



**Governance in the Voluntary Sector:
Summary of Case Study Findings**

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Project Overview

As part of a larger study to ‘Strengthen Governance Capacity in Voluntary/Nonprofit Organizations,’ twenty case studies looking at governance capacity and structure in Canadian voluntary organizations were completed.

These case studies looked at factors influencing the selection of appropriate governance models, good governance and organizational effectiveness. Their primary focus was on current governance practices. However, the organization’s history and an analysis of financial trends over the past ten years were used to provide context and additional anecdotal material.

The actual process for studying individual organizations involved:

- A review of relevant documentation (bylaws, annual reports, financial and operational audits, strategic planning documents, minutes of board or annual meetings)
- Completion of the GSAC by board members and senior staff and analysis of responses
- Interviews with a sample of board members, management, union leaders and a representative of the primary funding agency
- A final report with recommendations for the organization.

An attempt was made to include a diverse number of ownership and governance structures from several jurisdictions in the case study sample. Case studies included four national organizations, one provincial crown corporation, thirteen local non-profit organizations and the two more ‘generic’ studies noted above.

This document summarizes the findings from the case study sample. For a more in-depth look at ‘lessons learned’ please, see *Governance Do’s and Don’ts* by Mel Gill, Institute On Governance, 2001 (www.iog.ca).

(Note: Some care should be exercised in generalizing the findings from this research because of the small sample size. However, our findings are consistent with those of other research.)

Summary of Findings

1. The Leader Lions Club

This is an ‘Operational’ or working board with a forty-year history of contributions to this rural community of a thousand residents. Lions International provides excellent support and direction for local clubs through templates for Bylaws, job descriptions, conduct of meetings, succession planning, governance practices, and membership recruitment and orientation.

The tremendous success of this Club’s major fundraising project combined with volunteer fatigue may have allowed members to become somewhat complacent about the need for continuous revitalization and new initiatives. It appears to have drifted away somewhat from some of the essential models for maintaining organizational vitality and good organizational governance offered by the Lions International templates.

Nevertheless, it has been and remains a vital force in this small rural community. It is an essential part of the social and business infrastructure of the community and every effort should be made to ensure its continued existence. The responsibility for this belongs to the entire community, not just the current members of the Club.

The presence of a second Lions Club in the community, also requiring its own administrative and governance infrastructure and volunteer support, is somewhat unusual for a community of this size. It too suffers from volunteer fatigue and difficulty in sustaining membership. Perhaps it is time for both to reexamine whether the conditions that created the original decision to maintain separate clubs still prevail. On the other hand, perhaps circumstances have changed sufficiently that joining forces might now be possible and might create a stronger Lions presence in the community.

2. Kids First

(Case study conducted by Elder Marques)

As a young organization, Kids First continues to respond to the pressures of financial survival while struggling to find an effective corporate governance model. The governance challenges that it faces seem typical for an organization that had been governed by an activist, hands-on founding Board of Directors and must now find a new Board/Executive Director balance. It is encouraging that both the Executive Director and the Board seem well aware of the strengths and weaknesses of current practices, and are willing to address problem areas.

Kids First has been able to maintain credibility with the public at large, with its funders, and with key constituencies in its community. While it has yet to achieve financial security, it has been able to reach a large number of youth, make a real difference, and demonstrate that it can work well with community partners both in and out of government.

The Board has been able to recruit credible community leaders and ‘sell’ them on the objectives of the organization. It has been less successful in its ability to reach out beyond those that it has touched directly to make an impression on the general public. Awareness of the organization appears moderately widespread, but there is no single public image for the organization. Important constituencies within the community are well aware of the organization’s activities and continue to provide valuable support, but many, including many youth, remain unfamiliar with the Kids First mandate. It has been unable to convey a particular corporate identity or, perhaps, even decide what that identity should be. Non-profit organizations typically struggle to achieve an optimal, constructive balance in the relationship between the Executive Director and the Board. Achieving this balance is likely to require a high level of Board commitment. The most recent round of recruitment at the Board level has produced a group that has the capacity to set clear targets for the organization and its staff. It remains to be seen whether it will be able to set direction and credibly measure the performance of the Executive Director and the Board against those targets.

On the programming front, successful projects in a wide variety of fields ironically seem to have produced a multiplicity of competing interpretations of Kids First’s operational priorities and objectives. The success of unique programming has demonstrated that the organization fills a gap in the community, bringing schools together with other community partners to promote a particular message about the role of young people in community development, and to provide particular opportunities for youth to undertake that role.

Overall, however, the organizational mission does not readily lend itself to establishment of concrete performance measures. Measuring outcomes in this kind of organization is always difficult, but without clear indicators, it will be difficult for Kids First to ensure continued credibility in the community, high staff morale, and volunteer commitment. Those that are involved *know* that Kids First is succeeding, but the Board needs to work to translate that confidence into real information about where the organization is strong and where it requires further work.

