



Governance Roles

THE ASK:

In order for governing body members and executives to discharge their duties and provide effective stewardship of their provider, they will each need to have a clear understanding of the different roles, responsibilities and relationships that exist within the governing body and in the broader organisational hierarchy.

Covered in this Topic Guide

- Role of a governing body and its members
- Types of governing body members
- Role of the chair
- Role of the secretary
- Role of the chief executive officer (CEO)
- Governance models

Where are we now?



Trust is important between the chair and the CEO. CEOs that aren't forthcoming with information can create a lot of problems. But, on the other hand, you can get into a situation where it becomes too cosy a relationship - and that impacts the governance of the organisation too.

GOVERNING BODY MEMBER



I see my role as chair as being a peer amongst equals, and as a facilitator who brings a more corporate view. I also expect all governing body members to be able to both articulate and demonstrate culture and values of the organisation - including being inclusive, safe, reliable, and person-centred in our work.

GOVERNING BODY MEMBER

Key concepts

The following high-level definitions are provided to assist in interpreting some of the key concepts discussed in this Topic Guide:

- The **charter** is a written policy document that clearly sets out the role of the governing body and describes roles and responsibilities of the members. It represents an agreement between the organisation and each member of the governing body, that sets out (amongst other things) the procedures of members and meetings.
- The **chair** is the leader of the governing body. They are responsible for the overall organisation and functioning of the governing body, including ensuring that meetings are conducted in an effective and efficient manner.
- An **organisation secretary** (or equivalent) is an administrative officer responsible for supporting the governing body and its members, including meeting logistics (e.g. coordinating reports, distributing agendas and papers, and taking meeting minutes).
- The **CEO** or chief executive officer and most senior executive officer. A CEO is generally responsible for the overall management of the operations of the provider, empowered by delegated authority from the governing body.

Governance roles in aged care

Aged care providers operate under a variety of entity types and structures, ranging from small private companies, faith-based associations, and large corporates. No matter what model of governance is adopted, there are many instruments, roles and responsibilities that providers must adopt to deliver their governance function effectively. Key factors such as independence, composition and skills play a critical role in performance of the governing body, and ultimately the provision of safe and quality care to consumers.

The unique challenge facing governing body members of aged care providers is the level of involvement, knowledge and understanding required to ensure that frameworks are in place to ensure consistent, safe, and high-quality services are provided to consumers.

Tips for ensuring governance roles support the delivery of safe and high-quality care

Older Australians at the Centre

- Embedded in all roles and responsibilities in the governance of aged care providers, is the delivery of safe, high-quality care to consumers.
- Understand that the role of governing bodies in aged care goes beyond the financial success of the provider and extends to engagement with the sector, consumers, families, and stakeholders.

Obligations and Accountabilities

- Each role in a governing body should be set out in a position description that describes the duties and responsibilities of the role, personal characteristics required to fulfil the role, and competencies required.
- Undertake regular performance reviews, including appraisal of the performance of the CEO (and executive team).

Knowledge, Skills and Experience

- Understand the responsibilities required of different roles including the chair, secretary and CEO.
- Recruit people with the right skills and personal characteristics to take a leadership role within the provider.

Leadership and Culture

- The governing body and executive team are responsible for leading by example and should demonstrate the values of the organisation in their conduct and decision making.
- Understand that it is the role of the governing body to oversee the strategy and governance frameworks and it is the role of the executive team to implement policies and oversee day-to-day management of the provider.

Reflecting on your practice



Think...

Below are the top things you need to be **thinking** about:

- The role of the governing body and executive team is to set the tone and culture of the organisation.
- How have we tailored our charter and goals so as ensuring our role reflects the needs of consumers?
- Does the way that we govern and operate ultimately support the delivery of safe, consistent, high-quality aged care?



Ask and say...

