

Chapter 30 Regional Health Authorities—Board Governance Survey

1.0 MAIN POINTS

We surveyed board members and selected executives of regional health authorities (RHAs) to gain an understanding of the state of board governance in health regions, to identify issues as perceived by board members and senior management, and to identify opportunities to improve governance practices. This chapter presents selected results from the survey. The full report is available at www.auditor.sk.ca.

The survey gathered board member and executive views in the areas of:

- › Board Purpose
- › Board Membership
- › Board Culture
- › Education, Training, and Evaluations
- › External Relationships
- › Accountability
- › Board Structure
- › Information for Decision Making
- › Internal Relationships

The survey results provide interesting and important insights into a range of governance areas. The results show that the views of board members and executives are sometimes surprisingly far apart. The results also indicate that views of board members and executives can differ depending on whether the RHA is urban, urban/rural, or northern (these differences are explored in the full report).

We encourage RHA board members to consider the survey results and discuss the results within their own board and with their executives. We also encourage RHAs to use the survey results as a resource for constructive dialogue with the Ministry of Health. The Ministry and RHAs could also consider how the survey results could be used to enhance governance training. We hope this chapter and the full report will offer insight into promoting effective governance in the health sector.

2.0 INTRODUCTION

This chapter presents selected findings of a governance survey we conducted of twelve regional health authorities (RHAs) and the Athabasca Health Authority. Effective governance is of particular importance for RHAs due to the high value that people place on the healthcare system, the challenges in service delivery stemming from an aging population and limited resources, and the large budgets of RHAs (collectively \$2.9 billion in 2012-2013¹).

Our survey was not an audit or evaluation of RHA boards; it was intended to increase awareness of current governance practices of these boards. In particular, the purpose of our study was to:

- › Gain an understanding of the state of RHA governance

¹ Saskatchewan Ministry of Health. (2012). *Plan for 2012-13*.



- › Identify issues as perceived by board members and senior management
- › Raise awareness of governance issues and best practices
- › Enable board members and senior management to assess their governance practices against best practices
- › Identify opportunities for improvement of governance practices

3.0 BACKGROUND

Regional health authorities in Saskatchewan are responsible for the planning, organization, delivery and evaluation of health services. RHAs are accountable to the Ministry of Health for fulfilling their roles and responsibilities. A board governs each RHA, with membership currently ranging from eight to eleven members appointed by Cabinet.

While included in our survey, the Athabasca Health Authority was not created by *The Regional Health Services Act*.² The Athabasca Health Authority was included in this survey because of similarities in its mandate, governance structure, roles and responsibilities, and accountability to the provincial government.

RHAs in Saskatchewan face different challenges depending on their location. To provide insight into these challenges and with input from the Ministry of Health, in the full report, we divide RHAs into three types: urban, urban/rural, and northern (see **Figure 1**). In this chapter, the survey results combine responses from all board members.

Figure 1 – Regional Health Authority Information

Regional Health Authority	Grouping	Covered Population Served ³ (2012)	Annual Budget from Ministry of Health (2012-2013) In thousands
Cypress	Urban/Rural	43,982	\$ 108,536
Five Hills	Urban/Rural	54,994	\$ 131,573
Heartland	Urban/Rural	43,626	\$ 81,947
Keewatin Yatthe	Northern	12,001	\$ 24,644
Kelsey Trail	Urban/Rural	41,902	\$ 103,570
Mamawetan Churchill River	Northern	23,833	\$ 25,431
Prairie North	Urban/Rural	78,072	\$ 190,746
Prince Albert Parkland	Urban/Rural	79,926	\$ 187,514
Regina Qu'Appelle ⁴	Urban	271,503	\$ 823,011
Saskatoon ⁵	Urban	323,938	\$ 921,990

² Athabasca Health Authority is a membership corporation, established under *The Non-profit Corporations Act, 1995*, and is jointly funded by the provincial and federal governments. Five groups comprise the membership: the Black Lake Denesuline First Nation, the Fond du Lac Denesuline First Nation, the Northern Hamlet of Stony Rapids, Uranium City, and Camsell Portage. These five members appoint directors to serve on the Athabasca Health Authority Board.

³ Covered population is based on eligibility for health insurance benefits in Saskatchewan.

⁴ While Regina Qu'Appelle and Saskatoon are classified as urban for the purposes of this chapter, they also serve significant town and rural populations.

⁵ Ibid.

Regional Health Authority	Grouping	Covered Population Served ⁹ (2012)	Annual Budget from Ministry of Health (2012-2013) In thousands
Sun Country	Urban/Rural	56,890	\$ 122,807
Sunrise	Urban/Rural	57,678	\$ 179,888
Athabasca	Northern	2,608	\$ 6,425
TOTAL		1,090,953 ⁶	\$ 2,908,082

Population source: Saskatchewan Ministry of Health, Covered Population, 2012

Annual Budget source: Saskatchewan Ministry of Finance, Provincial Budget Estimates, 2012-13

4.0 METHODOLOGY

Two surveys were developed by our office. One survey was designed for current and recent past board members, while the other was designed for executives of each RHA who work closely with the board: the Chief Executive Officer (CEO) and the Chief Financial Officer.

