

# **Royal District Nursing Service**

ABN 49 052 188 717

## **BOARD**

# **CORPORATE GOVERNANCE STATEMENT & CHARTER STATEMENT**

# Index

Introduction & Context .....	3
Overview .....	4
Operating Philosophy .....	4
Guidelines on Significant Corporate Governance Issues.....	
<i>Selection and Composition of the Board</i> .....	6
<i>Leadership</i> .....	8
<i>Board Performance</i> .....	9
<i>Board Relationship to Senior Management and Service Providers</i> .....	12
<i>Meeting Procedures</i> .....	13
<i>Committee Matters</i> .....	14
<i>Board and Management Performance, Review and Leadership Development</i> .....	15
<i>Research, Education and Professional Development</i> .....	16

**Note: within this document “Director” refers to a member of RDNS elected or co-opted to the Board of the Company in accordance with its constitution and a reference to “Chairman”, unless qualified, refers to the elected Chairman or Acting Chairman of the Board.**

## **Introduction & Context**

### ***Corporate Governance Statement***

During 1996 and 1997 the Directors of Royal District Nursing Service (RDNS) developed a Corporate Governance Statement in line with the best practices then identified for company boards. That statement set out the basis by which the Board fulfilled its role in governing RDNS.

### ***Charter Statement***

During late 1998 and 1999 an ad-hoc Corporate Governance sub committee of the Board worked to develop a Corporate Charter Statement (“the Charter”) to broaden the statements and objectives found within the Corporate Governance Statement and to more clearly delineate Board and management responsibilities.

The Charter provides guidance for Directors and managers on the ways by which the Board/management/staff interface can best operate.

### ***ASX Principles of Good Corporate Governance***

In 2003 the Australian Stock Exchange released Principles of Good Corporate Governance for corporate governance in publicly listed companies. The continued pursuit of best practice in corporate governance in the not-for-profit sector is considered by RDNS Directors as a key responsibility and so while not technically required to comply with those guidelines, RDNS Directors determined to use them as the basis for revisiting and updating this Charter.

### ***Charter Statement Review***

The following documentation was extensively revised during 2003-2005 by the Board Governance Committee consisting of RDNS Directors, the CEO and the Manager - Executive Services, prior to adoption by the Board. It incorporates an update of the Corporate Governance Statement and sets out guidelines for the various elements of the Charter against this.

Directors intend that the Corporate Governance Statement and the Charter should be living documents to be regularly reviewed and updated as necessary. As such, comments on the attached document will be welcomed. They should be forwarded, in the first instance, to the RDNS Manager - Executive Services.

## Overview

The Board is ultimately accountable to all stakeholders for the strategic direction and governance of RDNS and for the oversight and review of the management and administration of RDNS in accordance with that strategic direction, recognising that stakeholder satisfaction is essential to the viability of the organisation.

## The Operating Philosophy of the Board of Royal District Nursing Service

RDNS is a not-for-profit community healthcare organisation which holds Public Benevolent Institution status.

Directors are unpaid, and act in an honorary capacity to provide strategic direction, govern the organisation and represent the communities which RDNS serves or influences.

Important to the Board are:

- delivery of quality client care;
- client advocacy;
- research;
- education and training;
- partnerships with other service providers; and
- valuing the important role of RDNS staff.

The Board of RDNS seeks to address the needs and expectations of the community by actively using Directors' skills, knowledge and networks to guide and support achievement of the mission and vision of RDNS.

Directors delegate responsibility for day to day running of RDNS to managers and staff who are paid employees of RDNS.

- The Company's Memorandum of Association, dated 7 February 1991, clearly sets out the objects of the Company. The company's current Constitution was last updated in June 2000.
- The role of RDNS has evolved since a group of 19 prominent Melburnians formed a provisional committee for the Melbourne District Nursing Society on 17 February 1885 with a purpose of securing skilled nursing "for the sick poor in their own homes".
- While the Company's activities have broadened since formation in 1885, the core emphasis remains caring for Victorians through the provision of quality nursing based care and associated activities.
- The Board of RDNS' role is essentially a strategic one, with management having full operational responsibilities for the running of the Company.

## Corporate Governance Statement

The RDNS Board is accountable to government, purchasers, clients, employees, supporters, suppliers and the community at large and is cognisant that all stakeholders contribute to the ongoing success of the organisation.

Directors undertake to exercise their role with regard to community standards of good care and corporate principles of good governance.

The Board seeks to identify future strategic business directions for RDNS.

