

# Governance Check-up

*Guidance for Health Care Organizations*

I S S U E S , R E S P O N S I B I L I T I E S , A C T I O N S

FOR BOARD DIRECTORS, EXECUTIVES AND ALL THOSE WHO ARE INTERESTED IN THE  
EFFECTIVE GOVERNANCE OF HEALTH CARE ORGANIZATIONS



Canadian Council on Health Services Accreditation  
Conseil canadien d'agrément des services de santé



CCAF-FCVI

Governance Check-up - Guidance for Health Care Organizations

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# Table of Contents

Foreword .....	.1
Executive Overview .....	.5
Nature of the Governance Challenge: Issues and Responsibilities .....	.6
Comparing CCHSA and CCAF Governance Frameworks .....	.7
Taking Action .....	.9
Developing Accreditation Standards .....	.9
Planning for the Accreditation Survey .....	.10
Completing a Preliminary <i>Governance Check-up</i> .....	.10
Conclusion .....	.13
<b>Appendices</b> .....	.15
Appendix 1: Background on CCHSA/CCAF Initiatives in the Governance Area .....	.17
Appendix 2: Overview of CCHSA's Accreditation Process .....	.21
Appendix 3: CCHSA Accreditation Standards — Governance .....	.23
Appendix 4: CCAF Governance Self-Assessment Tools and Checklists .....	.33
Governance Responsibilities and Characteristics .....	.34
Governance Information Framework and Qualities .....	.35
Governance Environment Assessment .....	.38

# Foreword

The Canadian Council on Health Services Accreditation (CCHSA) is a non-profit, non-government organization that helps health care organizations across Canada examine and improve the quality of the care and services they provide to their patients, residents or clients.

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

The common interest of our two organizations in the quality of governance of Canada's health services network has led to this publication. Both organizations attach a sense of urgency and opportunity to this issue. They see the need for thoughtful and focussed deliberation, the potential to establish a creative synergy of ideas around the issue, and the importance of achieving significant and sustainable progress.

For several years now, CCHSA and CCAF have made major investments in research, education or standards development in the governance area. This publication brings together and builds on these initiatives. It provides a set of ideas and diagnostic tools that are specifically designed to respond to the interests of board members, their executives and, indeed, all those who are interested in the effective governance of our health care organizations. The publication also outlines strategies that will help governing bodies 'take the pulse' of their governance situation and, based on the results of this diagnosis, formulate an action plan for making the kind of improvements they judge to be necessary.

To facilitate the use of these ideas by board members and their executives, a special supplement containing these diagnostic tools is also provided.

We would like to express our appreciation to officers in both organizations who have contributed to the development of this monograph. And we would especially like to thank the advisory panel of senior executives and health care directors and executives who provided input and advice to this initiative — Elizabeth M. Davis, RMS, Chief Executive Officer, HealthCare Corporation of St. John's; Mary Ferguson-Paré, Vice-President of Professional Affairs, Human Resources and Organizational Development, Vancouver Hospital and Health Sciences Centre; Mary Gibson, Assistant Deputy Minister of Health Information and Accountability, Alberta Health; Trent Gow, President of Thompson Gow & Associates and Board Chair, Rehabilitation Institute of Toronto; Peter Langelles, President & CEO, Crossroads Regional Health Authority; Clifford A. Nordal, President & CEO, St. Joseph's Health Centre; and, Jon W. Singleton, Provincial Auditor of Manitoba.

We hope that this publication and its supplement will be a valuable reference guide for health care directors and executives in discussing and exercising their responsibilities.



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*Executive Director*  
Canadian Council on Health Services Accreditation



*Oliver Wendell Holmes, who was a doctor as well as an author, once said:  
“The mind — stretched to a new idea — never goes back to its original dimension.”  
Similarly, the changes that we collectively are introducing into the health care system  
today mean that we will never go back to what our organizations once were.  
We need new frameworks to help those involved in governance meet their own  
changing responsibilities and steer the right course for all of us through  
the turbulent waters of rapid change.*

C L I F F O R D   A .   N O R D A L

*President & CEO, St. Joseph's Health Centre*



# Executive Overview

The quality of the governance of our health care organizations has never been more important.

We all know that the decisions governing bodies are making are tougher, and probably higher-risk, than ever before. For example, we have all heard the catchy phrase of ‘doing more with less’. But, at the end of the day, you have to really sit back and say to yourself — “If I’ve got less, the chances are that I’m going to do less. And if I’m doing less, or doing it in radically different ways, the chances are that my risk is going to go up. And if my risk is going up, I need to take this into account in determining what information I need to assess and make judgements on the performance of my organization, and in communicating these risks and that performance to others.”

So, today’s decisions and choices are very different from those of the past. And more than ever before, the role, responsibility, and accountability<sup>1</sup> of governing bodies in relation to these decisions and choices are coming under the public spotlight.

This publication brings together and builds on the governance-related initiatives of the Canadian Council of Health Services Accreditation (CCHSA) and CCAF-FCVI Inc.<sup>2</sup> The result is a powerful synergy of ideas and strategies that governing bodies can use to examine and discuss key aspects of their governance effectiveness, and to equip themselves to be a vital source of leadership and accountability within their organizations.

The document begins by discussing the nature of governance challenges and issues in today’s health care organizations. It then summarizes and compares the range of related work in which CCAF and CCHSA have been engaged in recent years.

In addition to outlining CCHSA’s accreditation standards in the area of governance, a series of diagnostic tools is provided that a governing body can consider as a starting point for assessing its governance situation and, based on this assessment, determining what factors need to be in place and what actions need to be taken to achieve desired improvements. These tools, which comprise an overall ‘governance check-up’, will help governing bodies focus on the following matters:

- I identifying their governance responsibilities, and then assessing their governance capacity and effectiveness in this regard

- II determining their information needs and then assessing the extent to which the information they are getting is adequate to their purposes
- III establishing what the board itself needs to do to manufacture or influence the conditions or means by which its governance agenda can be put in place — successfully.

Focussing on and discussing the implications of the matters that arise in the course of these preliminary assessments will assist members of governing bodies to participate fully in the accreditation exercise to follow. The issues they will have addressed, and the approach taken to their consideration, are directly tied to core concepts and methodology associated with CCHSA’s accreditation standards and survey process.

Supporting the above, and the discussion that follows, are four appendices. The first appendix provides a background description of governance-related initiatives undertaken by CCAHSA and CCAF in recent years. The second appendix describes the CCHSA accreditation process.

The third appendix outlines CCHSA’s governance standards, presented in a self-assessment format. The fourth appendix comprises a series of three diagnostic tools developed by CCAF that members of governing bodies might find useful as starting points in assessing their governance situation and the nature of the information they need and receive, and in establishing a game plan for bringing about any needed improvements. These self-assessment tools can also serve as common points of reference for members of governing bodies, their executives, and their professional advisors in discussing matters of mutual concern.

The steps and tools that are identified above and are illustrated in the following pages provide members of governing bodies with a progressive and penetrating means of examining key governance responsibilities, issues and actions. We recommend that health care boards give serious consideration to these ideas and, as deemed applicable, adopt them as an important element of their overall governance agenda.

To facilitate the use of these diagnostic tools by board members and executives, a special supplement containing these self-assessment checklists is also provided.

<sup>1</sup> THE TERM ‘ACCOUNTABILITY’, AS USED IN THIS DOCUMENT, REFERS TO THE ‘OBLIGATION TO ANSWER FOR A RESPONSIBILITY CONFERRED’.

<sup>2</sup> IN THE REMAINDER OF THIS DOCUMENT, ‘CCAF’ IS USED IN LIEU OF THE FULL ORGANIZATION NAME CCAF-FCVI INC.



