

# Fundamentals for Boards



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# INTRODUCTION

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The role of board member poses many challenges and getting it right every time is no easy task. This document aims to support individuals and organisations looking to make sure they are as prepared and informed as they can be, to do right by the organisations and the people that the organisation supports.

### A forever changing environment

The roll-out of the NDIS has and will continue to create changes in the way the sector operates. The NDIS funding model will, at times, demand tough service delivery decisions and tensions between funding and pricing of services will continue to arise. As will customers' expectations of service levels and innovative products. Governing a sustainable and financially viable organisation doesn't stop at improving systems and processes. It includes having strategies and plans to deal with issues such as workforce, employment challenges, increased complexity in transport and housing, and a firm stance on quality and safeguarding.

### Expectations for board members

Board members are not expected to know the fine details of everything that goes on in the day-to-day running of the organisation and should aim for governing at 'arms-length'. The Board's governing role being focussed on strategy, risk and financial oversight. Board members are expected to guide the organisation towards a sustainable future by applying sound, ethical, and legal governance and financial management policies. Another important part of their role is making sure there are sufficient resources to advance the organisation's purpose.

### Using this document

This document provides a combination of guidance, advice, tools and information to support board members at every stage of their involvement and aims to make their (volunteer) experience both enjoyable and effective. Each page goes into the details of a key topic for boards in the disability sector and provides different types of resources to support effective and impactful decision making.

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# GOVERNANCE

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Good governance requires that boards regularly update and check their skills and knowledge on the latest legal and compliance requirements. By now, most organisations have started (or completed) the transition from receiving block-funding to operating in largely or fully commercial models, but governance is so much more than that!

## Role of the Board

An effective and successful board understands its own role and how to use its collective strengths for the betterment and stability of the organisation in their care. This document highlights the [Key Roles of The Board](#).

## Board Member Recruitment

Board compositions change all the time. An important governing task of the board is to appoint suitable members to its ranks so that their combined skillset is diverse and a reflection of the strategic focus of their organisation. These websites provide guidance on [Finding Board Members](#), [Induction for Board Members](#) and [Recruiting Board Members](#) so your board remains representative, responsive and consistently effective.

## Legal Governance

Knowing your rights and obligations is key for any board. The constitution of a not-for-profit should be a roadmap for running the organisation and giving people a transparent set of rules to follow. Most board members are not legal experts, but this not-for-profit-focussed website provides advice and guidance on [Governance and Legal Duties](#).

## Standards

Working and providing services in the Disability sector is increasingly complex. The introduction of the NDIS has highlighted a need for uniform and comparable standards for all providers across the sector. The Australian Charities and Not-for-profit Commission provides the [ACNC Governance Standards](#) for organisations looking to do the right things in the right way.

## Audit, Risk and Compliance

The Board has ultimate responsibility for ensuring the organisation is compliant with all laws, regulations, and meets reporting and audit requirements. It has oversight and review of the organisation's risk management strategy. There are many resources to guide boards to meet these responsibilities: [The Role of the Board in Risk Management](#).

## ADDITIONAL RESOURCES

-  **Website:** Tools and tips for Board Activities
-  **Toolkit:** NDS Board Recruitment Toolkit
-  **Webinar:** Welcome to the Board
-  **Podcast:** CPA Australia Podcast

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The NDIS presents many strategic challenges to disability service providers and their board; pricing, regulatory changes, data availability, sustainable growth and changing customer expectations all impact on their daily operations. Finding answers and solutions to these complex matters is no easy task, the resources in this section will provide guidance and a starting point for those looking to take up the challenge of running a sustainable organisation in an “NDIS environment”.

### Questions for Directors

Asking the right questions is as important as finding the right answers. This document lists the key questions every board should ask themselves. These are [Good Questions](#) to start with.

### NDIS Market Approach

Working in an NDIS environment requires that boards have a view on how well their organisation understands the roles, responsibilities and accountabilities of the NDIA and other players in the changing market landscape. This document provides the strategic context required for NDIS success: [NDIS Market Approach](#).

### Robust Strategic Leadership

Boards are first to recognise the urgent need for new and responsive service models and innovative business practices. Keeping their organisations viable requires a kind of leadership that combines a strong focus, strategic clarity and processes that support the new ways of working under NDIS. These two documents will prove useful in [Getting the Process Right](#) based on modern [Strategic Leadership Principles](#).

### Planning and Delivery

Strategic planning is all about methodically and logically mapping the key decisions that an organisation must get right in order to stay in business. This website provides all the necessary steps, tools and information for boards to create a purpose-driven and effective strategic plan: [Strategic Planning](#).

