

Report on Board Governance

prepared for

Brock University Special Committee on Board Governance

Margaret Hooey

Ken Snowdon

Snowdon & Associates

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Section I: Introduction and Background

Introduction

Governance (noun)

1. the system or manner of government;
 2. the act or state of governing a place;
 3. control or authority.
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Governance in Canadian universities is one of those topics that few study and fewer understand. The role of the Board and the role of Senate seem, at first glance, to be quite distinct – the latter responsible for educational policy and the former, essentially, responsible for financial matters. Yet, as noted in a major review of university governance some forty years ago:

The theory that the lay Board controls finance and the academic Senate controls academic policy may perhaps have worked in times gone by where budgets were stationary from year to year and academic forward planning was performed at a standstill; but today, finance and academic planning are quite inevitably and inextricably linked with each other, and will be even more so in the future.¹

The ‘inextricable’ and ‘inevitable’ links identified in the Duff/Berdahl report continue to be the source of tension, mystery and musings about the state of university governance, complicated in the intervening years by the ubiquity of collective bargaining internally and the seeming omnipresence of the state.

Over the past two decades, in particular, an increased emphasis on accountability has been a constant theme of government deliberations and actions at the federal and provincial levels. In the university sector in Ontario that theme has manifested itself through a series of initiatives ranging from government appointed Task Forces examining accountability in the university sector as well as the Broader Public Sector, to the imposition of key performance indicators and more ‘earmarked funding’, to the introduction of ‘accountability agreements’.

At the same time, many universities have increased in size and complexity, driven by changing expectations regarding accessibility and economic development, legislated imperatives, and greater reliance on non-government revenues. Increased complexity breeds new risks and as universities have evolved, greater attention has been paid to issues of risk management across a broad spectrum of activities.

¹ Sir James Duff and Robert Berdahl, *University Government in Canada*, Report of a Commission sponsored by the Canadian Association of University Teachers and the Association of Universities and Colleges of Canada, University of Toronto Press, 1966 p.8

In the 1960s, the Duff/Berdahl report observed a decline in the role of Boards as government involvement (directly and through intermediary bodies) increasingly set the institution's fiscal parameters and established provincial policy norms in a host of areas (e.g., minimum admission standards, tuition, program development). Throughout the intervening years until the early to mid-1990s that reality had major impacts on institutional governance, especially as it pertained to advocacy. In an era of formula financing and an intermediary body (Ontario Council on University Affairs) public advocacy by individual institutions was seen as a relatively minor activity. The radical changes of the 1990s (e.g. cuts in public funding, changes in the funding mechanism, major changes in tuition policy, greater reliance on private funding) set the stage for more active Board involvement in advocacy: public advocacy in the interests of the institution and public universities in Ontario, and what one might call 'private' advocacy in the nurturing and development of philanthropy in support of institutional goals.

Those four themes – planning, accountability, risk management, and advocacy – fall squarely in the mandates of current governing Boards. How should Boards address those issues? What is the relationship of Senate and Boards in developing institutional responses to those issues? How do Boards operate in an increasingly complex environment with multiple stakeholders and competing interests? How do Boards fulfill their evolving mandates in an effective and efficient fashion? How do good governance practices help address those demands?

This report focuses, primarily, on the latter question as it pertains to Boards of Governors and is based on a simple premise: that an effective Board is defined by its engagement in ensuring that processes are in place that facilitate and align with the institution's mission. Rather than assuming a management role, an effective Board must satisfy itself that the goals of the institution are clearly defined, that the resources and strategies required to meet those goals are well understood and carefully crafted, and that there is sufficient reporting and monitoring to determine progress towards the goals. Accordingly, the Board's oversight role focuses, necessarily, on providing direction to management (President) in the form of some basic questions:

- 1) What is it the institution is trying to do? (mission, goals)
- 2) What resources, tools, strategies are needed to accomplish those goals? and
- 3) What and where is the evidence of progress towards the goals and alignment with the mission?

Purpose

Based on an examination of 'best practices' in university Board governance in Canada (and elsewhere if applicable), this report is intended to assist the Special Board Governance Committee with its deliberations regarding Board Governance at Brock. Specifically, the report provides options and suggestions regarding:

- role and mandate of the Brock University Board;
- roles and responsibilities of members of the Board including reference to the length of term and re-election/re-appointment processes;

- the existing committee structure of the Brock Board and specific committee responsibilities;
- the existing Board recruiting and nomination process - selection of Board members, Board Chair and Vice-Chair(s);
- the size, composition and general process/procedures of the Board; and
- Board evaluation policies/processes.

Methodology

Methodology for the report involved a review of existing research material that establishes ‘best practices’ in Canadian universities and elsewhere, and the development of criteria to determine ‘best practices’. Those criteria were then used to identify a set of ‘best practice’ institutions. For each of the institutions the relevant documentation was reviewed and assessed and in each case the institution was contacted for a more in-depth interview of Board practices.

Much of the governance literature in Canada is, in fact, focused on private sector corporations and the roles and responsibilities of directors. In that regard, the Canadian Coalition for Good Governance and the Canadian Institute of Chartered Accountants produce useful relevant documentation about the roles and responsibilities of directors and also offer specific advice regarding governance practices.

On the public side, the Institute on Governance and the Canadian Comprehensive Auditing Foundation (CCAF~FCVI) along with Dalhousie University’s Non-profit Sector Leadership Program provided information and advice about governance practices for volunteer boards in the non-profit sector although there is little reference to bi-cameral governance systems. Elsewhere, the Association of Governing Boards (U.S.) provides a useful reference for governance as does the Non-Profit Governance and Management Centre (Australia). A listing of relevant information sources and references is attached as Appendix A to this report.

Determining Best Practice

University Board governance arrangements vary across the country in terms of Board size, composition, role, and relationship to the provincial government. Those differences are often a function of history and tradition but also reflect differences in the provincial organization of higher education. Accordingly, in assessing the components of ‘best practice’ in Board governance it is important to recognize that specific practices in one province (or in one particular institution) may not, in fact, be applicable to another province or institution.

In determining ‘best practices’ that may be relevant to the Brock situation we have been guided by:

1. the evolution of Brock University and the realities of a comprehensive institution of over \$200 million with multiple mandates;
2. the results of the Canadian based Modified Accountability Disclosure Index;
3. a review of Board governance by-laws in other institutions;

4. the results of the Provincial Auditor’s audit of the Ministry of Training, Colleges and Universities’ Accountability Framework for University Funding; and
5. experiences gleaned through years of working with Boards and senior officers in a number of Canadian universities.

Table 1: Benchmark Universities – Revenue and Enrolment

	Total Revenue	Provincial Operating Grants	Total Research Revenue	Full-time Enrolment	
				Undergraduate	Graduate
	-----	\$ millions	-----	Fall 2005 AUCC Estimates	
Brock	\$ 198.4	\$ 69.4	\$ 13.4	13,400	550
Carleton	\$ 356.3	\$ 111.1	\$ 72.0	16,700	2,100
Guelph	\$ 507.5	\$ 147.7	\$ 125.9	16,700	1,900
McMaster	\$ 826.7	\$ 147.5	\$ 345.0	18,800	2,300
W. Laurier	\$ 300.9	\$ 56.1	\$ 10.3	11,300	550
Memorial	\$ 322.6	\$ 174.4	\$ 33.3	13,730	1,510
Victoria	\$ 359.5	\$ 129.6	\$ 50.4	10,930	1,960

Financial Information

1. Ontario Universities: *Committee of Finance Officers - Universities of Ontario 2004/05*
2. University of Victoria, *Financial Statements 2005*
3. Memorial University of Newfoundland, *President's Report 2005, Financial Highlights*

i) Brock as a Comprehensive University

In selecting the institutions for comparative purposes we were cognizant of Brock’s evolution and its stated goal of being a “comprehensive university, which is to say a university which offers a wide range of undergraduate, graduate and professional programming, including reputable niche programs, that are supported by significant research activity.”² Accordingly, to ensure that we captured the complexity associated with an evolving institution like Brock, we initially focused our attention on institutions that categorized themselves as ‘comprehensive’, were roughly of similar size overall, and were quite active in research (as measured by research income). At the same time, in light of the emphasis on ‘planning’ noted earlier, we looked for universities where there appeared to be joint Board/Senate involvement in planning.

