

Report 3: April 2013

**PUBLIC SECTOR BOARD USE OF INFORMATION IN
BRITISH COLUMBIA 2012: PROGRESS UPDATE SINCE 2009**

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OFFICE OF THE
Auditor General
of British Columbia



OFFICE OF THE
Auditor General
of British Columbia

8 Bastion Square
Victoria, British Columbia
Canada V8V 1X4
Telephone: 250-419-6100
Facsimile: 250-387-1230
Website: www.bcauditor.com

The Honourable Bill Barisoff
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Sir:

I have the honour to transmit to the Legislative Assembly of British Columbia my 2013/2014 Report 3: *Public Sector Board Use of Information in British Columbia 2012: Progress Update Since 2009*.

My Office first surveyed Crown agency board members in 2009 to assess their access to, and use of, the information necessary to follow good practices in board governance. This follow-up survey in 2012 showed improvement in five of the six areas of good board information practice, and four of the six sectors (including the three with the lowest results in 2009). We also had an exceptionally high response rate to the survey, indicating the high level of engagement that board members have with their duties.

Despite the overall improvement, however, there were some reminders of the importance of continued monitoring and maintaining of board performance. For example, while the lowest results from the 2009 survey have improved, the top results have slipped. I would hope that those sectors will reflect on the possible reasons for the decrease and take action to address them. Furthermore, some of the areas that were in need of improvement in 2009 still need to be attended to.

John Doyle, MAcc, FCA
Auditor General

Victoria, British Columbia
April 2013

Auditor General Comments	4
Executive Summary	5
Response from Government	7
Detailed Report	8
Overall Findings	10
Looking Ahead	18
Appendix A: Findings by Criterion	19
Appendix B: OAGBC Board Use of Information Guidelines	26
Appendix C: Board Member Survey Respondents' Years of Service	28

IN BRITISH COLUMBIA, PROVINCIAL CROWN AGENCY boards are responsible for health authorities, school districts, and other Crown corporations integral to life in this province. Access to quality information, and knowing how to understand and use it, is a vital part of ensuring that these boards make the effective and timely decisions essential to good governance.

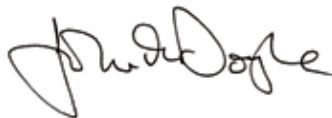
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Despite the overall improvement, however, there were some reminders of the importance of continued monitoring and maintaining of board performance. For example, while the lowest results from the 2009 survey have improved, the top results have slipped. I would hope that those sectors will reflect on the possible reasons for the decrease and take action to address them. Furthermore, some of the areas that were in need of improvement in 2009 still need to be attended to.

After the findings of the 2009 survey, government committed to and undertook a number of actions, particularly for the K-12 education sector, which showed the greatest room for improvement. Government should consider whether the governance issues raised in this 2012 survey could benefit from further coordinated action.

My Office is also releasing *School District Board Governance Examination*. It is my hope that the many people involved in board governance across the province can use the findings of both these reports to continue to strengthen their governance practices. My Office will continue its work in this area.

I wish to extend my thanks to ministry staff, B.C. School Trustees Association, B.C. School Superintendents' Association, B.C. Association of School Business Officials, Crown Agencies Resource Office and Board Resourcing and Development Office for their support and cooperation, and to the board members who participated in the survey. By taking the time to reflect on their governance roles and responsibilities, they are showing their commitment to serving the public and contributing to British Columbia's public sector.



John Doyle, MAcc, FCA
Auditor General of British Columbia
April 2013



John Doyle, MAcc, FCA
Auditor General

Audit team:

Malcolm Gaston,
Assistant Auditor General

Tara Anderson,
Director

Glen Seredynski,
Manager

Jessica Schafer,
Auditor

Background and purpose of the audit

In 2009, our Office developed guidelines for board use of and access to information. We then carried out a survey in May 2009 to assess public sector boards' practices against the guidelines. In fall 2012, we conducted the survey again to examine the progress made since 2009 and to identify any continued areas for improvement.

Crown agency boards in the province have a high level of responsibility, and it is important that their members receive the information and support they need to make effective and timely decisions. If boards are to make fully informed decisions, their members must first know what information they require and how to access it. Furthermore, the information provided must be of high quality, and members must be aided in understanding and using it.