3. Volunteer Ottawa (*Case study conducted by Karen Shiller*)

This ‘Volunteer Centre’, founded in 1955, uses a ‘Traditional’ model of governance. The board delegates responsibility for the management of day-to-day operations to the Executive Director although it oversees operations through its committees. Although a Traditional Board is usually primarily involved in governance and policy-making functions, the board of Volunteer Ottawa has been preoccupied over the last decade with operational issues because of rapid changes in social trends, government programs and legislative issues. Although the CEO does not dominate the Board, the board depends highly on the Executive Director who is very influential and trusted due to her expertise, experience and successful track record.

The Volunteer Ottawa board is elected by its members...over 350 non-profit agencies from across the region that use the centre's volunteer referral services and a small number of individuals with an interest in Volunteer Ottawa's work. As the legal "owners" are not the principal source of funding, the board is accountable to both the members and its core and project funders for the overall administration of the agency and its programs and services. The organization has enjoyed relatively stable core funding, and has operated with a balanced budget over the past seventeen years with the exception of 1998 and 1999 when an existing operating reserve was used to cover one-time technology upgrading and relocation costs.

Very recently the board has redirected its efforts towards planning and policy issues and governance capacity. The January 2000 board-staff visioning retreat was designed to lay the foundation for a long-term strategic plan and the board has subsequently begun a review of committee functions as well as a communications protocol between committee chairs and the Executive Committee. The past president is leading the board's efforts to develop a more comprehensive written governance framework including committee and board member terms of reference, board member self-assessment forms, board code of conduct and statement of core values. Concerted efforts have also been made to build the governance capacity of the board and a certified fundraiser and community leader have recently been elected.

The organization and the board have credibility with funders, its members, the volunteer sector and the public although there is recognition that its public profile needs further development. There is a nurturing environment within the organization, and intra-board, board-staff and board-CEO conflict is minimal. Communication between the board and the Executive Director is excellent.

4. Windsor Group Therapy Project (WGTP)

(Case study conducted by N. King, G. Lan, S McMahan & J. Singh: Faculty, U of Windsor)

The Windsor Group Therapy Project was a non-profit, publicly funded, children's mental health organization, with a volunteer board of directors, providing residential and non-residential group services to vulnerable children in the Windsor and Essex County. Incorporated in 1956, it was dissolved in early 2000, after funding sources were withdrawn. Over its lifetime, WGTP provided effective services to approximately 400 children annually and was successful in training future social workers, many of whom were students at Canadian, U.S. and overseas universities doing field placements with the agency. Among indicators of its effectiveness might be included its financial efficiency (with groups costing only \$400 per child per year), the welcoming and continuation of the program in public schools, and the prominent positions reached by many of its former student placements and staff members.

A survey questionnaire was used to explore key issues of governance over the life history of the agency (as derived from the literature) such as awareness and fulfilment of board responsibilities; participation and length of membership; relationship with funding sources; source, sufficiency and timeliness of information; planning for the succession of the Executive Director; and, factors that could have led to the closing of this apparently effective and successful agency. Eighteen responses were received from 30 previous board members. Nine previous members also agreed to follow-up interviews.

In their responses, previous members from both the pre-1990 and the post 1990 groups of the Board of Directors of WGTP generally regarded their membership as a positive experience. Overall, members thought that they understood the programs of the agency, considered themselves to be quite knowledgeable and responsible in their discharge of legal and financial duties, and in their adherence to the requirements of the agency's funding sources. However, some members in the post 1990 group were concerned about *low board attendance and frequent turnover, a too heavy reliance upon the executive director for information and direction, and a less than optimal rapport with the funding partners*. There was also some concern that the issue of *succession of the Executive Director*, whose retirement was imminent, *was not given sufficient attention*.

Board members strongly believed that the process of cutbacks, restructuring, and downloading of a number of services on the part of the provincial government was the critical factor in the closing of the agency. With the withdrawal of support from the public board of education for the in-house school at the residence, the cessation of funding for the residence by the Ontario Ministry of Community and Social Services, and the United Way's reassessment of its funding, many members thought that there was little if anything the board could have done to prevent closure of the agency. They also considered that the final board accomplished the process of closure itself in a timely and professional manner.

Within the limits imposed by its small sample size, this study does suggest a number of implications for board governance that are applicable to other non-profit, publicly funded agencies. In order to meet increased demands for accountability and to adapt to changes in the environment, a non-profit board needs to have a *good mixture of skills* from a *cross-section of the community*, the *active participation* of all members, a *coherent committee structure*, *timely access to thorough documentation and information*, greater involvement in *long-range planning and policy development*, and a *proactive approach* to possible *problems and future needs and trends*. *Timely planning for the succession of the Executive Director* is particularly critical in order to assure and demonstrate *continuity and leadership* when the organization is at a critical juncture. Boards must also ensure ongoing and *positive relationships with their funding partners*, and with other kindred agencies and services in the area, as well as promote *public awareness* of the service to the community provided by the agency.

