

# Governance Fundamentals

## *Board Structure and Processes*

---

### Table of Contents

★ in this section indicate that this governance practice is assessed under the [Ministry of Health and Long-Term Care's Accountability Reform requirements](#) for expanded budget flexibility

<b>1</b>	<b>Board Structure and Processes .....</b>	<b>3</b>
1.1	<b>Bylaw .....</b>	<b>3</b>
1.1.1	What is a Bylaw?.....	3
1.1.2	Can the Bylaw be changed?.....	3
1.1.3	Why you may want to change your Bylaw .....	3
1.1.4	What else you need to know and changes in the legislation that will affect you .....	4
1.2	<b>Membership in the Corporation .....</b>	<b>4</b>
1.2.1	What/who is a corporate member of our FHT/NPLC? .....	4
1.2.2	What is the role of a corporate member?.....	5
1.2.3	What is the difference between a member of the corporation and a board member?.....	5
1.2.4	Do all members of the corporation have a vote?.....	6
1.3	<b>Annual General Meeting .....</b>	<b>7</b>
1.3.1	When is the annual meeting held?.....	7
1.3.2	Is the annual meeting different than a board meeting? .....	7
1.3.3	The AGM agenda .....	8
1.4	<b>Roles and Responsibilities of the Board .....</b>	<b>9</b>
1.4.1	What is the role of the board? .....	9
1.4.2	What is the role of the Executive Director? .....	11
1.4.3	What is the role of the Medical Lead/Lead Physician? .....	12
1.4.4	What is the role of the Medical Consultant in an NPLC?.....	13
1.5	<b>Board Composition and Recruitment</b> ★ .....	<b>14</b>
1.5.1	What skills and traits does an effective board need? .....	14
1.5.2	Developing a competency matrix.....	15
1.5.3	Recruiting board members.....	18

<b>1.6</b>	<b>Conflict of Interest</b> ★	<b>19</b>
1.6.1	What do boards need to understand about conflict of interest?	19
1.6.2	What are the implications of being in conflict of interest?	20
1.6.3	How do we handle conflict of interest?	21
<b>1.7</b>	<b>Board Orientation</b>	<b>22</b>
1.7.1	Why board orientation is important	23
1.7.2	What new board members need to know about your organization	23
1.7.3	What new board members need to know about the board	23
<b>1.8</b>	<b>Board Policies and Governance Manual</b> ★	<b>24</b>
1.8.1	Why board policies are important	24
1.8.2	What board policies should include	25
1.8.3	Assembling a governance manual	25
<b>1.9</b>	<b>Board Committees</b>	<b>26</b>
1.9.1	The Purpose of Board Committees	26
1.9.2	Typical Board Committees	26
1.9.3	Committee Membership	28
1.9.4	Terms of Reference	29
1.9.5	Committee Evaluation	29
1.9.6	Ad Hoc Committees or Task Forces	29
1.9.7	A Note about Management Committees	29
<b>1.10</b>	<b>Effective Board Meetings</b>	<b>30</b>
1.10.1	Planning the meeting agenda	31
1.10.2	Using an annual board calendar	32
1.10.3	Meeting preparation	32
1.10.4	Effective chairing	33
1.10.5	Minutes and records	33
1.10.6	Board transparency	33
1.10.7	<i>In camera</i> sessions of the board	34
<b>1.11</b>	<b>Board Evaluation</b> ★	<b>34</b>
1.11.1	The purpose of board evaluation	35
1.11.2	How to undertake a board evaluation	35
1.11.3	What to evaluate	36
1.11.4	What to do with the results of a board evaluation	37
1.11.5	Evaluating board meetings	37
<b>1.12</b>	<b>Board Work Plan</b> ★	<b>40</b>
1.12.1	What a Board work plan should include	40
1.12.2	Measuring Progress	41

# 1 Board Structure and Processes

## 1.1 Bylaw

### 1.1.1 What is a Bylaw?

A Bylaw represents the rules of a corporation, established by the board of directors during the process of starting a corporation. The Bylaw covers such topics as:

- Defining the membership of the corporation
- Defining the membership of the board
- Process for selecting and removing board members
- Defining the role of the board
- Defining the obligations of individual directors
- Corporate officers and their duties
- Location of the head office of the corporation
- Requirements for the Annual General Meeting of the corporation
- Rules for appointment of an auditor
- Other business and process requirements

The Bylaw defines the legal obligations of the corporation, and outlines how business is done.

### 1.1.2 Can the Bylaw be changed?

Yes, there will be provisions in your existing Bylaw that will spell out how you go about making changes. Typically this involves presenting and voting on proposed changes at a meeting of the corporation's members (either an Annual General Meeting or a Special General Meeting). Bylaw changes, once approved by your members, must also be filed with the Ministry of Consumer Services.

### 1.1.3 Why you may want to change your Bylaw

A Bylaw change would be required if you wanted to, for example,

- Change the composition of your board (e.g. move from one model of governance to another)
- Change the definition of membership (e.g. expand membership to include additional parties)
- Change the size of your board (e.g. become a larger board)
- Change voting procedures (e.g. allow or disallow the board chair to vote or break a tie vote)

#### 1.1.4 What else you need to know and changes in the legislation that will affect you

Your corporate bylaw is an important legal guide for your organization. It instructs your board on important issues such as roles, responsibilities, fiduciary duties and on the process of governing your FHT/NPLC. It is important for all board members to be familiar with the Bylaw.

The Province of Ontario, under which FHTs and NPLCs are incorporated, has made changes to legislation that will require your organization, once the legislation has been proclaimed, to review its Bylaw, revise if necessary to be compliant with new provisions, and to file for a continuance of status under the new legislation. Your organization will have three (3) years to become compliant with the new legislation, and will require legal advice to do this. AFHTO and the Ministry of Health and Long-Term Care will inform FHTs and NPLCs when they need to prepare for these changes.



#### Questions to consider

Are all of your Board members familiar with the provisions of your Bylaw?

Are your current practices and policies consistent with the provisions of your Bylaw? (e.g., the voting rights of your Board Chair, number of board meetings required per year, proper documentation of board meetings and annual meetings)

## 1.2 Membership in the Corporation

In this section you will find information on:

- What is a corporate member
- The role of the corporate member
- The difference between a corporate member and a board member
- Voting privileges

### 1.2.1 What/who is a corporate member of our FHT/NPLC?

Members of a FHT/NPLC are those individuals who meet the requirements and obligations of membership as defined by your bylaw. They are roughly comparable to shareholders in a for-profit corporation, with the most significant distinction being that

they do not “own” the corporation; however, they have an important role to play with respect to board accountability.

In a physician-led FHT, the corporation’s members are typically the members of the physician association (e.g. Family Health Organization).

A mixed governance model has a mix of community and provider members. In addition to members of the physician association members may include individuals from the community and/or from organizations such as the hospital, university, agency or municipality.

In a community governance model, members of the corporation are community members with specific interest in the organization’s mission, and skills and/or expertise relevant to the organization.

The FHT/NPLC needs to maintain a list of corporate members so that proper notification may be given to the membership with respect to annual general meetings or special meetings of the corporation.

### **1.2.2 What is the role of a corporate member?**

The responsibilities of the members of your FHT/NPLC are defined in the legislation under which the organization is incorporated, are delineated in the Bylaw and also may be set out in policy. Generally these responsibilities include:

- Receiving the financial statements
- Appointing the auditor
- Electing the members of the board
- Attending the annual general meeting

In carrying out their responsibilities, corporate members play an important role in holding the board members accountable for the performance of the organization.

