Orientation for B.C. Public Post-Secondary Institution Board Members

JUNE 2016

BRITISH COLUMBIA

Ministry of Advanced Education

BRITISH COLUMBIA PUBLIC POST-SECONDARY INSTITUTIONS BY LOCATION

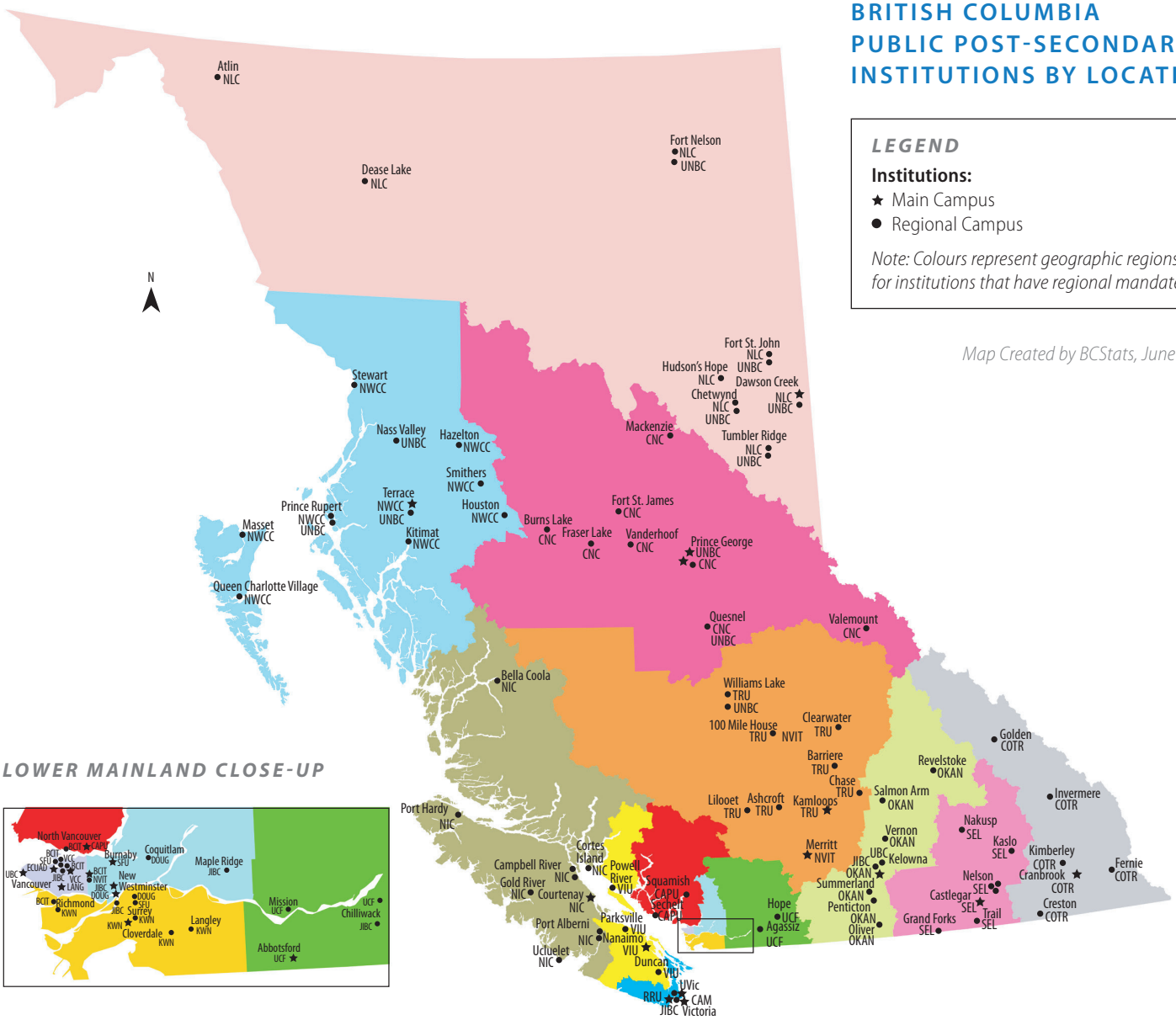
LEGEND

Institutions:

- ★ Main Campus
- ● Regional Campus

Note: Colours represent geographic regions for institutions that have regional mandates.

Map Created by BCStats, June 2009



LOWER MAINLAND CLOSE-UP

INSTITUTIONS

BCIT	BCIT	British Columbia Institute of Technology
CAM	CAM	Camosun College
CAPU	CAPU	Capilano University
CNC	CNC	College of New Caledonia
COTR	COTR	College of the Rockies
DOUG	DOUG	Douglas College
ECUAD	ECUAD	Emily Carr University of Art+Design
JIBC	JIBC	Justice Institute of British Columbia
KPU	KPU	Kwantlen Polytechnic University
LANG	LANG	Langara College
NIC	NIC	North Island College
NLC	NLC	Northern Lights College
NVIT	NVIT	Nicola Valley Institute of Technology
NWCC	NWCC	Northwest Community College
OKAN	OKAN	Okanagan College
RRU	RRU	Royal Roads University
SEL	SEL	Selkirk College
SFU	SFU	Simon Fraser University
TRU	TRU	Thompson Rivers University
UBC	UBC	University of British Columbia
UFV	UFV	University of the Fraser Valley
UNBC	UNBC	University of Northern British Columbia
UVic	UVic	University of Victoria
VCC	VCC	Vancouver Community College
VIU	VIU	Vancouver Island University

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1. Introduction

The purpose of this document is to provide information and guidance to post-secondary Boards in the conduct of their responsibilities. These guidelines are intended to be supplementary to orientation materials provided by post-secondary institutions to their Board members. The information contained in this document has been made available solely for convenience. The official statutes must be consulted for purposes of interpreting and applying the law. For simplicity, these guidelines may use a single term or general terms where many terms may exist across different types of institutions. In this document "the Ministry" refers to the Ministry responsible for post-secondary education.

Public sector organizations are established by Government to perform a public function.

As public sector organizations that are responsible for stewardship of public resources, there is an expectation of a high level of accountability and transparency. Legislation sets the legal framework in which post-secondary institutions must operate. These Acts of the Legislature establish post-secondary institution mandates and provide for Boards to oversee strategy, operations, finances and management, as well as academic governance structures for matters such as credentials, curriculum and academic standards. Government sets the regulatory and public policy frameworks under that legislation.

Each public post-secondary institution in British Columbia (B.C.) is uniquely positioned to contribute to the success of the post-secondary system. As a public sector organization, the role of a Board in guiding its institution takes place within a broader context of serving the public interest and advancing overall public policy objectives.

2. Governance: General Details

"Governance provides the structure through which
a) the objectives of the organization are set, and
b) the means of attaining those objectives and monitoring performance are determined." [1]

[1] Office of the Superintendent of Financial Institutions, Government of Canada.

[2] Helpful resources on governance best practices are available on the Crown Agency Resource Office website.

A. GOVERNANCE BEST PRACTICES[2]

Governance is the structures, policies and processes that direct, control and hold an organization to account. Good governance is underpinned by five core principles:

- Accountability.
- Leadership.
- Integrity.
- Stewardship.
- Transparency.

Knowledgeable and competent individuals with a clear understanding of their role and a strong commitment to carrying out their respective responsibilities help make the structures and policies of an organization effective.

Good governance is achieved when an organization:

- Delivers goods, services or programs effectively and efficiently.
- Provides clarity on roles, responsibilities and relationships.
- Meets its legal requirements, published standards and community expectations of accountability and openness.
- Achieves its goals and objectives.
- Serves the interests of its stakeholders.

Links to Reports are included in Appendix 3.

The Office of the Auditor General has conducted a number of reviews of Board structure, governance practices and performance expectations. These reports are available publicly and provide a number of recommendations and helpful background on expectations and best practices.

Mandate letters are issued annually to each post-secondary institution from the Ministry responsible for post-secondary education.

B. ROLE OF GOVERNMENT IN EFFECTIVE CORPORATE GOVERNANCE

Effective corporate governance requires active participation by all parties. This includes Government actively participating with the public sector organizations by:

- Providing clear and transparent mandate direction.
- Establishing clear expectations for oversight and accountability.
- Promoting and participating in increased and healthy two-way communication.

It also includes promoting and supporting strong Boards that:

- Provide public stewardship for the effective delivery of public programs and services.
- Have a strong ethical code of conduct.
- Utilize informed approaches to policy and strategic planning, risk management, financial oversight, leadership development and succession and responsible compensation management.
- Undertake regular reviews for the purposes of continually learning and improving.
- Serve all of their stakeholders.

The Corporate Governance Framework is included in Appendix 4.

This helps to ensure that public sector organizations are robust, well-run organizations that achieve peak performance, and are accountable to the public they serve. Helpful resources on governance best practices are available on the Crown Agency Resource Office website.

C. BOARD APPOINTMENTS

All Government appointments to public sector Boards are managed through the Board Resourcing and Development Office (BRDO). The BRDO appointment process[3] ensures the selection of the most qualified candidates having the highest personal and professional integrity to serve the public on B.C. public sector Boards, agencies and commissions.

[3] http://www.brdo.gov.bc.ca/appoint/index.asp

BRDO establishes guidelines for all provincial appointments to agencies and ensures all provincial appointments are made on the basis of merit by following an open, transparent and consistent appointment process.

There are over 300 public agencies to which the Provincial Government makes appointments. More information on the appointment process and terms of appointment is available from BRDO and its Appointment Guidelines.

D. APPOINTMENT TERMS

University Act s. 19, s. 20, s. 21.