The match is not perfect, nor should it be. One of the unheralded strengths of the Canadian university sector is the significant diversity in mission, organization, size, complexity, history and local circumstance that characterizes the sector. Not surprisingly that diversity carries over into comparisons of governance.

ii) Modified Accountability Disclosure Index

In light of the increasing and continuing interest in accountability – including the transparency of reporting – the Modified Accountability Disclosure Index was developed in an attempt to provide an indication of how well universities were responding to the need for more and better ‘accountability’ reporting. The top ten institutions in that regard

² Brock University, *Final report of the President’s Task Force on Institutional Planning and Priorities*, February 1999.

(and four of the six ‘benchmarks’) are Queen’s, **Guelph**, Moncton, **McMaster**, **Victoria**, Lakehead, Ryerson, **Carleton**, Western, and Windsor. Despite the acknowledged shortcomings of the approach utilized to develop the index (i.e. it focuses on whether certain kinds of information are available or disclosed but provides limited evaluation of the content of the disclosure) the fact that these institutions have been singled out for making the relevant information available, is an indicator that governance structures at the institution endorse the approach and recognize the importance of public reporting.³

iii) Provincial Auditor’s audit of the Ministry of Training, Colleges and Universities’ Accountability Framework for University Funding

In 1999 the Provincial Auditor examined the Ministry of Training, Colleges and Universities’ Accountability Framework for University Funding. Through that exercise the Provincial Auditor focused attention on how Ministry policies promoted the achievement of the following objectives:

- program quality;
- access;
- responsiveness to changing educational needs;
- cost effectiveness in the delivery of programs and services; and
- sound financial management.

The Ministry of Training, Colleges and Universities made it clear to the Provincial Auditor that responsibility for the governance of universities was vested in the Boards of Governors based on the statutes governing each university. Accordingly the Provincial Auditor surveyed Ontario’s universities and visited five institutions to determine the state of university governance.

The lack of clear ministry expectations for university governance and accountability would be somewhat compensated for if universities themselves had in place sound processes for ensuring good governance and proper accountability. Responses to the surveys indicated that effective governance processes were generally in place at those universities. Each of the five we visited appeared to have a number of good processes and procedures, the details of which were provided to the Ministry and the COU. Nevertheless, there were a number of areas where improvements needed to be made.⁴

One of the outcomes of the audit and visits was the production of a *Summary of Observations on University Governance Processes*, prepared by the Office of the Provincial Auditor (OPA) and categorized as illustrated in Table 1.

³ For more information about the Modified Accountability Disclosure Index see W. Banks et.al., *Significant Improvement in Canadian University Accountability Disclosures*, paper presented at the Administrative Sciences Association of Canada annual conference, Quebec, June, 2004.

⁴ Office of the Provincial Auditor, *Report of the Provincial Auditor 2000, Accountability Framework for University Funding*, pp.214-234

Table 1: Categorization of OPA Observations on University Governance

<p>1. Board Processes</p> <ul style="list-style-type: none"> Orientation Structure Risk Assessment Board Evaluation Development Recruiting 	<p>3. Management of Resources</p> <ul style="list-style-type: none"> Economic and Efficient Use of Resources Allocation of Resources
<p>2. Financial and Performance Reporting</p> <ul style="list-style-type: none"> Mission Statement Annual Reporting to the Public Performance Indicators Information about Costs of Delivering Services Clarity, Timeliness and Reliability of Reports to Board 	<p>4. Accessibility</p> <ul style="list-style-type: none"> Responsiveness to Changes in Demand Retention
	<p>5. Program Quality</p> <ul style="list-style-type: none"> Assurance Relationship Between Quality, Cost and Affordability
	<p>6. Faculty Performance</p> <ul style="list-style-type: none"> Evaluation Appointment, Promotion, Tenure

The fact that the OPA chose to focus on the preceding categories and sub-categories is an indication of the factors the OPA deemed to be of importance *on behalf of government*. In commenting on the effectiveness of Board Processes, the OPA referenced the Dey Commission⁵ as a benchmark and noted, in general, that there were considerable improvements that could be made in each of the above sub-categories, although it was also noted that in terms of ‘structure’, any change in the size of the Board would require a change in statutes.

The most interesting result of the OPA review was twofold: it helped articulate government’s expectations for the use of public monies and it helped focus attention on those areas viewed as important in determining ‘best practices’ for governance and accountability. Accordingly, in our deliberations we examined a number of institutions to determine if Board processes met the OPA’s ‘best practice’ benchmark.

Since the OPA conducted its audit in 1999/2000, major changes have occurred in the audit environment. The Provincial Auditor has been renamed Auditor-General and the powers of the Office have been expanded to include value-for-money audits.

Now that our scope of audit has been extended to organizations in the broader public sector that receive government grants, the Office will be commencing several value-for-money audits of such bodies in fall 2005. Accordingly, my *2006 Annual Report* to the Legislature will include the results of the first broader public-sector value-for-money audits.⁶

The change in the scope of the Auditor-General’s mandate means that universities will be subject to scrutiny that will go beyond adherence to policies and procedures, and place new emphasis on outcomes and outputs. While the timing of the Auditor-General’s next review of the University or post-secondary sector is unclear, one might expect that such a review will be conducted in the next five years and plan accordingly. More recently the Public Sector Accounting Board has entered the arena with its own *Statement of*

⁵ Report of the Toronto Stock Exchange Committee on Corporate Governance in Canada, 1994

⁶ Auditor General of Ontario, *2005 Annual Report*, p.18

Recommended Practice (SORP), Public Performance Reporting, aimed specifically at setting standards for *non-financial* performance reporting.

iv) Knowledge of Canadian Universities

Finally, in determining appropriate ‘benchmark’ universities, we also relied on our own knowledge and assessment of Canadian universities and chose to focus our attention on a few institutions with unique missions such as Guelph and Memorial, and we included Carleton because it managed to re-invent itself in the 1990s and has emerged as an institution that has set its sights on becoming one of Canada’s best comprehensive universities.

Having provided an overview of the university governance environment and the rationale for the choice of ‘benchmark’ institutions, Section II focuses on Board Operations with an emphasis on Board Processes. Section III then reviews Board Committees.

Section II Board Structure and Operations

Role and Mandate

Legally, Board mandates are defined in University Acts as approved by provincial governments. A standard phrase in many University Acts sets the general Board mandate in the following fashion:

“... the government, conduct, management and control of the University and of its property, revenues, expenditures, business and affairs are vested in the Board, and the Board has all powers necessary or convenient to perform its duties and achieve the objects and purposes of the University....”

(Brock University Act, 11., Carleton University Act, 15., McMaster University, 13., University of Guelph, 11)

The Acts also authorize the Boards to establish by-laws “for the conduct of its affairs”. While many University Acts share the above elements, there are differences in Board composition and size and specific references to Board authority often associated with local circumstances surrounding the establishment of the university.

The Board mandates of the seven universities under review, as established by various legislative acts, are remarkably similar with the exception that both Memorial University and the University of Victoria contain clauses in their mandates giving their Boards responsibility for determining the number of students and establishing rules for limiting admission - a provision which sets them apart from their Ontario counterparts.

Two of the Universities, have, however, developed guidelines which articulate a more contemporary interpretation of their Board mandates and, consequently, deserve a more detailed examination.

University of Guelph Role of the Board

1. To participate in setting the long-term vision, mission, and strategic direction of the University in concert with the President and in consultation with the Senate.
2. To approve policy in areas of mandated responsibility.
3. To monitor the achievement of the University's goals.
4. To support the University's autonomy and bi-cameral system of governance.
5. To advocate on behalf of the University to the external community and to interpret the needs of society to the University.
6. To provide the University Administration with the support, authority, and responsibility required to lead and manage its affairs successfully.
7. To appoint the President.
8. To ensure appropriate financial and administrative controls are in place to oversee the management of the University's monetary, physical, and human resources; to ensure the allocation of resources is consistent with the achievement of the University's objectives.
9. To encourage and foster the realization of the University's fund-raising and development activities.
10. To set policy for the conduct of the Board's affairs and to monitor its effectiveness.

