Office of the

Provincial Auditor

June   1998

An Examination of Governance In Manitoba's Crown Organizations

Manitoba

VISION

As a leader in promoting enhanced
accountability of government to the citizens of Manitoba,
the Office of the Provincial Auditor will contribute to
greater public trust and confidence
in the institutions of government.

MISSION

To contribute to effective governance
by the Manitoba Legislature,
we provide the Members of the Legislative Assembly
with independent assurance and advice on:

- government accountability information;
- compliance with legislative authorities; and
- the operational performance of government.

VALUES

In Interpersonal Relationships
Respect
Honesty
Integrity
Openness

In Achieving Our Vision and Mission
Teamwork
Independence
Balanced perspectives
Professional excellence

Office of the Provincial Auditor

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June 1998

The Honourable W. Yvon Dumont
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Sir:

I have the honour to submit herewith our June 1998, report on An Examination of Governance in Manitoba's Crown Organizations to be laid before Members of the Legislative Assembly in accordance with the provisions of Section 13 of the Provincial Auditor's Act.

Respectfully submitted,

Jon W. Singleton, CA, CISA
Provincial Auditor

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This report represents a significant step in a new direction for the Provincial Auditor's Office. It is a report intended to facilitate a dialogue among those citizens of Manitoba with an interest in issues of governance. I hope that Ministers, Board Members and CEOs will examine our findings and engage in discussions around the questions we raise in the report and any other questions the data may suggest. Our questions are included in the section of the report entitled "A Basis for Dialogue".

The fundamental question is how can a board know it is effective. Our report indicates that Board Members and CEOs may assess the effectiveness of their boards more highly than they should.

A particularly interesting finding from the survey is that few Board Members see themselves as representing the interests of the Minister responsible or government in carrying out their board responsibilities. This holds true even though most of them are appointed by government. I will certainly be interested in the discussions around this finding. We may want to probe it further in future studies.

The intriguing thing about governance is that, as with most human enterprises, it can always be improved. The model of governance we developed and presented to 375 public sector Board Members and CEOs is based on the best ideas in current research. In responding to our survey, Board Members told us that the model provides useful guidance, but not sufficient guidance. Further research and thought are needed to extend the model and to foster more effective governance practices.

I would like to thank Dr. Isobel Garvie and Ms. Maria Capozzi for their seminal work in producing this report. I would also like to express my appreciation to the 275 Board Members and CEOs who responded to the survey and for taking the time to make this survey as effective as I believe it is.

I invite anyone reading this report, who wishes to discuss the ideas contained herein, to contact my office. Through dialogue and innovation, with input from this report, I am confident that we have an opportunity to make a difference to effective governance in the Manitoba public sector.

Jon W. Singleton, CA, CISA
Provincial Auditor
June 1998

An Examination of Governance
In Manitoba's Crown Organizations

AN EXAMINATION OF GOVERNANCE IN MANITOBA'S CROWN ORGANIZATIONS

GOVERNANCE

Introduction

Governance is an issue that is currently receiving a great deal of attention in Canada, both in the private and public sectors. Notable events have caused people to question whether our current approaches to corporate governance are as effective as they could be. Numerous studies have been conducted into this issue. In Canada, a committee of the Toronto Stock Exchange (Dey Committee) explored this issue for the private sector. CCAF, a non-profit foundation dedicated to building knowledge for meaningful accountability, effective governance and strong management, developed six principles of effective governance for the public sector. And our experience in Canada contains examples of: unequipped Board Members; control by either the Chair or senior staff person; passive, rubber-stamping boards; meddling, intrusive boards; and Board Members being sued.

These considerations led us to design this study. Consistent with our vision, we believe that effective governance in organizations within the Manitoba public sector and post-secondary educational institutions can contribute a great deal to organizational effectiveness and stronger accountability processes. In other words, effective governance in Manitoba's Crown Organizations is a key component of ensuring that the citizens of Manitoba are well served by these organizations.

Our purpose was twofold:
- to gain an understanding of the state of corporate governance in Manitoba's Crown Organizations; and
- to use the information to foster a dialogue around effective governance in Manitoba.

We begin this study by identifying a model of governance; a picture of what an effective board should do. We then developed a survey to seek the opinions of the Board Members and Chief Executive Officers (CEOs) of Manitoba's Crown Organizations on the validity, strengths, and weaknesses of that model.

> The importance of the individuals who commit their time, as a public service, to participating on the boards of Manitoba's Crown Organizations is difficult to overstate. To all the Board Members and CEOs of these organizations who took the time to respond to this survey, I extend my appreciation.
>
> Jon Singleton, CA, CISA
> Provincial Auditor

Board of Directors: an organized set of individuals who direct and have legal authority of the activities of an organization.

Chief Executive Officer: senior staff person reporting to the Board of Directors.

Model Of Governance

Governance is a process of transformation, effective decision-making, effective relationships, and people working together. With its focus on the responsibilities and actions of the governing bodies, governance involves:

- Direction: the aim toward which an organization steers itself.
- People: members exercising and expressing attitudes, beliefs and value systems on matters pertaining to the mandate of the organization.
- Structure and processes: the means used to achieve the aim, and to direct and manage an organization's operations and activities.

Based on a review of best practices, the work in other jurisdictions, and some of the leading perspectives on board governance, we identified four pillars of effective governance. These are:

- *Stewardship* -- As stewards, boards act for others, have authority over the organization, and are trustees of the organization's mandate and its resources. A board, therefore, is sovereign, and has ultimate authority for what it does. As a steward, a board needs to honour the trust citizens have placed in it.
- *Leadership* -- Board governance fulfills a leadership function for society. Through the board, individuals accept the challenge to develop positive relationships, ensure respect between parties, build a sense of belonging in the group and help the group develop meaning. As leaders, boards are expected to reflect the value system and priorities of the community from which they are drawn. Leadership is very much about the relationship between the governors and those governed.
- *Responsibility* -- With a fiduciary responsibility, boards are to manage the resources efficiently and effectively to accomplish the desired aim. Board Members are expected to be reliable, and to allow appropriate factors to affect their judgement, including consideration of the effect of their choices on others. They are also expected to devote the time and energy required to ensure that governance is appropriate and adequate.
- *Accountability* -- Accountability is the obligation to answer for the discharge of responsibilities that affect others in important ways. It requires that both parties understand who is responsible for what, what performance is to be achieved, and what information needs to be shared among the parties to form the basis for dialogue.

Model of Governance	
Pillar	**Attributes of an Effective Board**
Stewardship	• Clear understanding of organization's goals • Priorities agreed upon • Clear on who the board represents • Appropriate relationships with other organizations
Leadership	• Clear on board responsibilities • Effectively organized • Clear relationship with CEO
Responsibility	• Members committed to the organization • Policy decisions made • Recommendations made to the board by staff modified, as necessary
Accountability	• Accountable for organization's effectiveness • Appropriate information for decision-making available

Based on these pillars, there are a number of models and approaches for governance. Within those, there is a core perspective on what it is that the board should do. We drew on these sources, and identified a set of attributes which operationalize the four pillars and represent the effective board. In general, the more a board fulfills each of the attributes, the more effective it is. We examine these attributes -- our model of governance -- in this study.

Our Survey

Our survey is structured first to determine whether there is a common understanding of board governance. We asked whether Board Members and CEOs agreed that the attributes of effective governance, as defined in our governance model, are valid. The survey goes on to explore, in-depth, each attribute with a view to clarifying the contribution of each to good governance.

The survey was sent to each of the 347 Board Members of 29 policy-setting boards in the Government Reporting Entity. The survey was also sent to each organization's CEO. These boards are responsible for assets of $10.2 billion.

In order to assure respondents of confidentiality and anonymity, we contracted with an independent research firm, Prairie Research Associates Inc. (PRA), to administer the survey. It was administered during March, 1998.

In this report, we present our analysis of the responses received from a total of 275 Board Members and CEOs. The findings deal with the data on an aggregate basis only; no data for individual organizations nor respondents is provided. Details of our approach and our analysis of the survey are presented in the Survey Analysis section of this report.

Our findings provide a basis for a set of questions on which a dialogue on effective governance in Manitoba could be established.

29 Boards of Directors:
- 347 Board Members
- 28 CEOs
- $10.2 billion in assets

Response Rate: 73%
- 275 Board Members and CEOs

OVERVIEW: WHAT BOARD MEMBERS AND CHIEF EXECUTIVE OFFICERS SAID ABOUT GOVERNANCE IN MANITOBA'S CROWN ORGANIZATIONS

We report what Board Members and Chief Executive Officers (CEOs) said about governance in Manitoba's Crown Organizations through this overview of our findings. Detailed findings are presented in the Survey Analysis section of this report. We assess the validity of our model and then assess each of its attributes.

Attributes of an Effective Board
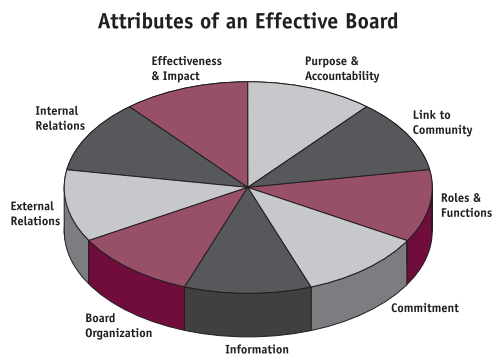
Is Our Model Valid? Is There A Common Understanding Of Board Governance In Manitoba?

As most of the attributes of an effective board were endorsed by more than 90% of the respondents, the model is perceived as valid and a common understanding of board governance exists among the Board Members and CEOs of Manitoba's Crown Organizations.

They agreed that an effective board should:
- Clearly understand the organization's goals;
- Set agreed upon priorities for the board;
- Be accountable for the effectiveness of the organization;
- Be clear on who it is the board represents;
- Be clear on board responsibilities;
- Have members on the board who are committed to the organization;
- Have the appropriate information to make decisions;
- Be organized as a board;
- Maintain appropriate linkages with other organizations;
- Define clear relations with the CEO;
- Make policy decisions for the organization; and
- As necessary, change the recommendations made to the board by staff.

In Manitoba, there is a common understanding of board governance. A basis for dialogue exists.

While the overall pattern is congruent for Board Members and CEOs, they do differ on a number of salient points. Board Members and CEOs have different roles, and hence different perspectives on board governance. For example, in terms of the model, CEOs were less likely to agree that the board is responsible for organizational effectiveness and more likely than Board Members to agree that the board should make changes in staff recommendations.

In addition to examining the different perspectives of Board Members and CEOs, we examined a number of

Crown Corporations and Crown Agencies:
- Crown Corporations (8): Crown Organizations that fall under the purview of Crown Corporations Council.
- Crown agencies (21): Crown Organizations, including post-secondary educational institutions, that fall outside the purview of Crown Corporations Council.

Higher and lower impact boards:
- Boards were classified based on responses to the survey question: "This board has made major changes in the policy recommendations of staff".
- Boards over the average (mean) were categorized as higher impact boards (16); those below the mean as lower impact boards (11).
- Two boards were excluded due to low response rates.

Board Members and CEOs understand the goals, and accept that the board is accountable.

The responsibility for governance is shared.

comparisons: Crown Corporations and Crown agencies; and higher and lower impact boards. We also note some substantive differences from the perspective of Chairs.

Are Boards Clear On The Organization's Purpose And Their Accountability?

Boards Members and CEOs accept that the board is responsible for the purpose and direction of their organization, and is accountable for what is accomplished. Thus, the board is perceived as the ultimate authority for the organization.

The formal goals associated with the mandate are usually general in nature, and are clarified as they are put into practice. It is critical that the goals be important to both Board Members and CEOs, and that both parties agree on the priorities which will enable the mandate to be achieved. Board Members and CEOs agreed that their organization's mandate is clear to them, important and operationalized. However, CEOs of Crown Corporations were less likely than CEOs of Crown agencies to agree that discussions are held to clarify the goals of the organization.

Board accountability for the organization is accepted. Half of the Board Members and about 40% of the CEOs agree that guidelines for accountability reporting exist. This accountability information does permit an evaluation of organizational performance by the public. CEOs of Crown Corporations were less likely than the CEOs of Crown agencies to agree with the notion of the board being accountable for the actions of the organization.

However, the Board Members and CEOs do not allocate all governance responsibility to the board. While Board Members, on average, assigned the board the majority of the responsibility (60%), the remaining 40% is allocated to both the CEOs and government. CEOs, on average, assigned only 53% of governance responsibility to the board. Thus, the responsibility for governance is shared. For most respondents, this shared responsibility does not contribute to ambiguities in the board role. The CEOs of Crown Corporations perceived a much greater impact and a greater sense of ambiguity in the board role than did the CEOs of Crown agencies.

How Clear Is The Linkage Of The Board To The Community?

The legitimacy for boards comes, in part, from their members being part of the community, and hence representative of it. Board Members and CEOs endorse the attribute that the board should be clear on who it represents. Two types of representation were explored: (a) the characteristics members should have in common with their community, be it a community of interest or of knowledge and skills; and (b) those whose interests the board should represent.

