

Running Your SSO- Governance

Board Evaluation Framework

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Contents

1.	Introduction.....	2
1.1.	What is a Board evaluation program?.....	2
1.2.	What are the benefits of a Board evaluation program?	3
1.3.	How to use this Framework	6
1.4.	Disclaimer.....	7
2.	Glossary of Terms.....	8
3.	Board Election and Appointment.....	10
3.1	Board Evaluation and Skills Audit.....	10
3.2	Election kit	11
3.3	Nomination Committee	11
3.4	Diversity.....	12
3.5	Succession Planning and Recruitment.....	13
4.	Board Performance Evaluation and Development.....	14
4.1.	Governance Health Check.....	14
4.2.	Board Performance and Evaluation Policy	14
4.3.	Performance Evaluation and Skills Audit.....	15
4.4.	Skills Gap Analysis.....	15
5.	Board Evaluation Frameworks.....	16
5.1.	Board evaluation frameworks.....	17
5.2.	Common framework themes	19
5.3.	Evaluation process issues.....	23
5.4.	Board Evaluation Self-Assessment Tool (BESAT)	25
6.	AICD and Sport Australia Processes.....	26

1. Introduction

Whether your organisation is a large multinational, a not-for-profit State Sporting Organisation, or a club, it is good governance for a Board to regularly assess its performance. The recent impacts of COVID-19, changing demographics, as well as the impact of adverse weather events such as floods, bushfires and drought has increasingly placed pressure on the operations and delivery of services of New South Wales State Sporting Organisations and their affiliated associations and clubs.

The challenge for Boards of State Sporting Organisations today is to add value to the organisations they govern.

The Framework is designed as a practical resource to help State Sporting Organisations improve their Board health by developing their own Board evaluation program and enhance their organisational sustainability and resilience in the face of continued challenges to the sport sector.

The Framework has considered and reviewed from across the not-for-profit sector including sport: various Board evaluation frameworks and survey tools, examining their strengths and weakness, limitations, and resources believed suitable for application for all State Sporting Organisations in New South Wales regardless of organisational maturity and context.

The Office of Sport has developed this Framework, the Board Evaluation Context Tool, and the Board Evaluation Self-Assessment Tool (BESAT) to assist State Sporting Organisations in reviewing Board performance.

- The **Board Evaluation Context Tool** is designed to assist Boards to determine its level of governance maturity as a useful step prior before completing the BESAT.
- BESAT is online survey tool comprised of a range of questions for State Sporting Organisations to consider and are grouped under different headings and themes.

Both Tools are available on the Office of Sport website under the '[Running your State Sporting Organisation](#)' portal.

1.1. What is a Board evaluation program?

Performance evaluation is a means by which Boards can ensure they have the knowledge, skills, and ability to meet this challenge.

Board performance evaluations may focus on different areas of governance, such as:

- the Board as a whole
- individual Board members
- the chair of the Board
- committees
- committee members
- committee chairs.

Board evaluations may be conducted internally, or by way of external facilitation by engaging the professional services of a governance practitioner.

Board evaluations can assist Boards in understanding their effectiveness as a combination of their competencies, structure, and behaviours within their environment of the legal framework, their governing rules, purpose, and strategy.

This is recognised in numerous best practice guides and standards. For example, Sport Australia's Sports Governance Standards Principle 9: *The Board must have an appropriate system of internal controls to enable it to monitor performance, track progress against strategy and address issues of concern.*¹

The Boards of State Sporting Organisations must have an appropriate system of internal controls to enable it to monitor performance, track progress against strategy and address issues of concern and which foster continuous improvement. These controls should include a process to review the contribution of individual directors, Board processes, and interpersonal and group dynamics is important to ensure continuous improvement of the Board. The process can and should involve members and stakeholders of the organisation.

1.2. What are the benefits of a Board evaluation program?

There are many benefits for State Sporting Organisations to undertake Board evaluations. These include:

- that State Sporting Organisations will be more likely to achieve its strategic goals and be positioned to adjust to external and internal factors and influences when required.
- greatly enhanced trust between stakeholders (i.e., affiliates either district or regional associations and community clubs) through transparent review of Board and director performance.
- better performing Board, Chief Executive Officer, paid staff, and volunteer management due to professional development opportunities identified through performance evaluation.
- early identification of issues which are likely to cause financial, strategic, or reputational risk (e.g., financial risk caused by pandemic).

Other benefits to State Sporting Organisation and their members are outlined in the table on the next page.

