

Active Strategic Oversight: The Role of Boards

Trustee Academy
2024



What Do Boards Do?

- Corporate governance is the system by which organizations are directed and controlled. (Cadbury Committee Report UK 1992)
- A system independent from, and above, the operating system.
- System ought to be run by different people than operating system so:
 - Board runs governance,
 - Management runs operating.
- System that determines allocation of scarce resources to most effective uses (economics).

Agency Theory

Principals

Agents

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Agency Theory – Principals and Agents

Principals are the people:

- Who created the organization
- Who have a purpose for the organization: needs that it can meet
- Who contribute (invest or give) resources/capital.

Agency Theory – Principals and Agents

Agents are the people:

- Who undertake the organization's activities to meet the principals' needs.
- Who employ (use) resources/capital.
- The 'ideas' people.

Agency Theory – Principals and Agents

Board (Governance) is the people:

- Who are the independent intermediary (broker/referee) between the principals and agents.
- Who are the voice of the principals to the agents (and back)
- Who have the ultimate authority – and responsibility – to act in the broadest interests of the corporation (the school division).

Direction

- Direction means matching the unmet needs of the principals (the purposes of communities, students, public interest, government, employers, etc.) with the best ideas of the agents (the strategies of managers).
- Strategic plan is primary tool for direction.
- Risk direction, budget and delegation of authorities are also tools.

Control

- Control is the board “gaining reasonable assurance” (confidence) that the organization is moving substantially in the direction it approved.
- Performance management is a tool on the control side of governance.

School Boards Are Expected To:

- Administer and manage the educational affairs of the school division, to exercise general supervision and control over the schools – through bylaws and resolutions (*The Education Act*).
- Active strategic oversight:
 - Plan – Measure – Report – Evaluate (*SSBA Performance Management Framework and Tools*)

Active Strategic Oversight

- Active – engaged and adding value (vs. reactive)
- Strategic – forward looking in the best interests of the organization (vs. operational)
- Oversight – leading the organization with watchful care to accountable performance (vs. doing/deciding/executing)

Active Strategic Oversight: The Board

- Board is responsible for oversight of the organization through **leadership**
 - Oversight of the strategic direction and plan
 - Oversight and empowering of the CEO/management
 - Oversight of the Board renewal and management succession process
 - Oversight of the performance of the organization.

Active Strategic Oversight: The Board

- Board is responsible for oversight of the organization through **stewardship**
 - Oversight of the organization's resources
 - Oversight of financial, risk and capital management
 - Oversight of the authority levels and policies delegated to the CEO/management.

Active Strategic Oversight: The Board

- Board is responsible for oversight of the organization through **monitoring**
 - Oversight of performance – Evaluating performance measures and holding management accountable
 - Oversight of audit and control systems
 - Oversight of the CEO – Evaluation and Compensation
 - Oversight of the board evaluation process

Active Strategic Oversight: The Board

- Board is responsible for oversight of the organization through **reporting**
 - Oversight of school board communications
 - Oversight of continuous and periodic disclosure, engagement and accountability to stakeholders
 - Oversight of the degree/culture of openness and transparency in the organization

Active Strategic Oversight: The Chair

- Chair is responsible for the oversight of the Board
 - Oversight of the board agenda and workplan (forming)
 - Oversight of the strength of the principals' relationship
 - Oversight of the approach to governance
 - Oversight of the tone at the top – Setting the tone and ensuring an atmosphere of open airing of all views, opinions (storming)
 - Conflict resolution
 - Propose solutions, call for vote or tabling (norming)
 - Promote unity of Board after decisions reached (performing)

Role of the Chair – Before Meetings

Trustee Academy 2022 Role of Chair Before Meetings:

1. Board and Committee Mandates/ Terms of Reference
2. Specific duties and responsibilities / New items of business
3. Board Calendar / Workplan
4. Agenda Development / Board and Committee Meetings
5. Information required from management / Professionals
6. Pre-meeting packages
7. Meeting presentations, reports, deliberations
8. Minutes, In Camera and Action Items

Role of the Chair – Between Meetings

Trustee Academy 2022 Role of Chair Between Meetings:

1. Director of Education liaison: Formal employment relationship on behalf of Board, performance management, remedial
2. Agenda and meeting management, co-ordination
3. Informal relationship: liaison, communication Board – management 2-way coach, mentor, advisor, sounding board
4. External stakeholder engagement: especially public sector Chairs with governments (elected) and public (governance and crisis matters)

Role of the Chair – At Meetings

Trustee Academy 2022 Role of Chair At Meetings:

1. chair meetings of the board, ensuring that its processes are effective and providing leadership in board and member development
2. monitor meeting attendance
3. manage discussions appropriately
4. facilitate divergent points of view and work towards consensus
5. knows when to speak and when to be silent on an issue
6. suggest ending discussion on a topic at the meeting
7. summarizes
8. call for votes to confirm consensus decisions or to decide issues

Active Strategic Oversight: Individual Board Member

- Individual board members are responsible for oversight of themselves!
 - Duty of care
 - Fiduciary duty
 - Behaviour
 - Code of conduct
 - Ethical behaviour
 - Conflict of interest

SSBA Governance Handbook for School Board Members

- Governance Handbook Overview

The Approach

- Practical: what does this mean for me? For the Director of Education?
- Easy to use, easy to understand: line of sight
- Competency and best practices based
- Layered: different needs, different times:
 1. High level summary
 2. Main sections of what is my job?
 3. Supplementary information and tools for each
 4. Links to additional resources, tools

The Content

- Built on the core work of boards: strategy, risk, people, and resources
- Integrated with what was kept from the previous version
- Applying the Performance Management Framework
- Inclusion of “key questions” the board should ask in each section

The Format Features

- Use of case examples where appropriate
- Interactive where possible: website, links,
- Paper/print Handbook
- “Governance Gord” videos
- Links to external resources

The Framework

- What Board Members Need to Know About:
 - Governance and Strategy
 - Governance and Risk
 - Governance and Resources
 - Governance and People

Governance & Strategy: Section 1

- The Education System
- The Conceptual Model
- Your Roles and Responsibilities
- Ethical Conduct
- Your Role in Planning and Performance Oversight
- Key Questions



