

BRIEFING REPORT

REPORT TOPIC: Council Motion to Adopt Policy Governance as the Governance Approach at COO

REPORT TO: COO Council

REPORT FROM: COO Governance Committee

DATE: October 2, 2017

REPORT PURPOSE:

☒ Policy Development/Enhancement/Regular Review/Approval

☐ Ends Policy

☐ Executive Limitations Policy

☐ Council-Staff Relationship Policy

☒ Governance Process Policy

☐ Council Implementation of Policy

☐ Council-Staff Relationship Policy

☐ Governance Process

☐ Monitoring Report

☐ Ends

☐ Executive Limitations

☐ Ownership Linkage Report

☐ Incidental Report

☐ CEO & Registrar

☐ Council President

☐ Other: Briefing Report

BACKGROUND

The COO set in its Strategic Plan the goal of building and implementing a robust Council effectiveness evaluation and refreshing its governing policies. The results of the Council Effectiveness Evaluation conducted in December 2016 indicated that the Council believed it was ready to move toward a policy driven type of governance focusing on policy and strategic directions more than focusing on making one-off operational decisions and administrative details.

The Governance Committee has worked to define a motion for Council's consideration which both addresses the Council's intention to move to policy driven governance and the rationale for this decision.

The proposed motion is outlined in Appendix 1.

APPENDIX 1

DRAFT OF COUNCIL MOTION ON ADOPTING THE POLICY GOVERNANCE APPROACH

The Context:

The Governance Committee of the College of Opticians of Ontario (COO) recommends to the Council, the governing body of the COO, that the Council move to design and adopt the Policy Governance approach as the governance system to be used by the Council and organization as a whole.

The Motion:

WHEREAS the Council is committed to continuously enhancing the focus, excellence, engagement, transparency, and accountability of its governance approach;

WHEREAS the Council believes its governance approach should emphasize end (outcomes) results for the public, encourage diverse perspectives, focus on strategic leadership rather than administrative detail, clearly distinguish between governance (Council) and management (CEO & Registrar) roles, demonstrate forward thinking and outward focus, practice collaborative decision-making, and demonstrate a commitment to engagement with the public and members; and

WHEREAS the Council recognizes that its role is in governance and not management and further believes that after significant study, the ten (10) principles of Policy Governance offer a useful approach to effective governance (see Appendix A),

BE IT RESOLVED that the Council of the College of Opticians of Ontario, hereby moves to:

1. Design and adopt the Policy Governance approach to meet the governance needs of the College of Opticians of Ontario.
2. Utilize Policy Governance as a system of governance incorporating, in a flexible manner, the ten principles.
3. Develop and pass policies to record the Council's policy direction in four categories (Ends, Executive Limitations, Governance Process, and Council-Staff Relationship Policies).
4. Engage the public in informing the Council's policy decisions.
5. Connect with the CEO & Registrar, as the Council's one employee and the Chief Executive Officer of the organization.
6. Monitor the performance of the CEO & Registrar and the organization synonymously and with careful diligence to ensure that the desired outcomes for the public (and, where appropriate, members) are achieved within the Council's risk boundaries of prudence and ethics.

APPENDIX 1

APPENDIX A TEN PRINCIPLES OF POLICY GOVERNANCE

1. Ownership/Public Engagement:

The Council exists to act as the informed voice and agent of the owners (Ontario Public/includes COO members as members of the public), whether they are owners in a legal or moral sense. All owners are stakeholders, but not all stakeholders are owners; only those whose position in relation to an organization is equivalent to the position of shareholders in a for-profit corporation or in a not-for-profit organization, the broader group of people with an ongoing interest in the organization's capacity to achieve its Ends (strategic outcomes).

2. Position of Council:

The Council is accountable to owners for the success of the organization in achieving its ends (strategic outcomes) in a prudent, ethical manner. As such its function is not as an advisor to staff, but as an active link in the chain of command. Council remains the accountable body even where it delegates its authority to staff or to a component of the Council.