## ADDITIONAL RESOURCES

- Toolkit:** Strategic Planning Tools for Boards
- Document:** Strategic Planning Overview
- Podcast:** Strategy and Leadership
- Video:** What is Strategy?

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# CUSTOMERS & MARKET FOCUS

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The NDIS has caused significant changes in customer-business relations across Australia. Already, many businesses have created or profited from newly arising opportunities in what is now effectively a customer-centric market. Now more than ever the board's task is to make sure that their organisations not just understand but respond with an attractive offering to what their existing and potential customers need and want to live their lives with quality and dignity.

## ADDITIONAL RESOURCES

-  **Toolkit:** NDS: The Provider Toolkit
-  **Toolkit:** NDIA: NDIS Provider Toolkit
-  **Podcast:** NDS Sector Development Podcast
-  **Video:** Designing for Disability

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### Understanding the NDIS

In preparation for the roll-out and operationalisation of the NDIS, the NDIA created numerous resources that are an effective starting point for board members looking to [Understand the NDIS](#).

### Market information

Having data beyond customer satisfaction is proving to be a critical asset for any type of disability service provider. Boards need to make sure their organisations gather and analyse information on competitors, trends, new products and many other metrics that provide insights and competitive advantages. This website shows what to consider when it comes to [Market Information](#).

### Market Position Statements

Knowing the market positions and context for individual regions and areas is key to being an informed and effective board member. The NDIA created area-specific periodic reports called [Market Position Statements](#) that provide contextual data and supply/demand trends for board members looking to understand the market in their region. This data and other data should be used to inform the Board's strategic decision making but also enable them to appropriately question the CEO around operational decisions.

### Terms of Business

As a board member you may need to make decisions about whether to be a provider under the NDIS or not. A good starting point for a conversation that explores this are the [Terms of Business](#) and the [Declaration of Suitability](#) as set by the NDIA. The Terms of Business establish protocols and processes that are binding for registered providers.

### Working with the NDIS

NDIS providers (registered/unregistered) are individuals or organisations that deliver a support or service to a participant of the NDIS. Registered providers can connect to a much wider range of participants and can demonstrate they have met the specific quality and safeguards requirements as part of their marketing to potential participants. Find out more about what it means and requires to be an [NDIS provider](#) and the [Quality and Safeguards](#) here.

### FAQs – The NDIS

The NDIS raises all kinds of questions. Questions about pricing, plans, processes, supports and many other things that boards need to be aware of in order to make informed decisions. These questions are conveniently grouped together in this [Frequently Asked Questions](#) overview.

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The **NDS State of the Disability Sector Report** highlights the financial vulnerability of many disability service providers. Boards will need to be vigilant in monitoring their organisation's financial performance and adopt or modify key financial ratios to reflect the new environment and ensure long-term financial sustainability.

## ADDITIONAL RESOURCES

-  **Report:** NDS State of the Disability Sector Report
-  **Document:** On the Board's Agenda: Sustainability
-  **Webinar:** 7 Financial Tips for NFPs
-  **Podcast:** Create a Sustainable Financial Plan for NFPs

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### Financial Management

Similar to the Health sector, the Disability sector will increasingly move towards an **Activity Based Funding** model. The overarching goal of Activity Based Funding is to provide a system for accurate and transparent allocation of funding based upon the activity performed. This means that boards will have to make decisions on whether or not to continue activities that are no longer funded or able to be provided within pricing limits. [Understanding the NDIS Market](#) is key.

### Financial Literacy for Board Members

A key role of the board is to ensure the financial viability of the organisation so that it can achieve its outcomes. Even if a treasurer is appointed, all board members have to make sure that the organisation makes effective use of its resources and accordingly, directors are required to read and interpret financial information. This [Financial Literacy Guideline](#) provides the essentials for new and experienced board members.

### Key Financial Ratios

Financial ratios can greatly support boards to assess performance and identify risks and opportunities to maximise efficiency and minimise waste. Financial risk for organisations is increased under the NDIS because block funding has been replaced by individual participant payments in arrears. Boards using the [Key Financial Ratios Tool](#) will make more informed, timely and therefore better financial decisions for the long-term wellbeing of the organisation and the people it supports.

### National Costing and Pricing Framework

Boards operating in the Disability sector need a structured and stable foundation to build capacity in costing and pricing. This [Costing and Pricing Framework](#) describes the nature, key elements and relevant terminology for costing and pricing of disability services. It is designed as a starting point to assist those undertaking costing and pricing.

