Assessing your board's performance: **strategic direction**

Leading

The board draws on its knowledge of the wider strategic outcomes associated with the cultural, arts, and heritage sector and the Government's strategic priorities.

The board places strategic direction at the centre of all decisions it makes.

There is a strong alignment between strategic outcomes and performance assessment.

Comprehensive

Strategic direction is comprehensively documented and aligned with strategic vision.

There is a shared understanding of strategy, which drives decision-making. Stakeholders are consulted in the preparation of strategic documents.

The board demonstrates shared understanding of the factors responsible for the organisation's success.

Progressing

Strategic direction is documented and aligned to the strategic vision.

The strategic direction is aligned with the expectations of stakeholders.

The board demonstrates an understanding of the key factors responsible for the organisation's success.

Developing

Strategic direction is documented and partly aligned to strategic vision.

Stakeholders are partly involved in preparing strategic documents.

The board demonstrates some understanding of factors responsible for the organisation's success.

Ad hoc and limited

Strategic direction is somewhat documented but inconsistently understood.

The board demonstrates limited understanding of factors that contribute to achieving strategic outcomes.

Assessing your board's performance: **leadership and culture**

Leading

Board members are aware of their leadership role in, and effect on, the wider arts, culture, and heritage sector.

Decisions made by the board consider long-term effect on/benefits for the wider arts, culture, and heritage sector – not just the organisation in isolation.

The board regularly assesses whether it and the organisation are meeting the policies that it has set and drives behavioural change to ensure that this occurs.

Comprehensive

The board demonstrates and promotes desired leadership behaviours aligned with the organisation's vision and culture, and is focused on nurturing the arts, culture, and heritage sector.

The board and chairperson demonstrate sound leadership and set a good organisational tone focused on good governance.

The board develops fit-for-purpose policies and practices and has considered social responsibilities. The board has ownership of policies and is committed to operating by them.

Progressing

The board demonstrates desired leadership behaviours (such as integrity, insight, "big picture" orientation, openness, sound judgement, and the ability to challenge and lead) aligned with the organisation's vision and culture.

The board and chairperson demonstrate some ownership over setting the organisation's tone.

The board develops and communicates a range of policies and practices that are well understood throughout the organisation.

Developing

The board's leadership behaviours partially demonstrate an understanding of the organisation's vision. However, the board does not fully understand the specific culture of the organisation.

The board develops a range of policies and practices and has some engagement with, and understanding of, them in the organisation.

Ad hoc and limited

The board has a limited understanding of organisation vision and culture, which is reflected in leadership behaviours.

The board has adopted some generic policies and practices but has limited understanding of, and engagement in, the organisation.

Assessing your board's performance: **monitoring and review**

Leading	The board is aware of how other organisations are measuring their performance and uses this information to seek out examples of best practice to improve monitoring and review.
	The board is aware of how wider stakeholder groups can work together to drive strategic outcomes for the culture, arts and heritage sector, and uses this knowledge to lead effective stakeholder engagement that drives performance improvement throughout the sector.
Comprehensive	The board has comprehensive structures and processes to monitor performance, and performance measures accurately reflect the strategic plan, including reviews of annual plans and ensuring that the plans are carried out.
	The board gets regular reports that provide a clear and objective view of operational performance, enabling the board to focus on matters of strategy, and avoid focusing on unnecessary details of operational matters.
	There is a comprehensive stakeholder engagement plan that is well understood by the entire organisation. Stakeholders are well known, and board behaviour is aligned to the plan.
Progressing	The board has well developed structures and processes to monitor performance, and performance measures align to the strategic plan.
	The board gets comprehensive reports that provide oversight of performance and address critical performance measures and issues for objectives and strategies.
	There is a solid understanding of the organisation's accountability to stakeholders, and the board has appropriate measures in place to meet these accountabilities.
Developing	The board has structures and processes in place to monitor performance, and measures are partially aligned to the strategic plan.
	Reports to the board provide oversight of performance and highlight critical performance measures and issues.
	There is a stakeholder engagement plan in place, and there is increasing understanding of the organisation's accountability to stakeholders.
Ad hoc and limited	The board has partially developed structures and processes to monitor financial and non-financial performance. However, there is no clear alignment between performance measures and strategic plan.
	Board reports do not always focus on key performance issues and tend to be too focused on operational matters.
	The stakeholder engagement plan is not widely understood or reviewed.

