

TAGS™

The Australian Governance System



The Four Steps To Boards Governing & Managers Managing

Contents

Governance Is Increasingly Understood, But Its Practical Application Is A Challenge	3
Available Governance Systems Prior To The Introduction Of TAGS™	4
The Governance Systems Matrix.....	5-6
TAGS™, The Four Step Approach To Contemporary Community Governance	7-8
The Contents Of TAGS™	9-10
Distribution Via Online Purchase Or USB	11
Value = Cost & Benefits	12
TAGS™ Principle & Policy Examples:	13–17
Some Boards Using TAGS™	18-19
“SS Community Business” Service Excellence, Business Excellence	20

Governance Is Increasingly Understood, But Its Practical Application Is A Challenge

- ◆ Governance: From the Greek and Latin “to steer, guide and govern” is a term widely known by directors, chief executive officers and managers of private, public and community businesses (NFPs).
- ◆ The meaning and broad framework of governance is increasingly better understood and practically applied by many directors and boards.
- ◆ However, there still remain some boards, chief executive officers and managers who have a limited understanding of governance and/or its practical application in the board room, ie: there is a wide gap between the way they operate and their governance policies and procedures, or they have few or poor governance policies and procedures and no governance tools.

Available Governance Systems Prior To The Introduction Of TAGS™

- ◆ TAGS™, The Australian Governance System (TAGS™) was researched and developed over two and a half years.
- ◆ Prior to the development of TAGS™ in 2003 there were four governance frameworks, or approaches available to Australian Boards and committees:
 - * The Australian Stock Exchange Principles of Good Corporate Governance, ASX
 - * The Australian Governance Standards (AS8000/AS/8004), Standards Australia
 - * The Carver Model and Associated Policies, (American)
 - * The Australian National Audit Office Governance Framework

The Governance Systems Matrix

- ◆ This matrix provides information about the four governance systems most commonly available to boards and what elements are contained within each governance system.

Gov. Framework/ Systems	Elements	Framework/ Approach	Principles/ Standards	Policies	Procedures	Measures of Success	Tools	Documents	Presentations & Articles
Australian Stock Exchange Principles of Good Corporate Governance		✗	✓	✗	✗	✗	✗	✗	✗
Standards Australia Governance Standards (AS8000/AS8004)		✗	✓	✓	✗	✗	✗	✗	✓
The Carver Model/ Carver Policies		✓	✗	✓	✗	✗	✗	✗	✓
TAGS™		✓	✓	✓	✓	✓	✓	✓	✓

