

Artena Society Limited

Governance Policies

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1 POLICY: Ends

1.1 Global Ends Policy

Ends Policies

The shareholders of Artena Society Limited will have the best tools to achieve better student outcomes than non-shareholders at an investment (money, time) that is a better value proposition than potential alternatives.

The best tools will:

- Achieve timely accurate processing of information and reporting
- Be secure, stable and reliable
- Be future proofed

'student outcomes' as defined by each shareholder but not at the expense of cooperative gain

'value proposition' includes significantly better functionality, reporting

Existing shareholders are satisfied with their return from the investment in Artena, including their most recent investment and the total they have invested in the Society.

2.0 POLICY: Executive Limitations

2.1 Global Executive Limitations

The GM shall not cause or allow any practice, activity, decision, or organisational circumstance that is unlawful, imprudent, inconsistent with, or in violation of commonly accepted business and professional ethics and practices.

2.2 Treatment of clients

With respect to interactions with clients and potential clients the GM will not cause or allow conditions, services, or decisions that are unfair, unsafe, nor fail to reflect our formal values.

The GM will not fail:

1. To ensure that client expectations and obligations are detailed in formal service level agreements and that these agreements are fulfilled (Policy to be in effect by January 2013)
2. To assess client satisfaction in terms of their service level agreements at least annually and to proactively address any concerns
3. To protect client information and data in keeping with the provisions of the Privacy Act
4. To provide timely and consistent delivery of service.
5. To inform clients of this policy.

2.3 Treatment of staff and contractors

With respect to the treatment of staff, the GM will not cause or allow conditions that are unsafe, unfair, undignified, disorganised or unclear.

The GM will not:

1. Operate without written Human Resource (HR) policies that, as a minimum: clarify employment rules for staff; address safety & staff welfare; emergency planning, address ICT & IP; Protected Disclosures and provide for effective handling of grievances.
2. Prevent staff from taking a grievance to the Board when (i) internal procedures have been exhausted; and (ii) the staff member alleges either that; (a) Board policy has been violated (especially to his or her detriment); or (b) Board policy does not adequately protect his or her rights.
3. Fail to acquaint staff with their rights under this policy.

2.4 Financial Planning and Budgeting

Financial planning for any financial year or the remaining part of any financial year shall not differ substantially from the Board's Ends priorities, risk financial jeopardy, or fail to take account of a multiyear plan.

1. The CEO will not fail to develop a multi-year plan that includes elements of strategic and financial planning.
2. The GM will not allow budgeting that:
 - a. Risks incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities"
 - b. Omits credible projection of revenues and expenses, cash flow, and notes of planning assumptions.
 - c. Provides less for Board spending during the year than is set forth in the Cost of Governance policy.

2.5 Financial Condition and Activities

With respect to the actual, on-going financial condition and activities, the GM will not cause or allow the development of financial jeopardy or a substantial difference of actual expenditures from Board priorities established in Ends policies.

The GM will not:

1. Exceed the budgeted deficit of \$~~9249~~k in the 201~~43~~ financial year.
2. Borrow money.
3. Use any long-term reserves.
4. Fail to settle payroll and debts in a timely manner.
5. Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.
6. Make a single unbudgeted purchase or commitment that is greater than \$10,000. Splitting orders to avoid this limit is unacceptable.
7. Fail to actively pursue receivables after a reasonable grace period.

2.6 Emergency GM Succession

In order to protect the Board from sudden loss of GM services, the Society must not be without another employee with knowledge of the Board's governance policies and processes to enable them to take over with reasonable proficiency as an interim GM successor.

2.7 Asset Protection

The GM will not cause or allow the assets to be unprotected, inadequately maintained, or unnecessarily risked.

The GM will not:

1. Fail to insure adequately Board members, employees and the Society itself.
2. Allow staff loans.
3. Expose the organisation, its Board, or its staff to claims of liability.
4. Make any purchase: (a) without reasonable protections for identifying and managing conflicts of interest; (b) of over \$10,000 without having obtained comparative information on price and quality.
5. Fail to protect sensitive information, texts, files, data, and on-line content from loss, significant damage or misuse (nor fail to observe the Privacy Act).
 - a. Allow the Society to operate without a business continuity plan.
 - b. Fail to consider and act on all applicable standards in the xxx IT Business Continuity Guide.
 - c. Fail to advise clients of any significant implications of the plan
 - d. The business continuity plan is to be in place by the end of October 2012.
6. Receive, process, or disburse funds under controls that are insufficient to meet the Board appointed auditor's standards.
7. Compromise the independence of the Board's audit or other external monitoring or advice.
8. Invest or hold operating capital in insecure instruments, or in non-interest bearing accounts except where necessary to facilitate ease in operational transactions.
 - a. Invest more than 65% in one bank account
9. Endanger the organisation's public image or credibility, or its ability to accomplish Ends.
10. Change the organisation's name or substantially alter its identity in the community.
11. Create, purchase or sell any subsidiary entity or significant asset.
12. Provide for the protection and cover of human talent.

