



Embedding a governance culture

The new standard on organisational governance is a call to action for governing bodies, chief executive officers and executives, who should act immediately, writes AARON GOLDSWORTHY.

The new Aged Care Quality Standards recognises the governing body as “the individual or group of people with overall responsibility and ultimate accountability for the organisation” delivering aged care services. For your organisation this is most likely the board of directors, committee of management, trustees or similar depending on your organisation’s legal entity.

The period for aged care organisations to transition from the four existing standards covering the residential, home and flexible aged care and transition care programs to the new single set of standards is at the halfway point. Mandatory assessment against them will commence on 1 July 2019.

The incoming standards aim to ensure:

- aged care organisations deliver safe and quality care
- the governing body is responsible and accountable for this care
- that care delivery is undertaken in partnership with recipients and must include open disclosure.

Therefore it is important a governing body understands its roles and responsibilities under the standards and how to meet them.

Boards govern, managers manage

The governing body’s key roles and responsibilities remain the same, governance. Don’t confuse the governance roles and responsibilities of the governing body and the leadership and management roles and responsibilities of the chief executive officer, executives or senior managers.

Standard 8 – Organisational Governance is concerned with the governance system, processes and practices the governing body should have in place and operate to inform itself about the organisation’s performance, particularly as it relates to the delivery of safe and quality aged care services.



Aaron Goldsworthy

Standard 8 specifically states that the governing body has ultimate responsibility. This connection between the governing body, how it exercises its authority and how it oversees the organisation, including the delivery of safe and quality care was a distinct omission in the previous aged care standards.

While standard 8 is welcomed it is important to note that it does encompass outcomes at the governance, organisational and operational levels. It is therefore important that the individuals who make up the governing body have a clear understanding of their two key governance roles and four key governance responsibilities.

The two key governance roles are:

- act in the best interests of the organisation
- act in the best interests of stakeholders.

The four key governance responsibilities are:

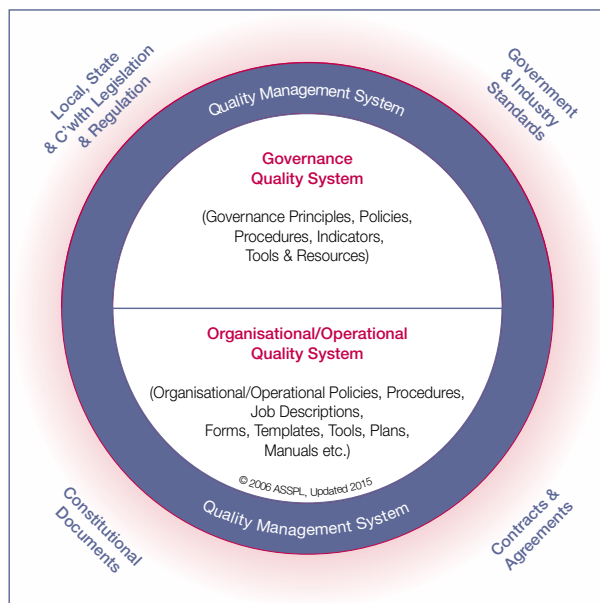
- strategic leadership
- policy-based decision making
- monitoring and reviewing
- ensuring compliance and coverage.

As championed by Michael Goldsworthy, chairman of Better Boards, the mantra ‘boards govern and managers manage, a partnership in the leadership and management of the organisation’ can serve as a useful guide for a governing body.

A board’s governance system and the principles, policies and procedures it contains play a crucial function in demonstrating how the governing body enacts its governance roles and responsibilities, and informs itself about the organisation’s performance, including the delivery of safe and quality aged care services.

Contemporary governance policies will assist in fulfilling this crucial function by providing clear statements:

- about the governing body’s roles and responsibilities



Model 1 – M288 Governance Quality System Model

- how the governing body will ensure it meets those roles and responsibilities, such as procedures
- concerning the delegations the governing body has provided to others, while noting the governing body remains ultimately responsible
- regarding the key performance indicators that determine if the governing body has met its roles and responsibilities.

A governance culture

The governance system used by a governing body should provide three fundamental components:

- governance principles or standards that create a governance framework
- governance policies and procedures that enable each principle
- tools and documents that practically support the work of the governing body, it’s committees, the chief executive officer and executives or senior managers.

Such a governance system may be accessible to directors through an e-boardroom or board portal or it may form part of an organisation’s quality management system (see model 1).

Being able to align the various governance policies and procedures with the organisational and operational policies and procedures creates a powerful governance and organisational quality framework (see model 2).