5. Amethyst Women's Addiction Centre (AWAC) (Case study conducted by Karen Shiller)

This 'Women's Addiction Treatment Service, founded in 1979, began with a 'Traditional' Governance Model. It evolved over time into a 'Collective'. This is contrary to the pattern that would be predicted by 'life cycle' models. The organization has managed through crises of leadership, philosophy and financial viability over the past decade. It continues to struggle with reconciling its 'feminist philosophy' and commitment to 'Collective' organizational form with expectations of funders and community and the realities of organizational growth.

The Centre uses a mixed or hybrid model of governance. On the one hand, the Centre's board appears to be developing into a Management Board that participates together with staff in performing key management functions such as financial management, program supervision, staff selection and evaluation. It has, however, retained strong elements of a collective model; consensus decision-making, shared values about organizational purpose and group accountability for group decisions, salary parity between staff, rigorous screening for new board members with group approval and strongly inclusive group dynamics with mutual support for personal concerns. The perception of board members interviewed is that the organization most closely resembles a collective (staff-owned) model.

The legal "owners" of Amethyst are its approximately 100 members drawn from members of the general public who have a particular interest in Amethyst's work. The general membership supports Amethyst through participation in committees, fundraising, financial contributions and increasing community awareness of the organization. However, as the de facto owners are the funders, the board is legally accountable to them for the overall administration of the Centre and its programs and services.

Amethysts' governance style appears to have a positive impact on organizational effectiveness. Its open and supportive board culture and democratic consensus decision-making process involving both board and staff minimize organizational conflict and ensures commitment to board decisions. It has operated with a balanced budget over the past decade and has a continued demand for its services.

6. Service for Urban Aboriginal Persons (SUAP)

This SUAP has a board that is elected by its membership. The board elects the executive committee. It operates with a mixed governance model. They have a traditional committee structure. They describe themselves in the bylaw as a management and policy board, although they have in the past year begun to lean more in the direction of policy and strategic planning.

The Executive Director and the board have developed a good balance of power and responsibility between them. Committees are active and share the work of the board.

SUAP is a well-governed, well-led and well-managed organization. The current governance style of the board is effective and appropriate for this organization in its current state of development. What they have accomplished in the last two years, since the shutdown of services in 1997, is remarkable. They have created a vision and a strategic plan for the future and an operational plan flowing from this. They have totally reworked their policies and procedures, removing the contradictions and establishing clarity.

They have evolved into a strong board with a strong president and an appropriate committee structure. They have invested appropriately in board orientation and training, including team building for the entire organization. They have a strong Executive Director, with strong administrative systems, financial management, internal controls and accountability. They have rebuilt community relationships and trust and won back a myriad of funders and supporters, stabilizing their financial situation. They have a strong staff team and have nurtured hundreds of volunteers who contribute some 22,000 hours per year to the organization.

They have expanded programs and services, responded to community needs, and have sought out new and creative uses for their facility. There is a sense that more cooperation is now evident between the Non-Aboriginal and Aboriginal communities, as well as more cooperation within the Aboriginal community. In short, they have not only rescued the organization from a very difficult situation, but laid the foundation for strong future growth and further improvement in performance providing they are able to sustain this type of board and management leadership into the future. They are approaching a critical time with elections scheduled in 2000. They have addressed many of the key recommendations in the literature for the establishment of a strong non-profit organization.

Note: This organization had a fatal flaw in its bylaw that allowed a near complete turnover in board membership annually. Such a turnover occurred shortly after this review was completed, the Executive Director was dismissed and the agency was plunged into much the same turmoil from which it had emerged just two years earlier.

7. Native Friendship Centre of Montreal (NFCM)

This organization provides services to support Aboriginal people living in or immigrating to the greater Montreal urban area. It has achieved substantial real (after inflation) growth over the past decade. Despite this, its heavy dependence on government funding sources requires it to spend an inordinate amount of its resources on 'chasing funding'. This has a heavy influence on its choice of program offerings.

It has very well developed policies and structures and sophisticated financial and administrative procedures. It has attempted, with mixed success, some innovative entrepreneurial ventures but may be perceived as somewhat traditional in its approach to executing its mandate. Nevertheless, the board and staff seem committed to breaking out of

this traditional mold. Achievement of this will require a strong commitment of board member time and energy. The quality of existing programs seems quite good.

There appears, given the strong influence of a long-serving CEO, to be a fair power balance between the CEO and a new board determined to provide assertive policy direction to the organization and conduct its affairs in a business-like manner. It operates with a mixed governance model (Management, Traditional and some elements of Policy Governance). It is strongly connected to its membership constituency which controls nominations to the board.