The Governance Systems Matrix

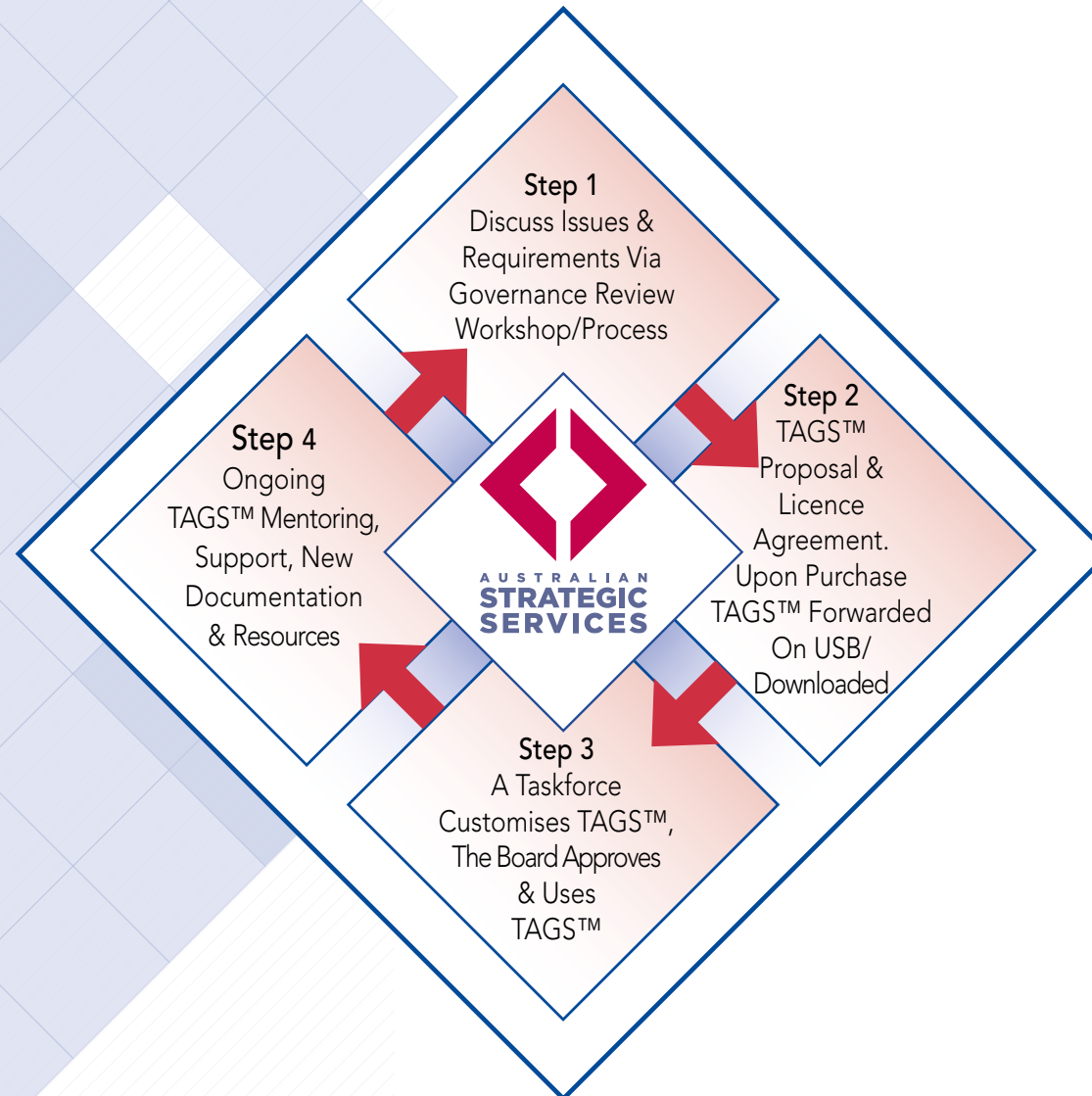
- ◆ TAGS™ is the most comprehensive and integrated governance framework/system available to Boards of not for profits.
- ◆ TAGS™ is practical, easy to use and cost effective.
- ◆ TAGS™ provides a wide range of governance policies and procedures, and the TAGS™ Toolbox (tools, templates and resources) to support the practical implementation of good governance.