The survey took place over November and December 2012. Surveys were completed by respondents and reflect their opinions and experiences serving as board members and executives.

In total, 191 surveys were distributed and 132 were completed, giving an overall response rate of 69%. 80% of current board member surveys, 39% of former board member surveys, and 65% of executive surveys were returned.

For most questions, respondents were asked to rank how strongly they identified with different statements regarding board governance using a scale of 1 to 5 with values as follows: 1 = strongly disagree; 2 = disagree; 3 = neutral/neither; 4 = agree; 5 = strongly agree. For the purposes of this report, we grouped responses 1 and 2 together as “disagree” and grouped responses 4 and 5 together as “agree.”

The practices reflected in our questions were developed from governance literature, the work of the Ministry of Health, and the work of other legislative audit offices. In particular, we referenced governance studies developed by the Office of the Auditor General of Manitoba.

5.0 SELECTED RESULTS

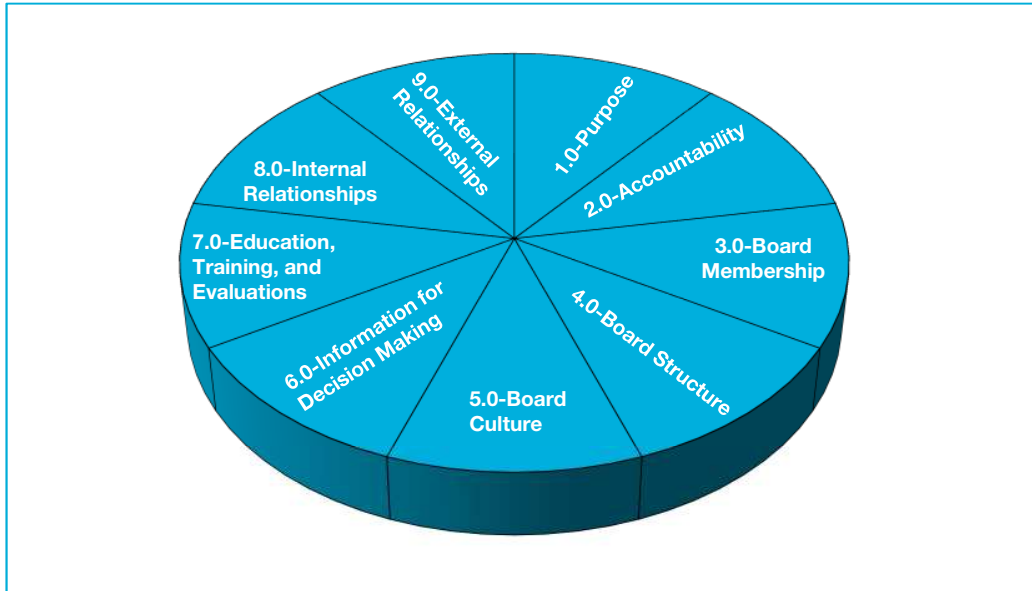
The Ministry of Health’s *Guide to Corporate Governance* (Board Governance Toolkit) describes governance as “stewardship where the governing body guides the strategic direction of the organization” (p. 3.1). This section of the report is organized around the nine governance attributes outlined in **Figure 2**.

⁶ The Ministry of Health publication “Covered Population 2012, Notice to Readers” notes that “The Covered Population figures have been closest to Statistics Canada population estimates in the years following a health card renewal...The next health card renewal year will be 2014.”



Within these broader attributes, we present a more detailed breakdown of topics with selected survey results.

Figure 2—Nine Attributes of Governance

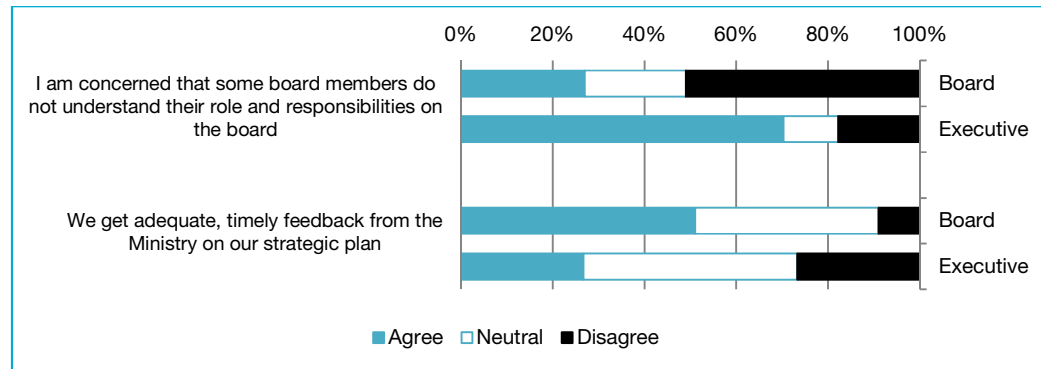


Source: Adapted from the Office of the Auditor General of Manitoba.