# Nature of the Governance Challenge

## Issues and Responsibilities

The health sector in Canada is an extraordinarily large and complex network of government policy and funding, regional and local authorities, and individual health care organizations. Looking at the hospital industry alone, one sees several hundred accredited institutions involving hundreds of thousands of trustees, executives, clinical practitioners and support staff, and billions of dollars being spent in providing tens of millions of patient-days and visits of care.

It would not be an exaggeration to say that the health sector touches the life of every Canadian. Nor would it be an exaggeration to say that the quality of governance and management of the health sector, and the nature of the information that supports the critical relationship between these two, are matters of genuine significance.

Those who govern and manage our health care institutions are being called upon to make harder decisions than ever before. And, at the very time that critical choices must be made, the structure of governance is under tremendous pressure, and its operation and value-addition is under close scrutiny.

Health care organizations operate within the context of many constituencies with diverse interests: clients/patients, their families, those who work within the organization, special interest groups, local communities, regulatory bodies, government, and other parts of the health care system. Added to this in recent years are a number of powerful, interdependent factors involving matters of funding, social philosophy, regulation, public accountability for results, and system-wide re-engineering.

The combination of these factors has led to, *inter alia*, a major realignment of governance roles and relationships within the health care system. Greater system integration and cooperation between government and health care organizations, and among these organizations, is now being sought in place of the relative autonomy experienced by health care organizations in the past. New forms of governance and governing bodies — such as those relating to the establishment of regional and local health authorities — are emerging. Provincial governments are taking initiatives on several fronts to bring greater clarity to the governance responsibilities and

expectations they are giving to and have for health care organizations. The accountability of governing bodies for the quality of care being provided by their organizations — and, more generally, the demand for greater transparency and public accountability for results — is the focus of significant discussion within and around the health care community. All of these matters are receiving close attention in the array of new legislation, policies and mechanisms that are being considered and put in place — and in the evolution of accreditation standards for health care organizations.

It is essential that the governance thinking and action that are being brought to the above issues be of the highest quality. Governing bodies need to ensure that their organization's goals and objectives are being fulfilled, that the needs of those being served are being met, and that the way in which all this is done is consistent with relevant legislation and authoritative direction. At the same time, they need to be able to navigate change effectively and, in so doing, are being called upon to reach out within and beyond the borders of their organization to form new partnerships and alliances. Governing bodies need to ensure and protect the capacity of the organizations in their charge to deliver quality services and, indeed, improve the quality of these services. They also need to act as a critical connection point and communications medium among the many internal and external constituencies that have a stake in the outcomes of the changes that are taking place. These are not easy tasks.

However, to be an effective agent of leadership and change, a governing body must first have a good understanding of its own situation and capacity. It needs conceptual frameworks and tools that are particular to its own interests in order to make such an assessment and then to translate the results of this diagnosis into a concerted and integrated agenda for action. These frameworks and tools must be capable of embracing, and linking, the fundamental elements of the health care business — providing relevant, high-quality, cost-effective, and sustainable health care services. And they must be sensitive to the multiple-stakeholder environment in which governing bodies and their organizations operate.

# Comparing CCHSA and CCAF Governance Frameworks

Over the last number of years, CCHSA and CCAF have made major investments in research, education or standards development in the governance area.

In the case of CCHSA, recent changes to its accreditation standards have served to emphasize the critical role played by the governing body — as part of the overall leadership of the health care organization, but also as distinguishable from the role of management. The Council has developed fifteen standards for assessing the governance of a health care organization, each with a number of related criteria to help guide the self-assessment process and arrive at a rating. (Further information on the work of CCHSA is provided in Appendix 1 and 2. The accreditation standards for governance are described in Appendix 3).

In the case of CCAF, much of the work that it has done in the governance area has focussed on the issue of information, which some have referred to as the basic currency of the governance process and a critical prerequisite of effective governance. The Foundation has explored this issue from both sides of the governance-management spectrum:

- in terms of management identifying, assembling and reporting information on organizational effectiveness and performance to their governing body;
- in terms of the governing body assessing their needs for information on organizational performance, the quality of such information that they are currently receiving, and the steps that the governing body itself needs to take in order to shape and pursue its governance information agenda.

To this end, CCAF has developed a series of frameworks and tools to help governing bodies:

- discuss and explore their governance responsibilities
- assess their governance capacity
- determine their information needs, the quality of the information they are currently receiving, and what actions need to be taken to create a climate and context within which such information can be brought forward and used effectively.

Appendix 1 provides further background on CCAF's work in the governance area, and Appendix 4 provides further information on the above-mentioned frameworks and tools.

As illustrated in the matrix presented in Exhibit 1, there is a high degree of alignment between CCHSA's

accreditation standards for governance and the frameworks that CCAF has developed in the areas of governance responsibilities, characteristics and information. (Points of alignment are designated by an 'X').

At the same time, the fact that there are areas that CCHSA's standards or CCAF's frameworks open up on that the other does not, establishes the complementarity and usefulness of bringing them together as a basis for a governing body to more fully explore and assess its governance situation.

In their work, both organizations place emphasis on governance roles and issues relating to policy direction, accountability for results, and control — and on the strong alliance of interest that must exist between the governing body and management if these matters are to be handled in an effective manner. Each also highlights the need for governing bodies to have both a 'looking-inside' and 'looking-outside' orientation. Establishing a sound strategic direction and values framework for the organization, objective-setting, determining what outcomes are being achieved, and assessing the capacity of the organization to maintain and improve performance over time, are common elements to the governance-related work of CCHSA and CCAF. Also important is the need for the governing body to understand and factor in what is going on outside the organization in terms of such matters as: the perspectives and needs of its clients; trends in population health status; relationships with other health care organizations; and, significant changes in its policy, funding or operating environment.

The emphasis placed on 'self-assessment' as a starting point in evaluating governance issues and capacity is another common theme. In the case of CCHSA, the accreditation standards are set forward as a set of statements and related criteria that the organization uses to assess key facets of its governance situation. Similarly, CCAF has developed a series of diagnostic tools that a governing body can use to explore its thinking about its role and capacity, the nature of the performance information it needs and receives, and the actions that it may wish to take to deal with specific matters that its assessment has revealed. These tools, and the ideas behind them, can be useful in providing additional reference points for health care organizations and CCHSA surveyors in developing an understanding of and assessing the nature of the governing body's role and its overall effectiveness.

# Linking CCHSA and CCAF Governance Frameworks

CCSHA Framework of Governance Standards	CCAF Governance Framework		
	Responsibilities	Characteristics	Information Attributes
	Relevance & Appropriateness Capacity to Implement Risk Management Explaining Care & Control	People Purposes & Interests Objectives & Strategies Information Action Reporting	Leadership Direction Relevance Appropriateness Achievement of Results Acceptance Secondary Impacts Costs & Productivity Responsiveness Financial Results Working Environment Protection of Assets Monitoring & Reporting
Values, Mission & Vision	X	X X	X X X
Integration with Community	X X	X	X X X
Strategic Directions	X	X	X
Operational & Business Plans	X X X	X X	X X X
CEO	X X	X X	X X
Appointment/Evaluation of Senior Physicians	X X	X X	X X
Parameters for Governance of Physicians	X X X	X	X
Opportunity to Advise Governing Body	X X	X X	X
Education of Board/Owner	X	X X X	X
Accountability for Quality of Care, etc.	X X	X X X	X X
Governance Performance Indicators	X X	X X X X X	X X
Quality of Governance	X X	X X X X X	X X
Improving Selected Processes	X X	X X X X X	X X
Communication of Results	X	X	X X
Monitoring of Key Processes	X X	X X X X X	X X

# Taking Action

## Developing Accreditation Standards

### A N O V E R V I E W

National standards are the core of the CCHSA accreditation program.

The standards are determined by the CCHSA in collaboration with the health care organizations in the accreditation program and key stakeholder groups (professional, consumer and government) across the country. National steering committees review the standards on a regular basis, usually every two years, to determine whether changes, additions and/or deletions are required. The national steering committees are comprised of representatives from health care organizations in a particular CCHSA accreditation program, surveyors who survey for that program and representatives from key stakeholder groups.

