ENHANCING UNIVERSITY
BOARD
GOVERNANCE
AND EFFECTIVENESS

UNIVERSITY TRANSFORMATION PROGRAMME, GREEN BOOK

www.mohe.gov.my

Kementerian Pendidikan Tinggi@moheofficial

MOHE (KPT)@MoheOfficial

@kementerianpendidikantinggi

Kementerian Pendidikan Tinggi KPT/MOHE

University Transformation Programme Green Book

Dato' Sri Mohd Najib bin Tun Haji Abdul Razak

Prime Minister of Malaysia

Dato' Seri Idris Jusoh

Minister of Higher Education

Dato' Mary Yap Kain Ching

Deputy Minister Ministry of Higher Education

Tan Sri Dr. Noorul Ainur binti Mohd Nur

Secretary General Ministry of Higher Education

Datin Paduka Ir. Dr. Siti Hamisah binti Tapsir

Director General of Higher Education Ministry of Higher Education

PREAMBLE
THE UNIVERSITY TRANSFORMATION PROGRAMME (UniTP) GREEN BOOK

The Malaysia Education Blueprint 2015-2025 (Higher Education), or the MEB (HE), laid out ten shifts to spur continued excellence in Malaysia's higher education. Recognising the importance of autonomy in facilitating and accelerating the transformation of Malaysia's public universities, the MEB (HE) included Shift #6: Empowered Governance, which aims to empower universities with greater decision-making rights, autonomy, together with greater accountability. With the flexibility to make their own decisions, universities will be able to implement agile management of resources and create efficient, responsive, and innovative organisations.

Given that universities may have different starting points, the Ministry of Higher Education is collaborating with universities to launch the "University Transformation Programme" (UniTP) to assist public universities in creating and implementing their own tailored transformation plans. To guide universities through this process, the UniTP is identifying and codifying best practices in a series of books with

practical guidance for universities as they embark on their own transformation programmes.

To realise the vision of Shift #6, all members of the university community will be asked to take on roles with increased autonomy, responsibility and accountability. University Boards in particular will be empowered with the necessary tools and rights to support their universities through this transformation and sustain a positive trajectory for Malaysia's educational landscape.

As leaders of their universities, Boards will be entrusted on behalf of the Ministry and the Malaysian public to oversee their institutions through three primary roles:

- **Nominate, oversee, and support the Vice-Chancellor:** Review the Vice-Chancellor's performance, support their work towards institutional goals, and make recommendations to the Ministry regarding extensions or terminations of their tenure;

Chapter 6 of the Malaysia Education Blueprint 2015-2025 (Higher Education), or the MEB (HE), sets out how the Ministry of Higher Education, in consultation with higher learning institutions and stakeholders, will focus on empowering institutions and strengthening the governance of institutions in the Malaysian higher education system.

Exhibit 1

Transfer of decision rights from Ministry to public universities
(10-year end state)

Legend:
- Ministry (red)
- University leadership (orange)
- College/department (green)

Key decisions at Malaysian public universities	Today	End state	
Administration and governance			
Approve university strategy (vision, mission, focus)			Board or department approves university strategy and focus areas
Approve university constitutions, statutes, and rules			
Appoint leaders and set terms of office (VC, DVC)			Ministry continues to approve constitution but approval of statutes and rules should be limited to the university
Evaluate performance of leaders (e.g., VC)			
Change organisation (e.g., establish, merge depts)			
Monitoring of university quality and reports			Minister appoints Chairperson, approves Board members, and appoints VC and DVC (as nominated by Nomination Committee). VC directly accountable to Board and Chairperson
Funding and financial management			
Approve university budget			
Manage endowment and income-generating assets			Monitoring through performance contracts
Set tuition fees			
Decide allocation of funds and research grants			Treasury and Finance Division approve budgets from the Government. Board and university departments approve and manage funding from other sources.
Management of allocated grants			
Infrastructure development and management			
Approve procurement decisions (facilities, services)			Infrastructure management and purchasing decision approvals should be made at the university or College/department levels
Admission, intake plans, curriculum			
Determine number and profile of students			
Set student admissions criteria			All programmes and curriculum need to comply with MQF requirements. In addition, new non-executive programmes will require endorsement from Ministry
Make admission decision			
Approve academic programme and curriculum			
Student discipline and suspension			Student discipline and suspension issues should be limited to the university
Human Resource management			
Appointment and dismissal of staff			
Evaluation/promotion of staff; set pay scales/incentive			University Boards can choose to adopt, adapt or abstain from following public service circulars to allow flexibility in attracting best resources and managing performance
Set pay schemes (salary designation)			
Design staff development policies/programmes			

SOURCE: Malaysia Education Blueprint 2015-2025 (Higher Education)
NOTE: The content in this exhibit updates and supersedes the version in the MEB (HE)

- **Oversee university finances and fundraising**: Approve internal budget allocations (total budget set by Ministry), oversee properties and investment decisions, oversee the endowment and its spending, drive fundraising, and set salaries; and

- **Safeguarding the university's mission:** Steer and approve strategy, approve Senate decisions with financial or talent development impact, set operational policies, communicate with university stakeholders, oversee talent development, and institute a culture of performance management.

Expectations of Board performance will rise as Universities are granted greater autonomy. Members will be required to contribute more time and possess more applicable knowledge and skills so as to oversee their institutions through their transformation journey.

Boards will be held accountable by the Ministry, university leadership, students, and the academic community for the stewardship of their universities. Through their oversight roles, Boards will be responsible for ensuring that universities set and follow clear strategies aligned with their missions and the strategic guidance of the Ministry, all while governing themselves transparently. In an era of increasing challenges on universities and demands for greater accountability, it is imperative that Boards rise to their new responsibilities so as to enable active leadership and the agility to respond to ever-changing external contexts.

The purpose of the UniTP Green Book is to assist Boards as they become empowered to chart their own journeys of continuing to oversee efficient, unique, and high-quality universities prepared to meet the challenges of the 21st century. The Green Book is intended to benefit all stakeholders, for example:

Vice-Chancellors will receive better support from their Boards, be provided with a better governance framework for university transformation, and have a clear delineation of their roles relative to those of the Board.

University Board members, including the Chairperson, will have greater clarity on their fiduciary roles and responsibilities, be empowered with practical guidelines for overcoming common Board challenges, and will broaden their impact through more productive and more efficient Board meetings.

University management committee will receive targeted support in critical areas (such as income generation or industry and community engagement), communicate more effectively with the Board, and benefit from more effective guidance and decision-making through relevant Board committees.

Exhibit 2

Current Board Composition

To better understand the current landscape of university Board governance, a review of the composition of all public university Boards (comprising 200+ Board members) was conducted. The results have been summarised below to provide additional context to the suggested guidelines and practices contained herein.

The current composition of university Boards is suboptimal. Private sector or industry veterans, international higher education experts

and women are all under-represented. As such, Boards may lack the perspective and skillsets that such members can contribute. Boards should aim to diversify their composition so that they can better support their universities, for example in developing industry-driven curriculum that is of international-quality, and that delivers education for all (encompassing inclusiveness, equity and sustainability).

Boards with >50% members from the public service	Board members from the public service	International non-Malaysian Board members	Industry or private sector Board members	Women Board members	Women Board Chairpersons
85%	65%	0%	13%	13%	0%
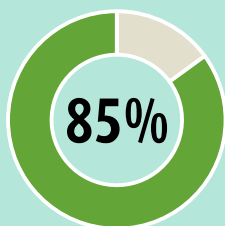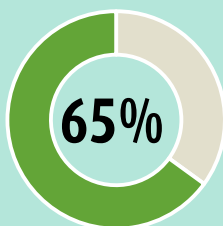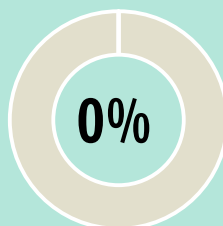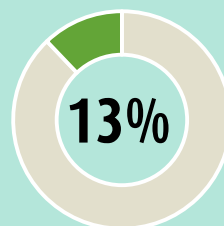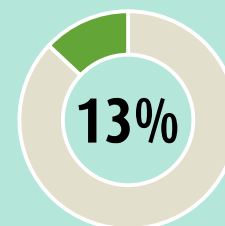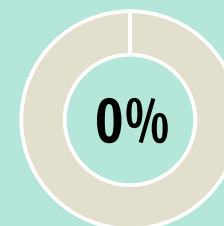
Exhibit 3

Feedback from Board Chairpersons and Vice-Chancellors

In a survey conducted by the Ministry of Higher Education, Chairpersons and Vice-Chancellors of all Malaysian public universities were asked to reflect on both the current state of their Boards and what they believe Boards should aspire to be. This survey provided input to the content and focus of the UniTP Green Book.

The results indicate that there are significant opportunities for improving the performance and effectiveness of university Boards.

Fiduciary roles of the Board are often unclear, composition is not always optimal, and absenteeism remains an issue for some universities. Respondents also indicated significant skill gaps, particularly in strategy, fundraising and connections to industry. As such, the best practice guidelines found in this Book have been specifically tailored to address these and related issues preventing Boards from reaching their full potential.

Percentage of respondents agreeing with statement

"Current Board composition is not optimal"

76%
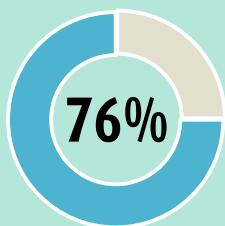
"Not all Board members are clear on roles"

46%
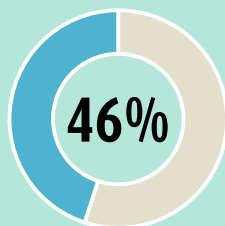
"Absenteeism is a significant problem"

18%
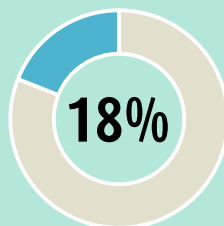
Current gaps in knowledge and skills of university Boards

Strategy expertise

70%
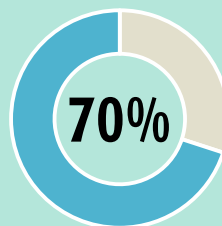
Fundraising expertise

76%

Connections to industry

52%
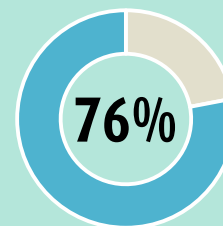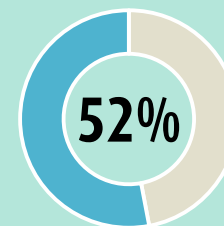
The Ministry of Higher Education will facilitate and accelerate earned autonomy of universities, while continuing to focus on accountability and performance outcomes.

Just as there is no "one-size-fits-all" approach in education, there is also no explicit formula for building and managing an effective university Board. Both are organic, people-driven and diverse organisations in which relationships and interpersonal skills are just as important as well-crafted policies and procedures.

Ultimately, effective Boards are the result of good individuals working collectively as a team, with skills and expertise tailored to address the university's specific needs and context. As such, this book is not an explicit checklist of "dos and don'ts," but rather a collection of typical practices associated with high-performing Boards – a practical guide to best practice. The guidance contained herein covers setting Board structure, ensuring effective Board operations, strengthening

common university Board talent requirements, and fulfilling the Board's fundamental responsibilities. These practices can, and should, be tailored to the exact needs of each university.

The approaches presented within will guide Boards to become more effective and prepare them for their new responsibilities, in turn enabling them to oversee the university transformations that are critical for the preparation of Malaysia's next generation of leaders.

The Ministry expects Boards to implement the guidance provided in the UniTP Green Book in a manner appropriate to the university. This includes an assessment of the current level of Board effectiveness (using the BEA), drafting an improvement plan, and formally reporting both to the Minister and Ministry.

What regulatory impact does the UniTP Green Book have on university Boards?

The Ministry has mandated that all public universities must submit the results of an initial Board Effectiveness Assessment (BEA) and improvement plan by March 2016.

Going forward, universities will be expected to conduct and submit their BEA results and improvement plan on an annual basis. Additionally, a summary report on Board activities should be included in the annual public report of the university to provide the public with clarity on the function and activities of the Board.

The Ministry will monitor this process and subsequent implementation of the improvement plans.

TABLE OF CONTENTS

INTRODUCTION

EXECUTIVE SUMMARY
THE COMPONENTS OF AN EFFECTIVE BOARD

The University Transformation Programme (UniTP) Green Book focuses on practical approaches for helping university Boards face their biggest challenges and sets guidelines which enable Boards to improve their effectiveness. To be effective, Boards must shift from just "conforming" to "performing."

Chapter One sets out guidelines structured along the three primary components of an effective Board.

Fulfilling fundamental Board roles and responsibilities

University Boards should move away from being involved in operational details, and refocus their attention on the Board's fundamental roles and responsibilities: nominating, overseeing and supporting the Vice-Chancellor (VC); overseeing university finances, including fundraising; and safeguarding the university's mission. Undertaking this shift requires Boards to take full ownership of the university's strategy and performance management.

Structuring a high-performing Board

The Board should preferably be no larger than 11, and have a balanced composition, with at least half of the Board made up of members from industry, community and the university. Members should also be diverse in gender, and preferably in nationality.

It is important that each Board member has real academic or commercial experience, including specific functional knowledge, which meets the university's unique context and requirements. Nomination and selection of Board members should follow a disciplined and objective process, with clear and appropriate selection criteria aligned with the needs of the university. Boards should develop and implement improvement programmes as part of the outcome of the annual Board and Board member evaluation process.

Ensuring effective Board operations and interactions

A strong, trust-based relationship must exist between the Board and management, with the Board constructively challenging, and at the same time, supporting management.

Management, in turn, is expected to interact and report to the Board in a similar spirit and fashion. Streamlined logistics are also required – for example, pre-set calendars, agendas that focus on critical issues, and concise Board information that is distributed with sufficient notice.

Chapter Two provides practical suggestions for university Boards on how to raise their overall effectiveness, including examples of practices that university Boards can adopt. The chapter begins with an overview of the roles of the Vice-Chancellor, the university management team, and of the university Senate. The rest of the chapter is devoted to practical suggestions on common questions and challenges, such as balancing the roles

of the Chairperson and the Vice-Chancellor, and ensuring that Board papers are of a high-quality.

Chapter Three provides a guide for university Boards on how to conduct an assessment of their effectiveness and to develop an actionable improvement plan. The Chairperson of the Board is responsible for ensuring the implementation of the plan.

Boards can choose to conduct the assessment themselves or seek external support to facilitate the process and offer a third-party independent perspective. Once the BEA has been conducted, and the improvement plan developed, it is important that sufficient follow-through is carried out.

The Ministry has mandated that **all public universities must submit the results of an initial Board Effectiveness Assessment (BEA) and improvement plan by March 2016**.

Moving forward, universities will be expected to conduct the BEA annually with the results and improvement plan submitted

to the Ministry. Additionally, a summary report on Board activities should be included in the annual public report of the university.

Boards are encouraged to schedule time in Board meetings to review progress against the improvement plan (at least every six months) and the Chairperson or a designated Board member should lead this discussion, based on the feedback of the Board and inputs from annual Board member and Board evaluations. The plan should be refined to ensure Board improvement in the long term.

The Ministry will continue to monitor university Boards to ensure the completion of BEAs, the development of improvement plans, and subsequent implementation.

MALAYSIA EDUCATION BLUEPRINT (HIGHER EDUCATION)
THE TEN SHIFTS

Empowered governance is one of the ten shifts defined in the Malaysia Education Blueprint 2015-2025 (Higher Education), or MEB (HE).

Shift#6: Empowered Governance focuses on achieving clarity of roles and responsibilities among different stakeholders, as well as redefining the governance structure and decision rights of Higher Learning Institutions (HLIs). Under the MEB (HE), HLIs will be empowered to chart their own journeys towards becoming efficient, unique, and high-quality institutions.

As Malaysia's public universities begin on their transformation journeys, it is critical that the first steps are to secure and strengthen leadership and governance in universities. The UniTP Green Book is intended to help ensure this is the case.

MALAYSIA EDUCATION BLUEPRINT (HIGHER EDUCATION)
THE UNIVERSITY TRANSFORMATION PROGRAMME

The transformation of the higher education sector must be driven by universities and not directly by the Ministry.

Every university is unique. The role, operating mode, and even composition of a university Board has to be tailored to the university's specific context – its history and its current situation, and its priorities. Each university Board today will have its own strengths, weaknesses, challenges and aspirations, as well as different starting points.

Consequently, implementation needs to be structured in a modular manner, so that universities can adopt the elements that are best suited to their situation and pace.

Accordingly, the UniTP has been developed as an important initiative under the MEB (HE) to help Malaysia's 20 public universities accelerate their transformation journeys.

The UniTP consists of eight elements. Four elements focus on helping universities develop their own transformation plan by ensuring universities have the right tools and support available to them. These four elements include the development of transformation playbooks for the most important reform areas, the involvement of pilot universities to "lead the way" in playbook implementation, the development of tailored transformation plans by each university and the establishment of the Putrajaya Higher Education Taskforce to enable cross-ministry decision-making.

The remaining four elements focus on improving accountability for better performance and outcomes. These include developing Headline Key Performance Indicators (KPIs) and Key Intangible Performance Indicators (KIPs) to monitor the overall performance and health of universities, establishing performance contracts linked to those KPIs and KIPs, defining a new funding formula that shifts universities towards performance-based funding, and lastly, ongoing consultation, monitoring and reporting by the Ministry.

The first element under the UniTP is the development of five transformation playbooks, which contain best practice guidance and tools, on the topics of (i) university governance, (ii) academic productivity, (iii) talent development, (iv) income generation and (v) performance management and financial reporting. Pilot universities have been identified to "lead the way" in implementation, and lessons will be disseminated to all universities upon completion of the pilots.

The Putrajaya Higher Education Taskforce, chaired by the Minister of Higher Education, will provide oversight on the implementation of the MEB (HE) and the UniTP. The taskforce will bring together stakeholders from public sector agencies and the private sector to oversee critical initiatives under the MEB (HE), and to establish required policies and guidelines.

(A) Five Transformation Playbooks on critical topics

(B) Pilot Universities to "lead the way" on playbook implementation

(E) Define Headline KPIs for each public university

(F) Performance Contracts to be rolled out in phases

(C) University Transformation Plans by each public university

(D) Putrajaya Higher Education Taskforce (chaired by Minister of Higher Education)

(G) New Funding Formulae and framework to be implemented

(H) Ongoing consultation, monitoring and reporting

5 Transformation Playbooks include:

- Enhancing University Board Governance and Effectiveness
- Enhancing Academic Productivity and Cost Efficiency
- Strengthening Academic Career Pathways and Leadership Development
- Enhancing University Income Generation, Endowment & Waqf
- Strengthening University Performance Management and Financial Reporting

LEGAL BASIS AND REGULATORY CONTEXT

UNIVERSITY GOVERNANCE IN MALAYSIAN HIGHER EDUCATION

Under the University Transformation Programme (UniTP), governance in public universities follows existing guidelines, policies and regulations, such as the Universities and University Colleges Act (UUCA), the Code of University Good Governance (CUGG), the University Good Governance Index (UGGI), Ministry regulations, and individual university constitutions.

