

**South Australia Innovation HUB – Effective Governance  
Project**

# Effective Governance in Aged Care

South Australia Innovation Hub Implementation  
Project Report

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June 2015

# Effective Governance in Aged Care

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### Acknowledgement

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The South Australia Innovation Hub members include; ACH Group, Barossa Village Incorporated, Boandik Lodge Incorporated, Helping Hand Aged Care, James Brown Memorial Trust, Monrieth Aged Care Facility Ltd & Wambone Pty Ltd, Resthaven Incorporated, Southern Cross Care Incorporated (SA&NT), and The Society of Saint Hilarion Incorporated.

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# Executive summary

*Successful aged care organisations are characterised by high performance in governance, quality and financial management.*

South Australia Innovation Hub, 2015

The South Australia Innovation Hub (SA Hub) commenced in October 2014. Members of the SA Hub consisted of the ACH Group, Barossa Village Incorporated, Boandik Lodge Incorporated, Helping Hand Aged Care, James Brown Memorial Trust, Monrieth Aged Care Facility Limited, Wambone Proprietary Limited, Resthaven Incorporated, Southern Cross Care Incorporated (South Australia and Northern Territory), and The Society of Saint Hilarion Incorporated. The SA Hub was supported and governed by a Hub Working Group involving the Department of Social Services, the Australian Aged Care Quality Agency, the Aged Care Financing Authority and COTA Australia together with four SA Hub member representatives.

Sharing and learning between SA Hub members at board and management level, in liaison with the Hub Working Group, affirmed that good and better governance practice is a critical element to high performing organisations in aged care services. To support further exploration of 'good governance' the SA Hub, with the support of the Hub Working Group, established an SA Hub Governance Working Group in November 2014. The SA Hub Governance Working Group initiated a governance project utilising a 'Community of Practice' approach and to undertake a comparative analysis of key literature exploring what good and high performing governance is. The objective was to develop a reference point and evidence base to effective governance. The project ran from November 2014 until June 2015. This report aims to outline the key activities of the SA Hub Governance Working Group and the outcome of its governance project. The report concisely outlines activities. In addition it provides in-depth information on the development and running of the SA Hub Governance Working Group in the supportive appendices. By providing a forum for co-design, the SA Hub provides an opportunity for its Governance Working Group to shape Government policy by:

- Assisting Government to understand what better practice in aged care governance looks like, including the integration of consumer engagement.
- Developing better practice resources which may be used by Government to assist build industry capacity.
- Developing a governance framework which:
  - ✓ recognises provider performance and supports market maturity through development of a resource - "a framework" - to support self assessment and continuous improvement towards high performance governance practice; and
  - ✓ may be used by Government to augment earned autonomy criteria if it makes a decision to roll the policy out nationally; and
  - ✓ provide advice to Government on the development and trial of alternative regulatory models such as co-regulation.

The governance project, through consultation with the SA Hub members and key stakeholders (Community of Practice), explored the contemporary governance issues and

areas of particular interest in an aged care service organisation context, considering the evidence of what is good governance, and to further improve SA Hub member governance processes. Instead of duplicating existing theory related to governance, acknowledging the relevant resources available, the SA Hub Governance Working Group aimed to integrate relevant theory and governance principles with consultation results, resulting in an improved framework relevant to contemporary aged care providers. The outcome of this governance project resulted in the development of the *Effective Governance - a framework for aged care* that can be used within aged care providers under a continuous improvement initiative.

The SA Hub Governance Working Group together with the SA Hub members recommend that the project, the benefits of participating in a 'Community of Practice', and the *Effective Governance - a framework for aged care* report be widely shared with other aged care providers and stakeholders. The SA Hub Governance Working Group has identified further exploration is required to assist stand alone aged care providers and to determine the impact of aged care reforms on governance, further developing a consolidated aged care service governance framework.

# 1. Background to the South Australia Innovation Hub

Aged care policy is developing a refined definition of 'quality' to ensure the aged care service expectations of older Australians are met or exceeded. Changes were announced in the Australian Government 2015 Budget to ensure the aged care system continues to meet the demands of an ageing population.

The aged care sector has evolved over the years while at the same time our population has been ageing and consumer expectations are changing significantly. The timing is right to move to a less regulated, more consumer driven and market based seamless end to end aged care system. The expected consequences of this will be increased competition, which together with reductions in red tape for aged care providers will lead to enhanced quality and innovation in service delivery.

In October 2014, the SA Hub was formed involving ten members: ACH Group, Barossa Village Incorporated, Boandik Lodge Incorporated, Helping Hand Aged Care, James Brown Memorial Trust, Monrieth Aged Care Facility Limited, Wambone Proprietary Limited, Resthaven Incorporated, Southern Cross Care Incorporated (South Australia and Northern Territory), and The Society of Saint Hilarion Incorporated. The SA Hub was supported and governed by a Hub Working Group involving the Department of Social Services, the Australian Aged Care Quality Agency, the Aged Care Financing Authority and COTA Australian together with four SA Hub member representatives.

## **The objective of the South Australia Innovation Hub is:**

*"... to improve and sustain better outcomes for older Australians engaged with aged care providers. This will be achieved through developing an earned autonomy approach for aged care in support of the Government's deregulation and social policies".*

An earned autonomy approach to regulation offers 'lighter touch' regulation to higher performing aged care members and aims to:

- Encourage members to pursue better practice in consumer engagement and governance and improve service delivery outcomes for consumers.
- Support an expansion in innovative models of care and services in line with the increasing demands of an ageing population.
- Facilitate a more targeted approach to government regulatory activities to focus them on where they are needed whilst maintaining safeguards for consumers.
- Provide opportunities for mutual sharing, learning and innovation among SA Hub members and partners.

Through consultation the SA Hub acknowledged that aged care service organisation boards need to provide strong leadership in relation to ensuring quality outcomes for older Australians utilising aged care services, and organisational performance through comprehensive good governance processes and effective consumer engagement. The SA Hub Governance Working Group (SA Hub GWG) was established in November 2014 to further explore this.

The SA Hub GWG initiated a governance project utilising a 'Community of Practice' approach to undertake a comparative analysis of key literature exploring what good and high performing governance is, and to develop a reference point and evidence base to

effective governance. The SA Hub GWG Community of Practice initiated an iterative exploration of the concepts of quality, high performance and leadership, in relation to aged care governance undertaken as part of the SA Hub implementation projects.

By providing a forum for co-design the SA Hub provides an opportunity for its SA Hub GWG to shape Government policy by:

- Assisting Government to understand what better practice in aged care governance looks like, including the integration of consumer engagement.
- Developing better practice resources which may be used by Government to assist build industry capacity.
- Developing a governance framework which:
  - ✓ recognises provider performance and supports market maturity through development of a resource - "a framework" - to support self assessment and continuous improvement towards high performance governance practice; and
  - ✓ may be used by Government to augment earned autonomy criteria if it makes a decision to roll the policy out nationally; and
  - ✓ provide advice to Government on the development and trial of alternative regulatory models such as co-regulation.

## 1.1 What is effective governance?

The basics of governance are the essential functions that a board must undertake to direct the organisation in achieving its purpose and maintain accountability. These are reflected in Hilmer and Tricker’s (1991) Framework for Analysing Board Activities (refer Figure 1.)

Figure 1: Hilmer and Tricker (1991) Framework for Analysing Board Activities

	<i>Compliance roles</i>	<i>Performance roles</i>
<b>External role</b>	<b>Provide accountability</b>	<b>Strategy formulation</b>
<b>Internal role</b>	<b>Monitoring and supervising</b>	<b>Policy making</b>
	<b>Past and present orientated</b>	<b>Future orientated</b>

Approve and work with and through the CEO

*Source: F Hilmer and R I Tricker 1991 (cited in Tricker 1994, p.408)*

While this framework is not new it remains a valid outline of key aspects of what a board does:

- Ensuring compliance and accountability to Government as funder, to regulatory authorities, legislation, community/stakeholder expectations.
- Setting the strategic direction of the organisation and proactively managing financial and other risk.
- Ensuring appropriate policies and culture are in place to translate the strategic directions of the organisation into effective performance and operations.

- Monitoring and supervising the performance of the CEO and the organisation as a whole.
- Ensuring an effective, transparent relationship exists between the board and the CEO, including clear roles, responsibilities and expectations that promote trust.

Within the aged care industry a core determinant of 'quality aged care' is the extent to which quality outcomes for care recipients/consumers are achieved. Good governance by aged care service organisations is an essential element in achieving this for our aged care recipients. Good governance goes beyond organisation-focused functions and requires a board to manage its own performance, culture, ethics and relationships (Tricker 2010, Wheatley as cited in Zuieback 2012).

The definitions of 'good governance' are described primarily within the context of the not-for-profit/community sector. Good governance looks beyond accountability, meeting compliance and ensuring financial safeguards, and introduces qualitative aspects. This places more emphasis on people and their ethics, judgement and behaviour; and the role of leadership, relationships and culture in board effectiveness.