¹ <https://www.sportaus.gov.au/governance/principles/principle-9>

Benefits	To organisation	To Board	To individual directors
Leadership	Sets the performance tone and culture of the organisation	An effective chairperson utilising a Board evaluation and demonstrates leadership to the rest of the Board	Demonstrates commitment at individual level.
	Role model for CEO and senior management team	Demonstrates long-term focus of the Board. Leadership behaviours agreed and encouraged.	
Role clarity	Enables clear distinction between the roles of the CEO, management, and the Board	Clarifies director and committee roles.	Clarifies duties of individual directors
	Enables appropriate delegation principles	Sets a Board norm for roles.	Clarifies expectations
Teamwork	Builds Board/CEO/management relationships	Builds trust between Board members	Encourages individual director involvement
		Encourages active participation	Develops commitment and sense of ownership
		Develops commitment and sense of ownership	Clarifies expectations
Accountability	Improved stakeholder relationships	Focuses Board attention on duties to stakeholders	Ensures directors understand their legal duties
	Improved corporate governance standards	Ensures Board is appropriately monitoring	Duties and responsibilities set performance
	Clarifies delegations	To organisation	Raises expectations for individual Board members

Benefits	To organisation	To Board	To individual directors
Decision - making	Clarifying strategic focus and corporate goals	Clarifying strategic focus.	Identifies areas where director skills need improvement and
	Improves organisational decision-making	Aids in the identification of skills gaps on the Board	director skills need development
Communication	Improves stakeholder relationships	Improves Board-management	Builds personal relationships between individual directors
	Improves Board-management	Improves Board-management	
	Improved Board-CEO relationship	Builds trust between Board members	
Board operations	Ensures an appropriate top-level policy framework exists to guide the organisation	More efficient meetings and better time management	Saves directors' time and increases effectiveness of individual contributors

1.3. How to use this Framework

- The Framework aligns with the requirements of the *Associations Incorporation Act 2009 (NSW)* (Act)² and Sport Australia's 2020 Sports Governance Principles (**2020 Principles**)³.
- In using the Framework, State Sporting Organisations are also encouraged to visit, and apply within their specific context, the 2020 Principles. The 2020 Sport Australia Principles can be found on the Sport Australia website at <https://www.sportaus.gov.au/governance>.
- The 2020 Principles are based on a common-sense approach and update previous Sports Governance Principles. The key matter for State Sporting Organisations to consider and apply is the application of these principles and this Framework in the specific operational and governance context of your State Sporting Organisation.
- This Framework focuses on the key area of Board evaluation and aims to assist New South Wales State Sporting Organisations to improve governance practices.
- The Framework aims to relate State Sporting Organisations to a key part of good governance as identified by Sport Australia. Given the governance, administrative and operational models for State Sporting Organisations, a range of different organisations will adopt or apply different Frameworks and tools to those included in the Framework. The timing of what is adopted is not necessarily important. There is no start or finish point, and it is not necessary to follow any sequence.
- The Framework may be used to assist State Sporting Organisation Boards develop and implement a Board evaluation system relevant to their organisation.
- While this Framework has been tailored specifically for sport the resources and templates are general in nature. The Framework draws on information, resources, and templates from a broad range of sources. All Boards operate differently and vary in size and structure, as such the Office of Sport strongly encourages sport Boards to apply the Framework in their own context and to reflect their own needs.
- Membership structure, legal structure, regulatory environment, culture, members' expectations, National Sporting Organisation requirements, government requirements are all organisational context factors to consider in determining what evaluation tool or process is best for your Board.
- The Office of Sport expectation is that large category five and six State Sporting Organisations who receive the largest grants should seek to adopt and/or apply (again in context) a Board evaluation process.
- The adoption and application of a Board evaluation process by smaller category 1 to 4 State Sporting Organisations will vary according to each organisation's context. The Office of Sport will continue to work with all State Sporting Organisations to help them identify areas of greatest need and where Frameworks can best be applied.

² <https://www.legislation.nsw.gov.au/acts/2009-7.pdf>

³ <https://www.sportaus.gov.au/governance/principles>

- It is hoped this Framework is easy to use. As your State Sporting Organisation works through it think not just of your State Sporting Organisation's Board's current situation, but where it is envisaged, the Board should be in five or ten years. The aim of the Framework is for State Sporting Organisations to be governed for the present and the future and not the past.
- As with any legal document, this does not replace obtaining legal advice on your specific requirements and it is recommended you do so.

1.4. Disclaimer

The information provided in this framework is for your information only. The authors and the Office of Sport accept no responsibility for the accuracy of the information or your reliance upon it.

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Acknowledgement

The Office of Sport gratefully acknowledges the work done in board evaluation by other organisations which are referenced throughout the Framework.