Note: Only months after this case study was completed the Executive Director left the organization as a result of conflict with this more assertive Board.

8. The Canadian Institute for Child Health (CICH)

CICH is a national non-profit institute conducting research and education as well as developing and promoting public health policies and programs intended to improve the health and well being of Canadian children as a major indicator of the health of the nation. Much of the work of the Institute is done through collaborative initiatives, network building and acting as a catalyst for emerging issues.

This organizational form offers tremendous benefit to the Canadian public because its arms-length relationship with government provides a degree of independence in its research, policy development and advocacy that could not otherwise be achieved. It allows professionals and prominent citizens to educate and advocate credibly without ‘self-interest’ on behalf of Canada’s Children.

During the late 1980’s the Institute experienced rapid turnover in staff leadership and a serious financial crisis precipitated by the depletion of a substantial financial reserve fund. This was further exacerbated by the withdrawal of core funding support from the Federal Government at the end of 1993.

Staff leadership stabilized during the remainder of the last decade. The strong Board leadership and dedication to policy development and fundraising as well as an increased focus on governance have revitalized the organization and facilitated a pretty phenomenal 275% growth in revenues. Nevertheless, the need for financial stability and predictability remain a vital concern for this organization as well as other national organizations heavily dependent on project revenues.

One of the outstanding characteristics of this organization has been its capacity to maintain tremendous board member dedication and enthusiasm for the mission of the Institute. This dedication is reminiscent of an early life cycle stage, formative or missionary board characteristic of the collective way CICH functioned in its early years. This dedication of board members has clearly been a key to its tremendous success.

9. The Canadian Council on Social Development (CCSD)

The CCSD is a national membership-based organization dedicated to research, education and advocacy on social policy issues. Its growing membership base is comprised of a broad cross-section of Canadian citizens and organizations. Its history of effective social policy development, advocacy and high quality research has given it a great deal of credibility resulting in privileged access to Statistics Canada data.

It operated, as recently as 1990, with a largely self-regenerating board of 39 members heavily focused on the policy development and advocacy functions characteristic of predecessor boards. The board composition was reduced to seventeen members in the early 1990's in response to a growing financial crisis. It has, during the past five years, embraced the Policy Governance model more fully than all but one of the other organizations in the case study sample.

It has a highly skilled complement of research staff, strong staff leadership and a strong, committed board that is a 'good barometer' for representing the social concerns of the membership across the country. The board asks the tough questions necessary to make the best possible use of the creative tension between the board and CEO. Current board members are well aware of their role as trustees of the organization including their fiduciary responsibilities.

The organization experienced a real crisis in funding during the period from 1991 to 1995 that almost forced it into bankruptcy (forestalled only by substantial equity in a headquarters building). It had become somewhat complacent in its reliance on a substantial reserve fund and federal government contributions to sustain its core operations. The board at the time had not taken sufficient notice of the depletion of the reserve fund and accumulation of substantial debt in the late 1980's. Assertive board intervention and leadership from a new CEO enabled the organization to begin a process of revitalization and redirection.

While the mission for the organization has remained relatively stable for the past decade, the business plan that supports it has been fundamentally redesigned. The strength of its investment fund provides flexibility that was not available during the early 1990's funding crisis. The CCSD, now with its third new CEO and second three-year Business Plan in a decade, appears ready and well able to meet current challenges and seize future opportunities as they evolve.

10. The Canadian AIDS Society (CAS)

This is a national Society of member organizations committed to education and advocacy on behalf of persons living with HIV/AIDS. Its activities include advocacy for public

policy and action in support of disease prevention, health promotion, human rights, research, care and treatment. It uses an interesting, if not unique, blend of the 'Policy Governance', 'Operational' and 'Constituent Representational' models in its Board Governance. It has, for so young and organization, very well developed governance policies and position descriptions for the board, its committees and the Executive Director.

The CAS is a relatively new national organization (incorporated in 1987). It has had the good fortune of receiving sustaining funding for its core operations. Financial management for the past four years has been exemplary. Private and corporate donations have increased by 137% during the past five years thereby reducing the CAS's dependence on sustaining and project funding even though these sources remain critical to its current viability.

It has good credibility with members, funders and the public. Both staff and board members are reported to have a high level of commitment and competence. The CAS has strong member and consumer involvement in its planning processes but remains challenged, as do other non-profit organizations, to more specifically define measurable performance objectives and outcomes.

The major strengths of the organization include accountability to a grassroots membership, regional representation, strong consumer involvement and community activism committed to the CAS mission. A good working relationship with Health Canada and core funding lend strength and stability to the organization. It also has an uncommon sense of community and camaraderie derived from common experience and commitment to battling a life-threatening disease.

