EXCELLENCE IN CANADA'S HEALTH SYSTEM

PRINCIPLES FOR GOVERNANCE, MANAGEMENT, ACCOUNTABILITY AND SHARED RESPONSIBILITY

⊐ CCAF~FCVI INC.

Canadian Healthcare Association
Association canadienne des soins de santé

Excellence in Canada's Health System –
Principles for Governance, Management, Accountability and Shared Responsibility

"When it comes to health reform, Canadians expect real and meaningful accountability. They deserve to know what they should expect – and what they are getting."

From Address by Prime Minister Paul Martin at the First Ministers' Meeting (September 13, 2004)

"Health care is a partnership of individuals, health care providers and governments."

Roy J. Romanow, Q.C. Commissioner, Commission on the Future of Health Care in Canada "Building on Values – The Future of Health Care in Canada" (November 2002)

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CAF-FCVI Inc. and the Canadian Healthcare Association (CHA) are pleased to present this publication, *Excellence in Canada's Health System: Principles for Governance, Management, Accountability and Shared Responsibility*, the result of a joint initiative between our organizations.

The CHA, through its members, represents a broad continuum of care and services that are provided through regional health authorities, hospitals and other facilities and agencies that serve all Canadians and are governed by trustees who act in the public interest.

CCAF-FCVI Inc. is a non-profit research and education foundation dedicated to building knowledge for meaningful accountability and effective governance, management and audit.

What has drawn both organizations together on this initiative is a commitment to a well governed, well functioning and publicly accountable health system, the opportunity to apply and build on past and current work, and the shared belief that significant progress can be made.

This document outlines a set of principles to guide thinking and practice in relation to the governance, management and accountability of the health system. It seeks to support the efforts of the wide range of stakeholders to work together and to achieve excellence in providing adequate, timely and cost-effective health services to the Canadian public. It is addressed to those who most directly influence how health services are planned, delivered and evaluated. It seeks to contribute to the current national discussion of the status and future direction of the health system – and to the actions that will follow from this discussion.

We would like to express our appreciation to members of the CHA Health Systems Effectiveness Working Group and the CHA and CCAF governing boards who provided strategic advice to this initiative. Additional thanks are directed to the member organizations of the CHA and CCAF and individuals from health facilities and agencies across Canada, who provided thoughtful input and advice during the consultation and submission process on an earlier version of this document. We also benefited from the work of Judith Dyck, who provided editing expertise and input on the content. And we would like to thank professionals in both organizations who have contributed to the development of this document. This includes Kathie Paddock, Della Faulkner and Kathryn Tregunna from CHA, David Moynagh from CCAF – and, most notably, Michael Weir from CCAF, who led the development of the initial discussion paper.

We hope that the principles framework outlined in this monograph will be a valuable frame of reference for health system leaders, stakeholders and partners as they discuss, define and exercise their governance, management and accountability responsibilities. We look forward to the opportunity to encourage and support the adoption and implementation of these principles in practice.

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EXECUTIVE SUMMARY

Common principles, agreed upon and used by stakeholders, provide a way to achieve an effective, well-managed health system that is highly regarded by the public

A common set of overarching principles, agreed upon and used by stakeholders in the health system, provides a way to achieve an effective, well-managed health system that is highly regarded by the public. They offer a holistic framework for addressing issues of governance, accountability and performance management in a constructive manner. Shared principles assist individual organizations with decision-making and provide the common ground needed for stakeholders to work successfully together to address mutual objectives.

Each province and territory will likely develop different accountability frameworks for their health systems, based on their own regional realities. However, within these different provincial and territorial approaches, a clear, mutually agreed on and transparent set of principles would promote both coherence and flexibility.

CCAF-FCVI Inc. and the Canadian Healthcare Association (CHA) propose eleven principles to provide a focus and direction for governing and sharing responsibility within the health system. These principles draw upon the knowledge and past work of both institutions and on input and advice from consultations with their respective member organizations. They contribute to the current national discussion of the status and future direction of Canada's health system.

The proposed principles seek to contribute to the current national discussion of the status and future direction of Canada's health system

The first five principles provide guidance on governance, management and accountability.

CCAF AND CHA BELIEVE THAT:

> Canada's health system is best served by coherent direction, informed decision-making and clear goals that are shared among those responsible for making decisions.

> The health system's ability to achieve its strategic direction depends on having the necessary leadership and resource capacity.

> Health system partners need to understand, explain and manage the risks associated with providing or not providing a particular health service.

> Health system partners need to demonstrate commitment to public transparency and accountability. They do this by explaining to, and involving the public in, what they plan to do, how well the system is performing, and the implications of both.

> Health services need to be managed within a framework of articulated ethics and values that is communicated and understood within organizations and across the system.

The remaining six principles outline key issues on which health systems partners can work together to achieve the goals reflected in the first five principles.