Board Members and CEOs are clear on the characteristics that members should bring to the board: knowledge of government, professional expertise, prior board experience, and demographic, as well as geographic, diversity. The extent to which these characteristics are found on the boards is not as high as the importance given to their representation.

When asked whose interests they represent on the board, Board Members primarily identified with the organization and its clients. Given that these are Crown Organizations, it is interesting that only 11% ranked the government or the Minister as the prime interest represented. Board Members of Crown Corporations ranked the government as a prime interest much more strongly than did Board Members of Crown agencies.

> Board Members and CEOs agree that the representation of community characteristics on the boards is not as strong as they would like.
>
> Board Members are identified with their organization and their clients.

What Are A Board's Responsibilities And Functions?

Board Members and CEOs agree that a board should be clear on its responsibilities. They subscribe to the three primary roles for a board: that of overall authority; that of providing feedback and commentary on the functioning of the organization for which they are responsible (constructive critic); and that of advocate for the organization. These roles have a number of associated requirements or functions; as outlined in the table on the left. Most of these functions were endorsed by over 75% of Board Members and CEOs.

Having accepted these functions as necessary for the well-functioning board, Board Members and CEOs self-assessed their board's performance on each function. For most functions, both Board Members and CEOs assessed the effectiveness of the board's performance as substantively less than the importance accorded the function. A performance gap exists.

Roles	Functions
Ultimate Authority/ Sovereign	• setting strategic directions and goals • selecting the CEO • setting significant policies by which the organization operates • ensuring the organization has adequate resources • making all critical business decisions • ensuring accountability obligations are discharged
Constructive Critic	• evaluating the performance of the CEO • monitoring achievement of goals and objectives • ensuring effective management information systems are in place
Advocate	• developing communication plan for stakeholders • bringing an external viewpoint to the organization's attention

Board Members of Crown Corporations perceive themselves to be more effective in fulfilling these functions than do Board Members of Crown agencies. Higher impact boards were more likely than lower impact boards to note the importance of the board in setting the direction of the organization.

Board Members and CEOs accept the roles of a board and their associated functions.

There is a performance gap between the desired and actual performance on board functions.

What Level Of Commitment Do Board Members Give To Their Board Responsibilities?

Board Members and CEOs strongly endorse the attribute that members should be committed to the board. Board Members make a significant contribution of their time and energy. Overall, on average, they give 11 hours a month on behalf of the board; and on average, spend 3 hours preparing for each board meeting. Chairs contribute considerably more time; 27 hours per month to the board, on average. Board Members of Crown Corporations report contributing more time (on average 19 hours a month on behalf of the board and 5 hours in preparing for each board meeting) than Board Members of Crown agencies.

However, one in three Board Members perceive that there are some Board Members who are not devoting the necessary time required to do an adequate job. Board Members of Crown Corporations and their CEOs did not agree as strongly with this perception as did Board Members of Crown agencies and their CEOs.

Absenteeism at board meetings is generally not perceived as a problem. CEOs of Crown Corporations note attendance problems more so than CEOs of Crown agencies. On the other hand, Board Members of Crown Corporations felt less strongly that attendance problems exist than Board Members of Crown agencies.

Board Members are committed to their organization. Some Board Members are perceived as not devoting the necessary time to do an adequate job.

Board Members care about their organization's mandate: its purpose and its contribution to the community. They feel valued and appreciated, want to do a good job, and agreed that the personal rewards they receive from being a member of the board outweighed the costs. The risk associated with being a member of the board is perceived as marginal according to both Board Members and CEOs.

Does The Board Have The Information It Needs To Make Decisions?

Board Members and CEOs strongly agree that boards should have the appropriate information to make decisions. In general, Board Members and CEOs perceive that the information the board receives is both appropriate and adequate. They report that the information provided to the board supports effective decision-making.

The information available to boards is adequate, appropriate and useful for decision-making.

Both Board Members and CEOs agree that the board has asked for information beyond that which is provided to it and that they make use of outside sources of information. External audit and private consultants were the two most common sources of external information. Higher impact boards were more likely than lower impact boards to use external sources of information.

Higher impact boards are more likely to use outside sources of information.

Are Boards Organized To Do The Job?

Board Members and CEOs agree that a board should be organized to do its work, and that the board with which they are affiliated understands its job.

Structurally, Board Members and CEOs generally agree that their boards are well organized. The ideal size, on average, according to Board Members would be 12; for CEOs, ideal size was on average, 11 members. The committee structure and processes are, in general, working well. CEOs of Crown Corporations were more reserved on the effectiveness of committees than were the CEOs of Crown agencies.

The culture of boards, that is the capacity of Board Members and CEOs to work together, is acceptable. The number of board meetings held per year was deemed to be sufficient for the board to be effective.

Board Members and CEOs perceive that the culture and organization of their boards are appropriate.

Recruitment, the process of ensuring that the boards are comprised of the "right" people, those with the necessary knowledge, ability and commitment to fulfill their responsibilities, is an area of board functioning that warrants examination. By and large, boards do not develop a profile of required skills and expertise for their incoming Board Members, are not often consulted on appointments, and, experience some delays in filling vacancies on a timely basis.

Recruitment is an area which warrants examination.

Board Members and CEOs of Crown Corporations indicated greater problems in filling vacancies on a timely basis than did Board Members and CEOs of Crown agencies.

How Do Boards Relate To Government?

Board Members and CEOs agree that the board should maintain appropriate linkages with other organizations. In this survey we assess one major external relationship -- that of the board with government.

The relationship with government is complex. For most Board Members and CEOs, their board is not overly constrained by legislation and regulation. CEOs of lower impact boards perceived greater constraints on their boards due to legislation and regulation than did CEOs of higher impact boards. As well, CEOs of Crown Corporations were more likely to perceive constraints than CEOs of Crown agencies.

Only partial alignment exists between the government and these boards. However, Board Members of Crown Corporations see their organizations as more aligned with government than do Board Members of Crown agencies.

Communication and coordination between these boards and government is described as insufficient. CEOs of higher impact boards were more likely to report good communication with government than were CEOs of lower impact boards.

How Do Boards Relate To Their Chief Executive Officers?

Board Members and CEOs agree that a board should define clear relations with their CEO and indicate that they have clearly delineated the lines of responsibility between the board and the CEO. Board Members of Crown Corporations perceive greater clarity in the board/CEO relationship than Board Members of Crown agencies.

The CEO's role is highly important to both Board Members and CEOs, and the relationship between the board and the CEO is seen as complex and collegial. Board Members of higher impact boards more strongly agree with the expectation that the CEO should be aware of all significant issues than Board Members of lower impact boards.

Authority is shared between the board and CEO. The authority accorded the CEO was reported to be "about right". Many Board Members and CEOs agreed that any authorities not specifically those of the board fall within the authority of the CEO. Hence, residual authority rests, for

The relationship between these boards and government needs to be clarified and improved.

Board Members and CEOs agree that authority for the CEO position has been clearly delineated.

Residual power is often accorded to the CEO and not to the board.

many Board Members and CEOs, with the CEO.

How Effective Are These Boards?

Determining the effectiveness of a board has been the subject of much research. As no objective indicators of effectiveness have been developed, the standard approach is to ask Board Members their perception of effectiveness.

Assessing effectiveness using this approach is thus a value-judgement of those directly involved. But the evidence is that people, in making such value-judgements about their effectiveness,

> "are infected with over-confidence. Studies analyzing physicians show a 90% confidence level but only 50% accuracy. Similarly, trial lawyers greatly overestimate their probability of winning their cases".
>
> David Dreman, <u>Forbes Magazine</u>

Perceived effectiveness, as self-assessed by Board Members, is high (90%). CEOs also endorsed the effectiveness of their boards, although less emphatically (72%).

To move beyond self-assessment of effectiveness, we looked at how a board actually impacts the organization for which it is responsible. We rejected policy generation as a measure of impact, for a policy perspective does not provide a unique activity for the board. Many different parts of the organization are involved in developing and implementing a policy.

Boards do, specifically, make decisions. Hence, we operationalized the board's service to its organization as its decisions and defined decisions as the board's output. The board's impact, or its outcome, we defined as the impact of its decisions on the organization.

Board Members and CEOs perceive that the output of their boards, its decision-making, is productive and efficient. Board decision-making is based on appropriate information, and is appropriately focused, but somewhat limited by special interests or a lack of understanding of the issues. Board Members of Crown agencies were more likely to perceive their board as becoming involved in day-to-day management decisions than did Board Members of Crown Corporations.

Board Members and CEOs agreed that the board should, as necessary, change the recommendations made to it by staff. We use this as a proxy measure of the board's impact. However, few Board Members and CEOs agreed that their

There may be a disconnect between the understanding of what boards should do and what they actually do. Board Members and CEOs agree that the board should, as necessary, change policy. However, few Board Members and CEOs perceive that changes are made.

board did change staff recommendations as necessary. Board Members of Crown Corporations, more so than Board Members of Crown agencies, agreed that their board makes major changes. Yet, CEOs of Crown Corporations were much less likely than CEOs of Crown agencies to agree with this statement.

Board Members have an overall impression, with all attributes taken together, of effectiveness. However, by breaking the attributes into their elements, it is clear that our understanding of board governance could be enhanced.

Model of Governance	
Pillar	**Attributes of an Effective Board**
Stewardship	• Clear understanding of organization's goals • Priorities agreed upon • Clear on who the board represents • Appropriate relationships with other organizations
Leadership	• Clear on board responsibilities • Effectively organized • Clear relationship with CEO
Responsibility	• Members committed to the organization • Policy decisions made • Recommendations made to the board by staff modified, as necessary
Accountability	• Accountable for organization's effectiveness • Appropriate information for decision-making available

A BASIS FOR DIALOGUE

The model of governance on which this study was based incorporates best practices in governance. It is strongly supported by the leaders of Manitoba's Crown Organizations. With their endorsement, we have a basis on which to deepen our knowledge of governance practices in Manitoba. By examining each of the attributes of the model, we discovered many areas of strength and some opportunities for improvement.

At the same time, the model does not appear to provide sufficient guidance to governors in this complex time. In outlining a basis for dialogue, we present a series of questions based on anomalies between the model and the experience of the Board Members and CEOs. Addressing these anomalies will enhance the model and build a more complete guide to governance.

Are Boards Clear On The Organization's Purpose And Their Accountability?

A shared aim is vital for effective governance. By holding a purpose in common, a set of individuals coalesces into a group, a team, a community: the board. Given that formal goals are often vague, debate of the goals and identifying shared priorities are two of the key activities that help a group add meaning to the shared aim. Associated with the right to act is the responsibility to be accountable for what is accomplished. Being responsible for direction and accountable for actions situates the board as the ultimate authority for the organization.

Board Members and CEOs report that they understand the mandate and goals of their organization, and that they engage in behaviours to adequately specify the goals. Boards Members accept their obligation for accountability, and report that their accountability information permits an evaluation of organizational performance by the public.

Question 1:

How does one reconcile ultimate accountability with shared governance?

On the other hand, Board Members and CEOs allocate responsibility for governance mainly among three parties: the board, CEO and government. This appears inconsistent with the ultimate responsibility of the board. The consequence of shared governance is unknown.

How Clear Is The Linkage Of The Board To The Community?

Board legitimacy comes in part from it being comprised of individuals who represent the appropriate community (arts, economic, geographic, etc.) and have the appropriate mix of knowledge and skills. The desires, needs, values and perspectives of the community should guide the governors. Boards must also be clear on whose interests they represent.

Representation on the basis of characteristics was less than that desired by the boards. In other words, Board Members felt that, as a group, they would be in a stronger position if the group had a greater knowledge of government, more professional expertise and greater demographic diversity.

Question 2:

Whose interests should the board represent?

Representation on the basis of those whose interests they represent show that the boards are identified with their organizations and its clients. These are Crown Organizations; yet Board Members do not see that they represent government.

What Are The Board's Responsibilities And Functions?

The board job is comprised of a set of roles and associated functions. In addition to the role of ultimate authority, the board also has the roles of constructive critic and advocate. Each of the board roles has different expectations associated with it. When one is an advocate, one is celebrating the contribution of the organization. When one is a constructive critic, one is examining that which the organization has actually accomplished or is proposing. When one is the ultimate authority, one is concerned with mandate and accountability. These roles require quite different mindsets, associated behaviours and functions. As what is required in one role may conflict with another, it is important to be clear on which role is being performed at any given time.

Question 3:

Does the board performance gap result in less effective governance than is desirable? What can be done to close the board performance gap?

Board Members and CEOs agree with the set of board roles and associated functions. On the set of functions associated with each role, Board Members and CEOs self-identify a performance gap — actual performance of the functions falls short of desired performance.

What Level Of Commitment Do Board Members Give To Their Board Responsibilities?

