

BRIEFING NOTE

TO: Board of Directors

FROM: Governance Committee

DATE: December 7, 2020

SUBJECT: 16.1 Board Monitoring System Policy 4-25 Monitoring Report Template

☒ For Decision ☐ For Information ☐ Monitoring Report

Purpose:

To review the Board Monitoring System Policy 4-25 Monitoring Report Template.

Background:

On October 5, 2020 the Board approved the Board Policy Development Policy 4-24. The purpose of this policy was to codify a process for developing, approving, updating and evaluating the success of governance policies. The Board also approved the monitoring of eight of its own board policies in greater detail under Section 8b of the Board Policy Development Policy 4-24. This governance process supports the development of informed, engaged, and wise policy direction by the Board. The Board requested that Board Monitoring Achievement Report templates be created for each of the eight policies to be under review over the next two years.

For Consideration:

The Board Monitoring System Policy 4-25 is attached as **Appendix A** and the monitoring template is **Appendix B**. The highlighted portion of the template is provided as an example of how the responsible director could complete the template.

The monitoring report for the Board Monitoring System Policy is scheduled to be delivered to the Board at its meeting in February 2021. It is necessary for one director to take on the responsibility of completing this template and speaking to the matter at the meeting. In the event that no director volunteers, the Chair may designate a responsible director.

Recommendations:

That the Board approve the Board Monitoring System Policy 4-25 monitoring template as recommended by the Governance Committee.

That the Chair appoint a Board director to complete the report and present it to the Board at its February 2021 meeting.

POLICY TYPE: GOVERNANCE PROCESS**4-25 Board Monitoring System Policy**

PURPOSE

This policy outlines the rationale, process, and mechanisms that the Board uses to monitor the Registrar, CEO/organization's achievement of results (Strategic Outcomes Policies) within operational risk boundaries (Operational Limitations Policies).

POLICY

Monitoring Registrar, CEO performance is primarily done by the Board by measuring achievement of and/or compliance with Strategic Outcomes Policies and Operational Boundaries Policies (collectively the "Policies"). Monitoring is therefore synonymous to evaluation of Registrar, CEO performance.

1. The purpose of 'monitoring' is to determine the degree to which Board policies on Strategic Outcomes and Operational Boundaries are being achieved by the Registrar, CEO.
2. The following principles will apply to the Board's monitoring of the Registrar, CEO:
 - a. The Board is committed to a thorough review and evaluation of Monitoring Reports and to providing useful feedback to the Registrar, CEO.
 - b. Monitoring will be as automatic as possible such that the majority of the Board's time can be focused on designing the future.
 - c. Monitoring of the Registrar, CEO is considered synonymous with monitoring organizational performance.
3. The Board's monitoring of the Registrar, CEO will follow one or more of the following processes to generate "monitoring data/reports":
 - a. Internal Monitoring Reports: The Registrar, CEO will provide Internal Monitoring Reports on the Policies to the Board in accordance with the schedule set out in Appendix 1 or as otherwise directed by the Board.
 - b. External Monitoring Reports: These are reports prepared by a qualified, impartial external reviewer who is selected and retained at the direction of the Board to assess the Registrar, CEO's performance or achievement of a Policy. External Monitoring Reports assess executive performance only against policies of the Board, not those of the external party unless the Board has previously indicated the external party's opinion/policies to be the standard. External Monitoring Reports may only be obtained in the following circumstances:
 - i. Where the Registrar, CEO has failed to provide a Monitoring Report in accordance with paragraph a;
 - ii. The Registrar, CEO provided a Monitoring Report in accordance with paragraph a, but upon review, at least 75% of Directors are of the opinion that further information is required in order to properly assess the performance of the Registrar, CEO; or

