



association of family  
health teams of ontario

**Governance Training**  
**Session 1: Getting Started**

February 2015

## **Objectives for today**

- Understanding what the Ministry expects from FHTs and NPLCs and why
- Understanding the basics of good governance

# Accountability Reform Initiative - ARI

- Introduced in 2014 -15 for FHTs
- Increases flexibility in budget management by removing administrative barriers
- Changes from line-by-line budget management to semi-global budget with enhanced ability to move funds between categories
- Granted to FHTs that demonstrate sound governance practices and compliance with the terms of the funding agreement

# Governance and Compliance Attestation

- Introduced in 2015-2016
- Document assesses degree to which the organization:
  - demonstrates sound governance practices
  - complies with the terms of the funding agreement
- Document may also act as application for ARI for FHTs that wish to apply

# What is Governance?

## What is Governance?

Structures, responsibilities and processes that guide an organization's decision-making and performance

- Who is in charge of what
- How decisions are made
- How authority is exercised
- How decision-makers are held accountable

# Definition

- Governance deals with the leadership, stewardship and oversight of an organization. It concerns itself with the direction of an organization's activities and includes policy making, structure, decision-making processes and accountability mechanisms as well as operating values, behaviours, traditions and other elements of organization culture

(Ninninger, 2010)

# Why is Governance Important?

- Plays a key role in organizational success
- Positive force for change and innovation
- Provides leadership
- Builds social capital
- Ensures organization meets its goals and purpose

# Legal Responsibilities of Directors

- Loyalty to the Corporation
  - Act in the best interest of the Corporation
  - Exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances
  - Regularly attend meetings of the Board
  - Avoid conflict of interest
- Note: Board members are individuals; they do not represent RNPGA/FHO interests. Nor do they receive personal gain from being a Board member

# Modes of Governance

## **Fiduciary**

- Ensuring the organization meets its legal and financial obligations; monitors performance; stewardship of assets

## **Strategic**

- Ensuring effective strategy; strategic planning & monitoring performance against the strategic plan

## **Generative**

- Board is a catalyst for innovation, change & improvement
- The most advanced mode of governance

# Modes of Governance

- Board must always practice its fiduciary role; must always ensure the organization is meeting its legal and financial obligations
- Governance evolves over time
- Good governance is a process

# Board Responsibilities

## General Responsibilities

- Providing leadership and strategy
- Preserving and reshaping the mission as needed
- Translating the vision into policy
- Selecting and supervising the ED
- Demonstrating integrity
- Creating a safe, welcoming, positive organizational culture
- Guiding with wisdom, skill & vision

# Management Responsibilities

## General Responsibilities

- Making decisions about implementing policies
- Organizing and overseeing the day-to-day work
- Establishing operating procedures
- Keeping the Board informed
- Selecting and supervising staff

# Governance vs Management

Board steers; determines what is to be done.

Essential for stability

Management rows; determines how it is to be done

Process:

- Board delegates implementation to management
- Management implements and then reports on performance
- Board evaluates management's success in achieving established goals and objectives

# Summary:

## Roles and Role Clarity

<b>Body</b>	<b>Role</b>
<i>Members</i>	<i>Approve the actions of the Board</i>
<i>Board</i>	<i>Oversight. Leadership, stewardship</i>
<i>Board Chair</i>	<i>Leads the Board</i>
<i>Executive Committee</i>	<i>Acts between Board meetings</i>
<i>Board Committees</i>	<i>Recommendations to Board</i>
<i>Directors</i>	<i>Leadership, oversight</i>
<i>Lead Physician/Medical Director</i>	<i>Clinical oversight</i>
<i>Executive Director</i>	<i>Manages</i>

# Board Roles and Responsibilities

**Board has a role and specific responsibilities in 6 key areas**

1. Board Structure and Processes (session 1 & 2)
2. Executive Leadership (session 2)
3. Resources (session 2)
4. Quality and Safety (session 3)
5. Stakeholder Relations (session 3)
6. Setting direction (session 3)

# Board Structure and Processes

Includes:

- Bylaws
- Membership
- AGM
- Board committees
- Effective Board meetings
- Role of Board Chair
- Board Composition and Recruitment
- Conflict of Interest
- Board Orientation
- Governance policies
- Board Evaluation
- Board work plan

# Board Structure and Processes

## - Bylaws

- The rules of a corporation
- Establish
  - Who are the members of the corporation
  - How board members are appointed/elected
  - Role of the board
  - Obligations of directors and officers
  - Location of the head office
  - Requirements for the Annual General Meeting
  - Other business and process requirements

# Board Structure and Processes

## - Bylaws

- The Bylaw can be changed
- Reasons to revise the Bylaw:
  - Moving from one model of governance to another
  - Changing the definition of membership
  - Changing the size of the board
  - Changing voting procedures

# Board Structure and Processes

## - Membership

- Members are defined in the ByLaw
- Membership may be closed i.e. the Board may be the membership
- Role of members:
  - Receive the annual audited statements
  - Appoint the auditor
  - Elect members of the board
  - Attend the Annual General Meeting
- Hold board members accountable for performance of the organization

# Board Structure and Processes

## - Annual General Meeting

- Meeting of all of the members of the corporation
- Receive annual financial statements
- Appoint auditor
- Elect members of the board
- Approve amendments & additions to Bylaw
- Must be held within 6 months of year-end

# Board Structure and Processes – Board Committees

- Add value to the work of the board
- Make recommendations to the board (do not make decisions)
- Common board committees:
  - Finance & audit
  - Governance & nominating
  - Quality & safety
  - Risk management
  - Community Advisory (Family/Patient Council)
  - Resources (can combine finance, capital, IT)

# Board Structure and Processes – Board Committees

- Can include members from outside of the board
  - e.g. FHO members, community members
- Should have orientation
- Require Terms of Reference

# Board Structure and Processes

## - Effective Board Meetings

- Plan agenda and meeting
- Board chair and executive director work together
- Circulate agenda and background materials in advance
- Members should arrive prepared
- Effective chair – manage the time and discussion; set the tone
- Transparency – meetings open to observers (except for *in camera* discussions of sensitive & confidential items)

# Board Structure and Processes

## - Role of Board Chair

- Ensures effective governance is part of the strategic plan
- Secures Board consensus on strategic plan
- Establishes a close working relationship with the ED
- Supports the ED as leader in executing approved strategic plan
- Gives ED the authority to manage
- Ensures the Board provides oversight on goals, values, results, risk management through at least quarterly reporting
- Recognizes Directors' skill sets and utilize optimally
- Uses skills matrix to build an effective Board
- Ensures annual Board evaluation
- Provides for Board development

# Effective Boards

- The way people work together
- Create a climate of trust and candor
- Foster a culture of open, respectful communication
- Allow for respectful dissent
- Respect the decision-making process
- Shared commitment to vision and goals
- Have a combination of skills and expertise
- Can gain additional expertise through the use of Committees
- Process for staff input – re: conflict resolution, re: program and service input

# Critical Success Factors

- Trust
- Communications
  - More than the provision of information
  - Open, honest, frank
  - Room for debate; place to test ideas
- Clear roles and responsibilities
- Shared commitment to vision, mission, goals