

## Chapter 21

### Carlton Trail College—Equipping the Board with Competencies to Govern

#### 1.0 MAIN POINTS

In order for a board to be effective, it needs to possess or obtain a collective set of competencies.

Carlton Trail College had effective processes, other than the three following areas, to equip its Board with the necessary competencies to govern. The Board of the College needs to decide how often to reassess desired and existing board competencies and evaluate the effectiveness of its board governance. It needs to identify when other methods such as training and using external expertise would assist in addressing these competency gaps. Carlton Trail College also needs to develop guidance on making timely recommendations of potential board members to the Ministry of Advanced Education. This would enable the Ministry to recommend members for vacant positions to Cabinet whose expertise would fill identified gaps sooner.

Not being aware of gaps in board competencies and not addressing them increases the risk of weakened or ineffective board governance.

#### 2.0 INTRODUCTION

##### 2.1 Carlton Trail Regional College

Carlton Trail College is one of seven Saskatchewan regional colleges. It was established under *The Regional Colleges Act*.

Carlton Trail maintains offices in Humboldt, Watrous, and Wynyard. It employs over 40 administrative and program-delivery staff, along with instructional staff for a wide variety of programs such as Adult Basic Education and industry specialties (e.g., construction, agriculture, power engineering), and teaching staff, as needed.<sup>1</sup> Carlton Trail College's budgeted revenues for 2017-2018 were \$7.3 million.<sup>2</sup>

Management of the College is responsible for the day-to-day operations of the organization.

A Cabinet-appointed Board oversees the College and can establish policies for the College's administration, personnel, operations, and courses, with the oversight of the Ministry of Advanced Education.<sup>3</sup> Carlton Trail's website has detailed biographies of each board member.<sup>4</sup> *The Regional Colleges Act* does not permit Cabinet to appoint members to more than two consecutive terms.

<sup>1</sup> [www.carltontrailcollege.com/about-us/our-story](http://www.carltontrailcollege.com/about-us/our-story) (25 April 2018).

<sup>2</sup> Carlton Trail College, *Multiyear Business Plan 2017-2020*, p. 32.

<sup>3</sup> Sections 12 and 13 of *The Regional Colleges Act*.

<sup>4</sup> [www.carltontrailcollege.com/](http://www.carltontrailcollege.com/) (17 August 2018).



At June 2018, the Board of Carlton Trail was comprised of seven members. Cabinet first appointed four of the current seven members in September 2011, one in April 2014, and two in May 2018. Each of these members served past their term for at least one of their appointments.

## 2.2 Importance of Effective Board Governance

Well-managed organizations are typically well-governed organizations. Effective oversight of management helps an organization to achieve its objectives. Boards provide this oversight through governance.

Effective governance of public sector agencies helps them operate within their legislative mandate, provide services to the public in an efficient and effective manner, and monitor risks.

Effective governance of a regional college is of particular importance given the role of education in our society. The post-secondary education sector plays a critical role in educating people to be successful, and, as a result, supporting our economy.

Attributes of individual board members and the commitment of board members strongly influences how well boards are able to carry out their governance duties. Today, well-governed boards know what attributes (competencies) they should collectively possess to govern, know what attributes they possess, and take action to fill identified gaps.

Competencies necessary to govern refer to the board members' knowledge, skills, and experiences and include areas such as leadership skills, industry experience, financial expertise, legal expertise, and IT expertise.

Not being aware of gaps in board competencies and not addressing them increases the risk of weakened or ineffective board governance.

## 3.0 AUDIT CONCLUSION

**We concluded that, for the 12-month period ended June 30, 2018, Carlton Trail College had effective processes, except in the following areas, to equip its Board with the necessary competencies to govern. The Board of Carlton Trail College needs to:**

- **Establish clear requirements for periodic reassessment of desired and existing board competencies and reassess how often it evaluates the effectiveness of its board governance**
- **Identify and incorporate alternatives such as training or external expertise into plans to address identified competency gaps**
- **Develop guidance on making timely recommendations of potential board members to the Ministry of Advanced Education**

**Figure 1—Audit Objective, Criteria, and Approach**

**Audit Objective:** to assess the effectiveness of Carlton Trail College’s processes, for the 12-month period ending June 30, 2018, to equip its Board of Directors with the necessary competencies to govern.