The UniTP Green Book complements such regulations by providing guidance on implementation of best practices. Existing regulations, policies or practices which are not aligned with the UniTP Green Book will be amended.

Universities and University Colleges Act (UUCA 1971, amended through 2009): Provides a legal basis for university Board powers, provisions, composition, and member appointment.

Code of University Good Governance (CUGG, 2011): Defines good governance practices required for university autonomy across multiple university functions (beyond Board governance).

University Good Governance Index (UGGI, 2011): Used to self-assess the readiness of public universities for new powers of autonomy and accountability based on the terms of CUGG.

University Transformation Programme (UniTP) Green Book: Defines Board governance best practices and provides helpful tools to improve Board effectiveness.

University Board Effectiveness Assessment (BEA): Used to assess how well university Boards are aligned with best practice (not directly linked to autonomy status).

As statutory bodies incorporated by federal law, public universities are also subject to the **Statutory Bodies (Accounts and Annual Reports) Act 1980**, and other related regulations on statutory bodies.

The Green Book also applies to public universities governed under other statutes and regulations. It is also intended to be of benefit to private Higher Learning Institutions in strengthening their Board governance and effectiveness.

Exhibit 4

The complementary roles of the CUGG and the UniTP Green Book

	Code of University Good Governance (CUGG)	University Transformation Programme (UniTP) Green Book
Objectives	▪ **Defines governance practices required for autonomy in four functions:** – Institutional (e.g. Board) governance – Financial management – Human resources – Academics ▪ **Provide guidance on evaluation to determine autonomy**	▪ **Defines best practices related to Board governance :** – Defining roles and responsibilities for the Board – Structuring a high-performing Board – Ensuring effective operations and interactions – Assessing Board performance
Evaluation tool	▪ **University Good Governance Index (UGGI) is designated by CUGG as a self-evaluation tool** – Measures readiness for autonomy across all dimensions of governance – Results determine autonomy status	▪ **Board Effectiveness Assessment (BEA) is a self-evaluation tool** (or conducted by independent parties) – Measures effectiveness of Board governance relative to best practice – Results have no impact on the university's autonomy status, but will be used to inform the performance evaluation of the overall Board and individual Board members
How will the framework be used?	▪ **Universities which have not been granted autonomy will use CUGG as a guide towards achieving institutional autonomy**	▪ **All university Boards will use the UniTP Green Book to understand and implement best practices for Board governance**

SOURCE MATERIAL AND SPECIAL THANKS

APPROACH TO DEVELOPING THE GREEN BOOK

The UniTP Green Book was developed by the Ministry of Higher Education with the support and guidance of a core advisory team consisting of senior advisors and administrators from Malaysian public universities and the Ministry of Higher Education. It draws upon global best practices in higher education, the content of the original Green Book for Enhancing GLC Board Effectiveness in Malaysia, and lessons learned from the implementation of the GLC Green Book.

During initial drafting, a survey on Board effectiveness was distributed to all Board Chairpersons and Vice-Chancellors of Malaysia's public universities.

The results of this survey, as well as an analysis of the composition of current public university Boards in Malaysia comprising more than 200 members, were used to align the UniTP Green Book's content with common challenges and issues most critical to today's university Boards.

All public university Chairpersons, Vice-Chancellors, registrars and legal advisors were invited to provide feedback on early drafts. Participants provided input on key content areas of the book, including the role of the Board, Board structure, Board operations and interactions, and the Board Effectiveness Assessment (BEA).

A pilot of the BEA for a public university was conducted; this consisted of Board meeting observations, interviews with Board members and key university management staff, assessment of the purview and output of Board committees, and a review of materials presented to the Board. The results of the pilot were then shared with the Board and used to create a performance improvement plan, while the BEA (and associated tools) were refined to better assess university Board strengths and gaps.

The Ministry would like to extend its thanks to all who contributed to the creation of this book, including Board members, university leaders, and Ministry staff.

SETTING UNIVERSITY BOARD GUIDELINES

CHAPTER ONE
SETTING UNIVERSITY BOARD GUIDELINES

The first step in enhancing Board effectiveness is to clearly define the roles, structures, and operations of high-performing Boards. These practices should form the base for guidelines that Boards set for themselves.

Fulfilling fundamental Board roles and responsibilities

This chapter starts by defining the roles of the Board within the university: overseeing and supporting the Vice-Chancellor, overseeing finances, and safeguarding the university's mission. This section also includes an overview of strengthening Board accountability and autonomy.

Structuring a high-performing Board

Next, Board size, composition, appointment goals and policies, tenure, and committee structures are all addressed with examples of best practices.

Ensuring effective Board operations and interactions

Finally, this chapter covers guidelines on effective Board operations, such as meeting schedules and agendas, the timing and quality of Board content, and building trust between management and the Board.

By implementing these guidelines, Boards will take the first step towards enhancing their overall effectiveness and fulfilling new responsibilities in driving transformation of their respective universities under the University Transformation Programme (UniTP).

Exhibit 5

The impact of high-performing university Boards

Strong, well-functioning Boards leverage influential members of different stakeholder groups to foster institutional excellence and provide strategic direction

Greater accountability

Increases accountability of the university as major policies, initiatives and academic and research programmes must be justified to the Board. The university management committee is directly accountable to the Board (rather than the Ministry), keeping accountability closer to the university itself. The Board is in turn accountable to the Ministry and other stakeholders.

Strong income generation network

University Boards will be expected to activate more revenue generating activities to support growing costs. A high-performing Board will tap into their networks and relationships in order to drive income generation via levers such as gift-giving, corporate support, endowment development and *Waqf* funds.

Representative of university's overall interests

The Board keeps the overall university interest in perspective when setting strategy or policies. Board members are appropriately diverse such that no one member or stakeholder group dominates decision-making.

Comprehensive external view

Diverse Board members originating from inside and outside the university provide the Board with a perspective on the institution's context, acting as a mediating agent between the interests of the institution and the needs of the surrounding society.

FULFILLING FUNDAMENTAL BOARD FIDUCIARY ROLES AND RESPONSIBILITIES

It is the duty of university Boards to act as a mechanism for change, quality assurance, efficiency, and effectiveness at their universities

FROM... ...**TO**

Role 1

Support the Vice-Chancellor

Support their work towards institutional goals

Nominate, oversee, and support the Vice-Chancellor

Review the Vice-Chancellor's performance, support their work towards institutional goals, and make recommendations to the Ministry regarding extensions or terminations of their tenure

Role 2

Approve university spending

Sign-off on annual financial reports of university

Oversee university finances, including income generation

Define limits of authority, oversee properties and investment decisions, oversee the endowment and its spending, drive fundraising, and set salaries

Role 3

Ensure compliance with Ministry requirements

Ensure university is aligned with circulars and directives

Safeguard the university's mission

Steer and approve strategy, approve Senate decisions with financial or talent development impact, set operational policies, communicate with university stakeholders, oversee talent development, and ensure a culture of performance management

Role 1
Nominate, oversee, and support the Vice-Chancellor

Nominating, reviewing, and supporting the Vice-Chancellor is among the Board's most important strategic responsibilities, as the Vice-Chancellor implements the Board's vision for the university

A Nominate

The university Board will nominate Board members for the Select Committee responsible for identifying Vice-Chancellor candidates. The committee will also comprise of Ministry of Higher Education leadership, as well as external members.

Candidates will be identified and sourced from both within and outside the university academic community, and can be from either the public or private sectors. Vice-Chancellor candidates will be nominated to the Minister for approval and appointment.

B Oversee

The Vice-Chancellor will be directly accountable to the Board. It is the Board's duty to review and assess the Vice-Chancellor's performance against the institutional goals agreed upon in consultation with the Vice-Chancellor. These reviews will be tied to recommendations to the Ministry relating to the Vice-Chancellor's compensation, contract extension, or termination.

C Support

The Board must support the Vice-Chancellor by:

- Defining clear, achievable institutional goals for the Vice-Chancellor;

- Establishing conditions (including appropriate resource allocation) that allow for the Vice-Chancellor to successfully achieve the goals determined by the Board, and

- Contributing their areas of expertise (e.g. audit, risk management, strategic planning) via committees.

Succession Planning

As Boards gain more autonomy, the responsibility of overseeing Vice-Chancellor succession planning will shift from the Ministry to the Boards. There are different models of succession planning that Boards may adopt:

1. Grooming specific candidates from within the university

2. Selecting from an internal pool of candidates

3. Selecting from both internal and external candidates

These models also apply to other members of the university management committee.

Role 2

Oversee university finances, including fundraising

It is the duty of the Board to ensure that resource allocation is aligned with the university's strategy, as well as to seek and secure funds from external sources

A Budgeting

The Board will ultimately be responsible for approving the university budget, budgeting procedures, and use of endowment funds. The Board must also ensure that the budget reflects the university's strategy and allocates resources accordingly.

The budget should be developed by the university management committee under the Board's broad guidance of how resources should be made available for investments, operations or special projects. Detailed allocation should be performed by the Vice-Chancellor or appointees. Budgeting decisions that increase, reduce or eliminate academic and research programmes, faculty, or staff should require an established decision-making process with clear criteria and consultation with relevant stakeholders.

B Income generation

The Board will drive fundraising efforts, providing leadership for the identification and solicitation of significant gifts to the university. The Board should leverage a diversified composition with members from a variety of sectors and backgrounds to expand access to (and influence within) prominent corporations, institutions or broader networks that may be leveraged as potential funding sources.

While many Board members may be significant donors, Board posts should not be "rewards" for donors. It is important that Board members have the relevant skills and time to fully undertake the responsibilities entrusted to them and to guide the university to make good investments.

C Risk and controls

The Board will establish a risk management policy for all university activities to ensure the likelihood and consequences of risks are controlled within pre-determined limits. Consistent criteria should be adopted so that different risks (e.g. financial or reputational risks) may be commonly understood and allow for comparison among different options.

The Board should request a detailed risk analysis for all major or strategic decisions, ensure that a risk mitigation plan exists, and endorse a procedure to assess costs and benefits of mitigation. The Board should ensure that proper financial controls are in place to uphold principles of accountability and transparency, and that there are sufficient resources to support this function.

Role 3

Safeguard the university's mission

The ultimate fiduciary responsibility of the Board is to deliver and sustain the mission of the university on behalf of the Ministry

A Strategy

The Board is ultimately responsible for the strategic direction of the university. During the strategic planning process, the Vice-Chancellor and faculty should engage the Board to benefit from their perspectives and facilitate broader consensus around the chosen strategy.

B Academics

Decisions relating to overall academic and pedagogic philosophies, as well as specific academic and research programmes or facilities shall remain with the Senate and the faculties themselves for continuous renewal and innovation of curricula and pedagogy. The Board will be responsible only for ensuring that academic and research decisions align with the strategic and financial goals of the institution.

C Policies and governance

Overall university governance will be set by the Board to create an environment where the university mission is achievable and enforceable.

This governance framework should be exercised through the regular review of all university policies, including the review of stakeholder's roles, to minimise ambiguity or overlap.

D Communication and collaboration

It is the responsibility of the Board to involve stakeholders – such as faculty, staff, students, and university management – in the governance process. The Board must clearly communicate stakeholder fiduciary roles in writing and via formal Board procedures.

Opportunities to involve stakeholders in governance include consultations, surveys, town hall meetings, Senate reports to the Board, and formal reports released by the Board to the broader community.

E Talent development

The Board has several roles in developing and nurturing the talent of the university, including succession planning for the Vice-Chancellor and other members of the university management, overseeing the university's talent development philosophy and policies, evaluating the Vice-Chancellor's performance, endorsing development plans of university management in pivotal positions, and understanding the pool of future leaders at the university.

F Performance management

A basic but critical function of the Board is to oversee the performance of the university and determine if it is being properly managed. This is typically done through the use of Key Performance Indicators (KPIs) and Key Intangible Performance Indicators (KIPs). KPIs typically represent tangible metrics such as publication output, citations, cost per graduate, graduation on-time rates, which are critical for high-performing universities. KIPs reflect less tangible metrics such as leadership, innovation, social contribution, and international reputation which are also critical to the health and success of universities. KPIs and KIPs should provide a balanced view of the university, including measures of student learning.

Under the new performance contract framework, universities will need to meet performance targets agreed upon with the Ministry. The Board, in consultation with the Vice-Chancellor and management, may also set additional KPIs and KIPs for the university based on its strategic plan.

The Board should regularly review the performance of the Vice-Chancellor and management against these KPIs and KIPs, and conduct appropriate follow-up to address both successes and shortcomings.

Fiduciary duty in academic and research institutions

Fiduciary duty[1]. A fiduciary duty is a legal duty to act solely in another party's interest. A fiduciary is expected to be extremely loyal to who they represent to ensure that there is no conflict of duty and they do not profit from their position.

Board accountability. University Boards are accountable to the Minister and the Ministry. As per their fiduciary duty, Boards have a legal and ethical responsibility to act in the interests of the Ministry, which in turn has a fiduciary duty to act in the interest of all stakeholders.

Establishing a performance culture to safeguard the university mission

KPIs and KIPs must be linked to strategy. Outside of the KPIs and KIPs tied to performance contracts with the Ministry, Boards should ensure that their university-specific KPIs and KIPs link directly to the university's strategy and aspirations.

KPIs and KIPs provide a balanced view. The Board should ensure that a balanced and holistic view is taken when establishing KPIs and KIPs. In particular, KPIs should reflect both university inputs (e.g. student dropouts, student application numbers, or research funding awarded) and outputs (e.g. employed graduates, financial productivity, or research patents). KIPs should reflect the 'health' of the university focusing on dimensions such as leadership capability, innovation, institution reputation, and community engagement.

KPIs and KIPs are regularly reported and lead to action. The Board should receive regular performance reports that indicate the current status of all university KPIs and KIPs. Based on these reports, the Board should focus its discussions on any vital missed targets (or 'red flags') and constructively challenge management to verify root causes, and propose or endorse an action plan to get back on track. The Board needs to agree on who is accountable for executing these action plans and the timeline in which it expects these actions to be taken. The Board should then follow up in later meetings to ensure that actions have been taken and the expected impact has been achieved. Similarly, the Board should note any performance above expectations and discuss how to sustain such performance.

1 Merriam-Webster definition

Exhibit 6

Fostering a spirit of accountability

University Boards must uphold their moral, fiduciary, and national responsibility to serve Malaysia with transparency and accountability

As the Ministry entrusts more and more responsibilities to universities, the role of Boards will increasingly shift to become the primary movers of Malaysia's public higher education system. University strategy, previously the responsibility of the Ministry, will shift to the jurisdiction of Boards. They will need to tailor these functions to the specific context and mission of their respective universities.

Stewardship

The increase in Board responsibilities should be accompanied by a similar level of accountability and transparency. University stakeholders, including students, faculty and staff, the Ministry, and the broader public, should hold Boards accountable for the stewardship and preservation of Malaysian public universities.

Earned autonomy

To ensure that universities are prepared to undertake their new responsibilities, a phased system of stage-gating autonomy has been established. Universities (and Boards) will incrementally receive additional rights as they are ready, creating a system of earned autonomy.

Independence

As universities move towards autonomy, it also becomes the responsibility of the Boards and the Ministry to insulate universities from unwarranted outside influence. Any intervention that does not align with the university mission threatens the integrity and ethos of the university system as whole.

National development

Boards are accountable for ensuring that their universities are aligned with the national development agenda. It is their responsibility, along with the Ministry, faculty and the greater public, to ensure universities instil their students with the *ilmu* (knowledge and skills) and *akhlak* (ethics and morality) required to reach the nation's aspirations.

STRUCTURING A HIGH-PERFORMING BOARD

With the right skills, representation, and configuration, Boards will cultivate the conditions for success
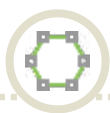
| Appropriate size	Diverse composition	Rigorous selection	Term limits	Formal committees
Small Boards (~11 members) will better enable Boards to fulfil their fiduciary duties	A diverse mixture of Board members, including several external representatives, is best suited to serve the interests of the university as a whole	Board member nominees will undergo a rigorous selection process to ensure their fit and potential to add value	Boards should allow for renewable terms so that effective members may continue to contribute	The majority of the Board's work should be conducted through formal committees with clearly defined relationships to the Board

Smaller Boards maintain agility and autonomy

Smaller Boards are currently better suited to Malaysia's university context
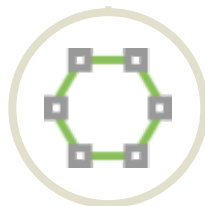
Smaller Boards are better suited to meet the needs of Malaysia's universities

As universities shift towards autonomy, Boards must be prepared to rise to their new responsibilities. Smaller Boards (i.e. 11 members, in line with UUCA requirements) will foster a stronger sense of responsibility and affiliation to the university.

Smaller Boards will also enable all members to be actively involved in key decisions while allowing for easier consensus-building. Such advantages will better enable Boards to uphold their new responsibilities while quickly aligning their institutions with the Malaysia Education Blueprint 2015-2025 (Higher Education).

Advisory Committees will allow for broader strategic input from stakeholders

Strategic input to the university need not be limited by Board size. Universities may also establish an Advisory Committee, comprised of distinguished community leaders and benefactors of the university, to provide additional input during the strategic planning process. Such committees provide broad insight and advice to the Board while strengthening ties to the greater community.

Nomination process must be rigorous

As smaller Boards necessitate that every member contributes, nomination committees must apply a rigorous selection process that not only ensures that members meet the new requirements set forth in the UniTP Green Book, but also addresses any existing skill gaps on the Board.

Diverse Board composition

A diverse mixture of Board members, including several external representatives, is best suited to serve the interests of the university as a whole

Primarily External

A key role of Boards is to provide an external, unbiased perspective and connect the university to the outside world. Board members from outside the institution – such as distinguished alumni, top academics, or industry leaders – fulfil this function while also contributing a diverse set of skills.

Diverse

Boards are responsible for representing a variety of stakeholders. A diversified Board, particularly with gender diversity and international members, provides broader input from a variety of backgrounds and perspectives.

As responsibilities shift from Ministry to universities, Boards must equip themselves with the proper skills and representation to reflect their increased autonomy. Similarly, the Ministry's shift away from an operator role towards a regulator and policy maker role will reduce public sector representation on university Boards. At least 50% of Board members should come from outside both the university and government so as to present a truly external view.