FOR UNIVERSITIES:

- Government appointees to university Boards are appointed for an initial term that is typically one to three years. Board members are eligible for reappointment, but must not hold office for more than six consecutive years in total.
- Expiry of terms is dependent on the terms set out in the Order in Council and Government direction.
- Elected members, other than students, may hold office for three years and after that until a successor is elected. The elected members of a Board are eligible for re-election, but those members must not hold office for more than six consecutive years.
- Student members may hold office for one year and after that until a successor is elected. The student members of a Board are eligible for re-election, but those members must not hold office for more than six years.

College and Institute Act s. 11.

FOR COLLEGES AND INSTITUTES:

- Government appointees to college and institute Boards are appointed for various terms depending upon the needs of the Board. While generally members must not hold office for more than six consecutive years, in some cases, where the organization requires persons with a highly specialized skill set, it may be appropriate that members serve for more than six years.
- Expiry of terms is dependent on the terms set out in the Order in Council and Government direction.
- Elected members, other than students, serve a three-year term and may be elected to further terms.
- Student members serve a one-year term and may be elected to further terms.

For all public post-secondary institutions, the length of terms for appointed positions may be adjusted to ensure optimal succession planning and staggering of appointments. When an appointment is up for renewal, BRDO contacts the Board Chair to review and discuss recruitment and the evaluation process.

3. Accountability: General Details

A. TAXPAYER ACCOUNTABILITY PRINCIPLES[4]

The Taxpayer Accountability Principles were put in place in 2014 to strengthen the existing corporate governance framework. Provincial public sector organizations in B.C., including public post-secondary institutions, are expected to fully adopt the Taxpayer Accountability Principles of cost-consciousness (efficiency), accountability, appropriate compensation, service, respect and integrity. These principles provide public sector organizations with a common frame of reference for decision making with the understanding that they have accountability to British Columbians.

[4] http://www2.gov.bc.ca/assets/gov/government/ministries-organizations/central-agencies/crown-agencies-resource-office/taxpayer_accountability_principles.pdf

One of the core values of Government is respect for taxpayer dollars. It is critical that public sector organizations operate as efficiently as possible, in order to ensure British Columbians are provided with high quality services at reasonable cost. This requires constant focus on maintaining a cost-conscious and principled culture through the efficient delivery of services that stand the test of public scrutiny and help develop a prosperous economy in an environmentally sustainable manner. The foundation of this work is the commitment of Government to controlling spending and balancing the budget.

As public post-secondary institutions receive funding from Government, institutions are expected to conduct their affairs in a manner consistent with the legislative, regulatory and policy frameworks established by Government and share in upholding the Taxpayer Accountability Principles. This includes applying Government policies and guidelines to ensure institutional operational and financial activities are conducted consistently with Government standards for cost consciousness.

The implementation of the principles also includes:

- Ensuring that the Taxpayer Accountability Principles form part of orientation about the Government strategic mandate for Board members.
- Holding regular meetings between the Minister and the Board Chair, as well as between the Deputy Minister and the President, that focus on performance against the Taxpayer Accountability Principles, results and strategic decision-making.
- Developing an annual mandate letter that enhances the accountability of the institution to the strategic mandate of Government.
- Developing an evaluation plan with specific efficiency and performance measures as determinants of the health and performance of an institution against the Taxpayer Accountability Principles.
- Publishing an annual report letter signed by the Board Chair and President concerning the organizational performance against the mandate letter expectations. For public post-secondary institutions, this is achieved through the Institutional Accountability Plan and Report.
- Developing comprehensive codes of conduct that will apply throughout the organization.

4. Roles

Set out in Part 4 of the *College and Institute Act* and Part 6 of the *University Act*.

A. ROLE OF THE BOARD: GENERAL DETAILS

Boards are comprised of Government appointed and elected members, along with the institution President, and Chair of the Education Council (for colleges and institutes) or Chancellor (for universities). Boards have been entrusted with the stewardship of the institution and are accountable for ensuring the institution fulfills its mandate. Boards oversee the conduct of the business and affairs of institutions, and provide direction for institution management. Management is responsible for the day-to-day operations of an institution and for implementing the direction set by the Board.

The primary responsibilities of Boards include the following:

- Setting strategic direction and monitoring implementation.
- Approving annual and long-term plans and establishing performance targets.
- Overseeing management and evaluating performance.
- Ensuring effective stewardship of institutional resources.
- Ensuring an effective process for identifying, monitoring, and managing risk.
- Ensuring an effective system of internal controls.
- Selecting and evaluating the President.
- Ensuring appropriate succession and development plans for key leadership positions.
- Approving compensation philosophy and related plans/policy.
- Ensuring transparent, reliable public reporting to Government and other stakeholders.

Boards operate in conjunction with academic structures: in general, Senates for universities (Royal Roads University operates with an Academic Council) and Education Councils for colleges and institutes. Sections 14(1) and (2) of the *College and Institute Act* provide that the Board of the Justice Institute of British Columbia exercises the powers and duties of an Education Council. The Justice Institute of British Columbia Board has delegated many of these responsibilities to a Program Council.

Public post-secondary institutions serve their respective stakeholders, including:

- Students, both domestic and international.
- Institution employees.
- Regions and/or communities and their particular educational needs.
- Aboriginal communities and their needs.
- Industry and business.

In addition, Boards also exist as a reminder that institutions have a public mandate, one that considers Government priorities and a public policy lens of what is best for British Columbia.

Additional information on Board processes and procedures is included in Appendix 1.

Details on specific public sector labour relations and compensation requirements and responsibilities are included in Appendix 2.

B. ROLE OF THE BOARD: PUBLIC SECTOR LABOUR RELATIONS AND COMPENSATION

Boards are responsible for ensuring that their institution complies with statutory requirements established in public sector human resources legislation, and for ratifying tentative collective agreements before they proceed to the Board of the employer association.

Boards are also responsible for setting and disclosing appropriate compensation for Presidents and senior executives at the institution within the parameters of the compensation framework set by Government, and for assessing the performance of their Presidents.

C. ROLE OF THE BOARD CHAIR

The Board Chair is a member of a Board and is elected from among the appointed Board members. The Board Chair is a key link between Government and the post-secondary institution. The Board Chair must have good communication with the Minister responsible to advise of issues that materially impact the business of the post-secondary institution or the interests and accountabilities of the Minister.

The Board Chair provides leadership to ensure the Board can effectively govern a post-secondary institution. The Board Chair guides Board activities, and works closely with the President to cultivate an effective relationship between the Board and institution management. The Board Chair should be a person who can set Board agendas; run meetings effectively; facilitate discussion appropriately; manage dissent; work toward consensus; communicate persuasively with colleagues, institution management, the public and Government; and, most importantly, establish a culture of active and constructive Board engagement. The Board Chair should foster an environment of open, candid dialogue and encourage healthy debate among Board members. The Board Chair should also help facilitate consensus and lead the Board in bringing closure to critical issues.

Royal Roads University Act s. 11, University Act s. 17, Thompson Rivers University Act s. 5.

D. ROLE OF THE CHANCELLOR

This section is specific to universities. Colleges and institutes do not have a similar role.

The Chancellor is appointed by the Board, except in the case of Royal Roads University where the Board Chair is also the Chancellor of the university. The Chancellor is the ceremonial head of a university, presiding over convocation and conferring all degrees. The Chancellor is a voluntary position that represents the university in the broader community, acts as university ambassador, and serves as a member of the Board and Senate.

E. ROLE OF THE INDIVIDUAL BOARD MEMBER

Although the mechanism for appointment to a Board may differ — Government appointment or election — once on a Board, members should share the governance interests of the institution rather than represent a specific constituency. They have a fiduciary duty to act in the best interests of the institution. Individuals who have participated on the Board of a private or not-for-profit organization will recognize many similarities with the practices and responsibilities in their role with a public sector organization. The underlying principles of good corporate governance are the same for private and public sector Boards.

There are aspects, however, that differentiate public sector Boards from other Boards. Generally:

- They have an accountability to Government for the expenditure of taxpayer dollars.
- A majority of voting Board members are appointed by Government.
- The role of a Board member is that of a governor or a trustee, and inherent in this is the concept of stewardship of the organization on behalf of its stakeholders.
- Government is an active and engaged stakeholder.

Post-secondary institutions are unique in that legislation provides for student, as well as academic and non-academic institutional representatives to be elected to a Board. These representatives have the same duties and responsibilities as all other Board members.

Individual Board members, working together, execute Board responsibilities. In executing these responsibilities, consideration should be given to the following:

More information in section 5 of this manual.

I. STANDARDS OF BEHAVIOUR AND CONDUCT

Board membership requires members to act in a manner that promotes confidence in the fidelity and trust of members, both individually and collectively. In carrying out their Board duties, members must consider:

- Their fiduciary duty to act in the best interest of the organization.
- Requirement to represent the interests of the institution as a whole, rather than the interests of individual constituents.
- Commitment to maintaining high ethical standards and integrity in decision-making.
- Commitment to respectful communication and interaction with other Board members and institution management.
- Compliance with the Code of Conduct for the institution in accordance with the Taxpayer Accountability Principles.
- Commitment to effective governance.

II. DESIRED ATTRIBUTES

In addition to acting in accordance with the standards of behaviour and conduct, Board members should also embody:

- Independent thought and sound judgement.
- Strategic orientation and vision.
- Focus on continuous improvement.
- Commitment and engagement.
- Willingness to leverage expertise and experience for the benefit of the institution.
- Commitment to be informed about the institution and the environment in which it operates.
- Commitment to orientation and ongoing Board education.

University Act s. 26 and 22(2), Royal Roads University Act s. 9, Thompson Rivers University Act s. 4, College and Institutes Act s. 19(10) and 59(7).