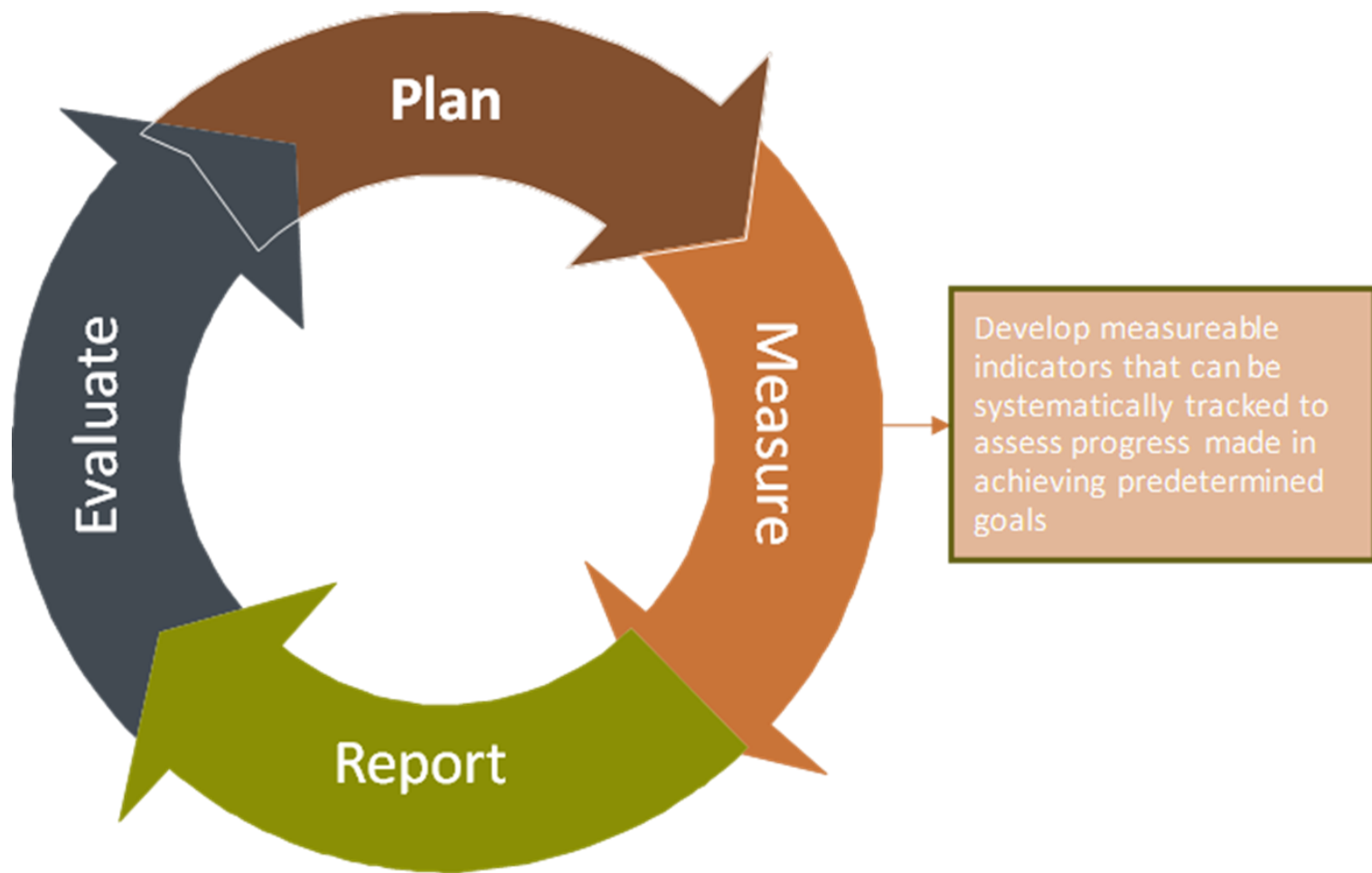


Setting the strategic direction of the organization and allocation of resources to strategies including budgets



Governance & Risk: Section 2

- Linking Strategic Planning, Risk and Performance Targets
- Balanced Scorecard
- Risk Oversight: Tolerances and Policies
- Evaluating Performance
- Your Role in Communications and Stakeholder Engagement
- Key Questions





Provides performance results and the extent to which objectives have been realized

Setting the strategic direction of the organization and allocation of resources to strategies including budgets



Objective	Measure	2014/15 Target	Q1	Q2	Q3	Q4	2015/16 Target	2016/17 Target	Comments and Progress update on strategic initiatives
Improve student achievement	% Graduation rate*	14/15 – 60%	Yellow	Red	Yellow	Green	15/16 - 65%	16/17 70%	Update on progress on strategic initiatives. What actions are we taking to meet target? (why we are in the green, red or yellow zone)



On Target ✓ (Performance is at %100 percent of target)



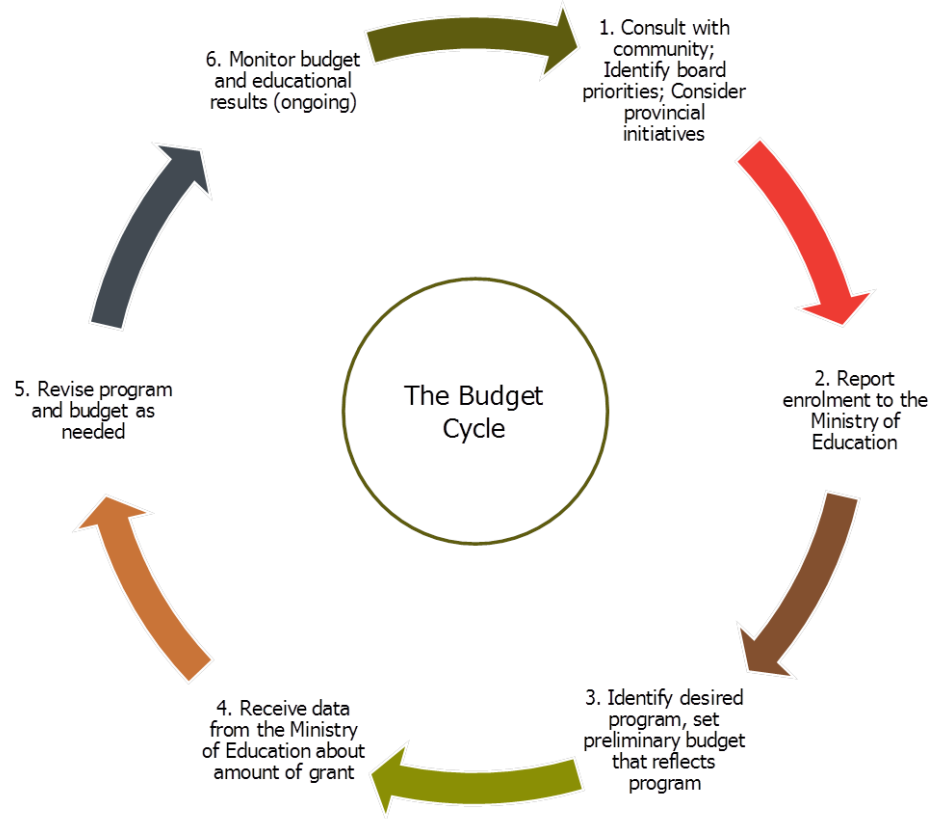
Potential Concern or Actively Monitoring ≈ (Performance is within 75-99% of target)