- iii. Where the Board has approved a policy for regularly scheduled external monitoring in accordance with the schedule set out in Appendix 1.
- c. Direct Board Inspection: This is a direct inspection of documents, activities or circumstances relating to the Registrar, CEO's performance or achievement of a Policy. The direct inspection may be carried out by the Board as a whole or delegated to a Director or committee and will apply a "prudent person" standard to the Registrar, CEO's performance/policy compliance. Direct Board inspection will only take place in the following circumstances:
 - i. Where an External Monitoring Report has been obtained in accordance with paragraph b, but upon review at least 75% of Directors are of the opinion that further information is required in order to properly assess the performance of the Registrar, CEO; or
 - ii. Where the Registrar, CEO has failed to provide a Monitoring Report in accordance with paragraph a, and at least 75% of Directors are of the opinion that it would not be appropriate to obtain an External Monitoring Report, having regard to all relevant circumstances.
- 4. The Board will review and evaluate all Monitoring Reports submitted by the Registrar, CEO. The Board will record in the Board meeting minutes the outcome of its evaluation of each report as to whether the Registrar, CEO policy interpretation is reasonable and as to whether the evidence provided demonstrates policy achievement.
- 5. Each year by January/February, the Board will conduct a formal Annual Performance Evaluation Summary for the Registrar, CEO. This evaluation will consider monitoring data as defined in paragraph 3 and as reviewed throughout the year along with the Board's general feedback on performance trends [See Registrar, CEO Performance Evaluation Process Policy, 3-07].

Appendix 1 – Board Monitoring System Schedule of Registrar, CEO/Organization

APPENDIX 1 – BOARD MONITORING SYSTEM SCHEDULE OF REGISTRAR, CEO/ORGANIZATION

Monitoring Schedule by Policy Topic								
Policy No.	Policy	Policy Type	Method	Frequency of Monitoring	2020	2021	2022	2023
1-01	Strategic Outcomes Policies	Strategic Outcomes	Registrar, CEO Report	Semi Annual	Feb (2020 Strategic Outcomes R/CEO Interpretation)	Feb (2020 Year End)	Feb (2021 Year End)	Feb (2022 Year End)
					Oct (2020 mid year)	Oct (2021 mid year)	Oct (2022 mid year)	Oct (2023 mid year)
2-01	General Executive Constraint	OB	Registrar, CEO Report	Every 3 years	-	-	Feb	-
2-05	Financial Planning and Budgeting	OB	Internal Report External Audit	Annual Annual	-	Feb	Feb	Feb
2-06	Financial Condition	OB	Internal Report	Annual	June	June	June	June
			External Audit	Annual	June	June	June	June
2-07	Asset Protection	OB	Internal Report	Every 2 years	-	Oct	-	
2-08	Vendor Relations	OB	Internal Report	Every 3 years		June	-	
2-09	Investment Policy	OB	Internal Report	Annual	Dec	Dec	Dec	Dec
2-10	Signing Authority	OB	Internal Report External Audit	Annual	-	Dec	Dec	
2-15	Reserves Policy	OB	Internal Report	Annual	Dec	Dec	Dec	Dec
2-20	Human Resources Parameters • Relationship with Staff • Staff Compensation and Benefits	OB	Internal Report	Every 2 years		Oct	-	Oct
2-30	Staff Conduct and Transparency Policy	OB	Internal Report	Every 3 years	-	-	June	-
2-35	Relationship with Public and Other COO Beneficiaries	OB	Internal Report	Every 3 years	-	June	-	-
2-40	Member Relations	OB	Internal Report	Every 2 years	-	Dec	-	Dec
2-50	Communications and Support to the Council	OB	Internal Report	Every 2 years	Oct	-	Oct	-

Monitoring Schedule by Policy Topic								
Policy No.	Policy	Policy Type	Method	Frequency of Monitoring	2020	2021	2022	2023
2-60	Corporate Identify, Public Image and Communication	OB	Internal Report External Audit	Every 2 years	-	Feb	-	Feb
2-70	Intellectual Property	OB	Internal Report	Every 4 years	-	-	June	-
2-80	Emergency Registrar, CEO Succession	OB	Internal Report	Annually	Feb	Feb	Feb	Feb
2-90	Regulatory Processes (policy in development)							

Note: By December 2020, Council is committed to determining and recoding an external monitoring schedule which will likely involve one Executive Limitations Policy undergoing an External Monitoring Report by regular schedule every three to four years.

