



Operational Framework - Management & Governance Capability

Audit Assessment

1 Use of This Document

This document presents an overview of a quick assessment, min-audit, of the Management and Governance Capabilities of an organisation as part of the Operational Framework for Board – Executive Relationships. By engaging key stakeholder(s) and having them identify and provide examples of the organisational capability in key areas, a quick assessment can be made. Aimed at those participating, conducting, reporting on or auditing a Management and Governance Capabilities assessment, this document outlines what the process is, why it is required and what happens to the information collected. This document presents a questionnaire and guidelines for the quick assessment. The quick assessment can be repeated to ensure a level of compliance.

Please collect business cards where possible. Conduct the interview in a relaxed and informal way, using open ended questions, in a conversation and let the participant talk. Empathise and share experiences as required.

N.B. All Results are Confidential.

2 About Management & Governance Capabilities

Answers to common questions about the Operational Framework – Management and Governance Capabilities are presented.

What is the Operational Framework?

The Operational Framework is a set of tools and techniques, (an Operational Framework) for use between Boards and Executive Leadership, or other groups, particular within Not for Profit (NFP) organisations.

What is the purpose of the Management and Governance Capabilities process?

The purpose of the Management and Governance Capabilities is to quickly assess an organisation's capabilities around governance and management and to identify areas for improvement so that operations can be assured.

How does the Management and Governance Capabilities process work?

The process works by having a key stakeholder(s) answer simple questions and provide examples of documents to support a process or area of expertise. The interview is informal, confidential and results are presented back with moderated discussion forum if required.

Does the Management and Governance Capabilities process form a long term audit and assurance tool?

Yes. The same tool can be used to assess an organisation once, or many times. The principles and requirements seldom change.

What is the outcome of the Management and Governance Capabilities assessment?

The outcome is a transfer expertise and identification of areas for further consideration and action. The output is usually the completed form from this document.

Who should partake in the Management and Governance Capabilities assessment?

Usually a key stakeholder(s) who has a good cross organisational view and a vested interest in the process and addressing the outcomes.

What is the confidentiality within the Management and Governance Capabilities process?

The process is in strictest confidence and a consolidated view is taken.

3 Recipe

A recipe for the process of a quick review, mini audit, is as follows. Remember:



- It is the view of the participant that is important and NOT that of the facilitator.
- It is the outcomes that are important for the participant.
- The significance to the participant lies in transferring the tool and the expertise so that they can use it for themselves.

Ingredients

Access to example documents

Briefed stakeholder(s) with good cross organisational expertise

Capable facilitator

Copy of Operational Framework – Management & Governance Capability: Audit Assessment

Instructions

1) Facilitator put stakeholder(s) at ease and ensuring a non-threatening engagement.

2) Using the Framework – Management & Governance Capability: Audit Assessment as a tool ensure stakeholder(s) understands the process and why it is being conducted.

3) Facilitator to explain the required capability to stakeholder(s) and to have stakeholder(s) confirm the existence of the capability and provide evidence of the capability.

4) Facilitator use evidence to intuitively assess the quality and make recommendations for improvement.

5) Facilitator return results as soon as possible to stakeholder(s) for peer review.

6) Facilitator to moderate a further session, as required, to discuss results and next steps.

4 Elements of Management & Governance

Elements within a management and governance capability that has proven to be effective are as shown in Table I.

Element	Purpose	Requirement
Customer satisfaction	Having results on customer satisfaction known to managers and leadership drives a customer focused organisation.	<ul style="list-style-type: none"> • Customer satisfaction information recorded and actioned. • Results of customer satisfaction presented to Executive Leadership and Board, including “bad news”, and actioned.
Direction, priorities and values	Where staff know what their priorities are, know what is meant to be happening and this aligns with their values, then best results are seen.	<ul style="list-style-type: none"> • Staff (including Board and Executive) are able to readily explain what they do in the organisation and why. • Staff (including Board and Executive) can articulate in their own words the objectives and vision of the organisation.
Exceptions Reporting to Board / Executive	To have major issues clearly reported to Board / Executive Leadership for resolution.	<ul style="list-style-type: none"> • Concise, informative and current Exceptions Reporting to Board /



