



GOVERNANCE **FORUM**

**Board Member Responsibilities-
an update**

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The landscape is changing for publicly financed agencies



- Public Finances
- Reports and policy statements
- Governance controversies

The deficit in the public finances requires radical steps

- Implication for agencies?
- Budget 2009
 - reduction in the number of agencies and the intention to examine further rationalisation
- Bord Snip Nua

Following Reports a new governance framework is being developed

- **OECD Report**
 - overreliance on one form
- **Task Force on Transforming Public Services**
 - need governance framework for agencies
 - capacity of Departments to discharge oversight?
 - scope to reduce number of statutorily independent boards

In November the Government issued a statement on the Task Force Report

- “The need for State agencies to continue should be regularly evaluated
- Synergies through mergers and shared services
- ‘Bord Snip’ to report scope for further rationalisation

There were high profile Governance Controversies



- The Comptroller and Auditor General was busy
- Debates at the Public Accounts Committee
- The Banks
 - criticism of strength of regulation
 - where were the Board members?

Issues reported by the C & AG

- Governance and financial management
 - adherence to Public Financial Procedures
- Procurement
 - responsibility of Board to have assurance on controls
- Ethical principles and avoidance of conflict of interest situations
 - *Special Report on Audits of Non- commercial bodies (May 08)*

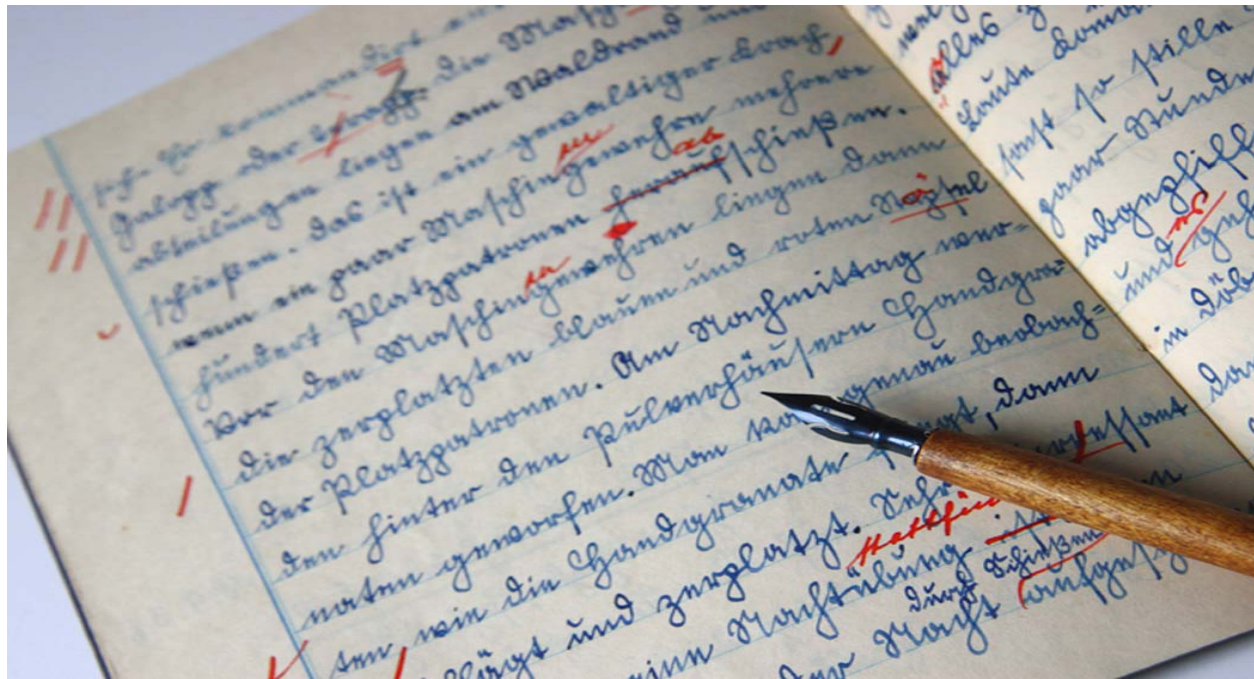
C & AG Value for Money remit

- Value for money
- Reporting Focus
 - Elements of SMI reform programme
 - Programmes on the basis of perceived risk to public funds
 - Reviews of entire organisations, e.g., Valuation Office, National Museum

