



**Victorian
Public Sector
Commission**

Guide to assessing public board performance

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About the guide to assessing public board performance

Who this guide is for

This guide is for boards, chairs of boards, board directors of public entities as defined under Part 5 of the [Public Administration Act 2004](#) (PAA).

This guide may also be of assistance to board secretariats, staff of public entities and portfolio departments who support board assessments.

What this guide does

This guide helps:

- assess the performance of boards, chairs and directors each year
- comply with the [Code of Conduct for Directors](#)
- support public entities to fulfill their obligations in section 81 of the [PAA](#).

Some parts of this guide detail actions a board must take. Other parts of the guide provide a range of options for boards to tailor to their particular circumstances.

Where to get support

If your board, a director or chair need support, reach out to your portfolio department.

Under s.13A of the PAA, your portfolio department is responsible for assisting public entities with administration and governance issues. This includes support on how you assess performance.

Why assess board and director performance

Why assess board performance

You need to assess the performance of boards and directors to maintain the board's integrity.

This includes:

- how well the board has performed over the year
- how each director contributes to the board
- the chair's leadership
- any assessment requirements from your department and minister
- areas for improvement.

You assess board performance to help:

- identify areas for improvement
- identify any need for additional capabilities on your board
- examine processes, culture and operations
- provide an opportunity for professional development of directors
- meet standards of good practice
- meet legislative requirements.

Your legal obligations

The [Public Administration Act 2004 \(Section 81\)](#) and [Code of Conduct](#) say your board must assess performance.

Your board must have policies and procedures in place to set out how you:

- assess board performance



- assess director performance
- deal with poor performance by directors.



Who assesses board and director performance

Who assesses board performance

You can choose a person or a group to assess your board's performance. You don't have to use the same person or group each time.

You can assess performance with:

- internal people, such as your chair, deputy chair, whole board or a sub-committee
- external people or third parties such as a director from another entity or governance support staff from your portfolio department
- a combination of both for instance your chair might be suitable for assessing a director's performance, but it might be more appropriate that you go externally to assess the chair's performance.

When to assess

Assess performance with internal people every year.

Assess performance with external people or third parties every 3 to 4 years. The timeframe for an external assessment could align with a board's maximum term.

Compare the results from internal and external assessments to get a broad view on your board's performance.

Assessing performance externally

You can use a third party to assess all or part of your board's performance.

They must:

- be independent and impartial
- manage any [conflicts of interest](#)
- be trusted to access confidential information about your organisation and board.



You may want to use an external person if your:

- board has been created recently
- board's directors are new
- board's or directors' responsibilities have changed
- board has capability issues
- board wants to assess performance in a more transparent or independent way
- board is responsible for a large or complex organisation.

There may be times where you wish to use the services of a professional consultant to do a performance assessment.

If you've exhausted the options above for a third party performance assessment, please review the [Administrative Guidelines on Engaging Professional Services in the Victorian Public Service](#) before engaging a consultant.



Scope for assessing board and director performance

Scope for assessing board performance

Work out the scope of how you want to assess your board's performance.

Here are some examples:

Legislative requirements

Assess if your board meets the requirements of:

- the laws that established your organisation
- any laws related to your organisation
- any instructions or directions issued by your minister or portfolio department
- the [Public Administration Act 2004](#)
- other applicable legislation or regulation.

Strategic leadership

Assess your board's strategic leadership, such as:

- oversight and approval of strategic plans
- your entity's performance against strategic objectives
- responsiveness to external factors including recent findings from oversight bodies.

Governance

Assess your board's governance arrangements, including the board charter.

Consider:

- how effective these are

- if the board needs to review them.

Board authority and delegation

Review how your board has delegated authority to the Chief Executive Officer (CEO) or sub-committees, such as:

- how effective this has been
- how your board retains oversight of its powers or functions.

Effectiveness of board meetings and decision-making

Examine how you run board meetings, such as:

- if you have productive processes
- if you have good discussions
- if your decision-making is robust and rigorous.

Risk

Assess your board's management risk, including how effectively you:

- set your entity's risk appetite
- incorporate risk into strategic planning.

Culture

Assess how your directors interact with each other.

Assess how your board interacts with stakeholders.

Consider things such as:

- if directors trust one another
- if the board is setting high values and behaviours for your entity



- ways of communicating.

Integrity

Review the things that support the board to earn and maintain the public trust.

This includes the quality of all relevant:

- systems
- practices
- behaviours.

Check how your board's work aligns with the [Code of Conduct](#) and [public sector values](#).

Skill diversity

Your board chair must maintain an up-to-date skills matrix.

A skills matrix will help you identify:

- existing skills, experience and capabilities of your board directors
- any gaps in the knowledge, skills or capabilities your board needs
- any gaps in the required skills listed in the legislation that established your board
- skills and capabilities in relation to changing strategic and operational environments.

