

Unlocking your board's full potential

Board Evaluation Questionnaire



An effective evaluation can help even highly successful boards to enhance their performance and improve their organisation.

Unlocking your board's full potential

Board members in central government may find it helpful to complete this questionnaire annually as part of their board evaluation process.

As a qualitative element is important in any assessment of performance, the questionnaire includes space for appraisers to add comments as well as a set of reflective questions at the end.

The assessment adds most value as a facilitated exercise that explores the reasons underlying board members' scores and comments. Facilitation is more effective if someone independent of the board and senior management, but who understands the organisation, performs this role.

Our tip for analysing the results is for boards to focus on areas where there is a broad agreement that improvement would be beneficial and where there are a range of views in the boardroom on performance.

The questionnaire sets out some searching questions that should be relevant to most boards. Statutory boards should benefit most as it builds on the foundations of a clearly defined role and the ability to set the direction of the organisation. But non-statutory boards may also find some of the sections useful in their performance evaluations as they identify current best practice.

We produced this questionnaire with HM Treasury's *Corporate governance in central government departments: code of good practice* in mind. In some places the questions go further than this and draw on private sector best practice, for example with regard to independent directors. The questions also sometimes suggest items of business that central government boards could regularly consider, such as novel and contentious expenditure.

Boards may find it useful to take this opportunity to test their performance against others. Information on Mazars' benchmarking service can be obtained from craig.scarr@mazars.co.uk. Further information on this questionnaire is also available at this email address or from z5-fmgp@nao.gsi.gov.uk.

We welcome your feedback on this questionnaire. Please send any comments to the email addresses above.

Board Evaluation Questionnaire

1 = Strongly Disagree

2 = Partly Disagree

3 = Partly Agree

4 = Strongly Agree

Objectives, strategy and remit

1 2 3 4

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. The board has a clear set of objectives that are independent of those for the organisation. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. The board realistically assesses its performance against its objectives at regular intervals and at year-end. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. The board has developed a strategy for the organisation that is central to the way it is directed. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. The strategy is well aligned to the organisation's remit and its capabilities, i.e. its people, assets, intellectual property, and financial and other resources. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. The board devotes quality time to reviewing the implementation of the strategy. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. The strategy is updated for any changes to the organisation's remit or the external environment. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Significant programmes and projects are clearly aligned to the strategy and fall within the organisation's remit. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Further comments on objectives, strategy and remit:

Performance measurement

1 2 3 4

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 8. Management regularly reports to the board on key outcomes and targets that flow directly from the strategy. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Performance information is integrated with financial reporting. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. The board gets early-warning signals of problems ahead that will adversely affect key outcomes, targets or financial performance. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Management provides a thorough analysis of performance against budget, targets and key outcomes, and discusses any necessary remedial action. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. The board has a good understanding of the performance of the organisation relative to other bodies, where appropriate. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. The board takes collective responsibility for the performance of the organisation. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Further comments on performance measurement:

1 = Strongly Disagree

2 = Partly Disagree

3 = Partly Agree

4 = Strongly Agree

Relationships with key stakeholders

1 2 3 4

14. Relations with the sponsor department are productive and supported by regular and open communication.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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15. The sponsor department and Parliament consider the organisation is performing well, has a strong board and a good reputation.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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16. The board receives full reports whenever the chair or Accounting Officer/Chief Executive meets with Ministers, other key stakeholders and major funders. The reports include stakeholder perspectives on the organisation's performance, strengths and areas for development, where appropriate.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Further comments on relationships with key stakeholders:

Propriety, fraud and other leakage

1 2 3 4

17. The board is aware of, and annually approves, the scheme of delegation.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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18. The board receives regular reports on fraud and takes steps to address any failures or perceived weaknesses.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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19. The board is satisfied that it receives full and timely notification of all significant losses, special payments or other leakage. The board takes appropriate action to address any weaknesses or failures.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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20. The board is always provided with advance notification of all proposed novel or contentious expenditure.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Further comments on propriety, fraud and other leakage:

1 = Strongly Disagree

2 = Partly Disagree

3 = Partly Agree

4 = Strongly Agree

Delivery chain and project management

1 2 3 4

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 21. The board receives regular updates on progress for all programmes and projects subject to the Gateway review process, and any others judged high risk by the organisation. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 22. The board is provided with timely and robust post-evaluation reviews for all major projects and programmes, including an examination of whether all intended benefits were realised. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 23. Where delivery is devolved to partner organisations, the board receives regular assurances over delivery, the operational effectiveness of partners' governance arrangements and the regularity of expenditure made on its behalf. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Further comments on delivery chain and project management:

Risk management

1 2 3 4

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|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 24. The board is clear on its risk appetite. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 25. The board has a sound process for identifying and regularly reviewing its principal risks, and makes the necessary amendments in the light of changes in the internal and external environment. This process involves all parts of the business. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 26. The board receives regular, insightful reports on the organisation's risk management and internal control systems that provide assurance over their operational effectiveness. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 27. The board takes full account of risk in its decisions, for example, in relation to proposed major projects and programmes. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 28. The board receives reliable projections of future cash flows for the medium as well as the short term, and is confident that the available funding will enable the organisation to develop and operate as planned. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 29. The board is satisfied there have been no problems with regulatory and similar requirements, and that sound health and safety, employment and other practices are implemented to protect the organisation against unnecessary litigation and reputation risk. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 30. The board is aware of changing demand patterns and is confident that these can be met from the resources available and within the organisation's statutory remit. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 31. The board monitors the political environment for potential changes to its remit and assesses the impact these will have on the strategy. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 32. The board is aware of the organisation's information needs. Any exceptions to best practice over data acquisition, usage, storage and destruction are reported. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 33. No substantial, unexpected problems have emerged which the board should have been aware of earlier. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Further comments on risk management:

1 = Strongly Disagree

2 = Partly Disagree

3 = Partly Agree

4 = Strongly Agree

The audit committee, internal audit and corporate reporting	1	2	3	4
34. The audit committee has sufficient expertise, support, time, and access to key staff and information to enable it to discharge its monitoring and oversight role effectively.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
35. There is a proper discussion (not just nodding through) by the board of reports from the audit committee, ensuring all members are aware of the issues discussed and their resolution.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36. The internal audit function is independent of management, appropriately skilled, competent and complies with Government Internal Audit Standards.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
37. The board is satisfied that there is no evidence of aggressive or less than fully transparent accounting in the financial statements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Further comments on the audit committee, internal audit and corporate reporting:				

The boardroom	1	2	3	4
38. The board is cohesive and combines being supportive of management with providing appropriate challenge.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
39. A senior independent director role exists to strengthen the position of the non-executives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
40. The Chair leads meetings well with a clear focus on the big issues facing the organisation and allows full and open discussion before major decisions are taken.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
41. Induction and development programmes ensure board members remain up-to-date throughout their time on the board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
42. Working as a team, the board has the right blend of skills, expertise and personalities, and the appropriate degree of diversity, to enable it to face today's and tomorrow's challenges successfully. Appointments place significant emphasis on succession planning both with regard to independent and non-executive directors' positions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
43. The board constantly strives to improve its effectiveness by ensuring its own performance appraisal replicates good practice elsewhere.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
44. The board draws up action plans following its performance evaluations. The actions include behavioural and qualitative aspects, where appropriate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
45. The board regularly reviews progress against its performance appraisal action plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Further comments on the boardroom:				

1 = Strongly Disagree

2 = Partly Disagree

3 = Partly Agree

4 = Strongly Agree

Reflections

1	2	3	4

46. Has the questionnaire addressed all issues in respect of the board's performance?

47. Overall, do the questionnaire responses accurately portray the board's performance?

Further comments on the reflections:

Please get in touch...

For more support on evaluating and developing your board's effectiveness, please contact:

Craig Scarr, Managing Partner, Governance, Risk and Internal Controls team, Mazars LLP
T: +44 (0)1582 700700 E: craig.scarr@mazars.co.uk

Andrew Baigent, Director General, Financial Audit, NAO
T: +44 (0)20 7798 7000 E: z5-fmgp@nao.gsi.gov.uk

Glossary

Independent director: This is a concept set out within the Combined Code, following the recommendation made in the Higgs Report. Provision A.3.1 defines independence as follows:

The board should identify in the annual report each non-executive director it considers to be independent. The board should determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:

- has been an employee of the company or group within the last five years;
- has, or has had within the last three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or a performance-related pay scheme, or is a member of the company's pension scheme;
- has close family ties with any of the company's advisers, directors or senior employees;

- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the board for more than nine years from the date of their first election.

All of the above criteria, barring that related to representing significant shareholdings, are relevant in the public sector context (with some adaptation).

Accounting Officer: The senior official in the organisation and he or she may be called to account in Parliament for the stewardship of the resources within the organisation's control. Acting within the authority of the Minister(s) to whom he or she is responsible, the Accounting Officer should ensure that the organisation, and any subsidiary to it or organisation sponsored by it, operates effectively and to a high standard of probity.

Government Internal Audit Standards: The set of internal auditing standards for central government, based on the *International Standards for the Professional Practice of Internal Auditing* issued by the Internal Audit Standards Board of the Institute of Internal Auditors, the global professional body. Where necessary, specific requirements or interpretations for central government are made.