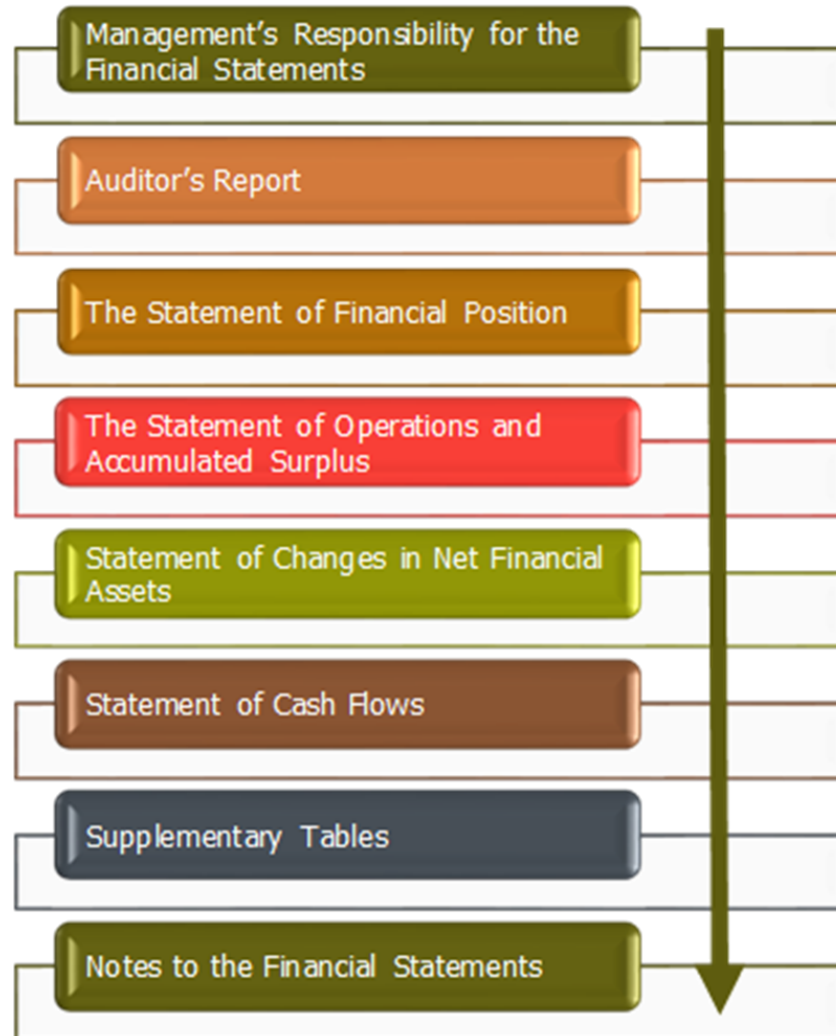


Confirmed Concern or Action Planned! (Performance is less than 75% of target)

