

# Good Governance Principles Policy

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## Assessment/Acknowledgement Need

**A: Acknowledgement**

**B: Mandatory** for Board and Executive Directors

## Change Summary

The organisation's Values have been updated.

The Governance Breaches and Complaints section has been updated to reflect current processes.

## 1 Purpose/Scope

The purpose of the Good Governance Principles Policy is to guide the Board and senior management in meeting the increasing governance requirements. It includes a clear statement of our commitment to effective governance and covers all of the common elements that underlie good corporate governance.

## 2 References

- Board Administration Manual
- Manual of Delegations, ARCBS -BRD-L1-001
- Code of Conduct, ARCBS-HRER-L1-05
- Illegal and Unethical Behaviour Policy, ARCBS-HRER-L1-004
- Privacy Policy, ARCBS-RSK-L1-001
- Fraud and Corruption Control Policy, ARCBS-FIN-L1-007
- Risk Management Policy, ARCBS-RSK-L1-002
- Royal Charter and Rules of ARCS
- AS 8000-2003, Good Governance Principles
- The statutory, regulatory and funding requirements of Government, as defined in the Deed of Agreement between the Commonwealth of Australia acting through and represented by the National Blood Authority and the Australian Red Cross Society, dated 21<sup>st</sup> August 2006.

## 3 Corporate Governance Definition

As defined by the Australian National Audit Office, 'Corporate Governance generally refers to the processes by which organisations are directed, controlled and held to account. It encompasses authority, accountability, stewardship, leadership, direction and control exercised in the organisation'.

One of the key roles of the Board is to ensure the Blood Service has an appropriate and effective system of corporate governance, which sets out the way in which the Board oversees the activities of the organisation and ensures that senior managers, to whom the Board delegates many functions, are accountable.

A good system of corporate governance enables areas of responsibility to be clearly defined and provides assurance that risk is being managed in an effective way. Corporate governance challenges every aspect of Board activity, including composition, role, practices and processes.

# Good Governance Principles Policy

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## 4 Good Governance Statement

We are committed to achieving and demonstrating the highest standards of corporate governance. As a not for profit organisation, the focus of the Blood Service's corporate governance is to enable the organisation to fulfil its mission, while enhancing the interests of key stakeholders. While remaining cognisant of best practice guidelines both in Australia and internationally, we have based our governance framework on the Australian Standards series AS8000- 2003.

We are an operating division of the Australian Red Cross Society and the Blood Service Board reports to the Australian Red Cross Board. The Blood Service Board is accountable to our donors, the Australian community, the Red Cross and to State, Territory and Federal governments. The responsibilities of the Blood Service Board are to oversee the strategic direction, financial and operational activities and risk management of the organisation.

The governance priorities of the Board are to:

- Maintain financial viability
- Comply with all relevant laws and regulations
- Report in an open and transparent manner on our performance to the wider community
- Engage with stakeholders on our strategic intent
- Continually improve performance across all areas of the organisation by establishing appropriate objectives and key performance indicators, and systems to monitor performance against these
- Reflect on our performance and learn from it

## 5 Board Administration Manual

The Board Administration Manual is an integral part of our Good Governance Policy. It has been prepared to assist Board members in understanding and undertaking their responsibilities. The Manual codifies the policies and procedures approved by the Board and sets out in a concise and practical manner, Board members' duties and responsibilities to the Blood Service.

The Good Governance Principles Policy is underpinned by a series of broad governance principles contained in the Board Administration Manual including: the roles, powers, delegations and responsibilities of the Board; reporting, disclosure and transparency obligations; and the administration of Board activities.

## 6 Underlying Values of Good Corporate Governance

As described in AS 8000-2003 Good Governance Principles, 'this Standard has been produced to foster ethical behaviour in organisations and to enhance the reputation of Australian businesses.' Ethical principles introduce more certainty into the organisational endeavour and also act as a means of preventing corruption in all its various forms.

