

More than duties

If you sit on the board of an aged care organisation, you should understand how the service operates, writes AARON GOLDSWORTHY.

Directors need to move beyond simply understanding their directors' duties and develop shared understandings of the key concepts underlying organisations and the practical application of these concepts to their organisation.

This will provide for more effective agreement on how the organisation will be configured, thereby enabling fundamental governance principles and practices to be enacted and assisting governing bodies to meet or exceed their obligations under the Aged Care Quality Standards.

Professional development for governing bodies, such as a board, committee of management, council or a similarly named group, has traditionally had a heavy focus on the duties prescribed by law for directors*.

While it is critical to know and understand these duties, they provide little practical guidance to directors about what their work involves or how they can effectively govern an organisation. Because directors' duties only set out the minimum legal and ethical boundaries that directors must act within, such as in good faith and for a proper purpose, and with due skill, care and diligence.

However, within these boundaries there is a variety of ways governing bodies or individual directors operate, with governance processes and practices varying between governing bodies. Typically, as illustrated in the figure opposite, these are centred in whole or in part around the:

- two governance roles:
 - acting in the best interests of the organisation
 - acting in the best interests of stakeholders
- four governance responsibilities:
 - strategic leadership
 - policy-based decision making
 - monitoring and reviewing
 - compliance and coverage.



Aaron Goldsworthy

Fulfilment of these governance roles and responsibilities are in part facilitated by the strengthening of organisational elements such as vision and mission, leadership, culture, strategy, structure, people, systems and the service or business model.

Organisations delivering Australian government-funded aged care services also have a responsibility at minimum to meet the quality standards, which include specific responsibilities for the organisation's governing body under Standard 8 Organisational Governance.

Standard 8 is in essence a systems approach to the governance and day-to-day management of an organisation and it is also a key concept underlying governance and management of organisations.

Understanding organisational systems

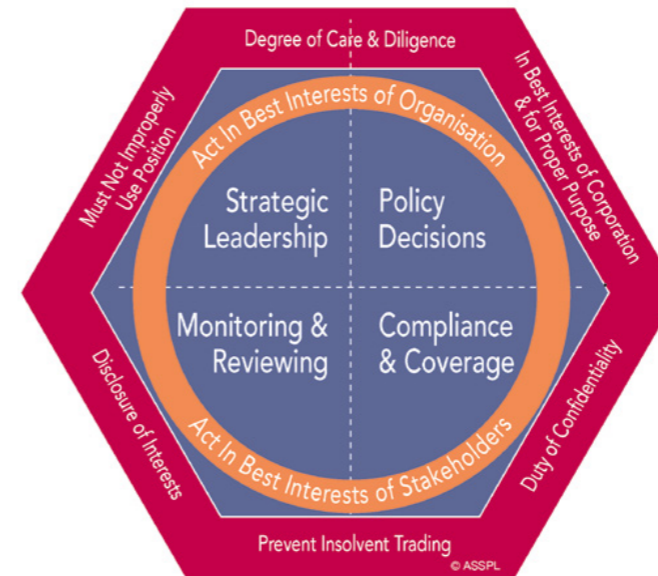
Organisational systems, which are referred to in the quality standards as governance systems, are more than just software; noting that organisational systems are increasingly, as they should be, centred around an integrated range of software.

An organisational system is a series of repeatable processes and activities within a defined framework that address a particular aspect of managing or operating an organisation or its services, such as financial management, quality management, risk management, human resource management and clinical governance.

Organisational systems are typically established by a governance or organisational policy or group of policies and their respective procedures. Importantly the policies should define the duties, activities and accountabilities of various parties, be they the governing body, chief executive officer, executives, managers or staff.

For directors there are two particular aspects of organisational systems that are fundamental to understand and apply to fulfil governance roles and responsibilities.

Alignment of Directors' Duties to Corporate Governance Roles & Responsibilities



Directors must act within the minimum legal standards created by directors' duties

Organisational systems should firstly provide directors with accurate, timely and informative data and information such that they can satisfy themselves of the organisation's or service's performance, – or take steps to ensure any deficiencies in performance are rectified – which in aged care includes the delivery of safe and quality care and services.

Secondly some organisational systems will have a portion of the system that is used by the directors to undertake their work; for example the risk management system should allow the board to monitor strategic and key organisational risks.

The systems can be represented as an iceberg. Below the water line is the organisational and operational portion of any particular organisational system and above the water line is that portion of the system used by the board.

Proper use of the key systems ensure they are a conduit allowing the flow of data and information the directors require for informed discussion and decision making, and configured properly they provide directors with systems to undertake their work.

Organisational systems vs people

The utilisation of either stand alone or integrated organisational systems does not negate the need for contemporary governance, leadership or management, and the nurturing of appropriate board and organisational culture.

Organisational systems are only strong guides within which people work. The challenges and opportunities that come from working in teams will still arise.

Further, organisational systems must be a facilitator of customer outcomes, not an inhibitor or restraint, highlighting the need for appropriate flexibility in all organisational systems, whether they are considered back office or a customer interacts directly with them.

The important takeaway for boards is that key concepts that underpin organisations, such as organisational systems, provide directors with understandings and practical perspectives of how organisations can be configured and processes that can assist them to fulfil their governance roles and responsibilities and Standard 8 obligations. ■

Aaron Goldsworthy is a senior consultant with Australian Strategic Services, which specialises in governance in the not-for-profit sector.

**This article uses the term director in a general sense to encompass the members of a governing body, whether their formal title is director, committee member, council member, trustee or similar.*

54th AAG CONFERENCE

9 – 12 NOVEMBER 2021

DIGITAL EVENT

INNOVATION IN AGEING

FOR THE FUTURE

REGISTRATIONS OPEN

MORE THAN 250 PRESENTATIONS/DISCUSSIONS

VISIT AAG.ASN.AU
#AAGCONF21



[/gerontologyau](https://www.facebook.com/gerontologyau) [/gerontologyau](https://www.instagram.com/gerontologyau)