It is assumed, in the literature, that Board Members will give to the board what is needed for good governance. This assumption does not reflect that the position of Board Member is part-time, "volunteer" in nature, and is carried along with more salient roles (that of wife/husband, career person, parent, etc.). Moreover, it does not recognize the composition of the board as a group, in which some members may not see that their contribution of time and energy makes a difference; this may cause some Board Members to leave the actual work of governance to others.

Question 4:

How much time and energy should a Board Member devote to board duties?

Most Board Members perceive their contribution to be "worth it", and devote considerable time and energy to their board role. However, some Board Members are perceived as not devoting the necessary time to do an adequate job as a Board Member.

Does The Board Have The Information It Needs To Make Decisions?

Information is often assumed to be neutral and unbiased. It is not. Information is developed and perceived through the filters with which we view the world. It is prepared to a purpose, which can frame the data and influence its meaning. Two major strategies counteract these limitations with information. The first is to involve several people in a decision. Thus, through a board, the various individuals bring different perspectives, which balances the sole perspective of any one person. The second is to have more than one source of information. In the board form of governance, the organization is the major source of information. Multiple sources of information counteract any distortion that may exist in one source.

Question 5:

To what extent should boards obtain outside expertise and information to counteract their dependence on a single source of information?

Board Members perceive the information available to the board to be adequate, appropriate and useful for decision-making. The use of outside sources of information is an important contribution to higher impact boards. The two most commonly used outside sources are auditors and consultants.

Are Boards Organized To Do The Job?

To do its job, boards need to build a team in which the members have the necessary skills and expertise for the board, and in which the members feel free to participate and contribute. To support the board as a team, the board needs to be organized with processes and structures to accomplish its job.

Board Members and CEOs perceive that the board understands its job, and that the board has the appropriate culture and structure to accomplish its work. However, as noted earlier, there is a perceived under-representation of certain key characteristics on the board.

Few of the boards manage the recruitment function appropriately. They do not develop profiles of required skills and expertise for incoming Board Members and are often not consulted in appointments. As they cannot fill vacancies on a timely basis, boards often operate under-staffed.

Question 6

Are there modifications in the process of recruiting Board Members that would ensure the board has the required skills, expertise and characteristics necessary?

How Do Boards Relate To Government?

Crown Organizations are impacted by their relationship with government. They may be dependent on government for resources, or may be required to take direction or implement policy, standards, or directives developed by the government. The ultimate authority a board has for its organization can be impacted.

We find a complex and confused situation in the relationship between these boards and government. The alignment between the Crown Organizations and government is limited. Communication and coordination is insufficient, and multiple reporting relationships exist.

Question 7:

What is the appropriate allocation of responsibility between the government and the board?

How Do Boards Relate To Their Chief Executive Officers?

The relationship between the Board and its CEO is one of, if not the, most important relationships in the board form of governance. The CEO sits at the apex of the management team, is the main conduit of information between the organization and the board, and is responsible for implementing the board's decisions. Compared to the Board Member's position as part-time, the CEO's position is full-time, and the source of prestige, salary and security for the incumbent. While the board, as ultimate authority, hires and

evaluates the CEO, the CEO accrues power from greater knowledge in many areas of the functioning of the organization, from his/her awareness of its history and through peer relationships built over time. It is important, therefore, that there be clarity in the allocation of power and authority between the board and the CEO.

Board Members and CEOs agree that their working relationship has been clearly delineated and that authority is shared. However, they also report that any authority that is not specified belongs to the CEO. This contravenes many principles in the board form of governance.

Question 8:

Should the CEO have the power to act in any area not specified by the board, or should the board retain such authority?

Are These Boards Effective?

All of the foregoing attributes integrate to create the overall contribution of the board to its organization — the contribution of good governance. Boards need to make a difference for their organization; to have an impact on it. We examined the Board Member's perception of their impact, by asking both how important it is for the board to change staff recommendations when necessary, and whether the board, in fact, made such changes.

The perceived, self-assessed effectiveness of the board is high; Board Members perceive that they are effective at what they do. The board output, its decision-making, is reported to be productive and efficient. However, the impact of the board on its organization is more limited. While agreeing that the board should, as necessary change the recommendations made to it by staff, only one in four Board Members agree that they do.

Question 9:

How can a board know it is effective?

A Closing Commentary

We believe that the perceptions shared by the Board Members and CEOs in this study indicate an appreciation of the importance of their roles. The data also suggests some areas for improvement in governance. We believe this report forms a basis for a vibrant dialogue on how we, as Manitobans, wish to advance public sector governance. We look forward to joining in that dialogue.

"We need to be drawn into positive images and visions that are created through vibrant dialogue."
                                              Theobald

Survey Analysis

SURVEY ANALYSIS

SURVEY METHODOLOGY

The purpose of this study was to gain an understanding of the state of corporate governance within Manitoba's Crown Organizations, and to use the information as a basis for dialogue around issues of effective governance.

Our survey is structured to first determine whether there is a common understanding of board governance, by asking whether Board Members and CEOs agree that the attributes of effective governance, as defined in our governance model, are valid. The survey goes on to explore, in-depth, each attribute of the model with a view to clarifying the contribution of each to good governance.

We developed the survey questionnaire based on a review of best practices, the work done in other jurisdictions, and some of the leading perspectives on board governance. The questionnaire was adapted to reflect the role of the Board Member and CEO.

- Twenty-nine Boards of Directors were included in the study; listed on left. These boards were identified as follows:
- Included in the Government Reporting Entity (GRE). Organizations included in the GRE are those that are accountable for the administration of their financial affairs and resources to a Minister of the Crown, or directly to the Legislature. These organizations are owned and/or controlled by the government, as determined by legislative provisions or by a majority holding of voting share capital.
- Met two additional criteria:
  - The definition of a policy-setting board. These are self-governing boards which direct and have legal authority over the activities of an organization. Both administrative boards and advisory boards were excluded as they have more limited authorities and may operate under a different approach.
  - Length of operation. Only those boards in existence as of March, 1997 were included.

We obtained the list of current Board Members by contacting the Chair of each board. In this way, 347 Board Members were identified.

In order to assure respondents of confidentiality and anonymity, we contracted with an independent research firm, Prairie Research Associates Inc. (PRA), to administer the

Boards Included in Survey:
Addictions Foundation of Manitoba
Assiniboine Community College
Brandon University
Centre Culturel Franco-Manitobain
Child and Family Services of Central Manitoba
Child and Family Services of Western Manitoba
College Universitaire St. Boniface
Communities Economic Development Fund
Crown Corporations Council
Keewatin Community College
Legal Aid Services Society of Manitoba
Liquor Control Commission
Manitoba Agricultural Credit Corporation
Manitoba Arts Council
Manitoba Cancer Treatment & Research Foundation
Manitoba Centennial Centre Corporation
Manitoba Community Services Council
Manitoba Crop Insurance Corporation
Manitoba Habitat Heritage Corporation
Manitoba Health Research Council
Manitoba Hydro-Electric Board
Manitoba Lotteries Corporation
Manitoba Public Insurance Corporation
Red River Community College
University of Manitoba
University of Winnipeg
Venture Manitoba Tours Ltd.
Winnipeg Child and Family Services
Workers Compensation Board

29 Boards of Directors:
• 347 Board Members
• 28 CEOs
• $10.2 billion in assets

Response Rate: 73%
• 275 Board Members and CEOs

Crown Corporations and Crown Agencies:
• Crown Corporations (8): Crown Organizations that fall under the purview of Crown Corporations Council.
• Crown agencies (21): Crown organizations, including post-secondary educational institutions, that fall outside the purview of Crown Corporations Council.

Higher and lower impact boards:
• Boards were classified based on responses to the survey question: "This board has made major changes in the policy recommendations of staff".
• Boards over the average (mean) were categorized as higher impact boards (16); those below the mean as lower impact boards (11).
• Two boards were excluded due to low response rates.

survey. A survey package was mailed to all Board Members and CEOs (375) and appropriate follow-up was conducted by PRA during March, 1998. A hotline service was provided for respondents who had any questions or comments with respect to completing the survey. In total, 275 surveys were completed and returned to PRA, representing a response rate of 73%.

This section reports overall findings for the 250 Board Members and 25 CEOs who responded to the survey. The findings deal with the data on an aggregate basis only; no data for individual organizations nor respondents is provided.

All findings are presented as percentages of respondents who either agreed or agreed strongly with the series of statements posed on the survey questionnaire. The scale used in the questionnaire ranged from 1 to 5: 1-Disagree Strongly; 2-Disagree; 3-Neutral/Neither; 4-Agree; and 5-Agree Strongly.

Analysis of the survey also included a number of comparisons:
• Board Members and CEOs of Crown Corporations as compared to Board Members and CEOs of Crown agencies. Responses were received from 40 Board Members and 8 CEOs of Crown Corporations.
• Higher impact boards (16) as compared to lower impact boards (11).
• Chairpersons (20) as compared to Board Members.

The findings make note of these comparisons only where there is a substantial difference of opinion. No comment is made when no noteworthy difference is apparent on any of these comparative factors. Note that when the number of respondents in a category is small, some caution must be exercised in interpreting the data.

The survey was designed to provide an overall picture of governance among Manitoba's Crown Organizations, not focus on the governance of any subset of agencies. As such, the statements on the questionnaire were general in nature, so as to be applicable to as wide a range of organizations as possible. While every effort was made to ensure the survey adequately addressed all factors, we note the following limitations:
• The special nature of governance in the university setting was not included in the study. That is, we did not explore the bicameral nature of university governance.

- The role of the Chair was not explicitly examined. However, as appropriate, the findings have been analysed to capture some aspects of the Chair's contribution.
- The survey was not available in French. One request was received to provide the survey in French.

SURVEY ANALYSIS

The survey examined governance in Manitoba's Crown Organizations by:

- confirming the general acceptance by Board Members and CEOs of a model of governance, comprised of the major attributes of an effective board.
- examining each of the attributes which comprise that model individually, in order to clarify the functioning and contribution of each to good governance.
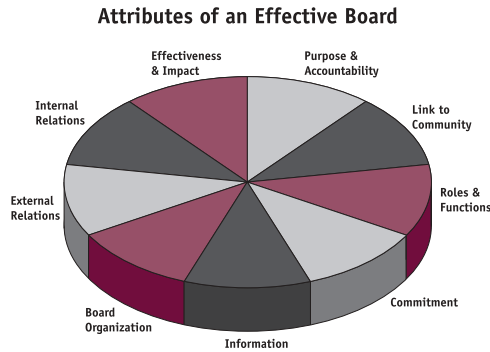
Is Our Model Valid? Is There A Common Understanding Of Board Governance In Manitoba?

A common understanding of board governance is vital for individuals to work together on a board. We explored the extent to which Board Members and CEOs have a common understanding of governance through a series of statements based on our mode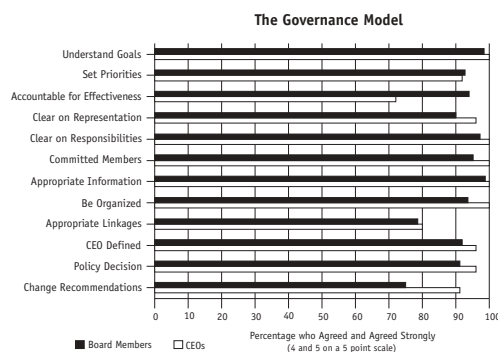l. Together, the statements represent the attributes of an effective board. In general, the more a board meets each of the attributes in the model, the more effective the board is.

Most of the attributes of the model were endorsed by more than 90% of the Board Members and CEOs.

- They agreed that an effective board should:
    - Clearly understand the organization's goals;
    - Set agreed upon priorities for the board;
    - Be accountable for the effectiveness of the organization;
    - Be clear on who it is the board represents;
    - Be clear on board responsibilities;
    - Have members on the board who are committed to the organization;
    - Have the appropriate information to make decisions;
    - Be organized as a board;
    - Maintain appropriate linkages with other organizations;
    - Define clear relations with the CEO;
    - Make policy decisions for the organization; and
    - As necessary, change the recommendations made to the board by staff.
- CEOs (72%) were less likely than Board Members (94%) to agree that the board should be accountable for the effectiveness of the organization.
- Board Members (75%) were less likely than CEOs (91%) to agree that the board should, as necessary, change the recommendations made to the board by staff.

Attributes of an Effective Board

"A board's job is to give sober second thought — from a perspective that is not caught up in day to day events that come with paid staff."
                                        A Survey Respondent
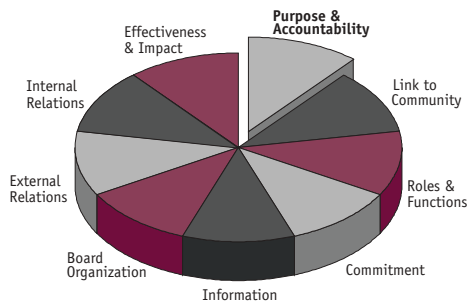
The Governance Model

In Manitoba there is a common understanding of board governance. A basis for dialogue exists.