CCAF AND *CHA* BELIEVE THAT:

> *Health system partners need to understand their roles and responsibilities – and governance and management arrangements and practices need to be in place to support the effective discharge of their duties.*

> *The conditions under which one partner gives direction to another need to be clear to all parties. Mechanisms for giving direction, and the conditions under which they are used, need to be explicit and understood by all parties.*

> *The processes for appointing or electing individuals need to be predictable, easy to understand and transparent, and result in effective governing bodies.*

> *Procedures for approving plans and budgets need to be clear and respectful of the legitimate interests of all parties.*

> *Health system partners should have the information they need to fulfill their respective roles and responsibilities. The principles and standards for providing information and reporting on performance also need to be clear and understood.*

> *Health system partners need to set clear conditions and criteria governing their respective rights and responsibilities. They also need to provide for validation of the performance information reported by and to each other.*

The next steps are to engage other stakeholders in a dialogue on these principles, …
to encourage and support efforts to put them into practice

The articulation of these eleven principles is an important milestone. The next steps are to engage other stakeholders in a dialogue on these principles, to consider what they mean within specific jurisdictions and organizational settings, and to encourage and support efforts to illustrate these principles and put them into practice.

Success in these endeavors will require the participation of all stakeholders.

INTRODUCTION AND PURPOSE

CAF and the Canadian Healthcare Association (CHA) believe that the Canadian health system will be more effective and accountable if its major stakeholders - governments, governing bodies, managers, providers, and others – understand, share and use a common set of overarching principles to guide their actions and interactions.

Principles provide the common ground necessary for good relationships as different stakeholders come together to work on issues of mutual concern

Agreed upon principles assist all partners in Canada's health system in their pursuit of a well-governed, high-performing and clearly accountable system that is well regarded by the public. They assist in the governance of individual organizations as decisions are made. They help those same organizations as they coordinate and cooperate with similar bodies on shared endeavors. They provide the common ground necessary for good relationships as different stakeholders come together to work on issues of mutual concern. And having these principles, and demonstrating them in practice, engenders public confidence.

Excellence in Canada's Health System: Principles for Governance, Management, Accountability and Shared Responsibility is a joint publication that brings together CCAF's knowledge of governance, performance management and accountability concepts and practices with CHA's knowledge and understanding of health system issues and interests. It proposes overarching principles for governing and sharing responsibility among health system partners in a way that respects each other's independent and interdependent roles.

The articulation of shared principles is an important step in pursuing excellence within Canada's health system. The next steps are to engage other stakeholders in a dialogue on these principles, to consider what they mean in practice within a province or territory, health region, and individual facility and agency, and to encourage and support efforts to apply these principles. This will require the participation of all stakeholders – a willingness to talk and listen to each other about what each holds important, a readiness to account for other perspectives, and a commitment to action.

Full realization of common principles is a worthy goal. The outcome will be a health system characterized by broad cohesive action on the issues it faces, one with a focus on patient care and excellent patient outcomes and where services are delivered as effectively as possible.

THE CANADIAN HEALTH SYSTEM

In Canada, government policy and funding, regional and local authorities and individual health care organizations and professions combine to form an extraordinarily large and complex network we call the Canadian health system. This health system touches all Canadians, directly and powerfully affecting the quality of their birth, life and death.

Within this system, health is a shared responsibility involving collaboration and consultation of many stakeholders.

Each stakeholder shares an interest in how the health system performs, how it is governed and in its accountability

All levels of government, health system trustees and managers, providers and other stakeholders have roles and responsibilities within this framework to help Canadians maintain and improve their health. Health system stakeholders include:

> the federal government;
> provincial and territorial governments;
> trustees of regional health authorities[1] and/or individual health organizations;[2]
> managers of regional health authorities and/or individual health organizations;
> health services providers;
> professional regulatory bodies;
> the public;
> health and hospital associations;
> quality and information organizations; and
> research organizations.

These communities share an interest in how the health system performs, how it is governed and in its accountability. Each also has individual interests, perspectives, capacities and expectations that contribute to the complexity of the system, along with a blend of unique and shared roles and responsibilities. Federal/provincial/territorial governments redistribute monies to pay for a health system that individual Canadians contribute to through their taxes and through out-of-pocket spending on goods and services that are not part of the publicly insured system.

In the final analysis, the Canadian public provides the framework of values, principles and expectations on which the health system is built

Therefore, at the centre of this system is the Canadian public. Individual Canadians have expectations of the system, and roles and responsibilities when using its services. In the final analysis, the Canadian public provides the framework of values, principles and expectations on which the health system is built. Their active engagement is increasingly seen as key to resolving the difficult choices Canada's health system faces and ensuring its continued existence, acceptance and capacity to provide care.