TAGS™, The Four Step Approach To Contemporary Community Governance

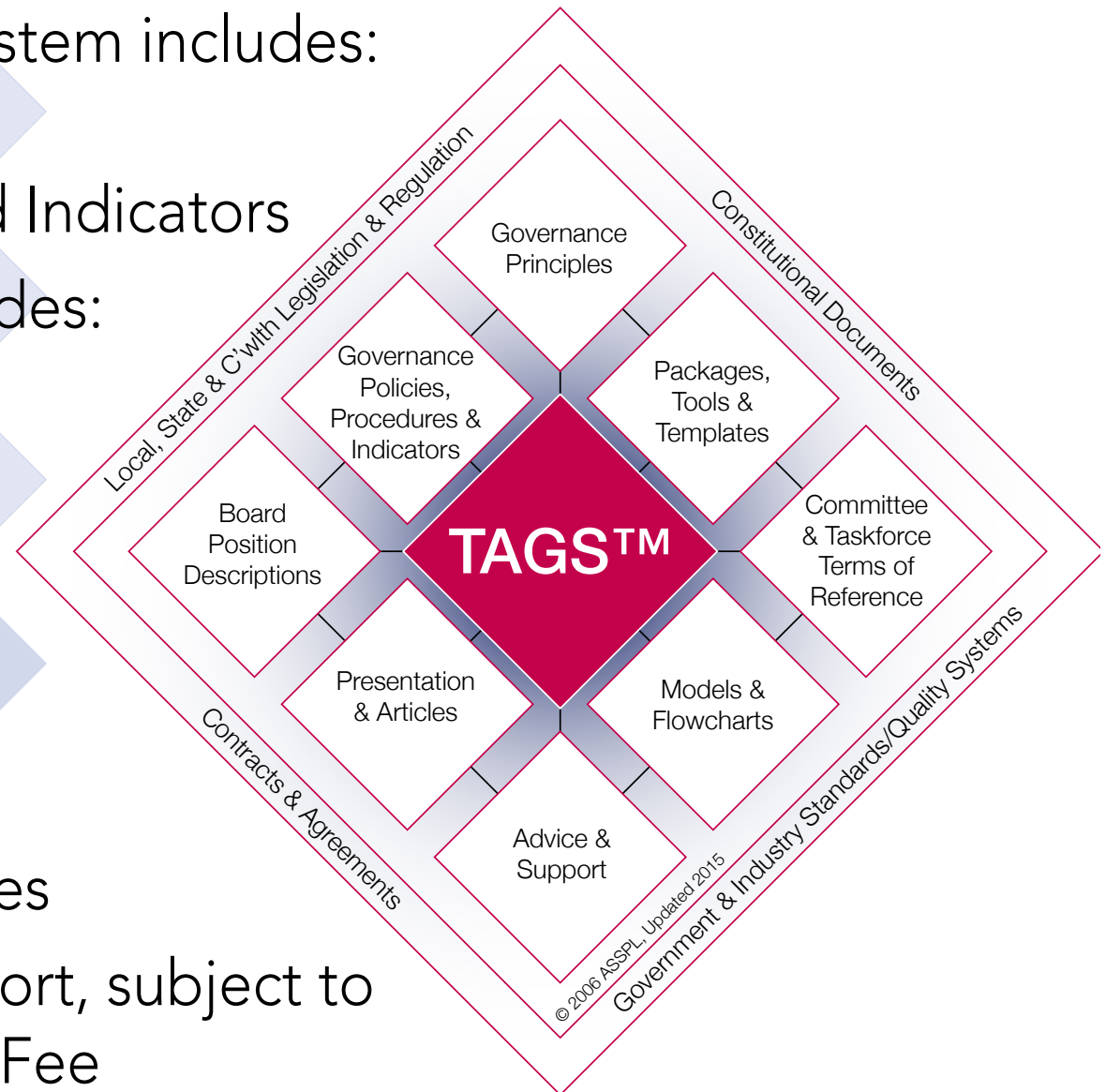
- ◆ Step 1: The Board discuss their issues and requirements with ASSPL. Typically via a Governance Review workshop or similar process, or they may just wish to purchase TAGS™.
- ◆ Step 2: A TAGS™ Proposal and Licence Agreement is provided by ASSPL. Upon purchase TAGS™ is forwarded to the Chief Executive Officer on a USB. It can also be purchased online and downloaded (www.resources.betterboards.net)
- ◆ Step 3: The Board establishes a TAGS™ Taskforce, Governance Committee or similar which customises the TAGS™ documentation and tools and then they forward this to the Board for review, approval and implementation.
- ◆ Step 4: Mentoring, support, new documentation, tools and resources are available from ASSPL.

TAGS™, The Four Step Approach To Contemporary Community Governance



The Contents Of TAGS™

- ◆ The TAGS™ framework/system includes:
 - * Governance Principles
 - * Policies, Procedures and Indicators
- ◆ The TAGS™ Toolbox includes:
 - * Board, Committee and Taskforce Terms of Reference
 - * Tools
 - * Documents
 - * Models
 - * Presentations and Articles
- ◆ Both with advice and support, subject to payment of yearly Licence Fee



