

Board and CEO Relationship Policy

BPM-003

Application	Board only
Purpose	This policy describes and defines mechanisms which support the Board in managing the relationship between the Board and the Chief Executive Officer.
References	N/A
Associated policies/procedures	BPM-001 Code of Conduct and Board responsibilities policy BPM-004 Addressing Conflict, Grievance and Complaints Policy
Associated forms	N/A
Thorne Harbour Health	The Victorian AIDS Council Inc (VAC) and the Gay Men's Health Centre Inc (GMHC) are separate legal entities and 'incorporated associations' for the purposes of the <i>Associations Incorporation Reform Act 2012</i> (Vic). Each of VAC and GMHC is overseen by independent volunteer directors, elected or appointed under the Constitutions for each entity. The entities operate under the trading name of Thorne Harbour Health. Each of VAC and GMHC is registered with the Australian Charities and Not-for-profits Commission. A reference to 'the Board' refers to the collective or committee of directors of both VAC/GMHC.

Policy purpose

This Policy describes the relationship between the Board and the Chief Executive Officer (CEO) and defines the key mechanisms which support the Board in managing that relationship to ensure role clarity and effective partnership between governance and executive and operational leadership. This Policy outlines the delegations to the CEO; such delegations do not reduce in any way the governance responsibilities of the full Board or the responsibilities and fiduciary duties of Board members.

1. CEO recruitment, terms of employment

The Board is responsible for:

- 1.3 Recruitment of the CEO. The Board will adhere to the principles of equal opportunity and merit-based appointment in this process. The Board may establish a task group to support this process and/or engage a suitably qualified recruitment specialist to assist it in this task; however, the final appointment decision will remain the responsibility of the full Board.
- 1.4 Determining the terms and conditions of employment for the CEO and ensuring these are commensurate with those provided for in comparable not-for-profit sector roles. The terms of employment will be detailed in a contract between the Board (organisation) and the CEO and it is expected the contract will allow for remuneration review during the life of the contract (see item 3.4) and that it will be reviewed prior to renewal. The Board may establish a task group to complete work associated with contract development, and review and/or engage a suitably qualified specialist to assist it in this task; however, endorsement of the terms of employment (contract) will remain the responsibility of the full Board.

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2. The CEO and position description

The Board is responsible to identify and document the financial and operational delegations to the CEO. These delegations are as described and documented in the BPM-009 Delegations of Authority Policy.

Amongst other things the Board requires the CEO to:

- a. provide best, accurate and timely advice to the Board on strategic matters
- b. implement the strategies set by the Board as directed
- c. professionally represent the organisation and its positions to key stakeholders including members, clients, funders and partners, and in the media. This may be done in partnership with the President and/or other nominated Directors, ensuring that the President is kept informed
- d. develop operational policy and procedures and ensure sound business processes are in place
- e. manage the resources and assets of the organisation
- f. effectively manage the organisation's paid and volunteer workforce, including recruitment and performance support and review
- g. maintain an organisation culture that is congruent with the mission, values and strategic directions of the organisation
- h. appropriately address complaints and grievances of an operational nature
- i. identify and plan for the management of risk, including clinical risk
- j. ensure the continuous quality improvement of programs and services and formal accreditation of the organisation
- k. manage brand
- l. communications – internal and external; external communications may also involve the President and or/other nominated members of the Board in accordance with the relevant governance policy
- m. ensure executive support is available to the Board and committees of the Board.

These duties of the CEO will be broadly described in the CEO position description.

The Board may vary the duties of the CEO from time to time and will address any related contractual or industrial matters as required as part of this process.

3. CEO performance planning/review and remuneration review

3.1 The Board is responsible for holding the CEO to account and for ensuring all supports are fair and reasonable. This is achieved through formal and objective processes. As such, the Board will establish an annual performance plan for the CEO.

3.2 The CEO performance review will:

- a. Take place annually
- b. Be conducted by the President and one other Board member
- c. Review goals and actions established in the previous review cycle
- d. Establish a set of goals and actions for the coming cycle.

3.3 The Board will have visibility to outcomes, along with the next review cycle goals and actions.

4. CEO reporting to the Board and Committees of the Board

- 4.1 The CEO will provide a CEO report to the Board at each meeting of the Board. The report will canvas work-in-progress, successes and emerging issues. The format for the report will be agreed through the Governance Committee of the Board.
- 4.2 The CEO will also be required to ensure reports are available to the Board on:
- a. implementation of the strategic plan
 - b. emerging strategic issues and strategic projects
 - c. finance and budget
 - d. workforce and organisation climate
 - e. risk and risk management
 - f. quality and accreditation
 - g. other matters as required.

These reports will normally be scheduled into the Board's annual work plan through the Governance Committee of the Board. These reports, at the direction of the Board, may initially be provided to Committees of the Board for preliminary review and comment. In the case of financial reports, these will always be provided to the Finance, Risk and Audit Committee for review prior to presentation to the Board.