*Effective governance structures allow organisations to create value, through innovation, development and exploration, and provide accountability and control systems commensurate with the risks involved... (AICD, 2013, p.7).*

*Good governance is embedded in the good behaviour and the good judgement of those who are charged with running an organisation (AICD, 2013, p.7).*

The ASX Corporate Governance Council (2014) uses the definition from Justice Owen in the HIH Royal Commission that states corporate governance is:

*...the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It encompasses the mechanisms by which companies, and those in control, are held to account (p.3).*

The United Kingdom Code Steering Group melds governance with good governance:

*Governance is about leadership, direction and supervision of an organisation, so that it is well run (or governed) and carries out the work it is set up to do. This involves planning for the future, guarding the organisation's values and reputation, looking after the money and people and being accountable for the organisation's actions and decisions (The Code Steering Group 2011, p.4).*

Theories from Hilmer and Tricker (1991), Tricker (2010) and Wheatley (as cited in Zuieback 2012) together can be conceptualised to describe the broader governance role and board performance that incorporates:

- **What the board does** – this includes the board's roles and responsibilities as a governing body, from organisation-focused functions (Hilmer and Tricker 1991) to more dynamic, performance-focused functions.
- **How it operates** – this focuses on the factors that factors range from formal structures and procedures to personal/relational actions and influencing. It emphasises people and their ethics, judgement and behaviour; and the role of leadership, relationships and culture in board effectiveness.

An analogy to exemplify this is considering the performance of sporting teams. The individuals on a sporting team must add value to the overall performance of the group.

They generally do this by bringing their diverse and unique skills to the team that in combination achieve success. However 'championship' teams go one step further and identify gaps in a player's skills base and look to rectify and minimise these gaps until the weakness (gap) becomes an added skill in itself. A board should operate no differently when addressing the organisation they govern; look for gaps, address them and turn the weakness (gap) into a strength.

To achieve high performance, an aged care service organisation board itself must understand the gaps in its director's skills base and look to make improvements and adjustments. But identifying a gap in skills is often not enough to achieve a greater level of performance. Boards and their directors must look to challenge themselves around things like strategy, decision making, risk, culture, succession planning and leadership.

As boards and directors look to performance manage their Chief Executive Officer (CEO), why wouldn't boards and directors look at their own performance? To do this, boards will often look at conducting a whole of board performance evaluation and/or an individual director performance review.

There are two common ways of conducting a whole of board review, an internal board performance review and an external board performance review. These can be very effective and should be used by boards as a tool to achieving higher performance.

An internal board review is generally conducted by the chair of the board. A simple survey completed by directors and/or members of the executive is sent by, and collected by the chair. Often the chair will discuss issues with the individual directors about their responses or if they are delivered with anonymity they can then only collate the responses and present the findings to the board. Boards, as a general rule, should conduct a review every year and an internal review is generally an excellent concept.

An external review follows a similar process as an internal review; however it generally uses a board governance specialist. This type of process should be done once every two to three years. The significant advantage in the external review process is the ability for the directors to speak openly and usually with complete anonymity. This allows the external party to bring out issues and put them on the table that may not normally come out in a report to the chair, especially if there are issues around the chair.

A key factor to keep in mind is that good governance evolves over time and is not an 'off the shelf' outcome. It is an active, dynamic developmental process and requires a focus to improving outcomes over time by being aware of better practice elements and applying a proactive approach to continuously improving the organisation's governance practice.

## **2. Governance project overview**

Strong governance is a hallmark of effective performance by aged care service organisations in consistently achieving accreditation standards and supports their ability to access earned autonomy within the context of a 'Hub' such as the model trialled in South Australia (discussed in this report) that commenced on 10 October 2014. One rationale supporting this project and its outcomes is to continuously improve governance across the industry. The SA Hub GWG was established in November 2014 to further explore governance.

The governance project was conducted between October 2014 and June 2015. Although this phase of the project is now final, formal evaluation on the learning's from this project

will be undertaken as part of the broader evaluation of the SA Hub trial. This implementation report does however include results from an internal evaluation (refer section 3) from those directly involved in the trial.

The aim of the SA Hub GWG governance project was to:

1. **Develop collaborative processes utilising a Community of Practice approach and related resources** to assist aged care providers to identify share and further develop good governance practice.
2. **Explore 'best practice' governance and leadership** based on a comparative analysis of the literature to identify contemporary models and frameworks, and informed by the outcomes of the project consultations.

Achieving the above two aims informed the development of:

3. **A framework for effective governance practice** to support the boards of aged care providers to benchmark or self-assess their governance practices.

The framework is outlined in detail in the accompanying report: ***Effective Governance - a framework for aged care.***

## 2.1 The 'Community of Practice' approach

The SA Hub members are committed to good governance, aspire to continue to share and build their governance strategies and outcomes, explore the concept of effective governance, and what constitutes differentiators for 'high performance' governance. The SA Hub GWG governance project aimed to support this objective through the establishment of a Community of Practice<sup>1</sup>. The Community of Practice was a central element for exploring and building capacity in effective governance within the project and is unique to the evolving Communities of Practice amongst the SA Hub members. A central aim of the SA Hub was to develop a new model for collaboration to support improved quality of care for older Australians and exploring the benefits of a Community of Practice fulfils this aim.

There is a gap in evidence related to the influence of a Communities of Practice contributing to high performing governance. However, it became clear through SA Hub member interactions that collaboration between the boards of different types of aged care providers brought benefits to all participants and provided opportunities for all members to contribute to the overall capability of the group. The shared learning approach emerged directly from the SA Hub GWG governance project and is unique to the implementation of a Communities of Practice amongst its members, fulfilling a key aim of the SA Hub; to develop a new model for collaboration to support improved quality of care for older Australians.

The Community of Practice developed in this governance project involved the boards of the SA Hub members to ensure that quality outcomes can be maintained and improved, within the context of reduced intervention by the Department of Social Services and the

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<sup>1</sup> A **Community of Practice (CoP)** is a term that describes a group of people sharing a like interest either privately or organisationally (Lave J and Wenger, E 1991, *Situated Learning: Legitimate Peripheral Participation*. Cambridge University Press, Cambridge, ISBN 0521-42374-0).

Australian Government. The direct involvement of boards is a unique aspect of this project and the sharing and learning involved. Such 'lighter touch regulation' requires participating members to have a strong principles based, self-regulatory framework in place to ensure good governance by those parties involved. This includes a focus on leadership and culture of the board, including the way they approach their role, and the way they provide leadership and build capacity. It incorporates characteristics of boards, attributes, composition, values and behaviours.

SA Hub members acknowledged the benefits and potential of collaboration and dialogue with other aged care services, and that this collaboration highlights commonality and a shared commitment to building expertise and to continuous improvement. Collaboration and sharing of insights and expertise promotes sustainable communities and sustainable organisations. More specifically, the overall objective of the SA Hub is to improve and sustain better outcomes for older Australians engaged with aged care services. Whether it is within a Community of Practice or as an individual organisation, a critical component of high performing boards is their intent and focus on good and better governance and the translation of this to these outcomes. Core to such high performance is the leadership within and by a board, shared by and with the CEO and senior management group in their continuous improvement of their performance. The SA Hub GWG governance project established the real benefits of a Community of Practice in potentially contributing to stronger governance amongst aged care providers and therefore a benefit of improved and sustained quality of care for older Australians.

## **2.2 The development and benefits of the *Effective Governance – a framework for aged care.***

A key intention when developing the *Effective Governance – a framework for aged care*, was to work collaboratively with the SA Hub members through a Community of Practice that included their aged care service organisation boards, to identify what characterised 'high performance' governance in aged care, how and why decisions are made in this context and what factors contribute to moving beyond minimum levels of governance practice towards high performance governance practice.

Two simple questions that directed the SA Hub GWG in this part of the governance project were:

- What does a high performing board look like?
- What are the characteristics of a high performing board?

In developing the framework and discovering the answers to these questions, contemporary models and approaches to effective governance and organisational leadership were drawn upon in addition to the findings from the SA Hub Community of Practice interactions. Models and approaches such as the Australian Institute of Company Directors (AICD, 2013), Hilmer and Tricker's (1991) framework and Wheatley's (as cited in Zuieback 2012) Six Circle Model of organisational success were identified as key evidence and theoretical contributors to effective governance principles. The SA Hub GWG also considered the specific legislative governance requirements of the aged care sector during the project. The information gleaned from this process formed the basis of the SA Hub GWG exploration of good governance and the discovery of what constitutes 'high performance' governance in aged care providers.

Comparative analysis of contemporary governance practice was also undertaken. A separate report on the research process is available and titled *Effective Governance: A comparative analysis*. Research on the theoretical context was used to develop a

'spectrum' for conceptualising board effectiveness. The developed spectrum was then used to perform the comparative analysis as this provided points of comparison between the disparate models and helped to maintain focus on the themes of good governance and high performance. The sets of governance principles were compared to identify commonalities and differences and a list of characteristics of high-performing boards developed.

It was determined that a high performing board continually strives to improve its governance and performance. The *Effective Governance - a framework for aged care* is linked to enabling effective boards, their attributes, culture and the importance of leadership (seen as key for high performance for aged care provider boards). An important consideration is the recognition of the diversity in service type and provision within aged care, including consideration of both private enterprise and 'not for profit' business models. Stakeholder engagement is also highlighted.

