partnerships
British Columbia

Governance Practices of Partnerships BC Report

May 2006

Based on the Best Practices Guidelines:
Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations

Introduction

Partnerships BC is committed to the highest standards of corporate governance. This report looks at the *Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations* and assesses the governance practices at Partnerships BC against the best practice guidelines and recommended disclosure requirements. Partnerships BC has made every effort to comply with all best practice and disclosure standards.

Best Practices Guideline 1: Board Composition and Succession

Best Practice Guideline	***PBC Status (Best Practice)***	***Disclosure Requirement***	***PBC Status (Disclosure)***
1a) The board is made up of individuals who, collectively, have the required competencies and personal attributes to carry out their responsibilities effectively	☑ ***Board Manual Tab 15 – Board Succession Planning & Directors Recruitment Profile***		
1b) Unless specified otherwise in the governing legislation, board members are independent from management and have no material interest in the organization.	☑ ***Following transition to the Business Corporations Act, no management on board***		
1c) The board has a committee that develops director selection criteria and identifies and evaluates potential candidates.	☑ ***HR & Governance Committee***	1.1 Describe the process by which the board identifies new candidates for recommendation to Government. 1.2 Disclose whether the board has a committee that identifies and recommends candidates for appointment or reappointment. If the board does not have a nominating committee, describe	☑ ***As per the HR & Governance Committee Terms of Reference, the committee, in consultation with the board chair, recommends to the board for subsequent recommendation to the Province, criteria and potential candidates for consideration when it is appointing directors.***

Best Practice Guideline	*PBC Status (Best Practice)*	*Disclosure Requirement*	*PBC Status (Disclosure)*
		the process used to identify required competencies and potential candidates.	
1d) The board has a competency matrix that is updated annually and when vacancies arise. The competency matrix is used to identify competency "gaps" on the board and direct the search for new candidates.	☑ ***Board Manual Tab 15 – Board Succession Planning & Directors Recruitment Profile***		
1e) The board has a board succession plan to recommend to Government the orderly turnover of directors.	☑ ***Board Manual Tab 15 – Board Succession Planning & Directors Recruitment Profile***		
1f) The board publishes the name, appointment terms and a comprehensive biography of each director.	☑ ***Published on PBC website except term which is based on an annual appointment***	1.3 Disclose board members' names, appointment terms and detailed biographies on the organization's web site.	☑ ***Board member information published on PBC website, except term which is based on an annual appointment.***

Best Practices Guideline 2: Board Responsibilities

Best Practice Guideline	*PBC Status (Best Practice)*	*Disclosure Requirement*	*PBC Status (Disclosure)*
2a) The board publishes a charter that details its roles and responsibilities and the governance processes used to fulfil them	☑ ***Board Manual Tab 9 - Board Governance Guidelines***	2.1 Disclose the text of the board's charter. If the board does not have a charter, describe how the board delineates its roles and responsibilities.	☑ ***Board Governance Guidelines published on PBC website.***

Best Practices Guideline 3: Committees

Best Practice Guideline	***PBC Status (Best Practice)***	***Disclosure Requirement***	***PBC Status (Disclosure)***
3a) The board has committees that address the Finance, Governance, Human resources and Compensation, and Audit functions, as well as any other committees relevant to board operations.	☑ • ***HR & Governance Committee*** • ***Audit & Risk Management Committee***	3.1 Disclose the members of each committee.	☑ ***Disclosed in Service Plan & Annual Report.*** ***Membership of board committees is as follows:*** ***<u>HR & Governance</u>*** ***Chuck Jago – Chair*** ***Celia Courchene*** ***Jim Dinning*** ***Carol Stephenson*** ***<u>Audit & Risk Management</u>*** ***Ellen Hosier - Chair*** ***Harold Calla*** ***Dan Doyle*** ***Barry Lapointe*** ***The board chair is an ex-officio member of all board committees in which the chair is not a member. The president and CEO has a standing invitation to all committee meetings in an ex-officio role.***
3b) Each board committee has written terms of reference that are available publicly and that outline	☑ ***Board Manual Tabs 13 & 14 –***	3.2 Disclose the terms of reference for each committee. If the board does not have written	☑ ***Terms of Reference for each***