At the **University of Victoria**, the roles of the Board and Board members are captured in one statement as indicated below.

Know the context

1. Make every effort to become familiar with trends in governance and post secondary education, and the institution they are governing.

Exercise due diligence

2. Act with integrity, independence and the good faith of a reasonable individual to promote the best interests of the University, bringing due care, diligence and competence to that task. Due diligence is defined as: the duty of Board members to exercise such degree of skill and diligence as would amount to the reasonable care that an ordinary person might be expected to take in the circumstances on his or her own behalf.
3. As a component of due diligence, expect regular reports on various responsibilities of the University from the President and question the President and members of the senior University administration on the implementation of policy to meet the University's statutory obligations to ensure accountability and limit risk.

Distinguish between policy and administration

4. Be aware of the difference between matters of policy (Board responsibility) and matters of administration (President's responsibility). Matters of policy may be defined as: general rules or principles, or a statement of direction or intent, which provide guidance to the President and senior academic administrators in reaching decisions with respect to the particular matters entrusted to their care.
5. Monitor the execution of policy with respect to the goals enunciated in the strategic plan and mission statement of the University.

Protect university autonomy/board independence

6. Protect, and defend to the public and government, the autonomy of the University.
7. Ensure the independence of the Board of Governors by focusing on the best interests of the University, and not those of a constituency or individual.

Be clear on communication

8. Understand the University, its mission, its strategic plan, its culture, and its teaching and research contributions, and promote them to the external community. In public, once the decision is taken after a fair and objective hearing to differing opinions on issues before the Board, stand united in defense of the Board, the University and its policies.

9. Interpret the needs of society and the larger community to the University to ensure that new developments and long-term trends are explored.
10. Recognize that the only spokesperson to the media for Board matters is the Chair of the Board of Governors or the Chair's express delegate. Also, that the only spokesperson for the senior administration to the media on Board matters is the President or the President's express delegate.
11. Communicate promptly and clearly to the Chair of the Board and the President any significant concern or complaint, and let them deal with it. Refer any request for information from any member of the University community to the Board Chair or the Board Secretary.

Respect confidentiality

12. Become familiar with, and maintain, the Board's rules with respect to confidentiality. Discretion will strengthen and sustain Board governance, maintain public confidence in the administration of the University, and maintain respect for the position of the President.

Avoid conflicts of interest

13. Avoid all real, potential, and apparent conflicts of interest. Where a conflict of interest arises, members shall make full disclosure of the conflict and shall seek to resolve it in the best interest of the University. Board members shall withdraw from Board or Committee deliberations and shall abstain from voting on any motion pertaining to the approval of a matter in which they have an interest, be it direct or indirect.
14. Do not assist any person or any organization in its dealings with the University, when such intervention may result in real, potential, or apparent preferential treatment to that person or organization by the University.
15. Do not use, for your personal benefit or advantage, any information acquired in the exercise of your office that is not otherwise generally available to the public.
16. Do not use, directly or indirectly, any facilities or services of the University, nor allow them to be used, for purposes other than those expressly approved by the University.

Assess board and your own performance

17. Set an example by, on a periodic basis, assessing the performance of the Board and your own performance as part of the governance process in order to preserve public accountability and due diligence.

Based on those more up-to date supplementary statements at Victoria and Guelph, **Brock University should consider developing a supplementary statement about the role of the Board which would connect the Board more closely to the contemporary environment.** While the legislated mandate will always be the foundation on which the Board bases its main work, a description of what this means in the 21st century could create a finer understanding of what board's are expected to be and do to-day. It could enhance the University's understanding of the Board's role and would shed important light on the public's understanding of the University.

Elements that might be included in such a statement could include the following:

- ensuring that processes are in place that facilitate the realization of the university's mission;
- advocacy to the external community on behalf of the University and the conveying of societal needs to the University - a two-way connection that could have the effect of demonstrably linking the university and public interest through the Board;
- participating in developing a strategic direction for the institution;
- setting high ethical standards *vis a vis* conflict of interest, confidentiality etc.;
- encouraging and fostering development and fund-raising;
- assessing performance and monitoring the achievement of the University's goals; and

- understanding the post secondary education sector and the role of government.

Role of Board Members

A review of governance literature places a significant emphasis on the importance of the role of Board members as reflected in this excerpt from the CCAF-FCVI:

... to be able to meet their responsibilities successfully, governing bodies should be comprised of people who:

- possess the necessary knowledge, ability and commitment to fulfill their obligations;
- understand their purposes and whose interests they represent;
- understand the objectives and strategies of the organizations they govern;
- understand what constitutes reasonable information for good governance and obtain it;
- once informed, are prepared to act to ensure that the organization's objectives are met and that performance is satisfactory; and
- fulfill their accountability obligations to those whose interests they represent by reporting on their organization's effectiveness.

Although experts on corporate governance agree about the importance of mechanisms and criteria for the selection of board members, little is said in the by-laws of the seven universities studied, about what is expected of the individual board member.

The major exceptions to this relative silence are the University of Victoria as evidenced in the previous statement (pp.9-10), and the University of Guelph where member responsibility is delineated in the following statement.

Each member is:

1. To support the mission of the University.
2. To seek to be informed about the University and the role of higher education in the Province.
3. To help enhance the public image of the University.
4. To respect the difference between matters of policy (Board's responsibility) and matters of administration (President's responsibility).
5. To discuss issues frankly at all meetings and to abide by the will of the majority.
6. To put the interests of the University in its entirety ahead of the interests of any special group.
7. To be familiar with, maintain, and respect the Board's rules on conflict of interest. To maintain the highest ethical standards and not allow any conflict of interest to interfere with the good governance of the University.
8. To be familiar with, maintain, and respect the Board's rules of confidentiality.
9. To recognize that the President or his/her express delegate is the primary spokesperson for the University and that the Chair of the Board or his/her express delegate is the primary spokesperson for the Board.
10. To refer any request for specific information on the University or Board's activities to the President or Board Chair or the Board Secretary.

One element that is not contained in either the Guelph or Victoria statements, is reference to the availability of a member to commit a reasonable amount of time to working with the Board and its committees.

Having an explicit understanding of the responsibilities associated with board membership would have the effect of giving new members added confidence about the role expected of them. In addition, it would reinforce for the Board generally, the Board's overall mission. Accordingly, **Brock University should develop a statement describing the expectations and responsibilities of its Board members.**

Composition and Size

The Boards of the seven institutions vary greatly in number of members and in categories of representation. Each university has its own unique history which, to some degree, is reflected in the shape and size of its Board. The presence, for instance, of a significant contingent of alumni representatives, such as at McMaster, reflects a longer history than at Brock where there is no formal provision for alumni representation. Some universities have affiliated colleges which have roots in the history of the institution, and continue to have their interests represented on the Board (i.e. Divinity College (McMaster), and Lutheran Seminary (Wilfrid Laurier). Some of the benchmark institutions also identify themselves with the local community and ensure community representation on their Boards.

Table 2: **Composition of the Board**

	Total Size	Gov't App't	Faculty	Lay Members	Staff	Students	Alumni	Other Reps.
Brock	32	-	3 Inc Chair of Senate	21	3	3	-	1.Chancellor 2.President
Carleton	32	-	4	18	2	4	2	1.Chancellor 2.President
Guelph	24	4	3	7	2	3	3	1.Chancellor 2.President
McMaster	37	6	7	11	2	2	5	1.Chancellor 2.President 3.Chair of Planning Cttee 4.Divinity College.
W. Laurier	31	3	5	11 Incl. 3 from K/W Region	2	3	3	1.Chancellor 2.President 3/4 WL Seminary
Memorial	30	17	-	See Gov't	-	4	6	1.Chancellor 2.President 3. VP & Pro Vice-Chanc.
Victoria	15	8 Inc. 2 Alumni	2	See Gov't	1	2	-	1.Chancellor 2.President

The Brock Board of Trustees has the largest 'lay' component of all the universities in this review. Although some of the lay appointees are alumni they are not identified as such in the Board membership. In our view, **Brock should consider designating a specific number of Board positions as alumni and consider utilizing the alumni association as the vehicle for nominating or electing members.**

At the same time, in light of Brock's strong ties to the Niagara region, **consideration should be given to designating a part of the lay group as regional or community representatives and establish a process for appointing representatives from the local / regional community.**

Brock has wisely structured the Board to have a strong connection to the Senate, with two Senate appointed faculty and the Chair of the Senate among its members. The convergence of the interests of both governing bodies make some joint planning exercises advisable, without jeopardizing the respective jurisdictions. With Senate representation already built into the Board membership, Brock has the seeds of a joint planning mechanism. The connection between the two bodies is reinforced by the practice of including a report from the Senate at regular Board meetings. We will return to this matter when addressing Board committees.

