

Aviation Board Members: This is background information for the Best Board Practices Survey. This survey is sent to you each fall to complete. The questions were based on this report and are listed at the end of this report. Your survey answers make up one of the agency's Key Performance Measures, Best Board Practices. This will become part of our Annual Progress Performance Report (APPR), which is part of our budget and will be completed and presented to you at the fall board meeting. I have also included in your read ahead materials the most recent APPR.

Department of Administrative Services and Legislative Fiscal Office
Budget Note Report on Performance Measures for Boards and Commissions
Prepared for July 6, 2006 JLAC Meeting
Updated with JLAC decision and list amendments on 8/7/06

Budget Note

The Department of Administrative Services (DAS) will work with the Legislative Fiscal Office (LFO) to develop best management practices performance measures with respect to governance oversight for applicable boards and commissions. The best practices measures and a list of entities to which these measures should apply will be approved by the Joint Legislative Audit Committee (JLAC) by August 1, 2006. Boards and commissions identified as benefiting from adoption of these measures shall adopt them as Key Performance Measures after they are approved by JLAC. The performance measures should then be made part of the set of performance measures included in the 2007-2009 requested budget of each affected agency.

Boards and Commissions Types

The Governor's Web site identifies over 200 different boards and commissions. There are several types of boards and commissions that do different things.

Boards and Commissions Types and Functions

Type	Function
Governing and licensing boards	Are responsible for directing state agency, policy guidance and/or appointing the agency director. Licensing boards also examine and license members of a profession or occupation.
Policy making boards	Are given statutory power by the legislature to make policy decisions and enforce regulations, however, they do not appoint agency or executive directors.
Advisory boards	Serve as advisors on policy matters to their appointing authority who is responsible for the management and administration of the policy.
Judgment boards	Created by the legislature as review and appeals boards which hear and rule on individual cases.

List of Applicable Boards and Commissions

The budget note asked that best practices be developed to assist boards and commissions that have governance oversight¹. To isolate applicable boards, two criteria were established:

¹ Throughout the rest of the document the word board is used generically to represent entities with governance oversight.

- The board has an independent state budget or is included in another state agency's budget.
- The board hires the agency or board's executive director.

Applying these criteria to the Governor's list of boards and commissions produced the following list of candidate boards².

List of Applicable Boards and Commissions

Administrative and Support Services

- Government Standards and Practices Commission
- Oregon Liquor Control Commission
- Public Employees' Retirement Board
- State Library, Trustees of the State Library

Economic Development and Consumer Services

- Accountancy, State Board of
- Construction Contractors Board
- Dentistry, Board of
- Health Related Licensing Boards
 - Chiropractic Examiners, Board of
 - Clinical Social Workers, Board of
 - Counselors & Therapists, Bd. Of Licensed Prof.
 - Dietitians, Board of Examiners of Licensed
 - Mortuary and Cemetery Board
 - Naturopathic Examiners, Board of
 - Nursing Home Administrators, Bd of Ex. Of
 - Occupational Therapy Licensing Board
 - Pharmacy, Board of
 - Psychologist Examiners, Board of
 - Radiologic Technology, Board of
 - Speech-Lang. Path. & Audiology, Bd. Of Ex. For
 - Veterinary Medical Examining Board
- Board of Medical Examiners
- Board of Nursing
- Racing Commission
- Tax Practitioners, Board of

Education

- Community Colleges and Workforce Development
- State Board of Higher Education
- Teacher Standards and Practices Commission
- Student Assistance Commission, Oregon

Human Services

- Commission for the Blind

² The list does not include semi-independent agencies because they operate outside budget control. These groups are subject to the same administrative and financial guidelines as other agencies, and are currently working on identifying their own list of best practices.

- State Commission on Children and Families
- Disabilities Commission
- Psychiatric Security Review Board

Natural Resources

- Columbia River Gorge Association
- Department of Environmental Quality, Environmental Quality Commission
- Department of Fish and Wildlife, State Fish and Wildlife Commission
- Department of Forestry, State Board of Forestry
- Department of Geology and Mineral Industries, Governing Board of the Department of Geology and Mineral Industries
- Department of Land Conservation & Development Commission
- Department of Parks and Recreation, State Parks and Recreation Commission
- Department of State Lands

Public Safety

- Commission on Judicial Fitness and Disability
- Council on Court Procedures

Transportation

- Oregon State Marine Board
- Board of Aviation

Governance Best Practices

A review of best practices produced a fairly comprehensive list of suggested practices. Several of the suggestions were not applicable to boards in the State of Oregon. The best practices that were most relevant to the direction provided in the budget note and those that could readily be applied to Oregon governing boards are listed below.

Governance Best Practices

Functions	Best Practices
1. Executive Director Selection, Expectations and Feedback	<ul style="list-style-type: none"> • The board has defined processes for the selection of an executive director/agency head. • The board establishes and communicates executive director/agency head expectations and expected outcomes. • The board periodically (at least annually) provides performance feedback to the executive director/agency head.
2. Strategic Management	<ul style="list-style-type: none"> • Board members understand the agency’s statutory mission, and when appropriate, take necessary actions to ensure the mission remains relevant. • The board has an institutionalized process for periodically reviewing and providing input into the agency’s definition of a mission statement and high-level goals (Strategic Plan). • The board reviews the agency’s <i>Annual Performance Progress Report</i>.