Assessing your board's performance: **risk management**

Leading	Risk management underpins the board's approach to achieving performance objectives and provides assurance that the organisation will achieve its goals with an acceptable degree of residual risk.
	The board's focus on risk management provides value that is wider than a compliance and loss-avoidance exercise. The risk management process yields benefits and builds the organisation's reputation.
Comprehensive	The board has complete oversight of important risks facing the organisation and the processes needed to manage these risks.
	There is a formal risk management strategy agreed by the board that is aligned to the organisation's strategy, risk appetite, objectives, business plan, and stakeholder expectations.
	Risk management and reporting to the board is ongoing and consistent, and risks are effectively managed.
	Risk management processes allow the organisation to identify, analyse, mitigate/treat, monitor, and communicate risks throughout the organisation.
	There is significant evidence that these processes are consistently followed and fit for purpose.
	The board periodically reviews the risk register to make sure that it is being provided with accurate risk summaries of the risks and issues facing the organisation.
Progressing	There are formal and well defined risk management process in place. These processes are understood by the board and management.
	Risk management processes are aligned to the organisation's strategy, risk appetite, objectives, business plan, and stakeholder expectations.
	Risk management is ongoing and consistent, and risks are continually identified and monitored by the board.
	There are some mechanisms for the board to evaluate the effectiveness of risk mitigation, and the board reports periodically on the effectiveness of the organisation's risk management system.
	The Board uses its shared understanding of important risks to inform its decisions.
Developing	There is a formal risk management process in place that is communicated to the organisation and the board, but risk is only partially understood across the board and the organisation.
	There are risk management processes designed to reflect the organisation's strategy, risk appetite, and objectives.
	Risk management processes allow the organisation to identify, analyse, mitigate/treat, monitor, and communicate risks.
	There is periodical evaluation of the effectiveness of risk mitigation.
Ad hoc and limited	Risk management processes are in place but they are not well explained, and the organisation and governance bodies have limited understanding of these processes.
	Risk management processes tend to be generic and not well aligned to the organisation's strategy, risk appetite, and objectives.
	Risk management processes allow the organisation to partially identify, analyse, mitigate/treat, monitor, and communicate some important risks.

Assessing your board's performance: **internal controls**

Leading	The board views the internal controls environment as a valuable input into guiding and governing the organisation, not as a compliance exercise. Internal controls are designed to support the strategic outcomes sought by the board and to drive continuous improvement in organisational performance.
Comprehensive	There is a well-established and strong internal controls environment. The board has oversight over the control systems that effectively and efficiently guide the organisation towards achieving its objectives and meeting the organisation's external accountabilities. Internal controls are effectively administered, and there is an understanding within the organisation, and by the board, of the importance of internal controls. The board reviews the effectiveness and efficiency of controls and draws on these reviews as a main input into assessing management's performance. As well as having an established audit and risk committee (see Progressing), there is evidence that the audit and risk committee regularly reviews the organisation's internal controls framework.
Progressing	There is an established internal controls environment. The board reviews the control systems (implemented and designed by management). There is some understanding within the organisation, and by the board, of the importance of internal controls. There is an audit and risk committee comprising some independent board members. The audit and risk committee's responsibilities are well defined and understood, and include ensuring efficiency of audits, overseeing the financial systems, and advising the board on the approval of audited financial statements. There is evidence that the audit and risk committee actively reviews the organisation's internal controls framework.
Developing	The internal control environment is partially established. The board carries out some reviews of the control systems, and these are partially aligned to the organisation's objectives. There is a partially established audit and risk committee. The audit and risk committee's responsibilities are defined but inconsistently understood. The audit and risk committee reviews the organisation's internal controls framework on an ad hoc basis.
Ad hoc and limited	There are some basic internal control structures but they are not specifically designed to address the objectives and accountabilities of the organisation. There are some of the following controls: organisational controls (terms of references and segregation of duties), operational controls (planning and budgeting), personnel controls (training, development, and recruitment), and periodic reviews (internal and external audit). There is little understanding of the importance of having a separate audit and risk committee.