Part of the value of the *Effective Governance - a framework for aged care* is that it seeks to capture an aged care providers perspective on what constitutes effective governance through the indicators, measures, questions for deliberation, and stories that describe the continuum of governance practice leading to 'high performance'. These are described in detail within the *Effective Governance – a framework for aged care* report. The *Effective Governance - a framework for aged care* is principle based and provides a clear structure for exploration, self-assessment, quality improvement and strengthening performance in governance practice.

The *Effective Governance - a framework for aged care* is based on the input of SA Hub members and their boards, through the Communities of Practice approach and enhanced through the project research findings and is a key deliverable from the SA Hub trial. It reflects and captures the ideas and practice of participants and current governance good practice and can assist aged care providers streamline and improve the governance performance for the ultimate good of caring for older Australians

The results are published in the SA Hub *Effective Governance – a framework for aged care* report which attempts to capture the richness of the SA Hub member Community of Practice dialogue and provide a source for benchmarking and further exploration by other aged care providers. In addition, it aims to support other aged care providers, their boards and aged care service networks/Communities of Practices to develop shared learning's and build capacity to support their continuous improvement journey to high performance governance practice utilising the *Effective Governance - a framework for aged care*.

## **2.3 The consultation processes with SA Hub members**

A number of workshop consultations with the SA Hub members, CEO's and their board representatives were conducted between December 2014 and June 2015. Participants shared their definitions of governance, explored the elements of effective governance, shared insights and discussed their governance experiences and examples - including a dialogue regarding what were perceived to be differentiators for 'high performance' governance in aged care. The approach to the consultations was to build ownership and to capture the ideas from members of the SA Hub and build the Communities of Practice to support shared learning's. This enabled a consensus and iterative approach to the development of project deliverables.

Consultations included:

1. **Initial interviews** with SA Hub members in late 2014 to explore ideas on definitions and descriptions of effective governance and practices used in their organisation.
2. **Consultation workshop 1** to specifically focus on understanding a selected model of governance (Hilmer and Tricker 1991) so that the Communities of Practice could agree on language and concepts. A governance expert facilitated this session with the SA Hub members and their nominated board members.
3. **Consultation workshop 2** to check how the agreed model aligned with members current experience – and to agree a modified model that best reflected inputs and work out the best way for members to test out the model and gain input from their own boards.
4. **Consultations 3 - Individual board consultations** - Members of the SA Hub replicated the process from workshop 2 with their own boards and provided feedback specifically about what distinguishes high performance from governance.
5. **Consultation workshop 4** to review the emerging framework and agree its structure and approach.

In depth narration of the consultation process and the materials used to support these are documented in the appendices for further reference.

A number of draft versions of the *Effective Governance - a framework for aged care* were developed through the consultation processes which were able to be progressively reviewed by members and tested against key documents, such as the research report on governance, for alignment, consistency and detection of any information gaps. Stakeholder and expert governance input was also sought to ensure the framework was consistent with current 'good practice' governance generally, as well as within the aged care industry.

Key resources that were critically analysed and informed the framework included:

- ✓ Australian Institute of Company Directors (2013) Good Governance Principles and Guidance for Not-for-Profit Organisations.
- ✓ ASX Corporate Governance Council 2014, Corporate Governance Principles and Guides, 3rd Ed.
- ✓ Murray & Harrison (2014) Guidelines for Improving the Effectiveness of Boards of Directors of Nonprofit Organizations.

### 3. Key models that informed the *Effective Governance - a framework for aged care*

As outlined in section 2; there are several theoretical frameworks that helped to conceptualise and/or formalise governance systems. Some models specifically target governance. Others apply broader frameworks such as organisational effectiveness to corporate governance. The models emphasised here were key in developing the *Effective Governance – a framework for aged care*.

### 3.1 Willcoxson (2000) Rational vs. Humanistic Model

Willcoxson (2000) identified two overarching theoretical models for high performance; the rational approach and the humanistic approach. Both models can be applied to governance systems.

The rational approach focuses on organisational structures and functions such as interpreting markets and opportunities, remuneration, productivity, financial returns. Success typically refers to specific goals. Continuous improvement initiatives are identified by highlighting problems in the structures and targeting them with an ordered and planned approach. This approach takes a view point that complex systems can be managed and manipulated in a rational manner.

The humanistic approach focuses on values, trust, empowerment, people and relationships. It acknowledges the complex system of interdependences that makes up an organisation (or board). Success and improved performance therefore relies on organisational culture, people and the participative processes. This approach recognises that defined structures and functions alone are not sufficient for high performance, that human interaction and values are the enablers of high performance.

### 3.2 Hilmer and Tricker (1991) Framework for Analysing Board Activities

The Hilmer and Tricker (1991) framework (refer Figure 1.) provided a useful starting point for our exploration of 'good governance'. Tricker outlined a quadrant of four essential functions of corporate governance with a central process of working with and through the CEO (AICD 2013).

Hilmer and Tricker's (1991) framework favours the rational approach. It captures key functions that the board should undertake in order to meet its responsibilities. The functions reflect board's role in representing the owners of the organisation by overseeing the organisation's management.

These are things that have to happen for good governance. But on their own they do not guarantee that the governance will be good. For example the functions might be performed poorly or not be aligned to the organisation's purpose. The functions focus on guiding and supervising how the organisation operates and delivers on its mission. But they do not recognise that the board also has to manage how it operates, performs and conducts itself; and undertake activities to support its own effectiveness.

### 3.3 Tricker (2010) Twenty Steps to Better Corporate Governance

Hilmer and Tricker's framework model (1991) is still widely referenced. However Tricker (2010) subsequently undertook research on the role that governance failures played in the Global Financial Crisis (GFC). This research identified a number of lessons to be learned and Tricker structures these into 'Twenty Steps to Better Corporate Governance'. The twenty steps can be grouped into **three broad categories**:

1. **Supporting board capacity and capability** – having clearly defined roles and expectations, ensuring board members have appropriate skills and levels of understanding to perform the roles, transparency and sufficiency of information
2. **Embedding leadership and ethics** – recognising the organisation within society (corporate social responsibility), embedding desired leadership qualities in key

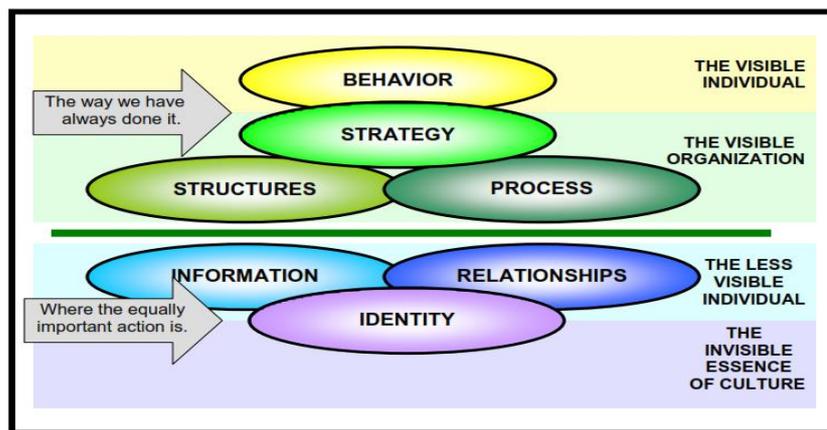
board and management roles, monitoring relationships to ensure appropriate boundaries and value to the organisation

3. **Monitoring and improving the board's own performance.**

### 3.4 Wheatley (as cited in Zuieback 2012) Six Circle Model

Wheatley's Six Circle Model (as cited in Zuieback 2010) in figure 2 recognises that not everything in an organisation can be planned and controlled. There are three circles above a green line that reflect the visible activities within an organisation. These are the strategy, structures and process areas of how an organisation operates. Typically they can be managed and are the focus of traditional business systems and governance requirements. They align to the rational approach. However Wheatley recognises that every organisation will have some self-organising aspects and these will be influenced by the three circles that are 'below the green line'. And, in conjunction with strategy, structure and process they will influence how people behave – the seventh circle.