III. MEETINGS, ATTENDANCE AND PREPARATION

Board members are expected to hold and attend meetings. In conducting Board business, members should:

- Be prepared for the meeting and discussion.
- Ask penetrating questions that ensure a full understanding of the issues in question and the consequences of the actions proposed.
- Be willing to articulate independent views and provide constructive feedback in an effective manner.
- Be respectful of and remain open to the views of others.
- Contribute broadly to Board discussions, beyond their own area of expertise.

IV. PUBLIC STATEMENTS

Board members must abide by individual Board policies about who will be the spokesperson for the Board. Boards should speak with one voice. Once debate in the boardroom is over and a decision is made, that decision stands as a united position of the Board. It is very important that Board members respect issues of confidentiality and not disclose information they learn at Board meetings which has been imparted in confidence.

University Act s. 13 and 59, Royal Roads University Act s. 11 and 12, Thompson Rivers University Act s. 4, College and Institutes Act s. 36 and 38.

F. ROLE OF THE PRESIDENT

The President is the Chief Executive Officer of an institution. The President is a member of the Board and the Senate/Academic Council/Education Council, and may sit on committees. For universities, the President is also Vice Chancellor. The *College and Institute Act* specifies that the President is an *ex officio*, non-voting member of the Board and Education Council. There are no provisions in the legislation governing universities that restrict the President from being a voting member of the Board.

While Boards have broad oversight and governance roles for institutions, the role of the President is to provide oversight and direction for the day-to-day operations of a post-secondary institution, in accordance with the strategic priorities and parameters set by its governing bodies. Consequently, the President is accountable to the Board.

Communication between Boards and institutional employees, other than the President, should be managed through the Board Chair and the President. Generally, communication between an individual Board member and the President and/or institution management, relating to Board or institutional business, is not encouraged. Appropriate communication channels are through Board meetings or regular discussions between the Board Chair and the President.

As part of the implementation of the Taxpayer Accountability Principles, regular meetings will be required between the President and the Deputy Ministers that focus on performance against the taxpayer accountability principles, results and strategic decision making. The President must have good communication with the Deputy Minister responsible to advise of issues that materially impact the business of the post-secondary institution or the interests and accountabilities of the Minister.

G. ROLE OF THE MINISTER

The Minister responsible for post-secondary education is ultimately accountable to the Legislative Assembly for the operation and performance of the post-secondary system and, in particular, for ensuring that public post-secondary institutions are fulfilling their mandates and meeting the needs of British Columbians in an efficient and effective manner. The Minister also has statutory authority to approve new degree programs at B.C. post-secondary institutions.

5. Code of Conduct and Ethics

The Candidate Profile and Declaration form is completed by individuals who wish to be considered for appointment to a governing Board.

The Candidate Profile and Declaration form is completed by individuals who wish to be considered for appointment to a governing Board. Integrity is a core value of the B.C. public sector. It is a fundamental principle that all public sector entities are accountable for their actions, demonstrate integrity in their behaviour and general conduct of business, and act in an honest and ethical manner at all times. In making decisions, Board members of public sector entities should consider the priorities and values of Government, public post-secondary institutions and their respective stakeholders.

In B.C., BRDO provides guidance on the minimum standards of ethical conduct expected of all Board members appointed by Government to public sector organizations. Public sector Boards are encouraged to adapt these standards to their specific needs and circumstances.

Similarly, the standards of conduct that apply to the employees at an organization should closely align with the standards for Board members. Each post-secondary institution must have in place a code of ethics/standards of conduct that all personnel are expected to follow in their day-to-day operations and activities.

Government, through the Taxpayer Accountability Principles, has established Standards of Conduct Guidelines for the B.C. public sector which set out key principles and components that organizations must incorporate into their respective codes of conduct. The standards are adaptable and can vary depending on the nature of the agency, but all organizations must endeavor to strengthen accountability, promote cost control, and ensure their organization operates in the best interest of its stakeholders, in keeping with the Taxpayer Accountability Principles. Codes of conduct for public sector organizations must be approved by the Minister of Finance and include conflict of interest provisions and post-employment restrictions.

6. Accountability: Post-Secondary Institutions

A. ANNUAL MANDATE LETTER

The annual mandate letter for public post-secondary institutions provides strategic direction from Government for the upcoming fiscal year. Key strategic priorities are developed each year and outlined in the letter. Board members are consulted in the development of the draft letter and invited to provide feedback.

All Board members are asked to sign the mandate letter to confirm their commitment to act on the strategic priorities and to take the Taxpayer Accountability Principles into account in carrying out their duties and responsibilities. Signing the mandate letter also reinforces the commitment of public post-secondary institutions to other accountabilities. The final letters are posted on both Ministry and institution websites.

B. FINANCIAL ACCOUNTABILITY

All public post-secondary institutions are included within the Government Reporting Entity (GRE) and submit quarterly financial reports to the Ministry as required by the *Budget Transparency and Accountability Act*. These include both operating and capital reports on actual, year-to-date results, and four-year projections. These financial reports inform the preparation of key Government financial reports such as the Budget and Fiscal Plan and the Public Accounts.

The Ministry provides institutions with an annual budget letter that outlines the student enrolment targets and operating budget allocations to support targeted programs and priority issues for the coming fiscal year. Letters are posted to: http://www.aved.gov.bc.ca/budget/welcome.htm.

The Ministry also works with institutions to ensure that post-secondary facilities capital planning and development complies with the overall Government Capital Asset Management Framework, and the capital policies and procedures of the Ministry (including requirements related to educational capital planning, and relevant Acts and Regulations).

C. FINANCIAL MANAGEMENT

A primary responsibility of a Board is to oversee the management, administration and control of the expenditures, revenue, property and business affairs of an institution. Each Board establishes and regularly reviews policies and procedures which guide the operations of their institution. These may include policies related to:

- Entering into agreements on behalf of the institution.
- Budgeting for operating and capital expenditures.
- Academic and other fees and collection of fines.
- Long-term financial planning.
- Investment of institutional funds.
- Institutional borrowing.
- Maintenance of property.
- Acquiring or disposing of land.
- Student loans, scholarships and bursaries.
- Delegation of authority.

All of these policies have financial implications for an institution. All financial management activities and policies should embody the Taxpayer Accountability Principles such as cost consciousness and appropriate compensation.

D. RISK MANAGEMENT

Boards may work with institution management to identify principal risks to the organization and ensure that effective systems to manage those risks are in place. These responsibilities may include:

- Ensuring the sound financial performance of the institution.
- Ensuring that the internal controls at the institution have integrity and will lead to the production of accurate financial statements and performance reports.
- Ensuring that the institution has appropriate systems in place to identify, monitor and manage risks.
- Preventing financial mismanagement.

Risks may impact not only financial aspects of operations, but also human resources, governance, and sometimes quality. Institutions should have an integrated risk management system which has broad accountabilities to the Board.

E. BOARD COMMITTEES

Some Boards establish committees which review specific financial or management issues and make recommendations to assist the Board in meeting its responsibilities. For example, most Boards have an audit committee to ensure effective processes and controls exist over risks that may affect the reputation, financial position, resources, or ability of the institution to carry out its desired objectives. A finance or budget committee generally advises a Board on financial planning and financial reporting matters and submits an annual budget plan for Board approval.

Strong committee structures enhance Board effectiveness by enabling more thorough treatment of issues at the committee level. Some of the more frequently used committees include: audit/finance, human resources, and governance. The Crown Agencies Resource Office (CARO) provides best practice guidelines and advice to Boards on governance committees. As with the appointment of Board members, committee appointments should also be made with consideration to including the required knowledge and expertise.

F. REMUNERATION AND BOARD EXPENSES

Board Chairs oversee any remuneration, benefits, and expenses paid to Board members within the limitations provided by Government such as the Taxpayer Accountability Principles, Treasury Board Directives, and Orders in Council.

Treasury Board Directive 3/11 establishes remuneration and expense guidelines for all public sector entities. Expense and disclosure guidelines from this directive apply to all public post-secondary institutions, but remuneration requirements differ. Board remuneration rates for colleges and institutes are prescribed in Order in Council 180/95. For universities, positions on Boards are voluntary with reimbursement of expenses only. For all public sector Board members, there is an underlying recognition that service on a Board of a public sector entity entails an element of public service to their communities.

G. ACCOUNTABILITY FRAMEWORK[5]

[5] http://www.aved.gov.bc.ca/framework/

Essential in the mandate of a public institution is its accountability to British Columbians (through the Minister) that public funds are being used effectively and appropriately. The Ministry, in consultation with public post-secondary institutions, has developed a results-based accountability framework for the public post-secondary education system.

Under the Accountability Framework, public post-secondary institutions annually produce an Institutional Accountability Plan and Report that describes the goals, objectives, performance measures, targets and the outcomes achieved over the previous year. The Accountability Framework, which was implemented in the 2003/04 fiscal year, has two purposes:

- To benefit students by ensuring they receive quality education and educational opportunities relevant to their needs and the needs of the labour market.
- To benefit all British Columbians by ensuring the ongoing contribution of the public post-secondary system to social and economic development.