Best Practice Guideline	***PBC Status (Best Practice)***	***Disclosure Requirement***	***PBC Status (Disclosure)***
its composition and responsibilities.	***Terms of Reference for the Audit and Risk Management Committee and for the HR & Governance Committee***	terms of reference for any committee, describe how the committee delineates its roles and responsibilities.	***board committee published on PBC website.***
3c) Each committee keeps informed about emerging best practices in corporate governance relevant to its functions.	☑ ***Board Manual Tabs 13 & 14 – Terms of Reference for the Audit and Risk Management Committee and for the HR & Governance Committee***		
3d) Every board task force and working group established to address special board needs has written terms of reference outlining its composition, responsibilities, working procedures and termination date.	***N/A***	3.3 Disclose the terms of reference, including the termination date, for all board task forces and working groups.	***N/A***

Best Practices Guideline 4: Audit Committee

Best Practice Guideline	*PBC Status (Best Practice)*	*Disclosure Requirement*	*PBC Status (Disclosure)*
4a) Audit Committee members are financially literate and at least one member has accounting or related financial management expertise.	☑ ***Board Manual Tab 13, II, B - Requirement***	4.1 Disclose the members of the Audit Committee 4.2 Describe the financial expertise of Audit Committee members.	☑ ***See 3A above for Audit Committee members.*** ☑ ***Bios published on PBC website.***
4b) Members of the Audit Committee are independent from external auditors.	☑ ***Board Manual Tab 13, Appendix A - Requirement***		
4c) The Audit Committee has written terms of reference that set out its roles and responsibilities.	☑ ***Board Manual Tab 13 - Terms of Reference for the Audit and Risk Management Committee***	4.3 Disclose the text of the Auditor Committee's terms of reference. If the Audit Committee does not have written terms of reference, describe how the Audit Committee delineates its roles and responsibilities.	☑ ***Terms of Reference published on PBC website.***
4d) The Audit Committee annually reviews its terms of reference and assesses its effectiveness in meeting the needs of the board of directors.	☑ ***Board Manual Tab 19 - Board, Board Chair and Committee Evaluation Questionnaire***		
4e) The external auditor reports directly to the Audit Committee, not to management.	☑ ***Board Manual - Tab 13, Appendix A – Terms of Reference for External Auditors***		
4f) The Audit Committee has an auditor independence policy or reviews and pre-approves all non-audit services to be provided to	☑ ***Board Manual Tab 13, Appendix A – Terms of***		

Best Practice Guideline	***PBC Status (Best Practice)***	***Disclosure Requirement***	***PBC Status (Disclosure)***
the organization or its subsidiaries by the external auditor.	***Reference for External Auditors***		
4g) The Audit Committee periodically reviews the need for an internal audit function.	☑ ***Board Manual Tab 13 - Terms of Reference for the Audit and Risk Management Committee***		
4h) If the organization has an internal audit function: i) the internal audit group reports functionally to the Audit Committee and administratively to the Chief Executive Officer ii) the Audit Committee oversees the work of the internal audit group.	***N/A***		
4i) The Audit Committee meets from time to time with the external and internal auditors without management present.	☑ ***Board Manual Tab 13 - Terms of Reference for the Audit and Risk Management Committee***		
4j) The Audit Committee reviews any proposed changes to the position of the organizations; chief financial officer.	☑ ***Board Manual Tab 13, III, B, iv***		
4k) The Audit Committee has the authority to engage independent counsel and other advisors with prior approval from the board chair.	☑ ***Board Manual Tab 9, 33 - in exceptional circumstances where must report to Chair asap***		

Best Practices Guideline 5: Board Chair

Best Practice Guideline	***PBC Status (Best Practice)***	***Disclosure Requirement***	***PBC Status (Disclosure)***
5a) The position of the chair and CEO are separate.	☑ ***Board Manual Tab 9 – Board Governance Guidelines***		
5b) The board publishes a position description that sets out in detail the responsibilities of the chair.	☑ ***Board Manual Tab 6 – Terms of Reference for the Board Chair***	5.1 Disclose the text of the chair's position description. If the board has not developed a written position description for the chair, describe how the board delineates the chair's roles and responsibilities.	☑ ***Terms of Reference for Board Chair published on PBC website.***
5c) The chair and responsible Minister communicate regularly to build their working relationship.	☑ ***Board Manual –Tab 6, C – principal interface with Minister***	5.2 Disclose how the board maintains its working relationship with the responsible Minister.	☑ ***Terms of Reference for Board Chair published on PBC website. The Chair meets with the Minister on a quarterly and regular basis.***