### **1.2.3 What is the difference between a member of the corporation and a board member?**

It can be helpful to think of the board members (directors) as a sub-set of the corporation’s membership. In some organizations, particularly those that are smaller, the members and directors may be the same; however, it is important to understand

that while they may be the same individuals, they will have a role to play as a board member and a different role to play as a member of the corporation.

As a member of the corporation, at the annual general meeting, corporate members elect board members to represent them.

#### 1.2.4 Do all members of the corporation have a vote?

Not necessarily. Your bylaw may define different classes of membership, some of which may not be entitled to vote at your annual meetings.

The new *Ontario Not-for-Profit Corporations Act* (NPCA), which has been passed but not yet proclaimed, will establish new rules for defining categories of membership and voting rights. As part of a review of your Bylaw in ensuring that you meet the obligations under the new *Act*, your lawyer will advise you whether your membership classes and voting rights will need to be revised. Note this act follows the federal government's new Not-for-Profit Corporations Act, which went into effect in 2013 and may govern your organization, if it is federally incorporated.



#### Resources and references

[See Canada Not-for-Profit Corporations Act and membership](#)



#### Questions to consider

1. Is the distinction between board members and members of the corporation clear in your organization? Are the roles of each well understood?
2. There may be occasions when decisions of the FHT board impact the physicians individually or the FHO collectively (your members) and those individuals may want input into FHT board decisions. How have you handled these experiences?

### 1.3 Annual General Meeting

The Annual General Meeting (AGM) is a meeting of all of the members of the corporation for the primary purpose of:

- Receiving the annual financial statements
- Appointing the auditor
- Electing the members of the board
- Approving amendments and additions to bylaws

The annual meeting is an important opportunity for corporate members to hold board members accountable for the performance of the organization (see Section on [Corporate Members](#)). The annual meeting may be held for the corporate membership only. Or it can be another form of outreach to your community stakeholders (see Section on [Stakeholder Engagement](#)). Consider using your AGM as a community event and include a keynote speaker of interest to the community. This will raise the profile of your FHT/NPLC, increase your connection with stakeholders and provide an opportunity for feedback on your performance.

This section will address the basic elements of an annual general meeting to meet the organization's legal obligations. The corporate Bylaw will also provide guidance with respect to the specific requirements and purpose of the Annual General Meeting.

#### 1.3.1 When is the annual meeting held?

By law, the annual meeting must be held within 6 months of the corporation's year-end. For FHTs and NPLCs with a March 31 year-end, the annual meeting must be held no later than September 30.

#### 1.3.2 Is the annual meeting different than a board meeting?

Many of the same governance principles and obligations apply to annual meetings as to board meetings (e.g. the need to avoid conflict of interest, the need to keep minutes and records). However, there are several important distinctions between a regular board meeting and an annual meeting (even if the meetings comprise the same individuals as is the case when all of the corporation's members are also its directors).

- The annual meeting has distinct obligations that are outlined in the organization's Bylaw (e.g. approving audited financial statements, appointing the auditor).
- Voting processes may be different, and will be outlined in the Bylaw. For example, on some matters, a vote may require a 2/3 majority to pass.

### 1.3.3 The AGM agenda

It is important to maintain good written records of the annual meeting and to ensure that all of the required approvals and actions are taken. While not essential, some boards prepare a detailed script to ensure that all of the required business actions and decisions are taken at the annual meeting.

A typical agenda for an annual general meeting follows:

- Approval of agenda
- Approval of minutes of previous AGM
- Approval of board actions
- Reports of the chair and executive director
- Report of the treasurer
- Approval of audited financial statements
- Appointment of the auditor for the subsequent year
- Election of directors
- Other business
- Adjournment

As with all board meetings, but of particular importance at the AGM, all approvals and decisions should be duly recorded, including the full resolution and a record of who made the motion and who seconded it.

You should consult the Bylaw during meeting preparation to determine any legal requirements that need to be adhered to, such as advance notice of the meeting, need for public notice, who needs to be notified (if specified), the need for audited financial statements, the quorum, provisions for any advance nominations (e.g. those assigned by the FHO or drawn from the community), and procedure to propose an amendment to the Bylaw.

If the meetings are public, the reports become more important and there is usually an opportunity provided for the public to ask questions. This means board members, especially the chair, as well as the executive director, need to be prepared to answer difficult questions, potentially with the press in attendance.

It is common for the newly elected board to hold its first meeting immediately following the annual meeting. At this meeting the priority is to appoint/elect the board's officers

for the year so that the business of the board can proceed without delay. It is also possible to have three meetings in succession, with the first meeting being the last meeting of the outgoing board to approve the audited financial statements, the second meeting being the AGM where the audited financial statements are accepted and the new board elected, and the third meeting being the inaugural meeting of the new board.



#### Resources and references

Grassroots Governance: Governance and the Non-Profit Sector. Certified General Accountants of Ontario, 2008. Offers good information on effective Annual General Meetings

## 1.4 Roles and Responsibilities of the Board

Governance involves the leadership, stewardship and oversight of an organization. It is important for the board to clearly understand its role and its responsibilities in executing these functions, to understand its role in relationship to staff roles, and to cultivate a trusting, respectful and collaborative relationship with its executive director and staff.

This section will address:

What is the role of the Board?

What is the role of the Executive Director?

What is the role of the Medical Director/Lead Physician?

What is the role of the Medical Consultant in a NPLC?

### 1.4.1 What is the role of the board?

The board has both general and specific responsibilities. The general responsibilities while perhaps less tangible, are no less important than the specific responsibilities that are usually outlined in the corporate Bylaw. These general responsibilities relate to the board's role in providing leadership, demonstrating integrity, creating a safe, welcoming and positive organizational culture, and guiding the organization with wisdom, skill and vision.

The board's specific responsibilities may be articulated in the corporate Bylaw and include such responsibilities as the following:

#### Overall Direction and Strategy

- Establish and monitor overall direction of the FHT/NPLC
- Develop strategic plan and assess progress toward strategic priorities
- Approve the annual operating plan and monitor progress toward annual goals and objectives

#### Human Resources

- Hire the Executive Director and monitor and evaluate the performance of the Executive Director
- Delegate responsibility for day-to-day operations to the Executive Director and require accountability to the Board
- Establish a process for appointment of the Lead Physician/Medical Director; approve compensation; establish goals and objectives and a mechanism for reporting and evaluation
- Develop a succession plan for senior staff leadership
- Ensure organization is appropriately staffed with the right number and type of staff and clinicians to carry out its mission

#### Risk Management, Quality and Safety

- Approve and monitor a risk management framework
- Develop (with the Executive Director) an annual Quality Improvement Plan and regularly monitor quality and patient safety indicators

#### Financial and Legal

- Approve and monitor the annual budget; review and approve the financial statements on a regular basis
- Approval all investment policies and decisions
- Meet annually with the auditors and report (annually) on financial statements to the members
- Establish a process to monitor and ensure compliance of the organization with all legal and regulatory obligations (For guidance on statutory compliance refer to AFHTO's [Statutory Compliance Toolkit](#))
- Ensure the remittance to government of all consumption taxes and payroll deductions.