[6] http://www.aved.gov.bc.ca/framework/accountability_plans.htm

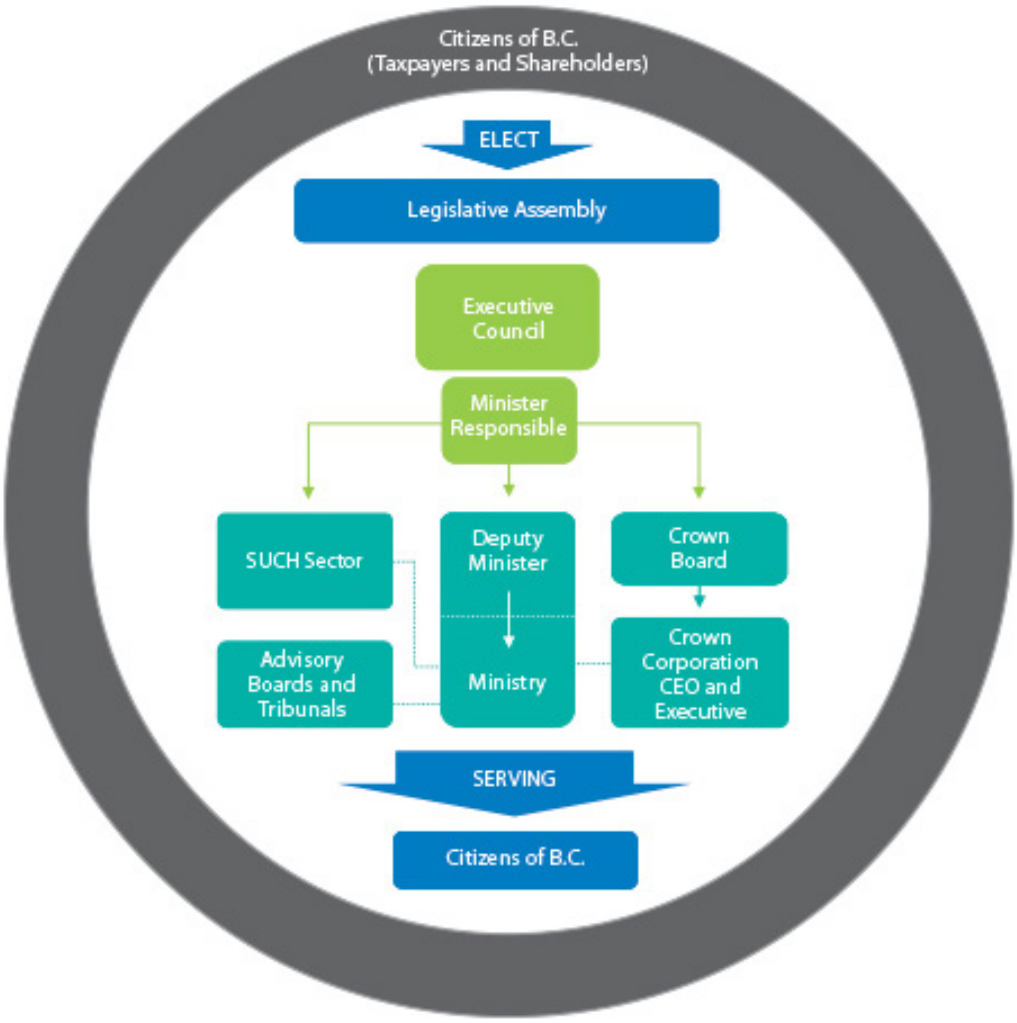
In addition to the Accountability Plan and Report[6], there are other areas of accountability such as financial reporting, enrolment reporting, outcome surveys and other requirements as defined by the Ministry. Similar to Service Plans and Annual Service Plan Reports published by Ministries and Crown agencies, these documents must be posted publicly and are subject to the same standards of transparency and accountability. Further information about the framework is available at: http://www.aved.gov.bc.ca/framework/welcome.htm.

7. Provincial Government: General Details

A. OVERVIEW

Governments are elected to make laws, set related policies and establish programs in the public interest. This authority is given by the people of B.C. to the Legislative Assembly of B.C. Our system of Government is divided into three branches: the legislative, the executive and the judicial. Each branch has separate and independent areas of power and responsibility. In its simplest form, the legislative branch creates the law, the executive branch enforces the law, and the judicial branch interprets and applies the law in individual cases. The focus of this section is on the executive and legislative branches of Government.

The diagram (to the right) illustrates generally the decision making processes and accountabilities of the various parties involved with governance and accountability with respect to British Columbia public sector organizations, including post-secondary institutions, school districts and health organizations (referred to as the SUCH sector).



B. STRUCTURE OF GOVERNMENT

LIEUTENANT GOVERNOR

The Lieutenant Governor of B.C. represents the Queen at the provincial level in Canada and is the legal head of state in B.C., which means he or she acts as chief public representative and has the highest-ranking position in the Government of British Columbia.

The Lieutenant Governor is appointed by the Governor General of Canada, who in turn, acts on the advice of the Queen's Privy Council for Canada. In practice, the Lieutenant Governor usually acts on the advice of Cabinet. Lieutenant Governors are normally appointed for periods of five or more years.

PREMIER

The Premier acts as the head of the Government of B.C.; in other words, he/she is the first minister and chief officer of the executive branch.

LEGISLATIVE ASSEMBLY

The Legislative Assembly of B.C. is composed of the Lieutenant Governor and 85 elected Members of the Legislative Assembly (MLAs), including members of the governing party, members of the opposition and independent members.

MLAs represent the interests of their constituents (British Columbians that reside in the electoral area for that MLA), review proposed laws and approve proposed spending and tax changes during sessions of the Legislative Assembly. Government MLAs can also be a member of a Cabinet Committee and/or be appointed to a ministerial role. The three functions of the Legislative Assembly are to:

- Make laws.
- Approve finances.
- Scrutinize Government.

Independent Offices of the Legislature[7]

B.C. has eight non-partisan statutory offices, such as the Office of the Auditor General, that support the work of MLAs by carrying out important functions, from the monitoring of Government programs and performance to ensuring compliance with provincial laws. They are headed by independent officers who are appointed by and report to the Legislative Assembly.

Select Standing Committees[8]

A Select Standing Committee is a parliamentary committee made up of members of the Legislative Assembly. They derive their powers from, and must report their findings back to, the Legislative Assembly. The Select Standing Committee on Finance and Government Services is generally the most well-known of the nine committees. It holds province-wide public consultations on the next provincial budget pursuant to section 2 of the *Budget Transparency and Accountability Act*.

CABINET/EXECUTIVE COUNCIL

The B.C. Executive Council, otherwise known as the Cabinet, is made up of the Lieutenant Governor in Council, the Premier and Ministers. Ministers are MLAs selected by the Lieutenant Governor and Premier to lead a Ministry and sit on the Executive Council.

[7] http://members.leg.bc.ca/key-resources/statutory-offices.htm

[8] https://www.leg.bc.ca/parliamentary-business/committees

Cabinet is the main decision making body of the executive branch of Government and is responsible for determining priorities, proposing spending, taxation, borrowing of public funds, and proposing new legislation or changes to existing legislation.

MINISTRIES AND ORGANIZATIONS

Ministries

The Premier establishes different Ministries that are responsible for a specific area of public policy, Government function or service delivery. The Premier also designates specific Cabinet Ministers with responsibility for particular Ministries, agencies and legislation. Each Minister has a Deputy Minister who is responsible for the day-to-day operations of the Ministry. The Ministries are staffed by members of the public service. Members of the public service are politically impartial Government employees who are responsible for carrying out the day-to-day activities of Government and for delivering public services to British Columbians.

Crown Corporations

Crown corporations are public sector organizations, other than Ministries, within the Government Reporting Entity. They generally report through a designated Minister.

Central Government Agencies

In addition to Ministries and Crown corporations, there are a number of central Government agencies that play a significant role in the effective governance of the public sector and in the implementation of key actions under the Taxpayer Accountability Principles.

These agencies are generally part of a Ministry, but have a cross-Government function. These functions include:

- human resource management and labour relations (Public Service Agency, Public Sector Employers Council Secretariat);
- cross-sector economic and fiscal policy (Treasury Board Staff);
- management and oversight of Government Board appointments (Board Resourcing and Development Office); and
- oversight of the corporate governance framework and policies (see Appendix 4), public sector organization mandates, and organizational effectiveness reviews (Crown Agency Resource Office and Government Audit and Advisory Services).

Boards, Commissions & Tribunals[9]

There are also independent Boards, commissions and tribunals established by Government to perform arbitration, regulation, advisory or a similar function.

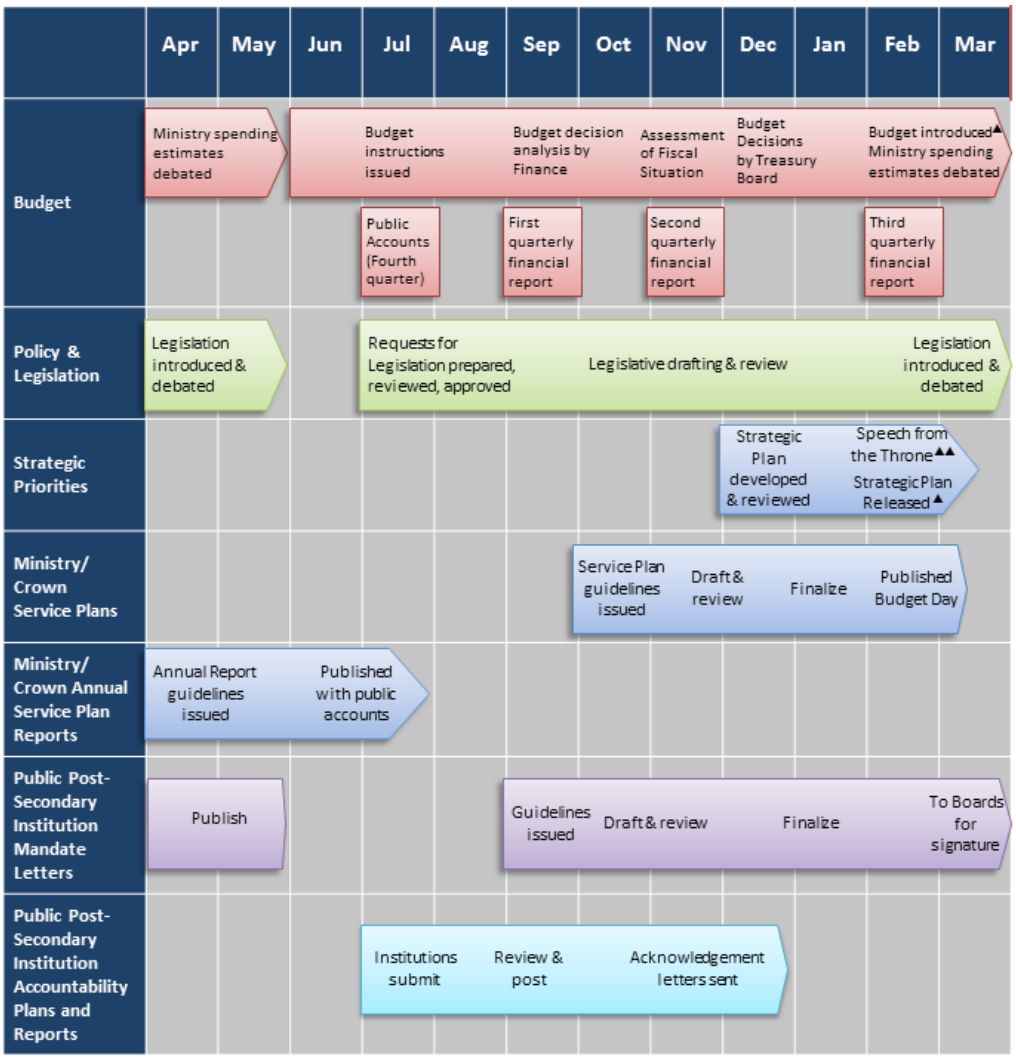
[9] http://www2.gov.bc.ca/gov/content/governments/organizational-structure/ministries-organizations/boards-commissions-tribunals