Best Practices Guideline 6: Individual Directors

Best Practice Guideline	***PBC Status (Best Practice)***	***Disclosure Requirement***	***PBC Status (Disclosure)***
6a) The board publishes a charter or similar documents for directors that details the expectations of individual board members.	☑ ***Board Manual Tab 8 – Terms of Reference for Director***	6.1 Disclose the charter of expectations for directors. If the board does not have a charter of expectations for directors, explain how the board makes clear its expectations for individual directors.	☑ ***Terms of Reference for Director published on PBC website.***
6b) The board develops and publishes minimum attendance expectations for directors and makes public the directors attendance records.	☑ ***(Board Manual – Tab 8, C ii – Terms of Reference for Director)***	6.2 Disclose the annual attendance record of the chair and each director.	☑ ***Annual attendance records published on PBC website.***
6c) As part of public sector transparency, the organization annually discloses the amount of compensation paid to each individual director for the preceding year.	☑ ***Per Financial Information Act (FIA) annual disclosure. Information is public and is available upon request.***	6.3 Annually disclose the total remuneration paid to the chair and each director for the preceding fiscal year.	☑ ***Per Financial Information Act (FIA) annual disclosure. Information is public and is available upon request.*** ***<u>Annual Retainers</u>*** ***Chair –$15,000*** ***Directors –$7,500*** ***<u>Board & Committee Meetings</u>*** ***Full day $500*** ***Half day $250***

Best Practices Guideline 7: Chief Executive Officer or President

Best Practice Guideline	***PBC Status (Best Practice)***	***Disclosure Requirement***	***PBC Status (Disclosure)***
7a) The board has a job description that sets out in detail the responsibilities of the CEO.	☑ ***Board Manual Tab 7 – Terms of Reference for the President and Chief Executive Officer***	7.1 Disclose the text of the CEO's position description. If the board has not developed a written position description for the CEO, describe how the board delineates the CEO's roles and responsibilities.	☑ ***Terms of Reference for President and CEO published on PBC website.***
7b) The board annually establishes performance expectations for the CEO.	☑ ***Board Manual Tab 17 – Performance Evaluation Process for the President and Chief Executive Officer***		
7c) The board annually assess the CEO's performance against the position description and the performance expectations.	☑ ***Board Manual Tab 17 – Performance Evaluation Process for the President and Chief Executive Officer***	7.2 Describe the annual assessment process for the CEO. If there is no formal assessment process, describe how the board satisfies itself that the CEO is performing effectively.	☑ ***Performance Evaluation Process for the President and Chief Executive Officer published on PBC website.***
7d) The directors regularly meet together without management present.	☑ ***Board Manual Tab 9, section 18 – Board Governance Guidelines***	7.3 Disclose the organization's policy on board meetings without management.	☑ ***Board Governance Guidelines published on PBC website.***

Best Practices Guideline 8: Corporate Secretary

Best Practice Guideline	***PBC Status (Best Practice)***	***Disclosure Requirement***	***PBC Status (Disclosure)***
8a) The board has a position description that sets out in detail the responsibilities of the corporate secretary.	☑ ***Board Manual – Terms of Reference for the Corporate Secretary***	8.1 Disclose the text of the corporate secretary's position description. If the board as not developed a written position description for the corporate secretary, describe how the board delineates the corporate secretary's roles and responsibilities.	☑ ***Terms of Reference for the Corporate Secretary posted on PBC website***