3. Council Holism:

The authority of the Council is as a single body. The Council speaks with one voice, and any instructions are given by the Council as a whole. Individual Council members have no authority to instruct staff.

4. Ends Policies:

The Council defines in writing its expectations about the intended outcomes to be produced, the intended recipients of those outcomes, and the intended or expected worth (cost-benefit or priority) of the outcomes. These are Ends policies. All decisions made about outcomes, recipients, and worth are Ends decisions. All decisions about issues that do not fit the definition of Ends are Means decisions.

5. Council Means Policies:

The Council defines in writing the job results, practices, delegation style, and discipline that make up its own job. These are Council Means decisions, and they are further categorized as Governance Process policies and Council-Staff Relationship policies.

6. Executive Limitations Policies:

The Council does not prescribe the specific Means of the operational organization, as doing so would enable the CEO & Registrar to escape accountability for attaining Ends. Instead, Council defines in writing its expectations about the limitations on the authority granted to the CEO & Registrar; in other words, those Means that would be unacceptable even if they were to work. These are Executive Limitations policies.

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7. Policy Sizes:

Council's policy decisions with respect to Ends, Executive Limitations, Governance Process, and Council-Staff Relationship begin at the broadest, most inclusive level. Council may further define each policy in additional levels of detail until reaching the level of detail at which it is willing to accept any reasonable interpretation by the applicable delegatee of its words thus far.

Ends, Executive Limitations, Governance Process, and Council-Staff Relationship policies are exhaustive; they establish control over the entire organization, including both Council and staff. They replace, at the Council level, more traditional documents such as mission statements, strategic plans and budgets.

8. Clarity and Coherence of Delegation:

The identification of any delegatee must be unambiguous and his/her authority and responsibilities clearly defined. No subparts of the Council, such as committees or officers, can be given jobs that interfere with, duplicate, or obscure the authority and responsibilities given to the CEO & Registrar.

9. Any Reasonable interpretation:

More detailed decisions about Ends and operational Means are delegated to the CEO & Registrar.

In the case of Council Means, delegation is to the CEO & Registrar and President unless part of the delegation is explicitly directed elsewhere, for example, to a committee.

The delegatee has the right to use any reasonable interpretation of the applicable Council policies.

10. Monitoring:

The Council must monitor organizational performance against previously stated Ends policies and Executive Limitations policies. The purpose of monitoring is to determine if the CEO & Registrar's interpretation of Council policies is reasonable and supported by data. The ongoing monitoring achievement of Council's Ends and Executive Limitations policies by the CEO & Registrar, constitutes the CEO & Registrar's performance evaluation.

Note: A glossary is attached which provides definitions for governance terminology used in these principles.

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APPENDIX B GLOSSARY OF TERMS

The Policy Governance® Model includes a number of terms that have a particular meaning in this governance approach. This short glossary is intended as a quick-reference guide to assist you with an explanation of key terms.

Any Reasonable Interpretation

The concept that once the Council has written a given policy, the person to whom the policy is delegated has the right to make any reasonable interpretation of the policy words. For Ends and Executive Limitations Policies, this is normally the CEO & Registrar. For Governance Process and Council-Staff Relationship policies, it is the Council Chair. The person so empowered must be able to demonstrate that the interpretation is a reasonable one by providing its rationale to the Council.

CEO & Registrar (Chief Executive Officer)

The single person, who is the Chief Executive Officer (CEO) and who is called the CEO & Registrar at the COO. This is the person through whom all authority is passed by the Council to the operational organization. This person/position is accountable for the operational organization's results, ethics, and prudence.

Ends (Strategic Outcomes) Policy

The category of Council policy that states the reason for the organization's existence: what benefits or outcomes the organization should produce, who they are for, and how much they are worth. In short, what good, for which people, at what investment? Ends are developed based on the Council's knowledge of an interaction with the "owners" – those to whom the Council is morally accountable.