1.0 Purpose

The purpose of RHA boards in Saskatchewan is to make decisions regarding the planning, organization, delivery, and evaluation of health services. It is important that board members understand the role of the RHA board, and their individual responsibilities as board members. Using this knowledge of their role and responsibilities, board members should establish the vision and mission, as well as directions, key expectations, and performance measures for their RHA.

Given the importance of strategic planning, it is important that boards are active in providing input to the Ministry for the Ministry's setting of the overall strategic direction of the health system. Boards should identify specific performance goals and objectives they expect their RHAs to achieve in fulfilling their responsibilities. When making decisions, boards should then refer to their plans to determine whether their decisions are working towards their region's priorities and the Ministry's strategic direction. As well, it is important that boards receive adequate and timely feedback from the Ministry on their plans.

Figure 3—Board Mandate and Strategic Direction

Source: Provincial Auditor Saskatchewan (2013)

1.1 Role, Mandate, and Values

We noted that most board members and executives have a positive outlook on the role and mandate of their RHA board. However, the survey found that over two-thirds of executives are concerned about the understanding of board members with respect to their role and responsibilities.

1.2 Strategic Direction

In general, board members had a more positive view than executives of their RHA's use of strategic planning. The survey found that only one-half of board members and less than one-third of executives believe the Ministry gives adequate and timely feedback on their strategic plan. It should be noted that the Ministry of Health is responsible for setting the strategic direction of the health system and that RHAs are expected to align their plans with the Ministry's strategic goals and objectives. The findings merit further analysis and discussion between the Ministry and the RHAs.

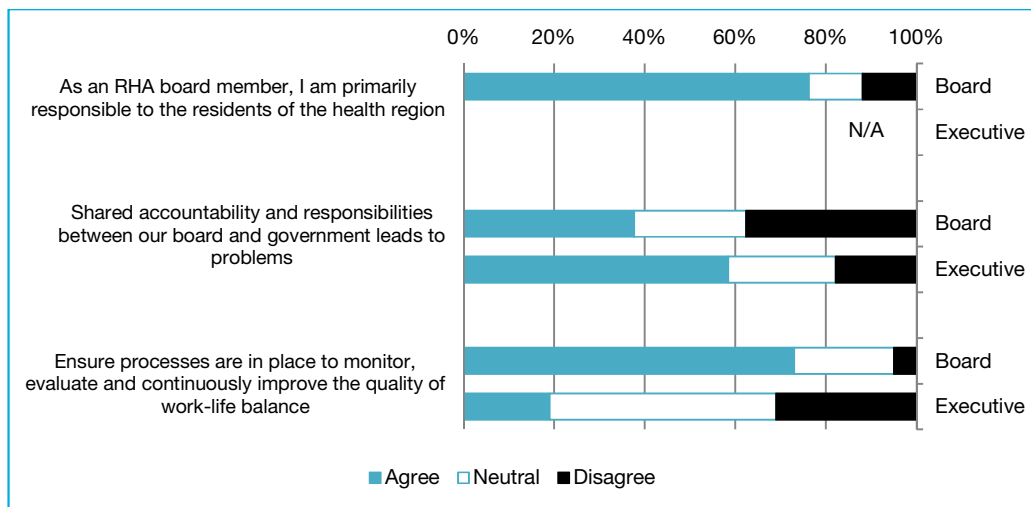
2.0 Accountability

To fulfill the role of RHAs in delivering health services, it is important that board members are clear on their accountability relationships—what they are accountable for and to whom. While RHAs are responsible for identifying local health needs, their primary responsibility is to the Minister of Health. For this relationship to be effective, boards must be clear on their responsibilities to the Minister and ensure these are fulfilled. As well, it is important that boards are given adequate authority, within the parameters set by the law and the Minister, to effectively govern RHAs and that they are clear on how the Ministry monitors RHA performance.

RHA boards must also ensure effective practices are in place to manage and monitor health care priorities for which they are accountable, such as assessing and reporting on the RHAs performance in addressing the health needs of its population and ensuring the privacy of health information.



Figure 4—Accountability



Source: Provincial Auditor Saskatchewan (2013)

2.1 Understanding Accountability

Interestingly, most board members did not perceive their primary accountability to be to the Minister. Rather, most board members were of the view that they are primarily responsible to the residents of the health region.

2.2 Accountability Relationship with Ministry

The Ministry of Health, working with RHA boards, has done considerable work to clarify the accountability roles and responsibilities of RHA boards and the Ministry. Most board members and executives say that accountability and reporting obligations to the Minister and/or Ministry are clear. Despite this, over one-third of board members and over one-half of executives agree that shared accountability and responsibilities between boards and the Government leads to problems.