### Costing and Pricing Learning Program

Not all board members have an accounting background and might experience difficulty in determining the financial state of affairs for their organisations. This [Practical Learning Program](#) builds knowledge and skills in costing and pricing for financial, operational and service delivery staff.

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With a workforce already too small in some areas to meet current service demand, many organisations look to IT and smarter ways of working supported by technology to get more efficiency from available resources. Boards are faced with increasingly difficult choices about increasingly complex and far reaching systems and processes. Getting it right is essential, getting it wrong can prove disastrous. Boards should make every attempt to stay current and up-to-date on when technology is and isn't the best solution.

## ADDITIONAL RESOURCES

- Report:** Content Management System Project
- Article:** Automation Is Not Always the Answer
- Podcast:** Knowledge Management 101
- Document:** Strategic Guide to Social Media for Not For Profits

### IT Governance

Every modern disability service provider needs IT Governance, a system by which the current and future use of ICT is directed and controlled, overseen by the board or a board member. All major aspects that boards need to know about are explained in this [ICT Governance Factsheet](#).

### Content Management

Virtually all organisations have digital content (documents, video, audio, files and records) to manage and with an increasingly mobile workforce and cloud-connected systems, it is the board's responsibility to put systems in place that keep content structured and accessible. No board member is expected to be an IT systems expert. [Understanding Content Management Systems](#) and being able to make decisions about their relevance and need for investment in the organisation is a modern-day role requirement.

### Knowledge Management

Regardless of sector or service, organisations rely on the knowledge of their employees for success. Knowledge is an asset that keeps growing in value. The board is responsible for putting in place the processes that grow, capture and share knowledge to increase the knowledge base of their organisation's overall workforce. This website explains how to turn [Knowledge Management](#) into a competitive advantage.

### Social Media

Most not-for-profits are active on social media to some degree. Board members consider budgets and proposals relative to communication, engagement and social media, here's guidance about [Planning for Social Media Success](#).

### Data

To stay competitive and relevant, organisations need to get much better at managing and analysing data. The board will need to have a firm grip on the various types of data, risk management and many other aspects that come with working in an interconnected world. This [Digital Impact Toolkit](#) explains how to make the most of your organisation's data.

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# SAFEGUARDING & QUALITY MANAGEMENT

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Everyone working in the Disability sector, including board members, has a responsibility for the safeguarding of people with disability. The NDIS Quality and Safeguards Commission will oversee the adherence to quality and safeguards for all NDIS participant. Directors of disability service providers are identified as key personnel under the Commission and are liable for failure to establish appropriate systems for the safeguarding of people with disability. Additionally, boards need to be aware of clinical governance requirements if their organisations are providing high risk services such as supporting people with complex behaviours or high intensity support needs. More information is available [here](#).

## Human Rights

Boards have a critical role to play in creating a human rights culture within the organisation. Every board member should be able to take part in the continuous conversation around the why, what and how of adopting human rights approaches in their organisation. A good way to start is by watching and sharing this [Video](#).

## Children and Young People with Disability

Board members are exceptionally placed to safeguard and convey the moral, ethical and legal responsibility to actively prevent the abuse and neglect of children. The [Victorian Child Safe Standards](#) are mandatory for Victorian organisations that deliver services to people up to the age of 18 years and provide guidance of effective practices to prevent child abuse. See also:

[QLD](#), [NSW](#), [ACT](#), [TAS](#), [SA](#), [NT](#), and [WA](#)

## Zero Tolerance: Safeguarding for Boards

NDS' Zero Tolerance is an initiative that assists disability service providers and their boards to understand, implement and improve practices which safeguard the rights of people they support. [Zero Tolerance](#) is a commitment to recognise, prevent and respond to any deviation from the human rights of people using disability services. The [Zero Tolerance Guide for Boards](#) was created to further assist boards to take a championing role.

## Dignity without constraint

A "restrictive practice" is any practice that has the effect of restricting the rights or freedom of movement of a person with disability, with the primary purpose of protecting the person or others from harm. Board members have the responsibility to make sure that their organisation is aware of and compliant with [The National Framework for Reducing and Eliminating the Use of Restrictive Practices in the Disability Service Sector](#).

## ADDITIONAL RESOURCES

- Podcast:** NDS - Child Safe and NDIS Quality and Safeguards Podcasts
- Presentation:** Promoting the Safety of Children with Disability
- Document:** Zero Tolerance Framework
- Toolkit:** Safeguarding for Boards
- Website:** NDIS Quality and Safeguards Commission

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# CHANGE

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The Disability sector is rapidly changing and transforming itself, charging head-first into sometimes unknown territory. All this change requires a board with steady hands and a firm grasp of the organisation’s capacity for change, change capabilities and its historical and current cultural context.

