

**ASSOCIATION OF INDEPENDENT SCHOOLS of the ACT**

**SCHOOL GOVERNANCE GUIDING PRINCIPLES**

**A GUIDE TO PROMOTE GOOD GOVERNANCE**

**2021**



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## INTRODUCTION

### Purpose of this Guide:

The Association of Independent Schools of the ACT (AISACT) has developed this guide to support AISACT members in the pursuit of good governance within their schools. The guide contains eight guiding principles for effective governance, as well as recommendations for actions school boards can take in support of each principle.

The guide has been inspired by and draws on:

- [ASX Corporate Governance Principles and Recommendations](#)
- [Australian Institute of Company Directors \(AICD\) Not for Profit Governance Principles](#)
- [Australian Charities and Not for Profits Commission \(ACNC\) Governance Standards](#)

All schools are different. While general principles of good governance are universal, it isn't possible to develop a prescriptive "one size fits all" governance approach for all schools. Different schools will have different governance structures depending on their size, history, complexity and corporate culture.

This guide is not meant to be a prescriptive template for adoption by all schools. It is for individual school boards to identify the governance principles and recommendations they may wish to adopt. The hope is that this guide provides you with inspiration, ideas, and support for strong, effective governance within your schools.

### What is governance?

Strong, effective governance practices are the foundation of a healthy organisation. Good governance is fundamental to:

- providing the foundation for a high-performing school
- preserving and strengthening stakeholder confidence
- ensuring schools are well placed to respond to changing environments.

Governance is a system and process, not a single activity. Governance covers the processes by which organisations are directed, controlled and held to account. It requires a systematic approach that incorporates strategic planning, risk management and performance management.

At its simplest, good governance is effective leadership based on the four pillars of responsibility, accountability, fairness and transparency. Great things can be achieved when good governance is applied throughout the whole school.

### Governance and the role of the school board

Boards are responsible for governance in their school and carry ultimate responsibility for the overall performance and success of their school. While the principal runs the school, the role of the board is to ensure it is being run well and in the right direction.

Simply put, the board governs and management (the principal and school executive) manages.

In general terms this means directors operate on a strategic, “big picture”, longer-term basis, while the school executive is focused on delivery of strategy, day to day activities and the short term challenges.

Directors act only as a group, not as individuals. They come together to make joint decisions about the direction of the school and are individually and collectively liable for their decisions.

Key governance responsibilities of school boards include:

- set culture and codes of conduct
- drive strategy
- monitor organisational performance
- appoint, review the principal
- ensure compliance
- risk management
- build the chair and principal relationship
- establish the policy framework for governance
- stakeholder communication
- review plans and budgets established by school management
- approve all material expenditure outside the budget
- maintain the solvency of the school.

## **The role of the principal and school executive**

The principal, together with the school executive, is responsible for school management. School management is about the day to day running of the school. It includes things like the organisation of the teaching and learning, managing staff, curriculum planning, assessing learners and educators/teachers.

The school executive is also responsible for recommending goals and policies, developing plans and budgets in support of the strategic direction set by the board, enforcing policies set by the board, establishing operating procedures, and creating a work environment in which everyone thrives.

In carrying out their responsibilities, the principal has a duty to the board to:

- seek the board’s counsel
- keep the board informed
- frame decisions in the context of strategy or mission
- present the board with timely information
- communicate with honesty and transparency
- be responsive to requests for additional information.

***While school boards and school executives have different roles, effective governance, and the ultimate success of your school, relies on the two working closely together and respecting each other’s areas of responsibility.***

***Open, transparent, respectful and cooperative relationships will not only make the work of the board and executive easier, it will also reduce the risk of conflict to the benefit the whole school.***

# AISACT SCHOOL GOVERNANCE GUIDING PRINCIPLES

These principles set out recommended governance practices to support good school governance. It is recognised that schools will adopt different governance practices depending on an individual school's circumstances.

The aim is that these eight principles and their associated recommendations provide a useful reference for school boards when considering what constitutes good governance in your school.