Length of Terms and Reappointment Processes

In light of the general inclination of Boards to become ‘in-grown’, Brock’s practice of a two term limit is probably a sound one. Reappointment, however, should not be ‘automatic’ but conditional on satisfactory performance as determined by an annual evaluation conducted under the auspices of the existing Board Nominating Committee. We will return to this matter when addressing the role of Board committees.

Table 3: Length of Terms – General Overview*

	Total Size	Length of Term	Term Limit
Brock	32	3	2
Carleton	32	3	2
Guelph	24	3	2
McMaster	37	4	3
W. Laurier	31	3	3
Memorial	30	3	3
Victoria	15	3	2

* In some instances there term length and term limits will vary depending on categories of appointment

Dismissal Procedures

All seven institutions have provisions for dealing with members who are seen as ineffective. While, clearly they are implemented only rarely, it is important to have such provisions to reinforce the standards expected of Board members.

Brock - a Board seat may be declared vacant with 30 days notice and two-thirds vote.

Guelph - membership is deemed vacant for bankruptcy, criminal convictions and mental incompetence or for contravention of any by-law or policy, with 30 days notice and two-thirds vote.

Carleton – dismissal for any reason the Board may deem sufficient, or failure to attend at least one-third of the meetings.

McMaster – dismissal for “just cause” with 30 days notice and two-thirds vote.

Memorial – dismissal for breaches of confidentiality – removal by the Lieutenant Governor.

Victoria - for breaches of confidentiality – left to discretion of Chair

Wilfrid Laurier – dismissal for less than 50% attendance, or special circumstances – based on a majority vote.

Brock’s general provision may be too vague to be effective. A Board must have a mechanism to remove a member who is ineffective by way of non-attendance, breach of confidentiality etc. **Accordingly, the Dismissal by-law should be expanded to include specific reference to ‘just cause’ and minimum attendance expectations should be set.**

Recruitment of Board Members

The starting point for an effective governing body is a well designed, objective, transparent appointment process. The body’s size and composition should consider the present and future needs of the organization, and the assessment of governing body needs should become an annual exercise rather than a response to vacancies as they arise. A graduated approach to turnover in governing body membership will assist in maintaining continuity in budget development, strategic planning, and implementation of key initiatives.

G. Morfitt, *Accountability: A Key To The Success of Nonprofit and Volunteer Organizations*, CCAF~FCVI Update, July 2004

The recruitment of Board members falls under the auspices of the Board Nominating Committee (or equivalent) in all institutions although it is recognized that various members of the Board and senior administration also play a role in identifying, vetting and recruiting Board members. We will return to this item under Board Committees.

Appointment of Board Chairs and Vice-Chairs

Six of the seven Boards included in this review elect their own Chairs. The Chair of the Memorial Board of Regents is appointed by the Lieutenant Governor while the Vice-Chair is elected by the Board.

Terms for Chairs vary widely – from one year to an unspecified period (Guelph). The majority elect the Board Chair for a one-year renewable term. Carleton imposes a limit of 8 renewals while others do not limit the number.

Time spent as Chair or Vice-Chair does not count towards term limits on Board membership.

Board Visibility: Governance website

While all of the universities in this review have some reference to their Boards of Governors and governance generally somewhere on their websites, in many cases it is not immediately evident. Moreover, the websites tend to focus on the University Acts, by-laws, and membership profiles along with official agendas and minutes. There is limited reference to the bi-cameral nature of University governance and in most cases limited

linkages to University planning documents, budget documents, and / or measurement indicators. Accordingly there is considerable opportunity to improve the Board's visibility through the development of more and better content for a Governance website. Such a website should also include specific reference to 'accountability' – a matter we return to later in the report.

Board Procedures

The procedures by which the Boards govern themselves are an indicator of the Boards' adherence to good practice. Among the specific operations that support the standard of effectiveness of its operations are;

- agenda preparation
- processes for the evaluation of the Board and Board members
- training and orientation of new and continuing members
- ethics - conflict of interest and confidentiality provisions
- mechanism for monitoring governance issues

Agenda Preparation

The process of setting Board agendas is a good indicator of the status of the partnership between staff and Board members. While staff input is critical in preparing for meetings, care must be taken to be seen to provide for trustee input - whatever the structure for agenda-setting might be. Without deliberate trustee input at this stage, the Board is at risk of being seen to be 'managed' by the administration.

In all the institutions reviewed, the Board Secretary plays the major role in bringing forward agenda items. Carleton is unique in having an Executive officer or Senior Administrator, rather than the Secretary, assigned to be responsible for the administrative work for each committee.

In two of the Universities, Carleton and Memorial, the Board Executive Committee develops the agendas for Board meetings. In most other cases, agendas are prepared by the Secretary in consultation with the President and the Board Chair on an informal basis. Practices vary somewhat with the style of the Secretary.

The Agenda for the Board of Trustees at Brock is assembled by the Secretary who meets with the President to review it. The Secretary then reviews it with the Board Chair. **Some consideration might be given to a somewhat more formal process for setting the Board Agenda - a more transparent process involving Board input, through the Chair or Vice-Chair, as well as members of the administration who are bringing agenda items forward.**

Mechanism for Monitoring Governance Structures

Most of the institutions reviewed have provided for monitoring or reviewing Board governing structures within the terms of one of the standing committees such as Executive or Nominating , or by a 'stand-alone' by-law committee. Brock is currently undertaking a review of governance through a special committee established for a

specified time frame.

It is desirable to have in place a mechanism to monitor governance arrangements on an ongoing basis, to identify and accommodate changing conditions. **Brock should consider building this function into one of its existing committees such as Nominating or Executive Committee, or establishing a separate by-law committee.**

Processes for the Evaluation of Boards and Board Members

There is general agreement among governance “gurus” that the provision of processes for evaluating Boards and Board members is essential to good and accountable governance. The development of these processes is in progress at a number of Ontario Universities. A few have surveys in place, while others have yet to finalize and administer the survey instrument. McMaster is one institution that has a well-established procedure that is implemented every two years and the survey instrument is attached as Appendix B.

Brock University should implement a formal Board evaluation process including the evaluation of individual Board members.

Orientation and Training

Most of the institutions studied have prepared Board Handbooks which contain all legislation relating to Board functions and general information about the university. Several have instituted day-long retreats, held before the first fall Board meeting where senior administrators of various portfolios provide a ‘crash course’ in their area of responsibility. Some also give tours to help familiarize new trustees with the campus. Many Boards, including Brock, have a session on the agenda of each regular meeting, introducing both new and continuing Board members to one aspect of the University in some depth. A particularly useful background document for Board members is the Council of Ontario Universities’ *Briefing Book*, prepared annually by the COU Secretariat and available on the COU website.

There are a number of strategies used to provide sufficient background information for current and prospective Board members including the production of Board Handbooks, special day long Orientation sessions of the Board, regular ‘theme’ sessions at Board meetings and the provision of University publications. In our view an annual Orientation session is the preferred route and **Brock should take the necessary steps to establish an Orientation session on an annual basis.**

Ethical Standards

All institutions reviewed have clear provisions concerning conflict of interest and confidentiality.

Board/Administration Relationships

As noted previously the relationship between the Board and President is an important part of effective Board Governance. To encourage and strengthen that relationship Boards and President’s often use both formal and informal arrangements. The President of the University of Guelph, for example, arranges a dinner with Board members only, where

reportedly, the conversation is very different than when other senior administrators are present. The President also meets privately with the Committee Chairs collectively, who are all external Board members, to discuss strategic issues. We offer no particular course of action in this regard, but simply note the importance of this kind of activity as part of the review.