Below are the top **questions you need to be asking**:

- Is the role of the governing body well-defined and understood across the organisation, including by consumers and other stakeholders?
- As a governing body member, am I sure that my responsibilities are not overlapping with that of the management team?
- Does our governance framework suit the size, nature and complexity of the provider we act for?
- Is the governing body sufficiently independent of the management of the provider so that it can make decisions in the best interest of the provider?
- Do we have accurate position descriptions that reflect the required roles, responsibilities, personal characteristics, and capabilities required for governing body members?
- Is there an annual agenda, approved by the governing body, that is linked to its key responsibilities, as detailed in the charter document?
- Is the authority delegated to the CEO clear and documented, such that the executive team is aware of the limits of their delegated authority are?



Do...

These are the top **actions and behaviours** of leaders:

- Lead by example in how you act and the decisions you make.
- Regularly review the performance of the governing body and the executive team to ensure that they are meeting the expectations.
- Foster a relationship of trust and communication between the governing body, the CEO and executive team.
- Appoint people who are right for the role and who are committed to the values and purpose of the provider.
- Engage in ongoing education to upskill on areas to enable you to continue to meet your role expectations and responsibilities.

Role of the governing body and its members

The role of the governing body is to ensure effective governance of the provider and implement the systems that facilitate the provision of safe and quality care to consumers. The governing body takes a unique role of oversight, that is generally distinct from the day-day-to management of operations (which is generally overseen by the executive team). As such, the governing body is intended to focus on **hindsight** to reflect on past performance, **oversight** of current performance, **insight** to the operations of the provider and **foresight** of trends and reforms in the aged care sector to set the strategic objectives of the provider.

While it is common for governing bodies (particular of larger organisations) to be further removed from the day-to-day operations of a provider, governing body members in aged care should be mindful that effective leaders in aged care should engage with their consumers and stakeholders in making compassionate decisions for better outcomes in delivering safe, high-quality aged care. This means that the governing body must have systems in place to support the oversight of organisational, operational as well as clinical elements of service delivery.

Governing body charter

All aged care providers with a governing body should have a document that clearly outlines the purpose, functions and key operating mechanisms of the provider. The document could be called a 'charter', 'terms of reference' or 'constitution' and effectively sets out the role, functions and responsibilities of the governing body. While the content of the governing body charter will vary depending on provider type, size, operations, and structure, typically a charter document should cover the following matters:

- Governing body structure and composition.

- The role of the chair and (if applicable) the secretary.
- Governing body delegations, including matters that cannot be delegated and are reserved for decision making by the governing body.
- Governing body meeting procedures.

Scope of the governing body

The governing body charter should refer to the key roles and responsibilities of the governing body which should include the following key functions:

- Developing the provider's vision, purpose, core values, strategic direction and objectives.
- Evaluating and working with the management team on important strategic and operational matters.
- Evaluating risks (including financial and clinical risks) and approving the internal risk and compliance frameworks.
- Setting organisational culture, ethical standards and acceptable behaviour.
- Communicating and reporting to shareholders (if applicable), staff and other stakeholders in a transparent, insightful and informed manner.
- Succession planning of governing body members.

Annual governing body agenda

Governing bodies commonly formulate an annual agenda as an effective planning tool. An effective annual agenda for an aged care governing body will:

- Provide coverage of all the governing body's key activities, including oversight of consumer outcomes.
- Provide time for discussion of key topics such as dementia care, clinical risks, incident management and reporting.
- Ensure all the obligations included in the charter will be addressed.
- Provide specific opportunities for the continuous development of governing body members' skills and capabilities.

The annual agenda can also be used as an additional evaluation tool to provide assurance that the governing body is meeting planned objectives throughout the governing body meetings throughout the year.

