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Guide to Developing a Board Review and Evaluation Policy

Regular board review and evaluation are invaluable for effective governance and help ensure governance practices are fit-for-purpose. This guide provides a brief overview of evaluating board performance and developing a board review and evaluation policy.

This guide and template may assist boards and board members of all arts organisations to engage in better practice and meet their legal obligations. All organisations should check relevant state, territory and federal legislation for any specific legal requirements.

By regularly reviewing and evaluating the board and its methods, organisations can make informed decisions on what they wish to achieve as a group, and how to best facilitate that work. Reviews can also enable discussions about board culture and role clarity, increase trust and improve accountability.

Depending on current governance practices and the size of the organisation, board evaluations can involve different commitments of time and resources. For larger organisations, they may involve regular external assessments or facilitated reviews, benchmarking or peer-to-peer reviews. For emerging, micro or small organisations, they may involve a periodic collaborative process which can be undertaken and documented internally.

Steps to develop a board review and evaluation policy

Step: 1

Define the purpose and scope

- Clearly outline the purpose and objectives of the board review and evaluation process.
- Define the scope of the evaluation including the areas to be assessed, such as board effectiveness, governance practices, strategic alignment and individual director contributions.

Step: 2

Establish evaluation criteria

- If not yet included in your organisation's strategic plan, identify key performance indicators (KPIs) aligned with the organisation's mission, vision and strategic goals.
- Develop specific, measurable, achievable, relevant and time-bound (SMART) criteria for assessing board and board member performance.

Step: 3**Decide who will be part of the evaluation**

- Usually the board leads the evaluation and review process, commonly through the chair or secretary. However, the process could be led by any member of the board supported by the executive team of the organisation or a sub-committee of the board.
- Review the board's collective performance, individual directors and/or any board committees or board-led projects, if necessary.
- Consider if any other perspectives will support your review such as those of key stakeholders, partners or advisory groups.

TIP: Evaluate relationships

- Include evaluation criteria or metrics for assessing the relationship between management and the board, tailoring evaluation methods and questions to your organisation's unique culture and context.
- Ensure that both the management and board can formally reflect on various aspects of the board culture and relationships, including communication, decision-making, respect and opportunities for input and feedback.
- See below for guidance on 'Evaluating the board chair or CEO as a board member'.

Step: 4**Choose evaluation methods**

- Decide on evaluation methods, such as self-assessment questionnaires, peer evaluations, interviews, group discussions or a combination of approaches. These can be led by the board itself or by external facilitators.
- Consider using both qualitative and quantitative data to provide a comprehensive assessment.
- Consider the cost and time commitment of each method and appropriateness for the type of board and your organisation.

TIP: Consider confidentiality and anonymity

- Consider processes that support confidentiality and anonymity, which can encourage honest and candid feedback during the evaluation process. This can be enabled by the use of an impartial third-party or independent committee that collects and analyses the evaluation data.
- Boards may choose not to enforce strict anonymity, especially as some topics under board review benefit from transparency. These include routine or strategic topics such as the frequency or length of meetings, the board's sub-committees, or the need for additional skills or training for board members.

Step: 5**Timing and frequency**

- Determine the frequency of board evaluations (for example, annually, biennially, etc.) to ensure regular assessments.
- Choose an appropriate time in the organisation's annual cycle for conducting evaluations, such as after the completion of major projects or at the beginning of the strategic planning process.

Step: 6**Communicate expectations**

- Clearly communicate the evaluation process, timeline and expectations to all board members.
- Explain the importance of the evaluation in enhancing board performance and the organisation's effectiveness.

Step: 7**Use evaluation results**

- Analyse the evaluation results to identify strengths and areas for improvement.
- Use the feedback to develop action plans for addressing identified issues and enhancing board effectiveness. Your action plans might identify improvements required, actions you will take, who needs to be involved, how you will monitor progress, timelines and any risks or dependencies.
- Consider involving the board, any sub-committees, executive and key stakeholders in potential improvements.

TIP: Foster a culture of continuous improvement

- Encourage a culture of continuous improvement and learning within the board and organisation.
- Seek feedback from board members on the effectiveness of the evaluation process and make necessary improvements.
- Emphasise the value of ongoing self-assessment and professional development for directors.
- Periodically review and update the organisation's board review and evaluation policy to reflect changing needs and best practices.

What happens next?

How the board and executive leadership respond to evaluation findings will be unique to the circumstances and capacity of the board and organisation. Responses might include creating a mechanism for monitoring a key issue, structural changes to governance practices, or determining a training or developmental goal for the board.