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[1] The term "regional health authority" describes a devolved regional structure for health services decision-making within provinces and territories. Other terms may be used across Canada, including health districts, health boards, health and social services boards, hospital corporations, health regions and others.
[2] The term "organizations" covers a broad range of health organizations, facilities and agencies, including hospitals, long-term care facilities, home care programs and community-based services.

THE CASE FOR SHARED PRINCIPLES

Sometimes it seems the only constant in Canada's complex health system is change, making it challenging to define and achieve excellence for the health system. This dynamic situation has also made it difficult to maintain public confidence, particularly in relation to the system's ability to meet the criteria established in the *Canada Health Act*, which promises access to comparable health services[3] for all Canadians, no matter where they live.

In fact, public confidence in the system has been increasingly strained. In addition to their questions around access and service, Canadians are asking questions around how much we can afford, how much we ought to be spending, how good a "rate of health return" we are getting, and how responsive the system really is.

These questions challenge all those who share responsibility for stewardship of the health system to think and act in new ways in order to meet the dual (and sometimes dueling) demands for services and greater accountability.

In response to this call for better access to health services and accountability, governments and other partners have recently proposed or undertaken a range of national, provincial, regional and local initiatives. These include the *Health Council of Canada,* along with regional and local amalgamations.

As new initiatives are negotiated and implemented, tensions and conflicts among underlying norms, values and ideas of different stakeholder groups rise closer to the surface

As these initiatives are negotiated and implemented, tensions and conflicts among underlying norms, values and ideas of different stakeholder groups rise closer to the surface. Participants will of course come to the table with different approaches and different perspectives. If these differences also are accompanied by different sets of principles – especially when these principles are implicit – issues will be exacerbated and accompanied by unnecessary and unwelcome friction and rigidity.

These tensions can impede progress and foster inertia. They can also undermine public confidence and leave some Canadians asking if considerations of position and power outweigh the shared public interest in finding solutions to real problems.

In this gap between expectations and the challenges inherent in transforming the system, rigid formulae, rules, methodologies and ideologies are insufficient tools for advancing and promoting cohesive action among health system partners. This is particularly true when the underlying tensions result from differing norms and values. Such instruments do have an important role to play, but they cannot suffice on their own.

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[3] "Comparable" services do not necessarily mean identical services. Differences in population health needs may require different services and approaches within a province and territory and across Canada.

CHA and CCAF believe it makes sense to identify and make explicit overriding broad principles that can represent shared ground among all partners and the public. These principles can then provide a holistic framework for addressing issues of governance, accountability and performance management in a constructive and mutually respectful manner.

Stakeholders might still disagree about how best to achieve agreed principles or how to apply them in a particular situation. But thinking directly about them, discussing them openly and keeping them visible would help all stakeholders build confidence and trust in working with each other. Principles help explain how and where detailed provisions fit into the overall scheme, why certain provisions are important, and what they are intended to achieve. And, they provide context and support for detailed guidelines, rules, professional pronouncements, regulations and laws.

In short, an agreed set of principles can contribute significantly to the individual and collective ability of those who participate in the health system to deliver on the trust placed in them by Canadians. It is to be expected that each province and territory will develop different accountability frameworks for their health systems based on their own regional realities. However, within these different provincial and territorial approaches, a clear, mutually agreed on and transparent set of principles would promote coherent flexibility.

Principles can provide a holistic framework for addressing issues of governance, accountability and performance management in a constructive and mutually respectful manner

OVERARCHING PRINCIPLES

The development of overarching principles that reflect Canadian values and sound governance, performance management and accountability practices in relation to Canada's health system is a challenging yet attainable goal, and one well worth achieving.

The principles outlined in this document represent an important milestone towards this end. They will stimulate thinking and debate and encourage health system partners to find an agreed basis for individual and collective action.

The principles are organized as two separate yet interlocking sub-sets.

> The first five principles provide guidance on governance, management and accountability. They focus on what needs to be achieved for the health system to realize excellence.

> The remaining six principles address how partners in the health system can work together effectively to achieve the goals reflected in the first five principles.

Because the principles are inter-related, and aspects of some principles can pull in different directions, health system partners will need to draw on their skills and experience and apply judgment in managing overlaps and tensions.

A WORD ABOUT TERMINOLOGY

The words "appropriate," "ensure" and "partner" are used throughout the description of the principles:

APPROPRIATE because there will be more than one way to realize a given principle and what makes sense in one situation may not in another. Different approaches have different practical implications for different health system partners at different levels in the system. An 'appropriate' approach reflects underlying circumstances. It also respects professional norms and standards and stakeholder attitudes and expectations.

ENSURE implies the exercise of due diligence and care, professionalism and best efforts in the pursuit of something. 'Ensure' is not the equivalent of 'guarantee'.

PARTNER is a health system stakeholder with formally designated or agreed roles and responsibilities within the health system.