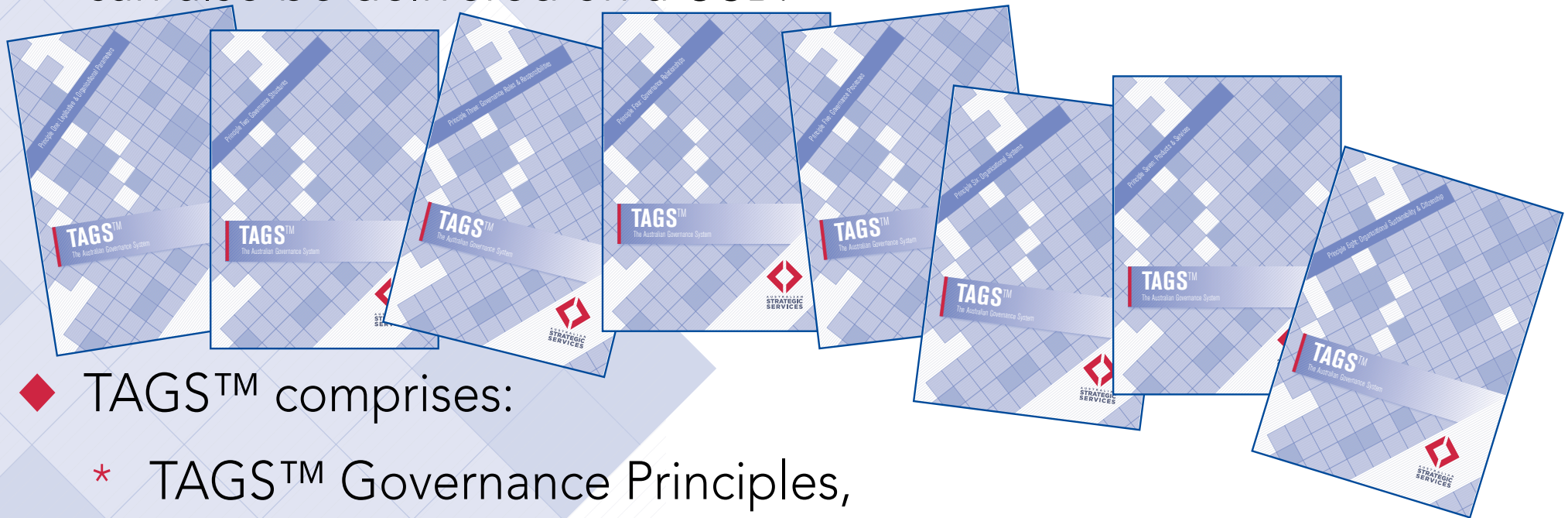
The Contents Of TAGS™

- ◆ There are eight governance principles.
- ◆ Underpinning each TAGS™ principle are:
 - * policies
 - * procedures
 - * measures of success
 - * tools and documents.
- ◆ Also included in the TAGS™ Toolbox are tools, board, committee and taskforce terms of reference, presentations and articles.



Distribution Via Online Purchase Or USB

- ◆ TAGS™ is typically delivered by a link to download the documents once TAGS™ is purchased (<http://resources.betterboards.net>) and can also be delivered on a USB.



- ◆ TAGS™ comprises:
 - * TAGS™ Governance Principles, Policies, Procedures and Measures of Success
 - * The TAGS™ Toolbox (tools, documents terms of reference) etc.

Value = Cost & Benefits

Value

- * very significant savings on the time and cost of researching, designing and documenting your own governance system
- * an immediate start
- * TAGS™ provides all the necessary documentation, tools and resources
- * a practical, time efficient implementation process
- * ongoing:
 - * mentoring and support
 - * new or updated tools and resources
- * practical tools and templates

Cost

TAGS™ is licensed to Boards/organisations

Pricing Schedule

Initial Licence Fee

TAGS™ (principles, policies & procedures)

\$4,000

TASG™ Toolbox (tools & resources)

\$3,000

Yearly Licence Fee (including ongoing support)

\$500

TAGS™ Community Governance Workshop (optional):

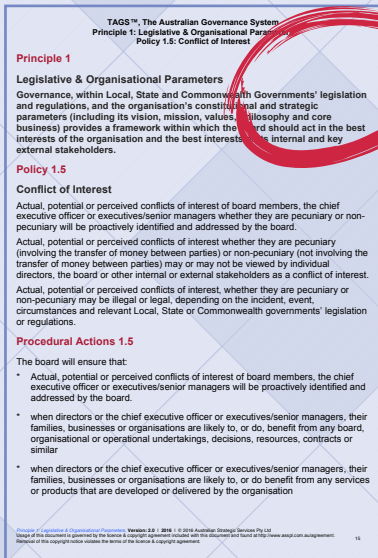
cost dependent on time and consultant

Benefits

The key benefits of TAGS™ are:

- * absolute clarity about what the Board does versus what the Chief Executive Officer/manager does
- * exceeds the requirements of legislation, regulation, quality frameworks, systems and standards
- * meets/exceeds accreditation, registration or certification requirements
- * provides practical tools, templates and packages
- * provides a wide variety of resources and references

TAGS™ Principle & Policy Example: Conflict Of Interest



TAGS™, The Australian Governance System
Principle 1: Legislative & Organisational Parameters
Policy 1.5: Conflict of Interest

Principle 1
Legislative & Organisational Parameters
Governance, within Local, State and Commonwealth Governments' legislation and regulations, and the organisation's constitutional and strategic parameters (including its vision, mission, values, philosophy and core business) provides a framework within which the board should act in the best interests of the organisation and the best interests of its internal and key external stakeholders.

Policy 1.5
Conflict of Interest
Actual, potential or perceived conflicts of interest of board members, the chief executive officer or executives/senior managers whether they are pecuniary or non-pecuniary will be proactively identified and addressed by the board.

Actual, potential or perceived conflicts of interest whether they are pecuniary (involving the transfer of money between parties) or non-pecuniary (not involving the transfer of money between parties) may or may not be viewed by individual directors, the board or other internal or external stakeholders as a conflict of interest.

Actual, potential or perceived conflicts of interest, whether they are pecuniary or non-pecuniary may be legal or illegal, depending on the incident, event, circumstances and relevant Local, State or Commonwealth governments' legislation or regulations.

Procedural Actions 1.5
The board will ensure that:

- Actual, potential or perceived conflicts of interest of board members, the chief executive officer or executives/senior managers will be proactively identified and addressed by the board.
- when directors or the chief executive officer or executives/senior managers, their families, businesses or organisations are likely to, or do, benefit from any board, organisational or operational undertakings, decisions, resources, contracts or similar
- when directors or the chief executive officer or executives/senior managers, their families, businesses or organisations are likely to, or do benefit from any services or products that are developed or delivered by the organisation

TAGS™ Principle & Policy Example: Board & CEO Delegations

TAGS™, The Australian Governance System Principle 4: Governance Relationships Policy 4.4 – Board & Chief Executive Officer Delegations

Principle 4

Governance Relationships

Sound working relationships, between both individual board members and the board as a whole, enable a board to establish and build a partnership with its chief executive officer and therein the organisation's internal and key external stakeholders, in particular its "owners", the members.

Policy 4.4

Board & Chief Executive Officer Delegations

The board will clearly define those authorities, delegations, rights and responsibilities, constraints and limitations it transfers and confers upon the chief executive officer and cause the development, utilisation and annual review of a Board Delegation Schedule.

Procedural Actions 4.4

The board will ensure that:

TAGS™, The Australian Governance System
Principle 4: Governance Relationships
Policy 4.4 – Board & Chief Executive Officer Delegations

Principle 4
Governance Relationships
Sound working relationships, between both individual board members and the board as a whole, enable a board to establish and build a partnership with its chief executive officer and therein the organisation's internal and key external stakeholders, in particular its "owners", the members.

Policy 4.4
Board & Chief Executive Officer Delegations
The board will clearly define those authorities, delegations, rights and responsibilities, constraints and limitations it transfers and confers upon the chief executive officer and cause the development, utilisation and annual review of a Board Delegation Schedule.

Procedural Actions 4.4
The board will ensure that:

- it documents, utilises and annually reviews the Board Delegation Schedule, at the chief executive officer's annual performance appraisal
- on an annual basis, it discusses and reviews with the chief executive officer those authorities, delegations, rights and responsibilities, constraints or limitations it has transferred and conferred
- it authorises and works with the chief executive officer and executive team/senior management team to develop a Strategic Plan, which contains amongst other things, key result areas and key performance indicators for the board and strategic objectives and key performance indicators for the chief executive officer and executive team/senior management
- breaches of the Board Delegation Schedule by the chief executive officer will not be recorded in the Minutes of the board.