- About four in five Board Members (79%) and CEOs (80%) agreed that the board should maintain appropriate linkages with other organizations.
- Board Members of Crown Corporations (60%) deemed it less important for the board to maintain appropriate linkages with other organizations, than did Board Members of Crown agencies (81%).

Our Observations:
- Board Members and CEOs have a common understanding of board governance.
- Board Members and CEOs perceive that the attributes of effective governance, as outlined in our model are valid.

Based on this common understanding, the attributes of the model for effective governance provides a criteria with which to assess the performance of these boards and, hence, the state of governance in Manitoba. We now explore each of these attributes individually in order to clarify the functioning and contribution of each to good governance.

"...Some Board Members feel it is important to support the present organizational structure. Other Board Members feel it is important to meet the client's needs. However, this dilemma means we coast rather than explore the real needs we might serve for our clients."

A Survey Respondent

Are Boards Clear On The Organization's Purpose And Their Accountability?

Boards are responsible for the purpose and direction of their organization, and are accountable for what is accomplished. As the ultimate authority for the organization, the board has the responsibility to act and the obligation to answer for those actions. Board Members (98%) and CEOs (100%) strongly endorsed this as an attribute of the effective board.

We explore these attributes by assessing:
- the extent to which goals are clear and operationalized;
- the board's direction on its accountability reporting; and
- the board's perception of its ultimate responsibility.

Purpose is set forth in the mandate/mission for the organization. The formal goals associated with the mandate are usually general in nature, and are clarified as they are put into practice. It is critical that the goals be important to both Board Members and CEOs, and that both parties agree on the priorities which will enable the mandate to be achieved.
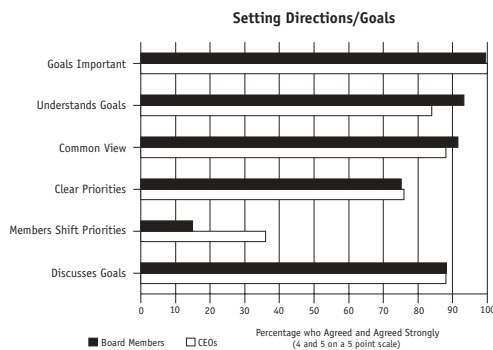
Board Members and CEOs agreed that the organization's goals are important to them, clear, consistent and held consensually.
- The CEOs of Crown Corporations (75%) did not agree as strongly that goals are clarified through discussion as did the CEOs of Crown agencies (94%).
- Changing membership, often a force to shift goals, is not

an issue for these Board Members; only 15% agreed. CEOs somewhat more strongly indicated that there is an effect from changing board membership (36%).

Board Members (94%)and CEOs (92%) agreed that the board is accountable for the actions of the organization; that the board holds ultimate authority.

- CEOs of Crown Corporations (71%) did not agree as strongly with the notion of board accountability as did CEOs of Crown agencies (100%).
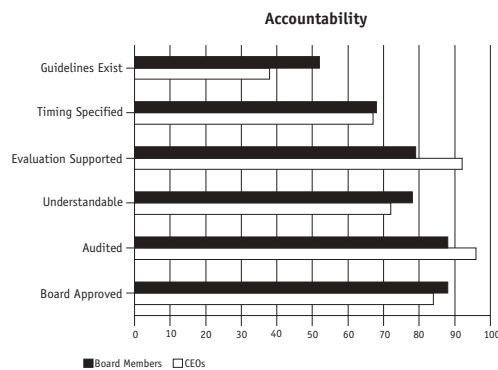- The set of others to whom the board is accountable is extensive and these multiple accountabilities may involve conflicting requirements, according to 42% of Board Members and 40% of CEOs.
- CEOs of Crown Corporations (75%) more strongly agreed, than CEOs of Crown agencies (24%), that the organization holds a set of multiple accountabilities.

To explore the accountability perspective of Board Members and CEOs, we adapted the Office's Accountability Framework. We found:

- guidelines for accountability information exists according to half (52%) the Board Members and 38% of CEOs.
- timing of external reporting is specified according to 68% of Board Members and 67% of CEOs.
- evaluation of organizational performance by the public is supported in accountability information, according to 79% of Board Members and 92% of CEOs.
- understandable accountability information is ensured, according to 78% of Board Members and 72% of CEOs.
- audited or reviewed accountability information is provided, according to 88% of Board Members and 96% of CEOs.
- board approved accountability information is published, according to 88% of Board Members and 84% of CEOs. CEOs of Crown Corporations (100%) more strongly agreed with the role of the board in approving accountability information than CEOs of Crown agencies (77%).

Board Members and CEOs do not allocate all governance responsibility to the board. While Board Members, on average, assigned the board the majority of the responsibility (60%), the remaining 40% is allocated to both CEOs and government. CEOs, on average, assigned only 53% of governance responsibility to the board. Thus, the responsibility for governance is shared.

- For most respondents, this shared responsibility does not contribute to ambiguities in the board role. Only about one in four Board Members (28%) and one in three CEOs (32%) agreed that it did.

Accountability

Shared Governance		
	Board Members	CEOs
Board	60%	53%
CEO	20%	21%
Government	16%	13%
Other	4%	7%
No Response	-	5%

Note: This table reports the average distribution For both Board Members and CEOs the distribution of board responsibility ranged from 0% to 100%.

- CEOs of Crown Corporations (63%) perceived a much greater impact and a greater sense of ambiguity in the board role than CEOs of Crown agencies (18%).

Our Observations:
- Board Members and CEOs understand the goals of the organization for which they are responsible.
- Priorities are specified to operationalize the goals, and these are held consensually by both Board Members and CEOs.
- Board accountability for the organization is accepted.
- Some direction for accountability activities and reporting is provided.
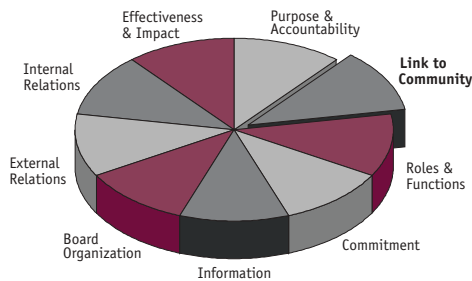- Governance responsibility is shared among the board, the CEO and the government.

Board Members and CEOs understand the goals, and accept that the board is accountable.

The responsibility for governance is shared.

"As I am an appointed Board Member representing a partnership organization, I feel I must bring the perspective of my constituents to the table even if their views are not always the same as other interests at the table."
                    A Survey Respondent

How Clear Is The Linkage To The Community?

The legitimacy for boards comes, in part, from their members being part of the community, and hence representative of it. Board Members (90%) and CEOs (96%) agree with the attribute that the board should be clear on who it represents.

We explore representation as follows:
- the fit between the characteristics a board should have and what it does have;
- the use of values by the board;. and
- the board's perception of whose interests are represented by the board.

The fit between characteristics the board should and does have was assessed by asking Board Members and CEOs to first indicate how important each of a series of characteristics was, and then assess the extent to which each of these characteristics were represented on their boards.
- For Board Members, most of the characteristics were more important than was their representation on the board. The exceptions were: representation from special interest groups, politically affiliated individuals and individuals with prior board experience. For these three characteristics, the representation on the board exceeded the importance accorded them.
- The assessment from the CEO's perspective was similar.
- Representation on the board of the community - both in terms of demographics and geography - is important. Representation of this nature could be improved.
- Both Board Members and CEOs indicated that members of the board should have expertise in: general business, professional knowledge and knowledge of government.
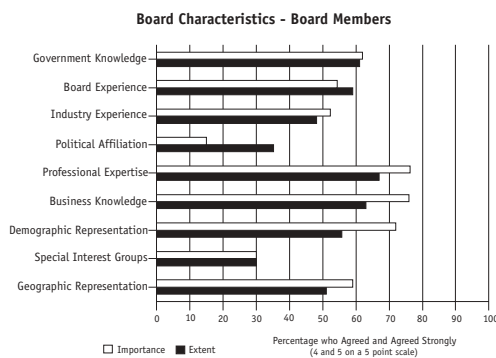
Board Characteristics - CEOs

Whose Interests Represented On Board	
Rank order of top three interests	**Board Member Ranking**
This organization	35%
Clients/customers of the organization	28%
The citizens of Manitoba	22%
The current government	8%
The Minister responsible for this organization	3%
A special interest group	2%
Other*	2%

*Note: "Other" includes students, community, staff, and regional people.

Board Members and CEOs agree that the representation of community characteristics on the boards is not as strong as they would like.

Board Members are identified with their organization and their clients.

Again, the representation of these skills could be improved.
- Some characteristics were not valued: known political affiliation and special interest group representation.

Board Members and CEOs (both 76%) indicate that the board has clarified the values and principles that guide board decisions. As they report that there is demographic and geographic representation, it is assumed that these values, which guide decision-making, are consistent with the values of the community.
- Board Members of Crown Corporations (85%), more so than Board Members of Crown agencies (75%), agreed that their boards had clarified values.

Board Members were asked to indicate whose interests they represent on the board. Among those interests ranked first were: their organization, the clients of their organization and the citizens of Manitoba. Given that these are Crown Organizations, it is interesting that only 11% ranked the government or the Minister as the prime interest they represented.
- Board Members of Crown Corporations (25%) ranked the government as a prime interest much more strongly than Board Members of Crown agencies (4%).

Our Observations:
- Board Members and CEOs are clear on the characteristics that Board Members should bring to the board.
- There is a gap between the importance of these characteristics and the extent to which they are represented on the board. The characteristics are more important than their representation on the boards.
- The values which guide the decision-making of boards are clarified. Given the demographic and geographic representation of the Board Members, these values are deemed to be consistent with those of the community.
- Board Members are identified with their organization and their clients.
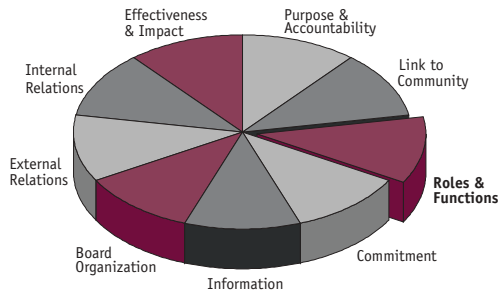
"The role of the Chair remains unclear... Chair expectations and responsibilities should be clarified prior to appointment."

A Survey Respondent

Board Roles

Percentage who Agreed and Agreed Strongly
(4 and 5 on a 5 point scale)

■ Board Members   ☐ CEOs

Roles	Functions
Ultimate Authority/ Sovereign	• setting strategic directions and goals • selecting the CEO • setting significant policies by which the organization operates • ensuring the organization has adequate resources • making all critical business decisions • ensuring accountability obligations are discharged
Constructive Critic	• evaluating the performance of the CEO • monitoring achievement of goals and objectives • ensuring effective management information systems are in place
Advocate	• developing communication plan for stakeholders • bringing an external viewpoint to the organization's attention

What Are A Board's Responsibilities And Functions?

Board Members (97%) and CEOs (100%) strongly agree that boards should be clear on its responsibilities.

We explored responsibilities in terms of:
• a set of board roles;
• a set of functions associated with each of those roles;
• an assessment of the board's performance of those functions; and
• the perceived manageability of the board job.

Boards have three primary roles:
• Overall authority. As discussed earlier, boards are responsible for their organizations, and accept accountability for its performance.
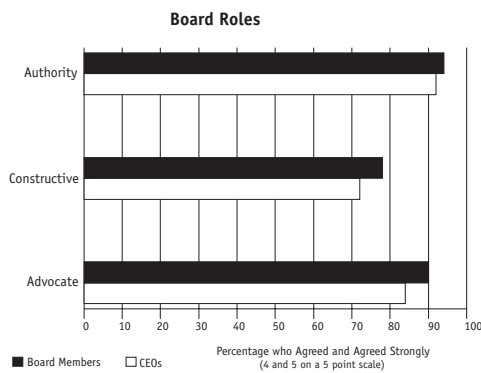• Constructive critic. Boards provide feedback and commentary on the functioning of the organization for which they are responsible. In effect, the board provides a countervailing perspective for its organization. Board Members (78%) and CEOs (72%) agree with this role.
• Advocate for the organization. Boards Members represent the board and the organization. This role is supported by 90% of Board Members and 84% of CEOs.

These roles have a number of associated requirements or functions; summarized in the table to the left. Most of these functions were endorsed; over 75% of Board Members and CEOs agree that they are important to a well-functioning board. Two functions are less well-supported:
• Making all critical business decisions is important to half the Board Members (52%), while only one in five CEOs (20%) agree this is an important board function.
• CEOs (60%) are less likely than Board Members (79%) to agree that it is the board's function to develop a communication plan for stakeholders.
• Board Members of higher impact boards agree more strongly on the importance of setting direction, and on the importance of making critical business decisions, than Board Members of lower impact boards.
• All but four functions were more strongly endorsed as being important by Board Members of Crown Corporations than by Board Members of Crown agencies. The four functions for which there was no noticeable difference were: ensuring the organization has adequate resources; monitoring the achievement of goals; developing a communication plan; and bringing an external viewpoint to the organization's attention.