PRINCIPLES FOR GOVERNANCE, MANAGEMENT AND ACCOUNTABILITY

The overall principles for governance, management and accountability are based on the belief that the effective operation and accountability of the health system as a whole depends upon continuous and effective sharing of five key areas of responsibility. Those areas are:

> strategic direction,
> leadership and resource capacity,
> risk management,
> public accountability and involvement, and
> ethical management.

These five responsibilities frame the accountabilities, mission statements and job descriptions of the leaders who govern and manage the health system and its component elements. The following sections lay out the underlying principle for each area of responsibility, along with a discussion on the principle's meaning and implications.

Five key areas of responsibility...

Area of Responsibility: *Strategic Direction*

Trustees of regional health authorities and individual health organizations and facilities, for example, have a responsibility to provide vision, direction and leadership to their organizations. These trustees, whether appointed or elected, are responsible for developing the mission, vision and values of the organization with input from clients, staff, volunteers and the community.

The programs and services they approve should be consistent with the organization's mandate and the needs of the community. Where possible, duplication of services provided by other organizations should be avoided.

Those who have authority to make decisions also must be informed. The process of becoming informed should involve the collection and consideration of information about priorities, needs, imperatives, constraints, and stakeholder perspectives.

Becoming well informed involves listening to partners and citizens. Beyond their direct interest in individual transactions or treatments, members of the public have a broader interest and responsibility to influence policies, program choices or priorities, whether individually or through their representatives. At all levels in the system, it is increasingly important to make sure that decision-making processes appropriately reflect and respond to public views without surrendering the organization or system to special interests.

Clear, logical and consistent goals are another essential component when establishing strategic direction. Clarity and focus are hallmarks of accountability and prerequisites for excellent performance. All parts of the system should have a consistent view of what has to be achieved and how their work in unison contributes to the shared goal. This requires governments and other stakeholders to work together to ensure goals are realistic and resourced at a level that puts achieving them within reach of a well-functioning system.

PRINCIPLE
Canada's health system is best served by coherent direction, informed decision-making and clear goals that are shared among those responsible for making decisions

Coherence is also important when establishing goals. The health system is often called upon to address different and sometimes competing stakeholder interests. Coherence helps attain a balance among the system's many different objectives.

In summary, health system partners need to ensure that policies and services match the needs of Canadians and that the best methods and approaches for delivering programs and services are used. As well, a clear focus will help Canadians understand the commitment that is being made and provide them with a frame of reference for holding the health system accountable for its performance.

Area of Responsibility: *Leadership and Resource Capacity*

PRINCIPLE
The health system's ability to achieve its strategic direction depends on having the necessary leadership and resource capacity

Leadership is always critical to a system's capacity to implement policy and perform. Depending on circumstances, other resources including people, structures, processes, finances, equipment, technology or information may become the most important determinant of capacity.

In governance and accountability terms, stewardship is the concept most often associated with the notion of providing and sustaining capacity. There are three critical considerations regarding capacity for those with a stewardship role:

> Is there is a gap between the existing capacity compared with needs or expected results?
> Is the capacity that exists being effectively developed, maintained or used?
> Are the transitional measures used to adjust capacity to needs appropriate and effective?

The principle regarding *strategic direction* is closely integrated with this principle respecting *leadership and capacity*. For example, capacity is always limited and health system partners must share in the responsibility for aligning public expectations, goals, and available resources. If not aligned, there will be a disconnection between needs, program choices and the ability to deliver quality services.

Area of Responsibility: *Risk Management*

PRINCIPLE
Health system partners need to understand, explain and manage the risks associated with providing or not providing a particular health service

Public governance and management are about making choices – choosing to do something, to do it in a certain way, or not do it at all. There are risks involved in choosing any of these options: a chance or probability that the success of the organization could be impaired, something undesirable may happen, or an important opportunity could be missed.

In government as in business, there have been substantial changes in the way risk is viewed and managed. Those who govern and manage strive to develop a global and integrated understanding of risk and to pay close attention to those risks that could significantly impair the effectiveness of the organization or the public's confidence in it. For example, the Canadian health system is grappling with issues around quality and patient safety. Risk management should include a commitment to improving the culture of safety within organizations, and to ensuring prompt and full disclosure to patients/families of adverse events or undue risks.

The alignment between the principles *strategic direction* and *leadership and resource capacity* affect *risk management*. For example, when capacity does not match health system goals, then the risk of less than desirable health outcomes can increase. Factors that can diminish the risk of misalignment include sufficient, ongoing and predictable investments and effective human resource strategies.

Risk and control are key issues for governance at all levels. Good governance will know that management has effective risk-control strategies in place. Effective strategies ensure that the control measures put in place are attuned to the risks considered most significant to the success of the organization and to the level of risk considered acceptable. These strategies also need to ensure that the control measures are attuned to risk thresholds that, as approached or if passed, will trigger the attention of the governing body.