**Audit Criteria:**

Processes to:

- 1. Determine board competencies necessary to govern**
  - 1.1 Assess regional college operating environment and impact on competency requirements (e.g., roles and responsibilities, knowledge, specific skill sets needed)
  - 1.2 Identify board competencies necessary to govern given environment (i.e., collectively and for each board member)
  - 1.3 Periodically reassess necessary competencies
- 2. Identify gaps between necessary and existing board competencies**
  - 2.1 Maintain information on board competencies (collectively and for each board member)
  - 2.2 Compare existing board competencies to necessary board competencies
  - 2.3 Communicate gaps
- 3. Implement the plan to address gaps in board competencies**
  - 3.1 Identify alternative methods for addressing competency gaps (e.g., training, external experts)
  - 3.2 Take steps to address gaps in board competencies (e.g., provide orientation, training and development opportunities, or access to external assistance, for board members in accordance with the plan)
  - 3.3 Monitor whether gaps are addressed (e.g., through periodic board evaluations)
  - 3.4 Adjust the plan as required

**Audit Approach:**

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate Carlton Trail College’s processes, we used the above criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. **Section 5.0** includes key sources for these criteria. Management agreed with the above criteria.

We examined the College’s policies and procedures that relate to board competencies. We interviewed relevant staff responsible for assisting and equipping the board with necessary competencies. We reviewed board minutes and other documentation related to board competencies. We also compared competencies and practices to other sources of good practice.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Desired Board Competencies to Govern Mostly Determined

The College has documented and agreed upon which competencies that it expects its Board members to possess to effectively govern the College. Those competencies are, for the most part, consistent with those set out in best practice for boards governing post-secondary institutions.

The College set out the desired competencies of its Board in a competency matrix. Its matrix sets out competencies that individual board members should possess to govern the College as well as competencies for the Board as a whole.

As **Figure 2** shows, the matrix groups competencies into the following four categories: character attributes, functional skills, sector knowledge, and diversity.

**Figure 2—Board Competency Matrix**

Character Attributes	Functional Skills	Sector Knowledge Experience	Diversity
Personal attributes	Financial literacy	Financial – Accounting Expertise	Female
Ethics and integrity	Leadership	Educational Sector	Male
Business judgment	Strategic planning	Labour Relations	Aboriginal
Team player	Board of Directors	Trades Sector	Visible minority
Strong reasoning skills	Risk management	Business and Commerce	North (part of college region)
Capable of wide perspective	Human resources	Natural Resource Sector	Central (part of region)
Competencies		Economic Development	South (part of region)
Operations/technical		Information Technology	Urban
Business management			Rural

Source: Adapted from Competency Matrix from Carlton Trail College.

The College developed its board competency matrix in 2016 and updated it in 2017. It used related templates from the Ministry of Advanced Education and information from a Canadian organization specializing in governance practices and providing governance training to various Saskatchewan educational institutions.

The College designed the matrix to enable board members to self-assess their current level of competencies against the desired level of competencies for areas within each of the categories.

We found the design of the matrix facilitates ready identification of areas of strength and gaps in competencies of the Board.

In addition, we found the matrix possessed almost all competencies desired of a well-governing board of a post-secondary institution. We found it was consistent with the Board's general operating principles, roles, and responsibilities of the board members as set out in the College's board charter, bylaws, and policies. The matrix did not specifically list a few areas suggested by either the Ministry or other good practice. These areas include communication skills, general legal expertise, knowledge of how the government operates, or sector knowledge in the areas the College offers training (e.g., health care). However, it captured the key competencies needed.