An effective Board should possess all of the following skills and representatives:

Skills and Experience (to meet university needs)	Representatives (as required by UUCA)
■ Budgeting and finance ■ Audit ■ Risk ■ Pedagogy ■ Research ■ Income generation ■ Strategic planning ■ Relevant industry experience (e.g. experts or professionals from major fields of study at the university or with experience relevant to university aspirations)	■ 1 Chairperson ■ 1 Vice-Chancellor ■ 2 public servants ■ 1 local community representative (not necessarily from government) ■ 1 Faculty Senate representative ■ 5 private sector representatives, including at least 1 alumni

Selecting Board members with potential to add value

Board member nominees will undergo a rigorous selection process to ensure fit and appropriate skill sets

New Board members will be formally approved and appointed by the Minister after being nominated by the Chairperson of the Board. A nominations committee, comprised of senior Board members, the Vice-Chancellor, academic representatives, and other external stakeholders should assist the Chairperson by nominating well-suited candidates.

- The nomination committee begins the appointment process by collecting names of potential candidates from the academic community, alumni, and other stakeholders.

- Potential candidates are screened based on pre-set criteria. These criteria should align with the current needs of the Board to maintain appropriate diversity and skill sets among its members.

- The Chairperson of the Board formally proposes the candidate to the Minister for final approval.[1]

- Following approval, new members should receive a thorough orientation on the university by the university management committee and the Board fiduciary roles and responsibilities by Akademi Kepimpinan Pendidikan Tinggi (AKEPT).

Governance transformation

As universities are entrusted with new responsibilities, so too will Boards be charged with duties of greater scope and importance. Undertaking these duties will shift the role of Boards towards more active leadership of their universities, and thus require much more of their members. This will include recommended practices – such as consistent meeting attendance, active committee memberships, reviewing all Board papers, etc. The nomination process must ensure that potential members fully understand these responsibilities and are able to fully commit to them.

1 The nomination committee and the Board act as the "search committee" outlined in the UUCA

Exhibit 7

Ideal characteristics of an effective Board member

Knowledge
"What a Board member knows"

- Understands fiduciary responsibility as a Board member
- Understands the fundamental roles and responsibilities of the Board and Board members
- Understands and adheres to the clear boundaries between the Board and management
- Understands key education trends (e.g. competition), geographies, and functions (e.g. finance, legal, specific academic programme areas) that are most relevant to the university
- Understands Malaysian cultural, social, political, and developmental context

- Knows the university well enough at the right level of detail (e.g. how funding is allocated by the Ministry, how students choose universities, university pedagogical philosophy, who are the talented professors)
- Understands Ministry expectations (e.g. student intakes, productivity targets)
- Knows key stakeholders (e.g. the Ministry, students, professors, community leaders, staff)
- Spends the time to become familiar with infrastructure, administration, faculty, students, and campus life

Skills
"What a Board member can do"

- Possesses strategic leadership skills from experience in academia, industry or government
- Actively and constructively solves problem with the Board and key management
- Decisively challenges, then supports management in a constructive manner

- Possesses business or academic acumen from prior experiences to identify key issues and propose solutions
- Proactively uses networks and manages multiple stakeholders for the benefit of the university

Mindset
"What a Board member believes"

- Believes that performance of Board member is critical (requires performance measures and consequences) and that the position is earned, not an entitlement
- Balances all valid stakeholder interests while representing interests of the university

- Behaves like a steward of the university and feels accountable to it
- Has the integrity and courage to not act in self-interest and to dissent when required
- Willing to invest adequate time and effort and not spread too thin across too many responsibilities

In addition to all of the above characteristics, the Board Chairperson must also have the senior leadership skills necessary to facilitate discussions and steer Board members towards closure on strategic decisions

Adapted from "The Green Book: Enhancing Board Effectiveness" as used in the Government-Linked Company (GLC) Transformation Programme

Setting Board tenure to allow for new ideas while keeping effective members

Policy on Board member tenure should be carefully crafted to enable effective members to remain while allowing for continuous renewal

University Boards should allow for renewable terms

When setting Board tenure limits, universities should allow for renewable terms. This allows Board members to build working relationships and experience while providing meaningful contributions. It also allows highly effective members to continue contributing while members who are no longer able to contribute may exit.

To ensure that Board members continue to contribute, Boards are recommended to regularly conduct individual assessments (in addition to Board assessments) to measure member contributions.

Members missing more than 50% of Board meetings will be asked to resign by the Minister.

Members with potentially long tenures must be selected with care

With longer tenures, it is extremely important that the nominating committee uphold its responsibility to select appropriately qualified candidates and maintain a spirit of continuous renewal. Board members must also have the opportunity to engage in development programmes as necessary to ensure that their terms are effective.

New Board members may be chosen for shorter fixed terms to test their skills and evaluate their contributions. Members who perform well may be later elected to full terms.

Utilising Board committees to improve transparency, insights, discussion and efficiency

The majority of the Board's work should be conducted through formal committees with clearly defined relationships to the Board
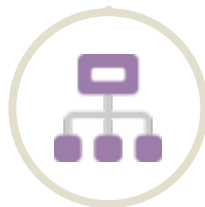
Improved transparency

To ensure a transparent decision-making process with clear history of recommendations, Committees will be responsible for preparing formal reports and recommendations to the Board that will be reflected in the meeting minutes.

Better insight and discussion

Committees will be comprised of relevant stakeholders and subject experts to foster meaningful discussion and insights shaped by expert input. For example, finance committee members should have relevant experience in financial management, accounting or financial audit.

Efficient use of Board meeting time

Specialised committees allow relevant stakeholders to participate while freeing up Board members' capacity in Board meetings for other tasks.

As a result, more time is left in Board meetings to discuss strategic issues and follow up on directives provided by the committees.

Size and composition

Committees must be large enough to fulfil assignments and comprise all necessary skill sets while also remaining small enough to efficiently address issues and not represent a quorum (legal minimum) of the greater Board. A typical committee should include:

- 1-2 Board members with relevant skills

- 1-2 relevant members of Senate or the university management committee, if appropriate

- 1-3 external experts (from the university or elsewhere) if appropriate, particularly in areas of expertise which reside outside the Board (this may include students)

The exceptions are the governance committee, which is comprised solely of Board members (without the Vice-Chancellor), and the audit committee, which has no member of the university management committee.

Each Board member should join no more than three committees to ensure they are able to fully commit to their assignments.

Types of committee members

Permanent members, all of whom have voting rights (even if they are not Board members).

Advisors who are committee members on a purely advisory basis without voting rights. Though invited to all meetings, attendance is not mandated.

By-invitation contributors who may present on a specific topic but are not actively involved in the committee.

Defining committee mandates to match the roles of the Board
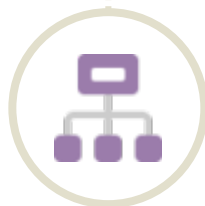
The Board should establish various standing and ad hoc committees with clear purpose, jurisdiction, and powers

The following is a non-exhaustive list of committees for university Boards:

Student affairs

Ensure that student activities and student life are consistent with the mission and vision of the university. A student representative should be included in the committee.

Finance and investments

Set up and ensure implementation of policies and procedures for the management of financial resources and investments, including major capital projects. A separate and independent Board of Trustees and investment committee should be established to oversee large endowments funds or *waqf*.

Talent

Ensure the existence and implementation of adequate recruitment, development, and retention programmes for key talent, supervise faculty performance, and evaluate the overall state of talent development.

Disciplinary

Conduct hearings on alleged infractions of university rules and recommend sanctions. This function may be carried out as a subset of the Talent committee.

Income generation

Define and supervise the implementation of income generation activities, including the fundraising strategy.

Risk and audit

Ensure the likelihood and consequences of risks are controlled within pre-determined limits. Provide detailed risk analysis and mitigation plan for all major decisions (see Exhibit 8 for examples of how the Board may engage in risk management). On audit, ensure that the university complies with all relevant regulations and requirements, and that there is sound financial reporting.

Governance and nominations

Institutionalise decision-making and control, safeguard the principles and values of the university, set up adequate succession plans for both the governing bodies and the top management, and conduct regular assessments of the Board.

.

Exhibit 8

Case study examples of how the Board can engage in risk management

Key steps		Example practices of Boards
Define roles	• Clearly define upfront the responsibilities of the Board and Board committee versus management with regards to risk management, considering different risk categories • Decide if a dedicated risk management committee adds value or is required • Establish clear decision-making processes	Google	• **Has responsibility for risk oversight**, with reviews of certain areas being conducted by the relevant Board committees • **Is responsible for oversight of strategic, financial and execution risks** and exposures associated with Google's business strategy, product innovation and sales road map, policy matters, significant litigation and regulatory exposures, and other current matters that may present material risk to Google's financial performance, operations, infrastructure, plans, prospects or reputation, acquisitions and divestitures.
Establish risk management process	• Manage risks within the boundaries set by the Board • Establish a process on how to identify potential risks – top-down versus bottom-up process • Define how risks identified are analysed and measured • Ensure appropriate mitigation levers are in place • Establish periodic Board reporting structures	bp	• **Will ensure material risks to BP are identified and understood,** and that systems of risk management, compliance and control are in place to mitigate such risks; and • **Will satisfy itself that expectations for the conduct of BP's business and its employees** are reflected in a set of values established by the Board and senior management

ENSURING EFFECTIVE BOARD OPERATIONS AND INTERACTIONS

Effective and efficient operations allow the Board to focus on issues that matter most for the university

Make every Board meeting productive	Optimise quality and timing of Board content	Build trust between management and the Board
Enforced structures will enable Boards to be efficient during their limited meetings. Meetings should be held, at minimum, four times per year	*Ensuring Board members receive quality content with sufficient time for prior review will increase meeting productivity*	*While structure and composition are critical, effective Boards must also have trust between Board members, the Vice-Chancellor, and the university management committee*

Make every Board meeting productive

Enforced structures will enable Boards to be efficient during their limited meetings

Follow a set schedule

A Board calendar with draft agendas should be **set for 12 months in advance**, with at least four meetings per year. Occasionally, extra meetings may be arranged for specific topics to ensure responsibilities are carried out effectively. Repeated absenteeism should be penalised; Board members missing more than 50% of meetings will be asked to resign.

Define formalised agendas

The formalised agenda should be set in advance by the Chairperson in consultation with the Vice-Chancellor **to address prioritised strategy issues (rather than detailed operational ones)** and ensure that there is ample time for discussion. Agendas should also be aligned with the academic calendar, and should clearly define what will be reported. For example, student enrolment targets should be discussed prior to beginning student recruitment.

Adhere to a clear charter

A Board charter (or terms of reference) must clearly define the Board's role, especially in relation to the Vice-Chancellor, the university management committee, and the university holding company. The charter should also encapsulate the Board's priorities (which should be aligned to the overarching strategy of the university) and be consistent with the mandate that the Board provides to the Vice-Chancellor.

Optimise quality and timing of Board content

Ensuring Boards receive quality content with sufficient time for prior review will increase meeting productivity

14

Board papers are clear and relevant

Information presented to the Board should be synthesised with clear and critical analyses. Papers should contain one- to two-page summaries that cover key messages and what is required of the Board (such as approval, endorsement, required decisions, timelines, and accountabilities).

The Board should also provide feedback to the university management committee on the quality of information received to ensure papers are of a high standard. Feedback should be given well in advance of subsequent meetings and with clear prioritisation of requested improvements.

For an example of a Board paper summary, see the Appendices of the UniTP Green Book.

Board given appropriate notice

Board members must have adequate time to read and digest materials prior to meetings. As such, agendas must be released at least two weeks in advance, with papers and pre-reading materials distributed at least one week in advance. The Board should enforce this practice and refrain from considering last-minute agenda items unless absolutely necessary.

Build trust between management and the Board

While structure and composition are critical, effective Boards must also have trust between Board members, the Vice-Chancellor, and the university management committee to translate strategy into action and outcomes

Positive dynamics in the Board room

All Board members should be encouraged to participate – no one person should dominate discussions, and all opinions (including dissenting ones) should be given a fair hearing. Discussions should drive towards resolution and closure with Board members having consensus on what agreements were reached and what actions to take next.

Although all Board members play an important role, the Chairperson is ultimately responsible for ensuring that the Board operates cohesively and efficiently. As such, the Chairperson should lead interactions drawing Board members in, limiting non-core discussions, facilitating debate, and ensuring resolution or closure is reached.

Strong relationship with the Senate

The Board must frequently and formally communicate with the Senate to ensure academic alignment. It is also the duty of the Board to evaluate the financial implications of Senate proposals (such as changes to academic and research programmes).

Constructive challenge and support for university management

Discussions with the university management committee should focus on root causes and solutions to problems (and not critique flaws or shortcomings) to enable the Board to provide expertise and demonstrate its value. The Board should also encourage and support the university management committee through implementation of actions or solutions.

It is important that there exists good communication and cooperation between the Vice-Chancellor and the Chairperson. Both roles should have clearly defined and separated authorities and responsibilities.

Decisions made by consensus and communicated promptly

Decisions should continue to be made by majority consensus. Additionally, any board member has a right to have their opinions recorded in the minutes – in dissent or support of a decision.

Once Board decisions have been made, they should be verbally communicated to the university management committee within one working day, and formally communicated in writing with relevant details within three working days.

What if Board room dynamics impede proper debate or engagement?

The following is one possible approach for addressing a Board that lacks proper dynamics:

- The Chair of the Audit Committee convenes a closed-door session with the Vice-Chancellor and Chairperson to determine the root causes of the issue.

- The Chairperson and Vice-Chancellor convene sessions with the Board and the university management committee to solicit feedback (through both discussions and anonymous mechanism). This feedback is synthesised and discussed by the Vice-Chancellor, Chairperson, and the Chair of the Audit committee.

- The Vice-Chancellor and Chairperson convene a joint working session of the university management committee and Board to discuss findings and create an improvement plan.

If disagreements are too severe to be addressed internally, the Board may engage the Ministry of Higher Education to arbitrate.

RAISING UNIVERSITY BOARD EFFECTIVENESS

CHAPTER TWO
RAISING UNIVERSITY BOARD EFFECTIVENESS

Chapter Two addresses issues and challenges common to many university Boards. It is structured as a series of questions to provide guidance in implementing best practices:

Fulfilling fundamental Board fiduciary roles and responsibilities

1. What is the Vice-Chancellor's relationship to the Board?

2. What is the university management committee's relationship to the Board?

3. What is the Senate's relationship to the Board?

4. How can the Board define its mandate and boundaries with the university management committee?

5. How can the Board separate and balance the roles of the Chairperson and the Vice-Chancellor?

Structuring a high-performing university Board

6. How can the Board nominate Board members who have the right skills and experience?

7. How should the governance of the university investment funds be structured?

8. What should be the governance structure and accountability of the university holding company?

Ensuring effective Board operations and interactions

9. How can the Board ensure that it focuses on strategic matters?

10. How can the Board ensure that Board papers are consistently of high quality?

11. How can the Board work more effectively with management in setting strategy?

12. How can the Board help foster a strong culture focused on performance management?

13. How can the Board best oversee the development of talent and future leaders of the university?

14. How should complaints be handled by the Board?

Exhibit 9

Defining roles within the governance structure of a university

Clear definition of roles creates internal alignment and allows governance bodies to focus on the responsibilities for which they are best suited

	Role	Relationship to Board
Vice-Chancellor	▪ Prepares and executes the university strategy. It is their responsibility to balance and prioritise input from both faculty and the Board.	▪ Directly accountable to the Board for the implementation of university strategy. ▪ Works with the Board to develop strategy and budget.
University Management Committee	▪ Oversees day-to-day operations of the university and assists the Vice-Chancellor in strategy implementation. ▪ Provide materials to the Vice-Chancellor and Board, which are required for their respective duties. ▪ The university management committee is led by Deputy Vice-Chancellors who oversee academic and operational functions such as research, student affairs, libraries, information technology, student admissions and back office functions.	▪ Provides key materials to the Board, such as budget allocations or academic programme details. ▪ Translates Board guidance and decisions into action and outcomes.
University Senate	▪ Composed of university faculty members, the Senate is responsible for academic and research matters and resolving faculty-related matters.	▪ Provides an on-the-ground and academic and research perspective. ▪ Advises on teaching, scholarship, and research (via the senate representative on the Board), while the Board evaluates the financial and risk implications of the Senate's decisions.

1 What is the Vice-Chancellor's relationship to the Board?

The Vice-Chancellor provides the university with leadership on strategic matters, income generation leadership, public representation, and overall operations management

Relationship to Board: *Directly accountable to the Board for the implementation of university strategy. Works with the Board to develop strategy.*

Providing strategic leadership

Liaises with government, industry, community and academia (the quadruple helix) to move new strategic ideas forward. Builds support by discussing faculty- or department-level strategies with department heads and balancing their inputs with those of the Board. The Vice-Chancellor should also exercise strategic leadership through the main committees of the Board. The Vice-Chancellor has the ability to influence decisions in these bodies.

Accountable for operations management

Oversees the day-to-day operations of the university and supports the Deputy Vice-Chancellors, Deans and Directors. The Vice-Chancellor is ultimately responsible for overseeing the university's operations and setting operational policies.

Income generation and public representation

Leads income generation through various channels. For example, fundraising should be pursued via active involvement with major donors and with the help of a central fundraising organisation. The Vice-Chancellor should also be focused on other income generating channels such as endowment development, *Waqf* funds.

To support all income generating measures, the Vice-Chancellor should frequently engage with university stakeholders, such as meeting public officials and attending major university ceremonies (convocations, graduations, dedications, gift ceremonies, or other external events).

Academic and research leadership

Currently, the Vice-Chancellor is typically responsible for overall university performance as well as administrative and management functions. As Universities evolve towards greater autonomy, they may want to have two separate positions (see Exhibit 10 for an example of this structure):

- **One focused on administrative and management functions**, such as strategic planning, representing the university, and fundraising (the President)

- **One in charge of academic and research functions** (the Vice-Chancellor).