Underpinning all of this are the basic principles on which the organisation was founded in 1885 and which remain true to this day.

RDNS' core values of:

- charity;
- compassion;
- dignity;
- respect;
- integrity;
- honesty; and
- innovation

These basic principles are an important factor in the Board's decision making

## Charter Statement

- Directors maintain an awareness of contemporary community needs and future opportunities through their dialogue with stakeholders including:
  - clients;
  - staff;
  - government and other purchasers;
  - strategic alliance partners including universities;
  - client care partners including other health organisations;
  - other service providers;
  - supporters
  - suppliers; and
  - the community.
- The Board is responsible for due process aimed at ensuring that systems are in place which facilitate the effective control and monitoring of the principal risks to which the Company is exposed<sup>i</sup>. This includes ensuring that processes are in place to identify and deal with improper or corrupt conduct or practices by Directors or employees.
- The Board looks to the following areas for its focus:
  - adherence to RDNS core values;
  - soundness of governance; and
  - future perspectives.
- Future directions for RDNS will be identified through an awareness of current and potential community needs and expectations and will be considered with due regard for research, feasibility and achievability.
- Important to Board and RDNS functioning are:
  - reporting and feedback systems between Directors and management;
  - provision and sharing of topical articles and literature;
  - periodic Director visits to RDNS Centres and discussions with field staff;
  - periodic Director meetings and discussions with members of the broader community;
  - reporting to Directors on current issues in the health industry;
  - ongoing Director performance review and education; and
  - effective working relationships.

<sup>i</sup> Corporate Practices and Conduct, Pitman, 1995 pg9

## Guidelines on Significant Corporate Governance Issues

### *Selection and Composition of the Board*

#### 1. Board membership criteria

Directors are responsible for identifying the qualifications, skills and experience necessary to achieve and maintain a Board that benefits the communities which RDNS serves. This requires a mix of Directors which encompasses diversity, skills and understanding of community needs as well as the needs of the organisation for effective Board governance.

#### 2. Role of the Board

RDNS Directors consider that effective Board governance is achieved when Board and management have the freedom to drive the Company forward within a framework of effective accountability.

- All Directors are required to undergo a police check on appointment to the Board.
- Directors are required to sign a Letter of Appointment, a Declaration of Interests and a Statutory Declaration confirming that they are not an undischarged bankrupt.
- This includes the Board having responsibility for:<sup>ii</sup>
  - helping to formulate, adopt and monitor the RDNS strategic plan;
  - implementing, adopting and regularly reviewing corporate governance practices and procedures for the organisation as a whole;
  - monitoring the Company's financial position and ensuring compliance with accounting, audit and statutory requirements;
  - approving annual budgets and regularly monitoring results;
  - ensuring compliance with standards of financial and ethical behaviour [Directors and staff];
  - granting appropriate delegation of authority within a comprehensive Policies and Procedure system;
  - identifying risks and overseeing appropriate risk management systems and procedures;
  - overseeing the Company's external audit and internal audit activities;
  - monitoring the integrity of internal control and reporting systems;
  - selection and appointment of the CEO and providing guidance on the appointment of other senior executives;
  - promoting effective communication between RDNS, its stakeholders and the public generally;
  - identification and appointment processes for new Directors;
  - reviewing the Board's performance and the balance of the Directors' competencies.

<sup>ii</sup> Drawn from Corporate Practices and Conduct, Pitman, 1995 p7-9

**3. Size of the Board**

The RDNS Constitution allows for up to twelve Directors<sup>iii</sup>

- The CEO is Company Secretary, an appointed or ex officio member of all Board Committees and RDNS Public Officer.
- The CEO attends Board meetings by invitation as a non-voting attendee.
- Other senior executives and RDNS staff may be invited to participate in Board and Board committee meetings in accordance with Board policies.
- Directors place emphasis on receiving advice and input from a range of sources across the RDNS organisation. In particular, input from clinical and client care areas is a feature of Board processes.

**4. Identification of new Directors**

The Board is collectively responsible for identifying and encouraging potential Directors to take RDNS membership and stand for election to the Board.

- In identifying potential Directors, the Board reviews the skills mix of current Directors, considers an appropriate future skills mix and seeks advice and recommendations through the Board Chairman and CEO.
- Nominations are sought in accordance with the Company's Constitution (Articles of Association).
- Where appropriate the Board co-opts suitable members of the Company to fill casual vacancies, in accordance with the Constitution (Articles of Association).