- Approve expenditures of the corporation for amounts in excess of \$x

#### Governance

- Establish policies to provide a framework for effective governance and management of the corporation
- Maintain records and minutes of board meetings and board decisions
- Develop and monitor a board work plan (separate from the organization's strategic plan)
- Develop a succession plan for board directors

Note that some of these responsibilities may be delegated by the board to senior management (e.g. hiring, employing and paying salaries); however, it is the board's responsibility to ensure that this is done effectively.

#### 1.4.2 What is the role of the Executive Director?

The executive director is responsible for the day-to-day management of the organization. This position also has an important role to play in supporting the board.

Depending on the stage of development of an organization, its governance style may change; during the start-up phase the board may be more hands-on, and more involved in day-to-day operations. However as the organization matures, the board should reduce its involvement in operations and assume more of a leadership and oversight function, leaving day-to-day operations to the executive director. This is often challenging for boards, as it requires relinquishing some power and authority to the executive director; to do this successfully requires trust, communication and an effective working and reporting relationship.

The often-used analogy to distinguish the roles of executive director and board is a boating analogy:

The board's role is to steer and guide the boat; management and staff's role is to row.

While this is simplistic and may not recognize some of the "grey" areas that require close collaboration between the board and staff, this is an easy question for boards to ask as a test of whether they are getting too involved in day-to-day issues.

Another useful expression is “nose in, fingers out”, which represents the importance of observing and, sometimes, probing, but less actively doing, or executing, the work.

### 1.4.3 What is the role of the Medical Lead/Lead Physician?

FHTs and NPLCs typically have a lead clinical position with responsibility for overseeing the development and quality of clinical programs. Many of the FHT Bylaws reference this role and provide a set of responsibilities.

These responsibilities may include the following:

- Advise the board on the quality and safety of care and service provided to patients of the corporation
- Participate in the development and monitoring of the organization’s Quality Improvement Plan
- Participate in the organization’s strategic planning and development of the vision, mission and objectives
- Participate in planning of medical human resource needs in accordance with the strategic plan and agreement with the Ministry
- Participate in the organization’s allocation of clinical resources in accordance with the strategic plan and agreement with the Ministry
- Oversee the day to day clinical activity of the FHT; provide advice, consultation to and oversight of interdisciplinary health professionals as required
- Ensure appropriate clinical policies and procedures are in place
- Oversee the development and monitoring of clinical goals and objectives
- Contribute, as required, to the hiring of clinical staff

There are several important things to note about the lead clinical position:

- In many FHTs this position reports directly to the board and is required to provide the board with regular updates on program and clinical indicators
- Ideally, the chair of the board should not be the Lead Physician as lines of accountability can become blurred
- In order to ensure absolute clarity in accountability and reporting, some FHTs have determined that the Lead Physician should not be on the board as the Lead Physician reports directly to the board. (This is somewhat akin to the executive director not being a member of the board.)

#### 1.4.4 What is the role of the Medical Consultant in an NPLC?

The position of Medical Consultant in an NPLC is a different position and role from that of the Medical Lead in a Family Health Team. In NPLCs this position receives a small stipend for the provision of clinical consulting to the NPs, which is a practice requirement for all NPs in the province. The Medical Consultant in an NPLC does not report to the board, and is generally not involved in matters relating to policy or program development.

An NPLC may also have a Clinical Lead role that reports directly to the board, and whose role more closely resembles the role of Medical Lead in a Family Health Team. Sometimes the roles of an Administrative Lead or executive director are combined with the Clinical Lead role (i.e. a clinician is also the executive director). To be effective, this role requires a highly skilled individual who has both clinical background and management expertise, including a strong team orientation.



#### Tools

[Job description, Executive Director](#)

[Job description, Board member](#)

[Job description, Lead Physician/Medical Director \(FHT\)](#)

[AFHTO Statutory Compliance Toolkit](#)



#### Resources and references

[Developing Job Descriptions for Board Members of Nonprofit Organizations](#) This workbook from The Muttart Foundation is a guide to help board members develop job descriptions that reflect the responsibilities of serving on a non profit board.



#### Questions to consider

1. Think back to your last board meeting. How would you classify the discussions that took place and the decisions that were made? As a board were you steering the boat or were you rowing? If you could go back, would you handle the meeting any differently?

## 1.5 Board Composition and Recruitment

The board of directors is responsible for the oversight of a wide range of areas of organizational performance - from finance to quality and safety, from human resources to public engagement. To do this job well, the board requires knowledge and experience across a broad range of organizational functions. Leading governance practice supports selection of board members whose combined skills provide the board with the ability to offer leadership and oversight in all functional areas – a “skills-based” board. Leading governance practice does not support the inclusion of staff members on the board of directors as this creates risk for conflict of interest.

Provider-led boards are often challenged to have the full range of organizational skills, simply because providers may lack knowledge of all of the functional areas required to provide effective oversight. It is important for members of all boards to participate in opportunities for learning and development. There are also a number of strategies that all boards can use to ensure that they have the requisite skills and experience at the board table.

This section will address:

- The range of skills a board needs
- Development and use of a competency matrix
- Recruiting board members

### 1.5.1 What skills and traits does an effective board need?

First and foremost, a board needs its directors to be fully committed to the organizational vision, mission and values statements, and to the collaborative model of care. A board that is not passionate about its raison d’être and its goals will lack the will to pursue organizational excellence and may, in fact, put roadblocks in place.

In addition to commitment, the board must have the required knowledge and skills to enable it to provide strong leadership and oversight. Requirements may change from year to year and will reflect the specific circumstances of the organization (e.g. stage of development, rural/urban nature of the organization, size, expansion requirements).

Some of the skills and knowledge that FHTs and NPLCs might require include:

- Clinical programs and services
- Quality improvement and quality indicators, ideally with an understanding of the supporting information systems

- Finance
- Risk management
- Human resources
- Governance and accountability
- Government relations
- Public relations and communication
- Change management
- Performance measurement
- Facilities and capital project management
- Knowledge of the community

Remember that a board is a single entity made up of various parts – its members. As a result, not all board members need to be experts at everything. The strength of a board is in having a diversity of skills and perspectives from which to draw. However, effective board members will all reflect character traits that contribute to the building of a collaborative model of care: team player, strategic thinker, positive attitude, and enthusiastic nature.

### 1.5.2 Developing a competency matrix

The principles of board recruitment are no different than those for staff recruitment. Board recruitment should be a thoughtful, deliberate exercise designed to assess skills, expertise, knowledge and fit. A good practice is for the board to first develop a “competency matrix” that outlines the knowledge and expertise required of its members.

The board should begin by discussing the knowledge and skills it needs to perform its role well. The Board may prioritize skills based on typical organizational functional areas (e.g., finance, human resources, communications); alternatively, it may consider the organization’s strategic plan or strategic priorities and what skills are necessary to address those (e.g., clinical programs, quality improvement). If there are unique circumstances facing the organization, these might influence the knowledge and skills needed at the board table (e.g. a capital project, a crisis in management). Prioritizing the board’s needs and identifying the character and personality traits that board members require will produce a competency matrix. Once the matrix is developed, the board can use the matrix to assess current gaps in the organization’s needs and priorities to help inform the selection of new board members who can help the board to address those

gaps. A competency matrix can also help to identify what kinds of training and development would most benefit current board members.