11. The Osteoporosis Society of Canada

This is a relatively young national organization functioning in an area of population health that is rapidly growing in importance. It has made remarkable gains in size, formalization of roles and governance processes as well as credibility during the past five years. It faces a significant challenge over the next few years in implementing a rather unique organizational structure across the country that some may consider visionary and others consider a bit too complex. A second major challenge that it will need to confront is the potential for conflict of interest within the board.

The board functions with a 'Traditional' governance model and a balanced partnership with the CEO. The organization has a strong senior management team and quite cohesive board. Its formalization of governance policies and commitment to organizational self-examination and strategic planning are commendable. In this regard it compares favorably to many other organizations with a longer history.

It was apparent throughout this review that this organization (board, staff and chapters) had encountered many of the issues that arise when a small grassroots organization experiences

rapid growth. It has also successfully resolved most of these issues. Although there is, as always, room for continued improvement in governance and management processes, the board and staff deserve congratulations and high marks for achievements over the past few years.

12. Regina Community Health Association

The Regina Community Association (Clinic) has a unique and rich history in evolution of governance practices. It was organized in the 1962 crucible of the Medicare crisis in Saskatchewan. It was formed as a member-owned co-operative to provide medical and health care services to its members. Start-up funding was provided by member loans and donations but its operational financing was dependent upon the good will of physicians, sympathetic to the organizational aims and philosophy, who were prepared to share their fee-for-service earnings to employ ancillary health care staff in support of a service committed to health promotion and prevention of illness.

It survived a number of organizational crises over its thirty-eight year history including a radicalization of its board in 1972, a split with its physicians' group in 1974 and considerable turnover in leadership in the mid-1990's. Throughout this history it has struggled to achieve a responsible balance between the authority of the board and its dependence upon its physicians for its core operational base.

During the past decade there has been some shift in power away from membership control to vest more authority in the Board and its administrative staff. The Board currently operates with a 'Traditional Governance Model' but is attempting to adapt this model to incorporate the best elements of the 'Policy Governance' approach. It is, at the same time, attempting to reinvigorate its commitment to co-operative values and practical elements of membership control.

13. A Child Welfare Agency (CWA)

This is a composite study of an organization with a history of strained labour/management relations focused on one agency but drawing from the experiences of three others with a similar mandate. The labour relations problems grew in intensity from the late 1980's to the mid 1990's culminating in a prolonged strike by unionized staff. The Executive Director was under repeated attacks by union leadership directed at her management style. These attacks became intensely personal as the strike progressed.

This climate also strained the organization's relations with the provincial funding agency and the Executive Director's relationship with a significant minority of her board of directors. The board became badly divided. The union leadership and some members appointed to the board by the local municipality called publicly for the Executive Director's resignation and complained to the funding Ministry about the management of the agency.

This precipitated an operational review of the agency commissioned by the Ministry in the aftermath of the strike. The review was focused on the financial and overall management of the agency with particular attention to the board, senior management and community relations. Its conclusions recognized some of the leadership strengths of the Executive Director but were also very critical of her management style and relationship with the union.

There were serious conflict of interest issues in the organization that were not addressed during the crisis period. Staff members were eligible to vote personally and exercise proxies for elected positions on the board. Eligibility conditions for board candidacy or appointed members did not exclude persons with relatives on staff. One municipal member attempted to influence hiring of a relative and another was reported to receive substantial financial support from local labour groups in her municipal candidacy.

These unchallenged conflicts of interest contributed to a heavily conflicted organizational culture without the transparency in decision-making called for in recent public reports such as that of the 'Panel on Governance and Accountability in the Voluntary Sector' and the 'Dey Commission' report for the Toronto Stock Exchange.

The Executive Director remained under enormous pressure from the board for several months before finally precipitating a confidence motion by the board. This motion, narrowly in support of the Executive Director, allowed her to begin rebuilding her relationship with the union and refocusing the organization's energies on successful program outcomes rather than 'staff satisfaction'. Her view was that 'staff will be happy if they're doing good work' so the focus of the board and management should be on helping them to do good work rather than 'making them happy'.

Changes in the board composition (including the chair) and in union leadership facilitated a significant positive shift in the organizational culture and significant progress on organizational aims to focus on quality services. Within a couple of years the Executive Director was able to secure a similar position with a larger agency and leave behind a much healthier organization.

14. Children and Family Services For York Region (York CAS) (Case study conducted by Anthony McNamee)

The York Children's Aid Society, as it is referred to here, is an agency mandated to provide mandatory child protection services, placement resources and family services in York Region, Ontario. A significant defining moment in the organization's history occurred in April 1991 with the resignation of a majority of the agency's Board of Directors. This was precipitated by conflicts with the Ministry over funding that did not keep pace with the growth in service demand and population being experienced in the region.

Following the Board walkout, the Ministry of Community and Social Services invoked its power to manage the agency and appointed a newly incorporated body, the Children and Family Services for York Region, to operate the agency on the Ministry's behalf.