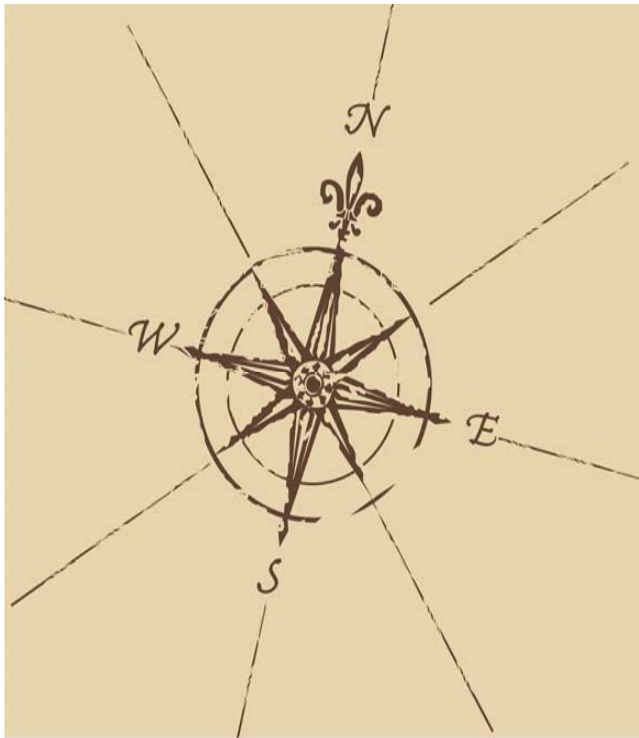
Public sector boards differ from private sector boards

- A broader purpose
- Private sector boards tend to have more discretion
- Composition
 - Different nomination process
- Relations with shareholders/ stakeholders
- Accountability

Issues for a new Governance Framework for State Bodies



Governance guidance for an organisation



Going in the right direction

- Purpose and Values
- Performance expectations



Good Governance procedures

- The governing body
 - legal, guidelines, procedures, roles of board and executive
- Codes of conduct
- Reporting and accountability

Features of a public interest body

Independent Commission of on Good Governance in Public Services

- Focus on the organisation's purpose and outcomes for citizens and service users (1)
- Capacity of the governing body to be effective
- Engaging stakeholders and making accountability real (6)

Deciding the appropriate Structure for Public Bodies

When is a corporate structure with a board appropriate?

- Clarity of purpose and ongoing rationale
- Sufficient capacity to resource good governance
- Board has been delegated sufficient power to act
- It is seen to be an effective use of resources

Governance Framework issues

- (1) Board Composition

- Necessary skills and experience
 - more transparency
- Avoid confusion of nomination and representation
- Board evaluation
 - a powerful aid to developing and strengthening a Board

(2) Relationships with Minister and Departments



- Clarity on expectations
- A two way dialogue
- Effective delegation

Efficiently serving citizens

(3) Shared Services

(4) Cross Cutting issues- citizen focus

Audit and controls

- Pursuing value for money
 - incentives to behaviours
- Skills can be an issue
- Variations in the capacity of internal audit functions

In Conclusion

- Publicly financed bodies will have to be able to demonstrate value for the tax payer
- Corporate governance is not going away
 - more about behaviours than increased regulation
 - Ethics high on the agenda
- New governance framework issues
 - capacity of board, relationship with stakeholders, cross cutting issues, audit effectiveness