Board essentials
Good governance guide – Evaluating board performance

Evaluating the board

Regular evaluation of a board’s performance is considered an integral part of effective corporate governance. This includes the:

- performance of the board and established board committees
- workload of the board and required positions
- contribution of individual members against predetermined criteria.

A well-designed board evaluation has numerous benefits for the board as a whole, individual board members and the public sector body overseen by the board, and can assist the board to determine the extent to which it is delivering on its purpose, as well as the minister’s statement of expectation.

The board chair has a vital role in helping to ensure the evaluation process is fit for purpose, as well as dealing with matters raised during the process.

Objective

A board evaluation process should include all aspects of governance and be designed to:

- solicit honest, genuine and constructive feedback
- identify and address opportunities for improving the performance of the board
- prepare manageable recommendations with a clear process for implementation
- enhance the performance of the board.

Framework

The implementation of an effective evaluation process relies on the support and commitment of all board members, whereby the board reaches agreement on the following:

1. purpose and objective of the evaluation
2. who and what will be evaluated
3. process for undertaking the evaluation
4. who will be asked to provide input
5. the method to be used
6. frequency of ongoing evaluations.

The board should identify the appropriate scope for evaluation and the preferred method, taking into consideration the stage of development of the public sector body, tenure of board members and the elapsed time since previous evaluations.

Methods

Board evaluations can be classified into two categories—internal evaluations or external evaluations. It is important that trust is established in the credibility and confidentiality of the evaluation process, encouraging candid input by, and feedback from, the board. This will make it more likely that the board will take account the results of the evaluation process.
Internal evaluation
If internal evaluations are conducted, the board is responsible for managing both the evaluation process and its content. Internal evaluations are typically coordinated by the board chair, the governance or nomination committee or the board executive officer/corporate governance officer, and are generally undertaken through a standard questionnaire and/or one-on-one interviews.

An internal evaluation of the board should be:
- positive—determining the strengths of the board
- constructive—identifying specific changes that need to be made.
- educational—identifying learning needs and making plans to acquire the required learning.

Self-assessment
The self-assessment process enables board members to step back from everyday business and address larger and more fundamental issues. In addition to enabling boards to reflect on how well they are meeting their responsibilities, the self-assessment process helps boards to focus on integral aspects of their work.

A standard questionnaire should be developed to support the self-assessment process, covering all governance areas, including roles and responsibilities, group dynamics, board processes and procedures and behaviour.

Peer assessment
A confidential questionnaire can give board members the opportunity to comment on the strengths and weaknesses of their peers. These comments can be compared to responses given by individual board members during the self-evaluation process.

Any peer assessment that examines the contribution of individual board members requires a sensitive approach, with ‘buy-in’ from all involved.

A board-managed self-evaluation process may also move beyond strict self-evaluation by seeking input from stakeholders.

Informal in-camera board discussion
A board may choose to conduct informal in-camera discussions, based on specific ‘fit for purpose’ questions, at the end of a board meeting. This type of evaluation would be facilitated by the chair or nominee, such as the deputy chair, a chair of a board committee or the executive officer/corporate governance officer.

External evaluation
External evaluations are carried out by a third party using a standard questionnaire and/or one-on-one interviews, and can include input from stakeholders. The third party is retained by, and reports to, the board. External evaluations have the advantage of impartial appraisal and providing an unbiased report on findings.

Action Plan
One of the most important and valuable stages of an evaluation, no matter which method is used, is the presentation of results to the board, followed by an open and frank discussion about the results and determination of areas on which the board should focus to help strengthen its effectiveness.

Any board evaluation should be focused on the improvement of board performance, through the development and implementation of an action plan.