2. Glossary of Terms

Disclaimer

The Office of Sport and the authors do not warrant that these definitions are correct. If you are a Board director, please seek relevant professional legal advice as necessary.

Board – the governing body of a non-government organisation, comprising directors.

Note: Some organisations refer to their Board as their management committee and to the directors as members of that committee. In this Framework, the term ‘Board’ is used to include ‘management committee’.

CEO - means the Chief Executive Officer of the organisation who may also be called executive officer or general manager. Some sports may not employ a CEO.

chair – means the chair of the organisation who may also be called president. This person chairs Board and general meetings of the organisation.

constitution – the name given to an organisation’s rules.

director – a person who has been formally elected and/or appointed, to a Board, in accordance with the organisation’s constitution. Note: Some organisations refer to the members of their governing body as management-committee members. In this Framework, the term ‘director’ is used to include ‘management-committee member’.

dissent – differ from the majority, in relation to either sentiment or opinion.

duty of care – the obligation to take reasonable care to avoid causing harm to another person.

fiduciary duty – the legal duty to act solely in another party’s interests. Directors owe a fiduciary duty of care to act in the best interests of the organisation of which they are a director and its members.

framework- this document which sets out a set of procedures or goals, themes and learning to assist NSW Sporting Organisations in formulating a Board evaluation policy, process, and system.

governance – an organisation’s framework of rules, relationships, systems, and processes through which people in the corporation exercise authority and control.

incorporation – the process whereby an organisation registers its rules with a government agency usually for sports as an incorporated association of a company limited by guarantee.

legal entity – any individual, partnership, proprietorship, corporation, association, or other type of organisation that has, in the eyes of the law, the capacity to make a contract or an agreement and can assume an obligation and pay off its debts. Under the law, a legal entity is responsible for its actions and can be sued.

liability – either ‘subject to a legal obligation’ or ‘the obligation itself’. A person who commits a wrong or breaks a contract or trust is said to be liable or responsible for it.

organisation – a company, a firm, an enterprise or an association, or another type of legal entity, whether it is incorporated, or public or private, that has its own function/s and administration.

objects/purpose statement – the objects of an organisation are set out in its constitution. An organisation’s written summary of its values and core business; also referred to as a mission statement.

quorum – the minimum number of people who must be present at a meeting before the attendees can conduct the business of the meeting.

risk – the chance that something will happen that will have an impact on the organisation’s objectives. Risk is measured in relation to likelihood and consequences.

risk management – the process of identifying, assessing and judging risks; assigning ownership of the risks; taking actions to mitigate or anticipate the risks; and monitoring and reviewing how the risk management is progressing.

stakeholders – any person or organisation who or that has an interest in an organisation’s operations. Directors and members are stakeholders.

state sporting organisation – the pre-eminent organisation recognised by the Office of Sport taking responsibility for the development of the sport in NSW and is accountable to its National Sporting Organisation (NSO) or its members at the national/state level for providing its members with technically and ethically sound sport programs, policies, and services. Includes state sporting organisations for people with a disability.

terms of reference – a document that usually contains a description of the purpose and scope of an activity or requirement.

vision – an organisation’s ultimate objective.

volunteer – a person who willingly gives their time to an organisation ‘for the common good’ and derives no financial benefit from participating in the enterprise.

3. Board Election and Appointment

One of the biggest challenges for State Sporting Organisations is to ensure that their Board is both representative of its members and appropriately skilled and experienced to govern the organisation. There is some shift towards the appointment of independent Board members however most State Sporting Organisations still operate under a traditional representative model that is reliant on an electoral process. This model presents several challenges including little control over diversity and finding members with necessary skills. Regular changeover of Board members in Not-for-Profit sporting organisations is also an issue which is why it is important for Boards to have a strategy to elect and appoint suitable Board members.

Many State Sporting Organisations continue to tap prospective directors on the shoulder to recruit Board members. Investing time in the planning of the election and appointment process will allow Boards to be more successful in identifying the required skills. In addition to this, improved communication of positions available will place organisations in a much stronger position moving forward.

Regardless of the above a State Sporting Organisation's Board should be structured to reflect the complex operating environment facing the modern sporting organisation. Ideally a Board will be broadly reflective of the organisation's key stakeholders, but not at the expense of the Board's skills mix and the organisation's objectives. The number of directors on a Board should reflect the size and level of activity of the organisation. As such, the SA advocates a Board with the necessary skills to carry out its governance role rather than a representative Board.⁴

3.1 Board Evaluation and Skills Audit

An annual Board evaluation and skills audit is important in the election and appointment process and should be undertaken to identify Board skill and diversity gaps. This information should be used by the Board to assist with the recruitment of suitably skilled Board members with appropriate attributes, knowledge, and qualifications.

