



# Management Support Unit (MSU)



## Information Sheet 12:

### Monitoring the Board's performance – adopting standards

Monitoring the board's performance is a worthwhile exercise. Just as staff are monitored and regularly evaluated, management should also undertake a regular evaluation of its performance. In order to do this, the board should set standards that form a measure for its roles and functions. For many organisations this may represent a rather daunting exercise but the value of setting standards is enormous. Standard setting and evaluation helps the board decide where its energies may be best used to ensure continuous quality improvement. It also helps to identify any training needs of board members and also any gaps in expertise in the board's personnel.

#### Definition of a Standard

Standards may be recognised as a description of an agreed level of performance. They may at times be called 'objectives' or 'performance criteria' or 'principles'.

Standards may be defined as *"explicit statements developed by people in a field of work regarding the combination of knowledge, skills, attitudes and personal qualities which are needed within specific work contexts"*<sup>1</sup>

Standards need to be:

- easy to understand
- measurable
- realistic and
- resourced

#### Why have standards?

Standards are a tool used to compare activities that are common in organisations working in comparable industries. For example, many industries have minimum standards set by a regulatory body.

The creation of internal standards helps to measure the performance of an organisation's board with its undertakings. They establish norms for management procedures.

Many organisations would be familiar with having their services *accredited* or *validated*. This is to ensure that the services/projects/organisations provide quality assurance programs which are measurable against set standards set by the funding or regulatory body.

The same reasoning applies to an organisation's board. These standards are often established following consultation processes with relevant stakeholders.

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<sup>1</sup> NCOSS - The Body Corporate Report 2000 p. 13

Industry standards have a number of purposes that are also relevant to the board's performance. The standards:

- give clear and consistent guidance on agreed levels of practice
- suggest ways that the board can demonstrate continuous improvement
- help organisations and boards acknowledge the tasks they are doing well
- help boards to identify aspects of their functions that may need further improvement
- identify aspects that may be incorporated into organisation planning
- identify aspects that may be incorporated at broader level planning
- act as a basis for organisational and individual development
- are a basis for demonstrating accountability to an organisation's stakeholders
- allow for innovative approach and flexibility to form a measure appropriate to the resources of the board
- may be required to be met by funding bodies

### **Setting board standards (external)**

There are two areas in which the board has certain standards to meet which are external:

1. Those set by funding (external) bodies in funding contracts to which compliance is required.
2. Those set by regulators. In order to be a legally constituted body certain reporting functions are required. The legal complexity of the organisation state the reporting requirements that have to be undertaken

### **Setting individual board standard (internal):**

There are two key processes:

- transparency and
- consensus

These processes provide standards with authority and acceptance both within and beyond the organisation.

*Transparency* means that information and notification regarding the organisation and the board is available to all interested parties. The concepts of openness, participation on a non discriminatory basis and impartiality are essential to ensure transparency.

*Consensus* (usually general agreement) arrived at by a process that takes into account the views of all parties concerned while reconciling any conflicting arguments.

### **Processes that the board may undertake to compile and set standards**

When setting board standards the organisation needs to seek the views of all the relevant stakeholders.

To undertake this process you could form a working party of interested people selected from board members, staff, consumers and outside stakeholders. The working party should be small enough to allow for effective decision making and diverse enough to ensure that a broad range of views are represented. Some areas needing attention may already be highlighted from outside reviews – such as an accreditation process or

regulator requirements. Internal suggestions and concerns may have already been raised by the organisation's stakeholders.

### **Methodologies for consulting**

There are a few options in the consulting process. You may choose to do more or all of the following:

- Set up meetings with groups, individuals to gain feedback about the organisation.
- Distribute random surveys to various parts and people involved with the organisation.
- Form focus groups with an independent facilitator.
- Consider issues that may have rise from compliance with regulatory, funding contracts, historical evidence and annual planning.
- Make sure your methodology for consultation is based on access and equity principles.

### **Writing a standard**

A standard is an outcome of your consultation and research and consists of:

- i. A summary statement of the standard
- ii. A description of attributes
- iii. Monitoring tools and measures
- iv. Goals: items to achieve and aim for
- v. Information about what is required to achieve standard

### **Suggested areas of standard formulation**

The setting of board standards is an outcome of consultation and agreement by all working party members and the full board. They should be written considering the resources and skills of the board and within the capacity to meet and undertake a standard. As earlier stated, some will be externally imposed; others emerge from the consultation, research undertakings and a clear understanding of the organisations mission statement, roles and functions of the board.

Topics may include:

- accountability
- organisational development
- human resource management
- planning and evaluation
- policy development and systems
- leadership and promotion
- efficiency and effectiveness
- access and equity to the organisation and its' services
- board performance (governance)
- financial management systems
- information management

Sources: *The National HACCC Standards 1998*  
Benchmarking Community Services: "nailing Jello to a tree" - Linda McGuire from the *Journal of Contemporary Issues in Business & Government* Ed. Kerry Brown & Neal Ryan Curtin University Vol. 9 No 1 May 2003

### Relevant resources available from the Management Support Unit (MSU)

- **MSU Information Sheet No 1** Simple Measures to assist non-government organisations in maintaining good governance (Free)
- **MSU Information Sheet No 2** A Code of Conduct for Boards of Management of Incorporated Non-Government Organisations (Free)
- **MSU Information Sheet No 3** Roles and Responsibilities of office bearers and general members of Boards of Management of Incorporated Associations (Free)
- **MSU Information Sheet No 5** Attracting New Board Members (Free)
- **MSU Information Sheet No 6** Ensuring a productive relationship between Board Members and the Executive Officer (Free)
- **MSU Information Sheet No 7** Qualities of Good Leadership (Free)
- **MSU Information Sheet No 11** The legalities of managing an incorporated community organisation (Free)
- NCOSS *The Body Corporate Report – a training needs analysis of NSW Health Funded NGOs in relation to Management and Governance – August 2000* (Loan)
- Bradfield Nyland Group, *Good Governance Practice for Voluntary Committees of Management. Resources and Materials* A project of the State Government of Victoria February 2002 (Loan)
- Department of Family & Community Services, *Corporate Governance – Handbook for the Board* 2001 (Loan)
- Fishel, D. *The Book of the Board – effective governance for non-profit organisations*. Federation Press 2003 (Loan)
- NSW Health *Corporate Governance and Accountability in Health – better practice reference guide* 2002 (Loan)
- Community Child Care Co-operative *Better Meetings* 2000 (Loan)
- Community Child Care Co-operative *Effective Committee* 1999 (Loan)
- *The Journal of Contemporary Issues in Business & Government* Kerry Brown & Neal Ryan (eds) Curtin University of Technology Vol 9 Number 1 May 2003 (Loan)
- Kennedy G. *The Management Committee: overview* 1995 Ettinger House (Loan)

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