Figure 2: Wheatley (as cited in Zuieback 2012) Six Circle Model



Zuieback (2012) explains the 'below the line' circles as relating to:

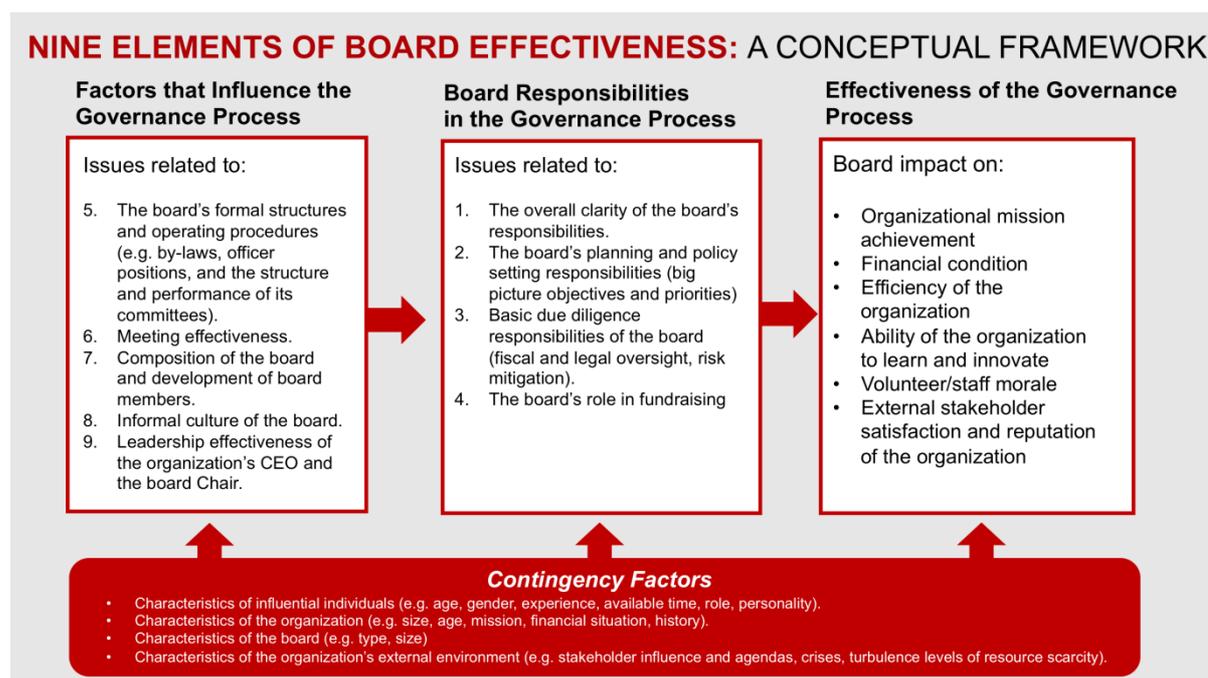
4. **Information** – how information is shared, how it is used, access and transparency
5. **Relationships** – how the organisation values people, opportunities for collaboration and connectivity across the whole system and the overall wellbeing of people in the organisation
6. **Identity** – having shared purpose, meaning and values between people and across the organisation; personal motivation and commitment arises from the sense of identity.

Wheatley's ideas focus on how an organisation operates. But the concepts also apply within different areas of an organisation, including the board. And in that context above the line reflects the visible activities such as procedures and structures that influence the board's outcomes. Below the line is a range of invisible factors including relationships, culture, ethics and leadership, which also have significant impact on its performance.

### 3.5 Murray and Harrison 2014 Guidelines for improving the effectiveness of boards of non-profit organisations

These guidelines use a medical model whereby symptoms are identified, diagnosis made (causes) and treatments developed to target them. An online 'Board Checkup' system (available at [www.boardcheckup.com](http://www.boardcheckup.com)) asks board members and others their perceptions about a series of potential board 'health issues'. The guidelines can be used as a standalone resource or to support making improvements after using the online tool. This model identifies nine elements that influence the effectiveness of a board.

Figure 3: Murray & Harrison (2014) Nine Elements of Board Effectiveness Model



## 4. Evaluation of the governance project

A formal evaluation of the SA Hub trial is expected to be separately undertaken however an internal evaluation utilising an electronic survey methodology of the SA Hub GWG governance project was undertaken. The internal evaluation resulted in the prominence of good and high performance governance being in high performing aged care providers (as well as high performance in quality and financial management and acumen). Furthermore that this prominence be formally embedded within aged care providers. Other key findings are outlined as:

- SA Hub members finding advantages in the 'shared learning' focus within the governance project.
- Identified areas of further improving governance would be beneficial to explore in greater detail.
- That this first phase of the project has achieved its purpose to affirm "principles of effective frameworks of governance for aged care".

- The project offered SA Hub members an opportunity to review against their current governance systems. It is acknowledged that there was a move away from an initial focus upon a 'scorecard tool kit approach' to a broader emphasis upon governing principles.

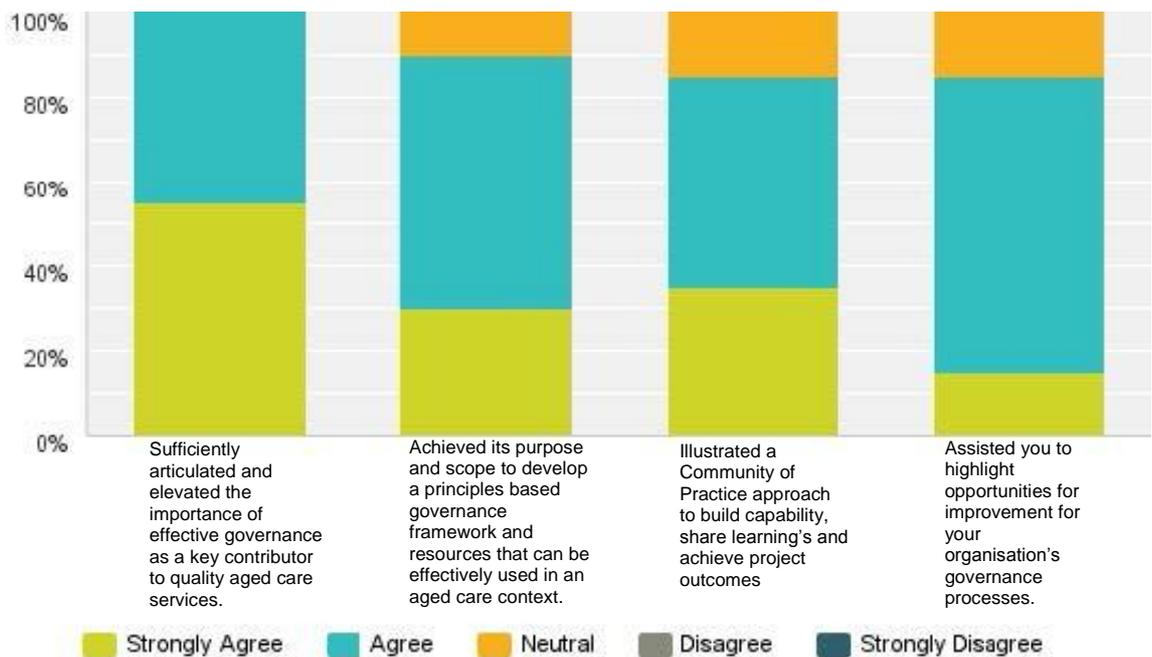
The following section offers a summary the results of the internal evaluation.

## 4.1 Results of the internal evaluation

It is clear from the below results that the SA Hub members see real value in continuing to participate in consultation through a Community of Practice. The overall evaluation results are representing an agreeance (refer Table 1.) on the benefits of effective governance to quality aged care services, and being a part of a Community of Practice.

Table 1. Local evaluation of the SA Hub Governance Project

### The SA Innovation Hub Governance project has:



The following information presents key responses from the SA Hub members in response to the internal evaluation.

### The SA Innovation Hub Governance project has:

*Brought organisations together, notwithstanding their diversity and different existing governance systems, and given prominence to the importance of good and better governance for high performing organizations in aged care.*

### **What worked in the SA Hub GWG governance project?**

*Opportunity to meet with other providers and their boards with the shared learning and experiences of good and high performing governance in aged care.*

*The framework that evolved and was used in the project.*

### **What did not work in this project?**

*The volume of information considered within the limited period of the project thus far with interest in exploring particular topics in more depth.*

*The provision of template examples of particular governance processes, noting sensitivity to the overall size of framework document and rather than develop such tools encourage links to such resources that already exist, such as offered by Australian Institute of Company Directors, Governance Institute of Australia.*

### **What do you plan to do?**

*Members have indicated their boards have and will continue to focus on review and improvement of their governance systems both individually and together.*

### **What topics should be further explored?**

*The framework document includes a range of topics identified as areas of opportunity for Hub members to further explore.*

*In affirming the importance of good governance in high performing aged care providers, particular focus and strategy should be given to contemporary governance issues in rural and remote areas and single site services to ensure a diversity of services continue to be available in the wider community. Examples being, access to a required skills mix, consideration of alternate or shared models to address skills, expertise mix and the recognition of changing and more complex business and service environments, the historical role of voluntary boards, the move away from founding board generations, succession and ongoing importance of managing conflicts of interest. Such topics are relevant to how organisations consider their best interests, purpose and stakeholders moving forward.*

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## Appendices

1. Initial interviews – Analysis of interviews: characteristics of good governance
2. Consultation 1 – 4 February 2015 - Agenda and support materials
3. Consultation 2 – 26 February 2015 – Agenda and support materials
4. Consultation 3 – March – April 2015 – SA Hub Member Organisation Boards – Guide and Materials
5. Consultation 4 – 28 April 2015 - Agenda and support materials
6. Local Evaluation Survey Instrument July 2015

## Appendix 1: Initial Interviews

As part of the initial consultation phase, the SA Hub members were invited to participate in initial interviews with the SA Hub GWG project team to frame the project process and scope for them and to enable them to share their individual perspectives on good governance practice.