Exhibit 10

Defining university management committee structures

As universities evolve towards greater autonomy, they may want to separate the administrative and academic functions to enable greater specialisation

	Description	Implications	Example
Option 1: Separation	The Vice-Chancellor or President focuses on administrative and management functions, such as strategic planning, fundraising and representing the university. The Provost or Deputy Vice-Chancellor focuses on academic and research functions	Suitable for managing increasingly complex tasks, but wider range of skill sets required from leaders as degree of autonomy increases	**Massachusetts Institute of Technology** President Provost – chief academic officer Chancellor – student affairs → **Academics** Executive VP and treasurer → **Administration and finance**
Option 2: No separation	The Vice-Chancellor oversees both the academic and administrative functions. Each Deputy Vice-Chancellor supports the Vice-Chancellor with focused ownership over a specific area, e.g. research, planning	Fast movement because of end-to-end responsibility by Vice-Chancellor, but significant responsibilities to shoulder	**Cambridge University** Vice-Chancellor Pro-VC for Planning & Resources Pro-VC for Research Pro-VC for Education Pro-VC for International Strategy Pro-VC for Institutional Affairs → **No separation of academics and administration**

Example organisational charts are simplified for illustrative purposes

Exhibit 11

Case study: At Stanford University, a Vice-President leads income generation while working closely with other university members

Board of Trustees
President's office

Provost	VP for Development
VP for Business Affairs and CFO	VP for Public Affairs
VP General Counsel	VP of Human Resources
CEO, Stanford Management	Other roles

Overview of Development Office

- **The Vice-President for Development** is responsible for planning, coordinating, and managing the gift procurement programmes of the university for both current use, gifts, and contributions to the endowment fund
- He or she works closely with the President, the Provost, and the Deans to define the fundraising requirements of the university and implements those programmes
- He or she has 4 Assistant Vice-Presidents responsible for:
  - Major gifts;
  - The Stanford Fund (for general donations);
  - Foundation relations; and
  - Campus wide multidisciplinary initiatives.

Possible fundraising methods

- **Launch multi-year campaigns** with specific financial goals tied to specific costs, such as construction, expansion, or student aid
- **Offer tiered rewards system** such as naming of rooms, floors, wings, entire buildings, or faculties
- **Establish personal relationships** with big donors (typical led by Vice-Chancellors or Faculty Deans)
- **Create easy-to-use online giving portal** and include in email correspondence with alumni
- **Maintain wide alumni connectivity** via newsletters, networking events, award ceremonies and other channels

2 What is the university management committee's relationship to the Board?

The university management committee, typically comprised of Deputy Vice-Chancellors, the Registrar, and the Treasurer (or CFO) ensures that strategy is translated into action.

Relationship to Board: *Provides key materials to the Board, such as budget allocations or academic programme details, and translates Board guidance into action.*

Oversees faculty budgets and financial planning

Translates budget strategies set by the Board into guidelines for faculties to follow during their budget preparation. For example, if the Board's strategy is to grow the university, the university management committee is responsible for allocating the growth among faculties and informing each via formal guidelines. Faculties must present their budgets to the university management committee for approval and compilation into the overall university budget allocation plan.

Coordinates academic and research support functions

Oversees the administrative and support functions of academic and research programmes, including student affairs, libraries and information services.

Manages faculty collaboration

Fosters inter-faculty collaboration, including internal budget transfers for cross-listed courses or faculty.

Oversees non-academic university operations

Under the direction of the Vice-Chancellor, manages the day-to-day operations of the university such as facilities management, procurement, public relations and information technology.

③ What is the university Senate's relationship to the Board?

Comprised of Deans, Directors and elected faculty members, the Senate oversees the governance of academics and research

Relationship to Board: *Provides an on-the-ground academic and research perspective, and advises the Board on teaching, scholarship and research, while the Board evaluates the financial and risk implications of the Senate's decisions.*

Ensures academic and research quality

Responsible for the overall planning, implementation, and periodic evaluation of academic and research programmes and pedagogy. It is the Senate's duty to ensure that the high-level strategic guidance from the Board is translated into faculty-level programme and pedagogic strategies. The rights of the Senate include:

- Approving new degree programmes and courses at university level[1];

- Ensuring high quality of teaching, learning, and research through overseeing Quality Assurance and accreditation policies and programmes;

- Defining student admission criteria aligned with guidance from the Ministry;

- Monitoring and supporting student degree progress, and determining students who are eligible for the conferral of a degree and associated awards; and

- Forming and establishing professorial chairs

Though the Senate oversees the university's instruction, examination, research, and conferral of degrees, any Senate decisions with financial, risk, or talent development implications must be reviewed and approved by the Board. The Board has the right to return to the Senate any decision that does not comply with Board policies.

---

1 New, non-executive programmes still need to be submitted to the Ministry for endorsement

4 How can the Board define its mandate and boundaries with the university management committee?

Setting clear roles for the Board and the university management committee is essential to create alignment and accountability

The roles of the Board and the roles of university management are complementary. It is important to clearly define the mandate of each party to find the right balance between support, accountability and check-and-balance. Clear boundaries must be drawn so that the Board avoids over-focusing on operational details. Management, in turn, should offer the Board open and transparent access to relevant information.

Occasionally, during extraordinary circumstances (such as a natural disaster, an institutional crisis, or when management does not possess the capabilities to respond to a situation), the Board may take a more active operational role for up to six months.

Within this context, each university Board will need to determine the precise role that it will play in relation to management. Management should be involved in this discussion and come to joint agreement with the Board. Once agreed upon, the roles should then be codified in a Board charter or terms of reference.

Exhibit 12 provides an example of how a typical university Board might define the boundaries between itself and university management.

Exhibit 12

Boundaries between the Board and the university management committee

	University management committee's role	University Board role
Strategy development and target setting	▪ Develops strategic direction and plan for university based on agreed directions and boundaries ▪ Coordinates the development of the business plan and budget across all business units	▪ Guides strategic direction ▪ Challenges assumptions, priorities, and options put forward by management in the strategic plan ▪ Reviews the business plan and budget, and sets targets for management
Performance management	▪ Establishes KPIs and KIPs (beyond the performance contract) ▪ Monitors KPIs and KIPs, investigates variances and develops corrective actions if required ▪ Cascades KPIs and KIPs throughout university	▪ Reviews, approves, and provides feedback on KPIs and KIPs ▪ Reviews results quarterly, discusses material variances, and ensures that corrective actions are taken if required
Talent development	▪ Develops and implements university's performance management system ▪ Evaluates leadership performance and potential of all managers, Deans, Department Heads, etc. ▪ Identifies the top talent pool and closely manages their performance and development plan	▪ Nominates and proactively plans VC succession ▪ Reviews the performance management policies ▪ Evaluates Vice-Chancellor ▪ Endorses development plans of key leaders ▪ Understands the pool of potential future leaders
Risk management	▪ Analyses and quantifies the university's risks ▪ Manages all risks within boundaries set by Board ▪ Instils a culture of risk management	▪ Sets the university's risk parameters ▪ Understands major risk exposures and ensures appropriate risk mitigation approach is in place ▪ Considers the risk factors in all major decisions
Stakeholder management	▪ Manages all stakeholder interests within boundaries set by the Board	▪ Balances and manages impact of stakeholder interests ▪ Supports management in managing key stakeholders

5 How can the Board separate and balance the roles of the Chairperson and the Vice-Chancellor?

The Chairperson and Vice-Chancellor must work as a team to keep the Board and the university management committee aligned. Their personal relationship is particularly important.

Chairperson roles	■ Provides leadership to the Board in execution of Board fiduciary roles and responsibilities
	  – Plans Board meetings and agenda, in consultation with Vice-Chancellor
	  – Chairs all Board meetings
	  – Ensures that all Board members contribute
	  – Drives discussion towards consensus and closure
	■ Accountable to the Ministry for Board's performance

Potentially shared roles	■ External relations, including the relationship with the Ministry ■ Senior leadership development ■ Assumes full accountability to the Ministry for all aspects of the university's performance contract ■ Ensures Board receives proper information in a timely manner
Vice-Chancellor roles	■ Develops and implements strategy that reflects the long-term objectives and priorities established by the Board ■ Assumes full accountability to the Board for all aspects of academics, finances, and operations ■ Puts adequate operational plans and financial control systems in place ■ Closely monitors operating financial results in accordance with plans and budgets ■ Represents university to donors, faculty, students, parents, and other universities

Separation of roles: As part of defining boundaries with the university management committee, it is important to separate the roles of the Chairperson and the Vice-Chancellor. The Chairperson, as leader of the Board, is the person primarily responsible for the overall effectiveness of the Board – both within and outside the Boardroom. The Vice-Chancellor, on the other hand, runs the university and is responsible for ensuring that it achieves its mission and strategy.

Shared roles: While the roles are complementary, there may be some overlaps which could generate conflict (see "Potentially shared roles" in the adjacent table). Ensuring there is clarity and shared understanding from the start will reduce any confusion and limit conflict. Best practice calls for the responsibilities of each to be set out in writing and reviewed periodically.

Mutual trust: Choosing a Chairperson and Vice-Chancellor combination that works well together in an atmosphere of mutual trust is particularly important. The right chemistry will create the right environment for cooperation and facilitate the flow of information.

6 How can the Board nominate Board members who have the right skills and experience?

Board members should be effective on an individual basis, and the collective ability of all Board members should represent the skills, expertise and attributes required by the university

Individually, Board members must be able to identify key issues, constructively challenge others, collaborate to solve problems, propose alternate solutions, and support management. They must have the right mindset and integrity to act in the interest of students, faculty and the Ministry. Within the Malaysian context, they must also understand how universities are tied to the national objectives of the country. New Board members should possess the skills and experience necessary to fill gaps in the current Board composition.

Collectively, Board members must possess skills in three areas: **leadership of large organisations** (including experience in finance, audit, risk management, or talent development – as required by the Board), **relevant industry knowledge**, and **academia expertise** (including learning, teaching and research). These skills should align with those required by the Board's committees.

Through mapping the existing skills and experiences of the Board against the university's requirements, any gaps can be quickly identified. This mapping should also be conducted by the Nominations committee every year to review the balance of skills and experiences of the collective Board. Subsequently, a more targeted search for Board members with specific skills and experiences can be conducted.

The basic remuneration of Board members is to be guided by the Ministry of Finance. In addition, the Ministry of Higher Education is developing new guidelines on top up remuneration for members' involvement in meetings and events. This is to make it easier to attract and retain members with the requisite skill sets to lead universities.

New and current members who are lacking critical skills should be given the option to join training sessions, such as those at Akademi Kepimpinan Pendidikan Tinggi (AKEPT) or the Directors Academy for GLCs (MINDA).

Exhibit 13

Sourcing Board members with specific skills

University Boards require a diverse set of members, sourced from varying backgrounds, and offering a broad set of skills

---

To fulfil their responsibilities and uphold the mission of their universities, today's university Boards require a multitude of skills including budgeting, finance, audit, risk, pedagogy, and industry experience (to name a few). Members should be chosen to address existing skill gaps so that all Board roles may be fulfilled by appropriately skilled members.

Given the many needs of university Boards, members should be selected for specialised skills in a particular area rather than as generalists. Such specialisation is necessary in an increasingly complex higher education landscape. There are several types of members that Boards should specifically seek out:

Budget, finance, and audit experience. It is essential that Boards have members who can understand financial reports and ensure that the university is aligned with regulations. These members are a natural fit for chairing the audit committee. For example, they can be a current or former CFO from the private sector with significant financial experience.

Former Vice-Chancellors or CEOs. When setting mandates for the Vice-Chancellor, it is important for Boards to have members that understand what it is like to lead an organisation. Ideally, these members have experience in Malaysia and relevant industries (higher education or industries aligned with the university's areas of focus). These members should also have extensive experience in developing strategy.

Higher education professionals. In addition to former Vice-Chancellors, Boards should also seek professionals who have senior leadership experience in large universities. Their role is to provide a deeper understanding of how university pedagogy, research, and overall strategy is developing and changing. These members may come from leading national or international universities and education institutions.

Professionals from areas of focus. Boards should have professional members that can offer perspectives on areas of strategic focus or aspiration. For example, if the university is developing research capacity, then a research expert may be appropriate; if it is seeking to launch a new faculty of engineering, then a former Dean of Engineering or CEO from a related industry would be appropriate.

Local community representative. It is important that Boards have members who can empathise with the local community and student population. Ideally, this member should be an alumnus of the institution who remains strongly tied to the local community (through civic engagement, local businesses) and has a deep understanding of the community's history, values, beliefs, and needs.

Though these categories are listed separately, some Board members may fulfil multiple criteria – for example, a local alumnus who is a CFO would be a strong candidate for the Board.

Exhibit 14

Case study examples on onboarding of new Board members

Key steps		Example practices
Who requires what kind of onboarding?	▪ **Define key knowledge needed by all new directors** ▪ **Define additional knowledge needed by those without industry background** ▪ **Define special knowledge needed by new Chairpersons**	Google	▪ **Formal orientation programme** for new directors including written material, oral presentations and meetings with senior members of management; designed to familiarise new directors with Google's business & strategy ▪ **Ongoing education** as well as participation in **accredited director education programmes** are encouraged; directors are reimbursed for expenses incurred in connection with education programmes

Which areas should be covered in a Director induction programme?	▪ **Define standardised onboarding programme for all new Board members, e.g.**
	  – Company-specific introduction and access to key material (e.g. current strategy, company policies, risk assessment, succession plans, etc.)
	  – Personal introduction to key internal and external stakeholders (e.g. all top management members, important clients and other key external stakeholders (e.g. regulators)
	  – Industry-specific introduction including an overview of key competitors, industry trends, etc.
		General Electric	▪ **Includes visits** to the corporate headquarters for **personal briefings by senior management**
			▪ Supplemented by access to **outside educational programmes** (e.g., directors' colleges)
			▪ Orientation programme is facilitated by the General Counsel and CFO

		General Motors	▪ Executives took directors theoretically through all of the steps and stages in product design ▪ The next day, they visited the design facility and afterwards were taken to the track and the new models were brought out; they were driving each vehicle on performance and city tracks accompanied by a product team member answering all questions

Exhibit 15

Case study examples on continuous professional development of Board members

Key steps	Example practices

Which areas require continuous improvement?

- **Define general knowledge areas** which need to be continuously refreshed, e.g.:
  - Governance principles/director duties
  - Industry sectors and trends
  - Key functions (risk, finance, etc.)
- **Define company-specific knowledge areas** which need to be continuously refreshed, e.g. strategy, products, operating plans

- HSBC Holdings has a personalised approach to training and development of directors – **development plans and records of development activities** are maintained by the group company secretary **for annual review by the group Chairperson** with the director concerned

- Singtel ensures that directors on the Board possess the experience, knowledge, and skills critical to the group's business, e.g. via **talks and presentations by renowned experts and professionals in various fields and attendance of other appropriate courses**, conferences and seminars
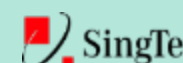
What are formats and processes available?

- **Organise Board-offsite meetings**
- **Analyse and identify possible internal and external training offerings**
- **Create formal courses with balanced group of teachers:**
  - Third parties
  - Other Board members
  - Corporate governance secretary
  - CEO and executive directors
  - Company members or external experts
- **Design coaching mechanisms** (e.g., advice from Chairperson, directors, external party)
- **Develop simulated role games** (e.g., team dynamics and balance of power)
- **Allow diversification of roles** (e.g., taking on several non-executive and committee roles)

- HSBC has a range of programmes managed by the Group Company Secretary
  - **In-house development programmes** to enhance business awareness are arranged in conjunction with scheduled Board meetings
  - Directors also have **online access to internal training and development resources**

- P&G's programmes are managed by the Secretary
  - Some are taught by senior operating/functional managers
  - Once a year, the company pays for **accredited third-party training for directors**

7 How should the governance of the university investment funds be structured?

University endowments should be overseen by an independent Board of Trustees responsible for setting investment and allocation policies. All other financing and investment activities of the university will be overseen by the Finance and Investments Committee of the university Board.

University endowments, or trust funds, should continue to be overseen by an independent Board of Trustees (BOT) for the fund – as is current best practice. Trustees should possess investment knowledge, business experience, and complementary views and expertise.

The BOT should be independent of the university Board, but should include members of the university Board as Trustees. The BOT will actively participate in the endowment's decision-making. Typical investment committee decisions include defining investment objectives, setting asset allocations, and engagement of asset managers. Day-to-day management of the endowment may be overseen by a Chief Investment Officer or outsourced to an external fund manager.

For *Waqf*, appropriate governance structures should be established that adhere to *Shariah* principles, relevant regulations and enactments of the State Islamic Councils.

Separately, the university Board's Finance and Investment Committee will provide oversight on the governance, policies and performance management of all other finance and investment activities relating to the operations of the university, excluding the endowment.

The university Board can set broad investment and spending policies. For example, a Board from a 'green' university may issue an investment policy that funds may not be invested in fossil fuels or specific business activities. Specific investment decisions are left to the Finance and Investment Committee of the university Board, and to the BOT for the endowment fund.

8 What should be the governance structure and accountability of the university holding company?

The university holding company (UHC) should be directly accountable to the university Board and adhere to corporate governance best practices.

University holding companies (UHC), and their Boards must be directly accountable to the university Board. The UHC is a 100% subsidiary of the university. which necessitates clear accountability to the university Board.

Like all Boards, a UHC Board should have a balanced composition – a mix of representation from university management, the university Board (less than 30%), and external members. Ministry or other government officers should not sit on the holding company Board. There should be clear delineation of responsibilities between the university Vice-Chancellor and university management with the UHC Board and management.

In selecting UHC Board members, university Boards should consider the following factors, among others:

- Need for specific skills or knowledge as required by the holding company;

- Need for university management to be sufficiently empowered to effect changes at the holding company; and

- Need for university Board to have sufficient oversight and control over the subsidiary.

University Board members or university management should not chair the UHC Board, but can play an important role as Board members on the UHC Board, such as:

- When the performance of the UHC is poor, but it remains strategically important or is a large contributor of university revenue;

- When internal systems of controls or checks and balances are weak; and

- When exposure to the UHC would increase the overall university Board's understanding of the company.

The UHC often needs specific knowledge and skills on the UHC Board that go beyond what the university management or Board can provide, and parties external to the university should be appointed to the UHC Board.

Exhibit 16

Income generation by public universities

GOVERNANCE	University Board Finance and Investment Committee	Independent Board of Trustees	*Waqf* Board of Trustees
ENTITY	**University holding companies**	**Endowment funds**	***Waqf* funds**
ACTIVITIES	Income generation and commercial activities, such as: ▪ Commercialisation of research and intellectual property ▪ Training, research or teaching contracts with private partners ▪ Services, consultancy and advisory activities ▪ Property management related to university assets ▪ Management of university subsidiary companies	▪ Fundraising for the endowment ▪ Engagement with fund donors ▪ Investments and asset allocation, including in financial assets and real estate	▪ Fundraising for the *waqf* ▪ Engagement with *waqf* donors ▪ Investments and asset allocation adhering to *Shariah* principles

9   How can the Board ensure that it focuses on strategic matters during meetings?

To fulfil fiduciary roles and responsibilities, the Board must ensure that it stays focused on strategic matters during meetings, instead of engaging on operational matters

Clarity of objectives for every agenda item

The specific objectives of every agenda item for the Board should be clearly defined

Typically, board agenda items comprise (a) strategic and performance management topics for approval, (b) reports from Board committees for approval, (c) operational topics for notification and (d) other matters for notification.