Without access to accurate, reliable, timely and complete information, boards risk making poor or inappropriate decisions.

This report provides insight into the importance, nature and scope of information currently being provided to board members in British Columbia.

What we did

As in 2009, we ran two surveys: one for board members in the province's Crown agencies that have boards; and the other for the corporate representatives of these Crown organizations.¹ The survey was administered to all Crown agencies with boards in British Columbia, with a few exceptions for boards that had anomalies.

Almost 80 percent of board members and 85 percent of corporate representatives of the Crown agencies completed the surveys in 2012. In analyzing the results, we looked at six sectors:

- health
- commercial Crown corporations
- service delivery Crown corporations
- 3 education sectors: K–12 school districts; colleges and institutes; and universities

What we found

Board members' exceptionally high response rate to the survey is an indicator of a high level of engagement with board governance. Board members and corporate representatives in all six sectors showed this engagement in their survey response rate. Almost all boards achieved a 50 percent response rate or higher, which allows us to provide individual board reports to them. These reports will provide insights for each board on its particular areas of strength and any areas in need of improvement.

¹ In 2012, two questions were added to the board member survey on training and guidance, and one question was added to assess overall satisfaction with information. As well, one question was added to the corporate representative survey on the efficiency of board information requests.

Survey results indicate there has been some improvement since 2009 in the key good practice areas of board use of and access to information, as we identified in our Office's 2009 guidelines. The only area where results did not improve was in boards' agreement that they have sufficient knowledge of the information they require to fulfil their responsibilities. The greatest improvement was in boards' perception that they are meeting good practice guidelines through their understanding of the information they receive in their decision making.

While some sectors are still doing notably better with information access and use than others – as was the case in 2009 – the gap between the sectors has narrowed. The health sector and commercial Crown corporations appear to be doing well overall, with board members agreeing that board use of information is in line with the guidelines. However, the level of agreement for health and service delivery Crown corporations has fallen since 2009.

The education sectors (K–12, colleges and institutes, universities) have made progress since 2009, but there is still room for improvement. Because the K–12 sector has 60 school districts,² it has the largest number of board members. Progress in this sector thus contributed substantially to the improvement in the province's overall results.

Progress in two specific areas was achieved since 2009:

- Board chairs feel more confident that there are no technological barriers preventing access to the required information; and
- More board members feel that their board chair takes responsibility for ensuring board members are properly briefed before meetings.

We were encouraged to see that board members seem committed to continuous improvement, as demonstrated through their openness to additional training, guidance and support regarding their governance knowledge, skills and practices.

Several areas that were reported as having room for improvement in 2009 still apply in 2012:

- Management of the Crown agencies believes that information requirements are being met, while board members feel there is more room for improvement.
- Management feels that the board requests information that is not essential to fulfil its responsibilities, and board chairs agree.
- First-year board members are less confident about the information they receive and how to use it.
- One in five boards may not have members with the right mix of education, skills and experience to facilitate their full understanding and use of the information they receive.
- Some boards report that their decision-making process does not ensure adequate awareness of the risks involved.
- Board members believe that information does not always explain important options and trade-offs when decisions are requested.
- One in five boards are not evaluating the quality and quantity of the information they receive.

The 2012 survey results also found that new board members are not always provided with orientations within a month of those individuals becoming members.

² The Cowichan Valley school board has been run by an official trustee appointed by the government since July 2012, and therefore our survey included 59 rather than 60 school boards. The superintendent and secretary-treasurer for the Cowichan Valley school district were included in the corporate representative survey.

THANK YOU FOR PROVIDING GOVERNMENT with the opportunity to respond to the Office of the Auditor General's *Public Sector Board Use of Information in British Columbia 2012: Progress Update Since 2009*. This response was prepared prior to government being provided with the Auditor General Comments portion of the report.

We are encouraged with the high response rate the Board members had to this survey, and agree that it shows board commitment to and engagement in their board governance responsibilities.