### Types of Change

Change comes in many forms and not all change has the same level of urgency or influence. A board that knows what [Type of Change](#) they are dealing with or what type of change is required, will see its chances of success increase considerably.

### Change Leadership

Board members are expected to lead their organisation through times of change, which is a continuous state of affairs in the Disability sector nowadays. Regardless of leadership style and preference, there are a few [Competencies That Every Change Leader Needs](#).

### Change Maturity

Changes that fail, often fail because boards and leaders misinterpret the organisation’s readiness and capability for change. Boards would do well to assess their organisation’s [Change Maturity](#) early on in the process to increase their chances of successful organisational change.

### Change in Practice

The best kind of change is change that is visible and simple to explain and understand, allowing staff and management interaction, input and adjustment. Boards can support their organisation’s leadership team by insisting on [Practical Tools](#) and methods that provide opportunities for staff to engage with the change and take ownership of the elements that affect their daily jobs.

### Culture Considerations

Maintaining a culture that supports and welcomes change is a critical board responsibility. Understanding and acknowledging the strengths of the existing culture and knowing which [Culture Elements](#) to change and which to strengthen, allows boards to focus on what matters most and to avoid a painful and unsuccessful multi-year culture change program.

### Resilience and Agility

As organisations undergo drastic transformational changes, boards and the organisation may struggle to navigate through the rapidly changing environment. To stay energised and change ready, boards need to ensure that proper attention is given to [Maintaining Resilience and Agility](#).

### Digital transformation

The board is responsible for thinking about, starting and driving [Digital Transformation](#), regardless of the size of the organisation. By setting the agenda and fostering a pragmatic mindset of introducing ICT in every applicable area of the business, they can ensure maximum efficiency and empowerment for the existing and future workforce.

## ADDITIONAL RESOURCES

- Podcast:** Storytelling
- Toolkit:** Change Visualisation
- Toolkit:** Conversations of Change
- Toolkit:** Change Agility

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# PEOPLE & CAPABILITY

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NDIS-driven pricing and market changes present boards with a challenge when it comes to workforce development, especially when considering that the quality of the service provided by frontline staff is a key decision factor for customers. Staff shortages are already evident in pockets of the sector and these shortages will continue to impact customer satisfaction, strategy realisation and ultimately financial performance. Boards will have to consider adopting and exploring new organisational models to remain competitive.

## ADDITIONAL RESOURCES

- Toolkit:** Building your workforce
- Toolkit:** Knowing your workforce
- Video:** Self-Managed Teams
- Webinar:** Innovation for High-Performing Teams
- Webinar:** High Performance Teams
- Case Study:** Self-Organising Teams

### Human Capital Development

It is pertinent that boards understand the value of [Learning and Development](#) as a competitive advantage and make sure their organisations increasingly use on-line training to secure a strong return on investment on face-to-face programs with more emphasis on soft skills and person-centred approaches.

### High Performing Teams

Challenged to do more with less, disability service providers are exploring purpose-driven approaches using self-organising teams. The resulting high-performing teams manage to maximise the scope for workers to use their skills and creativity within strongly values-oriented organisations. It is the board's role to always strive for [Workforce Optimisation](#).

### Self-directed teams

The disability workforce, through continuously developing its capabilities and skills has reached a maturity level where boards can now explore the [Self-Directed Team Operating Model](#). Self-directed teams are gaining popularity and have proven to deliver increased productivity, job-satisfaction, and organisational commitment. A self-directed team consists of a group of individuals with a diversity of skills and knowledge, who have the collective responsibility to plan, manage, and execute tasks independently to deliver the best possible service to participants.

### Employee Engagement

In times of uncertainty and change, staff and managers look to their board members for guidance and assurance. Boards have an important role to play in [Keeping Employees Engaged](#) and should always strive to be approachable and available to all levels of the organisation.

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## **About National Disability Services**

National Disability Services (NDS) is the peak body for non-government disability services. Its purpose is to promote quality service provision and life opportunities for people with disability. NDS's Australia-wide membership includes more than 1,000 non-government organisations, which support people with all forms of disability. NDS provides information and networking opportunities to its members and policy advice to state, territory and federal governments. For more in information please visit the [NDS Website](#).

National Disability Services believes that the information contained in this resource is correct at the time of publishing (April 2019). However, NDS reserves the right to vary any of this resource without further notice. The information provided in this document should not be relied on instead of other legal, medical, financial or professional advice.