The chief executive officer will ensure that:

- the board has provided and documented a Board Delegation Schedule that provides clear, unequivocal statements, directives, authorities or limitations to which both parties have agreed

© 2016 Australian Strategic Services Pty Ltd
Design of this document is governed by the terms & conditions of the license with its associated artwork at <http://www.tagst.com.au/governance>.
Reproduction of the copyright notice is prohibited in the terms of the license & copyright agreement.

TAGS™ Principle & Policy Example: Board Succession

Procedural Actions 5.3

The board will ensure that:

- * a Succession Plan which covers the board, chief executive officer and executive team/senior management team is developed and approved
- * a Succession Plan is utilised when board, chief executive officer and/or executive team/senior management team positions need to be filled
- * Succession Plan is used in conjunction with *Board Skills Alignment, Policy 2.5, Key Board Positions, Policy 2.4, Board, Committee & Taskforce Appointments, Policy 5.1, Board Training & Development, Policy 5.7, Chief Executive Officer Recruitment, Policy 5.14* and the Employment Policies and Procedures of the organisation
- * a Succession Plan forms part of the organisation's strategic planning framework and system.

The chief executive officer will ensure that:

- * they work with the board on the development of the Succession Plan when requested
- * they provide the name/s of suitably capable and qualified person/s who can act as deputy chief executive officer in the event that the chief executive officer is not available

TAGS™ The Australian Governance System
Principle 5: Governance Processes & Activities
Policy 5.3 – Board Succession

Principle 5
Governance Processes & Activities
Governance processes and activities will provide data, information and knowledge for individual board members and internal and key external stakeholders about how the board, its committees, taskforces and individuals in specialist board positions are appointed and undertake their work and how these positions are reviewed and vacated.

Policy 5.3
Board Succession
The board, chief executive officer and executive team/senior management team should provide the key strategic, organisational and industry skills, knowledge, experience and wisdom, the intellectual capital of the organisation.
Therefore the succession of their strategic, organisational and industry leadership and management skills, knowledge, experience and wisdom is paramount to the future growth, development and success of the organisation and its operations.

Procedural Actions 5.3
The board will ensure that:
* a Succession Plan which covers the board, chief executive officer and executive team/senior management team is developed and approved
* a Succession Plan is utilised when board, chief executive officer and/or executive team/senior management team positions need to be filled
* a Succession Plan is used in conjunction with *Board Skills Alignment, Policy 2.5, Key Board Positions, Policy 2.4, Board, Committee & Taskforce Appointments, Policy 5.1, Board Training & Development, Policy 5.7, Chief Executive Officer Recruitment, Policy 5.14* and the Employment Policies and Procedures of the organisation
* a Succession Plan forms part of the organisation's strategic planning framework and system.

The chief executive officer will ensure that:
* they work with the board on the development of the Succession Plan when requested
* they provide the name/s of suitably capable and qualified person/s who can act as deputy chief executive officer in the event that the chief executive officer is not available

Copyright © 2015 Australian Strategic Services Pty Ltd. All rights reserved. TAGS™ is a registered trademark of Australian Strategic Services Pty Ltd. All other trademarks are the property of their respective owners.

TAGS™ Principle & Policy Example: Board Annual Program Of Work

TAGS™, The Australian Governance System Principle 5: Governance Processes & Activities Policy 5.6 – Board Annual Program of Work

Key Performance Indicators 5.6

The following elements and characteristics may be indicative of how the board could present, describe and demonstrate how the board plans, implements, monitors and reviews its Board Annual Program of Work:

- * The board annually develops and documents its Annual Program of Work.
- * Board minutes reflect the activities and projects of the Board Annual Program of Work.
- * The board has developed an Annual Board Budget, which is aligned to its Board Annual Program of Work.
- * The board regularly monitors its progress against the Annual Program of Work.
- * The Board Annual Program of Work is contained in the Board Induction Manual.
- * The Board Annual Program of Work is attached to the board agendas.
- * The Board Annual Program of Work is officially adopted and minuted at a board meeting.