When new standards are being introduced, they are first reviewed widely through a national consultation process. After reasonable consultation has occurred, field testing of standards takes place. Generally, field testing is done within the confines of regularly-scheduled accreditation surveys, with the agreement of and involvement with the health care organization being accredited. Feedback from the health care organization and surveyors using the standards during the test period is the ultimate test of their applicability and suitability. The scale of field testing for any particular set of standards depends on the nature of changes being made. This field testing is extensive when standards for an entirely new accreditation program are introduced.

Once standards have been tested and approved, education is undertaken to acquaint the health care organizations and the surveyors with changes. Education events are held regularly by the CCHSA across the country to acquaint health care organizations with changes to the standards. CCHSA provides organization-specific education sessions to organizations who request them. Teleconference series are held for regular updates. Surveyors are also provided with on-going information through education events, teleconferences and bulletins. CCHSA newsletters, which are widely circulated, also describe key changes to standards.

Standards are evaluated regularly. After each accreditation survey, both the health care organization being surveyed and the surveyors for that survey are asked to evaluate the standards, noting any problem standards. They are also asked to note any problems in

interpreting the standards and/or their criteria. CCHSA staff examine these evaluation comments on an on-going basis in preparation for regularly scheduled reviews of the standards. When major problems with interpretation of a standard are noted, CCHSA issues an interpretation bulletin to clarify what is required to achieve compliance.

Every few years a major new thrust for accreditation will be introduced and will naturally have implications for the standards. The requirement for quality assurance, introduced in the 1980's, the introduction of client-centred accreditation and quality improvement philosophy in 1995, and the shift to use of indicators and the measurement of outcomes for the year 2000 all represent significant change either in focus or in content for CCHSA standards. However, major changes such as these are not made without widespread consultation and consensus that they will, in fact, be of benefit to the health care field and, ultimately, to the health care consumer.

It is CCHSA's belief that the national standards serve health care organizations well as the guideposts for excellent organizations and delivery of health care.

CCHSA's accreditation program for the year 2000 will be based on a revised set of quality dimensions. These dimensions will drive the development of the criteria under each goal statement standard — the dimensions are based on an extensive review of the literature, validated by researchers at McMaster University and at Hôtel-Dieu d'Arthabaska and discussed by an advisory committee.

Below is a list of the five dimensions as well as related descriptors for each:

- **responsiveness:** *availability, accessibility, timeliness, continuity, equity*
- **system competency:** *appropriateness, competence, effectiveness, safety, legitimacy, efficiency, system alignment*
- **client-community focus:** *communication, confidentiality, participation and partnership, respect and caring, organization responsibility and involvement in the community*
- **worklife:** *open communications, role clarity, participation in decision-making, learning environment, well-being*
- **quality improvement**

The standards for governance, like all other CCHSA standards, are constantly in evolution. In the early days of accreditation, little emphasis was placed on governance as a key component of the organization, in deference to a concentration on clinical services. Over the years, however, the importance of good governance to the quality of care and service which health care organizations deliver has increased steadily. Today, as in no other time, the quality of governance is seen as being directly related to the overall quality of the organization and all that it does.

The accreditation standards for governance generally comprise 15 statements<sup>3</sup> (a fuller description of these standards, and related criteria, can be found in Appendix 3):

- *There is a process for clearly defining the values, the mission and the vision of the organization.*
- *There are processes for integrating the organization with its community.*
- *There are processes for defining the strategic directions which become the strategic plan and organizational goals.*
- *There is a process for establishing the parameters within which the operational and business plans are developed.*
- *There are processes for appointing and evaluating the chief executive officer.*
- *There are processes for appointing and evaluating physicians in senior positions.*
- *There is a process for establishing the parameters within which physicians are governed.*
- *There are processes that provide opportunity for senior staff and physicians to advise the governing body/owner(s).*
- *There are processes for educating members of the governing body/owner(s).*
- *The governing body/owner(s) assume overall accountability for the quality of the care and treatment, and service delivery.*
- *Indicators of performance are identified for governance.*
- *Processes related to governance are selected in order of priority for evaluation and improvement in the quality of governance.*
- *Activities are undertaken to improve the selected processes.*
- *The results (outcomes) of quality improvement activities are communicated, as applicable.*
- *There is ongoing monitoring of the improvements in the selected processes.*

## Planning for the Accreditation Survey

There are many actions that a health care organization needs to take in planning for the CCHSA accreditation survey. To start off, a singularly important consideration is to ask the organization to state what it sees as the key objective(s) of the exercise. This can be an especially complex judgement for the many new governing authorities that have emerged in recent years. Should the emphasis be on how well integration is occurring — with outside organizations or community services, or within the organization itself (e.g., in relation to its human resources)? Should the emphasis be on quality of care? health outcomes? community relations? adequacy of the physical infrastructure? efficiency? risk and control? Or, is it some combination of these issues?

The challenge for the leadership of health care organizations is to have a structured yet flexible basis for coming to such a decision. Similarly, the organization needs a basis for completing its self-assessment and considering the results of this evaluation— all of this preparatory to the accreditation survey that is to come.

Such considerations are no less applicable to an organization assessing the overall effectiveness of its governance than they are to assessing the performance of its major clinical programs.

## Completing a Preliminary Governance Check-up

As an initial step in preparing for a self-assessment against CCHSA's governance accreditation standards, the governing body of a health care organization might find it useful to stretch its thinking and form a collective viewpoint on key aspects of its governance situation, notably:

- I **identifying its governance responsibilities, and then assessing its governance capacity and effectiveness in this regard**
- II **determining its information needs and then assessing the extent to which the information the board is getting is adequate to its purposes**
- III **establishing what the board itself needs to do to manufacture or influence the conditions or means by which its governance agenda can be successfully put in place.**

<sup>3</sup> THE GOVERNANCE STANDARDS MAY VARY SLIGHTLY FROM SECTOR TO SECTOR. FOR EXAMPLE, THE STANDARDS FOR COMPREHENSIVE HEALTH ORGANIZATIONS, USED BY REGIONAL HEALTH BOARDS ACROSS CANADA, INCLUDE AN ADDITIONAL STANDARD REQUIRING THE BOARD TO COMPLETE A COMMUNITY NEEDS ASSESSMENT.

## I Identifying Your Governance Responsibilities and Assessing Your Governance Capacity and Effectiveness

There are two interrelated issues here — one relates to a governing body’s consideration of its role and responsibilities, and another relates to a board’s self-assessment of its capacity and effectiveness.

At the outset, it is important for a governing body to consider the true nature and scope of its governance role and responsibilities. The conclusions it reaches in this regard form a basis for all subsequent assessments, decisions and actions relating to governance capacity, information and strategy.

Within the health care sector a wide range of governance and accountability arrangements has emerged in recent years, much of this associated with major provincial restructuring initiatives. In some cases, institution boards have been retained; in others, not. In many provinces, the primary governance responsibility has been vested in regional/district health authorities or councils; in others, these authorities play more of an advisory role. In a number of provinces, provision is made for the establishment of local community councils that have various accountability links to regional authorities. And all of these situations operate within broader governance and accountability regimes that also include provincial health ministries, which themselves may exist as a separate portfolio or in combination with other areas of government activity (e.g., community services).

Given this array of combinations, it is incumbent on the governing bodies of health care organizations to not assume — but rather carefully consider — their true nature as instruments of governance. In so doing, boards will, of course, take reference of the pertinent legislation, bylaws or policy that comprise the authoritative direction under which they operate. However, to fully explore this issue, additional frames of reference are required.