C. BUDGET AND DECISION-MAKING PROCESSES

Most matters are considered first by one or more Cabinet committees before they are considered by Cabinet. Cabinet committees consist of a select group of Cabinet Ministers and elected Government MLAs, and focus on priority areas for Government. They provide a forum for detailed consideration and discussion of issues before they are presented to Cabinet as a whole. Treasury Board is the Cabinet committee responsible for budget and financial management matters, and proposed legislation goes to the Legislative Review Committee.

Each new legislative session is formally opened with the reading of the Speech from the Throne. The Speech sets out the broad goals, priorities and directions of Government and the initiatives it will undertake to accomplish these goals. By law, the Speech from the Throne is delivered on the second Tuesday in February.

Government also has budget and planning cycles. The diagram (to the right) provides an overview of some of the major Government cycles.



▲ Budget Day - 3rd Tuesday in February
▲▲ Speech from the Throne - 2nd Tuesday in February

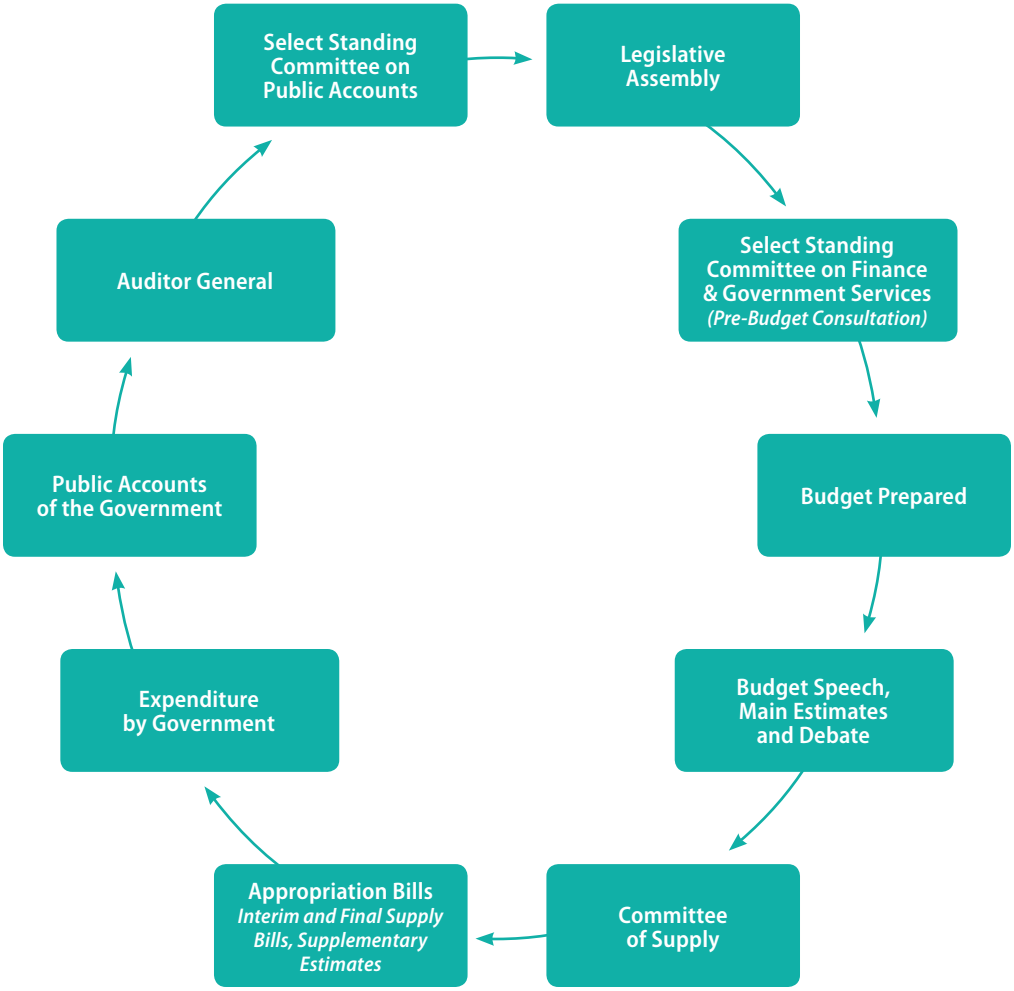
One of the key responsibilities of the Government is to prepare and present the annual budget. The budget preparation process is governed by legislation such as the *Budget Transparency and Accountability Act* and the *Balanced Budget and Ministerial Accountability Act*. The budget is made public on the third Tuesday of February every year. The Minister of Finance presents the budget for Government, which is a three-year fiscal plan for the Province. Following the introduction of the Government budget, the budget of each Ministry is debated and passed through the Estimates process. Ministry budgets are categorized in votes and sub-votes.

Prior to this, pre-budget consultations take place. By mid-September, the Ministry of Finance prepares a budget consultation paper which is presented to the Select Standing Committee on Finance and Government Services. The Committee prepares a report based on public testimony and tables it in the Legislative Assembly.

On budget day reporters and stakeholders gather for a "lockup" in Victoria to preview the budget before it is tabled. The media is not allowed to report on the budget before the Minister of Finance introduces the documents. The Minister delivers the Budget Speech in the Legislative Assembly highlighting key elements of the plan.

PUBLIC ACCOUNTS

The budget is an estimate of how much Government expects to spend in a fiscal year (April 1 – March 31). The Public Accounts are released by the Ministry of Finance before August 31st. These are a detailed record of what was actually spent during the previous fiscal year. The Accounts also include the financial balances and results of operations of universities, colleges, institutes, school districts and health organizations. The preparation of the Public Accounts is governed by the *Financial Administration Act* and the *Budget Transparency and Accountability Act*.



8. Advanced Education

A. SYSTEM OVERVIEW

British Columbia offers a wide range of post-secondary options so students in this province can have the best possible education — with more choices and more access, closer to home.

There are 25 public post-secondary institutions in B.C., with different mandates and governed by different statutes:

- 11 universities: including both research and teaching-intensive universities.
- 11 colleges: serving rural and metropolitan communities in B.C.
- 3 institutes: with provincial mandates and offering a variety of specialized programs.

There are also:

- 20 private and out-of-province public degree-granting institutions.
- 16 seminaries and theological colleges.
- About 40 Aboriginal controlled institutions.
- More than 300 private career training institutions.
- About 50 private language schools.

While public colleges and institutes are designated agents of the Crown, public universities in B.C. are established as independent corporations with the powers of a natural person.

B. STATUTORY FRAMEWORK[10]

[10] http://www.aved.gov.bc.ca/publications/legislation.htm

The Ministry of Advanced Education is responsible for oversight of the statutes under which the post-secondary education system and a number of professions and occupations operate.

PUBLIC POST-SECONDARY INSTITUTIONS

B.C. public post-secondary institutions are governed by the following legislation:

University Act: governs the University of British Columbia, Simon Fraser University, the University of Victoria, the University of Northern British Columbia and institutions designated as special purpose, teaching universities. The special purpose, teaching universities so designated are Capilano University, Emily Carr University of Art and Design, Kwantlen Polytechnic University, Vancouver Island University, and University of the Fraser Valley.

Royal Roads University Act: constitutes Royal Roads University, a university specializing in applied and professional fields, and maintaining teaching excellence and research activities that support the programs at the university in response to the labour market needs of B.C.

Thompson Rivers University Act: constitutes Thompson River University whose purposes are to offer baccalaureate and master's degree programs, to offer adult basic education and training, to undertake and maintain research and scholarly activities for these purposes and to provide an open learning educational credit bank for students. The university serves a defined region and has a provincial mandate for open learning.

College and Institute Act: governs public colleges and institutes. The statutory objectives of a college are to provide comprehensive courses of study at the first and second year levels of a baccalaureate degree program, applied baccalaureate degree programs, adult basic education, training and continuing education. Provincial institutes provide instruction and perform functions designated by the Minister, including offering technological and vocational instruction, as well as baccalaureate and applied master's degree programs.

PRIVATE POST-SECONDARY INSTITUTIONS

Private post-secondary institutions are governed by legislation specific to the type of institution and the level of programming offered. Private institutions do not receive any operating or capital funding from Government, but their students may be eligible for Government student financial assistance.