**5. Standing for Board membership**

Membership of RDNS is in accordance with the Company's Constitution (Articles of Association)<sup>iv</sup> whereby any person can apply to the Board for approval to become a member. Directors are elected to the Board, from the RDNS membership, at the Annual General Meeting of members of RDNS.

<sup>iii</sup> RDNS Constitution (Articles of Association), Article 35

<sup>iv</sup> RDNS Constitution (Articles of Association), Articles 6-11

## Corporate Governance Statement

## Charter Statement

### 6. Orientation of new Directors

The orientation process for new Directors includes an orientation session, the provision of background materials, meetings with Directors and senior managers and visits to RDNS Centres. Opportunity is also provided for all Directors to spend time on client visits with a member of RDNS field nursing staff.

## Leadership

### 7. Selection of Office Bearers and CEO

Board elections will be conducted for Director office bearer positions on an annual basis in accordance with the RDNS Constitution (Articles of Association).

### 8. Succession planning

The Board will determine and regularly review appropriate processes to be used in succession planning.

- Preparing and managing the orientation program for new Directors is the joint responsibility of the CEO and Board Chairman. Other Directors including the Treasurer, are actively involved in the program and all Directors are encouraged to participate both in terms of sharing knowledge and experience and as part of their own ongoing skills maintenance and development.
- Directors will be supported in pursuing continuing education relating to their role on the RDNS Board.
- Directors should appoint office bearers in a manner most appropriate for the Company at a given point in time in conformity with the RDNS Constitution (Articles of Association).<sup>v</sup>
- It is a function of the Board to plan smooth succession of Directors, Office Bearers, the CEO and Executive General Managers and to ensure that a management structure is in place to ensure business continuity. It does so by identifying potential Directors, monitoring the development of senior executives and seeking advice where appropriate for key appointments.

<sup>v</sup> Appointment of Chairman & Deputy Chairman – Article 36 of RDNS Constitution (Articles of Association), Appointment of CEO – Article 59

**Board Performance****9. Board definition of what constitutes independence for Directors**

The Board is comprised entirely of independent Directors. A Declaration of Interests form is required to be completed by each Director and returned to the Company Secretary annually. Unless specifically notified to the Board and reported as part of the Annual Report, Directors have no financial interests in the Company.

- During January and February each year Directors complete a Declaration of Interests form which covers both financial and non financial interests.
- Declarations are tabled by the end of March each year and remain accessible for all Directors to review.
- Should any Director have any issue with a Director's Declaration of Interests, then they must raise the matter with the Board Chairman and request a meeting of the Board at which the Director concerned will be asked to discuss their Declaration.
- The Chairman shall, on the vote of a majority of Directors, ask any Director to be absent during consideration of specific items under discussion.
- RDNS may keep personal information about Directors collected in the form of a Declaration of Interests for the purposes of the good administration of the Board and for facilitating the conduct of Board meetings in relation to Director conflicts of interest. The use of personal information about Directors for these purposes does not infringe the National Privacy Principles.
- In relation to Directors' legal duties regarding material personal interests, The Corporations Act imposes on a Director a duty to disclose to the other Directors notice of any material personal interest in a matter that relates to the affairs of the company, explaining the nature and extent of the interest and the relation of the interest to the affairs of the company. The RDNS Constitution also imposes upon Directors an obligation to comply with any regulations made by the Board requiring the disclosure of interests (rule 57(h)).
- The Corporations Act generally prohibits a Director who has a material personal interest in a matter that is being considered at a Directors' meeting from being present while the matter is being considered and from voting on the matter. Directors without such an interest may resolve to permit the Director to participate in consideration of the matter should they consider that a Director's interest should not disqualify the Director from voting or being present.

## Corporate Governance Statement

Based on the ASX Principles of Good Corporate Governance and Best Practice Recommendations definition (adjusted for a company limited by guarantee) the RDNS Board has adopted a definition of Director independence;

### 10. Former Employees' Board membership

Under the RDNS Constitution (Articles of Association), current employees cannot become Directors of the Company.<sup>vi</sup>

## Charter Statement

- An independent Director is a non-executive Director (ie is not a member of management) and:
  - Within the last three years has not been employed in an executive capacity by the Company or been a Director after ceasing to hold any such employment;
  - Within the last three years has not been a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with the service provided;
  - Is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
  - Has no material contractual relationship with the company other than as a Director of the Company;
  - Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;
  - Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.
  
- Directors consider a minimum of five years should elapse between an individual being employed by RDNS and their nomination for Directorship. However in relation to paid (contracted) advisers or consultants, the Board Nominations Committee will exercise discretion.