## The 8 guiding principles

The principles and recommendations are structured around, and seek to promote, eight key principles:

**1. Clarity in roles and responsibilities**

Delineate the respective roles and responsibilities of board and management and regularly review performance

**2. Board structured to be effective and add value**

Ensure the board is the appropriate size and has the skills, commitment and knowledge to fulfil its role effectively and add value

**3. Clear purpose and strategy**

Have a clear mission and set of strategies aligned to the school's vision

**4. Risk recognised and managed**

Establish a sound risk management framework and review regularly

**5. Organisational capability to deliver purpose**

Build and maintain organisation capability through sound financial management, appropriate resourcing and protection of assets

**6. Integrity and accountability**

Act in good faith in the best interests of the school and for a proper purpose and be able to justify decisions and actions to stakeholders

**7. Effective stakeholder engagement**

Ensure meaningful engagement of all stakeholders and fair consideration is given to their legitimate interests and expectations

**8. Culture that supports the school's vision and mission**

Model and work to instil a culture that supports the school's vision and mission and aligns with its purpose and strategy

## Principle 1: Clarity in roles and responsibilities

Delineate the respective roles and responsibilities of board and management and regularly review performance

### Recommendation 1.1 Have and disclose a board charter

- Have and disclose a board charter setting out:
  - the respective roles and responsibilities of the board and management
  - the respective roles of the chair and principal
  - the matters expressly reserved to the board and those delegated to management.

### Recommendation 1.2: Letter of appointment to all new directors

- All new directors to receive a letter of appointment in line with the school's constitution outlining:
  - their appointment date
  - their roles and responsibilities
  - the term of their appointment and any conditions or limits (eg. tenure under the constitution)
  - the induction process.

### Recommendation 1.3: Establish a formal induction process

Establish a formal induction process for all new directors. Key elements might include:

- Briefing pack containing:
  - official documents, eg. the constitution, code of ethics, the strategic plan (including vision, mission, values), policies, budgets, latest annual report
  - biographies and contact information for board members
  - meeting schedule and calendar of upcoming events
  - school organisational chart
  - overview of board, eg. director roles and responsibilities, committee structure (role and membership)
  - director liability insurance details.
- Briefing meeting with chair, including:
  - opportunity to discuss roles and responsibilities as outlined in the appointment letter
  - review of the minutes of recent meetings
  - overview of current and future issues
  - opportunity for new directors to digest the information and ask questions.
- Tour of the school by principal, including:
  - tour of the school facilities and grounds, including where the board meets
  - introductions to key staff.
- Introduction to fellow board members:
  - this should occur as soon as possible after the appointment
  - if the appointment won't be formalised by the next board meeting, they could be invited to attend the next meeting as an observer and be included in any social functions.
- Mentoring/training:
  - offer new directors the opportunity to be mentored by a fellow board member
  - discuss/identify any formal director training they might undertake to support them fulfil their director duties and responsibilities.

#### **Recommendation 1.4: Evaluate performance**

- Establish an evaluation framework to regularly review, preferably annually, performance of the board.
- Establish an evaluation process to regularly review performance of the principal.
- When establishing evaluation frameworks and processes, consider the following questions:
  - What are our objectives?
  - Who will be evaluated?
  - What will be evaluated?
  - Who will be asked?
  - What techniques will be used?
  - Who will do the evaluation?
  - What will we do with the results?
- Consider periodically using external consultants to conduct performance reviews.

