

BRIEFING NOTE

TO: Board of Directors

FROM: Governance Committee

DATE: October 5, 2020

SUBJECT: 9.4 Board Self-Assessment Evaluations

☒ For Decision

☐ For Information

☐ Monitoring Report

Purpose:

To consider changes to the Board self-evaluation process, including participation in the fall session of the Ontario Hospitals Association Not-for-profit Board Self-Assessment Evaluation.

Background:

The College of Opticians of Ontario Board of Directors is committed to continuously improving the quality of board governance and the process of formally evaluating its own performance and effectiveness. The Board is committed to taking positive action based on the findings of its effectiveness self-evaluation. The Governance Committee worked to facilitate the development of this Board effectiveness self-evaluation process and secured the support of the Board for this process starting in 2016. The first Board Effectiveness Self-Evaluation was launched in December 2016.

In the 2020-2022 Strategic Plan, the Board identified, “Enhancing Board and Committee Effectiveness and Trustworthiness as a strategic goal.” (Strategy No. 3.3). Over the past few years, Board directors have expressed have questioned whether the process could be improved and/or simplified.

For Consideration:

A board should seek to enhance their own effectiveness and to clearly address the specific goals and objectives they want to achieve through evaluation in the best possible way. Given the feedback received from the board about its evaluation tool, the Governance Committee is proposing that the Board investigate the option of a new Board self-evaluation tool. The Ontario Health Association (OHA) Board Self-Assessment Tool for Non-Profit Organizations is being used by at least four health regulators in B.C. (including the COBC) and at least three in Ontario. Many other Ontario regulators are also beginning to explore the process of board self-evaluations.

The OHA Board Self-evaluation Assessment is an online questionnaire that takes approximately 20 minutes to complete (it must be completed in one sitting; partial responses cannot be saved) and must be completed by each board member individually. Participants can preview the full survey (in PDF format) before starting and assess how long they think they will need to complete it. Once the

assessment is complete, the aggregated results will be shared through a final report, which will be provided to the main board contact who initiated the assessment process.

The fall self-assessment is available from September 8 to December 8th, 2020.

Participating boards will receive:

- An easy-to-read report of their board's results, distributed to board members through their primary contact
- For each assessment criterion, the board's average score as well as province-wide and sector-based scores
- A handbook with guidance on how to develop a governance action plan based on the results

There is some pre-work involved in the form of a checklist to assist board members in understanding how to answer some of the questions. The Board could opt for the standard survey, which includes just over 50 questions, or can choose to add an addendum with additional customized questions for an additional fee. Customization may be desirable to gather board feedback connected to its specific governance policies. The questionnaire uses a 5-point Likert Scale with a N/A option and an open comment section at the end of each section. **APPENDIX A** provides sample question/statement from each survey section.

A separate Individual Director Self-Assessment Tool is also available. This tool consists of a total of 24 questions and can be directly administered by the College. The tool aims to support the development of individual directors by helping them enhance their contribution to the Board. **(APPENDIX B)**. There is no benchmarking data provided for this survey as it is simply a standalone PDF document.

Potential benefits of using the OHA Board Self-Assessment Tool

1. Clear timeline set out and gain immediate insight into results with a custom report ready within weeks
2. Access to province wide and sector-based scores which will permit the Board to compare its results with other regulatory bodies and boards with similar structures
3. Utilizing a mixture of different assessment processes or varying them on a regular basis is likely to provide a more detailed and accurate view of how well the board is functioning
4. Cost savings of administering the evaluation plus staff time (approximate cost savings would be around 80%)
5. The Individual Director Self-Assessment Tool could:
 - a. Function as an exit interview for departing directors

- b. Act as a bootcamp tool for Appointed and Elected Members who wish to sit on the Board/Committees
- c. Augment the current Committee Self-Assessment Tool
- d. Provide mid-year testing for new Board and Committee Members

Cons of using the OHA Board Self-Assessment Tool

1. There is no flexibility with the scheduled times. There are two sessions; spring from March to June, and fall, from September to December; however, most organizations complete their assessment in the fall. The board currently completes their assessment following the final board meeting of the year.
2. There is no Committee Self-Evaluation Tool. This can be administered internally (using our current survey template/questions from the individual director assessment
3. There will be some loss of continuity from previous years' results with no side by side comparison possible.

APPENDIX C provides a brief description of the sections included in the OHA Self-Assessment Tool with a comparison of the COO's current Board Self-Assessment Evaluation.

Public Interest Considerations:

Board self-assessments are important because they strengthen how the College operates, which has a strong relationship to how they govern. Every stakeholder has something to gain from boards that perform well and that practice good governance. Board self-assessments bring value to board directors, committee members, the College and ultimately the public.

