

Crown Agency Governance Committees

A GOOD PRACTICES CHECKLIST



Crown Agencies Secretariat • Board Resourcing and Development Office



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Introduction

Crown Agency Governance Committees – A Good Practices Checklist is one of a series of guides developed by the Crown Agencies Secretariat (CAS) and the Board Resourcing and Development Office (BRDO) to support strong corporate governance and accountability in BC Crown Agencies. The Checklist incorporates good practices used in the public and private sectors, and is intended to provide guidance for British Columbia's Commercial and Service Delivery Crown Corporations, Health Authorities, Colleges, Universities and the Boards of Trustees for School Districts.

Where information provided here is not consistent with legislation, including the enabling legislation for a particular Crown Agency, the legislation prevails.

While the committee approach is good practice, organizations sometimes choose to have the functions of the Governance Committee performed by the Board as a whole.



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Governance Committee Mandate and Process

The Governance Committee:

- ▶ Has a well-defined mandate and written Terms of Reference that sets out its purpose, roles and responsibilities, and organizational structure (e.g., size, qualifications, frequency and timing of meetings, appointment of Chair).
- ▶ Annually reviews and receives approval from the Board of its Terms of Reference to ensure they meet the needs of the Board.
- ▶ Annually assesses its performance in carrying out its duties.
- ▶ Has a meeting calendar and annual work plan for the year, meets at least quarterly with pre-determined dates and agendas, and holds special meetings as required.
- ▶ Reports regularly to the Board on the results of its activities.
- ▶ Provides an orientation to new Committee members, and ongoing training and development opportunities for its members.

Governance Committee Composition

- Members are independent of management, and have no direct or indirect material relationship with the organization.
- The Committee has a minimum of three members.
- The majority of members are familiar with best practices in corporate governance and have previous relevant board experience.
- The Chair of the Governance Committee is not the Chair of the Board.
- The Board Chair is an ex officio member of the Committee but does not vote or count in meeting requirements for a quorum.
- Independent consultants are engaged as required to assist the Committee with its duties.



Committee Roles and Responsibilities

1. GOVERNANCE FRAMEWORK

- ▶ Ensures appropriate governance principles, structures and procedures are in place to allow the Board to function effectively.
- ▶ At least annually, reviews the organization's governance framework and the Board's practice manual (governance policies) and advises the Board regarding: areas of concern; best practices; and, recommended changes, if any.
- ▶ Reviews and approves changes to Committee Terms of Reference recommended by other Committees before presentation to the Board.
- ▶ Provides oversight to the organization's codes of conduct and ethics. At least annually, reviews the organization's Code of Conduct and Conflict of Interest Guidelines to ensure they are current and appropriate, and addresses any issues or concerns.
- ▶ Ensures the Board has a good understanding of the entities within Government that participate in the governance of the organization (e.g., Responsible Minister/Ministry, Public Sector Employers Council Secretariat, Board Resourcing and Development Office, Crown Agencies Secretariat, etc.).
- ▶ Provides oversight on and input to a protocol/framework between the Board and Responsible Minister outlining their respective roles in governance of the organization and processes to enhance their working relationship.
- ▶ Monitors changes to legislation, government policy and/or strategic direction that affect the duties and responsibilities of the Board.

2. BOARD COMPOSITION AND SUCCESSION PLANNING

Under the leadership and direction of the Board Resourcing and Development Office, the Committee:

- Considers and recommends to the Board the ideal skills, qualifications, experience and background required of the Board as a whole based on the strategic opportunities and challenges of the organization and the Board's leadership requirements (the "Board Skills and Experience Profile").
- Annually reviews the composition of the Board as a whole and recommends, if necessary, changes to the Board Skills and Experience Profile.
- Tracks directors' terms and plans for filling upcoming vacancies.
- As vacancies, arise:
 - reviews and updates the Board Skills and Experience Profile and compares it to the skills of continuing directors;
 - identifies gaps that should be filled in new director candidates (the "Director Recruitment Profile"); and,
 - through the Board Chair, seeks Government's approval of the Director Recruitment Profile (Board Resourcing and Development Office, Responsible Minister/Ministry).
- Through the Board Chair, provides Government with a performance evaluation for all directors seeking re-appointment.
- Works proactively with Government towards an agreed-upon Board succession plan that will ensure the orderly replacement of directors and optimum continuity for the Board consistent with the Board Skills and Experience Profile.





3. ORIENTATION AND PROFESSIONAL DEVELOPMENT

- ▶ Creates and oversees a comprehensive orientation program for new directors.
- ▶ Recommends to the Board an annual professional development program for the Board and as required for individual directors.

4. BOARD AND DIRECTOR EVALUATION

- ▶ Assists and supports the annual review processes (including a review by the full Board and discussion with management) for evaluating the effectiveness of the Board, Committees, the Board Chair, Committee Chairs and directors.
- ▶ Recommends to the Board the annual review processes for the above areas of evaluation.
- ▶ As part of the Board evaluation process, establishes processes for seeking feedback from Government on the Board's performance and relationship with Government.

5. COMMUNICATIONS AND DISCLOSURE

- ▶ Ensures the organization's governance policies are published on the organization's website.
- ▶ Provides a report on Board governance to be included in the organization's annual report and/or posted on the organization's website.
- ▶ Periodically assesses the organization's communication to stakeholders and the public with respect to its policies and practices in the areas of corporate governance and recommends changes, if any, to the Board.

6. DIRECTOR COMPENSATION

- Provides input to Government on appropriate director compensation. Board remuneration levels are approved by the Appointee Remuneration Committee according to a Treasury Board Directive.
- Creates guidelines to administer director compensation.





For Further Information:

Visit our website at www.gov.bc.ca/cas or contact us for further copies of this pamphlet, or for any of our publications.

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