A governing body is most effective when there is a relationship of trust and collaborative sharing of information and views among its members and management. However, the governing body's fiduciary and supervisory responsibilities make it imperative that directors be in a position to exercise their judgment and assume their responsibilities independent of the influence of management.

G. Morfitt, *Accountability: A Key To The Success of Nonprofit and Volunteer Organizations*, CCAF~FCVI Update, July 2004

Frequency of Board Meetings

Most of the Boards in this study have a requirement to meet at least 4 times a year. Brock requires 5 meetings and Carleton 6. All seven provide for special meetings to be called by the Chair or alternatively by a specified number of trustees.

From the preceding review of Board Operations and Board Procedures/Processes a number of items have been identified for governance consideration as follows:

Brock University

- 1. should consider developing a supplementary statement of the Board's role which would connect the Board more closely to the contemporary environment.**
- 2. should develop a statement describing the expectations and responsibilities of its Board members.**
- 3. should consider designating a specific number of Board positions as alumni and consider utilizing the alumni association as the vehicle for nominating or electing members.**
- 4. should consider designating a part of the lay group as regional or community representatives and seek nominations from the local / regional communities.**
- 5. should expand the Dismissal by-law to include specific reference to 'just cause' and minimum attendance expectations should be set.**
- 6. should consider a more formal process for setting the Board Agenda - a more transparent process involving Board input, through the Chair or Vice-Chair, as well as members of the administration who are bringing agenda items forward.**

7. **should consider building a governance review function into the mandate of existing committees such as Nominating or Executive Committee, or establishing a separate by-law committee.**
8. **should implement a formal Board evaluation process including the evaluation of individual Board members.**
9. **should take the necessary steps to establish an annual Orientation session.**
10. **should consider the development of a Governance website with a view to using that medium to improve the Board's visibility.**

Section III Committee Structures

By necessity much of the 'work' of the Board actually occurs in committee. Accordingly, Board committees are expected to fulfill the Board responsibilities in selected areas. Boards also have the power to establish special committees and/or sub-committees.

While the mandates of Boards are remarkably similar, there is a great deal of variation in the way committee structures have evolved, to fulfill the basic mandate. Each institution has its own unique history and environment and this is reflected in the ways in which the committees have been organized. The 'bottom line' – it is important to consider the needs and circumstances of individual institutions in establishing the appropriate Board committee structure.

Our review of practices elsewhere suggests that many committees are not operating at optimal levels because they spend too much time immersed in reporting detail rather than providing oversight in a structured fashion. Yet, Board committees have critical roles to play in university governance because in key functional areas the Board committee can establish a framework that ensures that policy development aligns with university goals.

Basic Board Mandates and the ways the Seven Institutions Handle Them

At the outset of this report we noted four themes – planning, accountability, risk management, and advocacy – that had taken on greater importance over the past decade or two and that should be part of the Board mandate. In the section on Board mandate we referred to the standard clause in University Acts that provides the legislative authority for the Board to govern and has, for the most part, set the scope of Board activities that, in addition to the appointment of the President can be summarized as:

- Financial and organizational stewardship; and
- Maintenance and development of physical resources.

Most Boards have organized themselves to address those two functions in addition to establishing Executive and Nominating/Governance committees. Accordingly, the committees tend to be organized around financial matters (or matters that have significant financial impacts) and physical capital matters. Table 3 summarizes the array of Board Committees at the seven institutions under review.

Table 4: Board Committees – by Function

	Executive	Financial	Human Resources	Audit	Physical Resources	Board Operations	Advocacy Development	Other
Brock	Sr. Administrators Compensation	Planning, Finance & Human Resources - investment - pension	Planning, Finance & Human Resources		Capital Projects / Facilities	Nominating	Advancement and Community Relations	
Carleton	Executive	Finance	Human Resources	Audit	Building Program	Nominating	Community Relations	Strategic Planning
Guelph	Executive *Strategic Plan	Finance	Pension & Benefits Ctte Sr. Comp & Negotiations Ctte	Audit	Physical Resources & Property	Membership & Governance	Development (specifically Fund-raising)	
McMaster	Executive	Finance	Human Resources Remunerations	Audit	Planning and Building	By-laws Nominating	Advancement	University Planning & Budget Board-Senate Panels
W. Laurier	Executive and Governance * Strat Planning * Sr. Comp	Finance and Physical Resources	Employment Practices	Audit & compliance	See - Finance and Physical Resources	Nominations		Pension
Memorial	Executive *nominates chairs of committees	Finance - investment	Labour Relations Exec. Comp	Audit & Risk Management	Campus Planning and Development	Appointments	Executive	Employee Benefits
Victoria	Executive and Governance *comp & review	Finance	Compensation Review	Audit	Operations and Facilities	Part of Executive	Community & Gov't Relations	

Interestingly, there is little in the committee names that reference accountability, risk management, or advocacy although the terms of reference for the committees may include reference to those items, usually as part of a list of activities. With respect to ‘planning’ two have established separate ‘planning committees’ while the remainder refer to ‘planning’ as part of the mandate of other committees.

University Planning

Carleton’s Strategic Planning Committee is composed of fifteen members whose task is to function as a “sounding board” for the administration during the early part of planning. It reviews proposed strategic goals, major reports etc., and its recommendations are forwarded to the Executive Committee before being sent to the Board.

McMaster’s joint University Planning Committee has a comprehensive mandate to co-ordinate academic and resource planning “so that the Senate and the Board of Governors may be assured that any proposal presented for approval has academic merit that supports the mission of the University and the resources necessary for the implementation of any proposal have been appropriately assessed.” In addition to its longer term planning role, the committee reviews and approves annual planning reports from all units. It comments on the University plan and reviews the annual report on the Campus Master Plan.

The McMaster Committee consists of fifteen members including the Board Chair and Vice Chair, the President, Provost (Chair), Vice President (Research), the Dean of Graduate Studies, five faculty, one faculty dean, one staff member, one undergraduate and one graduate student. The joint Planning Committee also has a budget sub-committee that reviews the budget framework and receives and responds to budget submissions from all units.

At Memorial the University Planning and Budget Committee is actually a creature of Senate with provision for one member of the Board of Regents. Its terms, however, are

almost identical to those of McMaster’s committee. It “appraises planned initiatives that have significant implications for resources” and “receives and discusses plans from all units and assesses such plans in light of the University Plan, recent relevant reviews and budgetary considerations.”

As noted earlier, other institutions have included reference to strategic planning within the terms of other committees. For instance, Guelph by-laws state that the Executive Committee will also consider University Strategic Planning. Similarly, Wilfrid Laurier states that its Executive and Governance committee will “initiate and ensure completion of annual and strategic plans.” At Brock the Planning, Finance and Human Resources Committee has the responsibility to “make recommendations to the Board of Trustees or the Executive Committee regarding long-range planning issues....”

Of the three institutions with what might be regarded as ‘joint’ Planning committees, experience to date suggests mixed results. In two institutions the planning committee is essentially moribund – in one case because the Board Chair has deliberately opted not to appoint a Board member because of concern about the operational role, and in the other case because the committee is struggling to understand its mandate. In the third, the Planning Committee is alive, very busy, but so busy that it is very difficult for Board representatives to attend meetings on a regular basis.

These results are somewhat perplexing in light of the importance of ‘planning’ in the governance literature. However, it certainly appears that in all of the cases the major problem may well be a mismatch of the mandate with the realities of the Board’s role not as the ‘planner’ but as the body that ensures that processes are in place to facilitate the achievement of the institution’s mission.

The fact is neither the Board, nor its particular committee (in the examples above), should actually be *doing* the planning. Rather, the Board needs to ensure there is a planning process with enough rigour to satisfy the Board (and Senate) that the planning activity is working, as it should. ‘Enough rigour’ would include processes that would provide, for example:

- breadth of consultation;
- a documented environmental scanning process;
- identification of strengths/weaknesses;
- identification of priorities at some level (institutional, Faculty/School);
- evidence of integration with other planning processes (enrolment, human resources, physical/capital, financial) and the associated inclusion of those factors in the plan;
- indicators to measure progress towards anticipated outcomes.