## 4.2 Frequency of Assessments of Board Competency Not Set and Governance Assessments Too Often

Carlton Trail College did not set out the frequency of assessing board competencies. Carlton Trail College assessed the collective competencies of the current Board solely for board recruitment purposes.

Carlton Trail College assesses its governance practices three times a year. Good practice indicates that annual governance self-assessments would be sufficient.

The College keeps its policies related to board development, board competencies and skills, board member recruitment, and evaluation of board governance properly approved and up to date.

Consistent with the College's Board Recruitment Policy, the Board self-assessed, in October 2017, its competencies to govern using the College's board competency matrix (see **Figure 2**). The Board Recruitment Policy requires an assessment of the current board member competencies against the matrix to determine desired competencies to seek when recruiting new board members. The Policy does not set out how often this reassessment should occur.

In addition, consistent with its Board Evaluation Policy, as **Figure 3** shows, the Board does two types of self-assessments each year. The primary purpose of these assessments is to evaluate how well the Board is governing the College.

### Figure 3—Carlton Trail College Board Self-Assessments of its Governance

**Internally-facilitated assessment of governance practices:** Twice per year, it formally identifies areas of strength and gaps in its governance practices (e.g., use of data to inform decisions, effectiveness of board meetings).

**Externally facilitated assessment of governance:** Once a year, each board member answers an online survey about the Board's governance (e.g., questions about board members' awareness of specific expectations of the Board, knowledge of the College's bylaws and policies). An independent consultant summarizes the results for the Board.

Source: Adapted from Carlton Trail College information and staff interviews.

While not the primary purpose, these evaluations of board governance assess several (e.g., leadership and strategic planning) but not all key areas of the Board's competencies (e.g., financial skills).

In its competency self-assessment in October 2017, the Board identified a few competency gaps (e.g., financial literacy, risk management, labour relations). In addition, the annual governance self-assessments we reviewed indicate the Board thinks it governs effectively, and has only a few areas of governance to enhance.

Periodic board evaluations of governance and competencies can provide members with valuable insight as to whether they have the knowledge, skills and abilities to govern effectively and are doing a good job governing. Because board members of regional colleges serve for up to a maximum of two three-year terms, periodically assessing both desired and existing board competencies is important.<sup>5</sup> Those periodic assessments allow a board to verify that, as a whole, it has the competencies needed to govern, and to determine whether it has appropriately addressed identified gaps.

Good practice recognizes the overlap between assessing board competencies and evaluating the effectiveness of board governance. It suggests periodic evaluations of competencies of the existing board and renewal of desired competencies, and annual evaluations of board governance.

<sup>5</sup> *The Regional Colleges Act (Act)* requires Cabinet (through the Lieutenant Governor in Council) to appoint between four and seven members to the board of each of the seven regional colleges in Saskatchewan (for Northland College between four and ten members). It appoints each director from the area the college serves for a three-year term, and cannot reappoint individual members for more than two consecutive terms.



Not having clear requirements on how often to specifically assess board competencies may lead to lack of awareness of gaps in competencies of the existing Board, and not developing a plan to address them resulting in weakened governance.

Having a board self-assess its governance too often may result in assessments becoming a mechanical process and diminishing their value. This is particularly true when results of assessments indicate governance practices generally work and do not identify many areas requiring improvement.

1. **We recommend that Carlton Trail College's Board set clear requirements on how often to reassess desired versus existing competencies.**
2. **We recommend that Carlton Trail College's Board reassess how often it evaluates the effectiveness of its governance.**

### 4.3 Planning to Address Competency Gaps Needed

Carlton Trail College does not consider the results of its assessment of board competencies when developing plans to improve board governance. Recruitment of new board members is the Board's main plan to address identified gaps in competencies of the Board.

Even though board competencies and the quality of governance are interdependent, the College did not explicitly consider the results of its October 2017 competency assessment of the Board when developing its annual Improvement Plan or in selecting board development activities. The annual Improvement Plan sets out specific actions to improve its governance of the College. Actions included confirming meeting dates well in advance to ensure board member attendance, having its strategic planning remain student-focused, and ongoing professional development for the Board.