Where skills shortages are identified:

The Minister often makes appointments to public entity boards. It is part of the Minister's role to ensure directors bring the right mix of skills and experience to the board. This includes recruiting board members that reflect the diversity of the Victorian community – see [Diversity on Victorian Government Board Guidelines](#).

If there is a shortage of a particular skill your chair can provide directors with opportunities for training. This can include:

- informal training opportunities
- mentoring

- formal training courses (in limited circumstances).

Your chair can also raise any identified skill gaps with your portfolio department and Minister for future recruitment.

Skills assessment template

Use our skills assessment template to record the skills of your board members. It will auto-populate the results of your assessments in a skills matrix for you.

[Skills assessment template](#)

Oversight of the CEO

Examine if your board can oversee your CEO effectively, such as:

- your CEO's awareness of their responsibilities in operating your organisation in line with the Code of Conduct and public sector values
- the performance and day-to-day management of your organisation
- the division of responsibilities between your board and your CEO
- the relationship between your board and your CEO.

Stakeholder relationships

Examine how effective your board's relationships are with key stakeholders or ask them what they think. Stakeholders include:

- the community
- clients
- industry groups
- your CEO
- your minister and portfolio department.

Financial oversight

Review how your board oversees any public funds and assets.

Scope for assessing individual performance

How you assess the chair and each director's performance is different to how you assess your board's overall performance.

You need to:

- assess the chair and each director's performance each year
- discuss what each director contributes to the board
- assess the performance of each director including strengths and weaknesses.

This may help directors on your board:

- maximise their participation
- use diverse skill sets.

What you need to assess only for chair performance

You need a separate process to assess your chair's performance.

This is to address issues not covered when you assess the performance of directors.

Seek advice from your portfolio department about who can assess the performance of your chair.

The chair's performance is often assessed by your portfolio department, in consultation with the Minister.

Here are some examples of what to include:

How your chair interacts with directors

Explore questions such as:

- does your chair lead and inspire directors to fully engage with the board?



- how promptly does your chair deal with issues that arise?

Running the board

How well does your chair:

- lead meetings
- set agendas
- distribute board papers
- support the board to make decisions.

Leading the performance of other directors

How does your chair manage how they assess directors, such as:

- the quality of assessments
- assisting directors to achieve their individual goals
- guiding directors in their progress against performance plans (if applicable).

What you need to assess for both chair and individual director performance

You need to assess these areas for both the chair and individual directors:

Contribution to board functions

How much does the director participate in and contribute to the work of the board, such as:

- building and maintaining stakeholder relationships
- strategic and annual planning
- participation in projects and sub-committees.

Contribution to board culture

Explore questions such as:

- How does the director display the public sector values in their work?
- To what extent does their display of public sector values help shape board culture?

Leadership and stewardship

Assess all directors on their leadership qualities.

In their role on the board, how does the director:

- motivate
- inspire
- display vision.

Skills and knowledge

Explore how the director uses their:

- skills
- knowledge
- networks.

Directors are expected to contribute to all decisions, including those outside their scope of expertise.

Identify any training or upskilling that could further develop their capabilities.



How to assess board and director performance

Planning to assess board performance

To get the most out of how you assess performance, think of some of these factors.

Timing

Take timing into account when you assess performance.

Remember to:

- assess performance every year
- review previous assessments
- embed parts of the assessment process in everyday business practice
- consider the end dates of your directors' appointments.

Responsibility

When you assess performance, define who is responsible for:

- planning
- assessing
- reporting
- implementing recommendations, including from past years.

Scope of focus

Agree on the scope of what you'll assess before you do it, such as:

- previous years' assessments
- guidance from your department or Minister



- priorities or issues
- other areas of risk.

Your scope must include any requirements in:

- the laws that established your organisation
- any laws related to your organisation
- any instructions or directions issued by your minister or portfolio department
- the [Public Administration Act](#)
- other applicable legislation or regulation.

Privacy

Explain your approach to privacy in how you assess performance, such as:

- if directors can give feedback anonymously
- if the person assessing performance will give the board a summary of the feedback or share a raw, unedited report
- who can access the feedback
- processes for higher levels of confidentiality if required.

Reporting results

Agree on how you'll report on your results, such as:

- if your board will release the results
- how your board will communicate the results
- who your board will send the results to.

Methods to assess board performance

Agree on how you'll assess performance including methods that will:

- get you the most out of the agreed scope

- give you data that helps you analyse trends.

You can use all or some of the methods below to design an assessment process suitable for your board and entity.

Board performance survey

Survey the views of participants to:

- gain insight into their views
- identify consensus or differing views on how your board works.

Send your survey to senior executives as well as board members. This helps give you a richer insight into how your board is performing.

Consider including opinions from senior executives to avoid pure self-assessment by the directors on your board.