Private degree-granting institutions are governed by the following legislation:

Degree Authorization Act: prescribes the process whereby private institutions and public institutions from other jurisdictions may obtain authority to offer degree programs and grant degrees in B.C. The granting of degrees and use of the word "university" without authorization of the Minister are restricted.

There are 20 private and out-of-province public institutions that operate in B.C. Of these, three are constituted under authority of private Acts of the Legislature. Quest University is authorized by the *Sea to Sky University Act*. Trinity Western University operates under authority of the *Trinity Western University Act*. The Pacific Coast University for Workplace Health Sciences is authorized by the *Pacific Coast University for Workplace Health Sciences Act*. These institutions are governed by the *Degree Authorization Act* with respect to degree level programming.

Private career training institutions are governed by the following legislation:

Private Career Training Institutions Act: establishes the Private Career Training Institutions Agency (PCTIA) and the standards for registration and accreditation of private career training institutions governs, and provides consumer protection for students enrolled in private career training institutions.

Private Training Act: received Royal Assent March 25, 2015, and will be brought into force by regulation. Once in force, it will replace the *Private Career Training Institutions Act*, dissolve the Private Career Training Institutions Agency, and transfer its authorities and functions to the Ministry of Advanced Education.

THEOLOGICAL INSTITUTIONS

There are 16 seminaries and theological colleges operating in B.C. These are private institutions affiliated with various religious groups; as such, they are constituted under private Acts of the Legislative Assembly.

OTHER EDUCATION LEGISLATION ADMINISTERED BY THE MINISTRY

The Ministry administers the *University Foundations Act*, which sets out the legal framework under which university foundations operate. Although other institutions may have foundations, their operations are not governed by this Act or by separate legislation for which the Ministry has oversight.

[11] The Ministry administers Acts governing the following self-regulated professions in B.C.: accountants, applied science technologists and technicians, architects, engineers and geoscientists, and music teachers.

[12] https://news.gov.bc.ca/stories/premiers-mandate-letters-spotlight-economic-growth

PROFESSIONAL AND OCCUPATIONAL LEGISLATION[11]

Besides legislation governing post-secondary education, the Ministry also administers several Acts governing self-regulated professions and occupations in B.C. The Ministry is the primary point of contact within Government for each of these professional and occupational associations.

C. MINISTER'S MANDATE LETTER[12]

Each Minister receives a mandate letter from the Premier that outlines Ministry-specific priorities for the coming year. Some priorities carry over from one year to the next, and new priorities are added. Priorities include controlling spending to balance ministerial budgets and the Government budget, ensuring development opportunities are seized in the province where they make economic and environmental sense, and ensuring a common platform of compensation and accountability principles is implemented across the broader public sector. It also includes implementing commitments and actions outlined in *B.C.'s Skills for Jobs Blueprint* and working with post-secondary institutions to develop a single, unified application system for all post-secondary institutions in B.C.

- » Minister of Advanced Education mandate letter.
- » All Minister mandate letters can be found on the Executive Council of the B.C. Government website.

D. MINISTRY PLANS

SERVICE PLAN

Released with the budget each February, service plans provide an overview of Ministries and their associated entities, including how they intend to achieve their service goals and how they support the direction laid out in the Government Strategic Plan. Current service plans can be found on the BC Budget website.

ANNUAL SERVICE PLAN REPORT

Released with Public Accounts in late June, annual service plan reports compare the actual results for a Ministry for the preceding fiscal year with the expected results identified in the service plan for that year. Current annual service plan reports can be found on the BC Budget website.

ABORIGINAL POST-SECONDARY EDUCATION AND TRAINING POLICY FRAMEWORK AND ACTION PLAN, 2020 VISION FOR THE FUTURE

The Aboriginal Post-Secondary Education and Training Policy Framework and Action Plan, 2020 Vision for the Future sets out ways to address systemic barriers and achieve systemic institutional change.

The vision of the Policy Framework is: Aboriginal learners succeed in an integrated, relevant, and effective British Columbia post-secondary education system that enhances their participation in the social, cultural and economic life of their communities, the province, and global society.

The goals are:

- Systemic change means that the public post-secondary education system is relevant, responsive respectful and receptive to Aboriginal learners and communities.
- Community-based delivery of programs is supported through partnerships between public post-secondary institutions and Aboriginal institutes and communities.
- Financial barriers to accessing and completing post-secondary education and training are reduced for Aboriginal learners.
- Aboriginal learners transition seamlessly from K–12 to post-secondary education.
- Continuous improvement is based on research, data-tracking and sharing of leading practices.

One of the actions under the Policy Framework and Action Plan is to increase Aboriginal voice in institutional governance and leadership by appointing Aboriginal people to public post-secondary institution Boards, with a goal of having Aboriginal representation on 90 percent of institution Boards by 2016.

BRITISH COLUMBIA'S INTERNATIONAL EDUCATION STRATEGY

Under *Canada Starts Here: The B.C. Jobs Plan*, the *International Education Strategy* was developed to promote the two-way flow of students, educators and ideas between countries, and position the province to benefit from the social, cultural and economic opportunities that flow from international education activities.

The Strategy has three goals.

- Create a globally-oriented education system in B.C.
- Ensure that all students receive quality learning and life experiences.
- Maximize the benefits of international education — social, cultural and economic — for all B.C. communities, families and businesses.

B.C.'S SKILLS FOR JOBS BLUEPRINT

B.C.'s Skills for Jobs Blueprint: Re-engineering Education and Training helps align training and education with in-demand jobs.

A key goal of *B.C.'s Skills for Jobs Blueprint* is to make sure that British Columbians have a seamless plan that takes them from high school through post-secondary education and into the workforce.

THE #BCTECH STRATEGY

Fostering the growth of a flourishing technology sector and the commercialization of its products and services is a principal priority for Government. The #BCTECH Strategy supports British Columbians who are building profitable, competitive companies, and creating high-paying, skilled jobs.

9. Post-Secondary Institution Funding

A. OPERATING GRANTS: MODIFIED BLOCK OPERATING GRANTS WITH TARGETED FUNDING

Public post-secondary institutions receive a portion their annual total revenue from Government in the form of annual operating grants from the Ministry. The balance they generate from student tuition, ancillary services, federal grants, donations, endowments, investments and research revenue. Each institution receives annual base operating grant allocations under a "modified block" approach that has been in place since 2002/03 where the majority of funding is provided as a block (and program offerings are determined by the institution) and the remaining portion is targeted to specific programs under Government direction.

The amount of funding an institution receives each year is determined primarily by what it received the previous year. Additional targeted incremental base funding may also be provided for programs such as health and medical that align with Government priorities. One-time funding is also allocated for short duration (less than one year) health programs to address areas of high labour market demand. The one-time nature of the funding allows for flexibility in program delivery to address changing regional requirements.

Under *B.C.'s Skills for Jobs Blueprint* operating grants to public post-secondary institutions are being re-engineered so that by 2017/18, 25 percent of existing operating grants to all institutions (colleges, institutes and universities) will be targeted to support programs aligned with in-demand occupations, as well as programs for Aboriginal persons and persons with disabilities.

Other provincial Ministries and the Industry Training Authority (ITA) may also contribute funding to programs (e.g. trades technical training) or projects undertaken by institutions. This represents a small proportion of overall institutional revenue. Two exceptions are:

- Justice Institute of British Columbia which receives significant annual contributions from other Ministries for training related to corrections, policing, and firefighting.
- The University of British Columbia which receives annual funding from the Ministry of Health for the post graduate medical education program.

B. RESEARCH AND CAPITAL INFRASTRUCTURE

Annual operating grants do not include funding for research or capital infrastructure. The Ministry provides capital funding to institutions for new capital projects and for routine capital maintenance of institutional physical infrastructure, including deferred maintenance. Routine capital maintenance funding is also used toward projects which address campus life safety and security, disabled access, site works and reducing greenhouse gas emissions. The major research infrastructure funding program in B.C. is the British Columbia Knowledge Development Fund. Institutions also receive private donations and use own-source funds towards capital projects.

C. CENTRAL DEPOSIT PROGRAM

Introduced by Provincial Treasury in fiscal 2011/12, the Central Deposit Program allows post-secondary institutions and other SUCH sector organizations to earn a competitive interest rate on funds deposited with Government instead of with banks or credit unions. This allows Government to use the cash to meet operational needs rather than borrow new cash from the market. It also makes more efficient use of public funds and reduces borrowing costs for B.C. taxpayers, while keeping post-secondary institution funding available for their use as required.

University Act s. 27, College and Institute Act s. 19, Royal Roads University Act s. 10, Thompson Rivers University Act s. 7.

D. PROGRAMS AND TUITION

Government introduced the tuition limit policy in 2005. In 2007, the policy was extended to include institutional and program mandatory fees. Domestic tuition and fee increases are limited to two percent annually. The policy does not include international student tuition and fees or student society fees.

Public post-secondary institutions are expected to ensure programs and courses are affordable and accessible for students. In accordance with applicable legislation, Boards are responsible for setting, determining and collecting tuition and mandatory fees within the tuition limit policy.

The policy, which is posted on the Ministry website, applies to existing programs and services. Tuition and fees for existing programs and services must not increase more than two percent per year. For new programs, Boards establish the tuition amount for the first year, and the two percent limit applies thereafter.

Post-secondary institutions are expected to keep programs current. Updates to existing programs are considered part of this ongoing process and are expected to be achieved within the tuition limit policy, but it is recognized that, at times, substantial changes may be necessary.

An existing program that is substantially revised may be submitted to the Ministry for determination as to whether the program is new for the purposes of the tuition limit policy. Prior to introducing a new level of tuition, institutions must submit a written request to the Ministry for review, outlining the revisions that led to new or changed objectives, goals, learning competencies and outcomes for the program and students. In addition to the Ministry review, such submissions will now also be subject to an independent third party review.