The Board discusses the results of its annual self-assessments of board governance at its regular meetings. It incorporates results into its annual Improvement Plan.

The Board actively monitored its progress in improving its governance. Twice a year, the Board reviews whether it is on target in achieving its Improvement Plan, or if there is a potential or confirmed concern.

The College orients new board members as they are appointed. We found that the College drafted a new orientation package in 2018. The orientation package includes key:

- Legislation (e.g., *The Regional Colleges Act* and Regulations)
- Planning documents (i.e., Business Plan, Strategic Plan)
- Documents about its operating environment and business (e.g., annual report, organizational chart, Carlton Trail College website)

We found this orientation package sufficiently robust. Management indicated it expects to augment this package with face-to-face orientation for new members in fall 2018.

In addition, the Board has set general expectations for professional development of board members. The Board Charter identifies a minimum requirement for each board member to participate in at least one training session annually, and additional education as identified by the Board. The Board Development Policy indicates board members are to encourage and facilitate personal development. Board members can choose the training they would like to take. The College makes a training budget available to the Board.

We found that all existing board members (with exception of the two members appointed in May 2018) had obtained their Governor Development Certification.<sup>6</sup> Each attended at least 30 hours of professional development in a three-year period to maintain this Certification. We also noted that in each of the three years we reviewed (2016 to 2018), the Board did not spend the entire board's training budget. This was consistent with its focus on fiscal restraint.

However, while we noted management and board members shared and discussed training opportunities for board members at regular meetings, we did not find the Board specifically discussed its identified competency gaps, or plans to address them (other than its plans to consider them when targeting new board members). For example, the Board did not identify additional or focused training for its members to address the gaps or use of external expertise to assist the Board when overseeing areas in which it felt it (as a whole) did not have a sufficient level of competencies.

In addition, we did not see where the Board considered how training taken by its members reduced identified competency gaps. We found little correlation between training taken and existing competency gaps. For example, the National CiCan Conference that the board members attended in April 2018 focused on leadership and risk management but had no content on financial literacy. The Board identified the competency of financial skills as a gap in early 2017 when a board member, with an expired term, resigned, and again in its October 2017 assessment. Also, per our review of the board minutes and discussions with members, the Board did not engage any external experts to fill competency gap areas.

In May 2018, Cabinet appointed two new board members. We found that the new board members possess some of the competencies identified as gaps in the October 2017 assessment (e.g., financial literacy). Unfilled identified competency gaps include sector knowledge (e.g., economic development, IT, and natural resource sectors).

Using periodic board recruitment as the primary way to address identified competency gaps may result in the Board governing without a sufficient level of those competencies for a certain period of time. For example, board members identified the need for additional financial literacy skills in early in 2017, and only obtained a new member with these skills in May 2018.

Good practice recognizes actions to improve board governance include those to strengthen the competencies of the members and the Board as a whole. Furthermore, good practice notes that focused training and/or the use of external experts are ways to address competency gaps, in addition to recruiting board members possessing the missing competencies. Relying primarily on member recruitment to strengthen board competencies increases the risk of a board operating without a sufficient level of needed

<sup>6</sup> [www.professionaldirector.com/about-us](http://www.professionaldirector.com/about-us) (16 July 2018).



expertise, for a long period of time, which may affect the quality of its governance and decision making.

3. We recommend that Carlton Trail College's Board have a strategy to address identified gaps in board competencies.

## 4.4 Timely Recruitment of Potential Board Members Needed

Carlton Trail College did not provide timely potential board member recommendations to the Ministry of Advanced Education to facilitate the timely appointment of board members. The College does not have sufficient written guidance on the board member recommendation process.

