

Directors are members of the public entity's Board. As such, they have both individual and collective responsibilities. This section of the Code outlines the behaviours expected of Boards.

### **2.1 Leadership and Stewardship**

The Board safeguards and oversees management of the public entity. Effective stewardship includes managing the public entity's reputation, intellectual capital and relationship with stakeholders such as the portfolio department and Minister on matters of public administration and governance. The Board should provide sufficient information for the department to advise the Minister on the public entity's activities.

The Board when it meets focuses mainly on strategic matters to ensure that the public entity continues to fulfil its purpose for Government and other stakeholders.

The Board ensures that the public entity has appropriate arrangements in place to meet its legal, ethical and policy obligations.

## **2.2 Board Authority and Delegation**

The Board ensures that matters reserved for the Board are clearly identified. It also ensures that necessary delegations are in place.

The Board makes decisions within its power. If the Board wishes to do something not authorised under the public entity's establishing legislation, but in the public interest or consistent with the objectives of the public entity, then it raises the matter with the department or Minister for consideration. The Minister may be able to issue directions to facilitate the action or may consider potential legislative change.

The Board is accountable for the actions of its delegates and sub-committees. Directors of a sub-committee who are delegated to consider a matter cannot lawfully delegate that power or function to any other individual or body unless the law expressly authorises such delegation.

## **2.3 Best Interests of the Public Entity**

The Board acts consistently with the functions and objectives of the public entity and with any business or strategic plan or other document relevant to its work program.

## 2.4 Risk Management and Financial Responsibility

The Board plays an important role in overseeing the management of risks faced by a public entity. As part of this role, the Board informs the portfolio department and Minister of known major risks to the effective operation of the public entity and of the processes in place to address those risks. It also ensures there are adequate controls in place to prevent fraudulent behaviour.

The Board assures itself that the public entity's financial management system is adequate and designed to minimise processes that can lead to errors. It also ensures that the financial statements or accounts are audited at regular intervals.

## 2.5 Conflicts of Interest and Duty

The Board manages any conflicts of interest and duty in the public interest. Depending on the nature of the conflict, the Board may recommend that Directors restrict their involvement in a matter, step down from the position they hold on a temporary or permanent basis or relinquish their private interest. If the Board determines that a conflict is material, it makes sure that affected Directors do not participate in the matter at all. The Board may seek advice from a disinterested third party such as a probity adviser, lawyer or governance expert when deciding the best option.

The Board records Directors' private interest disclosures in the minutes of its meetings and notifies the Minister in writing of any breach of process.

The Board does not make loans, or give guarantees to provide security for loans or other undertakings, to Directors or their families or associates.