

BRIEFING NOTE

TO: Council

FROM: Governance Committee

DATE: December 2 and 3, 2019

SUBJECT: 8.1 Council Monitoring System of the Registrar, CEO 4-85

☒ For Decision

☐ For Information

☐ Monitoring Report

REPORT PURPOSE:

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| <p><input checked="" type="checkbox"/> Decision-Making - Policy Development/Enhancement/Regular Review/Approval</p> <p><input type="checkbox"/> Strategic Outcomes Policy</p> <p><input type="checkbox"/> Operational Boundaries Policy</p> <p><input type="checkbox"/> Council-Staff Relationship Policy</p> <p><input checked="" type="checkbox"/> Governance Process Policy</p> <p><input type="checkbox"/> Council Implementation of Policy</p> <p><input type="checkbox"/> Council-Staff Relationship Policy</p> <p><input type="checkbox"/> Governance Process Policy</p> | <p><input type="checkbox"/> Monitoring of Registrar, CEO Report</p> <p><input type="checkbox"/> Strategic Outcomes Achievement</p> <p><input type="checkbox"/> Operational Boundaries Compliance</p> <p><input type="checkbox"/> Council Linkage Report</p> <p><input type="checkbox"/> Incidental Report</p> <p><input type="checkbox"/> Registrar, CEO</p> <p><input type="checkbox"/> Council President</p> <p><input type="checkbox"/> Other: Briefing Report</p> |
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BACKGROUND

The policy topic "Council Monitoring System of the Registrar, CEO/Organization (4-85) falls under the Governance Process (GP) policy quadrant. This proposed new policy for COO Council is designed to describe the rationale, process, and mechanisms that the Council uses to regularly monitor the Registrar, CEO and the organizational achievement of Strategic Outcomes Policy results within operational risk boundaries (Operational Limitations Policies).

Under its refreshed governance approach, the Council will evaluate the Registrar, CEO performance as equivalent to organizational performance given the Registrar, CEO is accountable for achieving organizational results (outlined in the Strategic Outcomes Policies) and is officially the Council's only employee. This more intentional monitoring process by Council will form a critical part of Council's accountability process.

The Council Monitoring System of the Registrar, CEO and Organization Policy (4-85) is based on the following principles:

1. That Council is ultimately responsible for ensuring the right organizational results (Strategic Outcomes) are achieved and that these results are achieved by operations within the risk boundaries (Operational Limitations) set by Council.
2. That the Registrar, CEO should provide periodic, scheduled evidence (through Monitoring Reports) to Council to demonstrate:
 - His/her interpretation of the Council's Strategic Outcomes Policy direction (i.e. what results will be achieved, what metrics will be used as evidence, and the rationale).
 - The actual results achieved compared to the results outlined in the interpretation plan, and
 - That operations occurred within the Council's Operational Boundaries.

3. That the Council should provide regular feedback to the Registrar, CEO on Council's assessment of performance as measured by the scheduled Monitoring Reports.

The draft of this new policy for Council discussion is outlined in Figure 1 below. In the Appendix to Figure 1, the proposed schedule of monitoring for 2020 is provided. It is recommended that for 2020 the following policies be monitored in the following months:

February

- 1-01 Strategic Outcomes Policies
- 2-80 Emergency Registrar, CEO Succession

June

- 2-06 Financial Condition (Internal Report)
- 2-06 Financial Condition (Annual External Financial Audit)

October

- 1-01 Strategic Outcomes Policies (mid-year report January to June 2020)
- 2-50 Communications and Support to the Council

December

- 2-09 Investment Policy
- 2-15 Reserves Policy

Please Note: The proposed policy is incompatible with Section 8.18 of the by-laws, which states that all questions arising at a Council meeting are decided by a simple majority, unless the RHPA or the by-laws state otherwise. Accordingly, if Council wishes to give effect to this policy, a by-law amendment would be required. A proposed by-law amendment is also before Council at the December meeting.