#### **USEFUL RESOURCES:**

##### **Board Charters**

- Independent Schools Victoria (ISV) [Sample Board Charter](#)
- Australian Institute of Company Directors (AICD) [Board Charter and Role of the Board](#)

##### **Effective induction processes**

- AICD [Template Letter of Appointment](#)
- Institute of Community Directors Australia (ICDA) [Effective Inductions](#)
- ICDA [Developing Effective Induction Process](#)
- AICD [4 Essentials for Induction Program](#)
- ICDA [Template Board Member Induction Policy](#)

##### **Performance evaluation**

- AICD [Board Evaluation and Director Appraisal](#)
- Governance Institute of Australia [Good Governance Guide](#)
- ISV See [Appendix 3 Performance Management](#)
- ICDA [Board Member Effectiveness Quiz](#)
- ICDA [Board Effectiveness Quiz](#)

## Principle 2: Board structured to be effective and add value

Ensure the board is the appropriate size and has the skills, commitment and knowledge to fulfil its role effectively and add value

### Recommendation 2.1: Have a board skills matrix

- Have a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.
- Address any identified gaps in the board's collective skills by providing professional development to existing directors or taking on new directors.
- Regularly review the skills matrix to make sure it covers the skills needed to address existing and emerging business and governance issues.
- Each school will identify the skills mix that best suits their needs, but as a starting point some of the skills to consider include:
  - strategic expertise
  - educational knowledge
  - legal
  - managing risk
  - accounting and finance
  - managing people
  - stakeholder engagement.

### Recommendation 2.2: Ensure board diversity

Diversity on a board can contribute to improved performance, increase staff retention and engagement, promote a better understanding of an organisation's stakeholders and drive innovation.

- In line with a school's, vision, mission, values and purpose, school boards should aim to reflect a mix of personal attributes among directors. This may include:
  - gender
  - cultural and linguistic background
  - professional experience
  - sexuality
  - age
  - educational qualification
  - lived experience
  - technical skills
  - socioeconomic background
  - marital or family status
  - religious belief
  - gender identity
- According to the AICD, one way boards can aim to achieve diversity is through establishing a diversity policy which requires them to:
  - set targets for the representation of certain personal attributes (such as gender) on the board
  - measure and report on performance against these targets
  - commit to inclusive and flexible employment practices
  - support programs that encourage and celebrate diversity
  - ensure recruitment practices are inclusive to guard against conscious and unconscious bias.

### Recommendation 2.3: Ensure appropriately sized board for your school

Board size can influence effectiveness. Bigger is not necessarily better as this can impact speed of decision-making and the ability to reach a consensus, while a smaller number of directors may not have the necessary breadth of experience skills and views. Usually your school's constitution would specify a maximum or minimum board size.

- The aim is to have a board size that is big enough to encompass the necessary knowledge, skills and experience but small enough to enable effective discussion and decision making.
- There is no perfect size for any board and optimal board size is influenced by many factors including, size, complexity, industry norms. According to the AICD the average board size for:
  - large charity/not for profit boards is 8-12
  - small charity/not for profit boards is 5-8
- Include in your regular board performance review an assessment of board size, eg. ask if there have been any changes in circumstances that might require a reassessment of board size.

#### **Recommendation 2.4: Ensure appropriate committee structure for your school**

Board committees are crucial for the effective and smooth running of a board. Work can be delegated to committees to deal with complex specialised issues and to manage director workloads.

- Different schools will have different requirements for their committee structure based on numerous factors such as size, complexity, strategic priorities. Some common school board committees include:
  - Executive committee
  - Governance
  - Finance
  - Audit & risk
  - Education
  - Policy
  - Building & grounds
  - Human resources
  - Scholarship
  - Community/stakeholder engagement
  - Curriculum
- Individual schools will determine which committee structure best suits their needs.
- Committees should be set up for specific purposes not the other way round. A good starting point is to define the task before creating the committee. Committee functions can be combined, eg. Finance, audit and risk.
- Best practice calls for:
  - Each committee to have a Committee Charter or Terms of Reference, which includes role, purpose, responsibilities, membership, meeting protocols, reporting requirements.
  - The majority of committee members to be independent non-executive directors.
  - Committee members should also be suitably qualified in terms of abilities, knowledge and experience.
  - Most committees to have three or four members with rotation happening every few years.
  - Non-executive directors who are not committee members should be permitted to attend committee meetings as observers.
- Ad hoc committees can be established by the board as need arises, eg. selection committee to appoint new principle, working group to oversee major capital works project.

