

Institute of Directors in New Zealand

The Board's role in
overseeing major projects
PQA Forum

Overview

- About the IoD
- Governance and the role of the Board
- Overseeing major projects
- Engaging the board on PQA
- Tips on reporting to the board
- Questions?

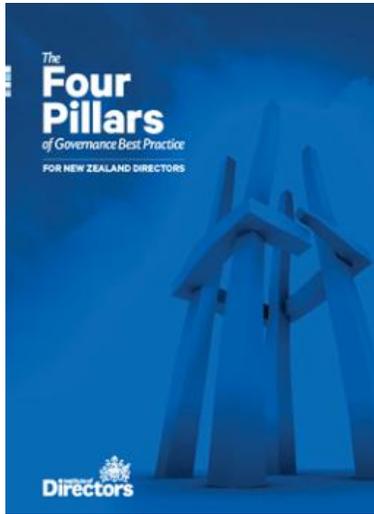


About the IoD

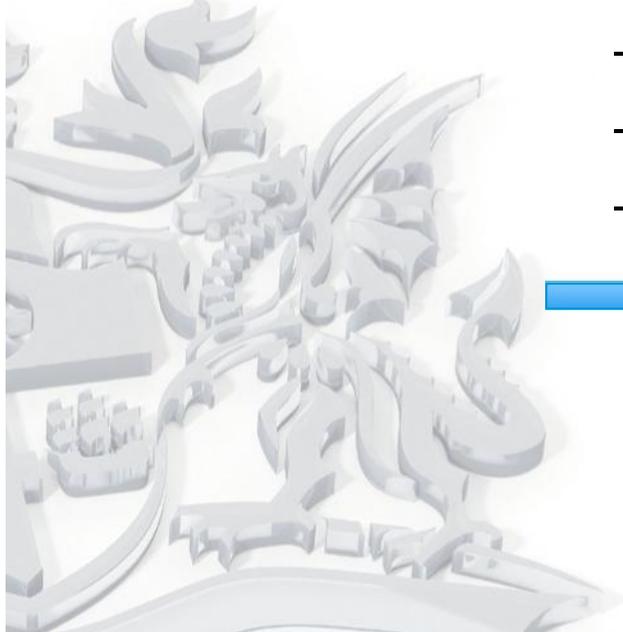
- 7,000 members
- IoD mission is:
To raise the standard of governance in all areas of New Zealand business and society
- Chartered membership



What is governance?



- Many definitions
 - “...the system by which companies are directed and controlled” (Sir Adrian Cadbury)
 - Best practice governance is about adding value (IoD *Four Pillars*)
 - The Board’s role in governance is about:
 - Insight
 - Foresight
 - Oversight
- ➔ Plus in relation to major projects



Governance means

- having a focus on long term strategic objectives
- ensuring the right monitoring and assurance processes are in place to keep the business running



Separation of roles

Governance and the board: What Where Why?



Management: How?



The Board

- Drives purpose, goals and strategy
- Focuses on best interests of the organisation

- Holds  account

- Needs to balance:
 - performance and conformance
 - opportunity and risk management

Strategy & risk



The board's role is to:

- Focus on strategic risk & risk oversight
- Agree the risk appetite
- Ensure key risks are identified and managed



"We've considered every potential risk except the risks of avoiding all risks."

Overseeing major projects

- Oversight - by Board or a committee
- Board capability
- Ensure qualified, independent QA
- The Board is the final line of defence!



The Board's role is to:

- Hold management to account
- Question and challenge
- Take an independent/objective view
- Have a duty of care and act in best interests



Major projects must:

- deliver value to shareholders
- be aligned with strategy and future needs
- be integrated into the enterprise risk management plan
- be monitored against milestones and measurable results



Novopay lessons

- Inconsistent and unduly optimistic advice - did NOT serve Ministers well
- Honesty and quality of advice is crucial to good governance



Engaging the board on PQA

- Focus on alignment with strategy
- Provide positive *and* negative assurance
- Highlight risks
- Report the right information



Tips on reporting to the board



How can the IoD help?

- Governance courses and training
 - Essentials to experienced: CDC, Strategy, Risk, Finance etc
- Governance career initiatives
 - Future Directors, Mentoring for Diversity
- Membership – a pathway
 - Director professionalism – Chartered Members
 - Leading governance communities: networking and development opportunities
- Governance best practice
 - Research, policy and thought leadership



Questions?