<sup>vi</sup> RDNS Constitution (Articles of Association), Article 33

**11. Term limits**

Members of RDNS are elected as Directors to the Board for a maximum of three years and are able to stand for re-election.<sup>vii</sup>

**12. Retirement age**

The Board has determined that there is no need for a retirement age to be set for Directors.

**13. Directors only sessions of the Board**

The Board will schedule time after the conclusion of at least two meetings each year for Directors to meet independently of all paid employees.

**14. Directors’ access to independent legal advice**

In accordance with contemporary principles of good governance, individual Directors may seek independent professional advice on any issue where they believe this is warranted.

**15. Directors’ interaction with institutions, clients, alliance partners, media and government**

The Board delegates to the CEO or his/her nominee the authority to speak for RDNS. Individual Directors may, from time to time at the request of management, meet or otherwise communicate with various groups or individuals that are involved with RDNS. On any matters requiring Board comment, the Chairman acts as Board spokesman.

- The Board does not consider it necessary to establish term limits beyond these requirements. While such limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over time, increasing insights into the Company and its operations and are able to provide an increasing contribution to the Board as a whole.
- Indeed, any such requirement may contravene Federal age discrimination legislation.
- Directors only sessions of the Board allow for the consideration of broad issues independently of the CEO and management.
- Directors only sessions are informal, but any decisions reached must be approved by the Board and minuted.
- Individual Directors should seek Board approval for gaining of such advice in circumstances where they believe this is required.
- The Board may determine a budget to cover the costs of such advice where appropriate.
- In order to ensure that all Directors have available the same information, any advice gained in this way must be provided by the Director to all other Directors unless it is agreed to the contrary in advance.
- Public comments by either the CEO or the Board Chairman would normally be expected to be the subject of discussion between them in advance.
- Under no circumstances should individual Directors make significant public comments on behalf of the Board without the prior approval of the Board.

<sup>vii</sup> RDNS Constitution (Articles of Association), Article 37

## Board Relationship to Senior Management and Service Providers

### 16. Regular attendance of non-Directors at Board meetings

The CEO attends and participates in all meetings of the Board by invitation and as Company Secretary.

Other staff and external service providers, such as auditors and other advisors may be invited to attend particular meetings of the Board by invitation of the Chairman.

### 17. Directors' access to senior management

Directors who wish to access senior managers and staff are expected to do so through the CEO.

Directors will use judgement to be sure that any access does not cause distraction to the business operation of RDNS and that such contact, if in writing, will be copied to both the CEO and the Chairman.

- The Board, through the Chairman, may ask the CEO or any other non Director attendee to be absent for part or all of any Board meetings.
- Directors consider that regular attendance and participation in Board and Board committee meetings by senior executives is an important part of Board processes and of senior executive development.
- Directors may at times wish to also receive presentations or to hold discussions with others involved in providing advice or services to RDNS.
- Direct discussions between Directors and RDNS executives and staff must follow due process and ensure respect for the role and authority of the CEO and the need for all Directors to be provided with the same level of information, to ensure decisions are made on a fully and equally informed basis.
- Staff seeking to communicate directly with Directors are required to do so with the knowledge of the CEO.
- Directors and staff must be mindful of time pressures and constraints which they may inadvertently create by such interactions.

## Meeting Procedures

### 18. Selection of agenda items for Board meetings

The Board Chairman and the CEO will establish the agenda for each Board meeting.

The acceptance of late agenda items will be an exception rather than a rule, and will only be accepted subject to a resolution when urgency is involved.

### 19. Board materials distributed in advance

Information and data important to Directors' understanding of the business will normally be distributed before the Board meeting

### 20. Board Presentations and Workshops

The CEO will use his/her knowledge to identify particular items that require specific presentations.

From time-to-time Directors may, individually or collectively be invited by the CEO to participate in management workshops or seminars either because of their particular knowledge or experience or to enable a broadening of their understanding of the Company's operations.

- The Chairman sets broad overall parameters within which the CEO prepares detailed agenda and supporting materials.
- Board meetings are normally held monthly.
- Each Director is free to suggest the inclusion of items on the agenda.
- Time is allowed for General Business items to be suggested by Directors for inclusion as future Board Agenda items.
- Late agenda items will not normally require decision-making by Directors at the meeting where they are initially accepted
- The CEO is required to provide timely, appropriate and comprehensive materials and information for decision-making by the Directors of the Company.
- Board materials are normally mailed seven days before each Board meeting and five days before each Board committee meeting.
- Directors are expected to read all materials prior to Board and Board committee meetings. Directors are also expected to actively participate in the deliberations of the Board and committees.
- Presentations on specific subjects should be sent to Directors in advance so that time is focussed on questions that Directors may have about the material. This may not always be practical where highly sensitive issues are involved.