Functions	Best Practices
<p>3. Strategic Policy Development</p> <p>Strategic Policy Development Continued</p>	<ul style="list-style-type: none"> • Board members work with executive director/agency head to define the board’s role in strategic policy-making. Typically, board involvement should be greater for major policies issues—those that impact the agency’s mission and high-level goals—than for more functionally oriented policy issues. • Board members review all policy option packages prior to submission. When reviewing policy packages, board members will want to ensure that requests are aligned with the mission and goals of the agency. • Board members should have a consultation process in place to ensure communications about board policy with the Governor, the Legislature and other appropriate constitutional officers.
<p>4. Fiscal Oversight</p>	<ul style="list-style-type: none"> • Board members review all proposed budgets. • Board members periodically review key financial information to ensure that the agency is appropriately accounting for resources. • Board members review all audits and other similar information to ensure that resources are used and actions taken by the agency are in compliance with funding requirements, accounting rules and other federal, state and local laws and financial control practices.
<p>5. Board Management</p>	<ul style="list-style-type: none"> • Board members need to act in accordance with their role as a public representative of the agency. • The board monitors and coordinates with other boards where responsibilities and interests are closely related or overlap. • Board members work with the executive director/agency head to determine the targeted amount of time to be spent on strategic management verses strategic policy development issues. • Board has adopted practices that support effective meetings, such as use of consent agendas, subcommittees, opportunities for public comment, and scheduled “free-time” on agendas for richer and more meaningful discussions. • Board members identify and attend appropriate member training sessions, and conduct periodic self-evaluations and audits of board practices.

The performance of Oregon’s governing boards will likely be enhanced by adopting the above listed best practices.

Recommendations

1. Adopt a new key performance measure: percent of total best practices met by the board. No single practice can adequately represent effective governance. This proposed measure addresses board adherence to all best practices shown above. Data for the measure should be based on the annual self-evaluation shown in Appendix A, which also provides guidance on how to conduct the self-evaluation. Reporting of this measure will be audited periodically along with other legislatively approved key performance measures.

Suggested implementation:

- Adopt the new measure during the 2007 Legislature Joint Ways and Means process, so the measure will be included in the listing of final Key Performance Measures for 2007-2009³.
- Send a communication from DAS and LFO to impacted agency heads and boards. The note will inform about the Legislature's decision related to best practice measures and provide a schedule for training about best practices and implementing the selected measures.
- Report measures results in the *Annual Performance Progress Report* along with other agency key performance measures.

2. Modify training and support materials for board members.

Adopting a new performance measures will require the following training and support actions:

- Offer training for current members of governing boards that communicates the requirements for implementing and reporting on a best practices performance measure. The development and facilitation of this training could be a joint venture between DAS, the LFO and the Governor's Executive Appointments Office.
- Adjust future trainings for new board members and the *Membership Handbook for Boards & Commissions* to include information about applying best practices, conducting a self-evaluation, and reporting on the proposed performance measure. This action will be the responsibility of the Governor's Executive Appointments Office.

³ Because small agencies budget materials are to be submitted by August 1, 2006, the most efficient way to ensure consistent adoption of a best practices performance measure is to have the measure adopted through Ways and Means rather than through the agency budget process.

Appendix A Best Practices Self-Assessment Guidance

Annually, board members are to self-evaluate their adherence to a set of best practices and report the percent of total best practices met by the board (percent of yes responses in the table below) in the *Annual Performance Progress Report* as specified in the agency Budget Instructions.

Recommended Assessment Process

1. Select a neutral party to facilitate the self-evaluation (recommended, not required).
2. Individual board members complete the score card shown below.
3. Tabulate the results for all board members (can be done by neutral party in advance).
4. Discuss the results—particularly the results for those areas where there are disparate responses or where the group agrees that they are not adhering to a best practice.
5. Record the group’s joint response to each best practice on a new score card. If consensus is not achieved, the board or commission should record the response as “no.”

Best Practices Assessment Score Card

Best Practices Criteria	Yes	No
1. Executive Director’s performance expectations are current.		
2. Executive Director’s receives annual performance feedback.		
3. The agency’s mission and high-level goals are current and applicable.		
4. The board reviews the <i>Annual Performance Progress Report</i> .		
5. The board is appropriately involved in review of agency’s key communications.		
6. The board is appropriately involved in policy-making activities.		
7. The agency’s policy option packages are aligned with their mission and goals.		
8. The board reviews all proposed budgets.		
9. The board periodically reviews key financial information and audit findings.		
10. The board is appropriately accounting for resources.		
11. The agency adheres to accounting rules and other relevant financial controls.		
12. Board members act in accordance with their roles as public representatives.		
13. The board coordinates with others where responsibilities and interests overlap.		
14. The board members identify and attend appropriate training sessions.		
15. The board reviews its management practices to ensure best practices are utilized.		
16. Others <i>[The board may add additional best practices; however, they are not to be counted when calculating the percentage adherence to best practices.]</i>		
Total Number		
Percentage of Total		

Analyzing Assessment Results and Defining Next Steps

Once the above table has been completed, the board will want to prepare responses to the following questions. Responses should be integrated into the *Annual Performance Progress Report*, which is due from agencies on September 30th of each year.

- How are we doing?
- How do we compare to others and/or to our target? (Once this data is available.)
- What factors are affecting our results?
- What needs to be done to improve future performance?