Best Practices Guideline 9: Code of Conduct & Ethics

Best Practice Guideline	***PBC Status (Best Practice)***	***Disclosure Requirement***	***PBC Status (Disclosure)***
9a) The board has adopted a Code of Conduct & Ethics that is consistent with the *Standards of Ethical Conduct for Public Sector Organizations*.	☑ ***Board Manual Tab10 – Code of Conduct & Conflict of Interest Guidelines***	9.1 Disclose whether the board has adopted a written Code of Conduct & Ethics for directors, officers and employees.	☑ ***Code of Conduct & Conflict of Interest Guidelines published on PBC website.***
9b) The organization publishes its Code of Conduct & Ethics.	☑ ***Code of Conduct & Conflict of Interest Guidelines published on PBC website***	9.2 If the board has adopted a written code: i) disclose how an interested party can obtain a copy of the code; and ii) describe how the board monitors compliance with the code.	☑ ***Code of Conduct & Conflict of Interest Guidelines published on PBC website.***
		9.3 If the board has not adopted a written code, describe the steps taken by the board to foster a	***N/A***

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		culture or ethical business conduct.	
		9.4 Describe the process whereby directors disclose real or potential conflict of interest	☑ ***Code of Conduct & Conflict of Interest Guidelines published on PBC website.***
		9.5 If the organization's Code of Conduct & Ethics allows the board to grant waivers for any of its provisions, disclose whether the board granted any such waivers during the preceding year and, if so, the reasons for doing so.	***N/A***

Best Practices Guideline 10: Orientation & Professional Development

Best Practice Guideline	PBC Status (Best Practice)	Disclosure Requirement	PBC Status (Disclosure)
10a) The board has a comprehensive orientation plan for new directors.	☑ ***Board Manual – Director Orientation & Development Plan***	10.1 Describe what measures the board takes to orient new directors regarding: i) the relationship and division of responsibilities between the board and Government ii) the role of the board, its committees and directors; and the mandate and operations of the organization.	☑ ***Director Orientation & Development Plan published on PBC website.***
10b) The board has a culture that encourages new directors to participate fully and effectively in	☑		

Best Practice Guideline	PBC Status (Best Practice)	Disclosure Requirement	PBC Status (Disclosure)
board activities as soon as possible.			
10c) The board provides ongoing education opportunities for directors to learn about the organization, its sector and its corporate governance practices, and maintains a policy encouraging directors to take advantage of these opportunities.	☑ ***Board Manual – Director Orientation & Development Plan*** ***Board meeting activities and workshops***	10.2 Describe what measures the board takes to provide members with ongoing education. If the board does not provide ongoing educational opportunities, describe how the board ensures that its directors maintain the skills and knowledge necessary to meet their obligations as directors.	☑ ***Director Orientation & Development Plan published on PBC website.***

Best Practices Guideline 11: Board, Committee & Director Assessment

Best Practice Guideline	PBC Status (Best Practice)	Disclosure Requirement	PBC Status (Disclosure)
11a) The board annually assesses its performance and the performance of each of its committees against their respective charters of reference.	☑ ***Board Manual Tab 18 – Current Board, Board Chair and Committee Evaluation Questionnaire***	11.1 Describe the assessment process that was used in the preceding year for the board, its committees and individual directors. If there was no formal assessment process for the board, its committees or individual directors, describe how the board satisfies itself about effective performance.	☑ ***Assessments are conducted using the Evaluation Questionnaires for the Board Directors, Board Chair and Committees annually in September.***
11b) The board annually assesses the performance of the chair against the chair's position description.	☑ ***Board Manual Tab 18 – Current Board, Board Chair and Committee Evaluation Questionnaire***		
11c) The board annually assess the performance of individual	☑		

Best Practice Guideline	*PBC Status (Best Practice)*	*Disclosure Requirement*	*PBC Status (Disclosure)*
directors against the director's Charter of Expectations.			

Best Practices Guideline 12: Communications Strategy

Best Practice Guideline	*PBC Status (Best Practice)*	*Disclosure Requirement*	*PBC Status (Disclosure)*
12a) An appropriate communication strategy is in place that meets the needs of all stakeholders, employees and Government and reflects a public sector organization's requirement for transparency and accountability.	☑	12.1 Describe the organization's practice for reporting on financial and other affairs of the organization.	☑ ***Financial Affairs:*** ***Annual report published on PBC website), FIA report (available by request), BTAA reporting to government.*** ***Projects / Corporate:*** ***Updates posted on PBC website.***
12b) The board chair is the authorised spokesperson for the board and the CEO is the primary spokesperson for the organization.	☑ ***Board Manual Tab 6 – Terms of Reference for Board Chair, II, A*** ***Board Manual Tab 7 – Terms of Reference for President & CEO, II, T***		