Provider-led boards have less flexibility in the recruitment of board members since the Bylaw usually requires that at least the majority, if not the total board, comprises physicians. In this circumstance, while a competency matrix may not be helpful as a board member recruitment tool, the exercise can help to identify the skills and knowledge gaps that the board needs to acquire in other ways. For example, consideration might be given to inviting community members to join board committees, or using special advisors to support the board. At the same time, don't forget that physician board members often have other interests that may allow them to have developed some of the skills your board may be looking for. If you have a large physician population from which to draw board members, you may want to do an inventory of their skills.



### Tools

[Sample board competency matrix](#)



### Resources and references

[OHA Governance - The Case for Change](#)



### Case Study

**Exploring the Mixed Governance Model**

#### Background

The North Perth Family Health Team is governed by a board of 9 directors: 3 physicians from the 9-member FHN, a representative of the hospital, a representative of the CCAC, a representative from the Municipal Government and 3 community members. Located in the town of Listowel, the FHT has a staff of 14 IHSPs and strong relationships in the community.

### Arriving at a mixed-governance model

The decision to select a mixed-governance model was made early, with a view to developing a Family Health Team that would be well connected with all of the community. Dr. Rob Annis is the past Lead Physician and past Chair of the Board of the FHT and is a strong proponent of the mixed governance model. He readily admits that some physicians feared losing their autonomy in an organization led by a board with non-clinical members, but adds that this concern has long since disappeared. It helps that the goals of the FHT are the same as the goals of the physician group. And it is also true that the physicians have and will likely always have a strong voice at the table; the board would not pursue a direction that the physicians were opposed to. Ultimately, the mixed-governance model was felt to be the best model to serve the interests of the community, its health care providers, and the physicians.

### The Advantages

According to Dr. Annis, the mixed model has proven to have several advantages. It has given the physicians more of a voice at the municipal level and at the hospital. It has proven to be an effective way of increasing knowledge, sharing information and identifying health care priorities among partners and stakeholders. It has reduced the pressure on physicians to be experts at everything, from administration to capital planning, and has allowed them to focus on practicing medicine. Having community input to Board discussions has been very positive; it has allowed the physicians to view primary health care through a broader lens – and to focus efforts on issues that are important to patients, families and the community.

Similar conflict of interest issues can arise in a mixed governance FHT as in a provider-led FHT. However, managing conflict of interest in the mixed governance model may be somewhat less difficult than in a provider-led board, since a mixed-governance board is more diverse and the conflict is not as likely to affect the majority of board members. On a number of occasions, the physician board members in North Perth have had to remove themselves from the board discussion for reasons of conflict. However, there was still a good portion of the board left that was not in conflict.

The same governance principles related to conflict of interest in provider-led boards will be relevant to mixed-governance boards (and to community-based boards). For example, if any of the physicians own the building that the FHT occupies or plans to renovate, there is conflict of interest; FHO physicians who sit on the board may encounter situations that put their FHO interests in conflict with FHT interests. Mixed-governance and community governed FHTs may help to ensure that the FHT's interests are paramount in board decisions; however, the model itself will not remove potential conflict of interest.

### Advice to Boards considering a transition in governance model

- There is nothing to be fearful of. Talk to or visit mixed-governance boards. Ask about the value that community members add to the FHT; have a conversation about whether mixed governance boards reduce or usurp physician responsibility and autonomy
- Start by adding a Community Advisory Committee to your board, or add community members to your committees to get community perspective and expertise
- Use a patient advisory committee, or apply the Experience-based Co-Design protocol to your programs and services to gain the perspective of patients and families

(To see the interview with Dr. Annis, [click here.](#))

### 1.5.3 Recruiting board members

The board chair can play a key role in recruiting for community and mixed-governance boards. A direct approach from the board chair may be the personal touch required to interest potential board members in becoming involved. Advertising in the local paper is another way to inform people that the organization is recruiting board members. It is very important that the board have a process for interviewing potential candidates to help ensure “fit” for both parties, and makes it a practice to check references of potential board members. Suitability for the position should also be judged against position requirements (see [Role of the Board](#)) and against the competency matrix of functional and character competencies. It is also critical that potential board members understand the role and expectations so that they are clear about the commitment they are making. Be sure to outline the length of the term, the meetings and time commitment, and expectations for participation.

Some provider-led boards have a pool of members from which to draw board directors (e.g. FHTs with large or multiple FHOs, networks of FHTS). Others, however, are constrained by size or by Bylaw (where members = directors), and do not have the option of selecting directors. How does a board assemble the skills and expertise it needs in these instances?

- One strategy is the use of external resources on committees or in an advisory role to enhance the skills and knowledge at the board table (see [Board Committees](#))
- Board members can be encouraged and supported to acquire governance knowledge through training, reading, and mentorship

- A system of board-to-board sharing of experience can be valuable in learning how other boards operate, what governance practices are successful in other FHTs/NPLCs, and in enhancing the knowledge and skills of directors. This sharing can be done face-to-face in semi-annual or annual meetings, for example. (An added benefit of this approach is the potential for boards to identify and assess strategic opportunities to collaborate on shared initiatives, organizational and/or clinical)



### Questions to consider

1. Are all of the members of your board fully committed to the FHT/NPLC model? If not, what sorts of issues and challenges does that present? As a Board Chair, how would you deal with a board member who is not 100% committed to the FHT/NPLC?
2. Has your board ever reached out to another FHT/NPLC board to share experience? Has this been a valuable exercise? If you have not, is this something that could be helpful to your board?

## 1.6 Conflict of Interest

Directors must at all times ensure that they are acting in the best interest of the corporation. Board members are in conflict when their actions could result in a direct or indirect benefit to them personally or to anyone with whom they have a close personal or professional relationship. Conflict of interest can happen without anyone being at fault. However, it is very important that conflict of interest is disclosed and managed effectively so that private and personal interests do not affect public trust and duty.

This section will provide information on the following:

- What board members need to understand about conflict of interest
- What the implications are of being in conflict of interest
- How can boards manage conflict of interest constructively

### 1.6.1 What do boards need to understand about conflict of interest?

It is common for board members to occasionally find themselves in a position of conflict. This does not mean that board members must resign; it simply means that conflict must be declared and handled in a manner that protects the integrity of both the board member and the corporation.

Conflicts of interest are not wrong in and of themselves and can happen without anyone being at fault. However, it is vital that they are disclosed and managed effectively so that public officials perform their duties in a fair and unbiased way.

Boards should have a clear conflict of interest policy, with procedures to guide the handling of situations where one or more board members may find themselves in conflict.

Board members are considered to be in conflict when they, or members of their family, or business/professional partners, stand to gain or personally benefit, financially or otherwise, from their position on the board.

A conflict of interest may be “real”, “potential” or “perceived”. The same duty to disclose the conflict and to abide by the corporation’s conflict of interest policy applies.

Conflict of interest can extend beyond financial interests. For example, if a board member of one organization is a staff or board member at another organization with competing or similar interests, there may be conflict in making decisions or in acquiring proprietary knowledge. These types of conflict are as real as financial conflict.

Conflict of interest can be challenging to manage, especially in provider-led FHTs or NPLCs where the interests of the clinicians are closely tied to but not necessarily the same as those of the organization. The reality is that provider-led boards have an inherent, significant conflict of interest that must be acknowledged and managed. The physician members of mixed-governance boards may also face conflict of interest and if the physicians hold the majority of board seats, this conflict will be similar in significance to the provider-led board.

