



Corporate governance provides a framework for the management and accountability of Finance's key decision-making bodies. This chapter introduces Finance's main management committees, and discusses their roles, functions and membership.

Corporate governance in Finance focuses on providing a streamlined decision-making framework to encourage responsiveness to Government, while ensuring the Department's sustainability and accountability.

Our core organisational values underpin Finance's corporate governance framework:

- our Ministers are our customers;
- performance driven;
- responsive, adaptable and open to change;
- absolute integrity and the highest ethical standards.

Finance's organisational values and behaviours, which were introduced in 1997 and are detailed in Chapter 2, are augmented by the provisions of the *Public Service Act 1999*. Together these work in concert to provide a sound basis for Finance's corporate governance framework.

## SENIOR MANAGEMENT COMMITTEES AND THEIR ROLES

### Management Board

The Management Board is Finance's peak decision-making body. It is chaired by the Departmental Secretary, and all General Managers are members. The Board establishes strategic directions and manages the Department's overall performance. It meets weekly, and holds a quarterly off-site meeting to discuss longer-term strategic issues.

Management Board:

- Peter Boxall (Chair)
- Stephen Bartos
- Phil Bowen
- Alastair Hodgson
- Jan Mason
- Dominic Staun (Chief Financial Officer)

- Lembit Suur
- Diana Wright

### Audit Committee

The Audit Committee reviews, monitors and recommends improvements to internal control and financial reporting processes, and oversees Finance's internal and external audit processes. It provides independent advice to the Secretary and Management Board on matters pertaining to Finance's accountability and financial responsibility.

In 2000–01, the Audit Committee worked towards strengthening the corporate governance arrangements in Finance. This included significantly re-structuring the arrangements for internal audit services at Finance, working closely with the ANAO (Finance's external auditors), overseeing the development of a risk-based Internal Audit Plan and the related conduct of risk-focussed audits and reviews, and managing improvements in the internal audit recommendation and reporting mechanisms. These developments position the Audit Committee well to continue to assist Finance in the areas of internal control and corporate governance in the future.

The new Internal Audit Plan was approved by Management Board on 28 February 2001. The Internal Audit Unit works actively with management to assist in identifying potential risks.

Audit Committee:

- Phillip Prior (Chair)
- Phil Bowen
- Judy Costello
- Jim Kropp (Independent Member)
- Dominic Staun (Chief Financial Officer)

### Remuneration Committee

Finance established a Remuneration Committee in August 1999. This Committee reviews new Australian Workplace Agreements (AWAs) and variations to existing remuneration arrangements (including those under the Certified Agreement and AWAs). It also considers other remuneration and employment issues, such as superannuation and executive vehicles. The Departmental Secretary chairs the Committee, and its membership includes two General Managers, and the General Managers of the Corporate and Financial Management Groups as ex-officio members.

Remuneration Committee:

- Peter Boxall (Chair)
- Stephen Bartos
- Phil Bowen
- Dominic Staun (Chief Financial Officer)
- Lembit Suur

### Leadership Development Committee

In August 2000 the Management Board established a Leadership Development Committee (LDC), to ensure Finance maintains its focus on leadership development, learning and growing. The LDC meets once a month and is chaired by the Departmental Secretary.

The Committee is responsible for the Department's Future Leaders Programme, which is delivered in partnership with PricewaterhouseCoopers (PwC). Further information on this programme is provided in Chapter 7.

Leadership Development Committee:

- Peter Boxall (Chair)
- Christine Farrell (PwC)
- Roger Fisher
- Jim Kerwin
- Barbara Sullivan
- Lembit Suur

### BUSINESS PLANNING AND PERFORMANCE REPORTING

Business planning and performance reporting process is a key component of Finance's ability to deliver for its customers. At the beginning of the financial year each Business Group prepares a business plan outlining their strategies for achieving desired outcomes and goals. Business Groups encourage staff to provide input to these plans during the drafting process. The plans are then discussed and finalised at Management Board and made available to staff on Finance's intranet site.

Business Groups report performance and progress against business plan initiatives throughout the year. Monthly management reports are prepared by each Business Group providing updates on achievements and future issues, as well as progress against financial and non-financial key performance indicators. Finance's business planning process also requires that external service providers produce annual business plans matching Finance's business requirements. These plans ensure that service provider activities are aligned with Finance's outputs and outcomes.

## ETHICS COMMITTEE

The Management Board agreed that Finance would establish an Ethics Committee effective from 1 July 2001. It will act as a reference committee for high-level ethical issues within the Department and be a forum for the discussion and resolution

of ethical issues that arise from time to time. The Committee will meet on an ad hoc basis. All matters for consideration will be referred to it by, or through, the Secretary, any General Manager, or the Management Board. Its membership will consist, in the

first instance, of the Secretary on an ex-officio basis, and Alastair Hodgson, Jan Mason, Phillip Prior and Lembit Suur.

Finance is currently implementing an online human resources information system. The InfoHRM reporting system is considered to be leading edge internationally by both major software vendors and clients. An Australian product, it is widely used in North America.

InfoHRM benchmarking provides an integrated method of measuring the effectiveness of the human resources function within the organisation and comparing this with other organisations. These comparisons can be made nationally and internationally by industry type, company size and region.

During 2000–01, 20 internal audits were completed, with several more in progress at the end of the financial year. These internal audits are performed either at the request of the Audit Committee, as part of an agreed Internal Audit Plan, or at the request of management. In both cases, the purpose of the internal audit is to provide management with an independent assessment of Finance operations and controls, in terms of compliance and performance. In addition, internal audits seek to provide recommendations to management on ways to improve Finance's business processes. Internal audits either consider compliance issues or evaluate efficiency, effectiveness and consistency with a view to achieving better practice in the public and private sectors.

### Risk Management

On 28 July 2000, Finance launched a new risk management policy framework. Its key components included:

- Chief Executive Instructions (CEIs), which are both policy and operational guidelines;
- risk management guidelines (based on the standard AS/NZS 4360:1999—Risk Management);
- Finance-wide awareness programmes;
- an intranet website and other supporting marketing tools;
- a Risk Management Skills Development Module;
- business risk assessments of Business Groups and fraud.

This risk management framework is an example of the Department's commitment to a forward-thinking and systematic approach to best practice. It helps Finance to capitalise on opportunities, manage risk and improve overall performance.

Individual Business Groups are responsible for integrating risk management into their everyday business practices. In line with this policy framework, the Department's Risk Management Unit within Corporate Group facilitates best practice in risk management.