Area of Responsibility: *Public Accountability and Involvement*

Critical components include accountability by each organization within the system, each level of the system, and the system as a whole. For example, the trustees of a health care facility report to the public and to direct funders. The facility may be part of a region that reports both to the public and to its primary funder, usually a provincial or territorial government. Governments in turn report directly to their citizens and through federal/provincial/territorial mechanisms to all Canadians.

Direct accountability to communities served may be the most critical aspect of this accountability continuum. People relate most to their local services and will judge overall system quality and responsiveness on that basis. This accountability needs to take a number of forms. For example, it is not enough to listen to the public and other stakeholders and then develop a strategic plan (as discussed under the principle, *strategic direction*). People also need to hear about the decisions and choices that have been made, the results stemming from those choices, and the implications that these decisions have on other aspects of the system, e.g., effect on capacity (as discussed under the principle, *leadership and resource capacity*). Explaining choices requires both formal reporting of plans and of performance and informal exchanges of information for meaningful two-way communication and accountability. Feedback received should then be incorporated into the organization's quality improvement and planning processes.

The impact of explaining choices to the public and other stakeholders and including them in the decision-making process can result in greater acceptance and, ideally, better decisions. That is not to say that this is a straightforward process. For example, the public may see change and reform as a loss for their community, and not a step to better healthcare. Honesty, clarity of information, and respect are essential but may not be sufficient to gain public acceptance for needed healthcare change.

PRINCIPLE
Health system partners need to demonstrate commitment to public transparency and accountability. They do this by explaining to, and involving the public in, what they plan to do, how well the system is performing, and the implications of both

Area of Responsibility: *Ethical Management*

The strategic direction of a system or organization is often as much an expression of its values as its intent. That direction and the expression of values is set and put into action by leaders. Leaders are found not just at the top of the system or organization. Leaders work throughout the system, including directly with the public where the expression of the system's values and ethics is most noticed.

Working in health care carries with it the underlying value that it is a privilege to do so. Individuals and organizations accept roles and responsibilities related to health care with the clear acknowledgment and acceptance that working in a system caring for the health of people is a privilege and an honor which should be evident in attitudes and behaviors.

The actions of trustees illustrate this principle in action. These individuals are in a position of trust. They are ultimately responsible for the quality of care, the allocation and use of financial, human and physical resources, and the respect for laws, regulations and standards found within an individual health care organization. Their leadership is important. The issues they spend their time on and the way they interact with stakeholders provide visible evidence of what they value. The way they work with and through management and professional staff sets the tone for the whole organization.

PRINCIPLES FOR SHARING RESPONSIBILITY WITHIN THE HEALTH SYSTEM

Complex relationships and shared responsibility are defining characteristics of the health system. One could work through all the above responsibilities and corresponding principles to consider how all health system leaders might share them and how each organization might apply them. But the task might be unending as the division of roles and responsibilities is never static or uniform. The way leaders interact and share responsibilities changes in response to changes in health, treatment and delivery patterns; in response to advances in medical science and technology; in response to changing public expectations; and in response to geographic, legal, and structural realities.

It is therefore preferable to use a principle-based approach to guide how partners in the health system interact with one another – principles for sharing responsibility.

It is important to acknowledge that while all stakeholders have roles to play, governments occupy a unique position and set the tone for the system.

> Constitutionally, provincial and territorial governments have the primary responsibility to deliver health services within their jurisdictions. The federal government also plays a significant role in helping Canadians maintain and improve their health.

> The Canadian health system also requires that these levels of government collaborate. Together, they:

>> Establish the legal and regulatory framework within which the other partners operate;

>> Collect and disburse the bulk of the public health care investment; and

>> Establish the formal reporting and information-sharing requirements that connect stakeholders.

The principles that follow are based on CCAF research into accountability arrangements between provincial governments and those who receive transfer payments. They have been amended to reflect the health care context and focus on the following issues:

> Roles and Responsibilities
> Relationships Among Health System Partners
> Governing Bodies
> Plans and Budgets
> Information, and Reporting on Performance
> System Integrity

Each of these is discussed further below.

The way leaders interact and share responsibilities changes in response to changing circumstances in the health system

Roles and Responsibilities

The legal, moral and ethical responsibilities of health system partners are grounded in legislation, by-laws, precedents, and professional and public expectations. People at every level in the system should understand their portion of these responsibilities so they can discharge them well. It is particularly important that provincial/territorial governments, trustees and managers understand who is responsible for what. When overlap is unavoidable or necessary, for example in some areas of human resources recruitment, both parties need clear processes for coordinating efforts.

This responsibility starts at the top. As the higher-order organizations in the accountability relationship, governments have an overriding responsibility to consistently and promptly communicate their expectations in relation to the governance and management principles and practices across the system.

Clarity within individual health care facilities and organizations is also important. While the maxim that "*There is no foolproof way to separate governance from management*"[4] is true across all organizations, maintaining both professional and administrative lines of responsibility complicates the issue in a health system setting.