- 4.3 The CEO may also be requested to provide, or may initiate, proposition papers that address emerging issues for Board consideration. These papers may, at the direction of the Board, be developed by the CEO in consultation with Committees or task groups of the Board.

5. Interface between the Board, CEO and workforce

- 5.1 The CEO has full management responsibility for staff and staffing related matters except:
- a. where there is significant impact on budget and workplace culture; for example, the Board would sign off on the organisation's enterprise agreement, and be briefed on significant structural change
 - b. where there is a formal grievance lodged by a staff member or volunteer in relation to the CEO, in which case the President of the Board would oversee investigation into the grievance, then recommend to the Board any appropriate and necessary action (see BPM-004 Addressing Conflict, Grievance and Complaints Policy)
 - c. in respect to third party input into the CEO performance review
 - d. in respect to Board-led consultation and engagement processes related to strategy and other governance-related matters.
- 5.2 In order to be assured that the organisation culture reflects the vision, values and strategy and that there is a high level of staff and volunteer satisfaction, the Board will require regular and objective reporting on these matters by the CEO. Specific workplace culture goals will be set through strategic planning and CEO performance planning processes, and related reporting requirements will be articulated by the Board through the Governance Committee. A benchmarked organisational climate survey will be conducted on at least a two-yearly basis with results provided to the Board; this requirement will be included in the CEO's performance plan.
- 5.3 The Treasurer may from time to time liaise with the Director, People and Corporate Services in respect to financial or risk related reports required by the Board or Finance, Risk and Audit Committee.

They will not direct the Director, People and Corporate Services to undertake additional tasks and would only make such requests through the CEO.

6. President and CEO relationship

- 6.1 The President has a particular and important relationship with the CEO. The President is expected to:
- a. act as the contact and management point for issues raised by Board members or external stakeholders in respect to the CEO
 - b. act as a conduit for the CEO to raise issues with the Board (outside of the committee structure)
 - c. lead CEO performance planning and review
 - d. provide informal support and advice to the CEO
 - e. share responsibility with the CEO for representing the organisation with key stakeholders, particularly in the political sphere
- 6.2 In order to support these functions, it is expected that the President will meet regularly with the CEO outside of Board meetings. However, the relationship between the President and the CEO does not substitute for the authority of the full Board and is not intended in any way to minimise the partnership and mutual accountability between the full Board and CEO. The President may involve the Vice President in meetings with the CEO from time to time to ensure that the Vice President is in an informed position and is able to efficiently step into the role of the President should this become necessary at any time.

7. CEO, board meetings and committees of the Board

- 7.1 The CEO:
- a. is expected to attend and fully participate in each meeting of the Board. However, the CEO does not hold a vote and may be asked to leave the meeting to allow the Board to conduct *in camera* discussion
 - b. may provide advice and information to the Governance Committee in respect to the Board's annual work plan and to the President in formulating specific Board meeting agendas
 - c. is expected to ensure Board reporting requirements are met and Board papers are distributed to an agreed schedule
 - d. will ensure adequate minutes of Board meetings.
- 7.2 The CEO:
- a. is a member of each of the three Board Committees as described in the Board Work Plan, Committees and Office Bearers' Policy BPM-002 and is expected to fully participate in Committee and Executive meetings. The CEO may be asked to leave a meeting to enable the Board or Committees to discuss items about which the CEO has or could be perceived to have a conflict of interest
 - b. may provide advice and information in respect to annual work plans and priorities of Committees
 - c. will provide, draft or assist in drafting any reports/papers to the Committee that have been delegated to the Committee by the Board for review or development
 - d. may be requested by the Chair of the Committee to prepare or follow up on specific information to facilitate the work of the Committee

- e. will ensure executive support is available to the Committee, and that adequate minutes of meetings are available and able to be provided to the Board in a timely manner.

7.3 The CEO is expected to contribute to the Board performance review.

8. CEO, Board and strategic planning/strategic issues

8.1 The Board is responsible for setting and monitoring the strategic directions of the organisation and in this capacity:

- a. determines the organisation's strategic planning process – including stakeholder involvement – and planning cycle
- b. shapes and endorses the strategic plan and associated measures of success
- c. addresses, through budget processes, the resourcing requirements of the plan
- d. monitors and reviews performance against the strategic plan
- e. reviews and adjusts the strategic plan.

However, the Board is reliant on the knowledge and skills of the CEO to gather intelligence, identify and engage with stakeholders, and to shape the plan. The CEO also holds responsibility for the implementation of the plan and providing the Board with reports against the plan.

8.2 It is expected that the organisation will be faced with making reactive/responsive strategic decisions or developing strategic positions outside of the strategic planning process on matters which are not fully addressed in the strategic plan. Formulation of these decisions and policy positions sits within the Board's broad strategic governance responsibility and will be addressed through Board meetings and Committee processes. It is, however, recognised that it will most often be the CEO that brings these matters to the Board directly or through a Committee and who provides the Board with a full and thorough briefing.

8.3 In respect to both strategic planning and emerging strategic issues, the Board recognises the importance of a respectful, partnering relationship between the Board and CEO to effective strategic achievement.