Evaluating the board chair or CEO as a board member

In arts and cultural organisations, it is not uncommon for the CEO or artistic director to also serve as a board member. All board members should participate in board evaluation activities, including the CEO/artistic director (if they are a board member) and the board chair.

Due to the unique roles these positions play, organisations might conduct specific reviews of the CEO/artistic director and the chair as board members. There should be an opportunity to evaluate and provide feedback specifically relating to their role, relationships, management or contribution to the board and board governance. For example, in the case of a CEO/artistic director who is also a board member this may involve structured discussions with the chair which are documented and integrated into overall board evaluation.

Evaluation of the chair can be integrated into general board evaluation activities. This could involve the vice-chair or a nominated board member gaining confidential feedback from all other members of the board. This enables feedback to be gathered and relayed to the respective person in a neutral and constructive manner.

Challenges and barriers to effective board evaluation

Below are some potential barriers to board evaluations and suggested ways to overcome them.

Lack of time and capacity

For many arts and cultural organisations and their boards, finding time for additional processes is difficult. Effective board reviews can be integrated into existing meetings or use external facilitators, if possible. A simple solution for time-poor boards is to capture qualitative responses through confidential conversations with the organisation's chair.

Board satisfaction and alignment

There may be a view, either held generally or by some board members, that the board is functioning at its best, or that evaluation is not needed. Ensuring the board review has clear alignment with the organisation's mission and purpose may help address any reluctance or personal perceptions by prioritising the organisation's goals and aspirations for continuous improvement.

Sensitivity around relationships and confidentiality

The strength of all boards, including those in the arts and cultural sector, can often be attributed to the relationship between the CEO, the chair and the board. While board reviews are typically practical, the importance of preserving relationships may mean external audits are needed, or clear access restrictions to limit who can access input from or results about relevant stakeholders, such as board members and executives.

Example: Board evaluation policy

The following is an example of a board evaluation policy.

Author:

Review period:

Date published:

Next review:

Policy statement

[Organisation name] is committed to ensuring strong governance practices and the ongoing improvement of board effectiveness. This policy establishes the framework and procedures for conducting regular board evaluations to assess performance, identify areas for improvement and enhance overall governance.

Purpose and objectives

The purpose of the board evaluation is to:

- Assess the effectiveness of the board in fulfilling its roles and responsibilities.
- Identify strengths and areas for improvement to enhance board performance.
- Promote a culture of continuous learning and development among board members.

The objectives of the board evaluation are to:

- Enhance [Organisation name]'s governance practices.
- Ensure alignment between board activities and the organisation's strategic goals.
- Strengthen board dynamics and decision-making processes.

Evaluation scope

The evaluation will assess the following areas:

- Board composition, diversity and skills, using a board skills matrix.
- Strategic planning and goal setting, using the organisation's strategic plan and KPIs.
- Board governance and oversight.
- Financial stewardship and risk management.
- Board and committee effectiveness.
- Board leadership and communication.

Evaluation methods

The evaluation will employ the following methods:

1. **Annual self-assessment questionnaire (example below):** Board members will complete a confidential self-assessment questionnaire based on the established areas for evaluation.
2. **Peer evaluation (example below):** Board members will evaluate the contributions and performance of their fellow directors through a confidential peer feedback process.
3. **External facilitation (optional):** Every three years, an external facilitator will be engaged to conduct a comprehensive evaluation, provide an objective analysis, and offer recommendations for improvement.

Example: Board evaluation policy (continued)

Timing and frequency

The board evaluation will be annually before each new strategic planning cycle, through both self-assessment and peer evaluation. The self-assessment questionnaire will be distributed to board members at least two weeks prior to the evaluation deadline. The peer evaluation process will occur within the same timeframe as the self-assessment.

Confidentiality and anonymity

All evaluation responses will be treated with strict confidentiality. Aggregated results will be presented to the board without disclosing individual responses, ensuring anonymity and encouraging open feedback.

Evaluation process

The chair will collate and analyse the evaluation data, identifying common themes and areas for improvement (except in the case of the chair's review which will be undertaken by a nominated board member or external facilitator). The evaluation results will be presented to the board in a timely manner, and a discussion will be held to review the findings, address identified areas for improvement and develop an action plan.

Continuous improvement

The board will use the evaluation results to inform development of an annual board improvement plan, including developmental goals and actions.

Policy review

This policy will be reviewed at least once every three years or as deemed necessary by the board. Changes to the policy and procedures will be approved by the board and communicated to all directors.