2.3 Meeting Accountability Requirements

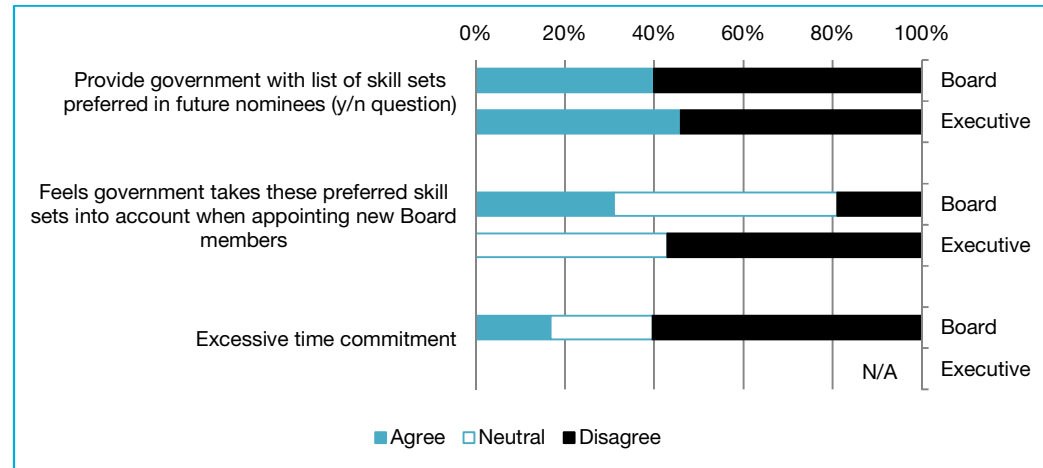
We noted that, in general, board members had a more positive view than executives with respect to their board's work in meeting accountability requirements. The biggest difference was noted in satisfaction that their board ensures processes are in place to monitor, evaluate and continuously improve the quality of work-life: about three-quarters of board members, but only one-fifth of executives were satisfied.

3.0 Membership

Attributes of individual board members, the appointment process, and the commitment of board members strongly influence how well boards are able to carry out their duties. Boards need to have an effective renewal period, maintaining a balance between the fresh perspectives that new members bring and the knowledge and familiarity of longer-serving members.

To maintain a positive board culture, it is important that members are committed to their role as board members, do not find the time commitment to be excessive, feel satisfied with what they accomplish, and work with equally-committed board colleagues.

Figure 5—Board Membership



Source: Provincial Auditor Saskatchewan (2013)

3.1 Board Composition

Board members and executives identified representation of community values/ethics, leadership skills, and representation of community demographics and diversity as the most important skills and characteristics for board members to possess. Leadership skills and financial expertise were identified by board members and executives as the largest gaps between their importance and their current representation on boards. Our full report (at www.auditor.sk.ca) outlines these views of board members and executives.

3.2 Board Renewal and Appointment

Although board members and executives identified shortages in some skills on their board, less than one-half of board members and executives agree that their board identifies these skills and provides the Government with a list of these skill sets preferred in future members. About one-fifth of board members and more than half of executives think the Government does not take these identified skills into account when appointing new board members.

3.3 Board Member Commitment and Satisfaction

Although most board members and executives agree the time commitment to be an RHA board member has increased substantially in the past few years, less than one-fifth of board members think the time commitment to be a board member is excessive.



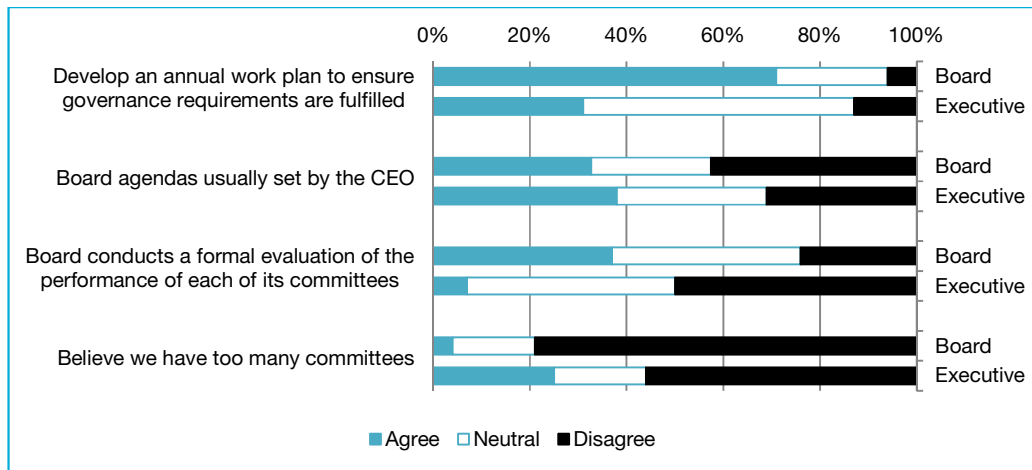
4.0 Structure

Board structure is the framework within which board governance takes place. Board practices, such as the number of meetings per year and conflict-of-interest policies, agenda setting, and committee organization and influence shape board structure. Annual work plans, for example, help boards focus on meeting their governance requirements and responsibilities.