A new Board was put in place with an agenda to sort out the existing problems facing the agency. The Order-In-Council that created the new agency was worded in such a way that the new Board of Directors interpreted their role as being the management of the agency as well as provision of policy direction. Consequently, there were blurred boundaries between policy responsibilities and operational management of the Society.

An additional significant event in the history of the agency occurred in 1997 with a Ministry review that revealed a waitlist for investigation of protection cases. This was considered gross noncompliance and an organizational review was conducted resulting in a Ministerial terms and conditions of operation being placed on the organization. It continued to operate under these terms with a new Executive Director and a Board attempting to make the transition from a 'Management' to a 'Policy Governance' model.

15. An Association for Community Living

This was a board, in the time leading up to a crisis in finances and community confidence that had paid inadequate attention to virtually every aspect of its governance responsibilities: Board Structure, Board Responsibilities, Board Processes and Organizational Culture. This resulted in governance ineffectiveness propelling the organization into crisis and creating a spin-off effect into the community. Earlier funder intervention might have helped to avert this crisis.

The organization began in the late 1960's as an informal parent support group strongly advocating improved educational and support services for their developmentally disabled children. It's financial and staff resources began to grow quickly in the late 1970's and early 1980's but the parent board had real difficulty in giving up the operational and management roles that had been necessary to start the organization. This made the transition to a more traditional governance model very difficult. This combined with strong union influence over the board to result in a succession of seven Executive Directors in ten years. The Board Chair resigned and filled the CEO position twice as a replacement CEO was recruited and then returned to the Board. The effect of this was generally to the advantage of the organization but did eventually result in some differences between the Chair and the new CEO that would have been avoided if the individual had not returned to the board.

Fortunately, boards from the mid-eighties forward began to take corrective action that, despite continuing financial constraints and repeated CEO turnover, has significantly improved governance effectiveness and credibility of both the organization and the board.

16. Child and Family Services – Alberta Region 13 (CFSA Region 13)

The Child and Family Services Authority – Region 13 is one of eighteen established in the late 1990's to deliver a broad range of child protection and other child and family support services on behalf of the Alberta Minister of Children's Services. The CFSA is incorporated as a 'crown agency'. As such, it must operate within understandably greater constraints than non-profit organizations that are more independent of their funders. The Minister exercises substantive control over the Authorities through legislation, reporting requirements, operating parameters, funding, and appointment of Board members/Chairs.

The CFSA – Region 13 incurred an operating deficit of \$944,000 in its first full year of operations in 1999-2000. Operating expenditures of \$13,707,000 and 'offset' of the first year's deficit are projected within the fiscal year 2000-01 allocations. Certain financial management, administrative and human resources services are provided to the Authority by the province. Difficulties in the financial reporting through this arrangement combined with a budgetary allocation that did not fully account for historical funding patterns in the jurisdiction served by this CFSA were largely responsible for the initial deficit.

Staff nominally remain employees of the province but the responsibility for their management and assignment of duties is delegated to the CEO through a Memorandum of Understanding with the Board. The responsibility for collective bargaining and resolution of contract issues remains with the province with input from the CFSA's. The Minister is a full party to the employment contract with the CEO with a right to approve both hiring and contract termination.

The Board has been extensively involved in planning for services within the context of the four 'Pillars' established by the Ministry for this devolution of services to community boards. These require that services be '*Community-based*'; emphasize '*Early intervention*'; '*Improve services for Aboriginal children and families*' and involvement of Aboriginal communities in planning and delivery; and be '*Integrated*' with collateral services. It has used sound planning processes based on best available information in development of its three-year business plans.

The Authority, within the constraints imposed by its status as a crown agency and the unique administrative support arrangements noted above, exercises its responsibilities as well as many organizations with a much longer history. Its Governance Policies are more sophisticated than has been our observation of many other organizations.

The Board has done exemplary work in development of an organizational structure and governance policies to support a 'Policy Governance' approach to the fulfillment of its responsibilities. This was facilitated by Bylaws and Policy 'templates' provided by the Alberta Ministry of Children's Services. The Board's ambitious expectations for achievement of goals need to be tempered by the reality of what is possible in the current organizational context. Although considerable progress has been made in development of

SMART objectives and performance monitoring, continuing improvement in this area is necessary to assist them in measuring and communicating their accomplishments to key stakeholders.

The Board generally appears to work quite well. It has an excellent protocol for orientation of new Board members and pays attention to development and encouragement of its members. Conflict of Interest issues appear to be addressed conscientiously. There seems to be a fairly good sense of collegiality, unanimity and interpersonal ease around the board table. Tremendous dedication and commitment are obvious. And, despite some disquiet, Board members report that they usually make good decisions in the overall best interests of the CFSA and its stakeholders.