However, the following three things are clear:

> The governing body of any organization has ultimate responsibility and accountability for the stewardship of the organization. Its job is to decide policy and strategy, monitor performance, listen to stakeholders and be accountable for the organization.
> There is much common ground between governing bodies, managers and professionals.
> Key to managing mutually held responsibilities is that all parties have a sense of ownership in the strategic plan, and that there is effective information sharing within and among organizations.

Relationships Among Health System Partners

Canada's health system is extraordinarily complex and interdependent, making inter-organizational coordination and accountability a large and ongoing challenge. The bodies that govern individual organizations in the system usually have autonomy and authority to establish and achieve appropriate priorities and goals commensurate with their overall responsibilities. This is not open-ended. To contribute effectively to the public interest, their authority and autonomy are balanced by appropriate accountability, openness and responsiveness to citizens, system partners and legislators.

Partner consultations and communications, information exchanges and mechanisms such as memoranda of understanding (MOUs) with peer organizations allow partners to appropriately influence one another and promote integration. This integration helps promote cohesion across the system and responsiveness to patient and community needs.

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4 Robinson, Maureen K., *Nonprofit Boards That Work,* John Wiley & Sons, Inc., 2001

From time to time, however, it may be necessary for one partner to direct or override the priorities or operations of another. This may happen because of policy considerations, public-health emergencies or imbalances in the overall system. Knowing this may occur, it is critical that efforts are made to establish the following before such situations arise:

> Clarity about the conditions under which one partner may direct another.
> Appropriate, identified mechanisms for giving and validating such directions.
> Clarity and transparency regarding directions that have been given. Formal notification and acknowledgement may be warranted.
> Clarity about the responsibility being assumed by the directing authority.

Governing Bodies

Trustees, directors or governors play a determining role in the performance and accountability of the organizations they steer or govern.

The composition of a governing body will significantly influence its approach to its responsibilities. Its composition also influences the way it connects to the local community and other stakeholders and will likely influence its perceived legitimacy. Therefore, the processes for identifying, qualifying, engaging and preparing members of governing bodies are critical to the system.

There often is debate over whether members of governing bodies should be appointed or elected and about how best to organize the processes for appointing or electing them. It is important that the reasons for choosing to elect or to appoint governors are transparent. This choice and the specific election or appointment processes adopted to put it into effect should be periodically revisited to maintain its legitimacy. Whichever is chosen, the process should be predictable, easy to understand and transparent. It must also be effective in attracting a mix of governors who together embody the necessary characteristics, knowledge, skill and experience.

PRINCIPLE
The processes for appointing or electing individuals need to be predictable, easy to understand and transparent, and result in effective governing bodies

Plans and Budgets

Plans and budgets give life and force to strategies, goals and priorities. They are a foundation for achieving high performance and building effective relationships.

The way plans and budgets are developed and disclosed sets the tone for the way accountability plays out in practice. This is aligned with the principles of transparency (discussed under *public accountability and involvement*), *information and performance reporting*, and *system integrity*. Stakeholders are more likely to understand and support priorities, plans and budgets when they have been engaged in and informed about the process for developing and adopting them. They also are more likely to assess performance fairly when they understand how goals were set in the first place. And how they manage and report performance information – and the standards and processes that they put in place to assure their integrity – are critical to the confidence in and use of this information and reporting.

PRINCIPLE
Procedures for approving plans and budgets need to be clear and respectful of the legitimate interests of all parties

Not all stakeholders can or should have the same level of input. The level of participation and the design of the processes should be clear and appropriately aligned with the interests, capacity, responsibilities and accountabilities of those who are involved. The process has to accommodate tensions between the needs of the different groups involved, in particular ways to secure funding for multi-year initiatives within the current practice of annually lapsing budgeting authority.

Information, and Reporting on Performance

Information is necessary to support decision-making and operations, clinical care and service delivery; determine where and how to improve quality and overall performance; and, support accountability reporting. This information needs to be relevant, valid, reliable and accurate. It needs to be fairly interpreted and reported, understandable and useful. Partners also need to commit to collecting and sharing high-quality, comparable information on essential aspects of health system performance.

Managing Information

From patient charts through international comparisons, information is the life-blood of relationships in the health system. Especially where highly specialized services are centralized at the provincial or territorial government level, communication and collaboration with regional health authorities and individual health organizations are essential.

Information is expensive to generate and incorrect information can be harmful. Engagement is a two-way street, and so is accountability. It is important, then, to think about the interests and responsibilities of partners who provide information and those who receive information. These partners will have to develop and meet reasonable and common expectations about information that they will share and how it will be used to help them work better. There is a similar need to think about the information that external stakeholder groups require. This may entail taking concrete steps to develop the capacity of particular stakeholder groups to understand, interpret and use information in support of their legitimate interests and roles.