### **1.6.2 What are the implications of being in conflict of interest?**

The *Corporations Act* (Ontario) and the Canada Not-for-Profit Corporations Act both require disclosure by any board member who finds him/herself in a position of conflict, and prohibits that director from voting on any contract or proposed contract with which there is a real or perceived conflict.

Your corporate Bylaw typically references the need for board members to declare conflict of interest as required by legislation.

The Board's policy (and procedures) should provide guidance around the process for identifying and declaring conflict, voting restrictions, recording declared conflict, etc. The chair can provide an opportunity at the beginning of every board meeting for directors to identify conflict of interest related to any of the agenda items. Declared conflicts should be recorded in the meeting minutes. The chair should ensure board members understand that declaring a conflict of interest does not harm their profile as a director, but can actually enhance it, as it is a sign of good governance.

Board members who find themselves in conflict are prohibited by law from voting on the issue in question, and may be prohibited from participating in the board discussion relating to that issue. Depending on the nature of the issue, they may be required to leave the room for the discussion and vote.

### 1.6.3 How do we handle conflict of interest?

There is an inherent conflict in provider-led and mixed-governance boards, where clinicians who are providing service to the corporation are also board members who are making decisions that may impact either their service or the corporation. While a declaration of conflict may be warranted for some discussions, removing those directors from voting may result in lack of a quorum.

One way to reduce conflict of interest is to change the governance model from provider-led to mixed governance or community governance. Other strategies to assist boards in managing conflict of interest include:

- Ask for a declaration of conflict of interest at the beginning of every board meeting and/or have the chair review the agenda to highlight items that are particularly at risk for conflict (Note that conflict may affect any member of the board; it is not restricted to physician members)
- Carefully consider recommendations of independent, external board or committee members, should you have them
- Ensure that board decisions are measured against their alignment with the corporation's vision, mission, values and strategic directions
- Remind directors that when they serve as board members, their duty to act in the best interest of the corporation must take precedence over personal or professional roles and obligations
- Ensure that board members who are in conflict are recused from discussions and voting on the relevant issue

- Ensure that directors respect the board’s code of conduct in all business proceedings
- Ask board members to sign a conflict of interest statement at the beginning of each year



## Tools

[Sample conflict of interest policy](#)



## Resources and references

**Ontario's Not-for-Profit Corporations Act - see 41 regarding Declaring Conflict of Interest**

Canada Not-for-Profit Act <http://canlii.ca/en/ca/laws/stat/sc-2009-c-23/latest/sc-2009-c-23.html> (see section 141)



## Questions to consider

1. Have conflict of interest issues impacted the performance of your FHT/NPLC? If so, how?
2. What strategies has your board employed to deal with conflict of interest issues?

## 1.7 Board Orientation

Each year your board may need to bring on new board members. Providing a comprehensive orientation is an important component to ensuring successful participation of these new recruits.

In this section you will find information about:

- Why orientation of new board members is important
- What new board members need to know about your organization

- What new board members need to know about the board

### **1.7.1 Why board orientation is important**

A thorough board orientation is key to helping new board members become full contributing members of the board. Orientation gives new board members valuable information about the organization, the board's roles and responsibilities, and the board's processes for how work is carried out. Orientation begins to build a working relationship among board members and helps new board members begin to feel integrated into the work of the board. You may want to assign responsibility for board orientation to one board member (perhaps the chair of the governance committee) and possibly appoint another board member to act as a mentor who can answer any questions that may arise and help acquaint new board members with the organization.

### **1.7.2 What new board members need to know about your organization**

It is important for new board members to gain a comprehensive understanding of your organization. Key information that should be provided includes:

- purpose of the organization and its vision, mission and values
- services provided and communities served
- some key points about the organization's history
- the organization's stage of development (start-up, growth, established)
- strategic directions as well as short- and long-term goals
- organizational structure and key staff positions
- funding and accountabilities
- current issues
- key stakeholders
- board's current year work priorities and plan
- schedule of upcoming meetings and Annual General Meeting
- contact information for senior staff
- promotional material and website information

### **1.7.3 What new board members need to know about the board**

New directors also need information about the board - its structure, processes, and expectations of board members. Information that should be provided includes:

- the board's mandate and areas of responsibility
- board structure – officers, committees
- terms of office and committee membership
- director position descriptions

- board annual work plan
- board protocols relating to motions, voting, agenda, telephone participation
- board policies including code of conduct, confidentiality, conflict of interest, delegation of authority, etc.
- minutes from recent board meetings
- list of board members and contact information
- schedule of upcoming meetings and Annual General Meeting

Be sure to set out the board’s expectations regarding attendance, availability for participation on committees, and board members’ role in external stakeholder and media relations.

Include the board’s Governance Manual as part of your orientation package, as much of the required information will be found in that manual (see [Assembling a Governance Manual](#)). Remember that many documents in the manual need to be kept current.

Keep in mind that board orientation is a process that takes place over time and includes active interaction with others, review of written material, and learning through involvement about organizational culture, issues and priorities. There is too much information to be provided, discussed and understood at just one board meeting. Orientation can be a combination of one-to-one sessions with a mentor, group sessions with other board members and the executive director, and self-directed reading.

## 1.8 Board Policies and Governance Manual

In this section you will find information about:

- The importance of having board policies
- What board policies should include
- Assembling a governance manual

### 1.8.1 Why board policies are important

A set of governance policies will guide the board in conducting its business and undertaking its responsibilities. Board governance policies are distinct from organizational policies and procedures, which are related to operations and, following approval by the Board, are generally the purview of management.

Board policies may include and should be consistent with provisions of the corporate Bylaw. They may be more detailed than the Bylaw provisions to facilitate decision-making and board process, and will clearly articulate how the Board functions.

### 1.8.2 What board policies should include

Board policies address such issues as nominations to the Board, board roles and responsibilities, board committees, conflict of interest, confidentiality, board evaluation process, etc.

A typical policy includes the “what” and the “why”. An accompanying procedure, if required, addresses the “how”.

Policies should be reviewed by the board on a regular schedule, and updated as necessary. Policy statements should be dated, with revision dates noted.

### 1.8.3 Assembling a governance manual

A governance manual will usually contain all governance policies, as well as additional information important for Board members’ understanding of the organization and their role in governing the organization. The governance manual may also serve as the basis for a Board orientation manual.

The governance manual often includes:

- board role and responsibilities
- legal liability; proof of director insurance
- governance policies including code of conduct, confidentiality, conflict of interest, investments, etc.
- articles of incorporation / letters patent
- Bylaw
- list of board members and contact information
- the most recent strategic plan
- board’s current year work priorities and plan
- organizational chart
- board and committee terms of reference
- director position description
- contact information for senior staff



[Sample board director job description](#)

## 1.9 Board Committees

This section will address the following elements of board committee structure and process:

- Purpose
- Typical board committees
- Committee membership
- Terms of reference
- Evaluation
- Ad hoc committees or task forces

### 1.9.1 The Purpose of Board Committees

The role of board committees is to provide advice, information and guidance to the board as a whole to better inform decision-making. Committees spread the board's work more evenly across all board members and by including board members with expertise specific to the committee's work help accomplish the work of the Board effectively and efficiently. Board committees are a good training ground and leadership experience for new and/or inexperienced board members and provide meaningful engagement of board members.

Board committees generally have a one-year mandate. Committees are struck and members appointed by the Board Chair following the Annual General Meeting (AGM), and remain in place until the following AGM.