Areas that require varying degrees of improvement or fine-tuning are: the process for appointment of Board members; even distribution of power within the Board; effective use of meeting time; incorporation of Native cultural values into Board dynamics; management of the consensus decision-making model to ensure real consensus; clear delineation of the areas in which the Board has effective authority (*responsibility for this rests with the Ministry*); and, maintaining the Board's focus on policy and planning without drifting into operational issues.

The Board has been reasonably effective in exercising its governance responsibilities within the very brief history of its existence. Efforts to improve shortcomings identified in this report should make this an exemplary board.

17. Kinark Child and Family Services (Kinark)
(Case study conducted by Ann Atkey)

Kinark Child and Family Services is a fully accredited, not-for-profit children's mental health center that provides a range of mental health services for children ages 0 to 18 years and their families. It operates with a volunteer board that represents multiple stakeholders including people from various regional communities and service consumers.

Kinark's governance has been highly successful over the last ten years. It has managed to keep the client's needs central and adapt its mission and programs to the changing social and funding environment. It has transformed itself from an agency in danger of being shut down by the Ministry due to lack of productivity, to a large, powerful and effective organization guided by objectives, benchmarks and evaluation of results. Kinark actively seeks new revenue through contracts and fund raising in order to compensate for cuts to its base funding in the mid-1990's.

The strong working partnership between the board and CEO has been of tremendous benefit to the organization, providing strong, steady leadership in implementing massive organizational change. This has taken a toll in the form of organizational fatigue. The board and CEO required the staff to make huge changes in how they regard and conduct

their roles. This more business-like approach involving greater accountability for results did not resonate comfortably with a staff steeped in human services values set. The board and a new Executive Director have been developing a strategy to deal with the 'change overload' felt by front line workers.

The Board is comprised of high profile, credible members who have adopted an approach to governance that approximates an emerging 'Corporate' governance model combined with elements of both 'Traditional' and 'Policy Governance' models.

18. B.C. Ferries Corporation

The Cabinet of British Columbia's provincial government, in June 1994, announced approval of a 'fast ferries' project intended to improve the efficiency of the province's ferry service and revitalize its shipbuilding industry. The BC Ferries Corporation (a Crown Corporation responsible for implementing public policy) was to be responsible for development and management of the project. It would create a subsidiary corporation to design, construct and deliver three fast ferries.

Although the BC Ferries Corporation was legally responsible for this project (along with its general responsibility for providing a ferry service between the mainland and proximate U.S. locations), its authority in this particular project was seriously eroded by the interventions and actions of the Minister, the Minister's preferred candidate for the CEO position, the Crown Corporations Secretariat and the Cabinet override of the corporation's decision-making authority.

The project was plagued by a lack of role clarity between the various key players, "insufficient information and analysis to demonstrate that the ferries would meet either BC Ferries' needs or the government's public policy goals in a cost-effective manner", failure to follow sound practices for managing the risks inherent to large capital projects, design flaws, poor reporting on costs and construction progress, serious conflicts of interest between the parent and subsidiary corporations (including a CEO who served both), subordination of the due diligence of board members to political agendas and default in performance monitoring by the boards, central agencies and Cabinet.

Project costs more than double the original estimates, design flaws and project delays cast into serious doubt whether the initial policy objectives would or could be met. Heavy criticism from the public, media and opposition parties was an inevitable consequence. Loss of credibility for the project, the BC Ferries Corporation and the government itself ensued.

This case study identifies the pitfalls and pratfalls of pursuing a public policy agenda without due regard for sound practices in governance, project design, management and risk management. It also highlights some of the dangers inherent in the operation of appointed boards and particularly reinforces the call for clarity of roles and responsibilities in and clear lines of accountability for such boards. In this particular case it will likely be the

government of the day that is ultimately held to account by the voting shareholders in the province.

19. Saskatchewan Health Districts

Saskatchewan, in 1992, began to reform and renew its health system through what was promoted as a ‘wellness’ approach. It was the first province in Canada to consolidate a full range of acute, long-term, home care and community health services under local health authorities. It was also the first to provide for publicly elected representation on such boards. Another stated objective was to provide more local control of decision-making about health care needs and services.

Although the initiative to restructure health services was promoted as a ‘wellness’ approach, it was clearly, in the minds of many, an attempt to constrain costs and ‘rationalize’ services. Some have described this as ‘rationing’ services through waiting lists and service bottlenecks. A 1997 survey of board members and district managers revealed “approximately half believed that offloading tough financial decisions was the main rationale behind the shift of authority from government to districts”. (*HEALNet,p.i*)¹

Approximately two-thirds of district health board members are elected by residents of wards (constituencies) within the districts. The Minister of Health appoints the remainder. This creates a structure of dual accountability that is more difficult to manage by boards, district managers and provincial government officials.