For further information

<https://www.sportaus.gov.au/governance/principles>

- SA 2020 Principle 8: The best and the fairest
- SA 2020 Principle 9: The scorecard

⁴ 2012 Principle 1.8

3.2 Election kit

An election kit is a useful communication Framework which provides all the information required by those seeking to nominate for a Board position. It should be placed on the organisation's website and distributed prior to the AGM. The following documents should be contained, along with other relevant information, in a Board election kit:

- Board Member Nomination Form
- Board Member Role Description
- Board Code of Conduct.

3.3 Nomination Committee

The existence of a nomination committee is recognised as an important feature of good corporate governance. It is important that Boards are comprised of members with a variety of skills and experience, and who act in the best interests of the organisation.

The committee should be structured with at least three people and may be a combination of Board members and external appointments. The nomination committee should only comprise persons who are not directly involved in the management of the organisation; however, the Chief Executive Officer and human Frameworks manager or equivalent should have standing invitations to provide clarification where necessary.

The Chair of the nomination committee should be independent from the Chair of the Board. The nomination committee should take prime responsibility for, but not be limited to:

- reviewing the Board's skill mix and identifying gaps
- identifying potential Board members for appointment to the Board or to be put forward as preferred nominations for elections and
- reviewing Board member nominations and providing organisation members with the Board's preferred nominees based on needs identified in the skill gap analysis.

The nomination committee charter should clearly set out the committee's role, responsibilities, composition, structure, and membership.⁵

For further information

<https://www.sportaus.gov.au/governance/principles>

- SA 2020 Principle 6: The playbook
- SA 2020 Principle 8: The best and the fairest

⁵ 2012 Principle 3.9

3.4 Diversity

Gender diversity remains a key focus for many private sectors and NFP organisations. Research has shown that increased gender diversity on Boards can often be associated with better financial performance of the organisation.⁶ The promotion of gender diversity can broaden the pool for recruitment of high-quality employees, enhance employee retention, foster a closer connection with and better understanding of customers, and improve corporate image and reputation. The measurable objectives the Board sets in furtherance of its diversity policy should include appropriate and meaningful benchmarks that are able to be, and are, measured and monitored for effectiveness in addressing any gender imbalance issues in an organisation. These could involve, for example:

- achieving specific numerical targets (e.g., a target percentage) for the proportion of women employed by the organisation generally, in senior executive roles and on the Board within a specified timeframe; or
- achieving specific targets for the “Gender Equality Indicators” in the *Workplace Gender Equality Act 2012 (Cth)*.

Objectives such as introducing a diversity policy or establishing a diversity committee by themselves are unlikely to be effective unless they are backed up with appropriate numerical targets.

Reporting annually on an organisation’s gender diversity profile and on its progress in achieving its gender diversity objectives is important. It encourages greater transparency and accountability and, because of that, is likely to improve the effectiveness of the entity’s diversity policy in achieving the outcomes the Board has set.

The Board may charge an appropriate Board committee (such as the nomination or remuneration committee) with the task of setting the entity’s measurable objectives for achieving gender diversity and annually reviewing those objectives and the entity’s progress towards achieving them. If it does, this should be reflected in the charter of the committee in question.

It should be noted that whilst the focus of this section is on gender diversity, diversity has a much broader dimension and includes matters of age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation, and gender identity. To garner the full benefits of diversity, an entity should ensure that its recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered and that there are no conscious or unconscious biases that might discriminate against certain candidates.⁷

For further information

<https://www.sportaus.gov.au/governance/principles>

- SA 2020 Principle 4: The players

⁶ See Reibey Institute, ASX 500 – Women Leaders Research Note (June 2011), available online at http://www.reibeyinstitute.org.au/wp-content/uploads/2011/10/ASX500_Women-Leaders-2011.pdf, and Catalyst, *The Bottom Line: Corporate Performance and Women’s Representation on Boards* (October 2011), available online at www.catalyst.org

⁷ ASX Corporate Governance Council *Corporate Governance Principles and Recommendations* (2014) (3rd ed)

3.5 Succession Planning and Recruitment

Recruiting Board members that are representative and have appropriate skills and expertise is both important and often very challenging for many organisations. The Institute of Community Directors Australia has developed a series of tools and help sheets relating to Board succession planning and recruitment. The Australian Institute of Company Directors has also developed a framework and resources on succession planning for Boards.