Board Functions - Board Members

Set Direction
Select CEO
Evaluate CEO
Set Policy
Adequate Resources
Critical Decisions
Monitor Goals
Mgmt. Info. Systems
Communication Plan
External Viewpoints
Accountability Obligations

0   10   20   30   40   50   60   70   80   90   100

☐ Importance   ■ Effectiveness

Percentage who Agreed and Agreed Strongly
(4 and 5 on a 5 point scale)

Board Functions - CEOs

Set Direction
Select CEO
Evaluate CEO
Set Policy
Adequate Resources
Critical Decisions
Monitor Goals
Mgmt. Info. Systems
Communication Plan
External Viewpoints
Accountability Obligations

0   10   20   30   40   50   60   70   80   90   100

☐ Importance   ■ Effectiveness

Percentage who Agreed and Agreed Strongly
(4 and 5 on a 5 point scale)

Board members and CEOs accept the roles of a board, and their associated functions.

There is a performance gap between the desired and actual performance on board functions.

Having essentially accepted these functions as necessary for the well-functioning board, Board Members and CEOs self-assessed their board's performance on each function. A performance gap is reported. For most functions, both Board Members and CEOs assessed the effectiveness of the board's performance as substantively less than the importance accorded the function.

- The satisfaction with, or effectiveness of, board performance ranged from 55% to 79% for Board Members and 32% to 84% for CEOs. Interestingly, the function least supported -- making all critical decisions -- is the only one in which the board was deemed to be more effective than the function was important.
- Board Members and CEOs of higher impact boards agreed more strongly than did those of lower impact boards that their board is effective in developing stakeholder communication plans.
- The Board Members of Crown Corporations self-assessed their effectiveness as higher on the following functions: setting strategic direction and goals; selecting CEO; evaluating CEO; making all critical business decisions; monitoring achievement of goals and objectives; and ensuring effective management information systems are in place. The CEOs of Crown Corporations also provided a higher effectiveness rating for their boards on developing a communion plan for stakeholders.

Carrying these responsibilities and performing these functions, that is the board job, is deemed to be manageable by both Board Members (86%) and CEOs (92%).

- The board roles are consistent with the expectations of Board Members (80%) at the time of appointment.
- Board Members (93%) have sufficient information as to their duties and personal responsibilities as a Board Member. CEOs (92%) agree.
- CEOs of Crown Corporations (75%) were less likely than CEOs of Crown agencies (100%) to agree that the board job is manageable.

Our Observations:
- The board roles are clear to Board Members and CEOs.
- Board Members and CEOs are clear on the set of functions associated with these roles.
- There is a performance gap in fulfilling these functions according to both Board Members and CEOs.
- Board Members of Crown Corporations perceive themselves to be more effective in fulfilling these functions than do Board Members of Crown agencies.
- The board job of performing these functions is manageable.
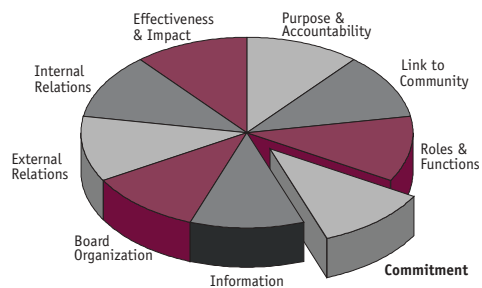
"Boards are only as good as the individual members."

A Survey Respondent

"Unfortunately for many individuals who sit as Board Members in a voluntary capacity, their 'real' lives mitigate against deeper levels of involvement and the time required for learning and reflection in their governance roles."

A Survey Respondent

What Level Of Commitment Do Board Members Give To Their Board Responsibilities?

It is a fundamental principle of board governance that members of the board should be committed to the organization and contribute to its governance. Board Members (95%) and CEOs (100%) strongly endorse this attribute.

We explore commitment in terms of :
- the importance of the mandate (goals) to Board Members;
- the contribution to the board;
- the personal benefits of board involvement; and
- the risk of board involvement.

The mandate is important to Board Members (99%). They care about their organization's purpose and its contribution to the community.
- As discussed earlier, goals are understood, clarified, consistent, and operationalized.
- The commitment to goals likely grew as a consequence of involvement, as two out of three Board Members (34%) indicated that they knew little of the organization before being appointed to it.

Board Members make a significant contribution of their time and energy.
- Board Members devote, on average, 11 hours a month on behalf of the board; and on average, spend 3 hours preparing for each board meeting.
- Chairs contribute considerably more time. On average, a Chair spends 27 hours a month on behalf of the board, and 5 hours preparing for board meetings.
- Board Members of Crown Corporations reported contributing more time than did Board Members of Crown agencies: on average, 19 hours a month on behalf of the board and 5 hours preparing for each board meeting.
- One in three Board Members (31%) and CEOs (32%) perceive that there are some Board Members who spend less time on their tasks than is required to do an adequate job.
- Board Members of Crown Corporations (8%) and their CEOs (13%) did not agree as strongly with this perception as did Board Members of Crown agencies (36%) and their CEOs (41%).
- An attendance problem was reported by only 13% of Board Members and 12% of CEOs.
- While CEOs of Crown Corporations (25%) noted an attendance problem more so than CEOs of Crown

agencies (6%), Board Members of Crown Corporations (5%) did not feel an attendance problem existed as strongly as Board Members of Crown agencies (14%).

- Board Members have been a member of their board for an average of 4 years. Most Board Members (80%) have prior board experience and are, on average, members of three boards in total.

Board Members receive significant personal benefit from their involvement on the board.

- Board Members (83%) feel valued and appreciated as a member of the board.
- Board Members care about the work that is being undertaken, and their contribution to it; 85% of Board Members agreed that it is important to be viewed by other Board Members as doing a good job.
- Most Board Members (81%) agreed that the personal rewards they receive from being a member of the board outweighed the costs.
- The majority of Board Members (60%) said they were not paid a per diem. For the 40% who do receive a per diem, 70% indicated that it was adequate, or more than adequate. Of the 88% of Board Members of Crown Corporations who receive a per diem, the assessment of adequacy was split.

The risk associated with being a member of the board is marginal according to both Board Members and CEOs.

- About one in five Board Members (18%) and CEOs (20%) agreed that Board Members place their reputations and financial resources at risk by agreeing to be on the board.

Our Observations:

- Board Members are committed to their organization.
- Most Board Members make a significant contribution of time and energy to the board.
- One in three Board Members are perceived as not devoting the necessary time required to do an adequate job as a member of the board.
- Board Members perceive that their investment in the board is "worth it".
- Board Members do not perceive a risk from their governance responsibilities.

Benefit/Cost: Board Members
Taking all things into account, I feel the personal rewards outweigh the cost

Agree/
Agree Strongly
81%

Neither
13%

Disagree/
Disagree Strongly
6%

Board Members are committed to their organization. Some Board Members are perceived as not devoting the necessary time to do an adequate job.

Board Members perceive that their investment in the board is "worth it".

"Several Board Members question if we've received all the information — a difficult and confrontational task which few have the resolve to perform."

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A Survey Respondent

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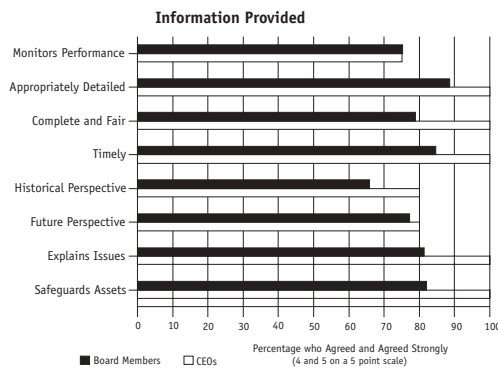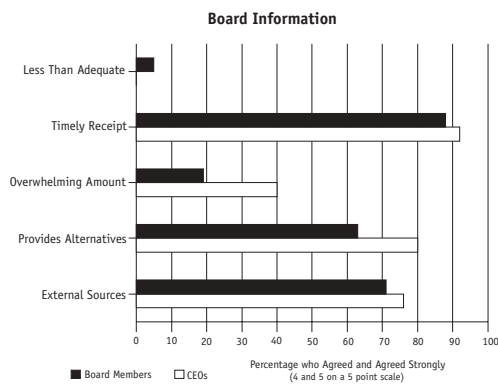
Does The Board Have The Information It Needs To Make Decisions?

Board Members (99%) and CEOs (100%) strongly agree with the attribute that boards should have the appropriate information to make decisions.
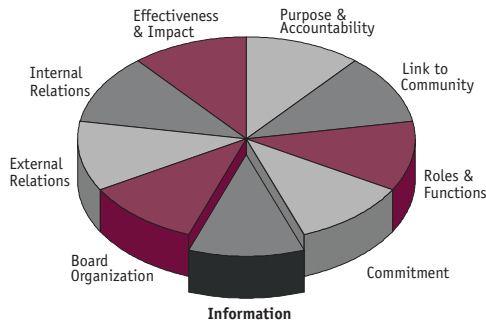
We explore the board's information by examining:
- the adequacy of the information;
- the appropriateness of the information;
- the usefulness of the information in decision-making; and
- the source of the information.

Board information is adequate.
- Only 5% of Board Members and no CEOs agreed that the board receives less information than is needed to do an adequate job.

In general, Board Members and CEOs perceive that the information the board receives is appropriate.
- Most Board Members (88%) agree that the material for the board meeting is pre-circulated in adequate time.
- Most Board Members and CEOs are not overwhelmed by the amount of material to be reviewed for board meetings. Only one in five Board Members (19%) and two in five CEOs (40%) report they are overwhelmed by the volume of material.
- The information provided to Board Members provides sufficient alterative courses of action from which to select. Two in three Board Members (63%) and four in five CEOs (80%) agreed.

Board Members and CEOs perceive that the information provided to the board supports appropriate decision-making.
- We asked Board Members and CEOs to indicate whether the information currently provided to the board:
  - allows the board to monitor performance against plans;
  - has an appropriate level of detail;
  - is a complete and fair representation of all facts;
  - is received in a timely manner for effective decision-making;
  - gives a historical perspective;
  - gives a future-oriented perspective;
  - explains significant issues, changes, or problems which affect the organization; and
  - allows the board to safeguard organizational assets.
- All but one of these of factors, providing a historical perspective, is agreed with by at least 75% of the Board Members and CEOs.

- Board Members of Crown Corporations agreed more strongly with each of these factors, than Board Members of Crown agencies.

Sole reliance on internal sources for information is not the case for these boards.
- Both Board Members (71%) and CEOs (76%) agreed that the board has asked for information beyond that which is provided to it.
- External audit and private consultants were the two most common sources of outside information.
- Higher impact boards were more likely than lower impact boards to use outside sources of information.

Our Observations:
- Board Members and CEOs perceive that the information available to the board is adequate, appropriate and useful for decision-making.
- The use of outside sources of information is an important contribution to a higher impact board.

The information available to boards is adequate, appropriate and useful for decision-making.

The use of outside sources of information is an important contribution to a higher impact board.

"For many Board Members, there is a very steep learning curve in the early stages. The learning needs center largely on the board role and processes and on understanding the organizational culture of the particular institution or body."

A Survey Respondent

Are Boards Organized To Do The Job?

Board Members (94%) and CEOs (100%) strongly endorse the attribute that a board should be organized to do its work.

We explore the board's organization by examining:
- the board's understanding of its job;
- board culture;
- board structure; and
- board recruitment.

Board Members (92%) and CEOs (80%) agree that the board with which they are affiliated understands its job.
- Most Board Members (75%) receive an orientation; CEOs agree (84%). All Board Members reported that the orientation was useful (30%) or very useful (70%).
- Most of the Board Members (75%) have received development opportunities. All Board Members indicated that these development opportunities were useful (49%) or very useful (50%).

Board culture is defined as Board Members and CEOs working together to advance the organization. The culture of boards, in the perception of Board Members and CEOs, is acceptable.
- The board works well as a team; agreed to by 92% of Board Members and 84% of CEOs.
- Board Members of Crown Corporations (100%) and their CEOs (100%) more strongly supported the concept of

their board as a team, than Board Members of Crown agencies (90%) and their CEOs (77%).

- Most Board Members (96%) have an opportunity to express their views at board meetings; CEOs agree (96%).
- Board Members participate in the discussions (78%); CEOs agree (72%).
- Most Board Members (93%) feel comfortable in taking an opposing view from others at the meeting; CEOs agree (88%).
- Board Members perceive that their board is able to resolve conflicting positions, as only 8% of both Board Members and CEOs indicated that their board is not able to resolve conflicts.

Structurally, Board Members and CEOs generally agree that their boards are well organized.