The Chairperson is responsible for setting the board's meeting agenda, and he or she should work with management in performing this task. It is important that board members do not play a passive role, and that they have the opportunity to contribute.

The mandate and authority of each committee should be clearly articulated and periodically reviewed so that the work of committees can remain focused. An annual evaluation of the performance of each committee can help ensure the effective functioning of committees.

Figure 6—Board Structure



Source: Provincial Auditor Saskatchewan (2013)

4.1 Board Practices

Board members and executives had overall positive responses with respect to board practices. However, we found that while most board members think their board develops an annual work plan to ensure governance requirements are fulfilled, less than one-third of executives agree.

4.2 Agenda Setting

Although the responsibility of the board chair, over one-third of board members and executives agree that their board's agendas are usually set by the CEO.

4.3 Committees

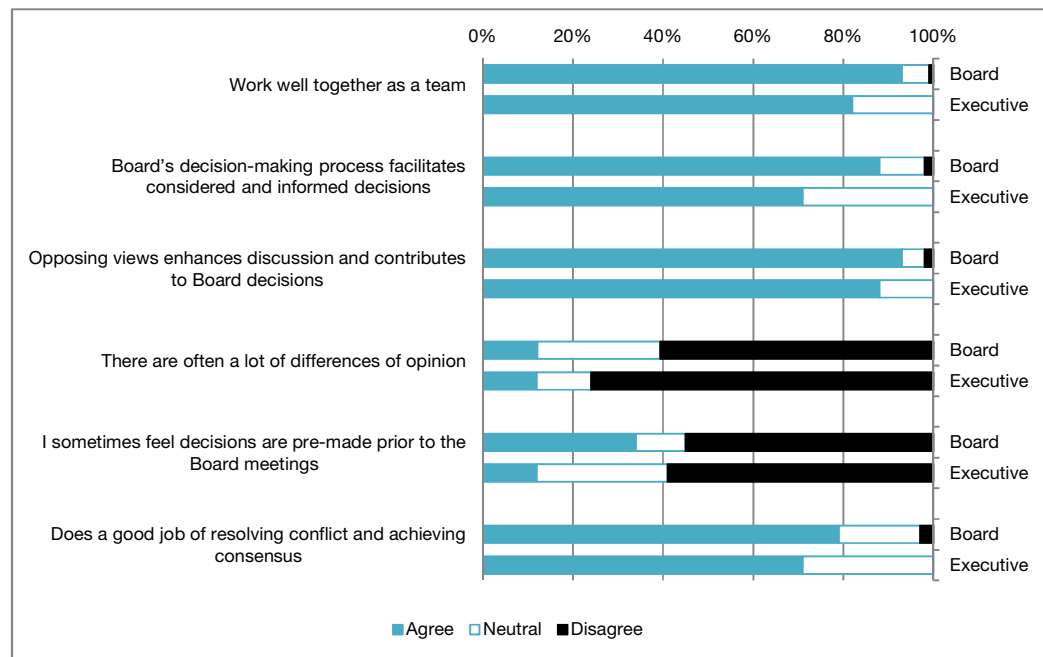
We received a mixture of responses from board members and executives with respect to the use of committees. For example, just over one-third of board members and less than 10% of executives agree their board conducts a formal evaluation of the performance of each of its committees. While only 4% of board members think their board has too many committees, one-quarter of executives believe this is the case.

5.0 Board Culture

Board culture is affected by, and has a strong influence on, board member participation, debate, and ultimately, decision making. Boards should foster a culture of participation and diversity of opinion. Board members should not feel constrained or reluctant to ask questions or participate in discussions. Differences of opinion and opposing viewpoints should be expressed to permit the board to come to informed decisions. Boards must also ensure they are comfortable evaluating management’s suggested solutions and alternatives, and ensure they do not merely rubberstamp decisions.

A capable chairperson is necessary to facilitate board meetings and ensure the business of the board is being appropriately conducted. The chairperson plays a key role in maintaining positive team dynamics, managing conflict on the board, and ensuring that all board members participate in productive discussions and debates.

Figure 7 – Board Culture



Source: Provincial Auditor Saskatchewan (2013)



5.1 Board Member Participation

We found that overall, board members and executives believe that board member participation on their board is strong. For example, most board members and executives agree that their board works well together as a team.

5.2 Board Debate and Decision Making

Board members and executives appear to have a positive view of their board's debate and decision-making processes. For example, most board members and executives agree their board's decision-making process facilitates considered and informed decisions. While most board members and executives believe that opposing views enhance discussion and contribute to decisions, few say that there are often a lot of differences of opinion on their board.