Members were advised via email that the purpose of the telephone interview was to:

- Provide them with a brief overview of the project objectives, deliverables and suggested methodology
- Obtain some initial input from each Hub member regarding their organisation's current approach to corporate governance.
- Seek their ideas regarding what you envisage characterises 'high performance' corporate governance.

Interviews conducted in late 2014 with

- Marcia Fisher (The Society of St Hilarion Incorporated)
- Denis Chamberlain (James Brown Memorial Trust)
- Phillip Schmaal (Barossa Village Incorporated)
- Gillian McGinty (Boandik Lodge)
- Jeff Fiebig (ACH Group)
- Mike Rungie (ACH Group)
- Andrew Larpent (Southern Cross Care)
- Richard Hearn (Resthaven Incorporated).

### The process

The purpose of the interviews was to explore current practice and experiences of governance from members of the SA Hub. This created a 'base line' of information about current experiences, governance issues and examples of practice from participants.

The interviews were open ended and exploratory and conducted by project consultants.

The interview process involved outlining information to introduce the project and set the scene, followed by some prompt questions to encourage feedback and input.

### Interview process/ agenda

1. Introduce interviewer and position the interview in the context of the SA Hub project on governance.
2. Outline the process and purpose of the interviews as a precursor to the upcoming workshop (intention to talk to participants first in order to collate existing ideas so that the first workshop would build on experiences and input from members).
3. Introduce the 2 questions:
  - ✓ We want to explore with you the concept of corporate governance – what is your understanding of it and how does your organisation approach it?

- ✓ If we were to tease out the difference between good governance and exceptional or high performing governance – what would you see as those things that make a difference?
4. Close the interview process:
- ✓ Ask if there is anything else 'burning' or top of mind they want to say
  - ✓ Interviewer to summarise back to that person what we see as the three top points that we got from the interview and confirm.

### **Post interview collation of outcomes**

The notes from the interviews were reviewed and summarised, and themes identified (e.g. skill set of the board, importance of values or ethics etc.).

The interview outcomes were then mapped against the Tricker (1994) model to start to explore the level of alignment and to assist in the design of the first consultation workshop.

### **The results: Analysis of interviews – characteristics of good governance**

Each interview was exploratory and open ended – explored ideas and practices of good governance – not directed by interviewers

The notes from the interviews have been analysed and synthesised under common themes – in many cases those interviewed raised similar points

These notes list themes and discussion rather than who said what. These, along with the literature on good governance provide a framework for further exploration with the SA Hub members.

### **Overall challenges/ considerations that impact good governance in aged care sector**

1. **Regional remote rural factors** – in smaller communities board members are very embedded in the community so boundaries and protocols are more of a challenge- also more of a challenge to import specialist skills.
2. **Size and scope of organisation:** We need to respect the flexibility required by smaller organisations e.g. a twenty bed organisation will have a more hands on management than a large multi site organisation – in the small aged care facility the CEO might well also be the clinical manager and the board chair may be more hands on – this is unavoidable in small agencies. In addition, the scope of services provided by organisations can vary and may include other community service functions.
3. **Diversity of organisational models:** Not a single structure for aged care governance, e.g. some are private, based on religious institutions, not for profit, community based etc – range of models and structures in the sector.
4. **Responding to changing Government and regulatory requirements:** One challenge for boards is that Government regulations or expectations are often changing – there can be a perception by Government that boards are 'playing catch up' to those changes.

## **Attributes of boards – selection criteria, values, membership**

### **Board engagement**

- Getting the right 'mix' of types of members, newer and longevity.
- Overall composition of board to enable spread across areas such as understanding sector, aged care business, management, realising that it is a business, consumers, community.
- They must really understand the business – connectivity to the business.
- Passion about the industry or location – preparedness to attend functions, events, visit sites.
- Commitment to core values and vision of the agency/ provider as they relate to quality of life and quality of care – must have a strong commitment.
- Working closely with executive team to ensure shared values and culture.
- Getting in the right mix of skills especially to reflect emerging demands or expectations e.g. IT, financial.
- Boards and management's commitment to a range of beliefs about the aged care sector, communities etc.– attribute of quality board is commitment to values such as:
  - quality of life,
  - consumer engagement,
  - community engagement, and
  - quality of care.
- Important to have a diversity of board appointments – roles and attributes e.g. from other types of organisations.
- Not just a skills set – board membership also needs to involve having the right fit to the culture.
- Pool of prospective board members – how does a board 'test out' potential new members or provide opportunities to get involved as a step to becoming a member of the board (e.g. as a specialist input on a subcommittee?).
- Ability and role of remuneration of directors especially in not for profit sector – challenge about expectations, outputs, contribution etc – does remuneration make a difference to standards?
- Board also runs information evenings for clients – board members attend and present vision and answer questions.

### **Board culture**

- Board culture (our approach to our work, how we do things here) must link to organisational culture – i.e. role of board in demonstrating leadership in behaviours and culture.
- Articulating board or organisational culture e.g. values or attributes (e.g. caring for people, community based, appreciating that it is a business, responsive to community etc).
- Role of chair of president to provide leadership in supporting new board members to understand and enact the culture.

## **Induction of boards**

- Clear education processes for board members about the organisation, the industry, management etc.
- Example: Chairman takes new directors on a walking tour of organisation and explains how the business works, characteristics, facilities, activities etc. New director also spends time with senior staff to ensure they have a good understanding of the organisation.

## **Ongoing education of boards**

- Not just at induction – ongoing and continuous education processes to ensure board members remain current re industry, management, practices.
- Opportunities for board members to see innovative practice by others e.g. visiting other organisations (state, national, international) to bring alternative experiences and perspectives back to the home organisation.
- Documentation of board roles, policies, systems kept up to date and provided to all board members e.g. as a manual .
- Knowledge management – keeping records of board and organisation history, processes etc – how is this updated and kept dynamic (i.e. currency and engagement with emerging organisational knowledge rather than just a passive repository of information).
- Board members may be recruited for specific skills or attributes and may not be from the aged care sector – they therefore need to build knowledge of aged care.
- Some concern about training packages as being onerous or a 'once only' approach – ongoing education and boards need to be committed to ongoing professional development.

## **Succession planning – board level**

- Having a strategic approach and a plan for succession.
- Tactics could include three year rotating terms (staggering the retirement dates for continuity and seeking new members).
- Acting in other roles e.g. chairing of subcommittees.
- Skills matrix.
- Agreed attributes of ideal and strategic composition of board – appropriate mix of skills.
- Policy to guide succession, recruitment, skills mix etc.
- Some skills matrices include mix of core or primary skills, as well as secondary skills.
- Succession planning means a commitment to an ongoing skills mix rather than a historic lifelong entitlement (historically an organisation could have had long serving founding members or constituent members).

## **Role of boards / members of boards**

- Focus on process – how does the board operate?
- What are the critical decisions that have to be made?
- What is the response of the board to critical decisions – how does that impact culture of the board?
- Culture, processes, decision making, risk etc.
- Concept of stewardship – not hereditary but evolving and reflecting dynamics of organisation.

- Where board members take active roles in some operational aspects this can increase engagement with the organisation e.g.:
  - ✓ attending board meetings on a site and talking to staff or staff presentations,
  - ✓ formal and informal functions where board members attend,
  - ✓ active role in ensuring quality systems are in place, accreditation reviews, and
  - ✓ attending information sessions for clients and answering questions or giving presentations.

### **Board functions – reporting and monitoring – systems**

- Need good systems in place to allow for reporting against strategic plans and key performance indicators – templates that enable reporting against strategic plan.
- Appropriate number and scope of sub-committees to spread expertise and get all board members engaged and active – a number of subcommittees were mentioned including:
  - ✓ clinical
  - ✓ financial
  - ✓ community or consumer
  - ✓ risk
  - ✓ complaints
  - ✓ quality,
  - ✓ services,
  - ✓ audit, and
  - ✓ succession planning.
- Where subcommittees are created, they may also have co-opted members who have a particular skill or specialised expertise.
- Transparency about measurements and reporting – clear expectations.
- Role of constitution and other structures e.g. charter, policies, delegations (documentation of processes and systems) – noting there are many different corporate structures within Aged Care.

### **Board functions – setting strategic directions**

- Critical importance of planning – board to work with senior management in the strategic planning process.
- Vision and capacity to understand sustainability, changes in the aged care sector.
- Strategic planning at high level e.g. every 3-5 years to set direction – annual review, quarterly documents to the board to report against the plan.
- Having a clear timetable or schedule for reporting ensures that ongoing commitments are revisited and discussed.
- Strategic plan to be coherent, contemporary and dynamic.
- Risk tolerance is a key factor in setting strategy – need a strong risk management framework but also the ability to take decisions to progress the organisation and the community even if high stakes e.g. level of investment in growth of new services.

### **Performance review or evaluation of boards/ performance**

- How do you measure the effectiveness and performance of a board?
- Independent or external reviewer?