By law, Cabinet appoints members to the boards of colleges. The Ministry of Advanced Education assists Cabinet in its appointment of members. The Ministry expects colleges to recommend potential board members (either new members or reappointment of existing members for a second term) for Cabinet's consideration. Members can serve past their term until they resign or are reappointed. By law, Cabinet cannot appoint members to the Board for more than two consecutive three-year terms.<sup>7</sup>

While the College has a Recruitment Policy, it does not provide guidance on the board member recruitment process (e.g., what steps to undertake and when). Rather it focuses on the identification of competencies that new board members should possess.

We found the College and its Board had a clear understanding that it was expected to identify potential board members even though it did not have written guidance on the recommendation process.

However, as shown in **Figure 4**, the College did not initiate its recruitment process early enough to enable recommending potential members to the Minister of Advanced Education prior to the expiry of board terms. It initiated its latest recruitment process in September of 2017 after the vacancy of two positions and the expiry of terms of two members.

**Figure 4—Timing of Steps Taken to Identify and Recommend Potential Board Members in Latest Recruitment**

Steps	When Carlton Trail College Board Last Took Action
Complete board competency matrix to identify gaps (Per Recruitment Policy)	Initially assessed competencies (areas of strength and gaps) of the existing Board in September 2017 and completed in October 2017
Seek potential board members using results of assessment of competencies	Advertised board vacancies in local newspapers in January 2018. Advertisements emphasized desired competencies including gaps identified.
Screen interested potential board members	Reviewed submitted resumes to identify candidates with the desired and appropriate skills and knowledge. Interviewed selected board candidates in January and February 2018.

<sup>7</sup> Section 7 of *The Regional Colleges Act* sets out the appointment of board members.

Steps	When Carlton Trail College Board Last Took Action
Recommend its choices to the Ministry of Advanced Education for consideration	Gave the Ministry of Advanced Education its recommendations for potential board members in March 2018. The Board reinforced the importance of staggering the terms of board members.

Source: Adapted from Carlton Trail College information and staff interviews.

As shown in **Figure 5**, since 2011, members of the College's Board have routinely served past their terms or resigned upon completion of their term but prior to their replacement. In addition, since 2011 when it replaced five Board members, Cabinet has reappointed most members for a second term.

As of June 2018, Cabinet had appointed five of the seven current board members for a second term. It initially appointed four of these members in September 2011, and one in April 2014. For three of these members (including the board chair), the second three-year term expired in April 2017; one member resigned in June 2018; the second three-year term of the remaining member expires in January 2019.

Not having a clear timeline of when to start the recruitment process of potential board members causes delays in appointing new members and causes members to serve past their terms. Timely recruitment helps ensure terms of board members are staggered, and members do not feel obligated to serve once their term has expired.

**4. We recommended that Carlton Trail College's Board develop guidance on making timely recommendations of potential board members to the Ministry of Advanced Education.**

**Figure 5—Board membership from 2011 to June 2018**

Appointment Date	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
September 2011 appointment	Appointed	Appointed	Appointed	Appointed	Appointed	Vacant	Vacant
September 2013 – April 2014	Serving past term	Serving past term	Term not expired	Term not expired	Term not expired	Vacant	Vacant
April 2014 appointment	Reappointed	Reappointed	Term not expired	Term not expired	Term not expired	Appointed	Appointed
September 2014 – January 2016	Term not expired	Term not expired	Serving past term	Vacant (resigned Sept 2014 end of term)	Serving past term	Term not expired	Term not expired
January 2016 appointment	Term not expired	Term not expired	Reappointed	Vacant	Reappointed	Term not expired	Term not expired
April 2017 – April 2018	Serving past term	Serving past term	Term not expired	Vacant	Term not expired	Vacant (resigned April 2017 end of term)	Serving past term
May 2018 appointment	Serving past term	Serving past term	Term not expired	Replacement appointed	Term not expired	Replacement appointed	Reappointed
June 2018	Serving past term	Serving past term	Term not expired	Term not expired	Resigned (term expires in January 2019)	Term not expired	Term not expired

Source: Adapted from Carlton Trail College Board information.



## 5.0 SELECTED REFERENCES

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