Research results, for example, should be disseminated in a meaningful way to those who can best use those results, including governments, trustees and managers of the health system, providers and the public. Research organizations can help translate research findings into practice by disseminating them appropriately.

Reporting

There is a plethora of reporting requirements in and about the health system. This flow of information is critical to the operation of the health system and to the engagement and empowerment of its stakeholders.

Formal reporting plays a key role. It provides structure, an overall context, known or fixed reference points and opportunities to bring out patterns and add interpretation to data. Those who issue formal reports and those who use them share an interest in their content, integrity and utility.

Health care organizations, for example, report regularly to provincial or territorial governments on their compliance with the strategic direction for health in their province. Ideally, these organizations work with the government to develop agreed-on performance standards, expectations and reporting mechanisms. This reporting responsibility is a mutual one. Provincial and territorial governments have a responsibility to communicate their goals, objectives and plans to regional health authorities and individual health facilities. Governments and health care organizations each have responsibilities to report to the public.

Reporting principles and standards are key to the integrity and utility of reported information and a prerequisite for fair comparisons and benchmarking. Principles and standards may be issued as a pronouncement by the requiring party, or developed cooperatively. Regardless of how they are developed, these reporting principles and standards should be commonly understood and consistently applied.

Recent research suggests formal reporting should become much more highly focused and penetrating and much more transparent about the basis on which it has been prepared. This will require the development of consistent strategies to manage health information and involves both technical and political dimensions. It is important that governments and other partners collaborate to develop comparable reporting principles, data standards and information systems, coordinating their efforts through bodies like the Health Council of Canada, Statistics Canada and the Canadian Institute of Health Information.

System Integrity

The integrity of the health system, as viewed by those who fund, work within and are served by it, is a critical condition for success.

Admission and Maintenance of Partners

Fundamentally, to be responsive and effective, the health system needs to be organized around the needs of the patient or other clients it seeks to serve.

At the same time, the Canadian health system is an extraordinarily complex network. That network connects many elements – public and private, corporate and individual, providers and patients/clients – in a variety of arrangements.

Those charged with governance of the system and its constituent organizations have a responsibility to see that the specific arrangements they adopt will maintain the integrity of the network and ensure that the enormous public investment of trust, power and money advances the public good, i.e., excellent health outcomes.

However, the size and the attractiveness of the funds invested and the complexity and dynamics of the system create vulnerability – for example, to undue rigidity, overpriced procedures, etc.

To manage this vulnerability, to achieve excellence and to promote public confidence, it is important that there be appropriate, clear and consistent conditions for those individuals and organizations that wish to provide health services. Regulation, accreditation, certification, qualification and other instruments can be used to establish and enforce these conditions. These processes should be clear, appropriate to the protection of the public, and up-to-date.

However, one size does not fit all. Clear, consistent and practical distinctions need to be made between different sizes and types of partners in the health care system. Thus, the expectations of and demands on distinct groups should be appropriately tailored to reflect their specific characteristics.

Validation and Audit of Reported Information

Reported information has most value when it is relevant, robust and credible. Those who are entrusted with responsibilities have the primary obligation to report on the discharge of those responsibilities, and for the integrity of the information they report. Accordingly, they should take appropriate steps to satisfy themselves that the information they report is valid.

To support this responsibility, accountability arrangements should provide for independent, objective and authoritative confirmation of formal reports. In addition to independent confirmation of formal reports, third party reviewers or auditors can add value by examining and reporting on other specific aspects of the overall governance and accountability arrangements.

As stated at the outset, the purpose of this joint document is to encourage the major stakeholders and partners in the health system – governments, trustees and governing bodies, managers, providers, and others – to develop better ways to work together in a manner that respects both the independent and the interdependent roles of each.

CCAF and CHA believe that the desired transformation of the system is only likely if stakeholders have a common set of principles to guide their interactions. This will take time and a willingness to engage.

The pursuit of excellence is not a spectator sport. Achieving and sustaining significant change from the status quo requires that an agenda for action be created and that a holistic approach be taken.

This starts with leadership at all levels across the spectrum of stakeholders. While the critical locus of leadership is at the top, the leadership required to transform the system must be present throughout. It needs to be focused and pragmatic. It needs to be persistent. And it needs to be values-based.

Capacity building that is focused on putting these principles into practice, and stimulating and supporting continuous learning, is also part of such a holistic agenda for action. So too is looking for opportunities to connect these ideas to existing instruments and processes in the governance and management mainstream (e.g., legislation, policy, accreditation processes, etc.)

It will be appropriate to expand the discussion of the principles to address what needs to be considered in putting each principle in place and what barriers to its integration need to be overcome. It also will be useful to define what success will look like for different stakeholders, and to look for benchmarks and models.

As health system stakeholders contemplate their involvement in this important exercise, consider this: Without an agreed upon basis on which to develop better relationships and break down the barriers to change, will we be able to build a more responsive, integrated and patient-focused system that works to improve the health outcomes for all Canadians?