For further information

<https://www.sportaus.gov.au/governance/principles>

- SA 2020 Principle 4: The players
- SA 2020 Principle 9: The scorecard

4. Board Performance Evaluation and Development

A regular process of evaluation to obtain feedback on the collective performance of the Board, improve understanding of the current skill set and review the contribution of individual Board members is necessary for effective Board function, ongoing development, and improvement.

Ideally an independent body facilitates the performance evaluation process to ensure that the Board is performing as well as possible, provide feedback on strengths and make recommendations for future improvement. This information may also inform Board development and training requirements.

For further information

<https://www.sportaus.gov.au/governance/principles>

- SA 2020 Principle 9: The scorecard

4.1. Governance Health Check

Good governance is central to ensuring that Boards and committees are effective at leading the organisation while also meeting their legal and compliance responsibilities. The [Office of Sport's Running Your SSO Sport Governance Framework](#) has been developed to assist State Sporting Organisations in developing good governance frameworks.

- [Running Your SSO - Governance](#)

The State Government of Victoria has also developed a Good Governance Checklist that is a quick reference guide to ten principles of good governance to help your Board or committee understand and discuss its performance.

- [State Government of Victoria](#)

4.2. Board Performance and Evaluation Policy

The Board performance and evaluation policy should clearly describe the purpose and process of assessing Board performance. It is important that organisations introduce an evaluation process that suits the needs and interests of the organisation. If your organisation is introducing a Board evaluation for the first time you may like to introduce a simple process and add complexity to the process in the future.

Surveys provide a convenient and confidential way to measure Board performance. The collective performance of the Board as well as the performance of individual Board members should be assessed during the evaluation.

For further information

<https://www.sportaus.gov.au/governance/principles>

- SA 2020 Principle 9: The scorecard

4.3. Performance Evaluation and Skills Audit

An evaluation which assesses the overall performance of the Board is useful to identify areas of strength and highlight areas that require improvement from the Board.

A self-assessment process allows Board members to reflect on their own personal skills, attributes, and contribution to the Board. It also helps to identify possible development opportunities for Board members. The results can also be used to undertake a skills audit of the Board. Knowledge of the current skill set of the Board may be used to inform future Board recruitment and communication with members.

4.4. Skills Gap Analysis

A skill gap analysis allows the Board to gain a clearer understanding of:

- The relevant skills, qualifications and experience required to meet Board goals
- Current gaps in skills and diversity
- Current strengths so that Board member skills can be utilised to their full potential
- Areas for professional development and
- Information required to communicate with members and inform future recruitment strategies

5. Board Evaluation Frameworks

There are a number of Board evaluation frameworks that have been developed by a variety of industry organisations and bodies. Below in **Section 5.1** is a non-exhaustive list of Board evaluation frameworks. These are provided by way of background for State Sporting Organisations to review and gain further insight into what evaluation framework may be right for them.

Section 5.2 is an analysis of common evaluation framework themes. These too are to inform State Sporting Organisations as to the themes and issues they should be addressing in the development and application of their own evaluation framework.

State Sporting Organisations should download and complete the Office of Sport's Board Evaluation Context Tool. This Tool will assist in reviewing and determining your Board's governance level context. It is a very useful step in determining the level and depth of evaluation a Board may need to undertake. Your context review should demonstrate that your Board has a particular level of maturity in terms of its governance processes, and this will guide the level of evaluation that you need or might wish to undertake.

Section 5.3 summarises the Board evaluation process and again provides information and questions for consideration in your State Sporting Organisation determining its evaluation framework. Further, both the Australian Institute of Company Directors (AICD) and Sport Australia offer Board assessments process which are summarised in Section 6.

Section 5.4 – provides information about the Office of Sport's **Board Evaluation Self-Assessment Tool (BESAT)** an online survey tool designed with a range of questions for State Sporting Organisations to consider asking in their evaluation process. The questions are grouped under different headings and themes and again are a guide for State Sporting Organisations as to what they might include in their evaluation process and what questions a State Sporting Organisation might ask of its Board and individual directors. State Sporting Organisations may also ask themselves additional or different questions.