A useful starting point in this regard might be the following set of governance responsibilities, which are a close variation of the widely-accepted corporate governance responsibilities put forward by the Toronto Stock Exchange (Dey) committee in 1994:

- *ensuring the relevance of the organization’s policies and the appropriateness of the ways in which programs and services are provided*
- *ensuring an appropriate capacity to implement policy and manage the affairs of the organization*
- *understanding the risks associated with the type, level and quality of the services the organization decides to provide (or not to provide), and ensuring that the appropriate means are in place to manage these risks*

- *explaining what the organization set out to accomplish, what has been accomplished, and the choices that have been made and why*
- *ensuring that the organization’s affairs are managed with an appropriate degree of care and control and within an appropriate framework of ethics and values.*

A second and related question then arises, and that is — *Would we know we had good governance if we saw it?* To answer this question, in 1994 CCAF went out and talked to a wide range of decision-makers from various walks of life in both the public and private sectors — all very senior people working in and around the world of governance. We asked them for their perceptions of the governance process, what characterized an effective governance situation and, conversely, what impeded the capacity of boards to govern.

What was distilled from the advice received were six characteristics of effective governance — characteristics that, if they were alive and well in an organization, might lead us to say that there is probably an effective governance situation — and characteristics that, if they were not present, might lead us to consider that there was a problem.

These six characteristics are quite straightforward:

- *being comprised of people with the necessary knowledge, ability and commitment to fulfill their responsibilities*
- *understanding their purposes and whose interests they represent*
- *understanding the objectives and strategies of the organizations they govern*
- *knowing and obtaining the information they require to exercise their responsibilities*
- *once informed, being prepared to act*
- *fulfilling their own accountability obligations to those whose interests they represent by reporting on their organization’s performance.*

Appendix 4 includes a diagnostic tool that may be helpful to members of governing bodies in discussing the nature of their governance responsibilities and in assessing their overall capacity and effectiveness as a governing body.

## II Determining Your Governance Information Requirements

Again there are two interrelated issues — one concerns the kind of information that a board needs to match and support its responsibilities *vis-à-vis* the performance of the organization. The other concerns the quality of the information that the governing body is currently receiving.

Regarding the first matter, this publication proposes a framework to assemble and report information that is quite broad and multi-faceted — information that can help governing bodies identify and examine choices and potential tradeoffs among various aspects of performance rather than run the risk of getting ‘mind-locked’ on one aspect to the neglect of others. To illustrate, the framework extends to information that will help to answer such questions as:

- *Does everyone know what they are meant to be doing?*
- *Are we relevant to our community’s/clients’ needs — now and into the future?*
- *Do we go about our business in the best way possible?*
- *Did we succeed, and how challenging were our goals in the first place?*
- *How are our services judged by clients and other stakeholders?*
- *Do important unintended consequences result from our activities?*
- *Are we efficient?*
- *Do we have the capacity to detect and respond to emerging trends and change imperatives?*
- *Do we have the capacity to attract and retain the people we need?*
- *Are we able to operate within our budget?*
- *Are our resources secure?*
- *Is corporate decision-making at every level based on the right information?*

Elements of this framework encompass information relating to the vision, values, strategic directions and results of the health care organization. They bring both the short and long-term into focus. They incorporate historical and forward-looking scenarios and they bring together information that helps members of governing bodies to understand and examine important trade-offs in strategy and performance consequences. Taken together, the elements of the framework can serve as a reasonable ‘completeness test’ against which to judge the quality of performance reporting by management to the board, recognizing that each element will have varying degrees of importance in different circumstances.

Regarding the second matter, not only do governing bodies need multi-faceted information of the nature described above to be well informed and fulfill their governance responsibilities, but it is also essential that this information have certain qualities if it is to be useful. The following might serve as a useful list of qualities or criteria from which to begin this assessment. The information:

- ***Is forward-looking*** — *it helps board members to look ahead, constructing the way forward in terms of future strategies, policies and approaches that the organization might take in pursuit of its mission.*
- ***Explains options*** — *it helps board members to explore the range of options available or considered and the consequences of these options, and, it presents the context within which specific decisions were, or should be, taken.*
- ***Compares intentions with results*** — *it may not always be feasible to quantify the intended outcomes, even within a range, but they should be stated as clearly as possible so that mere actual achievement does not become the measure of success.*
- ***Facilitates comparisons*** — *while recognizing that each organization has its unique characteristics, it helps to have information that indicates how the organization is doing vis-à-vis its peers.*
- ***Promotes understanding without simplifying*** — *information should balance the need for simplicity (having concise, relevant information for decision-making) with the need for managing the complexity of the issues at hand.*

Appendix 4 provides further information on the above-mentioned governance information framework and includes a diagnostic tool that may be helpful to members of governing bodies in determining the kind and quality of information they need to receive in support of their policy direction, management oversight, stewardship and communications roles.

### III Managing the Conditions for Success

But what must boards themselves do to manage the elements of success in establishing and implementing their governance agenda?

Identifying the kind and qualities of useful governance information are necessary steps towards obtaining and using such information. But, these steps are not sufficient in and of themselves. Good governance requires that governing bodies consider and adopt strategies and conditions that will help them to obtain maximum value from their information. They must provide leadership from the top to create or ensure the very conditions that are essential to the development and flow of rigorous, meaningful and penetrating information.

None of this will happen automatically. A specific governance agenda needs to be established and responsibility needs to be assigned at both board and management levels. As to management, the board needs to make its expectations clear, especially with respect to the chief executive officer. For the boards themselves, some are assigning ownership of the information agenda to a committee of the board, a

lead director or the board chair. While each health care organization will have to determine where responsibility is best located, the important point is that such responsibility is in fact explicitly assigned.

Several elements of the kind of governance information agenda that may be needed are identified below. All of these strategies and conditions have the potential to be of value to boards, recognizing at the same time that there is no generic template and that each organization has its own unique characteristics and circumstances.

Short and long term success in improving the quality and use of information will depend on boards considering the range of strategies and conditions noted below and, for each, identifying its current status, determining what is reasonable under the circumstances, and taking action as may be necessary:

- *establishing a governance information game plan*
- *obtaining or developing sufficient knowledge of the business*
- *giving needed leadership*
- *developing board capacity*
- *establishing board-management agreement*
- *adopting appropriate reporting principles*
- *using information fairly*
- *providing incentives*
- *establishing needed organizational arrangements*
- *providing an adequate measure of continuity*
- *undertaking regular assessment and review*
- *establishing appropriate validation mechanisms.*

Depending on its status in the organization, each of these factors can contribute to, or detract from, an environment in which a good return on investment can be obtained from efforts to improve and maintain governance information systems. And the status of these factors — individually and collectively — will help establish reasonable expectations for making substantive progress.

Appendix 4 provides further information on the above-mentioned conditions for success and includes a diagnostic tool that may be helpful to members of governing bodies in assessing and discussing what actions they might want to take in establishing and managing their governance information agenda.

## Conclusion

As noted and demonstrated elsewhere in this publication, there is a strong linkage between CCHSA's accreditation standards in the governance area and the concepts and frameworks that CCAF has developed in relation to governance responsibilities, characteristics and information.

A governing body's consideration and use of CCAF's diagnostic tools as part of an overall *Governance Check-up* will serve as a valuable cross-check and input to the organization's self-assessment of its governance situation *vis-à-vis* CCHSA's accreditation standards.

The information and understanding that emerges from this self-assessment process also forms a basis by which the board can develop its governance agenda and determine what the board itself — as well as others — need to do to give life to this agenda.





# Appendices





# Background on CCHSA/CCAF Initiatives in the Governance Area

## *Canadian Council on Health Services Accreditation*

In January 1995, the CCHSA launched its new client-centred accreditation program. The launch of this program was the culmination of several years of study, consultation and work, and it marks the beginning of a new era for accreditation in Canada. Essentially, every dimension of accreditation was scrutinized and modified to incorporate the new client-centred focus and philosophy.