Often, operational matters for 'sign-off' or simply for notification can be minimised, and where possible, delegated to university management committee. An alternative solution for 'notifications' is to include them in briefing memorandums distributed to the Board but not discussed in meetings.

Meetings must cover review of performance and strategy

Board meetings should prioritise reviews of performance against KPIs, KIPs and progress against the university's strategic plan.

This helps frame the context for all decisions for the university. It also ensures that performance management is addressed in every Board meeting.

This will also introduce consistency into meeting structures – all Board members and university management committee members can focus on the most important topics for the university requiring their oversight, direction, guidance and input.

Board committee members accountable for decision-making

Not all activities of Board committees require full representation to the Board for debate and deliberation.

Instead, committees should be empowered to discuss, deliberate and develop recommendations on issues relevant to the committee agenda.

Committee members will then be held accountable to present a synthesis of deliberations and frame options for decision-making to the Board. This saves time for the Board that can in turn be used for other purposes.

10 How can the Board ensure that Board papers are consistently of high quality?

To make sound decisions and recommendations, it is important that the Board receives high-quality information focused on the right issues

To ensure that Board papers are timely and of high quality, Boards should set clear expectations upfront, then provide a mechanism for both the Board and management to obtain ongoing feedback.

Board papers should use a standardised template and be reviewed by the registrar. Papers should be preceded by a short, synthesised executive summary that includes:

- **Action required** for the Board: approval, noting or input
- **Responsible parties** who prepared and reviewed the report
- **Essence of the case** which summarises the objective and content of the paper
- **Key issues and risks**, with a clear response plan
- **Required actions** with clear accountabilities and timelines
- **Financial implications**, if any

Boards must also choose an appropriate feedback mechanism on Board papers, such as a rating system to be utilised directly after meetings. To implement such a practice, Boards must:

- Establish and agree with management on the evaluation criteria that will be used
- Communicate criteria to all relevant management
- During the meeting, put feedback in writing for collection after the meeting
- Collate feedback immediately after the meeting and disseminate to relevant management team members

The Chairperson is responsible for ensuring that feedback is specific, objective and constructive for management. As feedback is being provided to management, Board members should also be prepared to receive feedback from the Chairperson on behalf of the management team that addresses their contribution to the discussion.

Best practice for Board papers

To ensure effective meetings, the university Board should only receive Board papers that:

- Are relevant to university performance (KPIs and KIPs) and strategic plan;
- Are clear and succinct;
- Consist of reliable data (including historical comparisons, forecasts, risk assessment as needed), such that the Board may confidently use them as a basis for decision-making; and
- In need of Board input (for approval, information or suggestions)

Board paper topics should generally focus on strategic issues (those requiring commitment in the face of uncertainty) rather than operational ones, unless such issues merit Board involvement.

11 How can the Board work more effectively with management in setting strategy?

Boards should co-own the university strategy with the Vice-Chancellor, university management committee, Deans and Directors by playing an active role in the strategy's development

Guiding the strategic direction

Early in the planning cycle, the Board should clarify its expectations of management and guide the strategic direction of the university. The Board should be provided with synthesised information on industry trends and direction from the Ministry.

Challenging management's strategic plan

Once management has crafted a strategic plan using guidelines from the Board, it is the duty of the Board to challenge the assumptions, priorities, and options put forth by management. These sessions should consist of rich and deep discussions which allow the Board to co-own the strategy.

Within the university's overarching plan, each unit[1] (*pusat tanggungjawab*) should provide its own strategic plan with key financial and non-financial measures, major risk factors, and resources required.

The output of the strategic sessions is an agreed-upon draft strategic plan, which management then uses as a basis for developing the operating plan, 12-month rolling budget and a mid-term forecast. This planning should be conducted at unit level under the coordination of management.

Reviewing the business plan and budget allocations, and setting management's targets

Once the business plan and budget allocations are finalised, the Board has the responsibility of reviewing and approving them. In so doing, the Board should test the management's proposed targets to ensure that they reflect trends and internal capabilities, yet also provide sufficient challenge and are aspirational. Targets should also align with the KPIs and KIPs of the performance contracts from the Ministry.

1 Includes divisions, faculties, centres of excellence or institutes within a university

Exhibit 17

Example framework of how the Board and the university management committee can set strategy together

Board and university management committee

Board only

University management committee
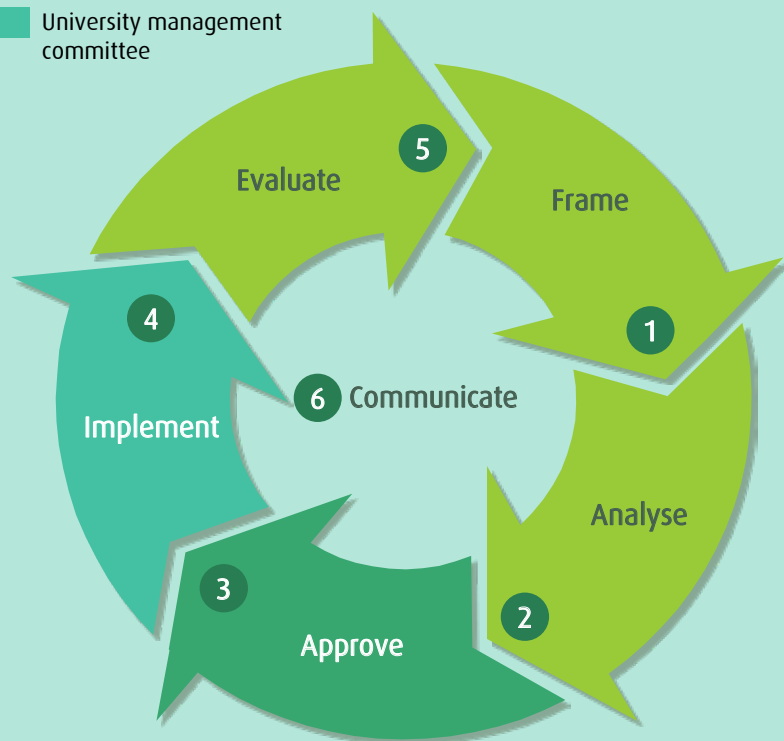
1. Jointly define broad strategy framework

2.
- Establish internal and external transparency
- Make use of external experts and advisors
- Define strategic options and alternatives *(management)*
- Jointly review strategic options and alternatives and understand implications of choices
- Detail preferred options for review and Board discussion
- Finalise recommended strategy *(management)*

3. Approve strategy and ensure coherent business processes

4.
- Prioritise initiatives and develop implementation plan
- Ensure risk evaluation and mitigation
- Implement strategy and align every strategic decision (e.g. investment decision) to overall strategy

5.
- Track KPIs/KIPs/milestones aligned with strategy and focus discussion on variances
- Ensure progress against stakeholder expectations

6. Communicate strategy and Board role annually to stakeholders

Exhibit 18

Example questions Boards should ask when setting strategy

The Board should work with the university management committee to set a strategy appropriate for the university's context

1. Does our strategy adequately respond to the accelerating pace of change in the sector? Is it as relevant today as when it was created or last refined?

2. What are our institution's sources of distinctiveness? Are there bold new goals we should pursue to set us apart?

3. Are our academic and research programmes relevant in today's global economy? What new or updated offerings will better prepare our students for the workforce of tomorrow? What offerings can be eliminated, freeing up resources to reinvest elsewhere?

4. How could we rethink the portfolio of campuses that make up the system? Do we have the right number? Could different campuses play specialised roles that boost overall efficiency and effectiveness?

5. How can we best benefit from the digitisation of higher education? What is the role of a physical campus? How might technology allow us to improve student outcomes and serve more students at lower cost? How can we navigate resistance to such initiatives while honouring faculty prerogatives?

6. What elements of our cost model and capital efficiency can be dramatically improved? Do we understand our true costs and how they compare to relevant peers?

7. Are we satisfied with our graduation and retention rates? What would a truly aggressive improvement plan look like?

8. Do our strategy and supporting mechanisms (e.g. culture, structure, funding) ensure leadership in research?

9. Is our governance structure up to the task of fulfilling our mission in this new era? What changes, if any, will be required?

10. How can we measure performance and increase accountability in the quality and efficiency of how we fulfil our educational mission?

12 How can the Board help foster a strong culture focused on performance management?

Boards should provide oversight and the necessary checks and balances to ensure that the university's strategy and targets are achieved

Review and approve KPIs, KIPs and targets

Through the strategic planning process, management will develop operating plans and budget allocations which the Board should review and approve. As part of these plans, KPIs/KIPs and corresponding targets will be proposed by management.

The Board should test management's proposed KPIs/KIPs and targets to ensure that they are linked to the underlying strategy of the university, including its development or social objectives.

Define "headline" KPIs/KIPs

The Board should select three to five "headline" KPIs/KIPs which best capture the goals of the current strategy. These KPIs and KIPs, as well as the university's performance against them, should be disseminated to the Ministry and the public to drive accountability. They should also be linked to (and consistent with) the performance contracts between the university and the Ministry.

Review performance regularly

The Board should review the performance of the university regularly against its targets. In a university context, this should be done either quarterly or semi-annually.

When reviewing the university's performance, the Board should acknowledge good performance but also focus on missed targets and their causes. Management should prepare synthesised reports for the Board with proposed actions, accountabilities and timelines to address the situation.

University performance contracts

To drive a strong culture of performance management, the Ministry and universities will enter into performance contracts. These contracts will regulate the public funds provided to universities on the basis of KPIs and KIPs linked to (and consistent with) both the Ministry and universities' strategies.

As the leaders of the university, both the Vice-Chancellor and the Board will ultimately be accountable for the university's execution against the performance contract and associated KPIs and KIPs.

13 How can the Board best oversee the development of talent and future leaders of the university?

The Board has several primary roles in leadership development: nominate the Vice-Chancellor, review overall performance, evaluate the Vice-Chancellor, endorse performance and development plan of those in "pivotal positions", and identify the pool of future leaders

A Identify Vice-Chancellor candidates and proactively plan for succession

Identifying Vice-Chancellor candidates is one of the most important tasks of the Board as the Vice-Chancellor is the person responsible for the operations of the university. Based on the context, performance, and aspirations of the university, the Board should establish the criteria for skills and experience that the new Vice-Chancellor must meet.

The Board can develop a pipeline of Vice-Chancellor candidates for nomination, though appointment will remain with the Minister and Ministry. Boards may choose to develop candidates from an internal pool, or identify candidates from both internal and external sources.

B Review the university's overall performance management philosophy

The Board should approve the policies for the appointment, dismissal, evaluation, and promotion of faculty and staff, including salaries. They should also ensure that staff development programmes are in place to develop the teaching, research, and management skills required at the university.

C Coach and mentor new Vice-Chancellors

New Vice-Chancellors will benefit from the coaching and mentorship that the Board can, and should, provide. Vice-Chancellors entering a university may have limited context on the operational and strategic nuances of that particular institution. They may also have limited context on the university management committee that he or she will be leading.

The Board can help bridge the gap by providing this context, providing feedback in the early stages of a Vice-Chancellor's tenure and providing guidance on which matters the Vice-Chancellor should prioritise and focus on.

D

Evaluate the Vice-Chancellor

The Board should ensure that clear expectations of the Vice-Chancellor are laid out in a mandate aligned with the university's, Board's, and Ministry's priorities. This mandate forms the basis of the Vice-Chancellor's KPIs/KIPs and targets and should be linked to the strategy of the university.

The performance of the Vice-Chancellor should be reviewed semi-annually, and the consequences of the performance should be followed through.

E

Endorse performance and development plan of those in pivotal positions

Pivotal positions, such as Deputy Vice-Chancellors, Deans, Directors or department heads, are positioned to have the most impact in creating a high-performing university. For this reason, the Vice-Chancellor is directly responsible for identifying these positions and evaluating the people in them.

The Board should endorse the individuals' performance and their development plans. They should also ensure that there are likely successors to those positions who are being developed for the role.

F

Know the pool of future leaders

The Board should know and understand the strength of leaders across the university's teaching, research, and management functions. Working with management, the Board should understand who are the university's top talents and whether leadership gaps exist in any faculty or department. Doing so will enable the Board and management to craft a strategy to attract, develop, and retain top talent in the pivotal positions of the university.

Exhibit 19

Case study examples on how to oversee talent management

Key steps		Example practices	
Recognising and rewarding high-performing talent	▪ Recognising high-performers is an essential component to an effective talent management program – consequently, it should be a priority for Boards ▪ Boards should, via their performance management frameworks, seek out, recognise and reward high-performing talent	▪ **FedEx Malaysia** places high emphasis on recognising high performers using a compensation and reward scheme It gives special awards to publicly honour employees and celebrate success among peers. ▪ FedEx was named one of Malaysia's top ten best employers in a 'Best Employers in Malaysia' study for multiple years.	

Establish a talent management process	▪ Establish talent management as a Board priority, e.g., the Board conducts a thorough evaluation of end-to-end talent management annually. This would include evaluations against:
	  — Ability to reach new talent, particularly in addressing skills gap across the institution
	  — Ability to develop and motivate existing talent
	  — Ability to retain existing talent
	
	▪ Develop ways to understand talent issues throughout key layers of the organisation
	  – Rotate executives who present to Board
	  – Work with management to introduce multi-layer leadership development
	  – Track performance reviews of the top five candidates for critical senior management positions
		▪ **GE uses a multi-level leadership development** to embed a leadership culture. GE developed formal programmes for all levels of the organisation—entry-level executives, experienced junior executives, middle managers and senior executives. **All leaders in GE participate—including Malaysian leaders.** The CEO is actively involved in these training programmes, even joining evening training sessions with junior executives.
		
		▪ **The management team of Aetna** shares with the Board the key development needs of each of the company's top 200 executives. "It is important that the Board understand the talent management process and the data on each of the top executives. This is even more important than meeting executives, which is open to subjective interpretation in a rarefied environment and, frankly, the luck of the draw."

14 How should complaints be handled by the Board?

Implementing a complaints handling process can help Boards resolve problems early and quickly

A Design

The design of a university's complaints handling process should:

▪ Have clear procedures for university staff, university management, and the Board;

▪ Be accessible, with advice available to students and staff about the system and how to use it;

▪ Allow for resolution at the lowest level possible and clear rules for escalation (i.e. so that not all complaints reach university management or the Board); and

▪ Provide for the referral of a complaint to university management or the Board when necessary

B Progress

When complaints are received, steps should be taken to ensure it is progressed, such as:

▪ Acknowledging to the complainant that the complaint has been received;

▪ Deciding who will address the complaint, what priority it will be given, and by when it will be completed;

▪ Determining what actions are required to resolve the complaint;

▪ Informing the complainant of the outcome, including the reasons for any decisions made; and

▪ Recording the complaint and its outcome, and reporting to the Vice-Chancellor and Board as appropriate

C Fairness

A complaints handling process should allow:

▪ All complaints to be judged fairly on their merits;

▪ Confidentiality to be protected, with the complaint considered in private and information only disclosed if necessary to properly review the matter of concern; and

▪ Anyone to comment on any proposed finding that is adverse to them before the finding is confirmed

ASSESSING UNIVERSITY BOARDS

CHAPTER THREE
ASSESSING UNIVERSITY BOARDS

Reflection on self-performance is a fundamental driver to sustainable high-performance in any field, including university Boards. As decision rights, greater autonomy, and greater accountability are devolved to universities, the need for self-assessment will become critical.

Chapter Three is focused on helping Boards understand how to self-assess performance using an assessment tool – the Board Effectiveness Assessment (BEA).

The Board Effectiveness Assessment

The chapter begins with an overview of the BEA and the areas it assesses: fulfilling fundamental Board fiduciary roles and responsibilities, structuring a high-performing Board, and ensuring effective Board operations.

Improving Board Effectiveness

The remainder of the chapter outlines how to use the BEA: conducting the assessment, developing a plan to address identified gaps, implementing improvement initiatives, and reviewing progress against the plan. Detailed instructions are provided for each step of this process.

To obtain an external perspective of their effectiveness, Boards may wish to engage third party reviewers to conduct the BEA on their behalf. Separate instructions for external reviewers are also included in the chapter.

For the complete text of the BEA, see the Appendices of the UniTP Green Book.

CONDUCTING A BOARD EFFECTIVENESS ASSESSMENT

Improving Board effectiveness begins with a Board Effectiveness Assessment (BEA), which measures the health and performance of the Board. Understanding its strengths and weaknesses will empower the Board with the clarity required to know what gaps need closing and where to build on existing strengths.

The BEA evaluates the three main components of an effective Board:

Fulfilling fundamental Board roles and responsibilities	Structuring a high-performing Board	Ensuring effective Board operations and interactions

Fulfilling fundamental Board roles and responsibilities

- Does the Board contribute to the development of the university's strategy?
- Do Board members uphold a strong performance management culture?
- Does the Board adhere to the principles of risk management and financial discipline?
- Are Board members actively focused on talent development for future university leaders?
- Does the Board oversee succession planning and development of the university's leaders?

Structuring a high-performing Board

- Is the composition of the Board aligned to the unique needs of the university?
- Are committees structured to meet the needs of the Board and university?
- Are Board members nominated and appointed using a disciplined, transparent process?
- Is the Board evaluated as a whole and as individuals on a regular basis?

Ensuring effective Board operations and interactions

- Are Board meetings conducted in a productive manner?
- Are all Board materials timely and of high quality?
- Is the Board trust-building in the interactions and communications within itself, and with management?

THE FOUR STEPS OF IMPROVING BOARD EFFECTIVENESS

A

Conduct the BEA

On an annual basis, the Board will conduct an evaluation led by the Chairperson on Board performance and health. The assessment will consist of a survey designed to highlight strengths as well as uncover gaps in key governance dimensions.

The BEA may be conducted via self-assessment or by a third party review team.

B

Develop a plan to address identified gaps

Based on gaps identified against key functions, the Board will develop an improvement plan to close performance gaps and improve performance.

C

Implement improvement initiatives

Individual Board members, or members of the university management, will take responsibility for driving specific initiatives.

D

Review progress against the plan

Every six months, the Board will review ongoing progress to understand how and where progress has developed. Adjustments to the plan can be made as needed to address any implementation challenges that surface.