- Board size is "about right" for 88% of Board Members and 84% of CEOs.
- The ideal size, on average, according to Board Members would be 12; for CEOs, ideal size was on average, 11 members. The boards included in our survey ranged in size from 5 to 35 members.
- The average length of term was 3 years.
- The frequency of meetings was supported by 94% of the Board Members and 100% of the CEOs. The number of board meetings held per year was sufficient for the board to be effective, according to 95% of Board Members and 84% of CEOs.
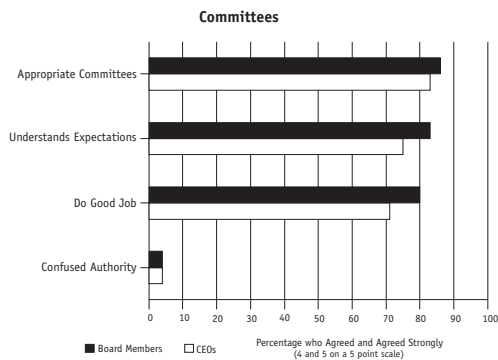
The committee structure and processes are, in general, working well.

- Each board has the appropriate committees (Board Members 86%; CEOs 83%).
- By and large, each committee understands what is expected of it (Board Members 83%; CEOs 75%).
- Each committee does a good job at carrying out its responsibilities (Board Members 80%; CEOs 71%).
- CEOs of Crown Corporations (57%) were more reserved on the effectiveness of committees than were CEOs of Crown agencies (76%).
- Only a few Board Members and CEOs (4%) reported any confusion between the authority of the board and the authority of committees.
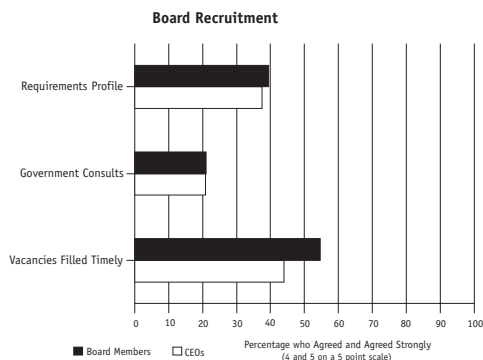
Recruitment, the process of ensuring that the boards are comprised of the "right" people, those with the necessary knowledge, ability and commitment to fulfill their responsibilities, is an area of board functioning that warrants examination.

- About two in five Board Members (40%) and CEOs

Committees

Appropriate Committees

Understands Expectations

Do Good Job

Confused Authority

0 10 20 30 40 50 60 70 80 90 100

■ Board Members □ CEOs   Percentage who Agreed and Agreed Strongly
                           (4 and 5 on a 5 point scale)

Board Recruitment

Requirements Profile

Government Consults

Vacancies Filled Timely

0 10 20 30 40 50 60 70 80 90 100

■ Board Members □ CEOs   Percentage who Agreed and Agreed Strongly
                           (4 and 5 on a 5 point scale)

(38%) agree that their board has prepared a profile of its requirements for Board Member skills and experience.
- CEOs of Crown Corporations (14%) were less likely to report that a profile had been developed than CEOs of Crown agencies (47%).
- About one in five Board Members (21%) and CEOs (21%) indicated that the government consults with the board on required qualifications and skills.
- About one in two Board Members (55%) and CEOs (44%) indicate that the board is able to fill Board Member vacancies on a timely basis.
- Board Members (33%) and CEOs (38%) of Crown Corporations indicated greater problems in filling vacancies on a timely basis. While Board Members (58%) and CEOs (47%) of Crown agencies were more likely to point to a timely filling of vacancies, there were still one in two which disagreed.

Board Members and CEOs perceive that the culture and organization of their boards are appropriate.

Recruitment is an area which warrants examination.

Our Observations:
- Board Members and CEOs perceive that the board understands its job.
- The board has the appropriate culture and structure to accomplish its work.
- Recruitment is an area which warrants examination. Boards do not develop profiles of required skills and expertise for their incoming Board Members, are not often consulted on appointments, and experience some difficulties in filling vacancies on a timely basis.

"While government does not interfere, the relationship with government is unsatisfactory. It's called Effective Communication! Listening! Collaboration!"

A Survey Respondent
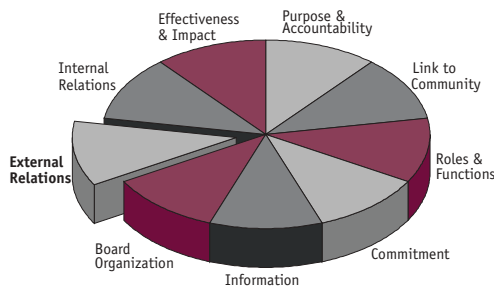
How Do Boards Relate With Government?

Board Members (79%) and CEOs (80%) agree that the board should maintain appropriate linkages with other organizations. In this survey we assess one major external relationship -- that of the board with government.

We explore this relationship by examining:
- the perceived constraints on these boards;
- alignment of these boards with government;
- communication and coordination between the parties; and
- the reporting relationship.

For most Board Members and CEOs, their boards are not overly constrained by legislation and regulation.
- Only one in five Board Members (19%) and one in four CEOs (24%) indicated that the board was overly constrained.
- A comparison of higher and lower impact boards found that CEOs of lower impact boards perceived greater

External Relations: Government

Percentage who Agreed and Agreed Strongly
(4 and 5 on a 5 point scale)

■ Board Members   □ CEOs

constraints on their boards due to legislation and regulation.

- CEOS of Crown Corporations (50%) perceive more constraint on their boards than CEOs of Crown agencies (12%).

Only partial alignment exists between the government and these boards.

- Strategic plans, vision, missions and operations are aligned with those of government according to 55% of Board Members and 72% of CEOs.
- Board Members of Crown Corporations (85%) agreed more strongly than Board Members of Crown agencies (49%), with an alignment between their board and government.
- Strategic plans are reviewed by the government according to 42% of Board Members and 16% of CEOs.
- For about half the Board Members (49%) and CEOs (52%), the public policy initiatives that the government expects the board to undertake are not compatible with operational performance targets.

Communication and coordination is described as inefficient.

- A consistent message from government was reported from 49% of Board Members and 32% of CEOs.
- CEOs of higher impact boards were more likely to agree with receiving a consistent message than CEOs of lower impact boards.
- Coordination between their organization and the government was insufficient according to 47% of Board Members and 56% of CEOs.
- Government-established performance targets were agreed to by 43% of Board Members and 24% of CEOs.
- CEOs of Crown Corporations (38%) more strongly agreed that government had established performance targets for the organization than CEOs of Crown agencies (18%).

Board independence is affected by multiple reporting relationships.

- The effect of multiple oversight agencies was described by 28% of Board Members and 48% of CEOs as somewhat or very detrimental.
- A variety of reasons were provided to explain the ways in which these oversight agencies are detrimental.
- For the 32% of Board Members commenting, the reasons included: government expenditure; government too slow to react; and occasional conflict.
- For the 74% of CEOs commenting, the reasons were somewhat different: not enough government commitment; occasional conflict; and too much

government control over internal matters.
- Board Members (46%) were more likely than CEOs (24%) to report that the board had been held accountable for decisions made by other regulatory or government bodies (e.g., tariffs, capital expenditures, or service levels).

Board Members (23%) and CEOs (19%) made the following suggestions on how to improve the relationship between their board and government:
- closer communication with government;
- more control to the board;
- regular meetings between parties;
- clarifying the mandate; and
- allowing the board to define community needs.

Our Observations:
- Board Members and CEOs do not perceive their authority to be overly constrained by legislation.
- Only partial alignment exists between the government and these boards.
- Communication and coordination is described as inefficient.
- Board independence is affected by multiple reporting relationships.

The relationship between these boards and government needs to be clarified and improved.

"The CEO controls the board, not the Chair. This behaviour is unacceptable."
                    A Survey Respondent

"There needs to be some scrutiny of board governance to safeguard against Board Members crossing the fence line between good governance and management responsibilities."
                    A Survey Respondent
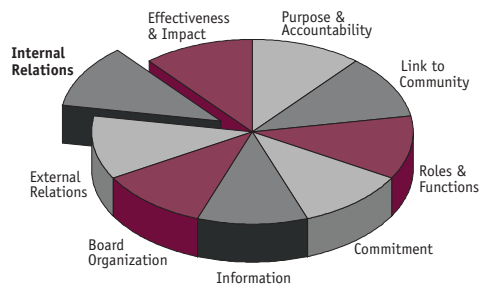
How Do Boards Relate To Their Chief Executive Officers?

Boards, according to these Board Members (92%) and CEOs (96%), should define clear relations with their CEO.

We explore this aspect of board functioning by examining:
- the role of the CEO;
- the relationship of the board and CEO; and
- how authority is shared between the board and CEO.

Most of the Board Members (78%) and CEOs (80%) report that the lines of responsibility between the board and CEO have been clearly delineated.
- Board Members of Crown Corporations (90%) indicated more strongly than Board Members of Crown agencies (76%) that the authority between their board and CEO is clearly delineated.

The CEO's role is highly important to both Board Members and CEOs.
- The CEO's position is the most important job in the organization (Board Members 68%; CEOs 60%).
- Board Members (98%) expect the CEO to know what is

Importance of CEO Position

Most Important Job

Expect CEO to Know

0 10 20 30 40 50 60 70 80 90 100

Percentage who Agreed and Agreed Strongly
(4 and 5 on a 5 point scale)

■ Board Members   □ CEOs

Role of CEO

Furthers Board Objectives

Are Colleagues

Leads the Board

Residual Authority Falls to CEO

0 10 20 30 40 50 60 70 80 90 100

Percentage who Agreed and Agreed Strongly
(4 and 5 on a 5 point scale)

■ Board Members   □ CEOs

Board Members and CEOs agree
that authority for the CEO position
has been clearly delineated.

Residual power is often accorded to
the CEO and not to the board.

going on in the organization and to be able to tell them.
All CEOs (100%) accepted this high level of
responsibility.
- Board Members of higher impact boards more strongly
  agree with the expectation that the CEO should know
  what is going on, than do Board Members of lower
  impact boards.

The relationship between the board and the CEO is complex
and collegial.
- Board Members (91%) and CEOs (100%) agree that the
  CEO acts to further the objectives of the board.
- Board Members (96%) and CEOs (100%) agree that the
  board and CEO are colleagues working for the same
  goals but with different tasks.
- Two of five Board Members (40%) and one in four CEOs
  (24%) agreed that, as the centre of leadership
  responsibility for the organization, the CEO leads the
  board. The majority of Board Members and CEOs
  rejected this premise.
- This premise was less strongly supported by Board
  Members (23%) and CEOs (13%) of Crown Corporations
  than by Board Members (45%) and CEOs (30%) of
  Crown agencies.

Authority is shared between the board and CEO.
- Board Members (62%) and CEOs (76%) agreed that any
  authorities not specifically those of the board fall within
  the authority of the CEO. Hence, residual authority rests,
  for many Board Members and CEOs, with the CEO.
- The authority accorded the CEO was reported to be
  "about right" by 88% of CEOs and by 96% of Board
  Members.
- One in four CEOs of Crown Corporations (25%) reported
  having too little authority compared to only 6% of CEOs
  of Crown agencies.
- In most cases, the CEO sits as an ex-officio member of
  the board, with no vote (18 boards). On 4 boards, the
  CEO is an ex-officio member of the board, with a vote.
  On the remaining 7 boards, the CEO is not a member of
  the board.

Our Observations:
- Board Members and CEOs agree that the working
  relationship between the board and its senior agent has
  been delineated.
- The job of the CEO is certainly viewed as a central,
  important job for the organization.
- Authority is shared between the board and CEO.
- Residual authority is most often accorded to the CEOs.
  We suggest that this represents an erosion of the ultimate

Effectiveness & Impact, Purpose & Accountability, Link to Community, Internal Relations, Roles & Functions, External Relations, Commitment, Board Organization, Information

"This Board is a rubber stamp for staff decisions and has little influence despite its role in theory."
A Survey Respondent

Board Effectiveness: a value-judgement

Board Output: its decisions

Board Outcome: the impact of those decisions

authority of the board. Residual authority, that which is not specified, should rest with the board. The board could thereby decide to retain or delegate that authority, as the situation warrants.

How Effective Are These Boards?

Determining the effectiveness of a board has been the subject of much research. As no objective indicators of effectiveness have been developed, the standard approach is to ask Board Members their perception of effectiveness.

Assessing effectiveness using this approach is thus a value-judgement of those directly involved. But the evidence is that people, in making such value-judgements about their effectiveness,

> "are infected with over-confidence. Studies analyzing physicians show a 90% confidence level but only 50% accuracy. Similarly, trial lawyers greatly overestimate their probability of winning their cases".
>
> David Dreman, Forbes Magazine

To move beyond self-assessment of effectiveness, we looked at how a board actually impacts the organization for which it is responsible. We rejected policy generation as a measure of impact, for a policy perspective does not provide a unique activity for the board. Many different parts of the organization are involved in developing and implementing a policy.