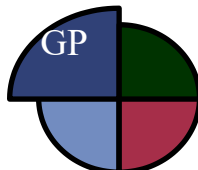
RECOMMENDED MOTIONS

- 1) That, subject to Bylaw amendments, the Council approve the new Council Monitoring System Policy (4-85) as outlined in Figure 1.
- 2) That the Council approve the Monitoring Schedule for 2020 as outlined in Appendix 1 of Figure 1.
[Note: 2021 Monitoring Schedules and beyond will be reviewed for further Council approval later in 2020.]

Attached to this report are two examples of Strategic Outcomes Monitoring Reports for Council's information to assist with the groups' understanding of what Strategic Outcomes Monitoring Reports can look like. One example is from the regulatory sector and one is from the education world.

FIGURE 1
PROPOSED NEW POLICY

FOR COUNCIL DISCUSSION

POLICY TITLE: COUNCIL MONITORING SYSTEM	POLICY SECTION: GOVERNANCE PROCESS	POLICY NO: 4-85	
APPROVED BY: COUNCIL	REGULAR COUNCIL POLICY REVIEW FREQUENCY: EVERY 3 YEARS	MONITORING OF BOARD COMPLIANCE WITH POLICY CRITERIA FREQUENCY: EVERY 2 YEARS	
DATE APPROVED:	PRESIDENT’S SIGNATURE:		
DATE REVIEWED / REVISED:			

PURPOSE

This policy outlines the rationale, process, and mechanisms that the Council 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 Council by measuring achievement of and/or compliance with Strategic Outcomes Policies and Operational Limitations 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 Council policies on Strategic Outcomes and Operational Limitations are being achieved by the Registrar, CEO.
2. The following principles will apply to Council's monitoring of the Registrar, CEO:
 - a. Council 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 Council's time can be focused on designing the future.
 - c. Monitoring of the Registrar, CEO is considered synonymous with monitoring organizational performance.
3. Council'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 Council in accordance with the schedule set out in **Appendix 1** or as otherwise directed by the Council.

- b. External Monitoring Reports: These are reports prepared by a qualified, impartial external reviewer who is selected and retained at the direction of the Council to assess the Registrar, CEO's performance or achievement of a Policy. External Monitoring Reports assess executive performance only against policies of the Council, not those of the external party unless the Council has previously indicated the external party's opinion/policies to be the standard. External Monitoring Reports may only be obtained in the following circumstances:
- where the Registrar, CEO has failed to provide a Monitoring Report in accordance with paragraph a;
 - the Registrar, CEO provided a Monitoring Report in accordance with paragraph a, but upon review, at least 75% of Council members are of the opinion that further information is required in order to properly assess the performance of the Registrar, CEO; or
 - Where Council has approved a policy for regularly scheduled external monitoring in accordance with the schedule set out in Appendix 1.
- c. Direct Council 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 Council as a whole or delegated to a Council member or committee, and will apply a "prudent person" standard to the Registrar, CEO's performance/policy compliance. Direct Council inspection will only take place in the following circumstances:
- Where an External Monitoring Report has been obtained in accordance with paragraph b, but upon review at least 75% of Council members are of the opinion that further information is required in order to properly assess the performance of the Registrar, CEO; or
 - Where the Registrar, CEO has failed to provide a Monitoring Report in accordance with paragraph a, and at least 75% of Council members are of the opinion that it would not be appropriate to obtain an External Monitoring Report, having regard to all relevant circumstances.
4. Council will review and evaluate all Monitoring Reports submitted by the Registrar, CEO. Council will record in the Council 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 Council 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 Council's general feedback on performance trends [See Policy No. 3-07 Registrar, CEO Performance Appraisal Policy].

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

APPENDIX 1 – COUNCIL MONITORING SYSTEM SCHEDULE OF REGISTRAR, CEO/Organization
 This monitoring schedule frequency is recommended for an organization of the size and stage of governance development of COO

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	-	-

Monitoring Schedule by Policy Topic								
Policy No.	Policy	Policy Type	Method	Frequency of Monitoring	2020	2021	2022	2023
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	-
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.