Two important developments occurred in 1991 which set the stage for change. The first was the introduction of new standards by the CCHSA. Early reviews of these standards by health care organizations who were using them indicated that, while significant progress had been made, further movement toward outcomes was necessary and needed fairly rapidly. In other words, these new standards were seen to be only a bridge to a more significant change. The second important development was the rapid emergence of the Total Quality Management/Continuous Quality Improvement (TQM/CQI) movement in health care in Canada. Organizations were beginning to use TQM/CQI approaches to do things more efficiently and effectively. They were seen as useful to begin to monitor quality better and to cope with what eventually would be massive budget cuts which were to sweep across Canada. Faced with these two developments, the CCHSA began its explorations for the future.

An external advisory committee together with CCHSA staff began the redesign of accreditation around a philosophy of continuous quality improvement. For the CCHSA, this philosophy embodied four principles:

- Those served by the health care organization, through its programs and services (that is, **customers**) are clearly identified, as are their needs for care/service
- Evaluation of care/service is **process-based**, but is always oriented to the **outcomes** associated with those processes
- Evaluation of process and outcomes is **cross-functional** and involves **teams** of individuals who carry out those processes. Team membership should reflect all the various levels within the organization who are involved in the process
- **Leadership** of the organization is stressed since it plays a major role in **promoting quality improvement** and facilitating its occurrence, especially through the creation of a vision for quality and a quality plan.

Using the philosophy and principles, the CCHSA then proceeded to redesign both its standards and the accreditation survey. (Appendix 2 provides an overview of the current accreditation survey process.)

Standards were refocused to center on the major processes carried out by the health care organization. The first and foremost process was seen to be the **patient care process**. Three support processes were then designated: **information management**, **human resources development and management**, and **environmental management**. The previous organization of standards focused on the specific departments in the health care organization. The new organization of standards assumes that many departments work together to deliver care/service to particular client groups and that it is important to assess how well they do this.

The final process to be designated was that of leadership. Leadership is assumed to be a process which extends throughout the organization from the board of directors, to senior management, to those who lead the care and support teams. Through the process of leadership the organization is 'connected' to the community it serves, creates a vision and mission for itself and manages the overall delivery of care and service. (Appendix 3 describes the accreditation standards for the governance area which, with standards for management, comprise the 'Leadership and Partnerships' section of CCHSA's accreditation framework.)

Modifications to the survey process were very much influenced by the shift away from departmentally-based standards. Previously, individual surveyors met with individual departments or services, usually represented by the department/service head. The new survey process involves the survey team, as a team, meeting with

teams of multi-disciplinary care/service providers. Prior to the on-site survey, the health care organization's teams collaborate in assessing their own compliance with standards. These teams then meet with the survey team during the on-site survey to discuss their compliance.

In keeping with the new client-centred approach, surveyors also interview selected patients/clients, families, and if possible, patient/client advocates. This is now an integral part of the survey. The purpose of the interview is to understand the patient/client and family perspective of the care process.

The feedback from health care organizations who have been surveyed using the new accreditation approach, indicates that it is a much more meaningful exercise and more helpful in improving day-to-day operations. Of significant importance is the fact that accreditation is now viewed as an integrating exercise focusing on those who are served by, or within, the organization, as opposed to being viewed as primarily an administrative exercise. Organizations also appreciate that the process has been designed to move them forward in the monitoring of quality.

This publication provides information on the CCHSA standards for leadership of health care organizations, which encompasses the role of both the Board of Directors and the administration. As discussed earlier in this document, a comparison of these standards with key governance responsibilities, characteristics and information attributes put forward by CCAF shows remarkable consistency and alignment.

### *CCAF-FCVI Inc.*

Much of CCAF's work in the governance area has focussed on the issue of 'information', which some have referred to as the basic currency of the governance process and a critical prerequisite of effective governance. It is an issue that has been explored from both sides of the governance-management spectrum — that is:

- in terms of management identifying, assembling and reporting information on organizational effectiveness and performance to their governing body
- in terms of the governing body assessing their needs for information on organizational performance, the quality of such information that they are currently receiving, and the steps that the governing body itself needs to take in order to shape and pursue its governance information agenda.

CCAF's Board of Governors had long recognized that governance information and management reporting on organizational performance/effectiveness were central concerns in all parts of the public sector. Accordingly, in the mid-1980s, the Board decided to initiate a major program of research in this area, establishing an Independent Panel of executive decision-makers to lead this work. It took the Panel 18 months to complete the initial program of research in this area.

The Panel concluded that 'effectiveness' is a complex concept, not susceptible to a simple definition having universal application. It synthesized the concept into a governance information and management reporting framework comprising twelve attributes, each of which is useful in forming judgements about performance. The attributes are intended to provide a basis for reporting information at a level that is meaningful to managers and governing bodies and that can be substantiated and audited. (Further information on these attributes of performance is provided in Appendix 4.)

Once the results of this initial program of research were published, CCAF initiated a series of applied research projects to test out the workability and usefulness of these ideas in a variety of public organizations. A series of monographs reporting on the implementation of the framework in these organizations was published. Following this, the experience, lessons learned and advice emerging from these and other applications of the framework were synthesized in CCAF's 1993 document, *Reporting and Auditing Effectiveness—Putting Theory into Practice*.

By way of illustration, one such applied research monograph was, *Reporting on Effectiveness: The Experience of the Queen Elizabeth Hospital*. This report, and an associated video, described the results of a project conducted by the hospital respecting its Chronic Care Service — by far, its largest program area.

The following quotation is from this publication: "This report on the Chronic Care Service has captured and integrated existing information, using the 12 attributes of effectiveness. As expected, the process has identified a number of gaps in our information. In keeping with our original expectations, the process has provided a good context in which to assess the importance of these gaps, and from which to begin to formulate cost-effective strategies to improve this situation in future reporting to the Board.

Our test of success, therefore, was not that we would produce a report complete in every detail. This would certainly not have been a realistic expectation in a pilot project, particularly given our belief that initial experimentation with the framework would take our thinking, and ultimately the thinking of the Board, in new directions. Our test of success was the completion of a report that could provide a more integrated and strategic focus to discussions with the Board on one of the major lines of business of the Hospital. Previously, we had not often achieved this high-level focus using the separate streams of information given the Board on individual operational components and processes of the QEH.”

The value of the CCAF framework is clearly demonstrated in this reference to its potential to provide an ‘integrated and strategic focus’ for one of the hospital’s most important programs. The framework also proved valuable in helping management identify where and how the hospital’s information systems needed to be strengthened. The project was only the first step to improved performance reporting, answering some questions and raising others.

In the early 1990s, with the advent of a new strategic planning cycle for CCAF, the Board of Governors decided that the time had come for the Foundation to make a more direct and significant investment in the area of governance. Doing so, the Board concluded, would both complement and add value to earlier investments in the area of management reporting on performance. Members of governing bodies play a pivotal role in determining whether and how the public accountability process works. And it is from their actions, and how governing bodies discharge their responsibilities, that all the other players in the system will take their cue. However, if governing bodies are going to assume their proper leadership role, they need strategies, frameworks and tools that respond directly to their interests and priorities.

CCAF’s video-documentation package, *In Search of Effective Governance*, was the initial result of this new investment strategy. The package features an electronic discussion with leading members of governing bodies, chief executives, academics, regulators and auditors on how to achieve effective governance in the public and private sector. It introduces and discusses a set of six characteristics (later described) that, taken together, constitute a basis and starting point from which an organization can assess where it stands in its search for effective governance and can begin to identify some key steps that it may want to consider in bringing about governance effectiveness.

The video-documentation package, *Governance Information: Strategies for Success* is the sequel to *In Search of Effective Governance*. It links the roles and responsibilities of governing bodies, and the principles that can define their effectiveness, back to the information issue. It provides advice and tools that the governing body can use to explore its thinking around the information issue, assess the sufficiency of what information it is currently getting and, from this, then work out a plan of action to get the information it needs.

CCAF’s most recent governance product, *Information: The Currency of Corporate Governance*, provides a private sector perspective on the kind of issues discussed in the ‘Strategies for Success’ package.