2.8 Communication and Support to the Board

The GM will not permit the Board to be uninformed or unsupported in its work.

The GM will not:

1. Withhold, impede, or confound information relevant to the Board's informed accomplishment of its job.
 - A. Neglect to submit monitoring data required by the Board in Board-Management Delegation policy "*Monitoring GM Performance*" in a timely, accurate, and understandable fashion, directly addressing provisions of Board policies being monitored, and including GM interpretations consistent with Board-Management Delegation policy "*Delegation to the GM*" as well as relevant data.
 - B. Allow the Board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy, regardless of the Board's monitoring schedule.
 - C. Allow the Board to be without decision information required periodically by the Board or let the Board be unaware of relevant trends.
 - D. Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.
 - E. Let the Board be unaware of any incidental information it requires including anticipated media coverage, threatened or pending legal action and material internal changes.
 - F. Fail to inform the Board if, in the GM's opinion, the Board is not in compliance with its own policies on Governance Process and Board-GM Linkage, particularly in the case of Board behaviour that is detrimental to the work relationship between the Board and the GM.
2. Withhold from the Board and its processes logistical and clerical assistance.
3. Impede the Board's collective authority, misrepresent its processes and role, or impede its lawful obligations.
 - A. Deal with the Board in a way that favours or privileges certain Board members over others except when (i) fulfilling individual requests for information or (ii) responding to officers or committees with respect of duties charged to them by the Board.
 - B. Fail to submit for the Board's consent agenda items delegated to the GM yet required by law, regulation or contract to be Board-approved, along with applicable monitoring information.

2.9 Ends Focus of Contracts

The GM will not enter into any contract that fails to further the production of Ends and the avoidance of unacceptable means.

The GM will not:

1. Enter into any contract without having formal requirements in place that provide protection from funding being used in imprudent, unlawful or unethical ways.
2. Fail to assess and consider an applicant's or contractor's capability to produce appropriately targeted, efficient results.
3. Fail to inform the Board of any anticipated or actual deviation from contracts.

2.10 Compensation and Benefits

With respect to the employment, compensation and benefits of employees and contract workers, the GM shall not cause or allow jeopardy to financial integrity or to stakeholder image.

The GM will not:

1. Change the GM's own compensation and benefits.
2. Promise or imply on-going employment where this has not been specified in a Board approved staff establishment plan.
3. Establish current compensation and benefits that deviate materially from the geographic or sector market for the skills employed.
4. Create compensation expectations over a longer term than revenues can be safely projected.
5. Establish or change benefits without Board approval or without an equitable benefits policy being in place.

3.0 POLICY: Governance Process

The purpose of the Board, on behalf of Shareholders is to ensure that the Society (a) achieves appropriate results for appropriate persons at an appropriate cost/priority (as specified in Board Ends policies), and (b) avoids unacceptable actions and situations (as prohibited in Board Executive Limitations policies).

3.1 Governing Style

The Board will govern lawfully with an emphasis on:

- a) outward vision rather than internal preoccupation,*
- b) encouragement of diversity in viewpoints,*
- c) strategic leadership more than administrative detail,*
- d) clear distinction of Board, Chair and GM roles,*
- e) collective rather than individual decisions,*
- f) future rather than past or present, and*
- g) pro-activity rather than reactivity*

Accordingly,

1. The Board will cultivate a sense of group responsibility. The Board, not the staff, will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives. The Board will not use the expertise of individual members to substitute for judgement of the Board, although the expertise of individual members may be used to enhance the understanding of the Board as a body.
2. The Board will direct, control and inspire the organisation through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long-term impacts outside the internal organisation, not on the administrative means or the programmes of attaining those effects.
3. The Board will require of itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policy making principles, respect of roles, and ensuring continuance of governance capability. Although the Board can change its governance process policies at any time, it will observe scrupulously those currently in force.
4. Continual Board development will include orientation of new Board members in the Board's governance process and periodic Board discussion of process improvement.
5. The Board will allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling group obligations (and no individual or committee shall usurp the authority of the Board).

6. The Board will monitor and discuss the Board's process and performance at each meeting. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-Management Delegations categories.

