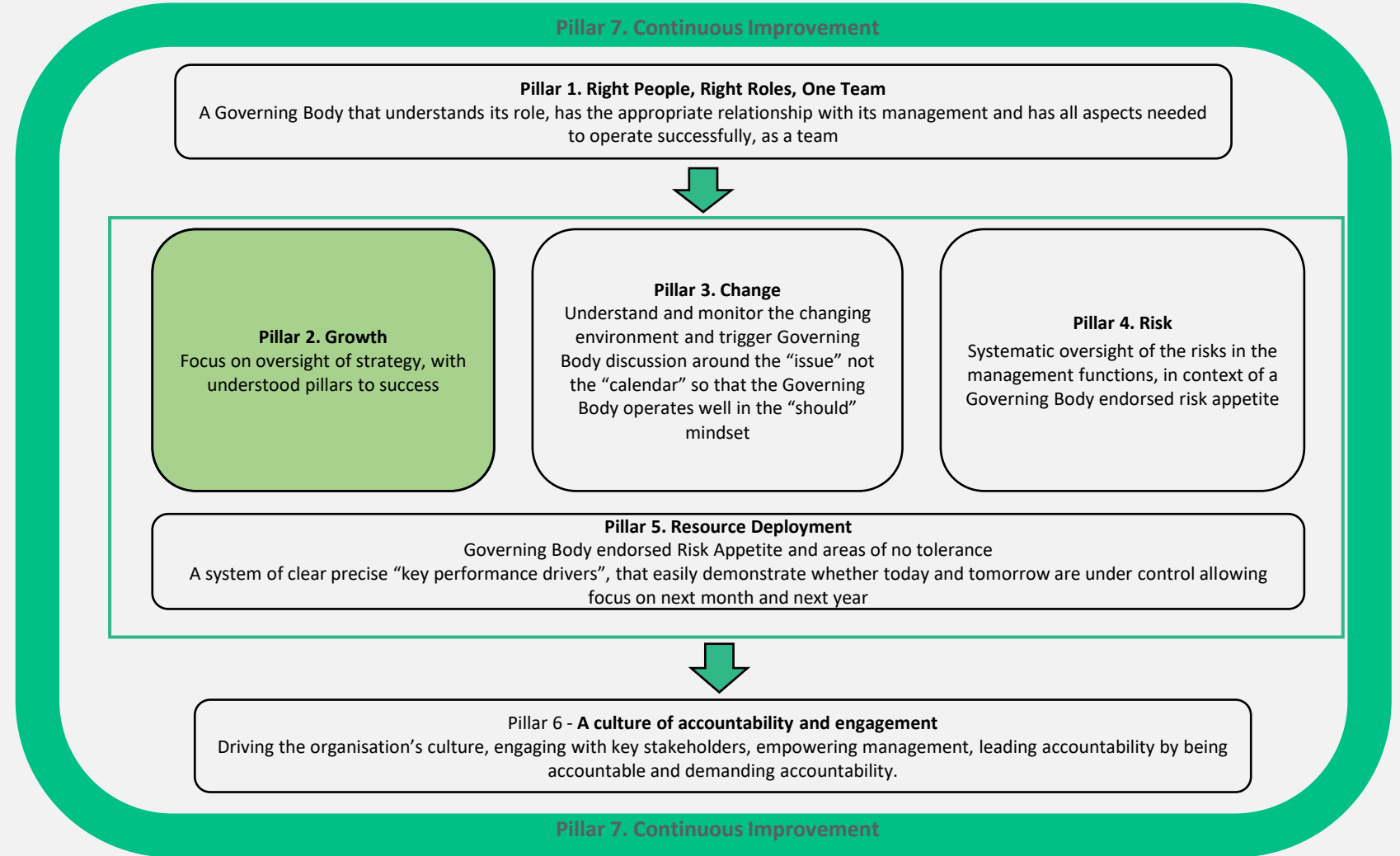
The 7 Pillars of Good Governance

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*Focus your Board Reporting*