“Only 8% of board members (surveyed in 1997) thought that the views of elected members carry more weight within the board itself. However, almost half felt that appointed members have more legitimacy and credibility in the community, increasing to 58% among district managers and 64% of Sask. Health managers. In general, Sask. Health managers perceive a greater difference between appointed and elected members, with more than one-third disagreeing that the distinction between the two becomes unimportant over time.” (*HEALNet,p.11*)

The fact that there are two different methods for selection of board members creates an immediate distinction between them. They do not begin their terms of office on common ground. Appointees tend to be individuals more in favour with the government of the day. Elected board members, particularly those in rural areas where there is less support for the current government, tend to be less supportive of the policies of the government of the day. This creates an immediate climate of suspicion and distrust between the two groups. This may dissipate somewhat as the two groups work together but elected members are significantly more skeptical of the government’s promotion of the health reforms as based on improvement of population wellness rather than fiscal constraint. (*HEALNet,p.11*)

¹ “Regionalization at Age Five”. Kouri, D. et al. ‘*HealNet*’ Saskatoon December 1997.

Appointed members are perceived by informants as having more influence with, and being more subject to the influence of, the government that appointed them. Elected members are perceived as having greater latitude to criticize government policies publicly but having less informal influence with the government than appointed members.

Saskatchewan's health care system in the late 1990's, despite these governance paradoxes, rated highly in comparison with other provinces. Nevertheless, by the end of the decade it was clear that many residents of the province were displeased with the accessibility of health care services and rejected the NDP's bid for a third consecutive majority government. The government also recognized that the reforms had been insufficient to deal with a looming health care crisis fuelled by an aging population, advancing technology and disaffected taxpayers. Consequently, a 'Commission on Health Care' was appointed to review and make recommendations for dealing with this imminent crisis.

20. School Boards in Canada

School boards have had a unique role among Canadian public institutions due to their mandate under provincial legislation, constitutional guarantees for school boards and education and, historically, their capacity to levy taxes as a lower tier of government. Although they may not be commonly regarded as 'non-profit' organizations since they are elected rather than voluntary boards, they do operate as non-profit corporations in the public interest.

Their mandate typically requires their direct involvement in aspects of operational issues such as personnel management, school closures, student discipline, and public consultations. The legislative and regulatory parameters established for their operations also include strict conflict of interest provisions. These factors combine with their elected status to create a unique model of 'Constituent Representational' governance blended in many cases with elements of 'Management', 'Traditional' and 'Policy Governance' approaches depending on the size and history of the particular board.

The survey data reported here suggests that trustees give more than twice as much weight to students as their primary constituents than to parents and taxpayers. This may be somewhat surprising given that they are elected and, as such, are directly accountable to voters for their performance. Many of those interviewed for this study expressed skepticism about the survey responses on that particular item.

One of the primary challenges to trustees, particularly those elected on a ward or constituency basis, must be to balance narrower constituent or special interests with the overall interests of their school districts. Trustees interviewed for this study reported a strong sense of accountability to the local (taxpaying) electorate. However, there is evidence (*high acclamation rate, low voter turnout for elections and public meetings*) that general public (as opposed to parental) interest may be diminishing.

School boards have experienced a ‘sea change’ over the past decade as their numbers have been reduced through mergers, their authority to levy and collect local taxes has been usurped by governments in most provincial jurisdictions and they have faced constraints similar to other governing bodies dependent on funding from a ‘tax-fatigued’ public. The erosion of local taxing authority has reduced board latitude in discretionary spending on programs. Local board involvement and authority in collective bargaining has been eliminated or reduced in most jurisdictions. This has raised questions about the continued relevance of school boards.

The confluence of these factors in the last decade has stimulated boards to reexamine their roles. There has been, since the mid-nineties, a substantial increase in attention to broader governance responsibilities; greater clarification of the respective roles of trustees and administrators, better board orientation, improved processes for evaluation of staff, student and program performance and a more strategic approach to planning. Many trustees have sought new ways of connecting to their constituents. One trustee circulates board agendas to the Chairperson of the twelve local ‘School Councils’ in her constituency before every meeting and solicits their views on agenda items.

Resource disparities and socio-economic differences between and within school boards make comparison of results on performance measures very difficult. The resource disparities may be reduced in those provinces that redistribute property taxes. However, the demand for enriched programming in communities that previously enjoyed such services has not diminished in ‘lock-step’ with the withdrawal of local taxation rights.

“Almost unanimously, board members responding to the 1991 CSBA survey (*‘Introspection’*²) pointed to the unity their boards demonstrate on most matters as their principal strength. Another significant strength is the ‘general good will and sincere desire on behalf of most trustees to do the best for all students’.” (*‘Introspection’*, p. 97) The fact that they are elected by their community, and in that capacity can act as a buffer between the province and local needs, is also perceived as a principal strength. One wonders if a survey conducted today would elicit similar results.

² “Introspection: Canadian School Boards Look at Themselves”. Canadian School Boards Association. Ottawa July 1991.