3.2 Board Job Description

Specific job outputs of the Board, as an informed agent of ownership, are those that ensure appropriate organisational performance.

Accordingly, the Board has direct responsibility to create:

1. The link between the ownership and the operational organisation.
2. Written governing policies that address the broadest levels of all organisational decisions and situations.
 - A. **Ends:** Organisational outcomes, recipients, and their relative worth (what good for which recipients at what cost/priority).
 - B. **Executive Limitations:** Constraints on GM authority that establish the boundaries within which all GM activity and decisions must take place.
 - C. **Governance Process:** Specification of how the Board conceives, carries out, and monitors its own task.
 - D. **Board-GM Linkage:** How authority is delegated and its proper use monitored; the GM role, and accountability.
3. Assurance of successful organisational performance on Ends and Executive Limitations.

3.3 Annual Calendar Planning

To accomplish its job, the Board will follow an annual calendar that (a) completes re-exploration of Ends policies annually and (b) continually improves Board performance through Board education and enriched input and deliberation.

Accordingly,

1. The cycle will conclude each year at the last meeting of the year so that administrative planning and budgeting will be based on analysis of a one-year segment of the Board's most recent statement of long term Ends.
2. The cycle will start with the Board's development of its calendar for the next year.
 - A. Consultations with selected groups in the ownership, or other methods of gaining ownership input, will be determined and arranged in the first quarter, to be held during the balance of the year.
 - B. Governance education and education related to Ends determination (e.g. presentations by sector experts, futurists, etc.) will be arranged in the second quarter, to be held during the balance of the year.
3. Throughout the year, the Board will attend to consent calendar items as expeditiously as possible.

4. The Board will determine at each meeting that reports have demonstrated fulfilment of a reasonable interpretation of the applicable policy.
5. GM remuneration will be decided during their annual review.

3.4 Chairperson's role

The chairperson assures the integrity of the Board's process and represents the Board to outside parties (or delegates this).

Accordingly,

1. The assigned result of the chairperson's job is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organisation.
 - A. Meeting discussion content will be on those issues which, according to Board policy, clearly belong to the Board to decide or to monitor.
 - B. Information that is for neither monitoring performance nor Board decisions will be avoided or minimised and always noted as such. *(Ideally there should be time for social discussion additional to meetings)*
 - C. Deliberation will be fair, open and thorough but also timely, orderly and kept to the point.
2. The authority of the chairperson consists in making decisions that fall within Board policies on Governance Process and Board-GM Linkage, with the exception of (a) employment or termination of a GM and (b) where the Board specifically delegates portions of this authority to others. The chairperson is authorised to use any reasonable interpretation of the provisions in these policies.
 - A. The chairperson is empowered to chair Board meetings with all the commonly accepted power of that position (for example, ruling, recognising, and with reference to conventional practice).
 - B. The chairperson has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. Therefore the chairperson has no authority to supervise or direct the GM.
 - C. The chairperson may represent the Board to outside parties in announcing Board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him.
 - D. The chairperson may delegate this authority but remains accountable for its use.

3.5 Board Member's Code of Conduct

The Board commits itself and its members to ethical, business like, and lawful conduct, including proper use of authority and professional behaviour when acting as Board members.

1. Members must have loyalty to the ownership and declare and address any conflicts of interest or loyalties to staff, other organisations and any personal interest as a consumer of Society services.
2. Members must avoid conflict of interest with respect to their financial and ethical responsibility.
 - A. Members (& GM) will at each meeting disclose their involvements and relationships with other practitioners and other stakeholders, or any associations that might reasonably be seen as being a conflict.
 - B. When the Board is to decide upon an issue, about which a member has a conflict of interest, that member shall offer to absent herself or himself, without comment, from not only the vote but also from the deliberation.
 - C. Board members must not use their Board position to obtain employment or gain for themselves, family members, or close associates. Should a Board member apply for employment, he or she must first absent themselves and resign if engaged.
3. Board members must not attempt to exercise individual authority over the organisation.
 - A. Board members' interaction with the GM or with staff must recognise the lack of authority vested in individuals except when explicitly Board-authorized.
 - B. Board members' interaction with public, press, or other entities must recognise the same limitation and the inability of any Board member to speak for the Board unless authorised to do so.
 - C. Except to participate in Board deliberation about whether the GM has achieved any reasonable interpretation of Board policy, members will not express individual judgements of performance of employees of the organisation.
4. Board members will treat issues of a sensitive nature with confidentiality.
5. Board members will be properly prepared for Board deliberation.
6. Board members will support the legitimacy and authority of Board decisions, irrespective of the member's personal position on the issue.