# Our Governance Content



The 7 Pillars of Modern Governance

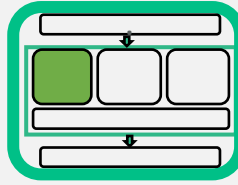


2.2 Clear,  
understood and  
embraced  
cornerstones to  
success

Oversight of GROWTH



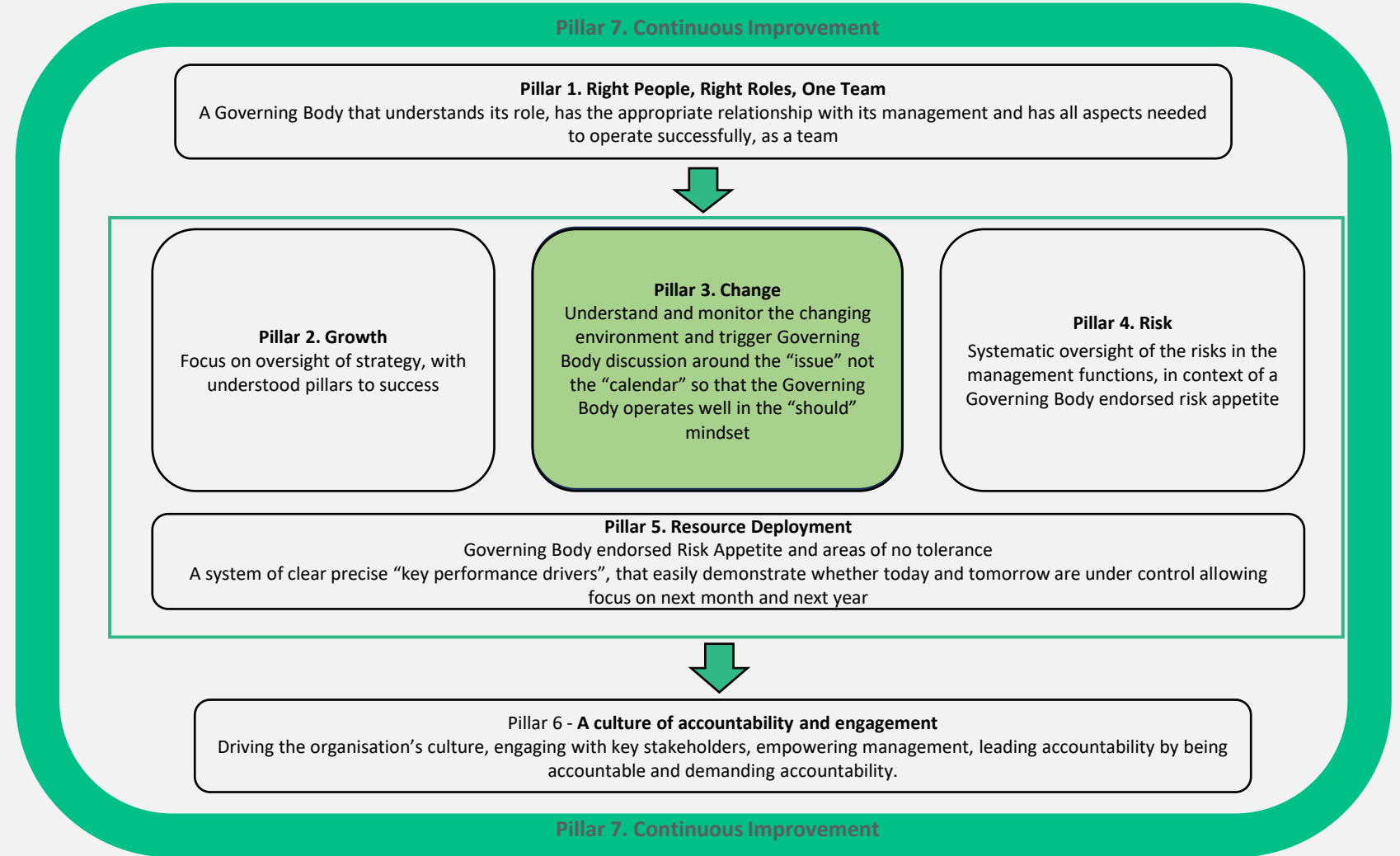
## Your Strategic Pillars...