Government remains committed to ensuring the various Crown agencies' boards receive the information they need to make appropriate and timely decisions, and is encouraged by the improvement shown in survey results since 2009. Government agrees, as suggested in the report, that the increase in the proportion of relatively new board members and/or new Crown agencies since 2009 may be why there was no improvement in the boards' agreeing they have sufficient knowledge of the information they require to fulfill their responsibilities.

The feedback that the Office of the Auditor General has provided to individual boards as part of this review process will be very helpful to them in making any required changes or improvements to their understanding and use of information. We feel that this report and its companion Guidelines: information use by the boards of public sector organizations, in combination with the Board Resourcing and Development Office and Crown Agencies Resource Office's guidance documents, provide a comprehensive approach in assisting Crown agency boards to carry out their board governance responsibilities in a transparent and accountable way.

We thank the Office of the Auditor General for their comments and suggestions for improving board use of information. We are confident that sustained efforts by government and the Office of the Auditor General will maintain British Columbia's role as a leader in providing governance and support to Crown agency boards.

BACKGROUND

The importance of ensuring good governance by Crown agencies

Crown agencies deliver many of the services that British Columbians require and expect from the public sector, everything from electricity and education to car insurance and health care. The overall annual expenditure by all Crown agencies in British Columbia for 2012 was \$36.9 billion – equal to 68 percent of British Columbia’s total public sector expenditure during that fiscal year.

Every Crown agency is governed by a board of directors. Depending on the sector in which the organization operates, board members are either elected to be representatives or appointed by Cabinet, Minister responsible, Shareholder resolution or letter.

Given the reliance that British Columbians place on their Crown agencies every day of the year, it is critical that public sector boards in the province be well informed and capable of fulfilling their functions. While good information cannot guarantee the effectiveness of decisions or their outcomes, it provides the best chance that all decisions made will have been well informed. This leads to greater public and stakeholder confidence in organizations, whose boards will be seen to have fulfilled their responsibilities with due diligence.

Guidelines for good governance practice by boards

Our Office has had a long interest in public sector governance. In the fall of 2008, we released *Public Sector Governance: A Guide to the Principles of Good Practice*. In that report, we presented a conceptual framework for good governance, a key component of which was information and decision support. Then, in December 2009, we published *guidelines* for information use by the boards of public sector organizations, to fill a gap in existing guidance. At the same time, we released a report, *Making the Right Decisions: Information Use by the Boards of Public Sector Organizations*, in which we presented the results of our survey of board members and corporate representatives throughout the public sector Crown agencies in British Columbia.

We indicated that we would follow up on the survey to assess progress over time. Government also pledged its commitment to ensuring that boards in the province’s public sector agencies are receiving and using the information they need to make appropriate and timely decisions.

OVERVIEW OF THE GUIDELINES

Board members are typically busy individuals with a great deal of responsibility. They often have limited time and resources to obtain, read and understand the information they require to make well-informed and well-thought-out decisions. For these reasons, the information they are provided must be correct, reliable, accessible, up to date and understandable.