A1 Option 1: Conduct the Board Effectiveness Assessment (via self-assessment)

For Boards conducting the BEA on their own

Preparation Two weeks before meeting	**Execution** Day of meeting	**Analyses & Next Steps** Completion after meeting
▪ Prepare BEA survey materials (see Appendix for example). If the Board has conducted a BEA previously, they should use the same form as before so that trends can be identified	▪ Present an overview of the BEA and instructions on how to complete the survey forms	▪ Compile the survey results (both numerical scores and comments)
▪ Submit an overview of the BEA for inclusion in the Board papers of the upcoming meeting	▪ Track how time is spent during the meeting – how much time per agenda item; whether time is spent debating strategy, clarifying data, solving operational problems, etc.	▪ Synthesise results to identify strengths and gaps of the Board
	▪ Complete the survey – immediately following the meeting, distribute the survey to all Board members and allow approximately 60 minutes for completion	▪ Discuss results to identify key issues and root causes related to Board roles, structure, operations or interactions
	▪ It is not recommended that surveys be distributed for completion outside the meeting, as members may not submit them on time	▪ Compare results to previous BEAs (if relevant) and identify trends (if any)
	▪ Collect completed surveys	▪ Develop improvement plan to address root causes
	▪ Interview members of the university management committee (this can be done a few days after the meeting)	▪ Prior to next meeting, present findings and improvement plan to Board Chairperson for review and input
		▪ Present results and analysis (including root causes) to the Board at the next meeting following the BEA, and include in Board materials for review prior to the meeting

A2 Option 2: Conduct the Board Effectiveness Assessment (via external reviewers)

For Boards engaging independent third-party reviewers to evaluate them via the BEA

Preparation Two weeks before meeting	Execution Day of meeting	Analyses & Next Steps Completion after meeting

Preparation — Two weeks before meeting

- Submit a summary of the BEA for inclusion in the meeting's Board papers
- Schedule interviews with all Board members (including the Vice-Chancellor and the Chairperson) and the university management committee
- Assign meeting observation roles to each evaluator on the review team
- Print and review meeting observation and interview guides
- Prepare short biographies of each Board member for internal team reference
- Submit a request for Board documents:
  - Board agendas and member attendance for the previous 12 months
  - Board and committee charters
  - Board papers to be presented at the observed meeting, as well as papers from the previous one or two meetings

Execution — Day of meeting

- Open the meeting with an introduction of the BEA and evaluators
- During the meeting, evaluators observe as per their pre-assigned roles
- Though their focus should be on their assigned role, evaluators should also make general observations on the overall structure and dynamics of the meeting
- One evaluator notes the time spent on each agenda item, with as much detail as possible (e.g. noting the current activity every five minutes)
- Immediately following the Board meeting, evaluators conduct interviews with as many Board members as logistically possible (any remaining interviews should be conducted within one-two weeks)
- Evaluators collect all requested Board documents

Analyses & Next Steps — Completion after meeting

- Compile meeting observations, interview notes, and BEA numerical scores
- Analyse agendas and time spent on agenda items to determine the average time allocated to specific topics and the split between strategy and operations
- Compute average scores for each BEA category
- Evaluators discuss the results to identify key issues and root causes related to Board roles, structure, operations or interactions
- Present results and analysis (including root causes) to the Board at the next meeting following the BEA, and include in Board materials for review prior to the meeting
- The Board will develop high-level improvement plan to address root causes

B Develop an improvement plan to address identified gaps

The Board should use the results of the BEA to create an improvement plan targeting specific root causes of performance gaps

After reviewing the BEA results, the Board should craft an improvement plan to address identified shortcomings currently hampering Board effectiveness.

To do so, the Board must first have a clear understanding of the root causes behind each performance gap identified by the BEA. There may be separate root causes for each gap, or only one or two that manifest themselves across multiple dimensions of the BEA. Boards should set aside sufficient time to properly debate and candidly reflect upon the results, allowing for root causes to surface and be refined.

To guide this process, Boards may choose to frame their discussions using the steps below:

- **Grasp the situation.** Focus on what is the actual problem in performance (e.g. poor quality Board papers);

- **Break down the problem.** Zoom in on where the problem is occurring and separate the various elements of the problem, distilling each element to its most basic form (e.g. university management committee is competent but does not have enough time to prepare high-quality materials); and

- **Reflect on the root causes.** Once basic problems have been identified, members should brainstorm on what may be causing them to manifest (e.g. database systems are outdated and not linked to one another, significantly increasing the time required to manage the institution and generate reports, etc.).

Once root causes have been identified, the Board should create a **specific, measurable, actionable, relevant and time-bound improvement plan** that targets these causes. Plans may include offering trainings, making policy or operational changes, recruiting new members with specific skill sets, or any other initiatives to close performance gaps.

All university Boards are expected to submit BEA results and an improvement plan to the Ministry on an annual basis, beginning in March 2016

Exhibit 20

Example: Creating an action plan to address poor quality Board papers

A sample case to describe how a Board may improve an identified gap in the quality of Board papers

1 --------------------------------- **2** --------------------------------- **3** --------------------------------- **4** ---------------------------------

Grasp the situation

After reviewing the results of the BEA, the Board collectively agrees that Board papers are difficult to navigate due to varying quality of analyses from university management committee.

Break down the problem

Upon further review and investigation, the Board collects the following feedback:

- Different teams are producing different reports with no communication and varying priorities;

- Expectations on how the Board prefers to view content vary across teams; and

- Different teams interpret the purpose of their analyses differently.

Reflect on the root causes

Reflecting on the investigation findings, the Board concludes that the root causes of the poor quality Board papers are:

- Lack of guidance from Board to management on prioritising content;

- No context setting from Board on why the report is required;

- Lack of guidance on preferred format for review; and

- No feedback loop to management teams on quality of content produced.

Create an improvement plan

Initiatives to close this gap are as follows:

- Board secretary to provide Vice-Chancellor with context and prioritised list of expected reports four weeks in advance of Board meetings;

- Vice-Chancellor and Chairperson to agree on a template for Board paper executive summaries; and

- Board secretary to provide standardised feedback to the Vice-Chancellor and university management committee on quality of reports within two weeks of Board meetings.

C Implement improvement initiatives

Improvement initiatives must be well-defined, have clear initiative owners, and clear timelines to ensure success

Once an improvement plan is prepared, the Board should begin implementing their plan. The following best practices should be used as a guide to ensure successful implementation:

Initiatives are well-defined

Each initiative should be specific, measurable, actionable, relevant and time-bound to ensure that the improvement plan is realistic and within the reach of the Board.

Initiatives have clear owners

Ownership must be clearly given to an individual who will be accountable for the initiative.

Ownership may be assigned to single Board members or a team of both Board members and members of the university management committee.

Initiatives have clear end-to-end timelines

Both specific initiatives and the entire action plan as a whole should have clearly defined timelines with milestones. Initiative owners should report progress against these timelines and milestones at regular intervals (i.e. every Board meeting).

Key attributes of effective initiatives:

- **Specific.** Initiatives should have specific goals to keep execution focused while protecting initiative owners from expanding objectives beyond the plan's original targets.

- **Measurable.** Outcomes should be measurable to help owners track progress towards goal and ensure outcomes are having the intended effect.

- **Actionable.** All initiatives defined should be realistic within the bounds of constraints faced by the Board. Solutions must be realistic for effective implementation.

- **Relevant.** Initiatives should be relevant to the university strategy and context.

- **Time-bound.** Time-bound deliverables will be essential to keep initiative owners moving forward towards delivery. In the absence of deadlines, progress will stagnate.

D Review progress against the improvement plan

The Board should regularly review improvement plan implementation to ensure that its effectiveness is improving

Every six months, the Board should conduct a full progress review of the improvement plan as per the developed timelines of initiatives. Led by the Chairperson, this discussion should include:

- Reviewing the implementation status of each initiative;

- Gathering live feedback from the Board on the impact of initiatives and implementation challenges; and

- Refining the improvement plan to address feedback, remove roadblocks, and enable continued progress.

Between full progress reviews, every Board meeting should include a quick check-in on key initiatives. Initiative owners should use these opportunities to inform the Board of major challenges impeding implementation.

The Board should conduct a BEA once per year to continually assess its effectiveness, identify new or lingering performance gaps, and amend its improvement plan to address these gaps. This BEA may be conducted as a self-evaluation or by an external party. BEA results should be reported to the Ministry on an annual basis, and will be used to inform the performance evaluation of the overall Board and individual members.

APPENDICES

APPENDIX CONTENTS

SCORING THE BEA

Scoring the BEA involves reflecting on how the Board performs across 11 topics that encompass the different aspects of Board effectiveness

Within the BEA, the three areas of Board effectiveness evaluated by the BEA (Fulfilling Fundamental Board Roles, Structuring a High Performing Board, and Ensuring Effective Board Operations and Interactions) are broken into 11 specific topics, which can be found on page 90. The BEA itself consists of a series of 'sub-questions' linked to each of the 11 topics – these questions can be found on pages 91-94. Evaluators (either the Board, or external parties) will need to reflect on each of the questions and provide a score to each question based on the instructions below. Once all questions are scored, scores for each topic can be calculated, also using the instructions below.

First, assign a score to each sub-question according to the following guidelines:

Review and reflect on each question. For each question, a scoring rubric (found on pages 95-108) details specific scoring criteria that describes what "Best Practice" to "Significant Gaps" looks like for each question. Use the method below to determine the score per question:

Score of 5: First, check to see if the Board *follows all of the stated best-practices* in the "5 – Best Practice" column. If yes, <u>award a score of 5.</u>

Score of 1: If the Board does not follow all the best-practices, review the practices in the "1 – Significant Gaps" column. *If the Board follows at least one of these practices*, <u>award a score of 1.</u>

Score of 2 to 4: If the Board *neither follows all "Best Practices", nor demonstrates any practices in the "Significant Gaps"* column, award of score of 2, 3 or 4 based on how close performance aligns to the criteria listed under "Meets Requirements".

Next, calculate the average for each topic (by taking the average of the sub-questions linked to each topic) and write it on the "Board Effectiveness Scoring Grid" page

This process will result in 11 scores – one for each of the 11 topics measuring Board effectiveness.

BOARD EFFECTIVENESS ASSESSMENT SCORING GRID

		Score
Section I: Fulfilling fundamental Board roles	1. Development of university strategy	
	2. Performance management culture	
	3. Risk management and financial discipline	
	4. Talent development	
Section II: Structuring a high-performing Board	5. Board size and composition	
	6. Committee structures	
	7. Board member nomination	
	8. Board evaluation mechanisms	
Section III: Ensuring effective Board operations and interactions	9. Meeting productivity	
	10. Meeting materials	
	11. Interactions and communication	

BOARD EVALUATION FORM: EXAMPLE TEMPLATE

Boards will use these questions to gauge their performance against BEA criteria

Board Evaluation Criteria

Board roles and responsibilities	5	4	3	2	1	Comments

1. University strategy

1a. Does the Board guide the university's strategic direction?

1b. Does the Board 'co-own' the strategy with the university management committee?

1c. Does the Board balance stakeholder interests?

2. Performance management

2a. Does the Board set targets for the university management committee?

2b. Do KPIs and KIPs reflect strategy and are linked to performance contracts?

2c. Does the Board review progress against KPIs/KIPs and follow up as necessary?

3. Risk management and financial discipline

3a. Does the Board practice risk management and request risk analyses when appropriate?

3b. Does the Board adhere to a culture of financial discipline?

4. Talent development

4a. Does the Board nominate the VC and proactively plan VC succession?

4b. Does the Board review the performance management philosophy?

4c. Does the Board evaluate VC performance?

4d. Does the Board endorse development plans of those in pivotal positions?

4e. Does the Board understand the pool of future leaders?

5 = Best practice 4 = Above requirements but not best practice 3 = Meets requirements 2 = Below requirements but has no significant gaps 1 = Significant gaps

BOARD EVALUATION FORM: EXAMPLE TEMPLATE

Boards may use surveys such as this to gauge their performance against BEA criteria

Board Evaluation Criteria

Board structure	5	4	3	2	1	Comments
5. Board size and composition						
5a. Is Board size optimal?	☐	☐	☐	☐	☐	
5b. Is Board composition balanced, and at least 50% is independent?	☐	☐	☐	☐	☐	
5c. Are Board member skills and experience in line with university needs?	☐	☐	☐	☐	☐	
6. Committee structures						
6a. Do committees cover the needs of the university?	☐	☐	☐	☐	☐	
6b. Are committees correctly sized with proper composition?	☐	☐	☐	☐	☐	
7. Board member nomination						
7a. Is selection criteria clear?	☐	☐	☐	☐	☐	
7b. Is the nomination process objective?	☐	☐	☐	☐	☐	
7c. Are candidates sourced from likely and unlikely sources?	☐	☐	☐	☐	☐	
8. Board evaluation process						
8a. Does clear performance evaluation criteria exist?	☐	☐	☐	☐	☐	
8b. Does the Nomination Committee lead the evaluation process?	☐	☐	☐	☐	☐	
8c. Does the Chairperson lead the evaluation follow-up?	☐	☐	☐	☐	☐	
8d. Does training address development areas?	☐	☐	☐	☐	☐	

5 = Best practice 4 = Above requirements but not best practice 3 = Meets requirements 2 = Below requirements but has no significant gaps 1 = Significant gaps

BOARD EVALUATION FORM: EXAMPLE TEMPLATE

Boards may use surveys such as this to gauge their performance against BEA criteria

Board Evaluation Criteria

Board operations and interactions	5	4	3	2	1	Comments

9. Meeting productivity

9a. Do meetings follow a set schedule? ☐ ☐ ☐ ☐ ☐

9b. Does the Chairperson determine the right agenda in consultation with the VC? ☐ ☐ ☐ ☐ ☐

9c. Does the Board adhere to a clear charter? ☐ ☐ ☐ ☐ ☐

10. Meeting materials

10a. Are Board papers clear and relevant? ☐ ☐ ☐ ☐ ☐

10b. Are agendas and Board papers distributed well before meetings? ☐ ☐ ☐ ☐ ☐

11. Interactions and communication

11a. Are Boardroom dynamics positive? ☐ ☐ ☐ ☐ ☐

11b. Does the Board constructively challenge and champion the university management committee? ☐ ☐ ☐ ☐ ☐

11c. Is there clear separation of the Chairperson and the VC? ☐ ☐ ☐ ☐ ☐

11d. Are Board decisions communicated promptly to the university management committee? ☐ ☐ ☐ ☐ ☐

5 = Best practice 4 = Above requirements but not best practice 3 = Meets requirements 2 = Below requirements but has no significant gaps 1 = Significant gaps

BOARD EVALUATION FORM: EXAMPLE TEMPLATE

Boards may use surveys such as this to gauge their performance against BEA criteria

Board Evaluation Criteria

Overall comments

1. Please describe any area of expertise that you think would be beneficial to our Board that is not represented in the current membership.

_____

_____

2. If for some reason you could no longer serve on the Board, whom would you recommend as your successor?

_____

_____

3. Is there anyone else you would recommend for the Board in any area of expertise?

_____

_____

4. What, if any, is the most significant change that you would recommend for our Board's practices?

_____

_____

FULFILLING THE BOARD'S FUNDAMENTAL ROLES AND RESPONSIBILITIES

	5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
1. Development of university strategy	**1a. Does the Board guide the university's strategic direction?** ▪ Provides guidance and input on overall strategic direction and aspirations early on in the planning cycle		▪ Provides guidance and input on overall strategic direction and aspirations when required		▪ Strategic direction and aspirations are largely set by management and endorsed by the Board
	▪ Plans and attends dedicated session each year to challenge and debate strategic direction with management		▪ Challenges and debates strategic options, but this is done ad hoc rather than through a dedicated session		▪ Board does not challenge strategy
	1b. Does the Board 'co-own' the strategy with the university management committee? ▪ Board challenges and clarifies management's views and assumptions to ensure shared ownership by both Board and management		▪ Board challenges views and assumptions proposed by management but does not contribute to the resolution of issues or doubts		▪ Board ratifies the strategy proposed by management with limited discussion or debate
	1c. Does the Board balance stakeholder interests? ▪ Board members are well-informed of Ministry strategic guidelines (e.g. student enrolment targets)		▪ Board aware of Ministry guidelines but does not have full clarity on them		▪ Board not aware of strategic guidelines from Ministry
	▪ Actively balances conflicting interests between university, staff, the university management committee, students and the Ministry, and makes appropriate trade-offs		▪ Board attempts to balance conflicting interests when they arise, but is not adequately informed to prevent such conflicts from initially arising		▪ Decisions do not balance needs of all relevant stakeholders – for example, some stakeholders feature in decisions more than others
	▪ Proactively supports the university management committee in managing, and where necessary, containing stakeholders				▪ Does not support the university management committee in managing or containing stakeholders

	5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
2. Performance management	**2a. Does the Board set targets for the university management committee?** ▪ Board tests the VC's and the university management committee's targets to ensure that targets reflect higher education trends and internal capabilities – and provide sufficient stretch and aspiration		▪ Board discusses and agrees on baseline targets recommended by management in its business plan but does not test for stretch		▪ Board agrees with targets recommended by management in business plan, occasionally setting targets with limited business rationale
	2b. Do KPIs and KIPs reflect strategy and are linked to performance contracts? ▪ Board sets KPIs and KIPs which reflect the university's strategic objectives (in addition to performance contract KPIs and KIPs from Ministry)		▪ Some KPIs and KIPs do not reflect the university's strategic objectives		▪ Lack of either historical or leading KPIs and KIPs
	▪ KPIs and KIPs should include leading teaching, learning, research, and financial indicators				▪ KPIs are skewed and do not balance teaching, learning, research, and financial indicators
	▪ University KPIs and KIPs are aligned with the KPIs and KIPs of the university's performance contract with the Ministry				▪ KPIs and KIPs do not have a clear link to the performance contract
	2c. Does the Board review progress against KPIs/KIPs and follow up as necessary? ▪ Board receives regular performance reports that indicate status of all KPIs and KIPs		▪ Board 'acknowledges' performance against corporate KPIs and KIPs		▪ KPI performance reports are rarely received by the Board
	▪ Board focuses discussion on any 'missed' targets and constructively challenges management to verify root causes and propose action plans to get back on track		▪ Board focuses limited discussion on any 'missed' targets with high level plans to address major gaps		▪ Board focuses discussion on financial reporting results only as per requirements of Bursa Malaysia