Survey template

Use our

[board performance survey template](#)

Self-assessment and peer review

To check your own biases of how you're performing:

- assess your own performance
- get a peer to assess your performance
- compare the results of both to see where they agree or disagree with you

This helps you get an honest look at what your strengths are and where you need to improve.

Self-assessment template

Use our:

[director self-assessment template](#)

[chair self-assessment template](#)

Group discussions

Have a group discussion as a board to:

- identify what issues directors have about how the board functions
- come up with solutions or areas of improvement
- debate proposed solutions in an open environment.

You can:

- use your board performance survey as a conversation starter
- use someone on your board or a third party to facilitate.

By engaging directors in the process, assessors can understand what directors consider important. This leads to discussions focused on outcomes and solutions.

Group discussion guidance

See our

[group discussion guidance](#)

Stakeholder surveys

Survey stakeholders on if your board is meeting its goals and providing value to the community.

Your stakeholders may include:

- portfolio departments
- CEOs
- ministers
- industry groups



- community groups.

Tailor surveys to each stakeholder group.

Stakeholder survey template

Use our

[stakeholder survey template](#)

Confidential question and answer sessions

Hold a confidential question and answer session for opinions on your board's work.

Run them in pairs, such as between:

- a facilitator and your chair
- your chair and your board directors
- your chair and a stakeholder, such as your CEO.

You can send questions for these sessions in advance so people can prepare their answers.

Feel free to complement these with unprepared questions for more discussion.

Board director and board chair question templates

Use our:

[board director question template](#)

[board chair question template](#)

Examine board papers

Examine your board papers to:

- check if the papers are of a high enough quality to support the board to function well
- compare the work your board does with the results your board achieves



- consider any outstanding items to monitor the performance of your chair and directors.

Review results from previous assessments

Review your board's, chair's and directors' performance results each year for a clear view on:

- your results from year to year
- issues you have
- actions agreed or outstanding items to see if there are any positive or negative patterns.

Meetings between the chair and each director

Hold meetings between the chair and each director for a clear view on how each director has:

- performed
- contributed to projects and sub-committees
- attended and actively taken part in board meetings.



How to report and manage public board performance results

How to report the results of performance assessments

As a board, agree to when and how you'll report on your results.

This may look like:

- a presentation to your board on your results
- a group discussion and analysis of your board's results
- meetings between your chair and an external consultant
- meetings between your chair and each director.

If you discuss your results as a board, you need to balance:

- being honest and open about the board's performance
- protecting individuals from reprisal.

Always de-identify any performance results and share them as a summary of all results.

Report on board results as a group. But only report on individual results between the chair and the individual.

Table and record assessment reports in the minutes of your board's meeting.

For all boards

You may be required by the law or a ministerial direction to report on your board's performance to your portfolio department or minister.

Seek advice from your portfolio department on what you need to report.

For boards covered by the Public Administration Act



Under section 81 of the [Public Administration Act](#), you must report any major risks identified during the assessment to your relevant Minister and Secretary.

How to manage recommendations from performance results

Once you table your board's results, your board may have some recommendations to discuss and adopt.

If a third party made the recommendations, review them as a board and decide which ones you want to implement. If needed, seek advice from your portfolio department.

When your board adopts recommendations, you must:

- minute the recommendations at a board meeting
- assign who is responsible for each recommendation
- agree to timeframes for reporting back to your board, including milestones and progress updates
- decide if your board needs a sub-committee to oversee implementation
- consider what resources you need
- consider if you need to make the recommendations public or share them with stakeholders to be transparent and accountable.

Board responsibilities

Your board is responsible to ensure recommendations are implemented.

For simple recommendations, assign them for action as soon as possible.

For complex recommendations, you may need an implementation plan.

For recommendations about directors:

- identify their development needs and come up with a plan to act on them
- only discuss these plans between the relevant director and the chair.

For all recommendation types, schedule reviews to check if a recommendation achieved its intended outcome.

Chair accountabilities

In most cases, your chair is accountable to the minister for their performance.

For guidance on how your chair manages their accountabilities, seek guidance from your portfolio department.

How to address poor performance

If your board is covered by the [Public Administration Act](#), you must have a process in place to deal with poor performance of a director.

Poor performance can take a range of forms, such as:

- participation
- quality of contributions
- behaviour.

Always take action to support a director to perform highly.

Here are some examples on how you can identify and manage poor performance:

- have one-on-one meetings between the chair and the director to identify the issues and how to fix them
- set up ongoing discussions between the chair and the director to monitor performance, which could include the use of a performance plan
- identify learning and development opportunities with a plan and timeline to implement
- change the projects or sub-committees that the director takes part in
- speak with your portfolio department for advice

If you're concerned about your chair's performance, get advice from your portfolio department.

Issues not considered poor performance

Misconduct or failure to declare conflicts of interest are considered more than poor performance.

These issues will need to be addressed through the appropriate processes:

- [How to manage conflict of interest as a board director](#)
- [Misconduct](#)