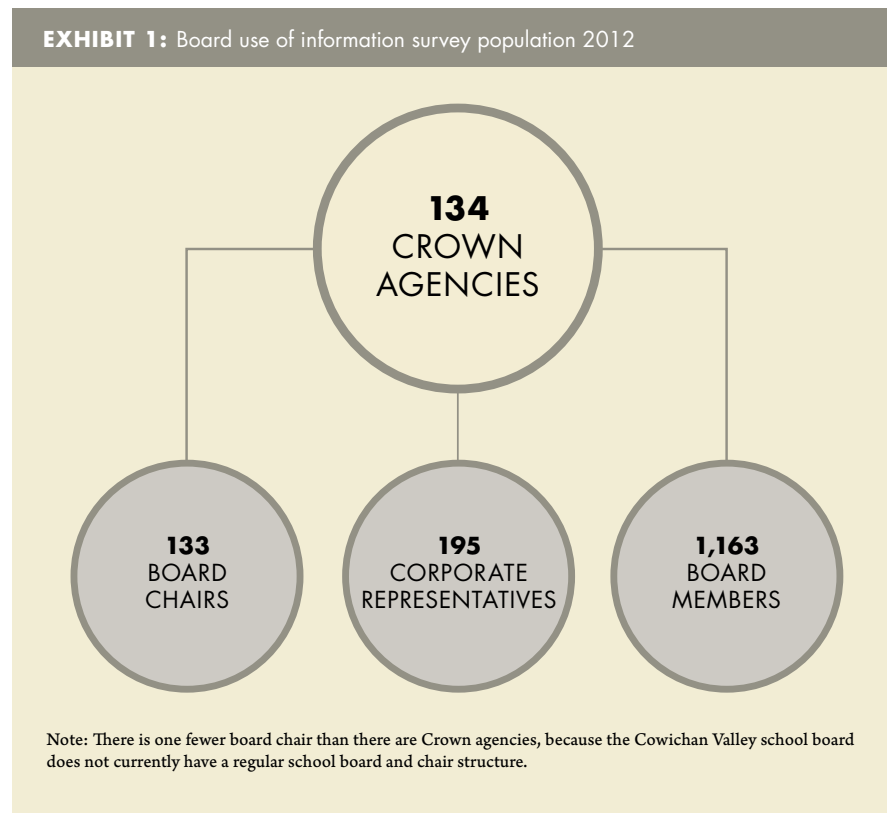
Six conditions must be met to ensure that boards can make fully informed decisions. Boards must:

1. know what information they need;
2. have access to the information;
3. have high-quality information;
4. understand the information;
5. use the information in decision making; and
6. evaluate the quality and quantity of the information they receive.

Appendix B summarizes these six conditions.

Our aim in examining information use by boards

The survey was first administered in May 2009 and then again in October 2012. Those invited to complete the surveys were board members, board chairs and corporate representatives of virtually all public sector agencies that have boards (see Exhibit 1).^{3,4} This included six sectors in all: health organizations, commercial Crown corporations, service delivery Crown corporations, and three in education: K–12 school districts, colleges and institutes, and universities.



In this report, we summarize our findings from those surveys and compare the results to what we found in 2009. Our aim is that this report will serve as the basis for discussion between boards and Crown agency management concerning their information processes and practices, and that it will stimulate an exploration of any changes in their results and their practices since the original survey in 2009. The report also serves to inform MLAs, the public, boards and Crown agency management on the decision-making information framework needed by boards.

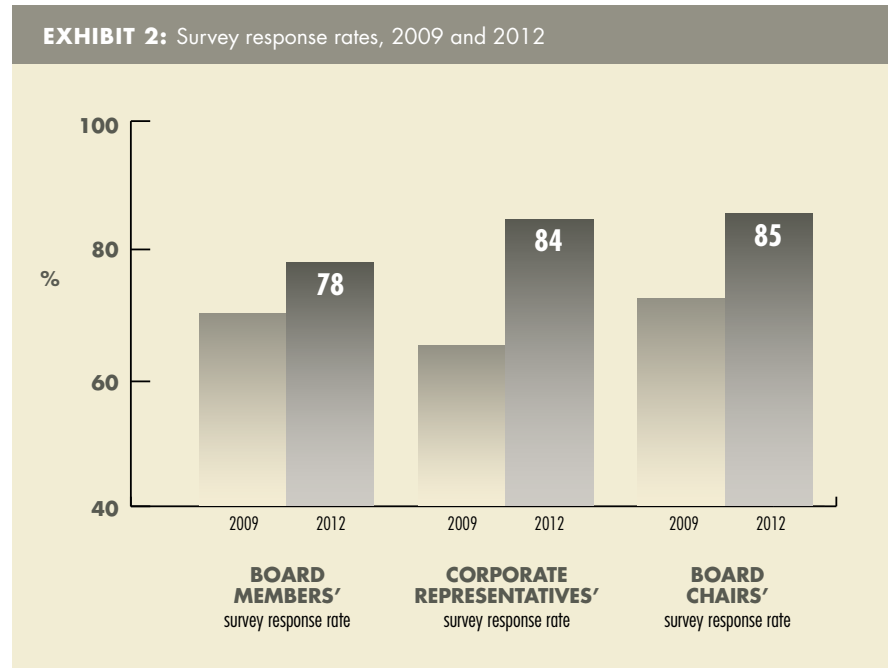
³ The survey population included almost all Crown agencies that are on the Office of the Comptroller General’s list of organizations in the Consolidated Revenue Fund for 2010/11. Eight organizations on the list were excluded from the survey sample because the board: was composed solely or largely of senior civil servants; had three people or fewer; or, in the case of one organization, was in the process of being disbanded.