Source: GovernRight knowledge bank for associations



# Our Governance Content



The 7 Pillars of Modern Governance





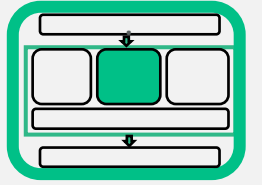
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Oversight of CHANGE





# Emerging Governance in Many Forms

Changes in:

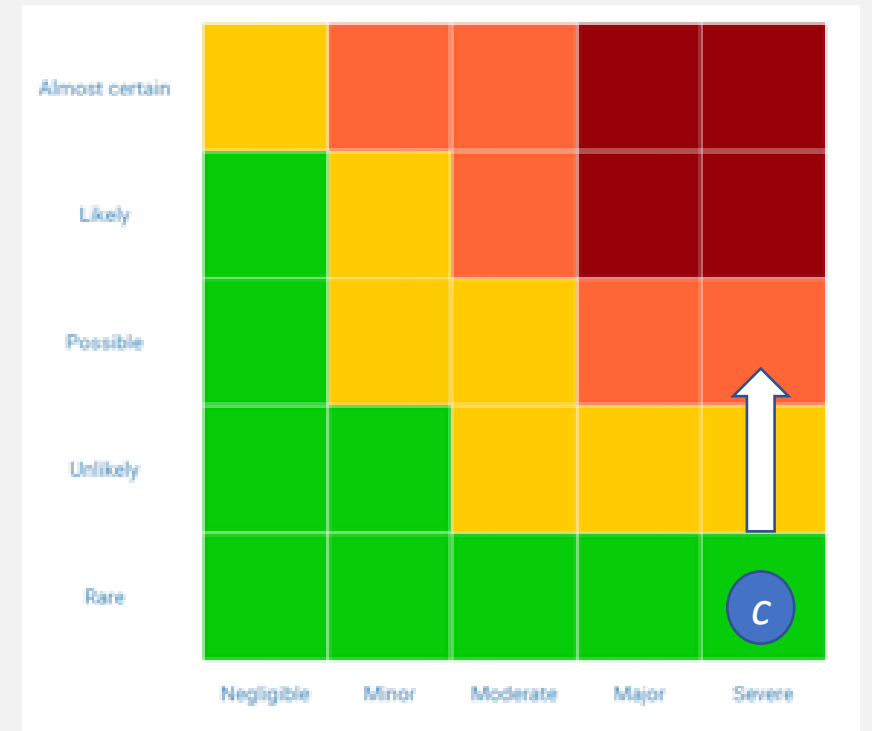
- Competitive environment
- Legal environment
- Operating environment
- Technology
- Consumer behaviours

And so on ...

**Potential Risks:**

Actively watched and reported when increased likelihood, allowing:

- Active management to arrest increase in likelihood or
- Early strategies to minimize consequence



3.1 Tools to monitor and understand the changing environment to trigger timely Board discussion

Oversight of CHANGE

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Oversight of CHANGE



# Your Emerging Items...

Source: GovernRight Platform



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Oversight of RISK IN BAU



# Our Governance Content

## Pillar 7. Continuous Improvement

### Pillar 1. Right People, Right Roles, One Team

A Governing Body that understands its role, has the appropriate relationship with its management and has all aspects needed to operate successfully, as a team



### Pillar 2. Growth

Focus on oversight of strategy, with understood pillars to success

### Pillar 3. Change

Understand and monitor the changing environment and trigger Governing Body discussion around the “issue” not the “calendar” so that the Governing Body operates well in the “should” mindset

### Pillar 4. Risk

Systematic oversight of the risks in the management functions, in context of a Governing Body endorsed risk appetite

### Pillar 5. Resource Deployment

Governing Body endorsed Risk Appetite and areas of no tolerance  
A system of clear precise “key performance drivers”, that easily demonstrate whether today and tomorrow are under control allowing focus on next month and next year



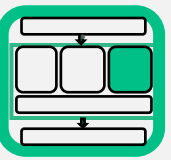
### Pillar 6 - A culture of accountability and engagement

Driving the organisation’s culture, engaging with key stakeholders, empowering management, leading accountability by being accountable and demanding accountability.