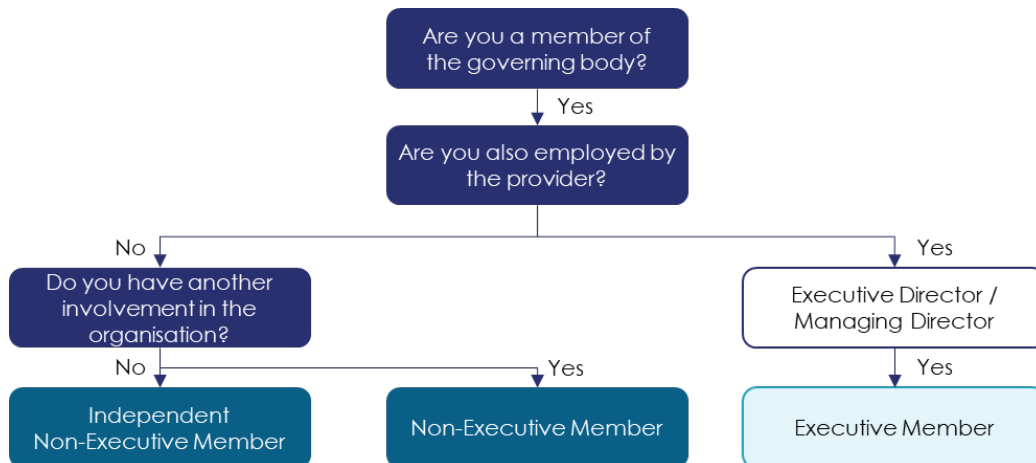
Types of governing body members

There are two principal types of governing body members: executive members and non-executive members. It is important that members understand what type they are and how this may impact on their ability to fulfil the requirements of the role.

| Non-executive members | Executive members |
|---|---|
| <p>A non-executive governing body member is not employed by the organisation in a management position but plays a key role in leadership and stewardship of the provider. The duties of a non-executive member do not fundamentally differ from an executive member. However, non-executive members generally are not expected to have detailed operational knowledge of the provider which allows them to provide an objective perspective and broad knowledge to the governing body's strategic decision making.</p> <p>An important characteristic of non-executive members is the willingness to challenge management, raise difficult issues and seek out information regarding the providers financial performance, consumer outcomes. Non-executive members can also be independent members in that they are free of any interest, position or relationship with the provider or the provider's staff that may be in may influence their judgement or decision making to act in the best interest of the provider.</p> | <p>Executive governing body members are paid employees of the organisation, and are usually part of the executive team. It is particularly important for roles and responsibilities to be clear and understood by executive members as it can be difficult to delineate the difference between the governing body and management.</p> <p>The argument in favour of executive governing body members is that they add value to a governing body's decision-making process through their technical expertise and knowledge of the day-to-day management of the provider. In some instances, executive governing body members are the members of the governing body with relevant clinical experience in health and aged care.</p> |

Determining member type

It should be clear whether a member is an executive member or a non-executive member. However, members can consider this decision tree to ensure their independence and the nature of their role reflects their understanding.



Role of the chair

Just as the governing body sets the tone for the entire organisation, the chair sets the tone for the governing body. At its core, the chair’s leadership role involves facilitating the effective contribution of all governing body members and promoting constructive and respectful relations between all governing body members and management. The chair plays a significant role in the operation of the governing body and governing bodies should give careful attention to the election of a chair.

It is important to note that the chair must not prevent the CEO from raising issues with the governing body, either corporate or clinical in nature, should an issue arise that would reasonably be judged worthy of the governing body’s consideration.

Role of the secretary

An aged care provider may choose to employ an organisation secretary to provide administrative support, assisting the governing body and its committees to operate effectively and meet its legal and ethical obligations. The role of a secretary has become increasingly important, given the high volume of information governing body members require, the secretary often plays an important role not only in managing and supporting the business of the governing body, but in advising the governing body on governance matters within the organisation.

The secretary should be accountable to the governing body and should report to the chair or senior executive members (such as the CEO or Chief Financial Officer). While there are no strict requirements for an organisation secretary to have particular qualifications or clinical experience, the secretary should have a strong understanding of the compliance requirements associated with the nature of the provider (which can vary depending on entity type) as well as thorough knowledge of the provider's charter (or constitution).

The scope and responsibilities of this role can vary depending on the size, complexity and structure of the provider. Generally, the role of the secretary includes:

- Being a source of knowledge about the providers corporate governance requirements.
- Advising the governing body on governance issues and overseeing record keeping.
- Preparing the governing body agenda in consultation with the chair and CEO.
- Co-ordinating the timely completion and despatch of governing body papers and reports.
- Ensuring that the business at governing body and committee meetings is accurately captured in the minutes.