**21. Confidentiality**

Directors must maintain confidentiality in relation to their role with RDNS and observe applicable privacy laws regarding the information that may become available to Directors regarding clients and specific cases.

**22. Deed of Access**

The Board has adopted a Deed of Access process under which RDNS keeps a complete set of Board papers in secure custody for a minimum of seven years and those papers are accessible by Directors.

**Committee Matters****23. Number, structure and independence of committees**

The Board determines the structure and composition of Board committees.

The committees of the Board are currently:

- Finance and Audit;
- Governance;
- Clinical Governance;
- Remuneration; and
- Nominations.

- RDNS has policies and procedures relating to confidentiality throughout the organisation, covering areas including:
  - client care;
  - organisational business processes;
  - intellectual property; and
  - board papers.
- The process requires Directors to acknowledge that the Company is the owner of all Board Papers and agree to return to the Company, or destroy, all such papers and not retain any copies.
- The Manager of Executive Services is responsible for managing the process of custody and access for Directors.
- Directors will be strategic in their focus
- Board committees will operate within agreed and regularly revised Terms of Reference.
- Directors may sit on non-Board [management] committees by agreement between the Board and the CEO.
- Appointments to Board committees are determined annually by the full Board. Directors will use their expertise in contributing to Board committees.
- The Chairman of each Board committee, in conjunction with committee members, will determine the frequency and length of the meetings of the committee.

The Board Chairman is an ex-officio member of all committees.

**24. Committee agenda**

In conjunction with the CEO, the Chairman of each committee is responsible for determining the committee's agenda.

**Board and Management Performance, Review and Leadership Development****25. Assessing the Board's performance**

Directors are committed to a periodic review of their performance. This focuses on increasing the effectiveness of Board practice and procedures.

The current system of Director self appraisal, combined with the need for Directors to submit for re-election each three years, allows each Director the opportunity to confirm his/her desire to continue as a member of the Board.

**26. Formal evaluation of the Chief Executive Officer**

By delegation from the Board, the Chairman conducts an annual evaluation of the performance of the CEO.

- The Chairman will ensure consultation with members of Board committees and will seek information from, and formulate requests from and to, management.
- The CEO and Manager - Executive Services will normally be the pivotal points to respond, coordinate, consolidate and action such directions and requests.
- Directors have a responsibility for ensuring that Board appraisals utilise best practice governance models.
- Processes used for self appraisal by Directors have drawn on a range of available corporate governance models.
- The CEO is encouraged to provide feedback to Directors individually and the Board generally on his perceptions of Director and Board performance.
- Each year the Chairman and CEO set objective performance criteria for the CEO, including the setting and accomplishment of long-term strategic objectives, performance of the business and the development of managers.
- The Chairman advises these criteria to the Board.
- Through the course of the year, evaluation of the CEO's performance will be based on these criteria.
- The Chairman will usually discuss the CEO's performance review with at least one Director towards the end of the annual performance review period.
- At the conclusion of the review, the Chairman informs the Board of the conduct of the review including process, content and outcomes, acknowledging the necessary sensitivity and candour of the review.
- The Board Remuneration Committee will evaluate the compensation and remuneration of the CEO.

## Corporate Governance Statement

## Charter Statement

### 27. Performance and remuneration of RDNS executives

The Board determines the overall setting within which RDNS executives are remunerated.

- Each executive meets with either the Chairman or a Deputy Chairman once each year, with an agenda set by the executive and focussed on improving service delivery to RDNS clients.
- While information sharing between Directors and senior RDNS executives can be relatively independent of the CEO, all parties need to ensure that the CEO is appropriately advised of such information sharing.
- The Board delegates responsibility for the setting of executives' remuneration to the Remuneration Committee of the Board.

## Research, Education and Professional Development

### 28. Research, training and development

The Board supports the principle of evidence based nursing practice and also recognises the importance of continuing professional development for all staff.

- The Board supports the Royal District Nursing Service Helen Macpherson Smith Institute of Community Health in its endeavours to position itself at the forefront of research and education in nursing practice by:
  - providing ongoing education, training and professional development for all RDNS staff;
  - delivering education and training for workers beyond RDNS staff; and
  - conducting research into community nursing.