***Remember: Committees only make recommendations for action by the board; the board retains collective responsibility for decision making.***

### **Recommendation 2.5: Ensure appropriate board terms for your school**

Board terms are often stated in a school's constitution. As with board size, the optimal board terms may differ between schools and over time.

- Terms that are too short can detract from board continuity and long term thinking. Terms that are too long impact the ability to refresh.
- Terms are commonly between two to four years, with three years a common average. Two years may be a little short and anything longer than three years may make people less inclined to commit.
- Staggered terms are preferred so that the board doesn't refresh all at once. Best practice suggests that boards should turn over no more than one-third of the board seats annually.
- For not for profit organisations like schools it can be useful to build in to your constitution some degree of flexibility around terms, eg:
  - allow for the possibility of a second (or even third) term
  - ability of valuable contributors to serve terms that are longer than conventional periods.

### **Recommendation 2.6: Have a succession plan**

The high turnover on some school boards can affect overall board effectiveness.

- The aim of succession planning is to have the right people able to fill vacancies as they come up. This can be supported by:
  - Using the committee structure to identify and vet future directors, ie. invite people to join committees with a view to possible board membership at a later date.
  - Governance/Nominations Committee collecting resumes and actively seeking and vetting appropriate candidates for board directorship on a continual basis.
- School boards may also get advice from a recruitment consultant to deepen the talent pool of potential new directors.

#### **USEFUL RESOURCES:**

##### **Board Skills Matrix**

- Governance Institute of Australia [Creating and Disclosing a Board Skills Matrix](#)
- ISV [Example Skills Matrix](#)

##### **Board Effectiveness**

- ICDA [Overview of Board Meetings](#)
- AICD [Towards a More Diverse Board](#)
- AICD [Number of Directors - Board Size](#)
- AICD [Principle 3 Board Composition](#)
- ICDA [Template Board Member Recruitment Policy](#)

##### **Board Committees**

- AICD [Board Committees and Role of the Board](#)
- ICDA [For and Against Setting up Committees Checklist](#)
- ICDA [Sample Committees Policy](#)

##### **Succession Planning**

- AICD [Succession Planning](#)
- ISV [See 16 Succession Planning](#)

## Principle 3: Clear purpose and strategy

Have a clear mission and set of strategies aligned to the school's vision

### Recommendation 3.1: Have a clearly defined vision and mission

- Have a clearly defined vision and mission for your school which encapsulates:
  - Why you exist
  - What you do
  - Who you do it for
- Ensure the vision and mission are recorded in governance documents, understood and promulgated throughout the school and to key stakeholders.
- Undertake a formal review of your vision and mission every 3-5 years to ensure they are relevant and appropriate.
- The board, staff and key stakeholders should all be involved in discussions when reviewing vision and mission.

### Recommendation 3.2: Ensure strategy is aligned to vision and mission

- Have clearly defined objectives and strategies which align to your school's vision and mission which encapsulate:
  - What success looks like if you achieve your vision and mission, ie. what are your objectives?
  - How you achieve success, ie. what strategies do you need to meet your objectives?
  - How you measure success, ie. what are your key performance indicators?
- Support the school executive team to develop a set of plans that align with the vision, mission and strategic objectives. While the executive has key responsibility for developing the plans, final approval rests with the board.
- Ensure the vision, mission, strategic goals and plans are clearly documented and promulgated throughout the school and to key stakeholders.
- Regularly review and monitor implementation of the strategic plan by staff, for example:
  - have strategy as a standing agenda item for board meetings, and
  - allot time at board meetings for a formal six-monthly (twice a year) update on progress against the strategic plan by the principal or vice principal, and
  - make it compulsory for recommendations from the executive which require board approval to detail how the recommendation will help achieve the strategic objectives.
- Undertake a formal review of your strategies, vision and mission every 3-5 years. This is best done via a stand-alone strategic workshop or retreat. The expectation is that it would involve executive staff and members (if relevant). Consider having this professionally facilitated.