	5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
	▪ Board agrees on the accountabilities and timeline and this information is documented in the minutes		▪ Board agrees on timeline but without accountabilities		▪ No clear action plan to resolve 'missed' targets
	▪ 'Exceptional performance' is noted and discussed to determine how such performance can be sustained		▪ No acknowledgment of exceptional performance		
3. Risk management and financial discipline	**3a. Does the Board practice risk management and request risk analyses when appropriate?** ▪ A risk management policy with consistent criteria is established				▪ No risk management policy has been established
	▪ All major strategic decisions are accompanied by a detailed risk analysis		▪ Not all major strategic decisions are accompanied by a risk analysis		▪ Major strategic decisions are never accompanied by a risk analysis
	▪ All major risks have a mitigation plan				▪ Risks do not have a mitigation plan
	▪ Proper financial controls are in place to ensure accountability and transparency				▪ University lacks proper financial controls
	3b. Does the Board adhere to a culture of financial discipline? ▪ All major strategic decisions are accompanied by a full financial analysis		▪ Most major strategic decisions are accompanied by a full financial analysis		▪ Financial impact is not heavily considered when making financial decisions
	▪ KPIs and KIPs measure both academic and research productivity and financial efficiency		▪ KPIs and KIPs do not fully capture university's academic and research productivity and financial efficiency		▪ KPIs and KIPs do not address academic and research productivity and financial efficiency
	▪ Procurement procedures are enforced and regularly reviewed annually		▪ Procurement procedures are not regularly reviewed or enforced		▪ Procurement procedures are never reviewed or enforced

	5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
4. Talent development	**4a. Does the Board nominate the VC and proactively plan VC succession?**				
	▪ Establishes VC nomination criteria and succession model		▪ VC nomination criteria exists but there is no established succession model		▪ No clear VC nomination criteria
	▪ Reviews full fact-base of leadership achievements and development needs before short-listing candidates		▪ Board nominates 'best individual' based on context and available pool, rather than on pre-determined criteria		▪ VC succession not part of formal Board agenda
	4b. Does the Board review the performance management philosophy?				
	▪ Ensures appropriate differentiation in performance, rewards and consequences in HR plan		▪ Applies differentiation in performance, but there is little or no link to consequences or rewards		▪ No differentiation of staff performance
	4c. Does the Board evaluate VC performance?				
	▪ Sets clear expectations for the VC, aligned with university priorities		▪ Expectations exist but are not clear or not aligned with university priorities		▪ No criteria or targets established to measure VC performance
	▪ Multiple inputs obtained in conducting review of performance, including that of the university management committee		▪ Primary input is from Board members		▪ Only input is from Ministry, with no input from Board members
	▪ Performance measured against explicit KPIs and KIPs and pre-agreed targets contained within VC contract				▪ KPIs and KIPs are not explicitly defined with VC
	4d. Does the Board endorse development plans of those in pivotal positions?				
	▪ Strong fact-based understanding of performance, competencies and potential of staff in pivotal positions at N-1 and N-2 levels		▪ Limited (more anecdotal than fact-based) understanding of staff holding pivotal positions		▪ Little, if any, participation from Board on plans for staff holding pivotal positions
	▪ Endorses the performance and development plans put forward by management		▪ Endorses management plans with little debate or discussion		

	5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
	4e. Does the Board understand the pool of future leaders? ■ Understands the existing leadership gap to execute against chosen strategy		■ Board gets regular updates from HR and is 'aware' of top talent at highest levels (i.e. N-1) but not below		■ Board has little understanding of the leadership gap to execute against strategy
	■ Board dedicates time to understanding strength and depth of leadership bench in university and by faculty/department				■ No time dedicated to understanding leadership bench
5. Board size and composition	**5a. Is Board size optimal?** ■ 11 Board members (including the VC and Chairperson)				■ Fewer than 11 (very stretched) or greater than 11 members (unwieldy)
	5b. Is Board composition balanced, and at least 50% independent? ■ All representatives as required by law: Chairperson, VC, two representatives of the government, one university senator, one community representative, and five external representatives		■ All representatives as required by law		■ Does not have one or more representatives required by law
	■ At least 50% of members are from outside the university and government, such as private industries aligned with university degree programmes				■ Less than 25% of the Board is independent
	■ Balanced representation such that no one group dominates decision making				■ Unbalanced representation, with one group dominating decision making
	■ At least one international member and >30% women				■ No international or women as voting members

	5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
	5c. Are Board member skills and experience in line with university needs? ■ Collectively, Board member backgrounds and experiences are relevant to the needs of the university and stage of the university's development.		■ Board members may have correct skills but not in correct proportions (e.g. many members have experience in academia but very few have budgeting skills)		■ Board members' backgrounds and experiences not balanced and/or relevant to current or future university needs
	■ Chairperson demonstrates requisite leadership skills in Board function, ensuring that all Board members contribute and drive discussions towards consensus and closure				■ Chairperson fails to demonstrate any leadership in overseeing Board members
	■ Each Board member serves on less than three total Boards or public bodies		■ >80% of Board members serve on less than three total Boards or public bodies		■ <80% of Board members serve on less than three total Boards or public bodies
6. Committee structures	**6a. Do committees cover the needs of the university?** ■ Only necessary committees are permanently established, including Student Affairs, Finance and investments, Talent, Disciplinary, Risk and audit, Income generation, Governance & Nominations		■ More than three additional committees beyond the ideal 'best practice'		■ Not all required committees established
	■ The committees adhere to clear charters as established by the Board and submit regular, periodic reports to the Board		■ Committees have clear charters but do not regularly submit reports to the Board		■ Committees either do not have or do not adhere to clear charters

	5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
	6b. Are committees correctly sized with proper composition? ▪ All members of committees have functional experience relevant to the subject area of the committee		▪ Not all committee members have functional experience relevant to the subject area of the committee		▪ Few committee members have functional experience relevant to the subject area of the committee
	▪ No Board member is on more than four committees		▪ Some Board members may be on more than four committees		▪ Most Board members are on more than four committees
	▪ No committee is large enough to represent a quorum of the Board				▪ One or more committees are large enough to represent a quorum of the Board
7. Board member nomination	**7a. Is selection criteria clear?** ▪ Selection criteria exist and are reviewed by the Board prior to beginning the nomination process		▪ Selection criteria exists, but is not reviewed prior to beginning the nomination process		▪ Selection criteria is formulated based on the pool of available candidates rather than on the university's needs
	▪ Criteria is tailored to meet current and future needs of university		▪ Selection criteria exists, but is not tailored to the specific university and its needs		▪ No selection criteria exists
	7b. Is the nomination process objective? ▪ Nomination Committee transparently identifies and objectively evaluates potential candidates against selection criteria		▪ Nomination committee and process are not transparent		▪ Nomination committee puts forward candidates pre-identified by an external party with vested interest and does not utilise selection criteria
	▪ Candidates are put forward for approval by the Board		▪ Board approves candidates but without their full knowledge		▪ Candidates are not approved by the Board

	5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
	7c. Are candidates sourced from likely and unlikely sources? ■ Nomination Committee proactively maintains a 'pipeline' of potential candidates sourced from both current channels as well as from 'unlikely sources' such as professionals within Malaysia, Malaysian expatriates abroad, experienced international higher education Board members, etc.		■ A pipeline of potential candidates is in place, but only draws on 'likely sources' such as academic and public servants		■ Nomination committee does not proactively identify potential Board candidates, instead relying only on proposals received through formal channels
8. Board evaluation process	**8a. Does clear performance evaluation criteria exist?** ■ Criteria exist for periodic evaluation of individual Board members and Board as a whole		■ Criteria exist for periodic evaluation of individual Board members and Board as a whole		■ No formal performance evaluation criteria exists for individual Board members or the Board as a whole
	■ Criteria reflect university's current and expected position and environment, are aligned with university and Ministry requirements, and are clearly communicated to all Board members		■ Criteria do not reflect university's current and expected position and environment, and are not aligned with university and Ministry requirements		■ Criteria exist but are not communicated to Board members
	■ Criteria linked to consequences		■ Criteria not linked to consequences		■ Criteria exist but not utilized
	8b. Does the Nomination Committee lead the evaluation process? ■ Nomination Committee reports back to Chairperson		■ An evaluation process exists, but is not anonymous		■ No formal evaluation conducted
	■ Evaluation reports include anonymous feedback (peer management) as well as recommendations				■ Nomination Committee does not report back to Chairperson

	5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
8c. Does the Chairperson lead the evaluation follow-up?	▪ Chairperson reviews results and discusses implications, including areas of development, with each Board member				▪ No follow-up on evaluation reports conducted
	▪ Chairperson reviews a personalised action plan for the coming year				▪ No action plan is created for individuals or the Board as a whole
	▪ Board develops a Board improvement programme after discussing and exploring its collective strengths and weaknesses				
	▪ Chairperson of the nomination committee discusses feedback for the Chairperson of the Board directly				▪ No feedback for Chairperson on his or her performance
8d. Does training address development areas?	▪ Training programmes are tailored to areas identified as requiring improvement		▪ Training programmes are put together but not targeted to key development areas		▪ Limited, if any, training programmes
	▪ >30% Board members proactively participate in training sessions		▪ Few Board members participate in sessions (i.e. less than 30%)		▪ No Board members participate in sessions

ENSURING EFFECTIVE BOARD: OPERATIONS AND INTERACTIONS

	5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
9. Meeting productivity	**9a. Do meetings follow a set schedule?** ▪ Board calendar with draft agendas set 12 months in advance and synchronised with management planning cycle and university calendar		▪ Board calendar with draft agendas set 12 months in advance and synchronised with most, though not all key events in management cycle		▪ Board calendar is not set in advance and/or no agendas set in advance
	▪ Board revisits calendar on a regular basis (e.g. quarterly) to ensure topics are still relevant and to identify areas for improvement				▪ No review and updates to proposed agendas
	9b. Does the Chairperson determine the right agenda in consultation with the VC? ▪ Chairperson determines broad agenda (may delegate details)				▪ The VC or other representation independently sets Board agenda with no input from Chairperson
	▪ Agenda addresses priority strategic issues, and not detailed operational issues				▪ Agenda often includes operational issues
	▪ Agenda allows enough time for rich discussion				▪ Agenda addresses appropriate issues but there is insufficient time for proper discussion
	▪ Agenda includes check-in on actions and initiatives the Board agreed to execute in prior meetings		▪ Limited tracking of previously agreed-upon initiatives		▪ No tracking of previously agreed-upon initiatives
	9c. Does the Board adhere to a clear charter? ▪ There is a well-defined charter which is adhered to and reviewed at least every 2 years to test applicability to university's current situation		▪ There is a well-defined charter which is adhered to		▪ There is a charter, but Board members are largely unaware of it or it has no bearing on how the Board manages its operations

	5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
	▪ Board charter reflects Board roles and priorities, which are aligned with the university's overall short- to medium-term priorities		▪ There is no formal mechanism for its review and tends only to be reviewed when there is an extraordinary event or crisis		▪ Board does not review or update the charter
	▪ Board charter also reflects mandate provided to the VC				
10. Meeting materials	**10a. Are Board papers clear and relevant?** ▪ Board papers are set out logically and contain synthesised information and pertinent critical analyses		▪ Board papers are set out clearly and do contain critical analyses but are often too long and without synthesis		▪ Board papers are poorly organised and contain either too much information or not enough
	▪ Board papers are preceded by a 1- to 2-page executive summary		▪ Executive summaries are not consistently used, or are too long i.e.>2 pages		▪ Papers do not have an executive summary
	▪ Board papers 'rated' by Board and constructive feedback provided				▪ No formal or regular mechanism to provide feedback on quality of Board information
	▪ For committee meeting materials, committee takes complete ownership to conduct due diligence on all materials provided to committee in advance of presenting any committee decisions to Board		▪ Committee, on occasion, takes steps to verify accuracy of content provided to committee		▪ Committee passively receives materials it is given with no verification of content

	5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
	10b. Are agendas and Board papers distributed well before meetings? • Meeting agendas distributed 14 calendar days in advance		• Meeting agendas are distributed 7-14 days in advance		• Agendas are distributed less than one week in advance
	• Board papers and pre-reading distributed at least 7 calendar days before Board meeting		• Pre-reading material is distributed at least 5 calendar days before Board meeting		• Pre-reading material is distributed less than 5 calendar days before meetings
	• Members have thoroughly reviewed materials prior to meetings		• Members have skimmed materials prior to meetings		• Members do not review materials prior to meetings
11. Interactions and communication	**11a. Are Boardroom dynamics positive?** • The Board members trust each other and function as a cohesive team		• Board can behave as a cohesive team, but this tends to rely on the personalities at any time rather than as a result of a dedicated team-building ethic		• Board functions as a group of individuals rather than as a cohesive team
	• Board dynamics encourage and promote participation from all Board members				• Discussion regularly dominated by 1 or 2 individuals; others tacitly discouraged from participating
	• Discussions are productive and effective; topics are raised, discussed, then closed or 'resolved'		• While discussions are constructive, topics are not always clearly 'resolved' with outcomes, and where relevant, next steps		• Not all priority issues are surfaced
	• Clarity and alignment on decisions and action required				• Decisions and action required not clearly defined and aligned on
	• Regular and constructive feedback shared among Board members to improve individual and overall participation				• Board members not open to giving or receiving feedback

5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
11b. Does the Board constructively challenge and champion the university management committee?				
▪ Discussions are open and constructive even when challenging management's views or results		▪ Discussions with management are generally open and constructive but not at all times, especially when addressing politically sensitive issues		▪ Board is consistently overly critical of management while never recognising forward progress
▪ Focus of discussion is on root causes of issues; Board actively problem solves to find solutions				▪ Discussions focus more on shortcomings than on options or potential solutions
▪ Supports management in the implementation of the strategy; once next steps are decided Chairperson (and/or Board members) provides regular coaching and feedback sessions with management		▪ Board is not consistently proactive in its support of management and does not look for opportunities to provide coaching and feedback outside of formal processes		▪ Board provides no coaching of management
11c. Is there clear separation of the Chairperson and the VC roles?				
▪ Separated roles are adhered to and aligned with Ministry policies		▪ Separated roles are adhered to and aligned with Ministry policies		▪ No clear separation of roles between Chairperson and VC
▪ These roles and responsibilities are reviewed regularly (e.g. every two to three years) or when there are significant changes in university strategy, operations, performance or management				▪ Separation of roles agreed in principle but not adhered to
11d. Are Board decisions communicated promptly to the university management committee?				
▪ All Board decisions captured in the minutes, including rationale for each decision, next steps, clear timeline, and the individuals		▪ Board decisions captured in minutes but details do not always include rationale		▪ Board decisions are not always collected in minutes, and when included in the minutes lack clarity and precision

Version 1.0	5 – Best Practice	4	3 – Meets Requirements	2	1 – Significant Gaps
	▪ Verbal communication of key Board decisions to management within one working day, followed by Minutes extract disseminated within three working days of Board meeting		▪ Decisions tend to be disseminated more through discussion than through rigorous documentation		▪ Minutes, if produced, take longer than three working days to reach management

Example Summary of BEA Results

This is an illustrative example of the results from a BEA. It is intended to highlight common challenges faced by university Boards, and does not refer to any particular university.

		Best Practice 5	4	Meets requirements 3	Significant gaps 2	1	Observations
Fulfilling fundamental roles	Development of university strategy				●		▪ Not all Board members see strategy setting as the role of the Board
	Performance management culture			●			▪ No clear alignment on strategic objectives or performance management processes
	Risk management and financial discipline			●			▪ Risk management and financial discipline have shown clear improvement, with a few gaps
	Talent development					●	▪ Board does not oversee talent development of pivotal staff
Structuring a high performing Board	Board size and composition				●		▪ Board lacks diversity in representation and expertise
	Committee structures		●				▪ Committees are appropriate in scope & size, though may benefit from greater expertise
	Board member nomination				●		▪ Board member nomination process is not fully transparent
	Board evaluation mechanisms					●	▪ No evaluation process for the Board as a whole or for individual members
Ensuring effective Board operations and interactions	Meeting productivity				●		▪ Meetings are regular but may not focus on most important topics, e.g. performance or strategy
	Meeting materials			●			▪ Board papers are concise but have room to improve, e.g. relevant data for decision making
	Interactions and communication		●				▪ Strong Boardroom dynamics and interactions, both internally and with the university management committee

Example BEA results: Fulfilling fundamental Board roles

This is an illustrative example of the results from a BEA. It is intended to highlight common challenges faced by university Boards, and does not refer to any particular university.

	Best Practice	Meets requirements	Significant gaps	Observations
	5 4	3	2 1	

		Observations
Development of university strategy	● (at 2)	**Board does not see strategy setting as its role** ▪ Board members defer to Ministry on issues Board should own, such as on strategic topics and university aspirations ▪ No offsite debate or dedicated sessions on strategy ▪ Board is aware of Ministry guidelines but does not have full clarity on them, or implications on strategy
Performance management culture	● (between 2 and 3)	**No clear strategic objectives or performance management** ▪ KPIs and KIPs are presented by the university management committee and regularly reported to Board ▪ KPIs and KIPs are noted, not debated or discussed by Board ▪ No clear "top" or "headline" KPIs and KIPs ▪ Little time spent discussing performance management issues
Risk management and financial discipline	● (at 3)	**Risk management and financial discipline have shown improvement, with a few gaps** ▪ New risk committee established ▪ Major risks are reported, but not reflected in a standardized format ▪ Varying timing for risk analyses – more reactive than proactive ▪ No monitoring of productivity and financial efficiency
Talent development	● (between 1 and 2)	**Board does not oversee talent development** ▪ Board currently plays no role in evaluation of Vice-Chancellor ▪ Some changes to performance management have been considered but not fully enacted ▪ Development of the university management committee leaders is not seen as a Board role

Example BEA results: structuring a high-performing Board

This is an illustrative example of the results from a BEA. It is intended to highlight common challenges faced by university Boards, and does not refer to any particular university.
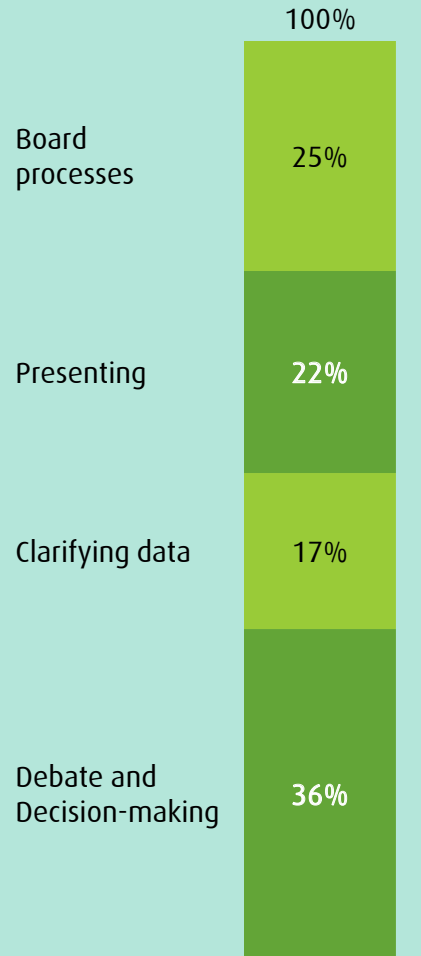
	Best Practice 5	4	Meets requirements 3	Significant 2	gaps 1	Observations
Board size and composition				●		**Board size is large and not sufficiently diverse** ▪ Large board size with 14 members ▪ Board members are predominantly government officers and from the academic community, with a lack of industry representatives ▪ Two female members only ▪ Technical skill gaps exist particularly in finance and audit
Committee structure		●				**Committees are appropriate in scope and size, though may benefit from greater expertise** ▪ Appropriate committees with clear charters and appropriate number of members ▪ Some committees may benefit from greater subject matter expertise (e.g. audit committee has no accountants) ▪ Committee participation is unbalanced – some members on too many, while others on too few
Board member nomination				●		**Board member nomination is not transparent** ▪ Lack of clear selection mechanism or criteria ▪ Process can be political with limited input from the Board ▪ Despite lack of transparency, selection process has recently produced high-quality nominations
Board evaluation mechanisms					●	**No evaluation process for the Board as a whole or for individual members** ▪ Interest from members to create evaluation process ▪ Training should be made available for basic skills (i.e. members from private industry receive training on academia; academics receive basic financial training, etc.)