In addition to the above-described research-based products, the Foundation has also made a significant investment in the governance education area. CCAF has developed and offers workshops that can help members of governing bodies and their executive management consider the applicability of these ideas to their own circumstances and, accordingly, begin to formulate a governance information agenda for bringing about desired improvements.



# Overview of CCHSA's Accreditation Process

Approximately 1,350 health care organizations from across Canada voluntarily participate in the CCHSA's accreditation program. The CCHSA has specific accreditation programs for acute care, long term/continuing care, mental health, rehabilitation, community health, regionalized health organizations, cancer treatment centres and home care.

Accreditation is one of the few and most effective measures that health care organizations can use to accurately assess their level of performance. It is a peer review and a self-assessment process that focuses on ways to continuously improve the health care system.

Each health care organization's performance is assessed against national standards set by the CCHSA in collaboration with the health care community and related stakeholders. The assessment is designed to address processes, outcomes, and structures with the focus on continuous improvement within the health care delivery system.

The value of accreditation is in the **internal self-assessment** that an organization undergoes in preparation for the survey visit, and in the **consultative peer review process** which is part of the on-site survey visit. The principle of self-assessment is the fundamental basis of accreditation. It serves as the mechanism by which an organization can assess its own performance, on an ongoing basis, against a set of nationally developed standards. The on-site survey represents an opportunity for the health care organization to receive advice and have its performance validated by external reviewers. The survey is planned in partnership with the organization and recognizes areas of **excellence** as well as areas for **improvement**.

Currently 285 professionals from across Canada act as surveyors for the CCHSA. The surveyors who conduct the on-site survey visit are senior professionals (physicians, nurses, administrators, respiratory therapists and community health services representatives) who work in health care organizations which are similar to the one in which they are surveying. CCHSA has a credentialing process for surveyors and provides on-going education and evaluation of surveyors.

During the on-site visit, a team of surveyors meets with many representative groups from various parts of the health care organization to discuss the processes of care and support function within the organization, as well as, the quality improvement initiatives related to them. The survey team meets with the Board of Directors, senior administration, care teams and other supporting teams, such as human resources, environment and information management. **Most importantly, the surveyors meet with patients/residents and their families** who are interviewed about their understanding of the care received, their feelings about the quality of care, and their level of understanding of their role in the care and treatment process.

In addition, the survey team reviews documentation (i.e. policies and procedures, minutes, care plans, clinical records) and visits key work areas (i.e. nursing units) to support their observations. In summary, the survey team is invited by the organization to review the quality of care and services provided against nationally developed standards.

Accreditation has played a major role in the monitoring of health care organizations for nearly forty years. The success of accreditation rests with the recognition of it as a voluntary, objective peer review process with self-assessment at its core. Its success also rests with the on-going participation of the multitude of professional groups who all work collectively and collaboratively to insure that accreditation reflects the common goal of delivery of consistent, high quality care.





# CCHSA Accreditation Standards – Governance

The CCHSA has developed fifteen accreditation standards for assessing the governance of a health care organization, each with a number of related criteria to help guide the assessment process and arrive at a rating. These standards, together with a set of complementary standards for management, comprise the ‘Leadership and Partnerships’ section of the overall accreditation survey.

The organization completes this assessment by signifying the applicability of the standard to them and then the extent of compliance with the standard.

For the purpose of this assessment, the following scale is used:

- N/A means the standard is non-applicable
- NC means that the organization is non-compliant with the standard
- M means that the organization is minimally compliant with the standard
- P means that the organization is partially compliant with the standard
- S means that the organization is substantially compliant with the standard.

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## ORGANIZATIONAL CULTURE

### *There is a process for clearly defining the values, the mission and the vision of the organization*

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

- \* *The values*
  - relationship with the community served
  - responsibility towards physicians, volunteers, staff, clients/patients and their families
  - corporate citizenship
  - ethics issues affecting governance, including fiduciary duty, conflict of interest, confidentiality of information and resource allocation
- \* *The culture of the organization is reflected in the values*
- \* *The mission clearly defines the purpose of the organization and its relationship to the community served*
- \* *A vision of the future is described for the organization*
  - the vision provides the focus for developing services and programs.

*Organization’s Comments:*

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COMMUNITY LINKAGES

\_\_\_\_\_ ***There are processes for integrating the organization with its community***

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

\* *Integration with the community is achieved by*

- assessing community health needs
- contributing to regional planning and priority setting of programs and services, including those related to health promotion
- integrating organizational and regional goals
- developing strategic alliances and/or partnerships with other organizations
- co-ordinating project planning with other organizations
- maintaining access to various levels of government
- understanding changing government priorities and initiatives
- assessing the effect of the organization's activities on the health status of the community.

*Organization's Comments:*

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PLANNING

\_\_\_\_\_ ***There are processes for defining the strategic directions which become the strategic plan and organizational goals***

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

\* *The governing body/owner(s) approves the strategic plan and the organizational goals.*

*Organization's Comments:*

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\_\_\_\_\_ ***There is a process for establishing the parameters within which the operational and business plans are developed***

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

- \* *The process ensures the financial viability of the organization by*
  - confirming that resources are available to support current and new or expanded services and programs
  - receiving reports on performance to budget, variance analysis and forecasting
  - assessing potential risks and providing consistent insurance coverage
  - auditing the financial statements on an annual basis
  - ensuring management follow-up on recommendations made in the annual audit report and receiving related feedback.

*Organization's Comments:*

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\_\_\_\_\_ ***There are processes for appointing and evaluating the chief executive officer***

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

- \* *The relationship of the chief executive officer to the governing body/owner(s) and the medical staff organization is clearly delineated*
- \* *The qualifications and continuing education necessary for the fulfilment of the responsibilities are identified*
- \* *The authority, accountabilities and duties are defined*
- \* *The processes include performance evaluation.*

*Organization's Comments:*

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***There are processes for appointing and evaluating physicians in senior positions***

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

- \* *The authority, accountabilities and duties are defined*
- \* *The processes include performance evaluation.*

*Organization's Comments:*

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***There is a process for establishing the parameters within which physicians are governed***

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

- \* *There is a process to determine the numbers and types of physicians required to meet client/patient needs*
  - changes in the numbers or types of physicians will only be made if an assessment of their impact on existing services has been completed and there is evidence that the resources needed to support new or expanded activities are available
- \* *There is a process that defines physician accountability to the governing body/owner(s).*
  - the process includes, but is not limited to the credentialing process.

*Organization's Comments:*

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***There are processes that provide opportunity for senior staff and physicians to advise the governing body/owner(s)***

*Organization's Comments:*

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\_\_\_\_\_ ***The*** ***are processes for educating members of the governing body/owner(s)***

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

- \* All new members of the governing body/owner(s) receive an orientation to the organization and their role
  - orientation is given about fulfilling their fiduciary role and helping them understand the nature of the business
- \* Continuing education activities provide opportunities for governing body members or owner(s) to expand their knowledge and understanding of governance and health care issues.

*Organization's Comments:*

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QUALITY MONITORING AND IMPROVEMENT

\_\_\_\_\_ ***The governing body/owner(s) assumes overall accountability for the quality of the care and treatment, and service delivery***

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

- \* The governing body/owner(s) ensures that resources and support are provided for quality monitoring and improvement throughout the organization
- \* The governing body/owner(s) receives and evaluates the results (outcomes) of quality monitoring and improvement activities, at least on a quarterly basis.

*Organization's Comments:*

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***Indicators of performance are identified for governance***

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

- \* The indicators of performance are developed collaboratively by the governing body/owner(s).
- \* The indicators of performance relate to governance processes
- \* The indicators of performance relate to results (outcomes) of governance processes
  - results (outcomes) relate to clinical care, service delivery and cost.