- Use of surveys of board based on e.g. AICD (2013) governance framework check-sheets.
- Clarity regarding the quality journey – not just compliance to standards but with the focus on continuous improvement.
- Need to be committed to the evaluation of board performance – formal and informal processes.
- Opportunities for reflection and evaluation of performance must be actively created and encouraged – used to signify continuing commitment.
- Need to be internally reflective of own performance and skills, future needs, succession, culture fit, ongoing commitment to developing expertise.

### **Management team roles and expectations & Relationship between board and management**

- Role of board to develop and select the leadership and management team.
- Relationship between board and management crucial (between 'governors' and 'governed').
- CEO and board relationship critical – boards direct, management manages but also to acknowledge role of CEO in inputting to skills mix of board regarding requirements.
- Must be skilled and equipped to provide the board with the right information so that the board can make the informed decisions it is required to make.
- Expertise, performance of senior management essential ingredient.
- How does the board operate via the CEO? Sometimes the nature of decisions over time can be mapped to review or refine operations and delegations.
- Governance failures can occur if not a strong link between board and operations.
- Opportunities for real dialogue between board and organisation e.g. board meeting at a site and local manager can present or discuss on anything they choose (not filtered) increases connection between board and management and organisation.
- CEO /senior management to have good understanding of governance so that they can contribute to their role in implementing or establishing good systems.
- Roles are more blurred in rural or remote communities or in smaller aged care facilities.
- Role of CEO in being able to communicate effectively with both board and staff is essential – keeping people informed; transparency.
- Adherence to delegations.

### **Potential of collaboration via hub membership to provide ongoing and continuous improvement, dialogue, education**

- Valuing and utilising the SA Hub to develop greater expertise, sharing information, building knowledge base and influencing.
- Role of the SA Hub - Potential of collaboration or dialogue with other SA Hub member's i.e. like-minded, common goals and commitment to collaboration builds expertise across all members – continuous improvement.
- Example of board members from the SA hub members having an opportunity to talk with each other – this was more accessible and relevant than an onerous training package.
- Role of hub connections in increasing understanding and realisation that we are similar to others and also have something to offer other organisations –

this sector is not driven by competition so we can genuinely collaborate and support each other – board directors getting the opportunity to talk to other directors of hub members is a real characteristic of high performance.

## Governance themes from interviews linked to Hilmer and Tricker (1991) framework

	Compliance Roles	Performance Roles
External Role	Provide Accountability	Strategy Formulation
Internal Role	Monitoring & Supervising	Policy Making
	Past & Present Oriented	Future Oriented

Diagram description: A 2x2 matrix with 'Compliance Roles' and 'Performance Roles' as columns and 'External Role' and 'Internal Role' as rows. A central yellow box contains the text 'Approve & work with and through the CEO'. Red arrows indicate interactions: a vertical arrow pointing up from 'Monitoring & Supervising' to 'Provide Accountability', a vertical arrow pointing down from 'Strategy Formulation' to 'Policy Making', a horizontal arrow pointing right from 'Provide Accountability' to 'Strategy Formulation', and a horizontal arrow pointing left from 'Policy Making' to 'Monitoring & Supervising'.

Overall, although the Hilmer and Tricker (1991) framework provides a solid governance framework, the interviewees went beyond this functional approach and provided much more information and validation about board attributes, qualities, ongoing development and engagement – qualities that underpin the functions within the Tricker model.

The interviews provided a deeper analysis and appreciation of the attributes of boards that enable them to deliver the functions as outlined by Tricker.

Those aspects of broad engagement (from the interviews) that reflect this include:

- Attributes of boards, selection criteria, values, membership and board engagement.
- Board culture.
- Induction of boards.
- Ongoing education of boards.
- Succession planning.
- Performance review or evaluation of board's performance.

These could be categorised as indicators of culture, leadership and board attributes

### **Quadrant 1 Provide Accountability (conformance/compliance activities that are outward looking)**

According to Tricker this is about accountability to government as funder, to regulatory authorities, legislation, community/ stakeholder expectations  
SA Hub members also believed this should relate to

- Board functions – reporting and monitoring – systems

### **Quadrant 2 Strategy formulation (performance activities that are future focused and outward looking)**

According to Tricker, this is about leadership and performance, deciding the direction of the organisation and ensuring policies are in place to deliver.

SA Hub members believed those aspects of governance that relate to strategy formulation include board functions – setting strategic directions.

### **Quadrant 3 Monitoring and supervising executive functions (past and present focused and inward looking)**

According to Tricker, this is about having policies and processes and systems in place to monitor and supervise the delivery of results by management

Those aspects of governance, as reflected upon by SA Hub members, believe these relate to supervising executive functions including

- Board functions, reporting and monitoring – systems.

### **Quadrant 4 Policy making (future focused and inward looking)**

According to Tricker, this is about the policies and culture that translate the strategy into effective operations. Policies could be developed by management and approved by the board. Note that decisions can also be made by the board regarding delegations for approval of policies by the CEO based on a risk management approach (e.g. mobile phone policy).

Those aspects of governance (from the interviews), that relate to policy making include

- Management team roles and expectations, relationship between board and management.

**CEO/ Board overlap.** The centrality of the relationship of a board with the CEO is represented in the Hilmer and Tricker (1991) model by the overlap between the 4 quadrants – ‘working with and through the CEO’. Trust between CEO and board members plays a key role here.

Those aspects of the interviews that relate to this link between the board and the CEO include

- Management team roles and expectations, relationship between board and management.

Finally, the interviews also elicited strong commitment to using the SA Hub to further promote and build expertise in governance.

## Appendix 2: Consultation 1 – 4 Feb 2015 - Agenda and materials

Consultation in February, 2015, was facilitated by a Governance expert on governance, David Spear. David now runs a consultancy specialising in board practice and effective governance. He was previously CEO of the Australian Institute of Company Directors (SA/NT).

The purpose of this consultation was to ensure all SA Hub members were familiar with the governance model they had selected and to ensure a common platform to start our exploration of effective governance practice. At that stage, the Hilmer and Tricker (1991) framework was the one with which most members were familiar and they wanted to develop a shared understanding of its use and potential application to the aged care context

Richard Hearn, as chair of the Governance Working Group, provided an initial project overview – including situating the governance project within the broader SA Hub context and overviewing the other SA Hub implementation projects. David then established this 'common platform; around governance using the Hilmer and Tricker (1991) framework' and provided an overview of the role and responsibilities of Board members. He then built on this through comments and group discussions using a case study approach.

### Agenda

- Introduction – Richard Hearn.
- Governance Presentation - Overview of director's responsibilities and the Hilmer and Tricker framework - David Spears (Gladstone Consulting).
- Networking opportunity.

### Areas covered as part of the introductory session included:

- ✓ Stakeholder engagement.
- ✓ Governance definitions.
- ✓ Factors that determine good governance.
- ✓ Roles and responsibilities of the board.
- ✓ Legislation and regulatory frameworks that guide good governance practice.
- ✓ Role clarity – management/ CEO and the Board/ Chair.
- ✓ Governance principles.
- ✓ Questions that board members should ask themselves.
- ✓ Group activities – using a case study to analyse and identify effective governance practices and areas for improvement.

### Pre reading

#### Reference to the Hilmer and Tricker (1991) Framework for Analysing Board Activities

The Hilmer and Tricker framework was used as it was seen to provide a useful guide to the performance and compliance director dilemma.

## Case study – provided for pre-reading and used in the workshop discussion

### RWDS

Retirement With Dignity Services (RWDS) was originally established in the 1950's to provide support for aged veterans and widows from World War I. The organisation carried on its operations in essentially the same way (i.e. no external funding; reliance on volunteer labour; building homes and villages) through to the mid-1980's. At this stage Nancy Overstreet became President i.e. Board Chair.

Nancy's beloved older sister, Minnie, had benefitted greatly from RWDS. Sadly, Minnie had passed away, and Nancy was offered, and decided to take up, the leadership position on the RWDS Board as a way to make a contribution to an organization she admired greatly.

Nancy was a veritable ball-of-energy in her role, reorganising the organisation's structure, personally seeking and obtaining private donations and also winning RWDS's first government funding – to enable construction of their first commercial aged care village units, as part of a move to expand RWDS's service delivery. All these initiatives were very successful. Nancy's strong inter-personal skills also ensured that the changes were well accepted within all RWDS's stakeholder groups.

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Currently the RWDS Board consists of fourteen members. In addition to Nancy Overstreet (Chair), the Deputy Chair is Lionel Rowbotham, who is also deputy mayor of the local Council. Lionel has recently been diagnosed with early-stage Alzheimer's, and plans to stand down from all his positions very shortly. There is no one currently on the board who is an obvious successor for Lionel, or Nancy. There are ten board members who are family members of current or previous beneficiaries of RWDS's services. Nancy has always played a strong hand in organising these board appointments.

The two remaining board positions are currently held by a high profile former politician, Donna Crimp, who rarely attends meetings, and a young and very busy lawyer, Rodney Swipe, who attends about one-in-two board meetings, and provides valuable input when he does attend, but none outside board meetings.