Boards do, specifically, make decisions. Hence, we operationalized the board's service to its organization as its decisions and defined decisions as the board's output.

The board's impact, or its outcome, we defined as the impact of its decisions on the organization. As the Board Members and CEOs agreed that an effective board should, as necessary, change the recommendations made to the board by staff, we operationalized this attribute as a proxy measure of the board's outcome.

Therefore, we explore the board's effectiveness by:
- assessing its perceived effectiveness - the value-judgement of Board Members and CEOs;
- assessing the quality of the board's output - its decision-making; and
- assessing the board's outcome, or the extent to which the board did, as necessary, change the recommendations made to it by staff.

Board Effectiveness

Board Members (filled)   CEOs (open)

Percentage who Agreed and Agreed Strongly
(4 and 5 on a 5 point scale)

Boards self-assess themselves as being effective.

Board Decision-Making

Board Members (filled)   CEOs (open)

Percentage who Agreed and Agreed Strongly
(4 and 5 on a 5 point scale)
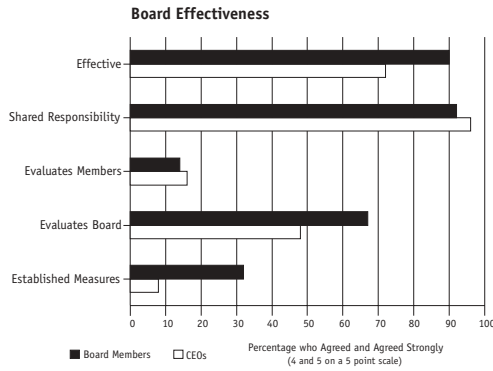
Perceived effectiveness, as self-assessed by Board Members, is high (90%).
- CEOs (72%) are less likely to indicate that their board is carrying out its responsibilities effectively.
- CEOs of Crown Corporations (63%) see their boards as less effective than CEOs of Crown agencies (77%).
- Board effectiveness is differentiated from overall organizational effectiveness. Both Board Members (92%) and CEOs (96%) perceive that the CEO shares responsibility with the board for the organization's effectiveness.

These boards vary in their efforts to assess their effectiveness.
- Only 14% of Board Members and 16% of CEOs indicated that their board evaluates the contribution of individual Board Members.
- Some boards do provide, on a periodic basis, an assessment of board effectiveness to the Minister (Board Members 67%; CEOs 48%).
- Such an assessment is more likely to be undertaken by Crown Corporations (80%) than by Crown agencies (64%).
- Only one in three (32%) Board Members and few CEOs (8%) agreed that the board has established measures to evaluate the effectiveness of the board as a whole.
- Board Members of Crown Corporations (23%) were less likely to agree with this statement than were Board Members of other Crown agencies (33%).
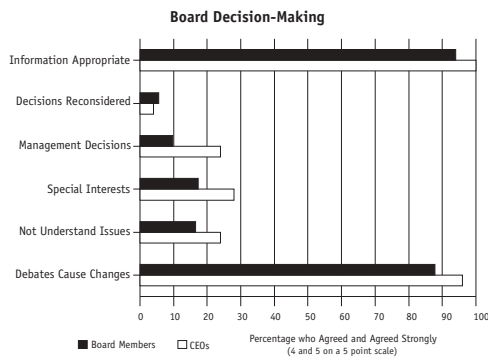
Board Members and CEOs perceive that the output of their boards, its decision-making, is productive and efficient. Board decision-making is based on appropriate information, and is perceived to be appropriately focused and productive.
- Board Members (94%) and CEOs (100%) strongly agree that the board is presented with appropriate information for decision-making.
- Very few Board Members (6%) and CEOs (4%) perceive that board decisions are reconsidered too often.
- Some CEOs of Crown agencies (24%) indicated that board decisions are reconsidered too often. However, no CEOs of Crown Corporations agreed.
- Less than 10% of Board Members agreed that the board becomes too involved in day-to-day management. However, CEOs (24%) were more likely to indicate that the board did become too involved with management.
- Board Members of Crown agencies (19%) more strongly indicated that their board becomes involved in day-to-day management decisions than Board Members of Crown Corporations (8%).
- Board decisions are somewhat limited by special interests or a lack of understanding of the issues. One in four CEOs
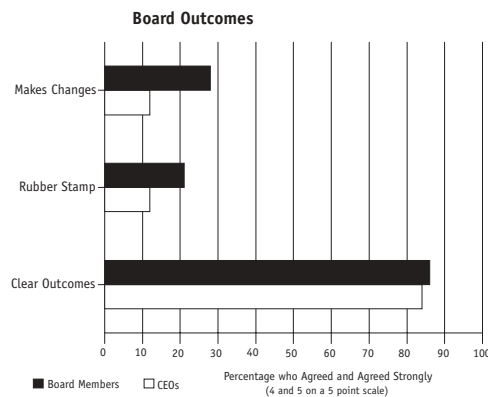
agreed that the decision-making of their board is more difficult due to these reasons. These factors were also reported more strongly for both Board Members and CEOs of Crown agencies than they were for Board Members and CEOs of Crown Corporations.

*   Debates on matters before the board may result in changes to the original proposal (Board Members 88%; CEOs 96%).

Board Members (75%) and CEOs (91%) agree that the board should, as necessary, change the recommendations made to it by staff. Thus, they support that the board should impact its organization in this way. However, few Board Members and CEOs perceive that such changes are made.

*   About one in four Board Members (28%) and one in ten CEOs (12%) indicated that their board changes staff recommendations as necessary.
*   Board Members of Crown Corporations (35%), more so than Board Members of Crown agencies (26%), agreed that their board makes major changes. Yet, CEOs of Crown Corporations (13%) were much less likely than CEOs of Crown agencies (59%) to agree.
*   Higher impact boards, by definition, reported a greater impact on their organization. But even for these boards, the impact was limited.
*   Some boards were viewed as acting as a "rubber-stamp" for conclusions reached by management. One in five Board Members (21%) and one in ten CEOs (12%) agree that their board often rubber-stamps management decisions. No CEOs of Crown Corporations described their boards as rubber-stamping management decisions, as compared to 35% of CEOs of Crown agencies.
*   Both Board Members (86%) and CEOs (84%) agree that the board is clear on its desired outcomes for the organization.

Our Observations:

*   The self evaluation of effectiveness by Board Members is high. CEOs less emphatically endorse the effectiveness of their boards.
*   Board effectiveness is differentiated from organizational effectiveness.
*   Board decision-making is productive and efficient.
*   Board Members and CEOs agree boards should, as necessary, change the recommendations made to them by staff. However, few Board Members and CEOs perceive that changes are made.

Board Members have an overall impression, with all attributes taken together, of effectiveness. However, by breaking the attributes into their elements, it is clear that our understanding of board governance could be enhanced.

Board decision-making is productive and efficient.

Board Outcomes

There may be a disconnect between the understanding of what boards should do and what they actually do. Board Members and CEOs agree that the board should, as necessary, change policy. However, few Board Members and CEOs perceive that changes are made.

SURVEY DATA

Is There A Common Understanding Of Board Governance In Manitoba?

Table 1

Attributes of an Effective Board	Board Members			CEOs		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
Clearly understand the organization's goals.	.4	1.2	98.4	-	-	100.0
Set agreed upon priorities for the Board.	.8	6.5	92.8	-	8.0	92.0
Be accountable for the effectiveness of the organization.	.8	5.2	94.0	4.0	24.0	72.0
Be clear on who it is the Board represents.	2.4	7.6	90.0	-	4.0	96.0
Be clear on Board responsibilities.	.4	2.4	97.2	-	-	100.0
Have members on the Board who are committed to the organization.	.8	4.0	95.2	-	-	100.0
Have the appropriate information to make decisions.	.4	.8	98.8	-	-	100.0
Be organized as a Board.	.4	6.0	93.6	-	-	100.0
Maintain appropriate linkages with other organizations.	2.0	19.4	78.6	8.0	12.0	80.0
Define clear relations with the CEO.	.4	7.6	92.0	-	4.0	96.0
Make policy decisions for the organization.	1.6	7.2	91.2	-	4.0	96.0
As necessary, change the recommendations made to the Board by staff.	4.5	20.5	75.0	4.3	4.3	91.3

Are Boards Clear On The Organization's Purpose And Their Accountability?

<div align="right">Table 2</div>

Setting Direction & Goals	Board Members			CEOs		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
The Board understands the organization's goals.	4.0	2.8	93.2	12.0	4.0	84.0
This Board and the CEO share a common view of the organization's priorities.	1.6	6.9	91.5	8.0	4.0	88.0
This Board has clear priorities for itself in leading this organization.	9.2	15.6	75.2	8.0	16.0	76.0
The priorities of this Board shift with the changing membership.	63.8	21.2	15.0	52.0	12.0	36.0
This Board discusses the fundamental goals of the organization.	6.9	4.8	88.3	4.0	8.0	88.0
The goals of this organization are important to me.	-	.4	99.6	-	-	100.0

<div align="right">Table 3</div>

Accountability	Board Members			CEOs		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
This Board is accountable for the actions of the organization.	.8	4.9	94.3	4.2	4.2	91.7
As a Board, we feel/This Board is accountable to a large number of external groups which have conflicting accountability.	37.5	20.6	42.0	40.0	20.0	40.0
This Board has developed guidelines on the information to be provided to each group to whom it is accountable.	19.4	29.2	51.5	41.6	20.8	37.5
This Board has specified the timing of its external reporting.	9.0	23.4	67.6	12.5	20.8	66.7
The information this Board provides to the public and to government allows an evaluation of organizational performance.	6.1	15.4	78.5	-	8.0	92.0
This Board ensures that accountability information is understandable.	3.6	17.4	79.0	8.0	20.0	72.0
Our published information is subject to audit or review.	2.8	9.4	87.7	4.0	-	96.0
Our Board approves all accountability information, including the annual report.	4.8	7.7	87.5	4.0	12.0	84.0

Table 4

Shared Governance		
	Board Members	**CEOs**
Board	60%	53%
CEO	20%	21%
Government	16%	13%
Other	3%	7%
DK/NR	-	5%

Note: This table reports the average distribution For both
Board Members and CEOs the distribution of board
responsibility ranged from 0% to 100%.

Table 5

Shared Governance	Board Members			CEOs		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
This Board shares authority, responsibility, and direction-setting with various government bodies. This leads to ambiguities in our role.	48.7	23.0	28.2	56.0	12.0	32.0

How Clear Is The Linkage Of The Board To The Community?

Table 6

	Board Members			CEOs		
Rationale	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
This Board has clarified the values and principles that guide our decisions.	6.8	16.9	76.3	12.0	12.0	76.0

Table 7

Interests Represented by Board Members			
Rank Order Of Top Three Interests You Feel You Represent On Your Board	Primary Interest	Secondary Interest	Third Interest
This organization	35.2	26.8	21.2
Clients/customers of this organization	27.6	35.2	14.4
The citizens of Manitoba	22.4	18.8	32.8
The current government	7.6	5.2	9.2
The responsible minister for this organization	2.8	5.2	10.4
A particular special interest group	1.6	4.4	4.0
Other	1.6	1.6	3.2

Table 8

	Importance			Extent		
Board Characteristics - Board Members	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
Knowledge of government	10.1	27.9	61.9	10.4	28.5	61.1
Prior Board experience	14.5	31.2	54.3	13.2	27.9	59.0
Related industry experience	19.1	28.7	52.3	15.8	36.1	48.2
Known political affiliation	64.3	20.6	14.9	36.0	28.9	35.1
Professional expertise (legal, financial, etc.)	5.6	18.1	76.3	7.0	26.0	67.0
General business knowledge	4.9	19.1	76.0	7.4	29.6	62.9
Represent community demographically	12.8	15.3	71.9	18.0	26.2	55.8
Represent special interest groups	44.3	26.0	29.6	38.7	31.3	30.0
Represent geographic diversity	22.6	18.5	58.8	22.5	26.6	50.8

Table 9

Board Characteristics – CEOs	Importance			Effectiveness		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
Knowledge of government	8.0	24.0	68.0	4.2	37.5	58.4
Prior Board experience	16.0	44.0	40.0	13.0	21.7	65.2
Related industry experience	8.0	24.0	68.0	21.7	26.1	52.2
Known political affiliation	68.0	16.0	16.0	26.1	21.7	52.1
Professional expertise (legal, financial, etc.)	-	8.0	92.0	20.8	16.7	62.5
General business knowledge	12.0	8.0	80.0	4.2	29.2	66.7
Represent community demographically	8.0	16.0	76.0	20.8	12.5	66.7
Represent special interest groups	52.0	40.0	8.0	58.3	29.2	12.5
Represent geographic diversity	24.0	20.0	56.0	20.8	33.3	45.8

What Are a Board's Responsibilities and Functions?