*Organization's Comments:*

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***Processes related to governance are selected in order of priority for evaluation and improvement in the quality of governance***

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

- \* The method of determining priorities considers the needs and expectations of the clients, and the relationship to improving the results (outcomes) of governance
  - priority is given to processes that are —
    - high risk
    - high volume
    - problem prone
  - aspects of quality that are considered when determining priorities include any or all of the following —
    - safety
    - competence
    - acceptability
    - effectiveness
    - appropriateness
    - efficiency
    - accessibility.

*Organization's Comments:*

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\_\_\_\_\_ ***Activities are undertaken to improve the selected processes***

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

- \* The resultant improvements are identified, implemented and documented.

*Organization's Comments:*

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\_\_\_\_\_ ***The results (outcomes) of quality improvement activities are communicated, as applicable***

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

- \* The results (outcomes) are communicated to the governing body/owner(s) and to the clients and suppliers, as applicable
- \* The results (outcomes) are communicated through
  - reports
  - newsletters or bulletins
  - education activities
  - meetings
  - interaction between individuals.

*Organization's Comments:*

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*There is ongoing monitoring of the improvements in the selected processes*

Consideration of the following criteria may be helpful in arriving at a rating against this standard:

- \* Responsibility is assigned for monitoring the improvements in governance over time
- \* Monitoring activities include:
  - repeat survey/evaluation
  - ongoing data collection, analysis and dissemination as required
- \* When necessary, changes are initiated to maintain the quality improvements.

Organization's Comments:

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O V E R A L L R A T I N G A N D C O N C L U S I O N S

Once the governing body has considered and rated itself in relation to the above-noted standards, the board may wish to discuss and form conclusions on the following two questions:

- Overall, how do we rate ourselves?
- Where do we need to take action to improve the situation?





# CCAF Governance Self-Assessment Tools and Checklists

A three-step process and series of inter-connected diagnostic tools have been developed by CCAF to serve as a starting point for boards that are interested in:

- identifying their governance responsibilities, and assessing their governance capacity and effectiveness in this regard
- determining the nature of the information they need and receive, and
- taking actions to make the kind of improvements that their assessments indicate are required.

There are three diagnostic tools:

- I Governance Responsibilities and Characteristics
- II Governance Information Framework and Qualities
- III Governance Environment Assessment

Each of these three tools constitutes an important aspect of a *Governance Check-Up*. What these tools are and how a governing body might go about using them are described below.

## I Governance Responsibilities and Characteristics

At the outset, it is important for the board to consider and come to a determination of its true governance role — and then from this, its effectiveness. To this end, a set of five governing body responsibilities is provided as a starting point for consideration.

Board members can complete the first part of the *Governance Check-Up* by signifying:

- the extent to which they see each of these five governance responsibilities as applicable and important to their circumstance
- their assessment of how well the board is fulfilling or meeting these responsibilities.

For the purpose of this assessment, use a 0 to 5 rating scale, where:

- 0 is low, and
- 5 is high.

As a board member, my ratings in relation to the following governing body responsibilities are as follows:

Assessment of Applicability / Importance	Governance Responsibility	Assessment of Current Governance Effectiveness /Capacity
_____	Ensuring the relevance of the organization’s policies and the appropriateness of the ways in which programs and services are provided	_____
_____	Ensuring an appropriate capacity to implement policy and manage the affairs of the organization	_____
_____	Understanding the risks associated with the type, level and quality of the services the organization decides to provide (or not to provide), and ensuring that the appropriate means are in place to manage these risks	_____
_____	Explaining what the organization set out to accomplish, what has been accomplished, and the choices that have been made and why	_____
_____	Ensuring that the organization’s affairs are managed with an appropriate degree of care and control and within an appropriate framework of ethics and values.	_____

### OVERALL CONCLUSIONS ON THIS ASPECT OF YOUR *GOVERNANCE CHECK-UP*

Once members of the governing body have considered and rated the above-noted governance responsibilities, and as a basis of coming to an overall assessment, the board may wish to discuss and form conclusions on the following seven questions:

- To what extent is the board comprised of people with the necessary knowledge, ability and commitment to fulfill its governance responsibilities?
- To what extent do we understand our purposes and whose interests we represent?
- To what extent do we understand the objectives and strategies of the organization we govern?
- To what extent do we know what information we require to exercise our governance responsibilities, and to what extent have we taken appropriate steps to obtain this information?
- Once informed, to what extent are we prepared to act to ensure that the organization’s objectives are met and that performance is satisfactory?
- To what extent have we fulfilled our own accountability obligations to those whose interests we represent by reporting to them on our organization’s performance?
- On the basis of our answers to the above six questions, where should the board be taking action to improve its capacity and effectiveness?

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## II Governance Information Framework and Qualities

Individually and collectively, the attributes of performance noted below provide a basis for assembling and communicating meaningful information on a health care organization's performance. For each of these attributes, a partial listing of issues is provided which could be considered when examining the performance of the organization.

Board members can complete the second part of the *Governance Check-Up* by signifying the extent to which they regard each issue as important to the organization they govern, and hence to them as board members.

For the purpose of this assessment, use a 0 to 5 rating scale, where:

- 0 means that having information on a specific attribute is not applicable/important, and
- 5 means that having information on a specific attribute is of critical importance.

As a board member, my rating in relation to the importance I attach to the following kinds of issues and information is as follows:

### Leadership and Direction

*Does everyone understand what they are meant to be doing?*

- \_\_\_ Whether our organization's mission and priorities are clear, and are understood and shared between the board and management, and throughout the organization
- \_\_\_ Whether there are shared values that bind our organization together and help the diversity of professional, administrative and cultural backgrounds work together
- \_\_\_ Whether staff have the authority and tools they need to make decisions and take action, consistent with the responsibilities assigned to them

### Relevance

*Do our activities continue to make sense in terms of the health status, conditions, demands or needs of our clients/patients, their families, and the community?*

- \_\_\_ Knowing the nature and extent of these conditions, demands and needs — now, and as they may have changed over time
- \_\_\_ Knowing what other organizations in the health care network are doing in relation to these conditions, demands and needs
- \_\_\_ Understanding the value-added that our health care services are intended to provide in this context

### Appropriateness

*Are levels of effort and selected methods of pursuing objectives sensible and sufficient?*

- \_\_\_ Degree to which each service we provide is necessary to the accomplishment of stated objectives
- \_\_\_ Whether our services are designed and delivered in a manner that best responds to the nature and extent of the conditions, needs or problems identified
- \_\_\_ Whether the overall level and distribution of effort represented by our services is proportional to stated objectives, identified needs, etc.
- \_\_\_ Whether we are meeting our own prescribed standards of practice/care (e.g., in terms of multidisciplinary team functioning, etc.). Are we doing the right things right?

### Achievement of Intended Results

*How challenging are our established goals, and have they been accomplished?*

- \_\_\_ Extent to which our achievements in relation to key non-financial result areas (e.g., quality of care, health outcomes, population health, etc.) meet plans and expectations in terms of (as applicable): the conditions, needs or problems concerned; established performance targets; past organizational performance; the performance of comparable health care organizations or activities

## Acceptance

*Are clients/patients, their families, other key stakeholders and the community satisfied with the organization and the services it provides?*

- \_\_\_ Extent to which we know the expectations of our clients/patients and other key stakeholders and understand the basis for these expectations
- \_\_\_ Extent to which clients/patients, caregivers and other stakeholders indicate acceptance or satisfaction with the organization and its services
- \_\_\_ Whether the organization and its services are respected within its peer network

## Secondary Impacts

*What are the secondary effects of our activities, be they positive or negative?*

- \_\_\_ Being able to explain secondary impacts that significantly impede or work at cross-purposes to our stated objectives, or where such information might call into question the value attached to primary objectives
- \_\_\_ Understanding the secondary impacts (e.g., social, economic, financial, environmental, etc.) that our activities/services could have on clients/patients, other key stakeholders, related health care organizations and programs, and/or the community at large