## Pillar 7. Continuous Improvement

The 7 Pillars of Modern Governance





# Your Identified Risks....

## Risk Items: Finance

Elevated	Risk Item	Risk Description
●	F1. Current Year Result	Failure to deliver budget result at year end
●	F2. Balance Sheet	Failure to have a strong balance sheet

## Risk Items: Human Resources

Elevated	Risk Item	Risk Description
	HR1. Safe, Engaged Workplace (WHS)	Failure to have a safe, engaged environment leading to accidents, security incidents, and increased workers comp premiums
	HR2. Workforce Planning	Failure to have sufficient, engaged and motivated staff with clear accountabilities resulting in high staff turnover, reputational damage, difficulty attracting staff or reduced productivity

## Risk Items: Information, computers and technology

Elevated	Risk Item	Risk Description
●	ICT1. IT Systems Outage/Failure	Significant outage or failure of IT systems leading to negative impact on service delivery
●	ICT2. System and data protection	Loss of business systems and/or personal/sensitive information through cyber or other attack leading to significant business disruption and/or breach of Privacy Act

## Service Delivery Risks

Source: GovernRight Knowledge Bank

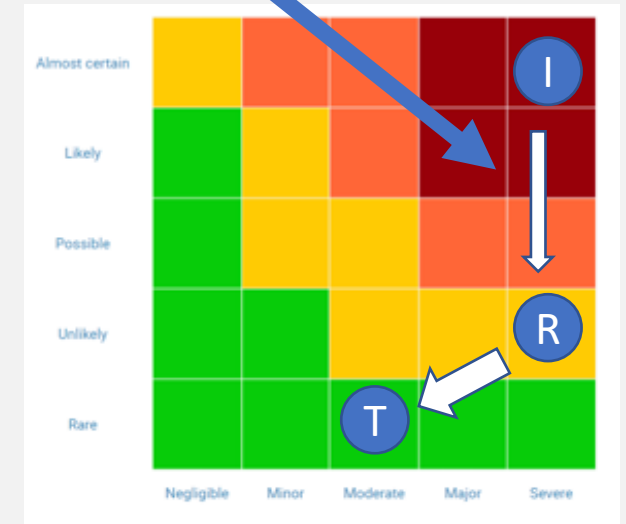
4.1 Systematic oversight of key identified risks

Oversight of RISK IN BAU

# The Key Role of Policy –

- Inherent risk position - if no controls in place
- Document current mitigating controls, often presented as “policy”
- Residual rating
- Based on risk appetite, set Target position
- Identify additional mitigating projects
  - actions / due dates / key performance outcomes
  - person responsible

Our Policies



Does Residual = Current?

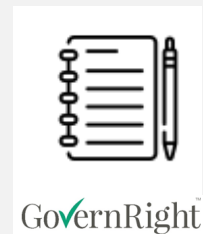
What if the Policies being followed?