Table 10

Role	Board Members			CEOs		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
This Board has a manageable job.	4.4	9.7	85.8	4.0	4.0	92.0
As a board member, I am an advocate for this organization.	1.6	8.4	90.0	12.0	4.0	84.0
As a Board member, I/the members of the Board provide constructive appraisal of the organization's operations.	4.0	16.6	79.3	8.0	20.0	72.0
I/Board members have sufficient information as to my duties and responsibilities.	3.6	3.2	93.2	8.0	-	92.0
My Board role is consistent with my expectations at the time I was appointed.	10.0	9.6	80.3	n/a	n/a	n/a

Table 11

Board Functions - Board Members' Perspective	Importance			Effectiveness		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
Setting strategic direction and goals.	1.6	5.2	93.2	8.9	19.5	71.5
Selecting the CEO.	2.8	3.7	93.5	5.1	15.9	79.0
Evaluating performance of the CEO.	1.6	6.9	91.5	8.8	27.5	63.7
Setting significant policies by which the organization operates.	2.4	5.2	92.3	6.5	20.6	72.9
Ensuring the organization has adequate resources.	2.4	4.9	92.8	11.9	27.9	60.2
Making all critical business decisions.	18.3	30.0	51.8	11.6	33.7	54.7
Monitoring achievement of goals and objectives.	1.6	10.1	88.3	9.8	28.2	62.1
Ensuring effective management information systems are in place.	5.2	18.0	76.8	10.9	28.9	60.2
Developing a communication plan for stakeholders.	6.6	14.8	78.6	14.9	29.9	55.1
Bringing an external viewpoint to the organization's attention.	2.8	16.1	81.2	7.3	25.9	76.8
Ensuring accountability obligations are discharged.	3.6	8.5	87.8	4.1	26.7	69.2

Table 12

Board Functions - CEO's Perspective	Importance			Effectiveness		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
Setting strategic direction and goals.	4.0	-	96.0	8.0	40.0	52.0
Selecting the CEO.	-	-	100.0	8.0	8.0	84.0
Evaluating performance of the CEO.	-	4.0	96.0	4.0	24.0	72.0
Setting significant policies by which the organization operates.	-	16.0	84.0	-	32.0	68.0
Ensuring the organization has adequate resources.	-	12.0	88.0	20.0	32.0	48.0
Making all critical business decisions.	44.0	36.0	20.0	12.0	56.0	32.0
Monitoring achievement of goals and objectives.	-	4.0	96.0	8.0	24.0	68.0
Ensuring effective management information systems are in place.	20.0	32.0	48.0	16.0	48.0	36.0
Developing a communication plan for stakeholders.	16.0	24.0	60.0	32.0	32.0	36.0
Bringing an external viewpoint to the organization's attention.	-	8.0	92.0	8.0	16.0	76.0
Ensuring accountability obligations are discharged.	-	12.0	88.0	-	28.0	72.0

What Level Of Commitment Do Board Members Give To Their Board Responsibilities?

Table 13

Commitment	Board Members			CEOs		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
There are members on this Board who spend less time on their tasks than is required to do an adequate job.	46.2	22.5	31.3	48.0	20.0	32.0
It is important to me to be viewed by other Board members as doing a good job.	3.6	12.1	84.2	-	-	100.0
I feel appreciated/valued as a member of this Board.	3.2	13.6	83.2	n/a	n/a	n/a
Taking all things into account, I feel the personal rewards I have received from being a member of this Board outweigh the costs.	6.0	12.9	81.1	n/a	n/a	n/a
Board members place their reputations and financial resources at risk by agreeing to be Board members.	69.6	12.6	17.8	68.0	12.0	20.0
I knew a lot about the organization before being appointed to this Board.	48.8	17.6	33.6	n/a	n/a	n/a
Attendance at Board meetings is a problem for this Board.	79.1	8.0	12.8	76.0	12.0	12.0

Table 14

Role	Overall Hrs.	Meeting Prep.
Board Members	10.8	2.0
Chairs	27.2	4.9

Table 15

Board Members	Yes	No
	%	
As a member of this Board, are you paid a per diem?	40	60
If yes, do you feel the per diem you receive is adequate for your involvement on this Board?	70	30

Does The Board Have The Information It Needs To Make Decisions?

Table 16

Board Information	Board Members			CEOs		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
I am overwhelmed by the amount of material I need to review before Board meetings.	56.9	24.2	18.9	44.0	16.0	40.0
Material required for the Board meeting is pre-circulated to members in adequate time.	8.9	3.6	87.5	-	8.0	92.0
In making decisions, I am/Board members are provided with sufficient alternative courses of action from which to select.	15.3	22.2	62.5	8.0	12.0	80.0
Sometimes, I/Board members have asked for information beyond that provided to the Board.	15.4	13.8	70.9	16.0	8.0	76.0
Overall, this Board receives less information than is needed to do an adequate job.	87.1	7.7	5.2	100.0	nil	nil
Information currently provided to the Board: - Allows the Board to monitor performance against plans.	8.1	16.6	75.3	8.3	16.7	75.0
- Has an appropriate level of detail.	4.9	6.5	88.6	-	-	100.0
- Is a complete and fair representation of all facts.	6.9	14.2	78.9	-	-	100.0
- Is received in a timely manner for effective decision-making.	8.5	6.9	84.6	-	-	100.0
- Gives a historical perspective.	12.3	21.8	65.8	8.0	12.0	80.0
- Gives a future-oriented perspective.	8.2	14.7	77.2	8.0	12.0	80.0
- Explains significant issues, changes, or problems which affect the organization.	7.3	11.3	81.4	-	-	100.0
- Allows the Board to safeguard organizational assets.	4.1	13.9	82.0	-	-	100.0

Are Boards Organizaed To Do The Job?

Table 17

Board Organization	Board Members			CEOs		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
CULTURE						
This Board understands its job.	3.6	4.4	92.0	12.0	8.0	80.0
This Board works well together as a team.	3.2	5.2	91.5	12.0	4.0	84.0
This Board is unable to resolve conflicting positions.	84.7	7.2	8.0	84.0	8.0	8.0
Members have the opportunity to express their views at Board meetings.	1.6	2.0	96.4	-	4.0	96.0
Most members participate in the discussion at Board meetings.	13.3	9.2	77.5	24.0	4.0	72.0
I feel comfortable taking an opposing view from others at a Board meeting.	3.2	3.6	93.2	4.0	8.0	88.0
COMMITTEES						
Our Board has established the appropriate committees.	4.0	9.6	86.4	4.2	12.5	83.3
There is confusion between the authority of this Board and the authority of committees.	84.7	10.5	4.8	83.4	12.5	4.2
Each of the committees understands what is expected of it.	6.1	11.4	82.5	12.5	12.5	75.0
Each committee does a good job of carrying out its responsibilities.	3.2	17.1	79.6	4.2	25.0	70.9
MEETINGS						
The number of Board meetings held per year is sufficient for this Board to be effective.	4.4	1.6	94.0	-	-	100.0
RECRUITMENT						
Our Board has prepared a profile of our requirements for Board members' skills and experience.	32.9	27.6	39.5	41.7	20.8	37.5
In appointing members to this Board, the government consults with the Board on required qualifications and skills.	47.7	31.2	21.1	45.9	33.3	20.8
This Board is able to fill Board member vacancies on a timely basis.	25.4	20.0	54.6	24.0	32.0	44.0

How Do Boards Relate With Government?

Table 18

External Relations	Board Members			CEOs		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
This Board is overly constrained by legislation regulation.	54.1	27.0	18.8	56.0	20.0	24.0
The government and its central agencies provide this organization with a consistent message about government expectations.	30.1	20.7	49.2	40.0	28.0	32.0
In our strategic plan, the vision, mission, and operations of this organization are aligned with those of government.	20.9	24.2	55.0	-	28.0	72.0
There is insufficient coordination between this organization and the government agencies affecting its operations.	41.5	19.3	47.1	20.0	24.0	56.0
The government has identified specific performance targets that it expects the organization to achieve.	32.1	21.9	43.0	52.0	24.0	24.0
Sometimes, the public policy initiatives that the government expects the Board to undertake are not compatible with operational performance targets.	20.2	31.3	48.5	24.0	24.0	52.0
This Board has been held accountable for decisions made by other regulatory or government bodies (e.g., tariffs, capital expenditures, or service levels).	35.8	18.5	45.6	48.0	28.0	24.0

Table 19

Why Oversight Agencies Are Detrimental	Board Members	CEOs
Government expenditure	11%	-
Government slow to react	4%	-
Occasional conflict	3%	13%
Too much government control	2%	-
Not enough government commitment	1%	35%
Too much government control over internal matters	-	9%
Getting approval for changes delays implementation	-	4%
Decisions made should reflect needs of communities	-	4%
Other	11%	9%
DK/NR	68%	26%

Table 20

Recommendations to Improve Relationship	Board Members	CEOs
Closer communications with government	6%	4%
More control to Board	4%	4%
Regular meetings	2%	3%
Clarify mandate	2%	3%
Meetings with Minister	2%	1%
Board defines community needs	1%	1%
Other	6%	3%
DK/NR	77%	81%

How Do Boards Relate To Their Chief Executive Officers?

Table 21

Role of CEO	Board Members			CEOs		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
The lines of responsibility between the Board and the CEO have been clearly delineated.	6.5	15.2	78.3	12.0	8.0	80.0
The CEO acts to further the objectives of the Board.	2.4	6.9	90.6	-	-	100.0
The Board and CEO are colleagues working for the same goal but with different tasks.	1.6	2.8	95.6	4.0	4.0	92.0
Any authorities not specifically those of the Board fall within the authority of the CEO.	12.7	25.5	61.8	12.0	12.0	76.0
I expect the CEO to know what is going on at the organization and to be able to tell me. / As CEO, I am expected to know what is going on at the organization and be able to tell the Board.	.4	1.6	98.0	-	-	100.0
The job of the CEO is the most important in this organization.	16.2	16.7	67.1	20.0	20.0	60.0
As the centre of leadership responsibility for this organization, the CEO leads the Board.	39.6	19.2	41.2	56.0	20.0	24.0

How Effective Are These Boards?

<div align="right">**Table 22**</div>

Board Effectiveness	Board Members			CEOs		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
This Board is carrying out its responsibility effectively.	4.8	4.8	90.3	12.0	16.0	72.0
The CEO shares responsibility with the Board for the organization's effectiveness.	3.6	4.8	91.5	4.0	-	96.0
On a periodic basis, our Board evaluates the contribution of individual Board members.	62.1	23.7	14.3	64.0	20.0	16.0
On a periodic basis, our Board provides an assessment of its effectiveness to the Minister.	14.0	19.3	66.7	28.0	24.0	48.0
This Board has established measures that evaluate the effectiveness of the Board as a whole.	41.3	27.1	31.5	60.8	32.0	8.0

<div align="right">**Table 23**</div>

Board Decision-Making (Output)	Board Members			CEOs		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
Decisions made by this Board are reconsidered too often.	87.9	6.5	5.6	80.0	16.0	4.0
This Board is presented with appropriate information to make decisions.	2.8	3.2	93.9	-	-	100.0
This Board becomes involved with day-to-day management decisions.	81.0	9.3	9.7	72.0	4.0	24.0
Decision-making is difficult because some members represent special interests rather than corporate interest.	69.8	12.9	17.3	56.0	16.0	28.0
Decision-making is difficult because some Board members do not understand the organization and the issues facing it.	71.4	12.0	16.5	64.0	12.0	24.0
Debates on matters before the Board may result in changes to the original proposal.	6.9	5.3	87.8	-	4.0	96.0

Table 24

Board Impact (Outcome)	Board Members			CEOs		
	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly	Disagree/ Disagree Strongly	Neutral	Agree/ Agree Strongly
	%			%		
The Board makes major changes in the policy recommendations of staff.	40.3	32.1	27.7	52.0	36.0	12.0
This Board often acts as a "rubber-stamp" for conclusions reached by management.	60.8	18.4	20.8	68.0	20.0	12.0
This Board is clear on its desired outcomes for the organization.	4.8	8.8	86.4	8.0	8.0	84.0

PROVINCIAL AUDITORS
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Name	Title	Period
Alexander Begg	Provincial Auditor	1876 - 1879
Walter R. Nursey	Provincial Auditor	1879 - 1888
George Black	Provincial Auditor	1888 - 1916
J. Gordon Steele	Comptroller-General	1916 - 1921
Robert Drummond	Comptroller-General	1921 - 1933
J.C.M. Ligertwood	Comptroller-General	1933 - 1936
F.B. Brisbin	Comptroller-General	1936 - 1938
C.A. Glover	Comptroller-General	1938 - 1944
George D. Iliffe	Comptroller-General	1944 - 1966
James G. McFee	Comptroller-General	1966 - 1969
	Provincial Auditor	1969 - 1972
W.K. (Bill) Ziprick	Provincial Auditor	1972 - 1985
Fred H. Jackson	Provincial Auditor	1985 - 1992
Carol Bellringer	Provincial Auditor	1992 - 1996
Jon W. Singleton	Provincial Auditor	1996 - Current