3.6 Board Committee Policies

Board committees or working groups when used, will be assigned so as to reinforce the wholeness of the Board's job and so as never to interfere with delegation from Board to GM.

3.7 Cost of Governance

The Board will invest in its governance capacity.

Accordingly,

1. Board skills, methods, and supports will be sufficient to assure governing with excellence.
 - A. Training and retraining will be used liberally to orient new Board members and candidates for membership, as well as to maintain and increase existing Board member skills and understandings.
 - B. Outside monitoring assistance will be arranged so that the Board can exercise confident control over organisational performance in accordance with board policy. This includes but is not limited to financial audit.
 - C. Outreach mechanisms (owner focus groups, surveys, etc.) will be used as needed to ensure the Board's ability to listen to owner viewpoints and values.
2. Costs will be prudently incurred and budgeted for, though not at the expense of maintaining Board capability.
3. Provision for director fees, including anticipated increases.

4.0 POLICY: Board-GM Linkage

4.1 Global Board-GM Linkage Policy

The Board's sole official connection to the operating organisation, its achievement, and conduct will be through a GM.

4.2 Unity of Control

Only official decisions of the Board are binding on the GM.

Accordingly,

1. Decisions or instructions of individual Board members, officers, or committees are not binding on the GM except in rare instances when the Board has specifically authorised such exercise of authority in accordance with policy.
2. In the case of Board members or committees requesting information or assistance without Board authorisation, the GM can refuse such requests that require, in the GM's opinion, a material amount of staff time or funds, or are disruptive.

4.3 Accountability of the GM

The GM is the Board's only link to operational achievements and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the GM.

Accordingly,

1. The Board will never give instructions to persons who report directly or indirectly to the GM.
2. The Board will not evaluate, either formally or informally, any staff other than the GM.
3. The Board will view GM performance as identical to organisational performance so that organisational accomplishment of Board stated Ends and avoidance of Board proscribed means will be viewed as successful GM performance.

4.4 Delegation to the GM

The Board will instruct the GM through written policies that prescribe the organisational Ends to be achieved and describe organisational situations and actions to be avoided, allowing the GM to use any reasonable interpretation of these policies.

Accordingly,

1. The Board will develop policies instructing the GM to achieve certain results, for specified recipients at a specified cost. These policies will be developed systematically from the broadest, most general level to more defined levels and will be called Ends policies. All issues that are not Ends issues as defined above are Means Issues.
2. The Board will develop policies that limit the latitude the GM may exercise in choosing the organisational means. These limiting policies will describe those practices, activities, decisions, and circumstances that would be unacceptable to the Board, even if they were to be effective. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitation policies. The Board will never prescribe organisational means delegated to the GM.
3. As long as the GM uses *any reasonable interpretation* of the Board's Ends and Executive Limitations policies, the GM is authorised to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities. Such decisions of the GM shall have full force and authority as if decided by the Board.
4. The Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between Board and GM domains. By doing so, the Board changes the latitude of choice given to the GM. As long as any particular delegation is in place, the Board will respect and support the GM's choices.

4.5 Monitoring GM performance

Systematic and rigorous monitoring of GM job performance will only be against the formal GM job outputs: organisational accomplishment of Board policies on Ends and organisational operation within the boundaries established in Board policies on Executive Limitations.

Accordingly,

1. Monitoring is simply to determine the degree to which Board policies are being met. Information that does not do this will not be considered to be monitoring information.
2. The Board will acquire monitoring data by one or more of three methods: (a) by internal report, in which the GM discloses compliance information, along with his/her justification for the reasonableness of interpretation; (b) by direct Board inquiry, in which a designated member or members of the Board assess compliance with policy, with access to the GM's justification for the reasonableness of his/her interpretation; and (c) by external report, in which an independent third party selected by the

Board assesses compliance with policies, augmented with the GM's justification for the reasonableness of his/her interpretation.

3. In every case, the standard for compliance shall be *any reasonable GM interpretation* of the Board policy being monitored. The Board is final arbiter of reasonableness, but will always judge with a "reasonable GM" test rather than with interpretations favoured by Board members or by the Board as a whole.
4. All policies that instruct the GM will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule.

Policy	Method	Frequency
Treatment of Stakeholders	Internal	Annually
Treatment of staff and contractors	Internal	Annually
Financial Planning and Budgeting	Internal	Quarterly
Financial Condition and Activities (and External Annually)	Internal	Quarterly
Emergency GM Succession	Internal	Annually
Asset Protection	Internal	Annually
Communication and Support	External	Annually
Contracts	Direct inspection	Annually