### 1.9.2 Typical Board Committees

Your bylaw may address the details of your committee structure and process. The bylaw may be quite general and simply authorize the board to create committees from time to time to help do its work. Or the bylaw may specify the board committees that must be in place. The Ministry of Health and Long-Term Care can also direct the creation of a board committee to fulfill a particular obligation (e.g. Quality Committee).

If the bylaw permits flexibility in the board committee structure, the board may wish to start small and build the committee structure over time as the board gains experience. Starting with the critical responsibility for financial oversight, the board may choose to begin by establishing a Finance and Audit Committee and having the other responsibilities managed by the board as a whole. The Finance and Audit Committee

mandate might then grow over time to include responsibility for human resources, information systems, and capital planning at which time the committee could be renamed the Resources Committee.

There is no single committee structure that will work for all. When deciding what is the “right” structure for your board, consider how much time your board members have to devote to both board and committee meetings. Many FHT/NPLC boards are small so it makes sense to strike few committees and make more decisions as a committee of the whole. It is important that board committees have a meaningful role to play in meeting the needs of the organization and that committee members are meaningfully engaged and not over committed.

If your bylaw dictates a committee structure that the board does not feel is workable, the bylaw may need to be amended (see [Bylaw](#)).

Some common board committees include:

- Executive Committee\* (generally only for a large FHT/NPLC)
- Finance and audit
- Nominating and governance
- Quality and Safety Committee
- Resources
- Risk management
- Community Advisory Committee
- Patient and Family Advisory Committee (Council)

\*The primary intent of an executive committee is to act on behalf of the board between meetings. The executive committee cannot make decisions that bind the board; consequently, all executive committee decisions must be ratified by the full board at the next board meeting. The creation of an executive committee should be treated with caution. This committee can be a helpful way to deal with urgent issues quickly. On the other hand, this committee can also marginalize non-executive committee board members, creating a two-tier board.

Family Health Teams and NPLCs may also have a Community Advisory Committee or Patient and Family Advisory Committee (Council). The purpose of these groups is to provide a link between the community and the FHT/NPLC to provide the organization with a patient/family perspective on issues such as quality, access, and community priorities.

The FHT/NPLC Bylaw may provide specific mention of a Community Advisory Committee. As with most other committees, they are not mandatory under the Bylaw; however, they represent a useful and valuable option for developing good stakeholder relations and for securing good business intelligence from the community. Typically the board will create this committee and assign one or two board members to sit on it. Community members may be appointed by the board, or there may be a call for members who are then screened by the board for suitability, experience and expertise. As its name suggests, its role is advisory to the board.

### 1.9.3 Committee Membership

The Chair of the Board may appoint the Committee Chairs.

Committees usually comprise several board members with the board chair an ex officio member of every committee. The term 'ex officio' means 'by virtue of office or position'. Ex officio members, therefore, are members who hold a position that permits them to be part of the board or committee automatically. Unless constrained by the Bylaw, ex officio members have the same privileges as other members (e.g. right to vote, debate and make motions). The executive director may be an ex officio member of all committees, a staff support to some or all committees, or he/she may not be involved at all. Commonly, executive directors refrain from voting when participating on board committees.

Committee membership may also include representation from outside of the organization. This can be an excellent way to bring required expertise and knowledge to the organization in such areas as human resources, finance, public relations, and governance. Physician-led FHTs, in particular, can benefit from this strategy to complement the knowledge and experience of board members. External committee members can also help board members to be more aware of situations in which they risk being in conflict. If you choose to invite community representatives to your committees, it is important to remember that committee members who are not elected members of the board, do not have the right to vote on decisions. It is also important to select individuals who understand not only their subject matter, but the vision and mandate of the organization, and the context in which it operates. An orientation will help ensure that their expertise and knowledge contributes good value to your organization.

Board committees are also an excellent way to involve physicians who are not on the board in the governance of the organization. Members of the FHO, for example, can join board committees without being a member of the board. This provides a good opportunity for governance and leadership training, board succession planning, and for general engagement of non-board members in the work of the FHT/NPLC.

#### 1.9.4 Terms of Reference

All board committees should have well-defined Terms of Reference that includes:

- Membership
- Roles and responsibilities
- Timeline
- Commitment to evaluation

Roles and responsibilities should be consistent with the board's role (i.e. board committees should generally not be engaged in management functions).

#### 1.9.5 Committee Evaluation

As with Board evaluation (see [Board Evaluation](#)), it is good practice to do an annual, objective appraisal of how your Board Committees have performed throughout the year.

#### 1.9.6 Ad Hoc Committees or Task Forces

In addition to committees of the board, the board chair may from time to time strike ad hoc committees or task forces to undertake specific, time-limited responsibilities. These committees should use the same approach as board committees, in the use of Terms of Reference, timelines and membership.

#### 1.9.7 A Note about Management Committees

Management committees are different than board committees. As the term implies, they are more concerned with day-to-day management and operational issues than with governance (oversight, leadership, and stewardship - the board's responsibilities). The membership on management committees typically consists of staff; however, a board member or a representative of the physician group (FHN, FHO, RNP, etc.) may be invited to the committee depending on the nature of the work.

Management committees do not report to the board; they report to the executive director (or his/her designate). Nor do they require any mention in the bylaw – their

formation, management and disbandment is a management prerogative. Depending on the subject matter, the executive director may elect to report to the board on the progress and recommendations arising from management committees.

Some common management committees might be Program Committee, Senior Leadership Team (often called a “Management Committee”, Operations, Budget Planning.



### Tools

[Sample Finance and Audit Committee Terms of Reference](#)

[Sample Nominating/Governance Committee Terms of Reference](#)

[Sample Quality Assurance Committee Terms of Reference](#)

[Sample Human Resources Committee Terms of Reference](#)



### Questions to consider

1. If your Board is a provider-led Board, have you considered adding external expertise through Committee appointments? What have been the discussions at your Board and what was the outcome?
2. What have been the challenges of working with a Board Committee structure? How might these challenges be resolved to improve the effectiveness of your committees and board?

## 1.10 Effective Board Meetings

A high performing board will have productive, energizing board meetings. This doesn't happen by chance; effective board meetings are planned and conducted to produce illuminating discussion, frank conversation and even debate, and quality decisions.

Board meetings usually take place monthly, at a set time and date to ensure that all members have adequate notice and can arrange their schedules accordingly (e.g. the 3<sup>rd</sup> Wednesday of the month from 4:30 – 6:30pm). Once the FHT/NPLC is operating smoothly, depending on the number of items to be discussed and the urgency of

subjects the board may feel comfortable altering its schedule - for example, moving to quarterly meetings, or not meeting over the summer months.

This section will offer tips and suggestions for conducting effective board meetings including:

- Planning the meeting agenda
- Using an annual board calendar
- Meeting preparation
- Effective chairing
- Minutes and records
- Board transparency
- Use of *in camera* sessions

#### 1.10.1 Planning the meeting agenda

The task of preparing the meeting agenda is best shared by the chair of the board and the executive director. This ensures that all issues of interest or concern to the board are included on the agenda.

The agenda should include expected times beside each item, and responsibility for reporting or leading the discussion. It may also be helpful to indicate what is expected as an outcome of each discussion – is it being presented for information only or for decision.

Board meetings should be planned and chaired effectively, to respect people's time. The agenda and all background materials should be circulated in advance, providing board members with sufficient time to prepare. Meeting rules and protocols should be established and followed – e.g. Robert's Rules of Order, a common understanding of consensus decision-making, the appropriate way to introduce items to a meeting agenda.