Recommendation:

That the Board approve the proposed OHA Board Self-Assessment Tool and the Individual Director Self-Evaluation Tool as recommended by the Governance Committee. Should the Board approve the recommendation, the Board Effectiveness Self-Evaluation Policy 4-26 will be updated.

Board Self-Assessment Tool for Not-for-Profit Organizations

The Ontario Hospital Association's (OHA) Board Self-Assessment Tool for Not-for-Profit Organizations was developed to complement the *Guide to Good Governance: Not for Profit and Charitable Organizations, Second Edition* and is based on the framework for good governance described in the guide. Its purpose is to enable boards to assess their overall governance against current leading practice guidelines.

This online tool is an evaluation containing over 50 statements across seven sections. Based on your experience and involvement with the board, you will be asked to rate the degree to which you agree each statement is true for your board. You will have the opportunity to provide additional comments at the end of each section.

The entire tool consists of over 50 statements to ensure a robust assessment of your board and the results will allow you to identify areas where you are performing well and areas for improvement



By completing an annual assessment, you will be able to track your progress and performance year-over-year. The tool will also allow you to benchmark your board's performance against other not-for-profit boards in the sector. A Board Self-Assessment Tool Handbook will be provided to all participating organizations to guide you through the process of developing an action plan based on the results.

"It is so helpful to be able to benchmark against other similar not-for-profit organizations. We had developed our own self-assessment, but much prefer to use the OHA tool..."

Below is a brief description of each of the 7 sections and a sample statement.

1. **Performing Board Roles** – Addresses how well the board performs its primary functions including strategic planning, monitoring the organization's financial viability and quality performance, supervising the CEO and overseeing stakeholder relationships.

Sample Statement:

The current Strategic Plan for your organization provides a clear set of relevant and realistic goals and/ strategic directions to the organization.

2. **Board Role and Management Relationship** – Addresses the board's understanding of its governance role and its relationship with management.

Sample Statement:

The board understands and performs its governance role and does not become overly involved in operational issues.

3. **Board Quality** – Addresses the quality of board members and their collective skills. It includes board membership, board member orientation and continuing education.

Sample Statement:

The board is the right size. It is small enough for effective board discussions, yet large enough to have an appropriate breadth of skills and experience and the ability to carry the committee workload.

“An excellent tool. Very efficient to use. The board members like that it is online, and I love the data collating and reporting aspect.”

4. **Board Structure** – Addresses issues related to board committees.

Sample Statement:

The board has the appropriate number of committees to support the work of the board.

5. **Meeting Processes** – Addresses various elements of a board’s meeting processes, such as, the organization of meetings, and appropriateness of board materials.

Sample Statement:

Board meetings are well organized, and the Chair manages them to allow sufficient time for discussion of major issues and to ensure appropriate participation by all.

“The self-assessment helped us identify gaps in governance policy and procedures and it will allow us to develop a plan to address those potential gaps.”

6. **Overall Board Functioning** – Addresses board evaluation, balancing board meeting time between various types of issues, the duties and obligations of individual directors, and those related to a director’s fiduciary duties.

Sample Statement:

Directors work well together, seeking consensus, and treat each other with respect and courtesy.

7. **Individual Director’s Functioning** – Addresses how well the individual feels they are performing the governance role.

Sample Statement:

I have a good understanding of the difference between the board’s governance role and the role of the CEO and management.

“It provides us with information on where further education is required, areas where our board orientation can be strengthened, and potential topics for our board retreats based on gaps or areas that need to be addressed.”



Individual Director Self-Assessment Tool



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Introduction

This evaluation tool aims to support the development of individual directors by helping them enhance their contribution to the board and also to enable them to have a more positive experience. The tool can also help with succession planning.

The Board Chair or another director, such as the Chair of the Governance Committee, may be designated the responsibility for overseeing the implementation of this evaluation tool, which may include follow-up discussions with individual directors.

Approaches to Implementation

This tool can be approached in three ways:

- A. Voluntary completion;
- B. Mandated completion and follow-up process for all directors; or
- C. Mandated completion and follow-up process for end-of-term directors who are eligible for re-election.

Typically, the Governance Committee will consider these approaches and make a recommendation to the board. The board also needs to determine implementation elements, such as the timing for conducting the self-assessment (e.g., near the end of directors’ terms, before the annual general meeting); the frequency for administering the self-assessment (e.g., annually or bi-annually); identifying the directors who will participate (e.g., directors who have served on the board

for a minimum of six months); and designating an individual or committee to lead the process for the board.

Each approach is described in detail below.

A. VOLUNTARY COMPLETION

Each director decides individually whether or not to complete the survey. The director also chooses how the results are used:

- Solely for self-reflection; or
- Released to the Board Chair or Chair of the Governance Committee as a basis for discussion on director development.