#### USEFUL RESOURCES:

##### Vision and mission

- School News [Is your school vision statement gimmicky or purposeful?](#)

##### Strategic planning

- AICD [Strategic Plan Template](#)
- ICDA [Strategic Planning Overview](#)
- ICDA [Conducting a Yearly Review](#)

## Principle 4: Risk recognised and managed

Establish a sound risk management framework and regularly review

### Recommendation 4.1: Have an effective risk framework

As part of managing risk, school boards need to establish an effective risk framework (with regard to mission and strategy).

- As part of developing a risk framework, school boards need to:
  - set the risk appetite for their school, ie. define the level of risk the board is willing to accept in pursuit of strategic objectives
  - identify and assess the potential impact of emerging risks
  - review regularly the risks facing your school
  - review regularly your school's processes for managing risk
  - oversight plans developed to minimise identified significant risks that impact on the school's strategic goals and objectives
  - monitor that the risk culture of the school is consistent with the board's risk appetite and priorities.
- Risk categories to be considered by school boards when developing their risk framework might include:
  - reputation
  - finance
  - compliance
  - governance
  - business continuity
  - strategic
  - environmental
  - human resources
  - safety and security
  - health and well-being
  - academic
  - community
  - buildings and facilities
  - information technology
- In managing risk the board also requires the executive to:
  - keep the College Board informed about key areas of risk
  - implement strategies set by the Board
  - put in place processes for managing all identified risk
  - review and update all risk registers
  - develop plans focused on minimizing emerging risks.

### Recommendation 4.2: Be aware of different approaches to respond to risk

The purpose of risk management is not to minimise or eliminate risk. An overly cautious approach to risk could seriously undermine your school's ability to achieve its purpose.

- The AICD advises approaches boards can consider to respond to risk include:
  - avoidance – avoid risks by discontinuing the activity that generates the risk
  - treatment – taking steps to control either the likelihood, or the consequence of the risk
  - transference – passing the risk on to another party, eg. outsource the activity, get insurance cover
  - acceptance – accepting that a risk may eventuate and put plans in place to respond.

### **Recommendation 4.3: Have processes to review and monitor risk framework**

- The board should periodically review how well the organisation is managing risk, including reviewing the risk management framework and registers.
- How a review is undertaken, by whom and with what frequency will depend on the individual school and its circumstances. For example, if a school has been subject to significant change, it may require a more thorough or frequent review of its risk management framework.
- At a minimum:
  - Risk registers should be reviewed annually, and more frequently if there has been significant change.
  - Any significant change in a risk rating from moderate to major or catastrophic at an operational or strategic level should be notified to the school board by the principal as soon as practicable.
  - If your school's risk framework has been in place for a number of years, and your operations are relatively stable, the review cycle could be conducted once every two years.
- Boards may choose to establish an audit and risk committee to drive the board's work in this space. However the board cannot delegate its responsibilities to a committee. The committee would only make recommendations and the board would retain collective responsibility for decision making.

#### **USEFUL RESOURCES**

##### **Risk management**

- ICDA [Role of the Board in Risk Management](#)
- AICD [Risk Management](#)
- Victorian Government [Risk Management for Schools](#)
- ICDA [Introduction to the Risk Management Process](#)
- ICDA [Establishing Context for Risk Management](#)
- ICDA [Putting in Place Risk Management Strategy](#)

##### **Examples and templates**

- Victorian Government [Risk management School Resources](#)
- Australian National University [Example of Risk Management Policy](#)
- International Organization for Standardization – [Tools and Methodologies for Risk Management](#)

## Principle 5: Organisational capability to deliver purpose

Build and maintain organisation capability through sound financial management, appropriate resourcing and protection of assets