Summary of Registrar, CEO Monitoring Schedule by Month (Strategic Outcomes and Executive Limitations)				
Month	Monitoring Policy Topics 2020	Monitoring Policy Topics 2021	Monitoring Policy Topics 2022	Monitoring Policy Topics 2023
January/ February	<ul style="list-style-type: none"> 1-01 Strategic Outcomes Policies 2-80 Emergency Registrar, CEO Succession 	<ul style="list-style-type: none"> 1-01 Strategic Outcomes Policies 2-05 Financial Planning and Budgeting 2-60 Corporate Identify, Public Image and Communication 2-80 Emergency Registrar, CEO Succession 	<ul style="list-style-type: none"> 1-01 Strategic Outcomes Policies 2-01 General Executive Constraint 2-05 Financial Planning and Budgeting 2-80 Emergency Registrar, CEO Succession 	<ul style="list-style-type: none"> 1-01 Strategic Outcomes Policies 2-05 Financial Planning and Budgeting 2-60 Corporate Identify, Public Image and Communication 2-80 Emergency Registrar, CEO Succession
May/June	<ul style="list-style-type: none"> 2-06 Financial Condition 	<ul style="list-style-type: none"> 2-06 Financial Condition 2-08 Vendor Relations 2-35 Relationship with Public and Other COO Beneficiaries 	<ul style="list-style-type: none"> 2-06 Financial Condition 2-30 Staff Conduct and Transparency Policy 2-70 Intellectual Property 	<ul style="list-style-type: none"> 2-06 Financial Condition
October	<ul style="list-style-type: none"> 1-01 Strategic Outcomes Policies 2-50 Communications and Support to the Council 	<ul style="list-style-type: none"> 1-01 Strategic Outcomes Policies 2-07 Asset Protection 2-20 Human Resources Parameters 	<ul style="list-style-type: none"> 1-01 Strategic Outcomes Policies 2-09 Investment Policy 2-50 Communications and Support to the Council 	<ul style="list-style-type: none"> 1-01 Strategic Outcomes Policies 2-09 Investment Policy 2-20 Human Resources Parameters
December	<ul style="list-style-type: none"> 2-15 Reserves Policy 	<ul style="list-style-type: none"> 2-09 Investment Policy 2-10 Signing Authority 2-15 Reserves Policy 2-40 Member Relations 	<ul style="list-style-type: none"> 2-09 Investment Policy 2-10 Signing Authority 2-15 Reserves Policy 	<ul style="list-style-type: none"> 2-09 Investment Policy 2-10 Signing Authority 2-15 Reserves Policy 2-40 Member Relations

APPENDIX B

Board Monitoring System Policy 4-25 Report due February 2021					
#	Policy Criteria	Board Interpretation of Policy Criteria	Evidence Board has met the criteria	Deficiencies and Recommendations	Conclusion: Level of Achievement 1 – Compliance Not Achieved 2 – Compliance Partially Achieved 3 Compliance Fully Achieved –
1	The Board is committed to a thorough review and evaluation of Monitoring Reports and to providing useful feedback to the Registrar, CEO.	The Board will have fulfilled this policy criterion if it adheres to the schedule set out in Appendix 1 to this policy	<p>In 2020, the Board reviewed the following monitoring reports:</p> <ul style="list-style-type: none"> - Emergency Registrar, CEO Succession Policy (Feb) - Strategic Outcomes Policy (Feb, Oct) - Financial Condition Policy (May) - Communications and Support to the Board Policy (Oct) - Investment Policy (Dec) - Reserves Policy (Dec) <p>These are all of the policies identified in Appendix 1 for monitoring in 2020.</p>	None	3

2	Monitoring will be as automatic as possible such that the majority of the Board's time can be focused on designing the future.	The Board will have fulfilled this policy criterion if			
3	Monitoring of the Registrar, CEO is considered synonymous with monitoring organizational performance.	The Board will have fulfilled this policy criterion if			
4	The Board will record in the Board meeting minutes the outcome of its evaluation of each report as to whether the Registrar, CEO policy interpretation is reasonable and as to whether the evidence provided demonstrates policy achievement.	The Board will have fulfilled this policy criterion if			
5	Each year by January/February, the Board will conduct a formal Annual Performance Evaluation Summary for the Registrar, CEO.	The Board will have fulfilled this policy criterion if			

Respectfully submitted,

John Smith, Elected Member
Board Director Facilitating Review

Date