The CEO, Emma Spiro, has been in her role for two years, is not a board member, but does attend all board meetings, and also takes the meeting minutes. Board papers are minimal and are sent out a day before the board meeting. There is a 1 – 2 page CEO's report that covers activities of the CEO and operational highlights. There is also a finance report, but that is usually issued late, often tabled at the meeting – RWDS' finances and accounting have been done for 30+ years by Arthur Abacus, a retired bookkeeper whose brother used to be a client at RWDS many years ago. The finance report contains last month's profit & loss statement and balance sheet, no commentary by Arthur, and no projections. There is no finance committee and indeed no board committees at all.

Board meetings are held on the last Friday of each month, starting at 7pm, often lasting until 11pm or later. Much of the discussion at board meetings revolves around the 'family-member' of a board members' and their current concerns about specific aspects of RWDS day-to-day operations.

Only in recent months have concerns been raised by a couple of board members at the board meeting that RWDS may possibly be in some financial difficulty, with a significant loss so far this year, few bank deposits remaining, and dwindling cash at bank. Eight years ago RWDS benefitted from a very significant bequest, that enabled the organization to build another aged care village complex, and a buffer of bank

deposit investments that have since been progressively used up to pay for operating costs.

Like many such organisations, RWDS has what is best described as a 'primitive' approach to risk identification and management. It is intuitive, and not structured or systematic. Having said that, RWDS has indeed existed for more than half-a-century, and been reasonably successful.

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The most recent RWDS Board meeting was a lively affair, with a hint of frustration from some, which Nancy as Chair was unable to smooth over. The following matters were discussed:

- The finance report indicated that the current year was on track to record the worst ever deficit, that all bank deposits had been exhausted, and the current cash balance was only sufficient to cover two months operating costs.
- CEO Emma Spiro explained that she had been concerned about the financial position for some time, and had, as a result, decided to defer some maintenance expenditures.
- Family board member Johnno Ramsgate argued firmly that maintenance should not be deferred. In fact, it should be accelerated and increased, as he had become aware that several of the older RWDS units had asbestos in their roofs. This matter was left unresolved at the meeting.
- A letter from RWDS' major government funder pointed out that they were looking to achieve efficiencies from those they were funding, and were encouraging aged care sector entities, including RWDS, to explore ways of reducing costs – which might include merging with similar not for profit's; sharing 'back-office' functions; etc.
- Emma Spiro tabled, at the meeting, a formal letter of complaint from several employees. This letter stated that these employees had been bullied by two of the current family board members, who had rudely ordered these employees to undertake their work in a manner inconsistent with written procedures and workplace standards, and that this had been done to advantage the residents of these Board members.

***What governance issues do you see here?***

***What would you look to change?***

## Appendix 3: Consultation 2 – 26 Feb 2015 - Agenda and materials

A workshop was held in February 2015. The purpose of this consultation was to map the insights and learning's from the initial interviews, along with preliminary data from the research against the Hilmer and Tricker (1991) and to trial a process for further testing with members' own boards

Each participating organisation in the SA Hub nominated 2-3 representatives (e.g. CEO, Chair, Board member) to attend.

The broad process for the workshop comprised:

- Context and introductions (project purpose, process, group agreements, feedback and comments on the previous workshop and on the interview summary).
- Review of the Hilmer and Tricker (1991) framework and the additional element 6 (from the interviews and from further research).
- Small groups were allocated each element and asked to share ideas about
  - their understanding of that element,
  - their experiences and challenges and practices in that element,
  - ideas about continuous improvement of that element, and
  - the potential of the Community of Practice in further developing expertise in that element.

### Pre work & workshop agenda

This workshop with SA Hub member representatives (CEO and nominated board member) aims to describe and explore current good practice governance - systems, culture & leadership:

1. Systems/ operations/ structures/ strategies.
2. Leadership, decision-making & behaviour - What do they do? How? Why? How is it expressed and captured?

### **The focus of the workshop is to:**

Test, validate refine collate ideas from telephone interviews/Consultation 1 and research findings (literature review) and map current good practice in governance:

1. Facilitate dialogue and share learning among SA Hub members
2. Key elements in 'good practice governance'.
3. What are we already doing well? Share good practice.
4. Explore the continuous improvement journeys towards effective governance – 'the stories'.
5. Clarify key governance and risk issues.

Clarify next steps in our methodology including timeframes and processes for consultation with your own boards (Consultation 3) and feedback on this in our next workshop - Consultation 4.

Provide a Consultation 3 briefing to participants (i.e. discussion with individual SA Hub member aged care service organisation boards) with suggested areas for discussion with your boards.

## **Workshop preparation:**

Workshop participants are asked to consider the following documents prior to the workshop on the 26<sup>th</sup> February:

- The Guide for Good Governance - that will form the basis of the discussion on the day.
- The Analysis of Interviews – characteristics of good governance – summary of the analysis of the interviews conducted late last year with Hub representatives (as listed at the start of the document).

## **South Australian Innovation Hub – Governance Good Practice - Workshop Guide for SA Hub members 26 February 2015**

The aim of the SA Hub Governance Working Group governance project is to develop a partnership for learning effective governance practice that will produce a resource kit for the aged care industry, including:

1. Collaboratively developed processes and related resources to assist aged care providers to identify, share and further develop good governance practice.
2. A research report that describes 'best practice' governance and leadership based on a review of the literature to identify contemporary models and frameworks and further informed by the outcomes of the project consultations.
3. A broad 'framework' for good governance practice, including principles for good governance, to support the boards of aged care providers to benchmark and review their governance practices. They can then identify whether there are areas where their governance could be strengthened.

The purpose of this workshop package is to facilitate boards of the SA Hub members to share, explore and develop their expertise in good governance.

It provides a framework for dialogue and reflection about good governance and a series of discussion guides to support boards to engage in continuous improvement of their governance.

By reflecting, exploring and discussing the components of good governance, boards can continue to build expertise and develop an evolving history of learning's. Documentation will assist in building a strong knowledge base and in ensuring that continuous improvement is enacted and monitored.

The structure of this continuous improvement, quality approach to governance builds upon Hilmer and Tricker's(1991) framework . Hilmer and Tricker examine the functions of good governance, what a board should be doing. An additional critical aspect concerns who should provide that governance - the characteristics, attributes, composition, values and behaviours of board members.

Finally, the value of the SA Hub itself as a mechanism for promoting dialogue, sharing information, and building governance capacity is included.

The characteristics from Hilmer and Tricker's(1991) framework formed the basis of the discussion and workshop with David Spears. The following characteristics 1-5

are from Hilmer and Tricker's model and will build on our discussion from our 4 February 2015 workshop with David Spears - Additional aspects of the model that emerged from the initial telephone interviews with SA Hub members are:

- Who provides overall governance leadership? Consider the characteristics, attributes, composition, values and behaviours of board members).
- Board culture (values, behaviours, leadership).
- Attributes of board members (selection criteria, values, membership, terms of engagement – for both Chair and board members).
- Composition of Board (skill set requirements, link to strategic objectives, the representative/ co-opted member mix).
- Induction of boards- (focus on understanding board roles and responsibilities, CEO-Board relationship, the organisation and the aged care industry).
- Ongoing education of boards –(skills and expertise development, agile, dynamic, strategic, informed decision making, risk management).
- Succession planning –(current/ future skill requirements, diversity).
- Performance review or evaluation of board's performance.

### Discussion Guide to explore each of the above components of good governance

(Note – dot points are a guide only)

#### **1. Understanding and evidence**

- What is your understanding of this aspect of good governance?
- What are you already doing?
- What evidence do you have about what you are doing?

#### **2. Developing understanding – building knowledge and expertise**

- What governance issues do you see here?
- What are some of the challenges you have to deal with?
- How have you responded to challenges?
- What have you learnt?

#### **3. Continuous improvement**

- What would you like to change?
- What is your plan for continuous improvement?
- How will you monitor or review improvements?
- How will you know that you have made a difference?

#### **4. Contributing to the expertise of the SA Innovation hub as a whole**

The SA Hub provides you with an opportunity for collaboration, sharing, and building expertise across the wider aged care sector.

- What do you want to share from your own quality governance processes?
- How can the SA Hub support all of its members to sustain and share good governance practice over time?
- Any other ideas?

Final note about the process:

During the final segment of the day the whole group discussed their ideas about the potential of the SA Hub or Community of Practice to support all members. As a result of this discussion the amended model was further adapted and a final circle (element 7; the role of the SA Hub) added.

## Appendix 4: Consultation 3 – SA Hub Member Boards - March-April 2015 - Guide and materials

The purpose of these individual board sessions was to test out the agreed model with the members' boards and to use this discussion to further refine and articulate the characteristics that distinguish high performance governance.

A consultation guide (see below) was provided to support SA Hub members with their board consultations.

### SA Innovation Hub –Governance good practice Consultation Guide for SA Hub members own boards discussion

#### Background

At the workshop on 26 February 2015, SA Hub members discussed and shared ideas about good governance using a modified Hilmer and Tricker (1991) framework as a starting point.

The Hilmer and Tricker (1991) framework provides a functional analysis of good governance. SA Hub members identified two additional characteristics of good governance:

1. Board attributes and culture, leadership etc.
2. The potential role and value of the SA Hub as a mechanism for promoting dialogue, sharing information and building governance capacity.