5.1. Board evaluation frameworks

Title	Link
Seven steps to effective board and director evaluations	<ul style="list-style-type: none">https://www.effectivegovernance.com.au/content/Document/Articles/Seven-steps-to-effective-board-and-director-evaluations-Beck-and-Kiel.pdf
The Path to Effective NFP Board and Director Evaluations	<ul style="list-style-type: none">https://betterboards.net/performance-metrics/path-effective-nfp-board-director-evaluations/
Getting the Most out of a Board Evaluation Survey	<ul style="list-style-type: none">https://probonoaustralia.com.au/news/2014/06/getting-the-most-out-of-a-board-evaluation-survey/
Board Oversight of Not-for-Profit Program Evaluation: Questions for Directors to Ask	<ul style="list-style-type: none">https://www.cpacanada.ca/en/business-and-accounting-Frameworks/strategy-risk-and-governance/not-for-profit-governance/publications/board-oversight-of-nfp-program-evaluation
12 Questions to Determine Board Effectiveness	<ul style="list-style-type: none">https://knowledge.insead.edu/blog/insead-blog/12-questions-to-determine-board-effectiveness-6166
Governance issues in not-for-profit (NFP) organisations	<ul style="list-style-type: none">https://www.aicd.com.au/corporate-governance-sectors/not-for-profit/principles/governance-issues-in-not-for-profit-organisations.html
What Questions to Ask When Evaluating Your Board	<ul style="list-style-type: none">https://www.boardeffect.com/blog/questions-ask-evaluating-board/
7 questions to ask for your next board review	<ul style="list-style-type: none">https://aicd.companydirectors.com.au/membership/membership-update/7-questions-to-ask-for-your-next-board-review

Title	Link
Good Governance Guide- Board structure NFP Sector by Governance Institute of Australia	<ul style="list-style-type: none"> • https://www.governanceinstitute.com.au/Frameworks/Framework-centre?Categories=Good+Governance+Guides&Keywords=&Availability=&pageNo=3
Non-profit self-assessment checklist	<ul style="list-style-type: none"> • https://www.nonprofitadvancement.org/files/2018/05/02-Self-Assessment-Checklist-11032015-002.pdf
VicSport- Good Governance Framework and	<ul style="list-style-type: none"> • https://vicsport.com.au/good-governance-framework
Principles and Best Practices for Effective Governance	<ul style="list-style-type: none"> • https://greatboards.org/principles-and-best-practices-for-effective-governance/
Principle 4: Board effectiveness	<ul style="list-style-type: none"> • https://aicd.companydirectors.com.au/Frameworks/not-for-profit-Frameworks/not-for-profit-governance-principles/principle-4-board-effectiveness
Board and Director performance assessments: Guidance for Victorian public entity boards	<ul style="list-style-type: none"> • https://vpssc.vic.gov.au/resources/assessing-board-performance/
Board Evaluations: The Complete Q&A Guide for Non-Profits	<ul style="list-style-type: none"> • https://boardable.com/blog/board-evaluations/
Board Matters Frameworks	<ul style="list-style-type: none"> • https://boardmatters.com.au/?s=board+evaluation
Governance Pro Web-based Board/CEO evaluation tool	<ul style="list-style-type: none"> • https://www.governancepro.com/
Board Outlook Board Evaluation Tool	<ul style="list-style-type: none"> • https://boardoutlook.com/products/board-evaluation
Dalhousie University- Board Self-Evaluation Questionnaire	<ul style="list-style-type: none"> • https://library.wyo.gov/downloads/lido/pdf/boards/BoardEval2.pdf

Title	Link
AICD	<ul style="list-style-type: none"> • https://aicd.companydirectors.com.au/Frameworks/director-tools/practical-tools-for-directors/board-performance
ACNC Governance for good: guide for charity board members	<ul style="list-style-type: none"> • https://www.acnc.gov.au/tools/guides/governance-for-good-acncs-guide-for-charity-board-members

5.2. Common framework themes

The Frameworks listed in the table in [Section 5.1](#) share a number of common themes. These are outlined below and may assist your State Sporting Organisation when developing its own Board evaluation program.

Who facilitates the Board evaluation process and who answers the questions?

The chair or deputy chair generally has responsibility for overseeing the process of Board evaluation, often with the assistance of a committee.

Best practice approaches to Board evaluation

- Setting time aside, at least annually, for the Board explicitly to address its collective and individual member performance
- Using an independent facilitator or consultant to help the Board design a suitable evaluation process and to ensure that this is carried out independently and confidentially.
- If Frameworks do not allow for this, then an internal evaluation should be conducted.
- Conducting peer and self-appraisal of all Board members, and the chairperson