A typical board agenda will include such items as

- Approval of the agenda
- Declaration of conflict of interest
- Approval of previous meeting minutes
- Business arising from previous minutes
- Committee reports and updates
- Key issues and priorities

- Date of next meeting and adjournment

Board members, having had an opportunity to review the background materials and agenda, should be asked to declare any real or perceived conflict of interest. Any conflicts declared should be recorded, and any board members who have declared conflict should follow the organization's policy and procedure for participating in the conversation and for voting.

The ordering of agenda items should be deliberate. It is common for boards to spend a great deal of time on routine matters, and to run out of time for debate and discussion of pressing issues, because they are placed near the end of the agenda. There are a number of strategies to address this, including the use of 'consent agendas' (bundling for approval routine or non-contentious items such as the minutes and certain reports with questions asked prior to the meeting), or the placement of important new business ahead of routine committee reports on the agenda. The Board chair needs to manage the agenda to ensure that critical issues are addressed and that when discussion exceeds the allotted time there is a strategy for ensuring that time is used effectively, perhaps by delaying non-priority items to a later meeting.

#### **1.10.2 Using an annual board calendar**

There is usually not enough time in a board meeting to address every issue in depth. Some boards have established an annual board calendar, which schedules key board discussions and decisions in advance, and according to when they are likely to be required to meet legislative or reporting deadlines. A calendar may accommodate, for example, quarterly financial review, annual board and committee evaluation, executive director performance review, quarterly review of quality indicators, annual approval of budget submission and Quality Improvement Plan (see [Board Calendar](#)). It may be necessary to schedule additional meetings of the board to address particularly pressing, complex and/or important issues.

#### **1.10.3 Meeting preparation**

The agenda and background materials should be circulated in advance of the meeting to allow all board members to come to the meeting prepared for discussion and decisions. There should be an expectation of all board members (reflected in the job description) that they come to meetings well prepared.

Keep board meeting packages relevant to the discussion and be judicious in selecting what material that comes to the board so that neither board nor staff are overwhelmed by information and preparation.

#### **1.10.4 Effective chairing**

Chairing an effective board meeting requires skill and preparation. The role of the board chair is to move through all of the agenda items in a timely fashion, making sure that there is productive discussion, all viewpoints are heard, and that required decisions are made.

The board chair generally oversees discussions and debate, but does not actively participate. Your Bylaw will indicate whether the board chair can vote on issues, votes only to break a tie, or votes twice (once as a board member and once if there is a tie after the first vote).

The role of the board chair is important in setting the tone of board meetings.

#### **1.10.5 Minutes and records**

There must be a record of board meetings, termed the “minutes”, including who was present, what was discussed, and what decisions were made. The board secretary, a board officer, is responsible for ensuring that board minutes are recorded; however, it is not uncommon for the executive director or other staff member to be appointed as a recording secretary to document the meeting.

All board minutes must be retained for as long as the corporation is registered, plus an additional two years following dissolution.

#### **1.10.6 Board transparency**

In recent years there has been a move to increased transparency at the governance level of organizations. Open board meetings, posting of minutes on organization websites, and involvement of staff in presentations to the board, for example, can all contribute to a culture of transparency and openness. Sharing what goes on at board meetings can support the development of trust between board and staff, and provide clarity to the decision making process.

Open board meetings, where the public and press are permitted, should not mean the loss of decorum or process, nor should they result in the sharing of confidential or sensitive information. Tips for undertaking productive, open board meetings include:

- Ensuring that observers do not become involved in board discussions or debate (unless requested by the board chair or there is a planned question period)
- Ensuring that there is an official mechanism for staff input to relevant items on the board agenda
- Setting time aside on every board agenda for an *in camera* session

#### 1.10.7 *In camera* sessions of the board

The term *in camera* means “in private” or “in chambers”. There are a number of instances when boards may need to discuss certain matters without observers being present. Such matters might include sensitive human resource or financial issues, which, if public, would amount to a breach of confidentiality.

The use of *in camera* sessions should be reserved for confidential discussions only. Some boards find it useful to hold a brief *in camera session* at the end of each board meeting, without staff, to discuss the executive director’s performance and how to better support him or her.

The regular board minutes should reflect the fact that the board moved into an *in camera* session, but the *in camera* minutes should be separate from the meeting minutes, held by the Board Secretary.

Your auditor may request meeting minutes, including those of *in camera* sessions, at year-end as part of the audit process.

 **Tools**

[Sample annual board calendar](#)

### 1.11 Board Evaluation

Evaluating the board’s effectiveness can be an important strategy to achieve a high performing board and organizational excellence. This section will address:

- The purpose of board evaluation
- How to undertake board evaluation

- What to evaluate
- What to do with the results of a board evaluation
- Evaluating regular board meetings

#### **1.11.1 The purpose of board evaluation**

There is good evidence that evaluating board performance is a useful strategy and tool to improve governance effectiveness. The process of evaluation and the performance measures used can identify challenges that boards may be facing in meeting their fiduciary obligations, and provide a roadmap to guide boards as they strive to achieve governance excellence. Evaluations can uncover some otherwise hidden dynamics that may be impacting performance, or identify them before they become an issue. They also demonstrate to staff and external stakeholders (e.g. the MOHLTC) the commitment of an organization to accountability beginning at the top.

Board evaluation can also be a training and education tool for directors to identify areas of weakness and to improve knowledge and understanding of governance.

Board evaluation really begins with a good director orientation process. New directors should receive a thorough orientation to the organization, and to their duties and obligations as board members (See [Board Orientation](#)). Evaluation then serves to measure performance against expectations and legal obligations.

The board chair has an important role to play in setting the tone for board evaluation, and establishing the evaluation as a learning and development tool.

#### **1.11.2 How to undertake a board evaluation**

Board evaluations should assess performance on a number of dimensions including board process, achievement of goals, and whether or not the board is meeting its fiduciary and strategic obligations.

There are a number of options for undertaking a board evaluation process. The evaluation can include the full board evaluation, committee evaluation, self-evaluation, and/or peer evaluation. Leading practice suggests that at a minimum the board should evaluate its own performance. Sometimes the board may engage an independent firm to conduct the evaluation for reasons of expertise and impartiality, but smaller organizations will often conduct them internally to reduce costs.

Board evaluations should take place annually. The steps in evaluation include:

- Developing or identifying an evaluation framework and tool that reflects the principles of good governance and the priorities of the FHT/NPLC. The tool might be a survey that individual board members complete. Or it could be face-to-face interviews between the board chair and individual directors with a series of questions
- Completion of the evaluation by Individual board members
- Tabulating and analyzing the results of the evaluation and preparing a report for discussion. This can be handled by the board chair, by an external party, or by a sub-committee of the board. Remember that directors need to feel secure that their observations will be held in confidence. Results should be reported in summary form and not attributed to any one director
- Developing strategies to improve performance and including this as part of the board's annual work plan

Once a board has achieved a level of comfort and proficiency with annual self-evaluations, it may consider alternatives to enhance the scope and value of the exercise. For example, in alternate years the board chair may personally interview all board members to explore individual performance, to discuss opportunities for individual director training and development, and to provide constructive input to improve director performance.