Transformation is only likely if stakeholders have a common set of principles to guide their interactions. This will take time and a willingness to engage. Achieving and sustaining change requires that an agenda for action be created
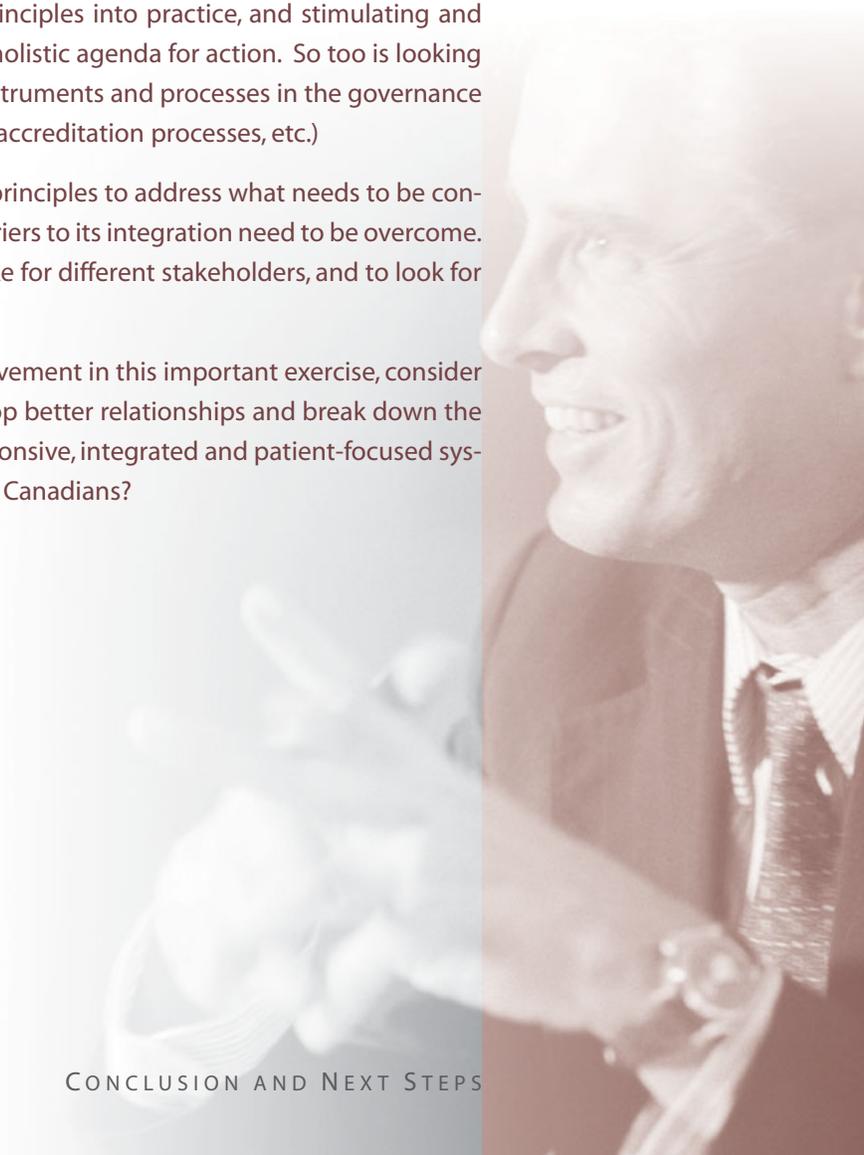
CCAF (CCAF-FCVI Inc.)

CCAF-FCVI Inc. is the legal name of a national, non-profit research and education foundation. Its mission is to provide exemplary thought-leadership and to build knowledge and capacity for excellence in governance, accountability, management and audit in the public sector. CCAF provides a neutral forum where governing body members, public sector executives, legislative auditors and professional service providers can advance their shared interests in meaningful accountability and in effective governance, management and audit.

CCAF and its activities are supported by financial contributions from federal and provincial legislative auditors and governments, from professional service organizations and from individual members.

CHA (Canadian Healthcare Association)

Through its members, CHA represents a broad continuum of care, including acute care, home and community care, long term care, public health, mental health, palliative care, addiction services, children, youth and family services, housing services, and professional and licensing bodies. These services are provided through regional health authorities, hospitals and other facilities and agencies that serve all Canadians and are governed by trustees who act in the public interest.

CHA provides leadership through distance learning programs, conferences and publishing services. CHA and its members are committed to realizing the vision of a publicly funded health system that provides access to a broad range of comparable health services across Canada.

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**EXCELLENCE IN CANADA'S HEALTH SYSTEM –
PRINCIPLES FOR GOVERNANCE, MANAGEMENT, ACCOUNTABILITY AND SHARED RESPONSIBILITY**

This research publication can be accessed from the web site of each organization.