Role of the Chief Executive Officer (CEO)

An aged care provider's most senior member of management may be referred to as the Chief Executive Officer (CEO), the Executive Director (ED), the Managing Director (MD), or another title suitable to that provider's nature and context. The CEO (or equivalent) is critical to the performance of a provider, being responsible for the successful execution of the provider's strategy, vision and purpose as well as the overall management of the operations of the provider. The CEO is empowered by delegated authority from the governing body (and as set out in the governing body charter or constitution). The CEO is expected to provide strong leadership within the organisation as well as with consumers and stakeholders.

The scope of activities and responsibilities assigned to the CEO can be broad and far-reaching but often includes responsible for:

- Monitoring that governing body and committee policy and procedures are followed.
- Identifying and managing operational, clinical and corporate risks and ensuring that the governing body is kept informed of high risk or material issues facing the provider.
- Developing operational processes to deliver on the strategy objectives.
- Managing and monitoring the reporting mechanisms in place to ensure relevant, timely and accurate information is being captured and reported appropriately.

Ultimately, it is the CEO's responsibility to be accountable to the governing body and to keep the governing body informed about the operations of the provider. Additionally, the CEO or members of the executive team should have a working understanding of the aged care sector in order to effectively drive a culture of consumer driven care, innovation and preparedness for reforms. The CEO plays a key role in fostering relationships with external stakeholders, engaging with advocacy groups and understanding community expectations about the delivery of aged care services.

Relationship between the governing body, chair and CEO

There is no 'one-size-fits-all' approach to the relationship between the governing body and the executive team of an aged care provider. The interaction between the governing body and the executive leadership team will vary from a single facility provider to a large complex organisation with multiple facilities and services. Regardless of the nature of the provider however, the working relationship between the CEO, chair, secretary and the governing body is all mutually dependent. It is therefore important for the governing body and the executive team to work effectively with one another to deliver compliant, consistent quality care to consumers which ultimately leads to the success of the provider.

The governing body will generally rely on the CEO to provide input to and implement strategy, communicate with the management team, inform the governing body of material issues or risks and to promote the interests of consumers and providers.

The CEO in turn, often requires the governing body to provide clear direction, mentoring, professional development support and delegation of authority. The chair in turn is responsible for the leadership of the governing body and facilitates communication between the governing body and the executive team.

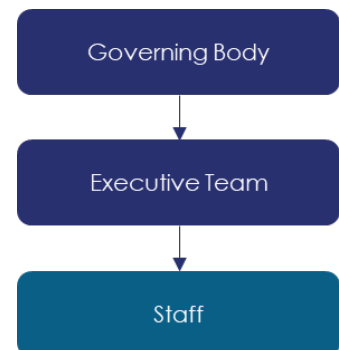
Governance models

Governing body and executive team

The most appropriate and effective governance model and operating framework for a governing body will be guided by the needs of the provider. However, it is relevant when setting strategy, implementing frameworks and empowering committees to reflect on how these models of governance can lead to better outcomes for consumers receiving aged care services.

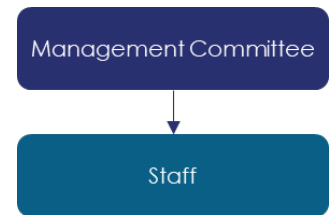
Generally, the governing body will operate at the top of organisational hierarchy, providing stewardship of the provider, and empowering the executive team to deliver day-to-day operations.

The governing body will most often delegate some of its oversight responsibilities to committees in order to maintain efficient oversight of the operations of the provider.



Management committee

Some providers may be led by a 'Management Committee' which plays a dual role as governing body and executive team to ensure that the governing body and CEO are able to maintain effective oversight of operations, clinical governance and compliance with the requirements under the Aged Care Act 1997 and subordinate legislation, including the Aged Care Quality Standards.



Note however, that this model may not be appropriate for larger providers, as it can compromise the separation between strategic decision-making and the operational management. Ultimately, it is important for governing body members and the executive team to have a clear understanding of the limits of their authority, the scope of their role and their legal, operational and corporate responsibilities.

Useful tools

- Tool - [Governing Body Annual Agenda](#)

Useful references and links

[Aged Care Act 1997](#)

[Standard 8. Organisational governance | Aged Care Quality and Safety Commission](#)