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none">• Encourages each director to reflect on his/her performance and contributions• Less intrusive evaluation• Provides a mechanism for directors to request feedback and advice/assistance regarding development, on a voluntary basis• May be less of a time commitment for the Board Chair and directors because only those interested in participating are involved	<p>Since not all directors are required to participate, this approach may result in:</p> <ul style="list-style-type: none">• Inconsistent attention to director performance and development• An incomplete picture of director development interests and needs• Requiring separate discussions for underperforming directors and end-of-term directors eligible for re-election, if they choose not to participate in the evaluation

B. MANDATED COMPLETION AND FOLLOW-UP PROCESS

All directors with a minimum length of service (e.g., six months) are expected to complete the survey. Results are used as a basis for follow-up discussions regarding director development with the Board Chair or a designated director.

The Board Chair arranges individual meetings with directors to discuss the results. The agenda for these meetings may include:

- Discussion regarding the director’s level of contribution, areas for improvement and potential supports required by the director (e.g., training);

- Identification of the director’s interests in future board contributions and roles, as well as succession opportunities; and
- An outline of the next steps or an agreement on an action plan.

The Board Chair may present the overall implications of these sessions to the Governance Committee and/or Nominations Committee, to create an integrated board development and succession plan and/or to inform the director, officer and committee nomination process.

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none">• Ensures that all directors reflect on their performance, and receive feedback and advice/assistance regarding director development• Provides a complete picture of director development interests and needs• Mandated follow-up discussions may be used to address underperforming and end-of-term directors who are eligible for re-election	<ul style="list-style-type: none">• Most demanding in terms of director time and involvement, particularly for the Board Chair or designated director leading the process

C. MANDATED PROCESS FOR END-OF-TERM DIRECTORS

All directors who are at the end of their term and eligible for re-election are expected to complete the survey. Results are used as a basis for follow-up discussions regarding director development and re-appointment.

The Board Chair arranges individual meetings with directors to discuss the results and their future plans. Information from these meetings may inform subsequent discussions with the committee responsible for officer nominations, committee assignments and nominations for re-election (e.g., the Nominations or Governance Committee).

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none">Ensures that decisions regarding recommendations for re-election of eligible directors are made within the context of the directors’ performance contribution and interestsAllows for targeted development of seasoned directors who may be moving into board leadership positions	<ul style="list-style-type: none">Unless combined with other processes, this approach fails to support the development of all directors to enhance their contributions to the boardRequires a separate process for underperforming directors unless they are at the end of their term

Individual Director Self-Assessment Tool

Please rate each statement on a scale of 1 to 5.

	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree	NA / Don't Know
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Governance Role

1.	I am familiar with the board's by-laws and policies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	I maintain confidentiality and comply with conflict of interest policies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	I support board decisions once they are made.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	I understand the distinction between the board's role to set direction and provide oversight and management's role to lead and direct operations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	I understand the board's role and process in overseeing the CEO's annual performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	I commit the time required to fulfill my governance responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Knowledge of the Organization and the Environment

7.	I understand the organization's strategic plan, including mission, vision and values statements, and take these into account when making decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	I am comfortable with my level of knowledge about the organization's programs and role within the local environment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	While not necessarily an expert, I have a good understanding of the organization's: a) Financial performance and condition b) Quality performance and measures c) Key areas of risk and associated risk mitigation strategies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	I understand and take into account the organization's accountability to funders and key stakeholders.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.	I keep current on sector issues and trends that may have an impact on the organization or the needs of the community.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree	NA / Don't Know
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12.	I effectively apply my knowledge, experience and expertise to matters before the board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.	I ask questions or request information to help me make informed decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14.	I exercise sound and balanced judgment considering all sides of issues before the board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.	I bring a strategic focus in assessing situations and reaching conclusions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.	I am satisfied with my level of contribution as a director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Effective Behaviour and Relationships