5.3 Board Decision Making and Management

Board members and executives generally had a positive view of management's role in decision making. However, we found that close to one-third of board members feel that sometimes decisions are pre-made prior to board meetings.

5.4 Chairperson

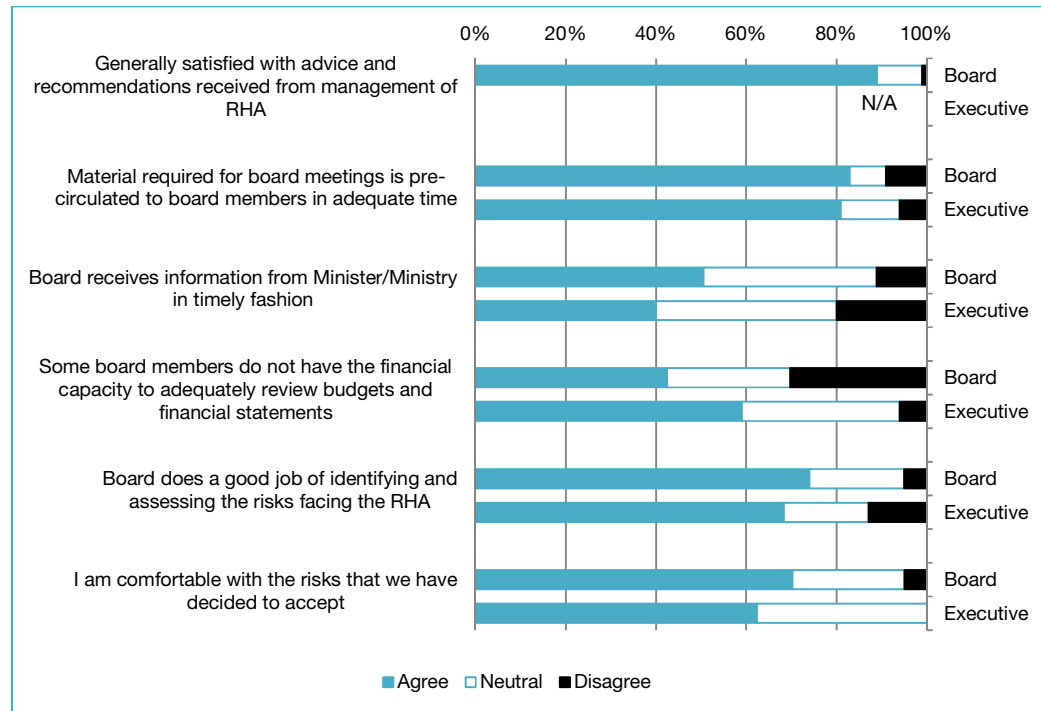
We found that most board members and executives believe their board chairperson is effective in their role. For example, most board members and executives agree their chairperson does a good job of resolving conflict and achieving consensus on their board.

6.0 Information for Decision Making

Board decisions are based on different types of information; thus, it is important that boards identify the information necessary to make well-informed decisions. Information provided to boards should enable board members to make well-informed governance decisions and allow them to monitor the performance of their RHA. Information provided to boards should be timely, clear, and relevant.

Adequate monitoring of an RHA's performance involves analysis of financial information. Because of this, management needs to provide boards with appropriate financial information. Because financial expertise varies, management must ensure that it clearly explains the financial information presented to boards.

Boards should regularly include issues related to risk management on agendas and specify the scope and frequency of risk reports to be received from management. Boards should ensure they are clear about the risks they have decided to accept.

Figure 8—Information for Decision Making

Source: Provincial Auditor Saskatchewan (2013)

6.1 Information Needs

The majority of board members indicate they are satisfied with the advice and recommendations that they receive from management.

6.2 Timing and Delivery of Information

Most board members and executives are satisfied that material required for board meetings is pre-circulated to board members in adequate time. However, only one-half of board members and 40% of executives agree that the board receives information from the Minister and/or Ministry in a timely fashion.

6.3 Information Content

As discussed in our full report, the majority of board members are satisfied with the information they receive. When given a list of information attributes, board members agreed strongly that the information they receive contains an appropriate level of detail and monitors performance and progress against plan. See our full report (at www.auditor.sk.ca) for more detail about board member and executive satisfaction with information content.

6.4 Financial Information

Board members and executives agree that boards are provided with sufficient financial reporting from management and that budgets and financial statements are appropriately



explained to board members. However, over one-third of board members and just under two-thirds of executives agree that some board members do not have the financial capacity to adequately review budgets and financial statements.