Example BEA results: Ensuring effective Board operations and interactions

This is an illustrative example of the results from a BEA. It is intended to highlight common challenges faced by university Boards, and does not refer to any particular university.
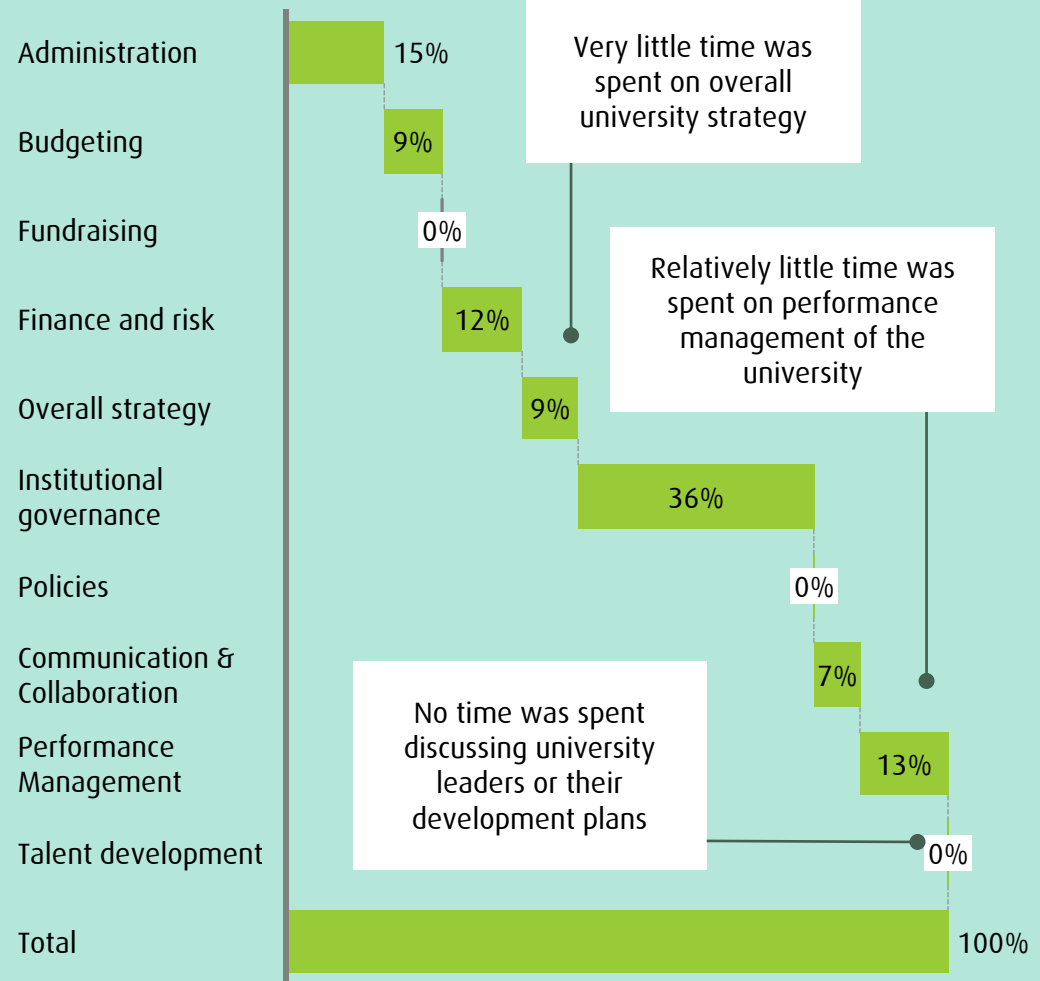
	Best Practice	Meets requirements		Significant gaps	Observations
	5	4	3	2	1	

	5	4	3	2	1	Observations
Meeting productivity				●		**Meetings are regular but may not focus on correct topics** ▪ Regular meeting schedule of appropriate frequency ▪ Meetings adhere to agenda, but emphasis is often on operational topics and administrative decision-making ▪ Repeating agenda is not synchronized with university needs ▪ Agenda does not prioritise strategy; no assigned length of time per agenda item based on priority ▪ Board members not aware of Board charter
Meeting materials				●		**Board papers are concise but still have room to improve** ▪ Board papers adhere to standard templates, are concise and brief ▪ Materials always received at least one week in advance ▪ Data not always sufficiently clear or rigorous for Board members to make decisions; time spent on clarifications could be better spent on debating decisions and strategy ▪ Board members do not challenge data ▪ Feedback is communicated to relevant party, but not through formal or standardised mechanisms
Interactions and communication		●				**Strong Boardroom dynamics and interactions, both internally and with the university management committee** ▪ Chairperson leads interactive discussions and asks constructive questions; Board members are respectful of one another ▪ Not all Board members able to participate actively in discussions; Members with subject matter expertise should be encouraged to contribute more on relevant topics ▪ Clear outcomes for agenda items ▪ Minutes are immediately circulated following meetings

Example BEA results – time spent during Board meetings

This is an illustrative example of the results from a BEA. It is intended to highlight common challenges faced by university Boards, and does not refer to any particular university.

Type of discussion
% of total meeting time

100%

Board processes	25%
Presenting	22%
Clarifying data	17%
Debate and Decision-making	36%

Meeting time spent on key topics
% of total meeting time

Administration	15%
Budgeting	9%
Fundraising	0%
Finance and risk	12%
Overall strategy	9%
Institutional governance	36%
Policies	0%
Communication & Collaboration	7%
Performance Management	13%
Talent development	0%
Total	100%

Very little time was spent on overall university strategy

Relatively little time was spent on performance management of the university

No time was spent discussing university leaders or their development plans

Example BEA results – Root causes of observations

Observations

- Not all Board members see strategy setting as the role of the Board
- No clear alignment on strategic objectives or performance management processes
- Risk management and financial discipline are improving though not yet standardised
- Board does not oversee talent development
- Board size is large and lacks diversity in representation and expertise
- Committees are appropriate in scope and size, though may benefit from greater expertise
- Board member nomination is not transparent
- No evaluation process for the Board as a whole or for individual members
- Meetings are regular but may not focus on correct topics
- Board papers are concise but have room to improve, e.g. relevant data for decision making
- Strong Boardroom dynamics and interactions, both internally and with the university management committee

Root causes inhibiting greater effectiveness

Misalignment between Board and the university management committee

The university management committee does not have clear understanding of Board expectations and does not engage in Board problem-solving, while the Board does not actively develop senior leadership

Role of the Board is unclear

The Board does not own its fundamental roles, such as overseeing and evaluating the Vice-Chancellor, steering strategy, overseeing talent development, or driving a culture of performance management

No culture of ongoing self-evaluation & improvement

No formal feedback mechanisms exist for Board materials, individual Board members, or the Board as a whole, and Board members do not participate in any skills enhancement activities nor onboarding for new members

Example BEA improvement plan – Summary

This is an illustrative example of the results from a BEA. It is intended to highlight common challenges faced by university Boards, and does not refer to any particular university.

Month 1-6
1 Establish foundational structures for success

Year 1
2 Foster talent and new mindsets

Year 2
3 Continually evaluate and improve

Description

- Further improve Board processes by aligning and setting clear expectations

- Leverage new structures to raise efficiency and effectiveness

- Make evaluation and feedback the norm to drive sustained improvement

Initiatives

1a Disseminate and review Board charter, and update if necessary

1b Set 12 month Board agenda

1c Standardise reporting templates to Board

1d Clearly define VC and Chairperson roles and relationship

1e Launch and review succession planning approach for pivotal positions

2a Draft long-term strategic plan for university

2b Establish Board member nomination criteria and ensure that new member skills align with current gaps (such as finance and audit)

2c Design and implement new member onboarding process

2d Refocus Board meeting time on strategy and performance management (reset Board agenda)

3a Update top three to five strategic objectives for university on an annual basis

3b Leverage BEA to drive continual Board improvement

① Example BEA improvement plan: Establishing foundational structures for success

Disseminate and review Board charter, and update if necessary	▪ Board members should be aware of their specific rights and roles as defined in the Board charter ▪ A committee may be established to review the charter and recommend to the Board any recommended changes (if any)
Set 12 month Board agenda	▪ Plan a strategy offsite to debate and set strategy for the year ▪ Ensure that agenda items are clearly linked to academic calendar ▪ As meetings approach, assign agenda time to each item relative to its importance (i.e. more important items receive more time for discussion and debate)
Standardise reporting templates	▪ Create standardised templates for Board papers including financial implications, detailed risk analysis, a summary, and requested Board action (noting, approving, etc.) ▪ Create standardised template for Board paper feedback
Restructure Vice-Chancellor and Board relationship	▪ Restructure relationship such that Vice-Chancellor is accountable to Board with clear delineation of roles of Vice-Chancellor and Chairperson
Launch succession planning programmes	▪ Engage in the talent management of the university by creating succession planning systems for all key leadership positions

② Example BEA improvement plan: Fostering talent and new mindsets

This is an illustrative example of the results from a BEA. It is intended to highlight common challenges faced by university Boards, and does not refer to any particular university.

Draft long-term strategic plan for the university

- Establish the Board as the leader of university strategy by leading the creation of a long-term strategy document
- Set goals that are specific, measurable, actionable, relevant and time-bound

Establish Board member nomination criteria and ensure that new member skills align with current gaps (such as lack of accounting skills)

- Draft clear nominating process for new Board members which concludes with the Chairperson making recommendations to the Ministry
- Establish skills gap mapping process of existing Board members and align new member search with needs of current Board
- Set diversity goals, such as more women or international members

Design and implement new member onboarding process

- Create "bootcamp" for new Board members to educate them on the Board's roles and current university issues, and also to introduce them to members of the university management committee
- Require new Board members to attend training by AKEPT to understand general roles and responsibilities of Board members
- Offer trainings in areas that the Board may be lacking sufficient skill

Refocus Board meeting time on strategy and performance management

- Frame debates in context of annual strategic initiatives
- Engage on KPI reporting – drive to determine root causes of both failures and successes
- Leverage Board paper feedback forms to drive improvement and lessen time spent on data clarification

3 Example BEA results:
Continuously evaluating and improving

This is an illustrative example of the results from a BEA. It is intended to highlight common challenges faced by university Boards, and does not refer to any particular university.

Update top three to five strategic objectives for the university on an annual basis

- Set clear strategic objectives every year and focus agendas, budgets, and time on those objectives
- Continuously evaluate strategy and update as required by changing context of the university

Leverage BEA to drive continual Board improvement

- Perform a BEA self-assessment on annual basis to identify and update improvement plan as required
- Celebrate improvements, determine the key success factors and replicate in other initiatives

12 MONTH BOARD CALENDAR: EXAMPLE

The Chairperson should set the calendar 12 months in advance, but maintain the flexibility for Board members to make any necessary amendments

	Agenda item	March	June	Sept	Dec
Full Board	Full Board	✖	✖	✖	✖
	Review actual vs. budgeted financial results	✖	✖	✖	✖
	Review performance contract KPIs and KIPs	✖		✖	
	Approve unbudgeted capital expenditures over RM X million	✖	✖	✖	✖
	Review talent development issues	✖		✖	✖
	Review/approve strategic plan		✖	✖	
	Approve annual budget	✖	✖	✖	✖
	Approve committee reports				✖
	Litigation review		✖		
Audit committee*	Review audit plan		✖		
	Consider tax planning opportunities		✖		
	Assess insurance coverage			✖	
	Approve internal audit schedule				✖
	Appoint external auditors			✖	
	Meet alone with external auditors				✖
	Review management letter	✖			
Nomination committee*	Coordinate Board self-assessment			✖	
	Present results of Board self-assessment				✖
	Propose slate of Board and committee appointees				✖

* Each subcommittee should develop its own 12-month agenda

BOARD PAPER EXECUTIVE SUMMARY: EXAMPLE TEMPLATE

A synthesised executive summary presented with every Board paper provides a good holistic view of key issues

Board Paper Agenda Item Topic: Action required:		Submitted by: Reviewed by:

Objective	Risks/ challenges	Financial Implications

Context/ analysis	Implementation plan	

Other options considered and recommended decision

Options	Details

BOARD PAPER FEEDBACK FORM: EXAMPLE TEMPLATE

Using a feedback form after every submission of a Board paper provides a transparent and helpful mechanism to recommend follow-up and improvement actions for the university management committee

Topic:			Board Paper submitted by: Reviewed by:

	Rating*	Supporting Remarks	Recommendations
Board Paper			
▪ Conciseness			
▪ Clarity			
▪ Structured			
▪ Analytically robust			

	Rating*	Supporting Remarks	Recommendations
Presentation/ Discussion			
▪ Use of time			
▪ Quality of articulation			
▪ Focused on core issues			

* Scale of 1 to 5, where 5 is excellent

PERFORMANCE MANAGEMENT REPORT: EXAMPLE TEMPLATE

A structured report provides a clear overview of root causes of the underperformance of each KPI and KIP, and clarifies accountabilities and timeline to rectify the situation

KPI	Month status	YTD status	Root causes	Actions to rectify	Responsibility	Timeline
	R Y G	R Y G				
	R Y G	R Y G				
	R Y G	R Y G				
	R Y G	R Y G				
	R Y G	R Y G				
	R Y G	R Y G				

BOARD MEMBER EVALUATION FORM: EXAMPLE TEMPLATE

An annual assessment of each Board member provides the opportunity to identify areas of improvement

Board member Self/Peer Evaluation

Rate on scale...	Chairperson	Member B	Member C	Member D	Member E	Member F	Member G	Member H	Member I	Member J
Contribution to interaction										
1. Shares information or insights	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
2. Participates actively in Board activities, works constructively with peers	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
3. Takes strong constructive stands at Board or committee meetings where necessary	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
4. Encourages feedback from Board	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
5. Encourages meetings to focus on the agenda	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
6. Confronts conflicts and participates in finding a resolution	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Quality of input										
7. Provides unique insight to issues presented – has valuable skills	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
8. Motivates others to get things done, is decisive and action-oriented	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
9. Provides realism and practical advice to Board deliberations	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
10. Applies analytical and conceptual skills to the decision-making process	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
11. Communicates persuasively in a clear and non-confrontational manner	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

5 = Strongly Agree   4 = Agree   3 = Neutral   2 = Disagree   1 = Strongly Disagree

BOARD MEMBER EVALUATION FORM: EXAMPLE TEMPLATE

An annual assessment of the Board members provides the opportunity to identify areas of improvement

	Chairperson	Member B	Member C	Member D	Member E	Member F	Member G	Member H	Member I	Member J

Understanding of role

12. Attends meeting well prepared ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

13. Takes initiative to request for more information where relevant ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

14. Ensures that individual contribution is relevant and up-to-date with developments ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

15. Focuses on accomplishing the objectives ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

16. Assesses and links short-term issues to the long-term strategy ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Chairperson's role

17. Chairperson is able to lead the Board effectively – encouraging contribution from all members ☐

18. Chairperson and VC have a good working relationship ☐

19. Chairperson understands their respective roles ☐

Please state the names of the member numbered above

A. Chairperson_____

B. _____

C. _____

D. _____

E. _____

F. _____

G. _____

H. _____

I. _____

J. _____

5 = Strongly Agree   4 = Agree   3 = Neutral   2 = Disagree   1 = Strongly Disagree

Sample Risk and Audit Committee Charter

Description

Composition

- At least 3 members
- At least 1 of the members must be a Malaysian Institute of Accountants (MIA) member or have 3 years working experience:

  – Passed the examinations specified in Part 1 of the 1st schedule of the Accountants Acts 1967
  – Member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967

Responsibilities

- Oversee internal control structure to ensure operational effectiveness and to protect university's assets from misappropriation
- Review quarterly and year-end financial statements prior to approval by the Board, focusing on:
  – Changes in accounting policies and practices, and its implementation
  – Significant adjustments arising from audit
  – Review the going concern assumption
- Review internal audit function to be adequately resourced and able to undertake its activities independently and objectively
- Ensure the likelihood and consequences of risks are controlled within pre-determined limits
- Provides detailed risk analysis and mitigation plan for all major decisions

- Review external audit function and report to the main Board by making recommendation on:
  – Appointment to external auditors – Considering fees, independence and objectivity
  – Audit plan – Nature and scope of audit, an co-ordination if more than one audit firm
  – Audit report and any letter of resignation from external auditors. Review any related party transactions and conflict of interest situations
- Review and follow-up on any issues raised by internal/external auditors

Authority

- Explicit authority to investigate matters within its term of reference
- Full and free access to university information, records, properties and personnel; and have sufficient resources to perform duties
- Flexibility to obtain independent professional advice

- Direct communication channels with external auditors and person(s) carrying out audit function and able to convene meetings with external auditors, at least once a year
- Immediate access to reports on fraud/irregularities from internal audit
- Attendance of other members at the committee's discretion and invitation only

Sample Nomination Committee Charter

Description

	Description
Composition	▪ At least 2 members, majority of which are independent
Responsibilities	▪ Review annually Board's mix of skills and experiences to ensure alignment with university's requirements ▪ Coordinate evaluation process of Board members and collective Board ▪ Proactively maintain a pipeline of potential appointees to the Board and/or committees
Authority	▪ Access to full university records, properties, and personnel ▪ Obtain independent professional advice and expertise necessary to perform duties ▪ Access to advice and services of the registrar

ACKNOWLEDGEMENTS

The Ministry would like to express its sincere appreciation and gratitude to all who have contributed to the UniTP Green Book.