New mandatory fees may be introduced for new services, if there is a clear benefit to students. Proactive consultation and engagement with students should be undertaken prior to Board review and approval. Institutions should also consult with the Ministry early in the process when new fees are being considered. Additionally, institutions need to track the benefits to students of the new fees, and submit this information to the Ministry as part of the annual tuition and fees reporting process.

Boards are responsible for ensuring these requirements have been met before approving new tuition or mandatory fee amounts.

Appendix 1: Board Processes and Procedures

Establishing clear processes and procedures is fundamental for effective Board operations. This Appendix includes some good practices Boards can consider.

A. ORIENTATION

All new Board members should receive a comprehensive orientation that helps them to become as effective as possible as soon as possible. This includes general information about Board governance, as well as specific information about the post-secondary institution.

B. MEETINGS

MEETING FREQUENCY:

Frequency of meetings is set out in relevant legislation, and must be held at least four times per year. Beyond these minimum requirements, Boards may meet as often as is necessary. Regular communication is important for successful operations. Some Boards have policies and practices in place to establish communication tools between meetings, such as monthly reports to the Board from the President.

RULES OF ORDER:

The Board is responsible for setting its own meeting protocols. Boards may adopt whatever discussion and decision making processes work best for them; be it consensus building or a more structured approach such as the use of Robert's Rules of Order or Bourinot's Rules of Order.

Rules of Order are procedures by which meetings can be conducted in an orderly fashion, issues debated and motions passed according to the majority but with due regard to the rights of the minority. For the most part, Rules of Order are based on common sense and the need to move through an agenda efficiently. Key elements include: Duties of the Chair or Speaker, Agendas and Minutes, Motions, Amendments, Quorum, Conflict of Interest and other guidelines to support running a successful meeting.

There may be times when Board decisions are not unanimous. Negative votes and/or abstentions can be recorded at the request of the person so voting. However, once a majority decision is made, individual members must respect the collective Board decision. At the conclusion of every meeting the Board speaks with one united voice through the Chair or delegate.

Meeting Agendas: A sample meeting agenda for a new Board member orientation meeting is provided at the end of Appendix 1. Agendas for regular meetings will differ from this example and should consider the information contained in this appendix.

MEETING MINUTES:

A process should be in place to ensure Board minutes are made available in a timely manner. This includes a process for review of the minutes before they are shared more broadly.

OPEN, CLOSED AND IN-CAMERA SESSIONS:

Generally, Board meetings should be open to the public where full and frank discussion, openness, transparency and accountability are encouraged. Boards should strive to conduct as much of their business as possible in the open session portion of their meetings.

The closed session is where the public is excused, and the Board/institution management discuss those items that are more confidential in nature, and not appropriate for the open session. Although as much as possible should be addressed in the open session, there are many topics that could be covered in the closed session. Any closed session decisions should be communicated at the next open session.

The in-camera session is a best practice of high performing Boards, where institution management is excused, and the Board has an opportunity for a round table discussion of the meeting topics and content. For transparency, in-camera sessions should occur along with regular Board meetings rather than occurring irregularly on an ad hoc basis and should be reflected on the Board meeting agenda. In-camera discussions should always remain confidential, as they usually relate to sensitive Board matters. Confidential minutes of decisions made during in-camera sessions should be kept, and roles and responsibilities should be established.

Not all matters that individual Board members wish to raise are appropriate for discussion in an in-camera or closed session. In-camera and closed sessions are designed to address specific sensitive matters. Without limiting the full scope of topics, some examples could include:

- To discuss particularly sensitive matters within the responsibility of the Board, such as litigation, awarding a contract, conflict of interest, labour relations, or management performance.
- To discuss sensitive internal Board governance matters.
- To review the performance and compensation of the President, in the absence of resource officers or others who are not members of the Board.
- To seek advice on the appropriate way to raise issues of concern in cases where a Board member may be reluctant to speak during the open portion of a meeting.

OTHER MEETING CONSIDERATIONS:

There may be other processes and procedures a Board may wish to formalize, including but not limited to:

- Required amount of notice to the Board for the inclusion of an unscheduled matter on the agenda.
- Use of consent agendas to increase meeting efficiency.
- Requirement for consent of the Board Chair for electronic recording of a meeting.

C. COMMITTEES

Most Boards will form committees and should encourage all Board members to sit on at least one committee and/or attend some their meetings. Some examples include:

- Executive: often composed of the Chair, Vice-Chair, Past Chair and perhaps another, may meet monthly with the President to discuss upcoming Board agendas and may be empowered to make emergency decisions.
- President's Performance Review: often composed of the Chair, Vice-Chair and Past Chair, may meet annually to review the performance of the President over the last year and set goals for the next year.
- Finance and Audit: appropriate mix of Government-appointed members and others with financial knowledge, may meet as frequently as necessary to monitor financial performance, provide input to budget development processes and review and recommend approval of the annual audited financial statements.
- Governance and Human Resources: may meet as required. May also review Board by-laws and policies on a continuous basis.

All Board meeting agendas should contain an allocation of time for each committee to report on their progress even if there might not be a report at every meeting.

SAMPLE BOARD OF GOVERNORS NEW MEMBER ORIENTATION MEETING AGENDA

BOARD OF GOVERNORS
NEW MEMBER ORIENTATION
[Date] [Time]

1. Welcome and Introductions

2. Context
   - B.C. Post-Secondary System Overview and Governance
   - Legislation
   - Institution Overview and Governance
   - Mandate Letter
   - Accountability Framework and Taxpayer Accountability Principles

3. Board of Governors
   - Terms of Reference
   - Bylaws and Policies
   - Board Governance
   - Board Committees

4. Board Operations
   - Roles and Responsibilities
   - Process and Procedures
   - Meeting Frequency, Formats, Annual Cycle, Decisions

5. Performance Monitoring
   - Institution Plans
   - Institution Reports

6. Other

Appendix 2: Public Sector Labour Relations and Compensation

A. HUMAN RESOURCES GOVERNANCE (*PUBLIC SECTOR EMPLOYERS ACT*)

In B.C., Government sets strategic directions in human resource management and labour relations for the broad public sector, and participates in public sector pension plan management, under the auspices of the *Public Sector Employers Act* and the *Public Sector Pension Plans Act*.

The *Public Sector Employers Act* applies to employers who meet the definition of the Act, including: Government; organizations that have a Board with at least 50 percent Government appointees; Boards of education[13]; universities; colleges and institutes; hospitals; and employers designated in the regulations as social services employers.

The *Public Sector Employers Act* establishes the Public Sector Employers' Council Secretariat (PSEC Secretariat) and employers' associations in seven sectors of the broad public sector: health; social services; K–12 public education; Crown corporations; colleges, institutes and teaching universities; research universities; as well as the public service. Collective bargaining is delegated to employers' associations or individual employers depending on the sector.

The Post-Secondary Employers' Association (PSEA) is the accredited bargaining agent for 19 colleges, institutes and teaching universities. As the accredited bargaining agent, PSEA negotiates collective agreements on behalf of most of its members, or may delegate bargaining to an individual employer.

The University Public Sector Employers' Association (UPSEA) serves as a coordinating body for the four research universities, as well as Thompson Rivers University and Royal Roads University, and supports negotiations, but does not participate directly in bargaining. These universities bargain directly with their respective unions.

ROLE OF INSTITUTIONAL BOARD:

Boards are responsible for ensuring that their institution complies with statutory requirements established in public sector human resources legislation that includes:

- *Public Sector Employers Act*.
- Employment Termination Standards.
- Senior Employee Base Salary Regulation.
- *Public Sector Pension Plans Act*.

B. COLLECTIVE BARGAINING: UNIONIZED EMPLOYEES

Public sector employers and employers' associations bargain with their unionized employee groups under the compensation mandate established by Government and implemented through the PSEC Secretariat. The current bargaining mandate is the Economic Stability Mandate. It applies to agreements that expired on or after December 31, 2013, and establishes longer-term collective agreements (five years) within a fixed fiscal envelope (5.5 percent over the term) with the possibility of an Economic Stability Dividend in the last four years of the agreements. Ongoing progress of the settlements in public sector collective bargaining is available on the PSEC Secretariat website.

Prior to bargaining, the PSEC Secretariat coordinates with employer bargaining agents, PSEA, UPSEA and the Ministry of Advanced Education to develop bargaining plans for their sectors. Employer bargaining agents must submit bargaining plans to the PSEC Secretariat for approval prior to the start of bargaining on substantive issues. Employer bargaining agents may not specifically discuss monetary items until a finalized bargaining plan has been approved. Bargaining plans may be sectoral, may include all union tables at a single employer, or may be prepared for each individual table.

The Minister responsible for the *Public Sector Employers Act*, as well as the Minister of Advanced Education must approve the bargaining plan. Once the bargaining plan has been approved, the employer bargaining agent can seek a negotiated settlement in line with the approved bargaining plan. Bargaining plan approval will be confirmed by a written bargaining direction letter from the President and CEO of the PSEC Secretariat.

[13] Note: School Boards do not have government appointees.

The PSEC Secretariat coordinates the review and approval of collective agreement proposals during bargaining. It may seek assistance from the Ministry responsible to review and approve specific proposals related to public policy requirements, service delivery objectives or any other contextual matters. The PSEC Secretariat will make every effort to facilitate consideration and approval in a timely manner that does not interfere with bargaining.

Role of Institutional Board:

- Boards need to be aware of bargaining plans, including management rights.
- Boards should approve bargaining strategy on issues affecting management rights and significant changes to cost structure beyond compensation prior to the start of bargaining.
- Boards ratify (approve) tentative collective agreements before they proceed to the Board of the employers' association (in the case of PSEA). PSEA's Board ratifies all PSEA-sector agreements regardless of whether PSEA has assisted directly at the bargaining table. Although not an accredited bargaining agent, UPSEA reviews and approves tentative agreements for member institutions as part of the ratification process.