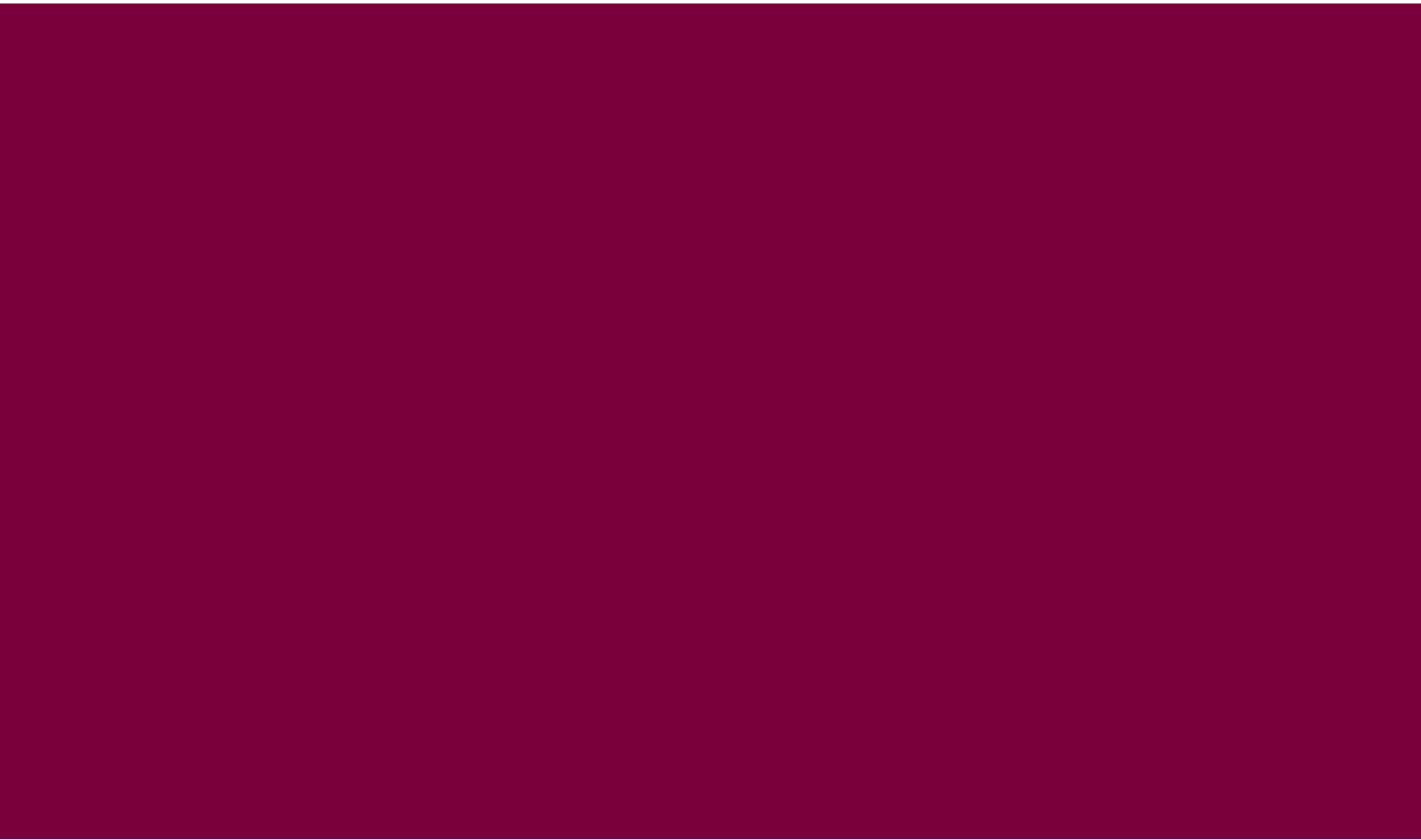
17.	I read materials in advance and come prepared for meetings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18.	I listen well and respect other's ideas and perspectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19.	I communicate effectively with my fellow directors at board and committee meetings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20.	I am comfortable and constructive when expressing a minority opinion.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21.	I develop and maintain sound relationships as a team player with fellow directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22.	I respect the contributions of board committees, being careful at board meetings to build on, not re-do, the work already done by committees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23.	While maintaining my independence as a director, I interact respectfully, cooperatively and appropriately with the CEO and senior staff.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24.	I take advantage of board education opportunities to increase my effectiveness as a director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Development Questions

1. In terms of furthering your professional development as a director and contributing more to the board, please identify two or three areas that you would like to personally focus on next year.

2. Looking ahead, are there other committees or board officer positions that you are interested in, or other ways you might like to contribute?

3. What support or educational opportunities would be beneficial to your development?



APPENDIX C

OHA Board Self-Assessment Tool Sections	Description	Current Board Self-Assessment Tool Sections
Performing Board Roles	Addresses how well the board performs its primary functions including strategic planning, monitoring the organization's financial viability and quality performance, supervising the CEO and overseeing stakeholder relationships	Board Roles and Responsibilities COO Critical Outcomes Governance of Risk
Board Role and Management Relationship	Addresses the board's understanding of its governance role and its relationship with management.	Board/Registrar, CEO Relationship
Board Quality	Addresses the quality of board members and their collective skills. It includes board membership, board member orientation and continuing education.	Board Orientation and Continuing Education
Board Structure	Addresses issues related to board committees.	
Meeting Processes	Addresses various elements of a board's meeting processes, such as, the organization of meetings, and appropriateness of board materials	Board Process, Organization, Decision-making, and Service
Overall Board Functioning	Addresses board evaluation, balancing board meeting time between various types of issues, the duties and obligations of individual directors, and those related to a director's fiduciary duties.	Board Priorities
Individual Director's Functioning	Addresses how well the individual feels they are performing the governance role.	Board Process, Organization, Decision-making, and Service