The responsibility for *planning* would be delegated to management with the expectation that management would adhere to the Board’s process requirements. The Board would

operationalize that expectation using a set of ‘tough’ questions⁷ and establishing the requirements for a planning process. But it is expected that the Board Committees with responsibilities in specific functional areas – Finance, Human Resources, Physical Resources – would also be engaged in monitoring the planning process in those areas to ensure alignment with the institutional plan.

What about the idea of a joint Board/Senate Planning Committee? It is not at all clear there is a requirement for such a committee, nor is there much evidence to suggest that they, in fact, work. It is clear from a general scan of university planning that there should be a representative(s) of Senate and the Board on University Planning Committees or Task Forces and that such a Committee or Task Force should be charged with the development of an institutional plan. But the Board’s role is different, as we have outlined previously.

If the Executive Committee is to be charged with overall responsibility for ensuring that planning *processes* are in place and *monitoring* progress towards the plan, it is important the faculty trustee on the Executive Committee ensures that Senate, on a regular basis, is informed of the committee’s activities.

This discussion of ‘planning’ and the Board’s role in ‘planning’ sets the stage for the review of the more traditional Board functions as well as functions that have emerged in more recent times – accountability, risk management and advocacy.

Financial and Organizational Stewardship

The more traditional roles of the Board are critically important and the long list of functions that comprise ‘financial and organizational stewardship’ run the gamut from budget approval (who, how much, what kind of monitoring?) to investments (who, asset mix, monitoring?) and require, among other things, assurance that systems and controls are in place to protect and manage the institution’s assets.

Some of those functions require separate Board committees because of the complexity and because outside expertise – present through the Board – can be helpful to management. For example, an institution’s investment policy requires a careful review of needs/goals (What are you trying to do?) assessment of investment risk, assessment of investment vehicles and/or managers (tools, strategies) monitoring/reporting mechanisms, and methodology for assessing performance. Within many universities – especially small and mid-size institutions – the level of staff expertise may not be sufficient to meet all of those requirements. Accordingly, a Board committee presents the opportunity to add specific expertise to a particular functional area. However, the Board’s responsibility is not to manage the investment operation – its role is to set investment goals, establish the tools/resources to achieve those goals and monitor performance.

⁷ This approach is similar to that advocated by the Canadian Institute of Chartered Accountants and reflected in the Institute’s publication series “20 Questions” – a series aimed at providing Board members with a set of questions in a number of functional areas, the members should be asking of management and of themselves.

For different reasons, the Human Resources area may require a Board committee because of the importance of human resources to the overall mission of the institution. Such a committee would set the parameters – what are we trying to do with respect to Human Resources? What are our goals? What tools/strategies are there to meet those goals? (recruitment, appointment processes, compensation arrangements) Are we in compliance with all legislative requirements? How would we know? (audit, measures). The Board Committee would expect management to work towards the goal using appropriate tools and strategies and be evaluated accordingly.

There are several models which deal with the general subject of employment practices. Brock appears to cover all aspects of employment issues within the structure of the Planning, Finance and Human Resources Committee, although it does have a distinct committee to deal with Senior Administrators' Compensation. Although several of the institutions studied have separate committees responsible for compensation issues, it could be argued that there is strength in dealing with all employment-related issues within one committee, as at Brock.

In light of the importance of Human Resources **the Board of Trustees should consider the establishment of a Human Resources Committee responsible for the oversight of Human Resources policies/practices including recruitment, retention, equity, and compensation matters (including Senior Administration compensation).**

As noted earlier Brock is unique in having the audit function within the Planning, Finance and Human Resources committee. Given the importance of an independent audit function, it seems inappropriate to include it with the regular financial functions. Rather, it should be a 'stand alone' committee with its own distinct membership with a core of Board members who are seen to be independent of the University administration.

Among the universities studied, practices concerning membership of Audit Committees vary. While Guelph insists that no members of the Finance Committee shall be voting members of the Audit Committee, McMaster specifies that every member of the Audit Committee will also be a member of Finance. Others provide for some overlap. Victoria specifies that one member of the Audit Committee also serves on Finance.

The Board of Trustees at Brock University **should establish a separate Audit Committee with a membership that reflects the expanded role of audit including risk management, broadly defined.** Consideration should be given to ensuring the input from the appropriate administrative officers by giving them non-voting observer status.

Development and Maintenance of Physical Resources

With respect to the Development and Maintenance of Physical Resources six of the seven institutions under review have a single committee dedicated to overseeing the long list of functions normally associated with such a committee. The exception is Wilfrid Laurier which combines the physical resource functions with financial functions. The functions themselves are relatively standard across all seven universities except that the Building

committee at Carleton is responsible for Environmental Health and Safety, a function that in the other institutions is held by the Audit Committee.

A key point in determining the appropriate role for such a committee is that the committee is not actually doing the work of management but rather setting the parameters. What are Brock's goals with respect to Capital facilities? What resources, tools/strategies are needed? What information is required to measure progress?

Accountability and Advocacy

While this review has identified the importance of these functions, there is little in the way of 'best practice' to guide further development. To the extent that Boards are the 'locus of accountability' as identified by the Broadhurst Task Force in the early 1990s, it would seem reasonable that Boards take a more active role in ensuring accountability mechanisms are in place and reported on regularly. Through the 'planning' processes mentioned earlier, the Board will be provided – as a matter of course – with information that should form a major part of accountability reporting – mission, goals, inputs, process and outcomes (quantitative and qualitative). Should the Board formalize its responsibility for Accountability Reporting? It is instructive to note that 'accountability reporting' in Canadian universities is still very much in its infancy and quite narrow in its focus. Very few institutions link accountability to their Governance or Board of Governors websites. **Consideration should be given to promoting this particular aspect of Governance – public reporting – and involving the Senate.** Accountability need not be defined primarily in financial terms (recall the OPA summary on p.7) and one could argue that it should extend to quality assurance and the provision of a quality learning environment, matters that might be seen as falling under the purview of Senate.

With respect to 'advocacy' should the mandate and composition of the existing Advancement and Community Relations committee be altered to make specific reference to public advocacy? Or would Brock be better off with that function included elsewhere? There are, in fact, few examples of Boards actively engaged in public advocacy but the Board of Governors at the University of Alberta has produced, and highlights on its website, *A Case for Investment* – a direct example of public advocacy. **Consideration should be given to promoting this particular aspect of Governance at Brock.**

Recruiting Board Members and Evaluation

The earlier review of the role of Board members referenced the importance of recruiting good board members. Brock's structures for nominating and electing Board members appear to have been carefully developed to safeguard independence and create an open process.

There are a number of factors that influence Board recruitment besides the statutory conditions that may be part of a particular University Act. The competencies of prospective Board members should be of primary concern but there are also references to other characteristics – diversity, regional representation, private sector representation etc.

In the case of ‘competencies’, a number of institutions have instituted a ‘skills matrix’ to help identify define specific competencies and link those competencies to committees. The University of Guelph, for example, uses that approach in its Board recruitment activities as do other institutions. A copy of the Guelph ‘skills matrix’ is attached as Appendix C. **Brock University should consider adopting a more formal ‘skills matrix’ to assist with the identification of Board and Committee skill requirements.**

In light of earlier suggestions about alumni representation and local/regional representation on the Board it will be important to determine how those members would actually be placed on the Board (i.e. elected, nominated, appointed?) Depending on the method chosen that may affect the Board’s ability to recruit Board members with specific skills. Accordingly, Brock should consider publicizing the ‘skill requirements’ and reinforcing the importance of those skills to the effective functioning of the Board.

With respect to placements on Board Committees, general practice is to ensure that all Board members are canvassed for their preferences but the Nominating Committee is charged with the responsibility of balancing member’s preferences with the needs of committees and the Board as whole.