Governance & Resources: Section 3

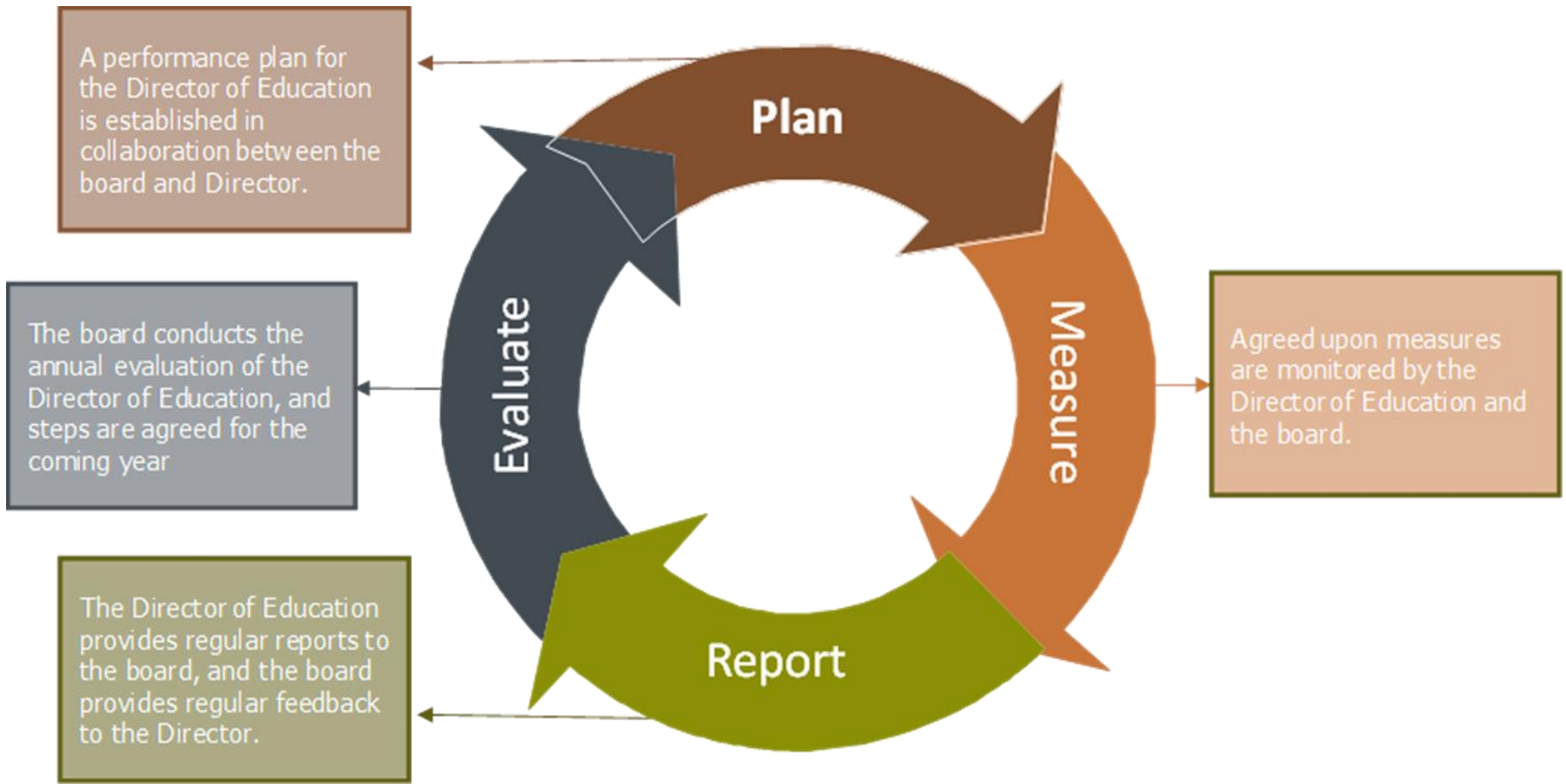
- Audit & Finance Committee
- Your Role in Budgeting
- Funding Components
- The Budget Cycle
- Your Role in Reviewing and Approving Financial Statements
- Your Role in Using Financial Reports for Performance Oversight
- Key Questions





Governance & People: Section 4

- Governance & HR Committee
- Board – Director of Education Relationship
- People Beyond the Director
- Effective Board Functioning and Culture: Meetings
- Evaluating the Board, Board Member
- Key Questions







Obtuse
Closed
Negative
Tearing Down
Off Topic
Micro



Clear and Direct
Open
Positive
Building
On Topic
Strategic

Questions, Comments, Suggestions, Responses

SSBA Governance Handbook

- Available through a link on our main page:
www.saskschoolboards.ca.

Wearing Two Hats

- Advocating Constituency Interests – Eli Mina
- Fiduciary Duty – to act in the best interest of the school division
- Conflict of Interest – Governance Solutions
- Practical tip: Have one round where Board members bring constituency voice on the matter. Then second round move discussion to fiduciary vote where all information is taken into consideration and the Board votes in the best interest of the school division.
- SSBA Code of Conduct Policy Advisory (review/consider for adoption or adaptation)

Running Efficient Meetings

- Board calendar/workplan
- Role of Chair – agenda planning, manage process and discussions, know when to call the vote.
- Board members – do your homework. Read the package and come prepared with questions. Do not needlessly labour the point.
- Focus on your strategic plan priorities and monitoring of these priorities.
- Risk management – dashboard reporting to help Board members gain reasonable assurance.

Key Take-aways

- Ask Good Questions (Noses in, fingers out)
- Learn, Learn, Learn (governance PD; read; network)
- Focus on Strategy (the elevator speech – your strategic priorities should be clear to all and the focus of your Board meetings)
- Monitor Results (do you have reasonable assurance that the organization is moving substantially in the direction the Board has set?)
- Duty of Care (do your homework)
- Fiduciary Duty (the Board has the ultimate authority and responsibility to act in the best interest of the school division.)

Thank You



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