The values of the Blood Service are: Integrity, Safety & Quality, Service, Collaboration, Accountability and Excellence. Complimentary to these, we also subscribes to the ethical principles that underlie corporate governance as defined in AS8000-2003:

# Good Governance Principles Policy

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- **Accountability**  
*The essence of good governance is accountability*
- **Transparency**  
*All information should be open to interested parties. The exceptions to this principle are when such information is –*
  - (A) *private intellectual property which might be exploited to the detriment of the legal owners;*
  - (B) *is of a personal nature and not of organisational relevance; or*
  - (C) *disclosure is not in the national interest*
- **Fairness and balance**  
*All transactions should be made in such a way as to minimize inequalities of power.*
- **Honesty**  
*All statements and actions should be made honestly and accurately, so that they may be relied upon. This principle also notes that selective presentation of information, or the suppression of relevant information is an act of dishonesty.*
- **Dignity**  
*All dealings with others should be characterized by dignity of treatment. While people may be used for various permitted purposes, such as employment, where there is a conflict of purpose the action that fosters human dignity should prevail.*
- **Legal**  
*Stakeholders, customers and employees expect organisations to:*
  - (A) *have respect for the law, and an interest to abide by the law and its intent (whether it be criminal law, corporate law, environmental law, OHS law, consumer law, etc.); and*
  - (B) *deal honestly with all stakeholders to whom they have a duty of care under the law or accepted conventional behaviour.*
- **Good will**  
*All organisational dealings should be done in a spirit of goodwill. Goodwill is recognized as an essential component of ensuring that good intention of ethical behaviour is not subverted.*
- **Conflict of principles**  
*Not all cases involving ethical dilemmas will necessarily invoke all of the above principles. Where the solution of an ethical dilemma involves the application of one ethical principle, then the resolving decision must still be consistent with the other principles.*
- **The benchmarks for an ethical organisation**  
*An ethical organisation should be benchmarked by the presence, at least, of –*
  - (A) *a formalized Code of Conduct;*
  - (B) *a Committee that oversees the Code in that it hears and attempts to resolve real cases, and also monitors and suggests amendments to the Code;*
  - (C) *a training scheme for the fostering of ethical conduct; and*
  - (D) *regular reporting to the responsible Board of the organisation.*

## 7 Governance Breaches and Complaints

We are committed to maintaining a system for recording, responding to and investigating any governance breaches and complaints. To this end, a number of processes and policies are in place within the organisation that assist in providing appropriate instructions and systems to deal with such matters.

# Good Governance Principles Policy

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## **Risk Management Policy**

Our risk management objectives, strategies and accountabilities are well documented in the Risk Management Policy. As stated in the policy, managers and supervisors at all levels are responsible for “reviewing the data from Non Conformance, Incident and Complaint systems and other systems/processes, ensuring that appropriate lessons are learned, risks identified and processes and procedures revised accordingly”.

## **Illegal and Unethical Behaviour Policy**

As identified in the Illegal and Unethical Behaviour Policy, deliberate non-compliance with regulations, policies and/or procedures constitutes illegal and/or unethical behaviour. The responsibilities of various parties (e.g. employees, contractors, management and legal counsel) are well defined in this policy, as are the processes for reporting such behaviour.

## **Privacy Policy**

The Blood Service is bound by the Federal Government’s Privacy Act 1988. This legislation includes information on how the organisation should collect, use, keep secure and disclose personal information. The policy sets out our compliance with the legislation and also includes information about how donors can make a complaint should they believe that their privacy has been infringed.

## **Finance & Audit Committee**

The Finance & Audit Committee assists the Board in its consideration of financial matters. It ensures that appropriate financial policy and controls have been established and are being implemented, with regular reports received from internal and external auditors. Any identified breaches of policy or controls, or weaknesses in controls, are investigated and appropriate actions implemented – the Committee retains oversight of this process. The Committee’s responsibilities include undertaking the evaluation of the financial aspects of the risk as identified by the Due Diligence reviews.

## **Risk Committee**

The Risk Committee has been established to assist the Board in effectively discharging its responsibilities for risk management and complements the work of such other Board Committees as may be established to manage specific risks. The Risk Committee’s scope of work will include: review of the key internal and external business risks and assessment of each identified risk in terms of potential impact and likelihood of occurrence; monitor, review and assess compliance with applicable laws and regulations and quality audits, both internal and by the TGA; and other matters referred to it by the Board if requested.

## **Executive Leadership Team (ELT)**

The ELT meet bi-monthly and periodically review and discuss risk management matters.