Element	Purpose	Requirement
Leadership		<p>Executive Leadership exists.</p> <ul style="list-style-type: none"> • Exceptions Reports are part of the Board documentation kept in perpetuity.
Executive Leadership / Board organisational engagement	An organisationally engaged Executive Leadership / Board that are aware of the operational issues that challenge service delivery, sets the culture for an organisation and is required for service delivery.	<ul style="list-style-type: none"> • Executive Leadership / Board regularly walk around the organisation, talk to “coal face”, etc. • Messages from Executive Leadership / Board regularly communicated to staff directly through a range of channels.
Financial accountability	Accountability of finances including cash-flow management is a requisite of any organisation.	<ul style="list-style-type: none"> • Monthly profit and loss and cash-flow approved by Board. • Organisation operates to agreed budget and/or is taking measures to address. • An annual budget is compiled for the organisation and areas of operation and are managed to budget. • Annual independent audit of accounts and approved by Board.
Issues tracking and resolution	If issues are tracked and readily resolved within an organisation then operations are effective and efficient.	<ul style="list-style-type: none"> • An issues tracking capability is present. • Reporting on the major issues through the organisation. • Resolution of the issues.
Strategy & Planning	An organisation needs to have a consistent strategy and an annual planning process to ensure alignment of activities.	<ul style="list-style-type: none"> • Organisation has a clearly defined objective and strategy for realising required outcomes. • Annual business planning process exists. • Plan is followed and reported against to the Board.
Time management	A timesheeting capability, commensurate with the level of operations, to see that effort is focused on priorities exists.	<ul style="list-style-type: none"> • Managers and staff complete activity based timesheets. • Review of issue areas using time outlining tools or similar.

Table I. Elements within management and governance.



5 Considerations in Auditing

The purpose of the audit is to help an organisation improve the quality of their service and operations. The focus is on creating a view of the ability to deliver outcomes. The following considerations are to be noted when conducting this audit:

- The purpose of the document is to tell the business where the gaps in their operations are.
- The focus is on the bigger picture.
- Assess quality of documentation produced and identify areas for improvement.
- Whilst much of an assessment is qualitative, the reporting should be quantitative where possible.
- The results are a guide only.
- With ratings, Red trumps Amber and Green. Amber trumps Green.



Governance & Management Capability Audit Form

Organisation: _____

Participant Name: _____

Position Title: _____

Date of Audit Review: _____

Auditor Name: _____

Overall Rating: _____

Element Capability	Overall Rating R / A/ G	Comment
Customer satisfaction	A	
Direction, priorities and values	G	
Exceptions Reporting to Board / Executive Leadership	R	
Executive Leadership / Board organisational engagement		
Financial accountability		
Issues tracking and resolution		
Strategy & Planning		
Time management		

- Red – One or more criteria rated “R”.
- Amber – One or more criteria rated “A”.
- Green – All criteria rated “G”.



Capability	Criteria	Quality Rating R / A/ G	Evidence Produced	Comment / Improvement
Customer satisfaction	Customer satisfaction information recorded and actioned.	G		
	Results of customer satisfaction presented to Executive Leadership and Board, including “bad news”, and actioned.			
Direction, priorities and values	Staff (including Board and Executive) are able to readily explain what they do in the organisation and why.	G		
	Staff (including Board and Executive) can articulate in their own words the objectives and vision of the organisation.			
Exceptions Reporting to Board / Executive Leadership	Concise, informative and current Exceptions Reporting to Board / Executive Leadership exists.	G		
	Exceptions Reports are part of the Board documentation kept in perpetuity.			
Executive Leadership / Board organisational	Executive Leadership / Board regularly walk around the organisation, talk to “coal face”, etc.	A		

- Red - Capability seldom present. Poor quality documentation is the norm. Recommendations for improvement are common.
- Amber – Capability mostly present but quality is variable. Several recommendations for improvement exist.
- Green – Capability always present. Good quality documentation is the norm. Few recommendations for improvement.



Capability	Criteria	Quality Rating R / A/ G	Evidence Produced	Comment / Improvement
engagement	Messages from Executive Leadership / Board regularly communicated to staff directly through a range of channels.			
Financial accountability	Monthly profit and loss and cash-flow approved by Board.	A		
	Organisation operates to agreed budget and/or is taking measures to address.			
	An annual budget is compiled for the organisation and areas of operation and are managed to budget.			
	Annual independent audit of accounts and approved by Board.			
Issues tracking and resolution	An issues tracking capability.	R		
	Reporting on the major issues through the organisation.			
	Resolution of the issues.			
Strategy & Planning	Organisation has a clearly defined objective and strategy for realising	R		

- Red - Capability seldom present. Poor quality documentation is the norm. Recommendations for improvement are common.
- Amber – Capability mostly present but quality is variable. Several recommendations for improvement exist.
- Green – Capability always present. Good quality documentation is the norm. Few recommendations for improvement.



Capability	Criteria	Quality Rating R / A/ G	Evidence Produced	Comment / Improvement
	required outcomes.			
	Annual business planning process exists.			
	Plan is followed and reported against to the Board.			
Time management	Managers and staff complete activity based timesheets.	R		
	Review of issue areas using time outlining tools or similar			

Comment:	
-----------------	--

CONFIDENTIAL

- Red - Capability seldom present. Poor quality documentation is the norm. Recommendations for improvement are common.
- Amber – Capability mostly present but quality is variable. Several recommendations for improvement exist.
- Green – Capability always present. Good quality documentation is the norm. Few recommendations for improvement.