6.5 Risk Management

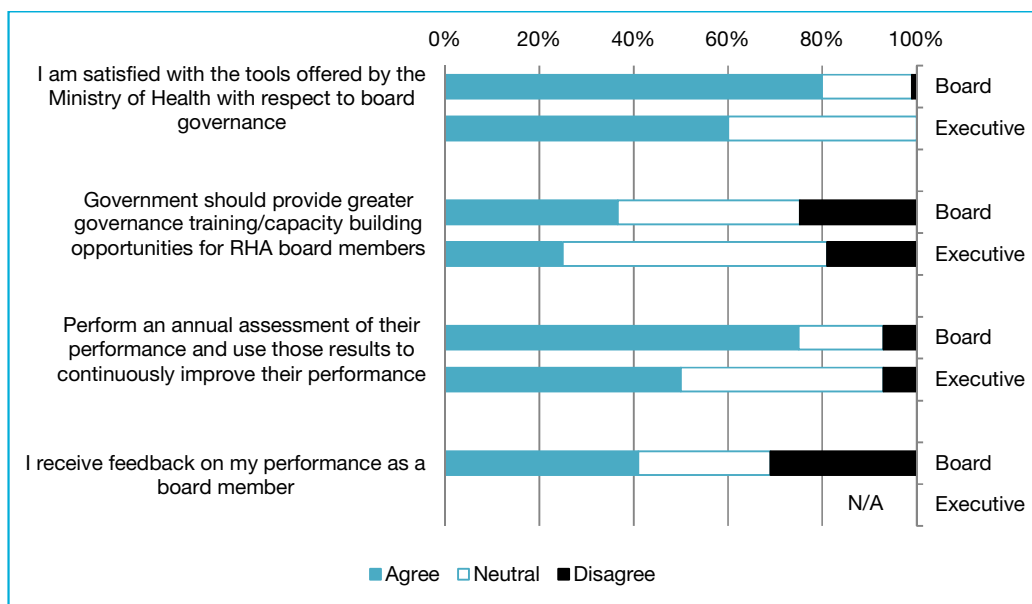
The majority of board members and executives agree that boards do a good job of identifying and assessing risks facing RHAs. As well, they agree that they are comfortable with the risks boards have decided to accept.

7.0 Education, Training, and Evaluations

The provision of education and training to board members can be an invaluable way to increase the effectiveness of RHA boards. Education and training not only increase board member knowledge, but promote a common understanding of the goals and work of their organization and the sector.

Boards should conduct regular assessments of their performance and use these results to improve their performance. Individual board members should also receive feedback on their performance to enhance the overall functioning and capacity of the board to govern.

Figure 9—Education, Training, and Evaluations



Source: Provincial Auditor Saskatchewan (2013)

7.1 Board Education and Training

Most board members and executives are satisfied with tools offered by the Ministry with respect to board governance. Despite this satisfaction, over one-third of board members and one-quarter of executives agree that the Government should provide greater governance training/capacity building opportunities for RHA board members.

7.2 Board Evaluations

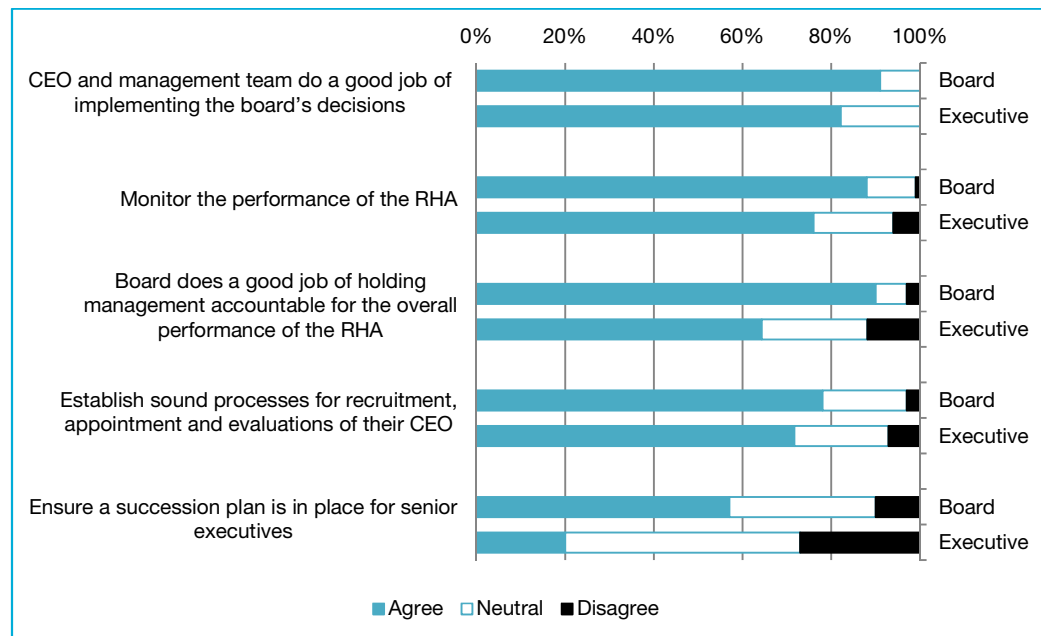
Although three-quarters of board members report their board performs an annual assessment of its performance and uses those results to continuously improve its performance, only one-half of executives agree. As well, less than one-half of board members agree they receive feedback on their individual performance as a board member.