High-level Ends or Strategic Outcomes Policy

The High-level Ends or Strategic Outcomes Policy is the highest level Ends Policy. It is written as a statement which is the highest level of expression of the outcomes the organization will work to achieve. The High-level Ends Policy is set by the Council and informed by the CEO & Registrar. The High-level Ends Policy is usually further defined by the Council in a series of Ends Policy Sub-Statements (sub-outcomes).

Emerging Risks

These are new issues and challenges that have the potential to negatively impact or threaten the organizational ability to achieve its Mission (High-level Ends Policy) and Ends (desired outcomes). These risks can range from economic to operating issues. Councils are often instrumental in assisting with identification of such risks based on the Council Members' awareness of changes in the external environment. The Council as a whole needs to scan the environment on an ongoing basis.

Executive Limitations Policies

The Council's policy statements that define its values and set boundaries about what is prudent and ethical. It is within these boundaries that the Council allows the CEO & Registrar to make further decisions about strategic means, operations, and how things are done. They represent the boundaries of the CEO & Registrar's executive authority and are designed to limit issues of organization-wide risk.

APPENDIX 1

Governance

The process by which a small group of persons, acting as a group on behalf of an organization's owners cause that organization to achieve what it should and avoid what is unacceptable.

Governance Process Policies

The manner in which the Council itself operates and behaves to fulfill its job. Policies that describe the Council's commitments regarding its own operation and behaviour are called "Governance Process Policies".

Management

The process by which an organization achieves what it should and avoids what is unacceptable, as defined by the Council.

Means

All issues that are not Ends, strategies, methods, conduct, or ways in which things are done. Means decisions include activities, programs, products, services, and so on. The methods or ways in which the Ends are achieved are management means. The methods by which the Council does its own work are governance means.

Model of Governance (Approach to Governance)

A model of governance is a framework within which to organize the thoughts, activities, structure, and relationships of governing Councils. The dictionary defines a "model" as "a set of assumptions, concepts, values, and practices that constitutes a way of viewing reality". A "model" is made up of a "set" of concepts that are *internally consistent and work together to achieve success*, rather than simply a collection of Council practices or ideas.

Monitoring

The systematic assessment of evidence to determine whether the CEO & Registrar has achieved reasonable progress toward the Council's Ends and Executive Limitations (boundaries of the CEO & Registrar's executive authority) policies, and whether the Council has complied with its own rules as set out in Governance Process and Council-Staff Relationship policies. Monitoring may be done by internal report, external report, or direct Council inspection, but only against the specific criteria set out in the Council policies.

Moral Ownership

The group to whom the Council is morally accountable (as opposed to legal ownership) with respect to its decisions and policies. In a for-profit organization, the "moral ownership" and the "shareholders" are usually one and the same. At the COO, the "moral ownership" is the Ontario public as a whole, including COO members as members of the public.

Ownership Linkage

Intentional and constructive dialogue and deliberation between the "owners" (the public and members) and the Council around the organization's desired outcomes and actual results achieved.

APPENDIX 1

Policy

A value or perspective that underlies action articulated in writing by the Council. In Policy Governance® there are four categories of policy: Ends, Governance Process, Council-Staff Relationship, and Executive Limitations. These four categories cover all possible Council decisions.

Policy Governance Approach

The model is “a careful design of the governing Council’s job that enables a Council as a group, on behalf of the organization’s true owners, to see to it that the organization achieves what it should and avoids the unacceptable”.

Policy Governance is an operating system for governing Councils – a framework within which to organize the thoughts, activities, structure and relationships of governing Councils. It is made up of a set of internally consistent principles, based on the premise that the Council is the agent of or steward on behalf of the ownership, with ultimate accountability for organizational activity and accomplishment. This approach enables Councils to provide strategic leadership, empowering the management, while at the same time assuring accountability.