In the February workshop, SA Hub members shared ideas about the framework. Members took each component of Hilmer and Tricker (1991) and Tricker (2010) and discussed ideas about:

- understanding and evidence,
- exploration of challenges,
- continuous improvement ideas, and
- the potential of the SA Hub.

#### Process for working with individual SA Hub member boards

It was agreed to use the revised framework (refer to the following page) as the basis for discussion and to explore 2 key questions.

#### Using the framework

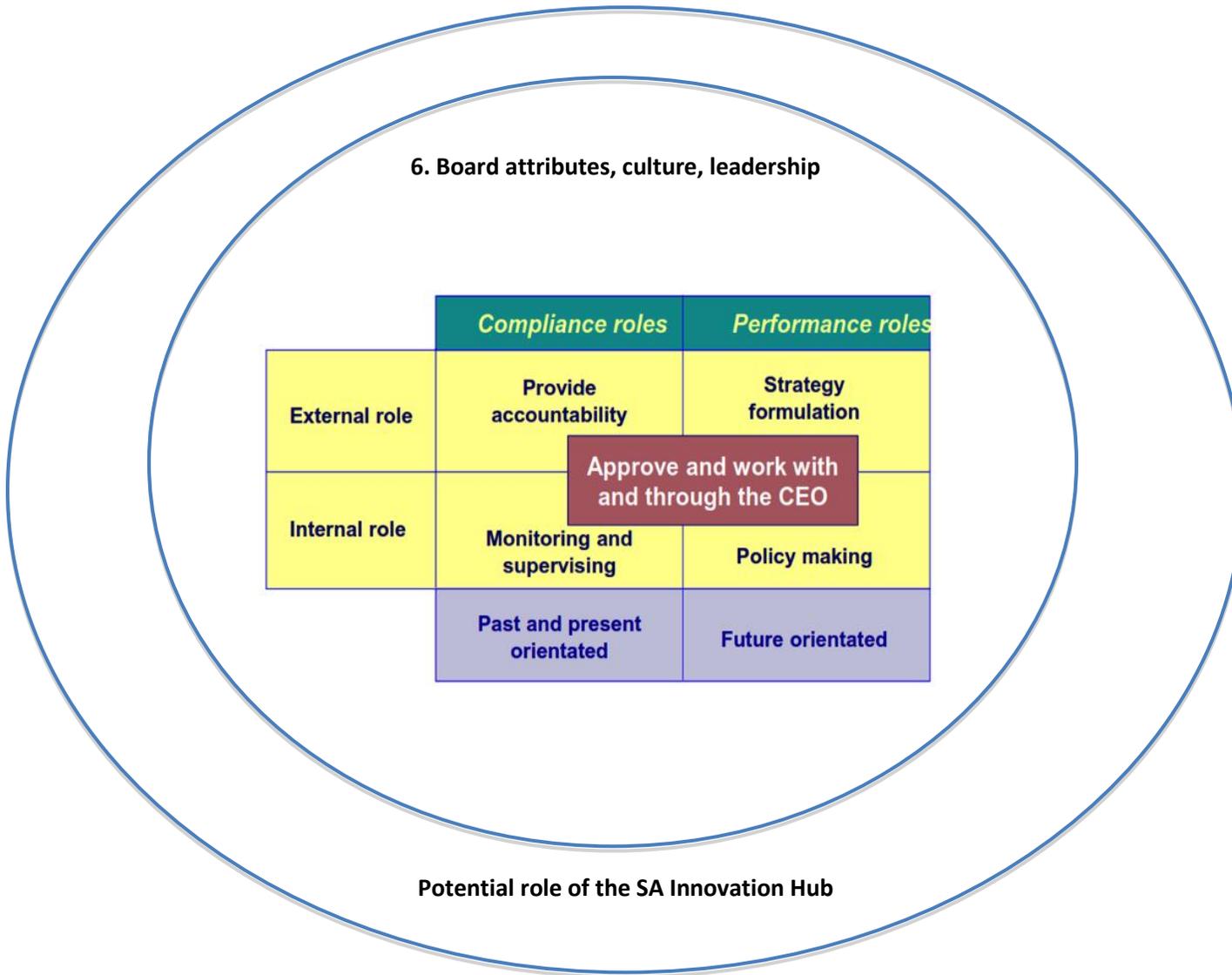
1. What kind of evidence or indicators do you have for good governance?
2. What differentiates good governance from high performing governance?

The outcome of this discussion will inform the project outcomes.

**Potential framework for exploring the concept of governance for the SA Innovation Hub:**

This model builds on the work of Hilmer and Tricker 1991 framework (central diagram) by

1. Including the broad realm of the attributes, culture and capability of boards (see circle 6).
2. Suggesting a potential role of the SA Innovation Hub in promoting dialogue, sharing information and facilitating governance capacity.



## Appendix 5: Consultation 4 – 28 April 2015 - Agenda and materials

The purpose of this workshop was to explore the resultant emerging framework (definitions, principles, model, self assessment guide etc) and to agree on the approach to the design of the final document.

Prior to the workshop, the SA Hub members reviewed and analysed:

- The outcomes from the February workshop (scribes ensured that all small group discussion was recorded).
- The reports from all SA Hub members outlining the results of their own board discussions.
- The emerging information and themes from the literature review/ research.

This was used to prepare a draft framework for governance in aged care to be tested out with participants at this consultation workshop.

Participants used the workshop to edit, comment, review, input, provide feedback and consider the development of additional case studies for inclusion in the final product.

### Workshop agenda

#### Information to participants

Since our last workshop on 26 February, the SA Hub members have undertaken consultation with their aged care provider's board, to discuss:

1. What kind of evidence or indicators do you have for good governance?
2. What differentiates good governance from high performing governance?

#### **The focus of this workshop will be to:**

- Update on progress with governance project deliverables – including the research component, the framework document (including principles and self assessment tool).
- Plan next steps, including discussion of how you would like to see the SA Hub working beyond the life of the governance project.

Please note, for those boards still to provide feedback from their board discussions we look forward to incorporating this into the final draft documents that will be sent through to all of you for comment prior to finalisation.

#### Our agenda for today:

1. Brief project update, including the development of the framework, and the SA Hub board discussions.
2. Review and refinement of project outcome: governance self assessment tool (based on feedback from SA Hub member's board discussions and the previous workshop sessions).
  - a) Overview of the self assessment tool (based on our agreed model).

- b) Small group discussion and review –working in 3 groups to:
    - refine, add, comment on the tool – particularly the measures and differentiators of high performance governance practice, and
    - provide additional stories of application of good practice.
  - c) Brief summary from groups to whole group.
3. Update on project outcome: the research summary.
  4. Potential of the SA Hub in relation to the governance project –share ideas regarding the future potential of this Community of Practice (note: ongoing discussion from 26 February 2015 ).
  5. Government expectations (continuing the discussion from February 26, 2015).
  6. Next steps.

## Workshop activity sheet used to document additional examples of practice

### Activity: Effective framework for governance in aged care – stories of good practice

Please discuss the draft framework document and use this template to document your stories of application of good practice

#### Example / Story

Aspect of our model your story supports (tick one):

- |  |   |
|--|---|
| <input type="checkbox"/> 1. Accountability                         | <input type="checkbox"/> 5. CEO/ Board  |
| <input type="checkbox"/> 2. Strategy formulation                   | <input type="checkbox"/> 6. Board attributes/ leadership / culture                  |
| <input type="checkbox"/> 3. Monitoring/ supervising exec functions | <input type="checkbox"/> 7. Building aged care organisational/ community capability |
| <input type="checkbox"/> 4. Policy making                          |   |

## Appendix 6: Survey Instrument (built in SurveyMonkey)

The SA Innovation Hub Governance Project					
Evaluation Form					
<p>The information contained in this form is confidential and will be used for evaluating the SA Innovation Hub Governance Project only. To ensure effective evaluation of the project, we would request you provide responses to each question.</p>					
<b>1. PARTICIPANT INFORMATION</b>					
Your Name (optional):	<input type="text"/>				
Your Position:	<input type="text"/>				
Your Organisation:	<input type="text"/>				
<b>2. The SA Innovation Hub Governance project has:</b>					
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Sufficiently articulated and elevated the importance of effective governance as a key contributor to quality aged care services	<input type="radio"/>				
Achieved its purpose and scope to develop a principles based governance framework and resources that can be effectively used in an aged care context.	<input type="radio"/>				
Illustrated a Community of Practice approach to build capability, share learning's and achieve project outcomes	<input type="radio"/>				
Assisted you to highlight opportunities for improvement for your organisation's governance processes	<input type="radio"/>				
Comments	<input type="text"/>				

## The SA Innovation Hub Governance Project

### Lessons learned in Governance Project:

3. What worked for you in this project?

4. What did not work for you in this project?

5. What Governance related topics /opportunities should be further explored in the Hub?

6. What have you or do you plan to do (next 3 to 6 mths) arising from Governance project or documents?

Thank you for your feedback, your input is valued.