### Recommendation 5.1: Have an effective financial governance framework

- School boards need to ensure they have the capacity and capability to understand and monitor the schools financial performance. This includes having:
  - a policy that guides the principal and executive in developing your business plan, including the budget
  - a policy that establishes the basis for the school’s wellbeing, ie. the management of assets and liabilities
  - monitoring processes that provide the school with sufficient financial information to be satisfied that the finances are being appropriately managed, including:
    - measurable and understood key performance indicators (KPIs)
    - a financial reporting framework that provides the board, executive and staff with financial reports and information in an accurate and timely manner.
- While all directors aren’t expected to be ‘financial experts’, they must be sufficiently financially literate to satisfy themselves that they understand the results and financial position of the school and are able to fulfil their statutory obligations.
- Directors should be provided the opportunity for formal director training in financial literacy if required (refer Principal 2).

### Recommendation 5.2: Identify appropriate performance indicators

School boards have a responsibility to ensure the resources and funds to support achievement of the strategic outcomes (refer Principal 3) and that they are being used in an efficient and effective manner.

- The identification and tracking of KPIs is a key way for boards to measure performance and assess the efficient and effective use of resources.
- Usually a board would identify a combination of financial and non-financial KPIs. In the school environment this might include:
  - graduation rate
  - student attendance rate
  - percentage of students receiving financial assistance
  - percentage of income from government funds vs fees
  - student to faculty ratio
  - cost per student
  - faculty to administration ratio
  - number of students enrolled per number of applications
  - percentage of faculty with advanced certifications or degrees
  - number of professional development sessions per year
  - faculty & staff attendance rates
  - faculty & staff retention rate
  - average age of buildings
  - classroom utilisation rate
  - stakeholder satisfaction ratings.

### **Recommendation 5.3: Know your responsibilities in appointment of the principal**

There is no more critical task than the appointment of the principal. Different schools will have different process for appointing the principal. In most instances, this responsibility will reside with the board however for some schools this may be the responsibility of the members.

- It is usual that a selection committee will be established to advertise the position, consider applications, contact referees and recommend a shortlist of applicants.
- If the responsibility resides with the board:
  - The appointment of the principal should be the only appointment made by the board. All other staff appointments are the responsibility of the principal.
  - All board members should be involved in the final selection from the short list.
- When selecting the principal the board must:
  - keep in mind the vision, mission, values of the school as well as strategic objectives
  - compare the characteristics of the applicants with the attributes and skills required for the head of their school.

### **Recommendation 5.4: Understand and assess capacity and capability**

- The ability to deliver on objectives and strategies is directly dependent on organisational capacity and capability. In assessing organisational capacity and capability, the AICD advises that some of the issues the board might consider are:
  - what are our strongest skills
  - are there skills gaps
  - what are we known for doing well
  - the capabilities of the principal and executive team
  - the knowledge skills and experience within the board
  - financial resources available to the school.
- Some actions boards might consider to increase capacity and capability include:
  - mentoring of the principal
  - professional development or mentoring of board members
  - focusing on how success is rewarded and celebrated.

#### **USEFUL RESOURCES:**

##### **Financial Governance**

- AICD [Financial Fundamentals for Not-for-Profit Directors](#)
- ICDA [Navigating the Key Documents](#)
- ICDA [Financial Sustainability Indicators](#)
- ICDA [Budget Policy Template](#)

##### **Principal appraisal**

- AICD [Performance Review and Appraisal of CEO](#)

## Principle 6: Integrity and accountability

Act in good faith in the best interests of the school and for a proper purpose and be able to justify decisions and actions to stakeholders

### Recommendation 6.1: Ensure board has access to current and relevant reports

- For directors to carry out their responsibilities with integrity and accountability they need to have timely access to current and relevant reports written in a way that aids decision making.
- Boards rely heavily on the information provided by the principal and executive team. As the AICD advises, it is the boards responsibility to ensure:
  - they have sufficient information and the time to make informed decisions
  - they are being provided with all the information, the good and the bad
  - the information they receive enables an evaluation of the issue
  - the appropriate internal controls are in place to protect the integrity of the information provided.
- A good way to achieve this is for the board to hold an annual review to discuss and agree on key reporting issues, formats and processes.

