

GUIDING PRINCIPLES FOR GOVERNANCE

Good corporate governance requires a solid foundation of principles to inform and guide operations and decision-making. Good governance is not only about achieving the desired results, but achieving the results in the right way.

Stewardship, Leadership and Effective Functioning of the Board

Ethical leadership and stewardship by a strong Board of Directors is essential to good corporate governance. Through its leadership role, the Board:

- Establishes the processes and structures necessary to ensure the effective functioning and renewal of the Board;
- Delegates the necessary authority to management to carry out its responsibilities;
- Establishes processes that ensure thorough and timely reporting from management to the Board; and
- Establishes a strong relationship with management while exercising objective interests, as directed by the Ministry of Health.

Clarity of Roles and Responsibilities

The roles and responsibilities of the Health Authority should be clearly defined. The key relationships are those between the Ministry of Health (represented by the Minister of Health) and the Board (through the Board Chair) and the Health Authority (represented by the President & Chief Executive Officer). These relationships function in the following manner:

- The Ministry of Health communicates objectives and enables the board to effectively oversee the Health Authority's business.
- The Board approves long-term strategy consistent with the Ministry of Health's objectives and monitors management without participating in the day-to-day management of the business of the Health Authority.
- The President & Chief Executive Officer leads the development of long-term strategy and annual operating and capital plans, implements the Board-approved plans and manages the day-to-day business of the Health Authority.
- Reporting requirements and decision-making processes between all three levels should be explicit.

Openness, Trust and Transparency

There must be an atmosphere of mutual trust and respect to support the achievement of the Ministry of Health's expectations for the Health Authority.

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Expectations must be conveyed through a well-defined corporate mandate and clear direction on specific Ministry of Health priorities and objectives for the Health Authority. Strong relationships must be established between the Ministry of Health's representatives and the Board (in particular, between the Minister and the Board Chair) and between the Board and management (in particular, between the Board Chair and the President & Chief Executive Officer).

To meet decision-making, reporting and monitoring requirements, a clear and well-defined process should be put in place to ensure the timely and accurate flow of information between the Ministry of Health and the Board. This approach recognizes that the public interest is best served through the Ministry of Health and the Health Authority engaging in a constructive dialogue to jointly develop an effective strategic direction, consistent with the Health Authority's mandate, and to clearly identify appropriate performance objectives associated with that direction.

Service and Corporate Citizenship

A service philosophy should underpin all corporate activity, including service to patients, residents and clients and the Ministry of Health. It includes a commitment to developing service standards and to acting in a fair and impartial manner.

Accountability and Performance

Accountabilities should be defined and communicated. The Ministry of Health's expectations are communicated through legislation, government's Strategic Plan, Mandate Letters, and the endorsement/approval of the Health Authority's specific Strategic Plans. The Board is responsible for working with management to develop and ultimately approve the long-term strategic direction and vision of the Health Authority in a manner consistent with the mandate expressed by the Ministry of Health. Multi-year Health Service and Budget Management Plans to deliver organizational objectives should be developed by management and approved by the Board. The Board should approve specific performance objectives and management effectiveness should be judged against the organization's success in achieving objectives.

Value, Innovation and Continuous Improvement

There should be an organizational commitment to innovation, best practises and continuous improvement. This principle is central to the development of a value-driven, high performance culture – one that is committed to protecting and enhancing value through strong, capable leadership, management and employee development.