Example: Board survey

Background

A self-assessment questionnaire enables individual board members to reflect on their own performance, contributions and alignment with the organisation's mission and goals. It fosters self-awareness and personal development among board members.

Each board member should complete the self-assessment, usually confidentially, providing feedback on their own performance and experience. The aggregated data helps identify individual perceptions of the board's performance and areas for improvement or alignment with the organisation's strategic goals.

Organisations might choose to include both qualitative and quantitative questions for capturing a range of insights. Where quantitative data might show a general trend or theme across the board, qualitative feedback can provide deeper context useful for addressing improvements.

Example self-assessment questionnaire

Please answer the following questions based on your perception and experiences as a board member. [If confidential] Your responses will be treated with strict confidentiality.

Is the board fulfilling its roles and responsibilities in line with the organisation's mission and strategic goals? Please explain your response.

Yes No Somewhat

Comments:

Is the board effective in strategic planning and goal setting? Please explain your response.

Yes No Somewhat

Comments:

How would you rate the overall governance practices of the board? E.g. meeting effectiveness, committee processes. Please explain your response.

Strong and effective Adequate Needs improvement Poor

Comments:

Example: Board survey (continued)

How would you rate the effectiveness of the board in promoting, monitoring and evaluating a healthy organisational culture? Please explain your response.

Very effective Effective Somewhat effective Ineffective

Comments:

Is the board effective in providing financial oversight? Please explain your response.

Yes No Somewhat

Comments:

How would you rate the effectiveness of the board in fulfilling its fundraising role and responsibilities? Please explain your response.

Excellent Satisfactory Needs improvement Inadequate

Comments:

Is the board effective in its risk management practices? Please explain your response.

Yes No Somewhat

Comments:

Do you feel that the current board adequately represents diversity (e.g., skills, background, artists, community members) and creates meaningful inclusion? Please explain your response.

Yes No Somewhat

Comments:

Example: Board survey (continued)

How well do you believe the board communicates with stakeholders and promotes transparency? Please explain your response.

Very well Adequately Needs improvement Poorly

Comments:

How would you rate the board's understanding of and capacity to act in accordance with legal roles and responsibilities? Please explain your response.

Exceptional Good Satisfactory Needs improvement

Comments:

What areas do you believe the board can improve upon? Please provide specific suggestions or recommendations.

Are there any specific skills or knowledge areas where you feel additional training or development would benefit you as a board member? If yes, please specify:

Example: Peer evaluation

Background

Peer evaluation promotes a culture of open communication and transparency among board members. It enables them to provide constructive feedback on their colleagues' performance, contributions and behavior within the board.

Because board members are both giving and receiving feedback, peer evaluations can be a respectful and productive way of getting valuable insights from different perspectives.

Confidential peer evaluation results can help identify strengths, areas for improvement, and potential conflicts or communication challenges, helping to improve overall board dynamics and collaboration.

Written evaluations might be supplemented with one-on-one interviews between board members and the chair or external evaluator.

Example peer evaluation questionnaire

Please provide constructive feedback for each board member, focusing on their contributions, strengths and areas for improvement. Your responses will be treated with strict confidentiality.

Name of board member being evaluated: _____

What are the strengths and valuable contributions of this board member to the organisation?

How would you rate the effectiveness of this board member's participation in board meetings and discussions? Please explain your response.

Highly Effective Effective Somewhat effective Ineffective

Comments:

How would you rate the effectiveness of this board member's collaboration with fellow directors and stakeholders? Please explain your response.

Highly Effective Effective Somewhat effective Ineffective

Comments:

Example: Peer evaluation (continued)

To what degree does this board member demonstrate a good understanding of the organisation's mission and strategic goals? Please explain your response.

Highly Adequately Somewhat Not at all

Comments:

What areas do you believe this board member could improve upon? Please provide specific suggestions or recommendations.

How would you rate the overall effectiveness of this board member in fulfilling their roles and responsibilities? Please explain your response.

Highly Effective Effective Somewhat effective Ineffective

Comments:

Resources

Australian Institute of Company Directors: Guide to Board and Director Evaluation

An overview of board and director evaluations, steps and techniques including quantitative and qualitative analysis. (Note: this excerpt includes an introduction and chapter one only).

Australian Institute of Company Directors: The Not-for-Profit Governance Principles

A practical framework for helping NFPs to understand and achieve good governance.

Australian Institute of Company Directors: Board Evaluation and Director Appraisal

A tool for board evaluation and director appraisal.

AICD: Governance Analysis Tool™

A tool to benchmark board performance.