Questions to ask before starting the evaluation

Theme	Commentary
What is our context?	<ul style="list-style-type: none"> • State Sporting Organisations should download and complete the Board Evaluation Context Tool. This Tool will assist in reviewing and determining your Board's governance level context. It is a very useful step in determining the level and depth of evaluation a Board may need to undertake. Your context review should demonstrate that your Board has a particular level of maturity in terms of its governance processes, and this will guide the level of evaluation that you need or might wish to undertake.
What are our objectives?	<ul style="list-style-type: none"> • How many people will be involved? How much time and money (and other Frameworks) are allocated and required? • Organisational leadership and advancement or problem identification and resolution?
Who will be evaluated?	<ul style="list-style-type: none"> • Select the most appropriate individuals or groups to review based on the objectives. <ul style="list-style-type: none"> ○ The Board as whole (including committees); or ○ Individual directors (including the roles of chairperson), or ○ Key governance personnel. • It is best practice to alternate between whole of Board and individual peer review forms evaluation from year to year, and generally to use the same or similar sets of questions in every two-year cycle to analyse trends and to track improvement (or deterioration) in results

Theme	Commentary
What will be evaluated?	<ul style="list-style-type: none"> • Evaluation could include Board processes, director skills, competencies, and motivation, or even boardroom relationships. This should be determined by the outcomes the Board seeks from evaluation. • In a general survey, 10-15 questions should be sufficient to have an accurate idea of the Board's strengths and weaknesses. In the case of a peer-review, five or six key questions should be developed and applied to and for each Board member.
Who will be asked?	<ul style="list-style-type: none"> • Internally, Board members, the senior administrative officer (by whatever title be it CEO, General Manager, Executive Officer, Administration Officer, or Secretary) senior managers and, in some cases, other management personnel and employees and finally other key volunteers may have the necessary information to provide feedback on elements of a Sport's governance system. • Externally, key stakeholders can provide valuable data for the review.
What technique will be used?	<ul style="list-style-type: none"> • Interviews • Observations of Board meetings • Examining Board Papers • Surveys of Directors • Confidential question and answer sessions

Theme	Commentary
Who will do the evaluation?	<ul style="list-style-type: none"> • Internal or external evaluation? • Internal reviews are less challenging to the Board's authority, are more likely to provide directors confidence surrounding the confidentiality of the process and are likely to cost less. • Factors such as the complexity of the governance problems faced, the experience of the Board and cost considerations will determine whether the Board decides to conduct the evaluation internally or seek external advice. It is now becoming common for Boards to alternate between an internal review one year and an external review the next
What will you do with the results?	<ul style="list-style-type: none"> • Released to the entire Board for discussion or to directors in one-on-one discussions with chair or evaluation facilitator? • Information gained through program evaluations should be used by the Board and staff in organisational decision making.
Are there different questions for chair, directors, and key administrative personnel?	<ul style="list-style-type: none"> • It may be useful if questions are answered on a scale. Boards may use any sort of rating scale, including a poor-to-excellent scale, a numerical scale or something else. The key is to identify areas that require attention and improvement, not only as a Board but for each director. • A mix of qualitative and quantitative data is best practice.

5.3. Evaluation process issues

Evaluation

How is evaluation data managed and applied to improve performance?

- Critical that any agreed actions that come out of an evaluation are implemented and monitored.
- Include review of action steps as an agenda item.
- The outcome(s) of the evaluation process should be used as the basis for Board and individual Board member development, leading to an improvement in Board performance over time.

Steps for the Feedback Process

- Results from Board performance surveys should be compiled and a summary of the overall results presented to the Board for discussion and action. (Individual comments should remain confidential and not be disclosed in the results. Rather general themes from overall comments should be summarised and provided as feedback with the quantitative results).
- Results from any individual director survey should be compiled and results presented to each individual director only.
- Board members may be required to take part in a 1:1 interview with the facilitator. During this process:
 - A summary of the Board performance results should be presented.
 - Strategies for improved Board operations, effectiveness and diversity should be discussed with each Board member based on results.
 - Individual director survey results can be presented to directors (own results only).
 - Individual development plans for each director should be established.
- A general feedback session on the overall Board performance should take place with emphasis placed on the process of assessment and Board development. Feedback should be delivered in a supportive and constructive manner by the chair or external facilitator.
- The Board should discuss and agree on strengths, development areas and ideas for improvement for each matter (include persons responsible and timeframes).
- Input should be sought from Board members on the performance review process.
- Summarise the agreements through a report to the Board.

In some instances, Boards may find it appropriate to establish a Governance committee to initiate and oversee the delivery of the actions agreed to by the Board and individual directors.

When adopting recommendations, it is important to:

- Minute the recommendations at the Board meeting.
- Assign responsibility for each recommendation (e.g., to a director, a subcommittee, or the Board as a whole).
- Set an agreed timeframe for reporting back to the Board, including milestones and/or progress updates if required.
- Decide whether a specialist subcommittee is required to oversee implementation.
- Consider resourcing requirements (if any).
- Consider whether the recommendations should be made public, or shared with key stakeholders, to promote transparency and accountability

Managing and assessing dysfunctional Boards

There may be circumstances where the performance of a director does not meet the standard required by the Board or the organisation. Poor performance can take a range of forms, including issues with participation, quality of contributions, behaviour, or integrity.