C. STATUTORY REQUIREMENTS: EXCLUDED AND EXECUTIVE EMPLOYEES

Public sector excluded and executive employees who are not covered by a collective agreement are covered by specific provisions of the *Public Sector Employers Act* that establish requirements for compensation plans, severance or salary continuance, vacation and sick leave, retirement allowances, CEO employment contracts, and annual disclosures of executive compensation.

COMPENSATION PLANS:

The *Guide to Excluded and Executive Compensation in the BC Public Sector* contains principles and policies to assist public sector employers in establishing compensation plans for excluded and executive employees. Compensation plans must be within the framework established by Government and be approved by the Minister responsible for the PSEC Secretariat.

Role of Institutional Board:

- Determining and setting compensation plans for Presidents and senior executives within the parameters of the Government compensation framework.
- Ensuring leadership, succession and development of senior leadership team.
- Recruiting and assessing the performance of their Presidents.
- Obtaining approval of the terms of the President's employment contract from the Minister responsible for the PSEC Secretariat.
- Consulting with employers' associations on compensation plans for CEOs and Presidents before they proceed to submit the plan that will require approval by the Minister responsible for the PSEC Secretariat.
- Managing excluded employee compensation plans.

DISCLOSURE:

Public post-secondary institutions meet statutory obligations by disclosing total compensation paid to CEOs and the next four highest paid/ranked executives earning more than $125,000 in base salary. Disclosure includes total base salary, employer-paid pension contributions, benefits, holdbacks, bonuses or incentives, severance, vacation payouts and all other compensation including retirement allowances and administrative leave.

Role of Institutional Board:

- Board Chairs must sign attestations to verify that annual compensation provided was within approved compensation plans and complies with same, including an emphasis on statutory requirement to disclose pre- or post-employment contracts and disclosure of remuneration through foundations, subsidiaries or other organizations.
- See the *Public Sector Executive Compensation Disclosure Guidelines* for additional information.

B.C. PUBLIC SECTOR COMPENSATION REVIEW:
In 2013, as a component of Core Review, the firm of Ernst and Young was retained to conduct a review of recent trends in compensation across the B.C. public sector and to assess the current models for setting bargaining mandates and management and executive compensation. The *BC Public Sector Compensation Review* was released in October 2014 and included a number of recommendations that have been endorsed by Government.

Key recommendations include:

- Create a common compensation philosophy (see below) based on shared principles, standardized benchmarking, and more accessible and comprehensive data.
- Build a governance model and processes to ensure alignment across the public sector, including a clear role for Cabinet and Crown corporations, Boards and alignment of employers' associations.
- Deploy and make sustainable a model that includes regular market reviews, approval processes and regular refresh of the compensation philosophy.

COMMON PUBLIC SECTOR COMPENSATION PHILOSOPHY FOR EXECUTIVE AND EXCLUDED MANAGEMENT:
Provincial public sector organizations in B.C. are moving towards a comprehensive approach to setting compensation through a common philosophy. One of the guiding principles of the common philosophy is a performance-based culture where compensation decisions are based on merit rather than entitlement to an annual increase. This move to a common approach to compensation recognizes the 'one taxpayer' lens through which public sector organizations are viewed.

The Taxpayer Accountability Principles are the foundation for public sector organizations to strengthen accountability and promote the best interests of taxpayers. The overall goal is to bring greater consistency to the broader public sector to ensure decisions are based on shared principles and similar benchmarking tools that increase rigor and ultimately reduce competition between employers when making hiring and staffing decisions.

Role of Institutional Board:

- Boards approve the compensation philosophy before it can proceed to the employer associations, and subsequently to the Minister responsible for the PSEC Secretariat for approval.
- Boards determine what their overall approach to compensation philosophy will be in the broader context of the organization and ensure it is consistent with the guidelines provided.
- Boards need to consult with their respective employers' association, as there is sectoral coordination on the philosophies. As such, the employers' associations facilitate the process to ensure that there are no large-scale contradictions among the universities that could result in issues.

D. EXECUTIVE AND EXCLUDED MANAGEMENT COMPENSATION

Since September 2012, an excluded management compensation freeze which applies to wages and salaries paid to managers and executives employed by a public sector employer or employers' association as defined in the *Public Sector Employers Act* has been in effect. Recently, public sector employers were given some flexibility to provide modest wage adjustments to address pressing recruitment, retention or compression issues. Effective July 1, 2015 and January 1, 2016, employers have provided management staff with modest increases — within existing salary ranges and subject to the parameters below:

- All salary increases are subject to a business case analysis based on approved criteria.
- Salary increases are permitted only in cases of demonstrated salary compression or inversion or to ensure the retention of high performing employees.
- No general wage increases; proposed salary adjustments within existing salary ranges.
- Increases to be funded within existing budgets and cannot impact other efficiency targets.
- The wage freeze remains status quo for executive employees at this time.

The PSEC Secretariat continues to monitor excluded management compensation in the public sector, and provides support and information when there are changes in the policy.

Appendix 3: Office of the Auditor General Audit Reports (Post-Secondary Governance)

MAIN REPORTS

MAY 2012: CROWN AGENCY BOARD GOVERNANCE

Results of examinations of Board governance at four Crowns, including the University of Northern BC and Camosun College.

http://www.bcauditor.com/pubs/2012/report2/crown-agency-Board-governance

FEBRUARY 2014: UNIVERSITY BOARD GOVERNANCE EXAMINATIONS

Third report in a series on Board governance; examines Board governance practices of three B.C. universities: the University of Victoria, Capilano University and Thompson Rivers University, as well as the Ministry of Advanced Education in providing support for university governance and accountability.

http://www.bcauditor.com/sites/default/files/publications/2014/report_12/report/OAGBC_Board_governanceIII_report_FINAL.pdf

FOLLOW-UP REPORTS

APRIL 2013: FOLLOW-UP CROWN AGENCY BOARD GOVERNANCE CAMOSUN COLLEGE

http://www.bcauditor.com/sites/default/files/publications/files/April_2013_Follow-up_Crown_Agency_Board_Governance_Camosun_College.pdf

APRIL 2013: FOLLOW-UP CROWN AGENCY BOARD GOVERNANCE UNIVERSITY OF NORTHERN BC

http://www.bcauditor.com/sites/default/files/publications/files/April_2013_Follow-up_Crown_Agency_Board_Governance_University_of_Northern_BC.pdf

JUNE 2014: FOLLOW-UP CROWN AGENCY BOARD GOVERNANCE CAMOSUN COLLEGE

http://www.bcauditor.com/sites/default/files/publications/files/June_2014_Follow-Up_Crown_Agency_Board_Governance_Camosun_College.pdf

JUNE 2014: FOLLOW-UP CROWN AGENCY BOARD GOVERNANCE UNIVERSITY OF NORTHERN BC

http://www.bcauditor.com/sites/default/files/publications/files/June_2014_Follow-Up_Crown_Agency_Board_Governance_University_of_Northern_BC.pdf

Appendix 4: British Columbia Corporate Governance Framework

BC Public Sector Organizations (PSOs) Corporate Governance

AIM: TO ALIGN PSO DECISION-MAKING AND ACTIONS WITH THE PUBLIC POLICY OBJECTIVES ESTABLISHED BY GOVERNMENT ON BEHALF OF THE CITIZENS OF B.C.

TAXPAYER ACCOUNTABILITY PRINCIPLES

Strengthening Public Sector Governance & Accountability

Respect • Efficiency (Cost Consciousness) • Accountability • Appropriate Compensation • Service • Integrity

ACTIVE GOVERNMENT PARTICIPATION

Clear oversight • Clear and transparent mandate direction from Government • Two-way communication

STRONG BOARDS

Public stewardship • Skills and merit-based board appointments • Varied range of skill-sets
Strong fiduciary responsibility • Strong Ethical Code of Conduct

EFFECTIVE ORGANIZATIONS

Robust, well-run organizations that serve the public interest, advance overall public policy objectives and are accountable to the public it serves.

GOVERNMENT'S CENTRAL AGENCIES

Responsible for providing oversight, policies, advice and resources to the PSOs in the areas of financial reporting, human resources, board director appointments, executive compensation and best practices on corporate governance and accountability.

Office of the Comptroller General • Treasury Board Staff • Crown Agencies Resource Office
Board Development & Resourcing Office • Public Sector's Employers Council

KEY LEGISLATION APPLICABLE TO PSOS

- PSO's Enabling Legislation
- *Budget Transparency & Accountability Act*
- *Financial Administration Act*
- *Financial Information Act*
- *Public Sectors Employers Act*
- *FOIPPA*
- *Societies Act*

GOVERNANCE, DISCLOSURE & ACCOUNTABILITY MECHANISMS

- Board Appointment Process
- Annual Mandate Letters
- Executive Compensation
- Formalized Standards of Conduct
- Reporting – Financial, Annual Reports, etc.
- Audits & Reviews

EFFECTIVE TWO-WAY COMMUNICATION

- Strategic Engagement Plans & Evaluation Plans jointly developed by Deputy Ministers & their PSOs
- Annual/Bi Annual Forums
- Ongoing Government and PSO Board Orientation & Training
- Quarterly Meetings between Ministers and Boards Chairs

BEST PRACTICES, RESOURCES & TOOLS

- One-stop Corporate Governance Resource Website
- Best Practices Guidelines for PSOs
- Board Appointment Guidelines
- Executive Compensation Guidelines
- Service Plan & Annual Report Guidelines

BRITISH COLUMBIA

Ministry of Advanced Education