### 1.11.3 What to evaluate

Areas for assessment may include:

- Collective board performance (Fulfillment of strategic directions in a manner consistent with the mission, vision and values of the organization, effective oversight of executive director and organizational performance, effective oversight of financial conditions, etc.)
- Quantity and quality of external stakeholder relations
- Board structure, composition and processes (effective communication, appropriate and effective committees, respect for rules of order and process, decision-making processes)
- Board meeting effectiveness (adequate notice of meetings, agenda, background materials, quality of discussion and debate, record keeping)

A more experienced board may also undertake evaluation of individual director performance, or board and committee chair performance, though this is much less

common. This can be in the form of a self-evaluation that is subsequently reviewed with the board chair, or a peer review. Individual director performance evaluation might include such items as preparation for meetings, attendance, participation in discussions, understanding of governance role, contribution of expertise, conduct, and adherence to board policies. As with the collective evaluation, an effective process will be a meaningful effort to support learning and continuous improvement.

#### 1.11.4 What to do with the results of a board evaluation

Evaluation of board performance can contribute to continuous learning and continuous quality improvement. Using the results of the evaluation, the board may set goals to address shortcomings, establish stretch goals for governance effectiveness (see [What is Governance and Why is it Important](#)), or pursue individual or group training and development.

The board chair may use the results of the evaluation to establish a board education agenda and schedule for the year.

The results of the board evaluation may contribute to the development of the board work plan for the year, whereby governance weaknesses become opportunities for improvement.



#### Resources and references

[Board evolution and the role of continuing education- interview with Dr. Joseph Lee](#)

#### 1.11.5 Evaluating board meetings

High performing boards often spend a few minutes at the end of every board meeting evaluating the process and outcomes of the meeting. This may be in the form of a brief discussion (around the table feedback, for example), or may be a short questionnaire that asks board members to assess such factors as:

- Whether there was adequate time to address items on the agenda
- Whether the agenda and background materials were circulated sufficiently in advance as to allow for good preparation
- Quality of the discussion and decisions
- Level and quality of participation from all members
- Quality of the chairing of the meeting

These short evaluations can help the executive director and board chair to plan effective meetings and to address issues that may be inhibiting board performance. One good practice for board members at the conclusion of the meeting is to discuss topics in two categories: “what went well” and “even better if ...”.



## Tools

### [Sample board evaluation framework](#)

*Board Effectiveness Quick Check*, **Governing for Results: A Director’s Guide to Good Governance**, Mel D. Gill, 2005. This is a brief (15 questions) checklist, scored on a 5-point Likert scale to provide a basic assessment of how the board believes it is performing



## Questions to consider

1. Has your board undertaken a board evaluation? If so, what were the results and what follow up action did you take? What were the key factors in undertaking a successful evaluation?



## Case Study

### Strengthening Governance

#### Background

The Markham Family Health Team began operation in 2007. It is a physician-led team, (19 physicians) with a board of 7 Directors (all physicians) and a staff of 50, working out of 3 locations. In 2011, the Board decided to take a step back, to analyze its progress and to assess its needs for the future. The Board retained outside expertise to undertake an organizational review, and based on the findings of this review, decided to make some changes in the way it operates.

#### Areas for Change

The FHT Board identified three priority areas for change:

- Accountability
- Transparency
- Communication

### **Accountability**

The Board developed a set of governance policies and procedures that became the FHT's governance manual. It contains Board policies and procedures, roles and responsibilities, and terms of reference for Board committees. It provides a blueprint for how the Board operates.

Several key Board committees were established, with clear terms of reference and work plans. The Board invited volunteers from the community to join two of its committees, including the governance committee, to provide expertise and experience that the FHT Board members lacked. These members have provided the committees with a different lens through which to view the FHT's activities and have enhanced the ability of the committees to meet their objectives.

The Board also undertook a comprehensive Board self-evaluation that identified strengths and weaknesses with respect to Board performance that became goals and objectives for further work to improve the Board's function as well as the overall level of governance of the FHT.

### **Transparency**

The Board made a decision to increase transparency at all levels of the organization. Board meetings became open meetings, (except for *in camera* portions), which staff are welcome to attend. Minutes of all Board meetings are posted where staff can easily access them.

### **Communication**

The Board worked closely with the Executive Director to improve overall communication in the Family Health Team, specifically with respect to information sharing.

A bi-weekly newsletter was established that highlights FHT programs, physician and IHP matters of interest, and staff profiles. Everyone in the organization knows that they need to read this newsletter to be up to date on the FHT's current and planned activities.

"Grand Rounds" once a month, provide clinical program updates, presentations, EMR updates and all manner of FHT issues. The Rounds are well attended, and provide an opportunity for all staff to get together, to learn and to discuss issues of patient care and FHT performance. They are a team building strategy in addition to being an opportunity for discussion of clinical issues.

### Success Factors

The Board and the FHO physicians spent a great deal of time meeting and discussing the merits of undertaking an organizational review, and then of implementation plans and strategies. There was consensus on the need and the potential value in taking time to consider how to improve FHT governance and FHT performance.

According to Dr. Allan Grill, incoming Lead Physician and Vice-Chair of the Board, the following factors were key in the Board's success:

- Demonstrate a culture of openness and a willingness to embrace change. This will take time and many discussions, but is worth pursuing.
- Acknowledge that you may need external help. The physicians-acknowledged that while they are experts in medicine, they may not be experts at organizational design and performance.

### How has this approach positioned the FHT for the future?

The FHT Board believes that strengthening governance will help to build the FHT's social capital, achieve positive change, and build strong relationships at all levels of the organization. By modeling strong leadership at the board level, and creating a culture of learning and development, every staff person will gain skills and the ability to provide leadership in their own realm –“situational leadership”.

### What's Next?

The Board has endorsed a comprehensive approach to performance evaluation. In the immediate future it will embark on a 360° performance review process for the Executive Director and for the Lead Physician. The Board is using an “appreciative inquiry” approach to performance management that allows everyone to learn how he or she can improve, while at the same time be accountable to the organization.

(Please click to see parts [one](#) and [two](#) of the interview with Dr. Grill.)

## 1.12 Board Work Plan

The Board should have its own work plan, consistent with but separate and distinct from the organization's strategic and operational plans. A board work plan is often a Bylaw requirement.

### 1.12.1 What a Board work plan should include

The work plan need not be a lengthy document. It should reflect what the board has decided are its priorities for the year. These priorities may be directly related to the organization's strategic priorities (e.g. quality improvement or stakeholder relations), or

they may be more focused on such issues as improving governance effectiveness or overseeing the development of robust organizational performance metrics. The work plan provides the board with some specific issues and actions on which to focus attention. In addition to performing its mandated responsibilities, the board work plan allows the board to address areas of priority and/or concern that will help to ensure that the organization is achieving its potential.

A Board work plan should include

- Stated goal(s)
- Whether/how the goals align with the organization’s strategic plan
- A set of activities to achieve the goal(s)
- Responsibility
- Timeline

### 1.12.2 Measuring Progress

An important indicator of board effectiveness is whether the board has made progress toward the goals in its work plan. Reviewing the work plan and assessing the board’s progress at regular intervals (e.g., quarterly or semi-annually) will contribute information for the evaluation of overall board effectiveness (see [Board Evaluation](#)).



#### Tools

[Sample Board work plan](#)



#### Questions to consider

1. Does your Bylaw require the board to have its own work plan? If so, were you aware of this requirement and has your board developed a work plan? If your Bylaw does not require a separate board work plan, do you see any advantages (or disadvantages) to your board and organization of having one?