### Recommendation 6.2: Ensure transparency and accountability to external stakeholders

- For directors to carry out their responsibilities with integrity and accountability there needs to be transparency and accountability to external stakeholders. This is be supported by actions such as:
  - Having and disclosing a code of conduct which articulates expectations of conduct and the consequences for misconduct.
  - Having a policy and process to ensuring conflicts of interest are identified, disclosed and managed.
  - Having a policy and process to investigate misconduct and to ensure relevant instances are brought to the attention of the board.
  - Ensuring relevant governance documents are available to stakeholders.
  - Appropriate reporting to stakeholders about the school's performance and financial position.
  - Disclosure of director remuneration and other benefits, if any, to stakeholders.
  - Opportunity for members to ask questions and to hold the board to account for their decisions.
  - Having a whistle blower policy (from 1 January 2020, the *Corporations Act* required all large proprietary companies to have a whistle-blower policy).

### Recommendation 6.3: Ensure key information is safeguarded

- For directors to carry out their responsibilities with integrity and accountability integrity of financial statements and other key information must be safeguarded.
- The level of financial reporting between schools can vary. Some larger schools may have fully audited financial reports, others may have their financial reports reviewed rather than audited.
- The AICD advises that activities school boards might consider to help promote the integrity of financial reports include:
  - ensure an appropriate level of financial literacy at board level
  - establish an internal audit function
  - have external financial experts audit or review your financial reports.

## USEFUL RESOURCES:

### Board reporting

- AICD [Reporting to the Board](#)
- Deloitte [Effective Board Reporting for Not-for-Profits](#)

### Transparency and accountability

- ICDA [Transparency and Accountability Policy Template](#)
- Whistle blower security [Code of ethics and code of conduct, what's the difference?](#)
- AICD [Example Members Code of Conduct](#)
- Governance Institute of Australia [Example Code of conduct](#)
- ISV [See 11 Conflicts of Interest](#)
- ICDA [Conflict of Interest Policy Template](#)

### Whistle blowers

- AICD 7 [Ways to Establish an Effective Whistle Blower Policy](#)
- ICDA [Whistle Blower Policy Template](#)
- ISV [See 25 Whistle Blowers](#)

## Principle 7: Effective stakeholder engagement

Ensure meaningful engagement of all stakeholders and fair consideration is given to their legitimate interests and expectations

### Recommendation 7.1: Understand the environment your school operates in

- This will include understanding and analysing the following:
  - education authorities (including funders)
  - sponsoring institutions (e.g. your school's members/shareholders)
  - demographics (current and future)
  - competitors
  - tertiary environment and expectations
  - employer expectations
  - community expectations
  - Education issues/advances/technologies (current and emerging).

### Recommendation 7.2: Know your stakeholders

Engagement with stakeholders can provide useful information to boards about how the school is perceived, emerging issues and possible risk and opportunities.

- A stakeholder is someone who has a vested interest in your school. Different schools will have different stakeholders. It is important for boards to identify who their stakeholders are.
- Generally speaking, with in schools stakeholders can include:
  - members
  - students
  - parents, carers and families
  - employees
  - volunteers
  - board members
  - governments (state and federal)
  - donors
  - unions
  - the broader school community (alumni)
  - the local community

### Recommendation 7.3: Effectively engage with your stakeholders

- It is important for boards to respect member rights and engage openly and transparently with all relevant stakeholders.
- Engagement with stakeholders can be as simple as emails, school newsletters, invitations to school events or even a phone conversation to determine the perspective of the stakeholder.
- To maintain successful stakeholder engagement, schools need to actively engage with stakeholders, listen to them and discuss with them what you are doing to build a mutually beneficial relationship with them.
- Engagement with key stakeholders can be particularly important when reviewing your school vision and mission.
- Boards may wish to consider establishing a stakeholder engagement board committee to drive work in this space.