Earlier in the report reference was also made to the importance of Board evaluation and individual member evaluations. The Nominating Committee could take on that added responsibility. Accordingly, **consideration should be given to developing and implementing a Board Evaluation process and a Board Member evaluation process – both under the auspices of the Nominating Committee.**

The summary of options and suggestions for Committees covers a range of items as follows:

Brock University

- 1. should consider charging the Executive Committee with the responsibility for ensuring the institutional planning processes are in place and for monitoring progress towards goals. Standing committees responsible for specific institutional functions (finance, *audit*, capital projects and facilities, *human resources*) would ensure that planning processes are appropriate in those areas and be responsible for monitoring progress towards goals and reporting to the Executive Committee in that regard.**
- 2. should consider the establishment of a Human Resources Committee responsible for the oversight of Human Resources policies/practices including recruitment, retention, equity, and compensation matters (including Senior Administration compensation).**
- 3. should establish a separate Audit Committee with a membership that reflects the expanded role of audit including risk management, broadly defined.**

4. **should develop a Governance website (Board and Senate) that includes various aspects of public accountability reporting.**
5. **should consider having the Board more involved in public advocacy – for public universities and for Brock University.**
6. **should consider adopting a more formal ‘skills matrix’ to assist with the identification of Board and Committee skill requirements.**
7. **should develop and implement a Board Evaluation process and a Board Member evaluation process – both under the auspices of the Nominating Committee.**

Strengthening bi-cameral governance

This report began with reference to the ‘inextricable’ and ‘inevitable’ link between finance and academic planning and, more specifically, between the role of the Board and the role of Senate. Brock’s governance arrangements, to date, recognize the link in a formal fashion through the appointment of Senators on the Board including the Chair of Senate, and the appointment of Board members to the Brock Senate.

The suggested establishment of a Governance website and the adoption of public accountability reporting on such a website will serve to illustrate Brock’s commitment to accountability and the responsibilities of Senate and the Board in that regard.

Additionally, to strengthen the Senate/Board link further, we suggest an annual ‘retreat’ of Senate/Board with three key goals:

- To develop a better understanding of the University’s Strategic Plan – update and progress-to-date;
- To provide a forum for the discussion / review of emerging or key issues (determined jointly by the Chair of Senate and the Chair of the Board); and
- To provide the opportunity for members of Senate and members of the Board of Governors to meet and engage in an informal session that stresses the important roles of both bodies.

Concluding Remarks

The purpose of this report was to provide options and suggestions to help the Governance Committee with its review. Based on a review of the available literature and governance activities at a set of ‘benchmark universities’ the report has identified a number of areas for consideration and attention. The appendices to the report may provide useful reference material and, in some instances, templates for initiatives at Brock.⁸

⁸ Before closing, it may also be instructive to refer to Attachment IV *Notes from the NAUBCS Saturday morning session*, that were distributed as part of the package of material for the Governance Committee meeting in February 2006. Some of those questions can serve as the ‘tough questions’ that the Board and its committees need to be asking of the senior administration and of itself.

Appendix A

References

Ontario Financial Review Commission, *Raising the bar: Enhanced Accountability to the people of Ontario*, Queen's Printer, 2001

Canadian Institute of Chartered Accountants www.cica.ca
Research & Guidance heading and then Risk Management and Governance
The 20 Questions series
20 Questions Directors Should Ask about Executive Compensation
20 Questions Directors Should Ask about IT
20 Questions Directors Should Ask about Management's Discussion and Analysis
20 Questions Directors Should Ask about Privacy
20 Questions Directors Should Ask about Risk
20 Questions Directors Should Ask about Strategy

Institute on Governance (www.iog.ca)
Board Governance – *Principles of Good Governance*

Association of Governing Boards of Universities and Colleges (www.agb.org)

Coalition for Good Governance (www.cgg.ca)

Canadian Comprehensive Auditing Association (www.ccaf-fcvi.com)

The Institute of Internal Auditors (www.theiia.org)

Non-Profit Governance and Management Centre (www.governance.com.au)

University Secretariat and/or Governance websites

University of Victoria	web.uvic.ca/univsec
University of Guelph	www.uoguelph.ca/governors
McMaster University	www.mcmaster.ca/univsec
Carleton University	www.carleton.ca/secretariat
Memorial University of Newfoundland	www.mun.ca/regents
Wilfrid Laurier	www.wlu.ca/homepage.php?grp_id=158

For a description of, and the rationale for, the advocacy role of voluntary boards, see *Advocacy on the Agenda: Preparing voluntary boards for public policy participation* at www.unitedway.ca/advocacy.pdf

Appendix B

Board Evaluation Tools

1. Dalhousie University Non-Profit Sector Leadership Program

(www.collegeofcontinuinged.dal.ca/nonprofit/)

Board Self-Evaluation Questionnaire available at the site

A Tool for Improving Governance Practice For Voluntary and Community Organizations
2005 Non-Profit Sector Leadership Program, Dalhousie University

May be freely copied as is or adapted by voluntary organizations for their own use.

2. McMaster University McMaster University Board of Governors Survey

We gratefully recognize McMaster University for providing a copy of the McMaster University Board of Governors Survey.

Pages 1 through 6 of the Evaluation Survey are reproduced on the pages 27-33.

For each of the questions, please circle your response according to the following ranking:

0 = No Opinion
1 = Poor

2 = Fair
3 = Good

4 = Very Good
5 = Excellent

We also ask for any comments or suggestions for improvement that you may have. If there is not enough space on the questionnaire, please feel free to attach separate sheets with additional comments and/or suggestions.

OPERATION OF THE BOARD

	No Opinion	Poor	Fair	Good	Very Good	Excellent
1. The Board understands its role and responsibilities.	0	1	2	3	4	5
2. I understand the Board's role and responsibilities.	0	1	2	3	4	5
3. The Board understands the distinct roles and responsibilities of the Board and management.	0	1	2	3	4	5
4. I understand the distinct roles and responsibilities of the Board and management.	0	1	2	3	4	5
5. The Board fulfils its responsibilities in the following areas:						
A. Strategic planning	0	1	2	3	4	5
B. Risk management	0	1	2	3	4	5
C. Monitoring management's internal control systems and compliance with University policies and legislated requirements	0	1	2	3	4	5
D. Monitoring its delegation of responsibilities to the President	0	1	2	3	4	5
E. Fiscal responsibility	0	1	2	3	4	5
F. Communication with stakeholders	0	1	2	3	4	5
6. The Board is kept informed, on a timely basis, of all material issues.	0	1	2	3	4	5
7. The Board operates in a manner that is sufficiently independent of management.	0	1	2	3	4	5

8. Comments/Suggestions for improvement, if any: (Please try to be as specific as possible.)

	No Opinion	Poor	Fair	Good	Very Good	Excellent
18. The current committee structure provides appropriate support for the Board's decision-making processes and its monitoring of management's performance.	0	1	2	3	4	5
19. I am satisfied that my skills and talents are well-used by my committee assignments.	0	1	2	3	4	5
20. Please rate the performance of each committee of which <i>you</i> are a member:						
A. Audit	0	1	2	3	4	5
B. Finance	0	1	2	3	4	5
C. Pension Trust	0	1	2	3	4	5
D. Planning and Building	0	1	2	3	4	5
E. Executive	0	1	2	3	4	5
F. Nominating	0	1	2	3	4	5
G. Remunerations	0	1	2	3	4	5
H. Human Resources Advisory Panel	0	1	2	3	4	5
I. By-laws	0	1	2	3	4	5
J. University Advancement	0	1	2	3	4	5
K. University Planning	0	1	2	3	4	5

21. Comments/Suggestions for improvement, if any: (Please try to be as specific as possible.)

BOARD COMMITTEES (continued)

	No Opinion	Poor	Fair	Good	Very Good	Excellent
22. Please rate <i>your</i> performance on each committee of which you are a member:						
A. Audit	0	1	2	3	4	5
B. Finance	0	1	2	3	4	5
C. Pension Trust	0	1	2	3	4	5
D. Planning and Building	0	1	2	3	4	5
E. Executive	0	1	2	3	4	5
F. Nominating	0	1	2	3	4	5
G. Remunerations	0	1	2	3	4	5
H. Human Resources Advisory Panel	0	1	2	3	4	5
I. By-laws	0	1	2	3	4	5
J. University Advancement	0	1	2	3	4	5
K. University Planning	0	1	2	3	4	5