These two approaches can ensure:

- direct alignment of governance and organisational policies and procedures, for example clinical governance
- the enhancement or creation of a culture of governance within the governing body and throughout the organisation, particularly within the leadership team, which includes the board, chief executive officer and executives or senior managers, for example risk management
- the flow of key data and information either up or down, for example, clinical indicators.

The Australian Governance System (TAGS) developed by Australian Strategic Services is one such system that is being used by aged care governing bodies to achieve this approach.

Standards are minimum

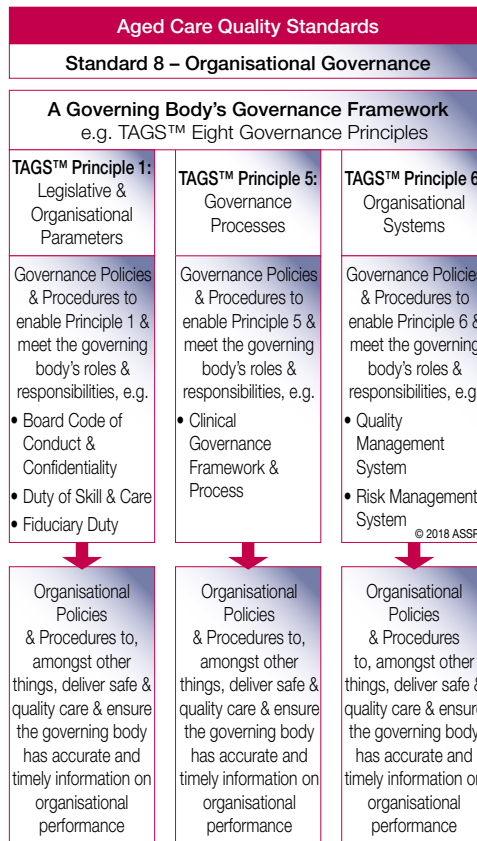
Standards are minimum, every aged care organisation must meet them, and they are of no strategic competitive advantage in a customer driven, competitive marketplace. Attainment of accreditation is just a licence to operate.

The existing aged care standards have never represented best practice. The new standards will also be the minimum all organisations must meet should they wish to deliver Australian Government subsidised aged care.

Leading organisations will continue to draw upon a range of other quality standards, systems or frameworks at the governance, organisational or operational levels to deliver safe and high-quality care that not just meets but exceeds customer expectations and requirements.

A significant improvement in the new standards is the references to other legislation, third party standards or quality systems. These are listed under the headings ‘Relevant legislation’ and ‘Resources and references’ for each standard in the publication *Guidance and Resources for Providers*.

However governing bodies, chief executive officers and executives or senior managers should not consider this a complete list. A governing body will still be required to



Model 2 – M461.1 Alignment of Governance & Organisational Policies and Procedures

meet its existing legislated corporate governance roles and responsibilities.

Therefore it must be mindful that just because the organisation it governs is assessed as meeting standard 8, it does not mean its governance is contemporary or best practice, or that the governing body will have satisfied its basic corporate governance requirements. For governing bodies that adopt such a mentality there is a high risk of governance falsehoods or fabrications, which over time may lead to gross failures in corporate governance.

Clinical governance is key

As aged care organisations continue to commercialise and corporatise much continues to be written about the need to create skills-based boards and ensure they continually engage in professional development.

In part, the standards are founded on the principles and practices of contemporary clinical governance, raising the question of the clinical governance literacy of the members of governing bodies.

In the past aged care organisations delivered care ranging from low to high care. Today the care delivered is increasingly high care to sub-acute care. This means the clinical

governance system is a primary system that supports residents and clients receiving safe and quality care. In other words, residents and clients all have emerging or actual chronic or complex health conditions, with an increasing number likely to have acute episodic events that may result in hospitalisation.

Clinical governance includes “the set of relationships and responsibilities between the organisation’s governing body, executive, clinicians, consumers and others to achieve good clinical results,” according to the guidance. For organisations delivering clinical care, standard 8 makes it mandatory for an organisation to have a clinical governance framework.

Therefore for a governing body to be an active and meaningful partner in ensuring safe and quality care some members of the governing body, and particularly its clinical governance committee, need to have a high degree of clinical governance experience, knowledge and qualifications.

This should be more than just a member who has worked in a frontline clinical role. It should be several individuals with experience in designing, implementing or utilising clinical governance systems.

Members of a governing body should at a minimum understand the principles and practices of clinical governance, how a clinical governance system should interact with the organisational wide quality management system and possess a level of knowledge to make an independent judgment about the safety and quality of care.

A call to action

The new standard on organisational governance is a call to action for governing bodies, chief executive officers and executives or senior managers. It provides them with the opportunity to review their existing governance framework, align key governance and organisational principles, policies and procedures, and ensure the governing body and its committees are sufficiently equipped in regards to clinical governance. ■

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