Risk Reporting



## *Model 8 – The Modern Reporting Framework*

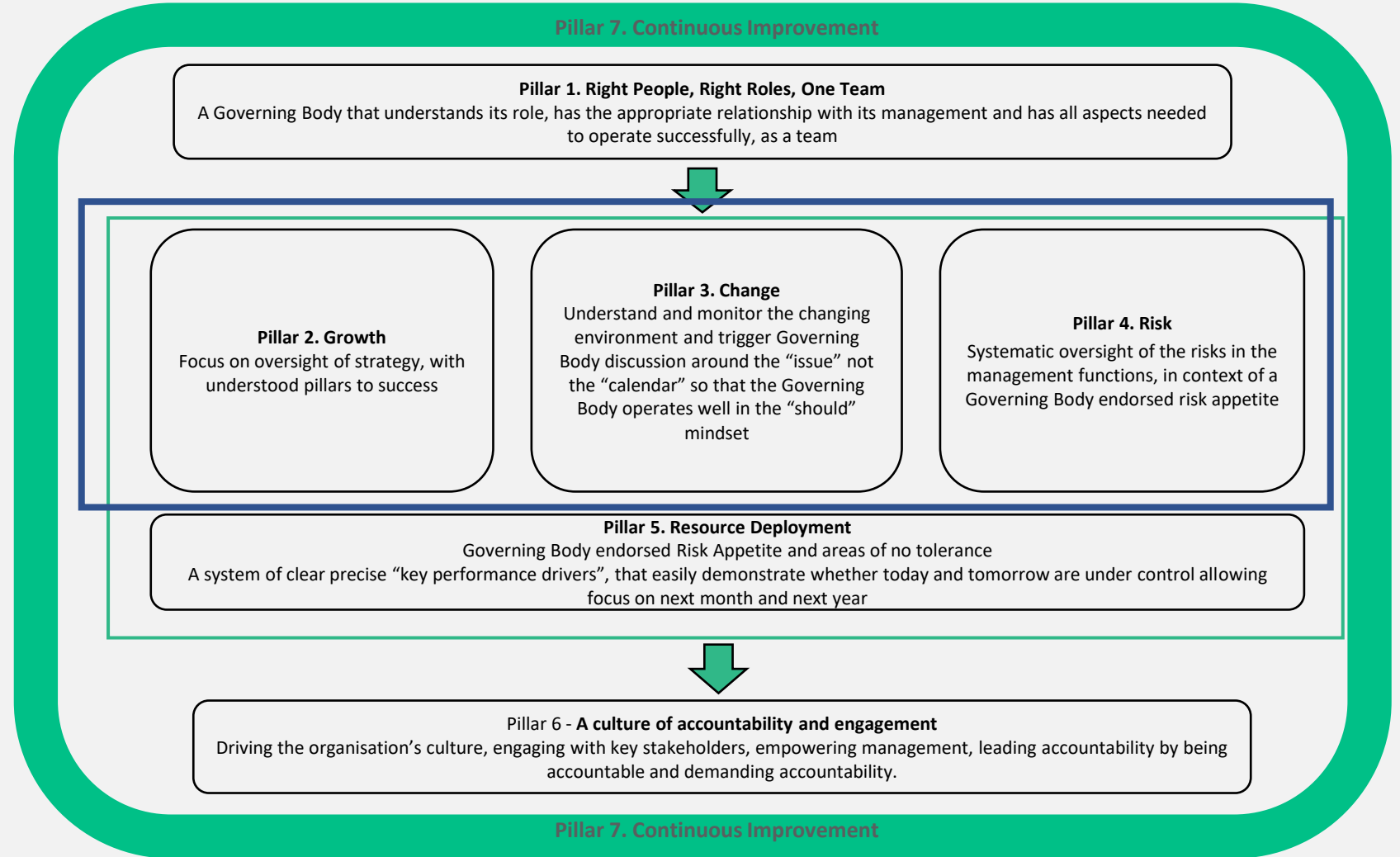
*... align agenda to outcome, not activity*



Why do we need a Board?

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# The GovernRight Framework©



The 7 Pillars of Good Governance

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*Focus your Board Reporting*



# Align reporting to key governance roles

- Oversight of GROWTH
  - S1. Respected Brand
  - S2. Quality process
  - S3. Strong Governance Relationship
- Oversight of CHANGE - emerging governance items
  - Watch for increase in likelihood
- Oversight of management of RISKS in BAU
  - Finance Report
    - F1. Delivery of Budget
    - F2. Management of Balance Sheet
  - Report on operations
    - SD1. Complaints Report
    - SD2. Report from education
  - etc

# Content Drives Board Agenda

Source: GovernRight Platform

S1. Respected Brand

EDIT DELETE PRINT (PDF) Previous: OP1. Executive Director 3 of 11 Next: S1. Our Purpose

Current controls, policies and/or practices	Status	Additional projects needed to achieve the Goal	Status
Control 1 cascade	✓	S1.1 Do this by then - User	✓
Control 2 cascade	✗	S1.2 Do this by then - User	✗
Control 3 cascade	✓	S1.3 Do this by then - User	?

Performance Measures as at 31 July 2020

Measure ?	Target ?	Actual ?	Status ?
Measure 1	Target 1	Actual result 1	✓
Measure 2	Target 2	Actual result 2	✗

Overall comments

Date	Comments
31/07/2020	Overall comment on any orange or red items - recommendations to the Board on how to get these items back on track i.e. change the due date, change the scope.

Noted

Decision

Discussion

Risk/Return

Will the target be delivered?

Management Recommendation to bring orange/red to green

# Key Messages

- The need to embed a “should” mindset into your oversight role
- The importance and value of the right Board Composition
- The importance of aligning your reporting on outcome not activity
- The value of considering the 3 lenses of governance in your oversight meetings (not just “compliance”)
  - **Growth** – building a sustainable organisation through implementing good strategy
  - **Change** – focusing on changes to assumptions underlying the strategy and/or emerging trends. Potential risks and opportunities discussed as they become more likely
  - **Risk** – striking the right balance between oversight and management in the management functions
- Board Agenda is framed on the content, not the author of the report
- An Orange and a Red is a cry out for resource deployment NOT incompetency



**Questions?**

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