23. Comments/Suggestions for improvement, if any: (Please try to be as specific as possible.)

ASSESSMENT

	No Opinion	Poor	Fair	Good	Very Good	Excellent
24. The Chair runs Board meetings effectively.	0	1	2	3	4	5
25. The Chair encourages members to ask questions and express their views.	0	1	2	3	4	5
26. The Chair strives to reach consensus on issues under review.	0	1	2	3	4	5
27. In summarising discussions, the Chair accurately reflects the collective position of the Board.	0	1	2	3	4	5
28. The Secretary provides appropriate advice and support to the Board.	0	1	2	3	4	5
29. My overall knowledge of McMaster's operations is sufficient to allow me to discharge my obligations as a governor.	0	1	2	3	4	5
30. The Board is currently composed of members with the right mix of skills and experience.	0	1	2	3	4	5

31. Comments/Suggestions for improvement, if any: (Please try to be as specific as possible.)

Appendix C

University of Guelph ‘Skills Matrix’

As provided by the University of Guelph Act, the Board of Governors (comprised of 24 members) has all powers necessary or convenient to perform its duties and achieve the objectives and purposes of the University. The Board is vested with the good government, conduct, management and control of the University and its property, revenues, expenditures, business and affairs.

The Board as a whole will participate in setting and support the long-term vision, mission and strategic direction of the University in concert with the President and in consultation with the Senate. As a whole, it strives to have a membership which is reflective of the institution’s commitment to diversity.

Members internal to the campus community, the elected faculty, staff and student members, are encouraged to share their knowledge about the university, its facilities, its culture and the views of the campus community.

Members external to the campus community bring an independent perspective, business acumen, financial literacy, experience in effective governance of other organizations and skills relevant to the effective functioning of various board committees.

All members are expected to perform their role with integrity and accountability and exercise informed and independent judgement in the best interests of the University. Members will be interested in higher education and be committed to advancing the goals of the institution. All members will respect the difference between matters of policy and matters of administration and will respect the Board’s rules of confidentiality and conflict-of-interest. Members will have an appreciation for the consultative processes unique to the campus culture. It is imperative that individuals put the interests of the University in its entirety ahead of the interests of any special group. The Board as a whole will conduct itself so that it will reflect well on the University.

The Skill Matrix charts reflects those skills and competencies integral to the membership of the Board in order for it and its committees to effectively function and govern.

Skill Matrix of Competencies for Board and Committees
Definitions of Competencies

<u>SKILL</u>	<u>COMPETENCY DEFINITIONS</u>
Board Experience	Experience serving on a public sector or not-for-profit board.
Strategic Planning	Experience with strategic planning and evaluation of implementation of the plan.
Committee Experience	Experience serving on committees and perhaps experience serving as a committee chair.
Accounting	Understanding financial reporting, considerations and issues associated with the auditing requirements of a complex public sector institution.
Facilities Management	Experience with the management of existing, and planned construction of new physical plant facilities, within a dynamic urban environment.
Financial/Investment	Understanding of financial operational management of a complex not-for-profit institution, including resource allocation, institutional investment oversight and reporting.
Fundraising	Experience with the planning and implementation of fundraising strategies and campaigns. Experience evaluating the momentum and success of a fund raising program. Willingness to participate in active fund raising on behalf of the University.
Human Resource Practices	An appreciation for the best practices in human resources management with familiarity with Human Rights, employment legislation and Labour Relations.
Senior Management	Experience dealing with the issues and challenges facing a complex institution.

University of Guelph ‘Skills Matrix’

Skills Required as Related to Committee's Terms of Reference

	Board	Audit Committee	Development Committee	Finance Committee	Membership & Governance Committee	Pensions & Benefits Committee	Physical Resources and Property Committee
Board Experience	x						
Committee Experience	x						
Strategic Planning	x		x	x	x	x	x
Accounting	x	x				x	
Facilities Management	x						x
Finance / Investment	x	x		x		x	x
Fundraising	x		x				
Human Resources Practices	x					x	
Senior Management	x	x		x	x	x	x

Appendix D

Standing Committees Terms of Reference

Terms of Reference for Standing Committees tend to cover at least three basic elements:

- Composition of the Committee
- Responsibilities of the Committee
- Frequency of Meetings

In some cases the Purpose of the Committee is intertwined with specific responsibilities. For example, at McMaster University the Finance Committee by-law reads as follows:

The responsibility of the Committee shall be to exercise general supervision over the financial affairs of the University and to keep the Board informed thereon.

The first part of the statement could be interpreted as a ‘purpose’. The second part along with more a detailed listing comprises the ‘responsibilities’ part of the statement.

At Wilfrid Laurier the Committee template separates Purpose from the actual Terms of Reference as illustrated using Laurier’s Finance & Physical Resources Committee:

Purpose:

Allocation, monitoring and evaluation of all resource utilization.

Composition:

Lists the board members by representation i.e. One member from the university staff elected to the Board of Governors.

Terms of Reference:

The committee shall:

Review the annual operating budget and associated financial statements....

Seek out and research ideas for improving the university’s financial position.

Periodically review the financial activities and fund balances of the trust and endowment funds and the capital funds of the university.

Recommend appropriation of fund balances.

Be responsible for the investments of the university...

Be responsible for ...policies and practices regarding the building, landscape architecture and major capital equipment....

Although not one of the ‘benchmark’ universities, **Acadia University** stands out as having a very simple committee mandate reference as follows:

Purpose

The purpose of the Finance Committee is to ensure the fiscal stability and long-term economic health of Acadia University.

Composition

The Finance Committee shall consist of...,

Frequency of Meetings

The Committee shall meet at the call of the Board Chair or the President, as needed to provide effective financial oversight, and at least four times a year in any event.

The Acadia ‘responsibilities’ statement is more detailed than necessary but clearly reflects institutional specific considerations – i.e. numbers 5,6, and 7.

Responsibilities

The Finance Committee is responsible to the full Board to provide general oversight with regard to the financial affairs of Acadia University. Specific responsibilities include:

- 1. Monitor Acadia’s financial operations and results.*
- 2. Oversee the preparation and accuracy of annual and long-range operating and capital budgets.*
- 3. Ensure that timely, accurate and useful financial information is presented to the Board.*
- 4. Recommend budgets and financial decisions to the Board for approval or other required action.*
- 5. Arrange for and maintain adequate insurance coverage for the university.*
- 6. Serve as the “de facto” Insurance Committee of the Board as required under By-Laws 4 and 5, and carry out all attendant responsibilities.*
- 7. Consider financial matters related to the University Pension Plan and Pension Fund, including periodic actuarial valuations and funding requirements and strategies.*
- 8. Develop and recommend to the Board appropriate policies to guide the financial affairs of the university.*

Turning to the west coast, the **University of Victoria** Finance Committee mandate is an example of a succinct role and responsibilities statement.

6.1 This Committee is charged with consideration of all matters regarding finance at the University.

6.2 This Committee shall deal with matters pertaining to the final agreements on remuneration and terms of employment of faculty and staff within the University as related to budget; to fees for university activities as defined by [Section 27\(l\) of the University Act](#); to approval of the budget framework; to amendments to the pension plans; to decisions regarding the use of University funds for major capital projects.

6.3 Motions resulting from deliberations of this Committee will be brought forward by the Chair to the Board for further consideration. The Committee shall consider which items on its agenda should be placed on the closed agenda and shall so inform the Secretary.

Based on our review – and the concept that the Board (and its committees) need to be involved in establishing sound planning processes the following Terms of Reference statement is suggested for consideration using a ‘finance committee’ to illustrate.

Terms of Reference – Finance Committee

Purpose

The Finance Committee is responsible to ensure the alignment of the university's financial resources with institutional requirements, and to approve policy with respect to the financial resources of the University.

Responsibilities

The Committee's primary responsibilities are to *monitor* that:

- the University's financial planning processes are sound;
- the financial functions are competently performed;
- appropriate processes and systems are in place to meet the University's financial requirements;

Membership

Quorum

Frequency of Meeting