TAGS™, The Australian Governance System
Principle 5: Governance Processes & Activities
Policy 5.6 – Board Annual Program of Work

Key Performance Indicators 5.6

The following elements and characteristics may be indicative of how the board could present, describe and demonstrate how the board plans, implements, monitors and reviews its Board Annual Program of Work:

- * The board annually develops and documents its Annual Program of Work.
- * Board minutes reflect the activities and projects of the Board Annual Program of Work.
- * The board has developed an Annual Board Budget, which is aligned to its Board Annual Program of Work.
- * The board regularly monitors its progress against the Annual Program of Work.
- * The Board Annual Program of Work is contained in the Board Induction Manual.
- * The Board Annual Program of Work is attached to the board agendas.
- * The Board Annual Program of Work is officially adopted and minuted at a board meeting.
- * The Board Annual Program of Work can be aligned and directly referenced to the Annual Board Budget and/or the organisation's Strategic Financial Management Plan and annual budget.
- * The previous year's Board Annual Program of Work has been archived.

Tools & Resources 5.6

- * Additional tools and resources to assist your board, chief executive officer or senior managers to implement these governance policies and procedures are available in the resources section of the Better Boards Australasia website <http://resources.betterboards.net/>.

Copyright © Governance Frameworks & Solutions, Version 2.0 | 2014 | © 2015 Australian Strategic Services Pty Ltd.
Image and content are provided by the board & copyright is retained with the board and board at <http://www.asss.com.au/governance>.
Removal of the copyright notice violates the terms of the licence & copyright agreement.

TAGS™ Principle & Policy Example: Board & Chief Executive Officer Relationship

Policy 4.3

Board & Chief Executive Officer Relationship

Within the spirit and intent of the board's roles and responsibilities the board will govern the organisation, whilst the chief executive officer manages the organisation; a partnership in the leadership and management of the organisation and a relationship that is fundamental to the application and achievement of governance principles and practices.

Procedural Actions 4.3

The board will ensure that:

- * only the board as a whole gives directives or requests to the chief executive officer, via the chairperson
- * unless authorised to do so by the board as a whole, individual board members, including the chairperson, board committees and taskforces cannot give a directive or make a request of the chief executive officer
- * the chief executive officer is free to undertake their full roles, responsibilities, duties and tasks without reference to the board provided they operate within the constitutional, strategic and legal parameters of the organisation

TAGS™, The Australian Governance System
Principle 4: Governance Relationships
Policy 4.3 – Board & Chief Executive Officer Relationship

Principle 4
Governance Relationships
Sound working relationships, between both individual board members and the board as a whole, enable a board to establish and build a partnership with its chief executive officer and therein the organisation's internal and key external stakeholders, in particular its "owners", the members.

Policy 4.3
Board & Chief Executive Officer Relationship
Within the spirit and intent of the board's roles and responsibilities the board will govern the organisation, whilst the chief executive officer manages the organisation, a partnership in the leadership and management of the organisation and a relationship that is fundamental to the application and achievement of governance principles and practices.

Procedural Actions 4.3
The board will ensure that:

- * only the board as a whole gives directives or requests to the chief executive officer, via the chairperson
- * unless authorised to do so by the board as a whole, individual board members, including the chairperson, board committees and taskforces cannot give a directive or make a request of the chief executive officer
- * the chief executive officer is free to undertake their full roles, responsibilities, duties and tasks without reference to the board provided they operate within the constitutional, strategic and legal parameters of the organisation, governance policies and procedures, and the board's delegations transferred to the chief executive officer via the Board & Chief Executive Officer Delegations, Policy 4.4 and associated Board Delegation Schedule
- * neither it, nor the roles and responsibilities of the chief executive officer will be encumbered, or undetermined by the board or individual board members, committees or taskforces
- * the chairperson regularly meets with the chief executive officer to set board agendas, discuss organisational challenges and opportunities or similar matters.

Principle 4: Governance Relationships, Version 8.0 | 2015 | © 2015 Australian Strategic Services Pty Ltd
Usage of this document is governed by the license & copyright agreement included with this document and found at <http://www.tagssystem.com.au/governance>
Portions of this copyright notice include the terms of the license & copyright agreement.

Some Boards Using TAGS™



Some Boards Using TAGS™



"SS Community Business" Service Excellence, Business Excellence

"Boards Govern,
Managers Manage"

For further information, a copy of this presentation, other presentations or to discuss your Board's requirements contact:

Michael Goldsworthy
Principal Consultant
Australian Strategic Services

03 5429 6331
0418 130 581

office@asspl.com.au
www.asspl.com.au