### Recommendation 7.4: Establish a process to manage and respond to complaints

- The ACT's [Education Act 2004 \(ACT\) s 94](#) requires all non-government schools to develop and implement a complaints policy for the school and investigate any complaint, as soon as practicable, about the administration, management and operation of the school that, in the proprietor's opinion, is not a frivolous or vexatious complaint.

- Having a safe and effective mechanism to gather stakeholder feedback is important to inform service delivery and help school boards and principals understand how their school is perceived and identify and respond to any concerns. This is supported by actions such as:
  - Have a documented policy and process to investigate, record, track and respond to complaints and ensure relevant instances are brought to the attention of the board.
  - The policy should apply to all paid and volunteer staff as well as directors, and include to whom a complaint can be made, how it will be handled, expected timeframes and a process for communicating any resolutions.
  - Ensure privacy/confidentiality provisions in the policy and process to protect both the complainant(s) and person(s) who is the subject of the complaint.
  - Make the policy and process available to stakeholders, eg. published on the school website.
  - Have a board culture that encourages disclosure and recognises that stakeholder feedback, even complaints and allegations of wrongdoing, is an important source of insight that can help a school achieve its mission and avoid misconduct.
- If a school fails to act on feedback or is dismissive of people who raise concerns, this can have serious consequences for reputation and create a culture in which stakeholders are not valued.

#### **USEFUL RESOURCES:**

- Governance Institute of Australia [Stakeholder Reporting](#)
- ICDA [Identifying Your Stakeholders](#)
- AICD [Principle 8 Stakeholder Engagement](#)
- Deloitte [Stakeholder Engagement](#)

## **Principle 8: Culture that supports the school's vision and mission**

Model and work to instil a culture that supports the school's vision and mission and aligns with its purpose and strategy

### **Recommendation 8.1: Lead by example**

- The board plays an important role in shaping an organisation's culture, including leading by example. As the ancient Chinese proverb says, "The fish rots from the head."
- Culture represents the shared values, assumptions and beliefs that shape the behaviour of the people involved in an organisation. It is often described as the way people act when nobody is looking.
- Boards can lead and influence culture by:
  - creating and abiding by a code of conduct
  - how they interact with one another
  - the questions that they ask of the executive
  - how they conduct their meetings.
- A key part of leading by example is to ensure decision making is always informed by the schools values. Directors must make decisions based on the school's values and should challenge the executive if their decisions do not align with the values.

### **Recommendation 8.2 : Define organisational values**

- One practical way that a board can influence culture is by defining organisational values.
- It is the role of the board to approve the schools values and their duty to work within them.
- Sometimes, holding true to your values can be challenging; boards need to be prepared to make difficult decisions to stay true to their values. To quote a former Australian of the year, "the standard you walk past is the standard you accept".
- For values to have meaning, they need to be observed and there needs to be consequences for failing to observe them.

### **Recommendation 8.4: Incentivise desired behaviour**

- An important influence on culture is the way staff are incentivised to behave. These incentives may be material (eg. pay rise, bonus, gift) or non-material (eg. certificate of appreciation or public recognition).
- The board might consider a reward and recognition framework that aligns incentives to the schools mission and values.
- Not all incentives are rewards. Some incentives might be negative, eg. a penalty for failing to comply. It is important that there are negative incentives to discourage behaviours that are inconsistent with a desired culture.
- In certain circumstances it may be necessary to terminate a person's connection with the school to protect the culture.
- The way behaviours are incentivised or discouraged sends an important message about what your school values are and what you are trying to achieve.

**USEFUL RESOURCES:**

**Culture**

- AICD [6 Steps to Building Great Culture](#)
- AICD [Principle 10 Culture](#)
- Australian Human Rights Commission [National Principles for Child Safe organisations](#)

**Example codes of ethics**

- whistle-blower Security [Difference Between Code of Ethic and Code of Conduct](#)
- ICDA [Example Code of Ethics](#)
- Governance Institute of Australia [Example Code of Ethics](#)

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