## Costs and Productivity

*Are the relationships between costs, inputs and outputs favorable?*

- \_\_\_ Whether defined service standards are being met at the least cost
- \_\_\_ Extent to which there is an appropriate balance between capital investments and operating expenses, overhead and operations expenses, capacity-utilization of major resources (e.g., equipment, beds, etc.), and so on
- \_\_\_ How we compare to similar organizations with respect to the above matters

## Responsiveness

*How well are we anticipating and responding to change?*

- \_\_\_ Whether the organization has effective networks and processes to identify and assess important events and trends in its environment
- \_\_\_ The degree to which the organization has a history of being able to adapt or respond successfully to changing needs, circumstances, etc.
- \_\_\_ How the practices and track-record of the organization in this regard compare to similar organizations

## Financial Results

*How good are our financial results in terms of matching costs with revenues and appropriations, and financial assets with obligations?*

- \_\_\_ Whether our books of account, records and financial management control and information systems are in accordance with sound financial policies and procedures
- \_\_\_ The extent to which we are meeting our fund-raising targets
- \_\_\_ The extent to which we are meeting our asset, liability and capital management expectations and plans
- \_\_\_ The extent to which our organization's overall financial position is viable

## Working Environment

*Is it a happy, healthy and constructive working environment where staff are motivated to work together, adapt to change, and develop?*

- \_\_\_ The degree to which our staff have the ability and opportunity to provide services to clients/patients, etc. in a way that is valued by these individuals
- \_\_\_ Whether our staff are performing to stated and agreed expectations, and are receiving appropriate recognition for their efforts
- \_\_\_ The extent to which we are providing staff with appropriate educational and training support
- \_\_\_ Whether our human resources management plan is integrated into the organization's culture and operating plans, thus enabling the recruitment, retention, development and replenishment of well-qualified people

## Protection of Assets

*How well do we protect against surprise events or losses of key personnel, critical occupations, client information, facilities, equipment, inventories, processes or agreements and intellectual property?*

- \_\_\_ Whether we have strategies that adequately respond to the nature and level of risk of impairment or loss of our organization's key assets
- \_\_\_ Whether these strategies and the organization's performance comply with applicable regulation
- \_\_\_ How these strategies and performance compare with the health care industry in general

## Monitoring

*Do management have the information they need to support their decision-making and their own accountability, and do they use it appropriately?*

- \_\_\_ Whether management receives complete, credible and fair information that satisfies their decision-making and accountability requirements
- \_\_\_ Whether accountability reporting by management is done in a transparent manner. The right things are reported to the governing body at the right time and in the appropriate level of detail or aggregation
- \_\_\_ The extent to which monitoring and reporting systems and processes are cost-effective

## OVERALL CONCLUSIONS ON THIS ASPECT OF YOUR GOVERNANCE CHECK-UP

Once members of the governing body have considered and rated the importance of receiving information in relation to the above-noted attributes, the board may wish to discuss and form conclusions on the following questions for those attributes to which a rating of 3 or greater has been given:

- How well is the organization doing in these areas?
- To what extent are we satisfied with the quality of information we are receiving in these areas? For example:
  - \* *Is the information forward-looking, does it contribute to strategic planning decisions, and does it help the board to determine if performance can be sustained or improved in the future?*
  - \* *Does the information identify and explain the options considered and the consequences of each, and does it shed light on the reasonableness of decisions that were (or need to be) made?*
  - \* *Does the information compare actual to intended performance and outcomes, and have explicit expectations have been stated 'a priori' — or as explicit as circumstances allow?*
  - \* *Does the information recognize the unique characteristics of our organization, and is relevant information about organizations in similar lines of business provided for comparison purposes?*
  - \* *Does the information promote a clear understanding of performance without oversimplifying on the one hand or inundating the board with detail on the other hand?*
- How well are we reporting information about the organization's performance to those whose interests we represent?
- On the basis of our answers to the above questions, where does the board need to take action to enhance the completeness and quality of current information?



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### III Governance Environment Assessment

Having considered the kind of information you need as a board member, and the quality of the information you are receiving, this diagnostic tool is intended to help boards and their executive management begin to consider a number of conditions and strategies that experience has shown largely determine the value and utility of governance information.

It will help you consider whether your governing body ought to provide leadership to establish or improve basic conditions needed to ensure the organization's capacity to develop, communicate and use meaningful information about performance.

These conditions define a healthy information environment and mechanisms that facilitate the positive use of information.

Structures, relationships, attitudes and behaviour all have an influence on the return on investment in governance information. How the board is organized, how it relates to management, how it operates as an entity, and how it interacts with people in and outside the organization are among the pertinent considerations. There is more involved than the simple collation of packages of data into information reports.

The extent to which the conditions discussed in this checklist exist in any organization is in large measure directly contingent on the board's attitudes, values and actions. The governing body's leadership is essential to both creating and sustaining these conditions over time.

Complete the third part of the *Governance Check-Up* by signifying the extent to which each of the following conditions exists in your organization.

For the purpose of this assessment, use a rating scale of 0 to 5 where:

- 0 means that you believe that this condition is substantively not met, and
- 5 means that you believe that this condition is substantively met.

As a board member, my rating in relation to the presence and sufficiency of each of the following conditions in our organization is:

#### **Knowledge of business**

\_\_\_ Our board has a sound knowledge of the organization, its main programs, its objectives, and its clientele and their needs. This level of knowledge is sufficient to help board members determine, with confidence, whether the information brought forward by management covers all the factors that should be taken into account in making decisions.

#### **Leadership**

\_\_\_ Our organization's executives consider that their efforts respecting governance information are appreciated by the board and useful to it.

#### **Board/management agreement**

\_\_\_ There is clear agreement between management and our board which establishes a basis for reporting that serves the board's needs and recognizes management's imperatives.

#### **Appropriate reporting principles**

\_\_\_ Our board has adopted an appropriate set of principles for reporting on performance, which allow both ourselves as recipients of information — and management as suppliers of this information — to judge its relevance, utility, completeness and fairness. These principles allow flexibility while still ensuring that departures from what might have been expected are identified and adequately explained.

#### **Stated levels of planned achievement**

\_\_\_ Our board and our organization's management are willing (and have the capacity) to determine and state *a priori* intended and acceptable levels of performance.

### **Fair use of information**

\_\_\_ Our board uses — and is seen to use — performance information fairly and appropriately. Where performance is determined to be unsatisfactory, suitable action is taken. This action is based on an assessment of management’s past track-record and of reasonable risks associated with the organization and programs concerned.

### **Incentives**

\_\_\_ Our board has worked to create/contribute to appropriate incentives/sanctions for management to develop and provide broad-based performance information. These incentives take into account the possibility that rewards for providing useful governance information might include greater discretion being placed in the hands of management.

### **Continuity**

\_\_\_ Governance information is an ongoing, long-lasting, important part of the organization’s management and governance process and culture. Specific provision has been made to avoid lapses followed by the inevitable reinvention of the wheel with all its associated costs.

### **Regular assessment and review**

\_\_\_ Our board undertakes a regular assessment of the information we receive and the processes and mechanisms through which this information is created and communicated.

### **Validation**

\_\_\_ Our board has provided for meaningful, objective and rigorous validation of the information we receive about our organization’s financial and non-financial performance.

### **OVERALL CONCLUSIONS ON THIS ASPECT OF YOUR *GOVERNANCE CHECK-UP***

Useful governance information does not happen by itself. It is contingent on a number of factors and conditions that only boards can ensure are in place.

Once members of the governing body have considered and rated all of the above conditions, and as a basis of coming to an overall assessment, the board may wish to discuss and form conclusions on the following two questions:

- On balance, are we satisfied that we have in place the structures, relationships, attitudes, behaviours and other conditions that foster our capacity to receive and use – and management’s capacity to develop and communicate – appropriate governance information?
- Are there areas where the board should take action to improve the extent to which these conditions are met, or to create needed conditions where they are lacking?