8.0 Internal Relationships

RHA boards work together with senior management to deliver health care. Because of this, it is important that they have a positive working relationship. Board members and executives must share a common view of the RHA's priorities and clearly delineate their separate roles and authorities. Management must ensure they advise the board about issues or challenges facing the RHA, so that board members can make informed decisions. Board members, meanwhile, must ensure they focus on issues of governance and not become involved in day-to-day management decisions.

As part of their responsibilities, boards are also responsible for evaluating senior management, ensuring there is a succession plan in place for senior executives, and establishing sound processes for the recruitment, appointment, and evaluation of the CEO. It is also important that boards establish clear, measurable expectations for their CEO and perform annual performance evaluations. Boards must also take or require action if the CEO or RHA is not meeting board expectations.

Figure 10—Internal Relationships



Source: Provincial Auditor Saskatchewan (2013)



8.1 Relationship with Senior Management

Overall, board members and executives indicate that they enjoy a positive working relationship. For example, most board members and executives agree that the CEO and management team do a good job of implementing board decisions.

8.2 Management Performance Evaluation

Most board members and executives also responded positively around the area of management performance evaluation. Most board members and executives are confident their board monitors the performance of the RHA. While a large majority of board members feel that their board does a good job of holding management accountable for the performance of the RHA, only two-thirds of executives agree.

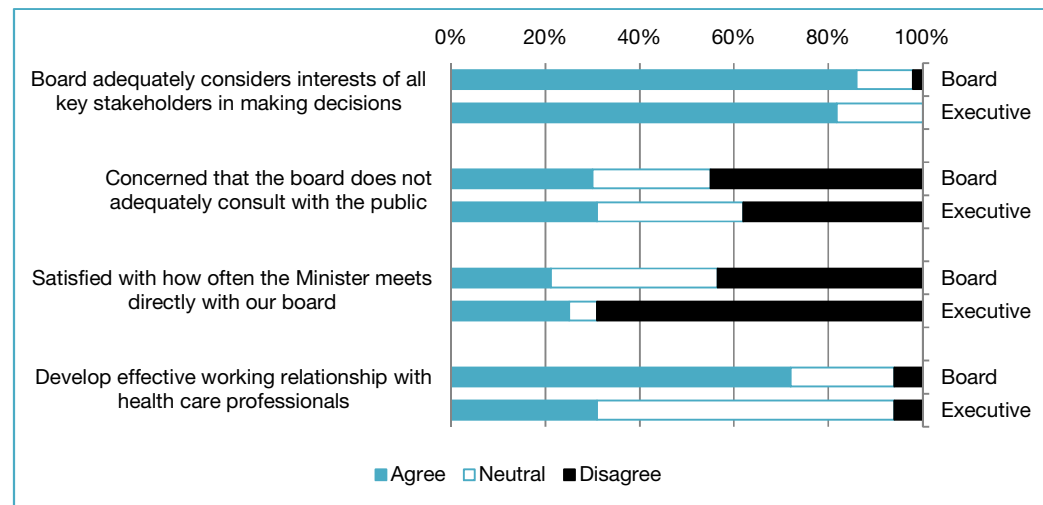
8.3 CEO Appointment and Compensation

Most board members and executives are satisfied with the processes that their board has established for the recruitment, appointment, and evaluation of the CEO. However, less than two-thirds of board members and only one fifth of executives are satisfied with their board's work in ensuring a succession plan is in place for senior executives.

9.0 External Relationships

Although ultimately accountable to the Government, it is important that boards consider the interests of all key stakeholders. As well, boards should be proactive in trying to assist the Minister and the Ministry in understanding the issues faced by their RHAs.

Due to the rising costs of the health care system and the challenges of meeting changing needs and priorities, it is important for boards to work with other organizations and RHAs to improve the effectiveness of health programs and delivery, and to reduce costs. RHA boards should also develop effective working relationships with health care professionals.

Figure 11 – External Relationships

Source: Provincial Auditor Saskatchewan (2013)

9.1 Relationship with Public

While most board members and executives think they adequately consider the interests of all key stakeholders in making decisions, about one-third of board members and executives are concerned that their board does not adequately consult with the public.

9.2 Relationships with Ministry and Provincial Government

We noted that it appears there is room for improvement in the relationship between RHA boards and the Ministry of Health. For example, only about one fifth of board members and one-quarter of executives reported being satisfied with how often the Minister of Health meets with their board.

9.3 Relationships within Health Care Field

Although almost three-quarters board members indicate they are satisfied with their board's work in developing effective working relationships with health care professionals, less than one-third of executives indicate they are satisfied.

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