Some suggested approaches to identifying and managing poor performance include:

- an initial discussion between the chair and the director to identify performance issues and to discuss methods and areas for improvement.
- regular ongoing discussions between the chair and the director to monitor performance, potentially including the use of a formal performance plan.
- identifying any learning and development opportunities and putting in place a plan and timeframe for these to be met.

5.4. Board Evaluation Self-Assessment Tool (BESAT)

BESAT is a self-assessment survey and can be found on the Office of Sport website under the [Running your SSO governance portal](#).

The Tool is for directors, committees, members of committees, whole Board, and management. It is designed as an internal self-evaluation of the Board as whole, individual directors, Board committees, the chair/president, and organisation management.

The Tool will assist directors, committees, members of committees, whole Board, and management to assess Board performance. It is good governance for Boards of State Sporting Organisations to regularly assess their performance.

Performance evaluation assists State Sporting Organisation Boards ensure they have the knowledge, skills, and ability to meet current and future challenges. The Tool can be used at any time as part of your organisational health systems and processes

The Tool comprises a total of 74 compulsory questions (i.e., 7 administration & 67 survey questions) and should take approximately 30-60 minutes to complete.

There is a different set of questions for each area of the governance of your State Sporting Organisation:

- Board (Committee of Management)
- Chair (President)
- Sub-committees
- Management (if applicable but including volunteers)

Each question will prompt you to give either 'Yes' or 'No' response and includes a dynamic response with important information to assist you. On completion, the survey will generate a score at the end but not a rating and you will be able to download your results using "Print Results" and save it as a pdf document or click on "Email Results" to email your results to a nominated email address.

State Sporting Organisations are encouraged to share results within the organisation and be guided by the Sport's strategic plan as well as any Board plan or objectives the Board may have set itself

A note about Board evaluation

All Boards operate differently and vary in size and structure; State Sporting Organisations are encouraged to apply survey outcomes according to their own organisational and Board context and to reflect their own needs. The Office of Sport acknowledges that there is not a single 'right' way of undertaking a Board Evaluation and there is "no one size fits all", or right or wrong way for Board evaluation. It will be driven by the Board itself, its objectives as a Board and the Sport's strategic plan.

6. AICD and Sport Australia Processes

Both the Australian Institute of Company Directors (AICD) and Sport Australia also offer Board assessment processes.

The AICD process

For further information

<https://www.aicd.com.au/board-of-directors/performance/evaluations/board-evaluation-director-appraisal.html>

The key message is that handled correctly, Board evaluation and director appraisal give the opportunity for constructive group and peer feedback to help the Board as a whole and directors individually to improve their ability to contribute to the work of the Board.

The important questions for the Board - there are a number of questions to clarify before commencing with a Board evaluation:

- What are the purpose and objectives of the evaluation? - The immediate objective is continuous governance improvement – identifying Board performance improvement opportunities and governance framework gaps.
- What will be evaluated? - The Board evaluation exercise is ultimately about the effectiveness of the Board and its component parts.
- How will the evaluation be done? – Internally managed or externally facilitated.
- What evaluation method will be used? - Whether internally managed or externally facilitated, the precise method chosen by each Board usually depends on the size and maturity of the organisation and the Board and the issues it faces.
- What should be the outcome? - Once the Board evaluation and/or director peer assessment process has been completed, the resulting improvement actions should be agreed by the Board, in the form of a Board improvement action plan. Where the process has included appraisal of individual directors, personal director development plans may also result. The Board improvement action plan, like all performance appraisal approaches, should include specific and measurable KPIs and the chair of the Board, or a relevant committee of the Board, perhaps with support from the company secretary, should be responsible to oversee its implementation over the ensuing year. In this way the Board's improvement action plan forms the basis, or at least the starting point, for the following year's Board evaluation process.

This is useful guidance in terms of questions State Sporting Organisations should ask themselves in terms of the process they want to adopt.

The Sport Australia process

For further information

https://www.sportaus.gov.au/___data/assets/word_doc/0006/912219/Director-Performance-Evaluation-Template.doc

Sport Australia adopts a ranking and weighting process with answers to questions being ranked from 1-5 with weighting being applied. The higher the score the better but as with every questionnaire it is subjective so directors must answer truthfully regarding assessing their own and their Board's performance.

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