⁴ In the case of school districts, the superintendent and secretary-treasurer are both strongly involved in information provision to the board. The survey therefore was sent to these two representatives for each school district. In consolidating the results, we took an average of the responses from the two representatives.

OVERALL FINDINGS

The exceptionally high completion rate for this survey indicates a high level of governance engagement by public sector boards

For all three survey groups – Crown agency board members, board chairs and corporate representatives – the response rates were very high and better than in 2009 (see Exhibit 2).



We took this as an indication that board members are engaged with the topic of board governance and are committed to continuous improvement. The survey process also provides an opportunity for Crown agency board members and corporate representatives to refresh their understanding of good practices while reflecting on their own board experience.

To each board with a 50 percent response rate we will give further information about their organization’s survey results. This will allow those boards to assess their own results and compare them to their sector results. In 2012, 97 percent of boards achieved this response rate, which was 7 percent higher than in 2009.

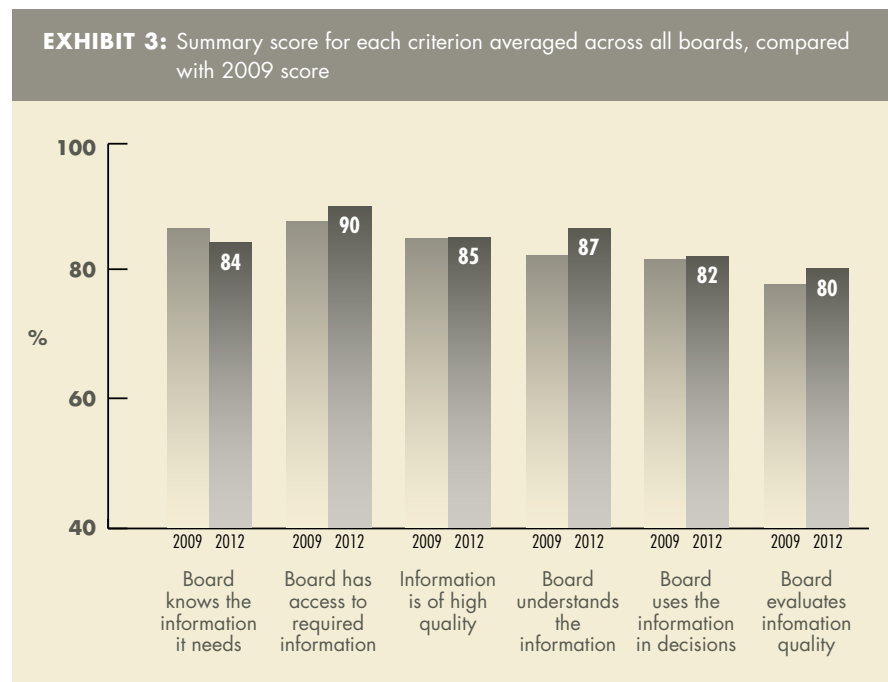
The survey questions were based on the criteria for good information use outlined in our 2009 guidelines (see Appendix B). Both surveys contained questions that used a five-point response scale ranging from “Strongly Disagree” to “Strongly Agree.” Reported survey findings for those questions are based on responses of “Agree” or “Strongly Agree.”

Board members were asked 37 questions, board chairs 48 and corporate representatives 16. The [survey](#) instruments are available on our website.

Overall, improvement has been reported since 2009 in all key good practice areas except one

Exhibit 3 shows that there has been improvement in five of the six good practice areas for board information since 2009. The improvement was most notable in three criteria: access to information, understanding of information, and evaluating information quality. The only area where there has been a decrease is in the first criterion: whether the board knows what information it needs.

With its 60 school districts, the K–12 sector has the largest number of board members. Results for this sector therefore had a substantial impact on the province’s overall result.

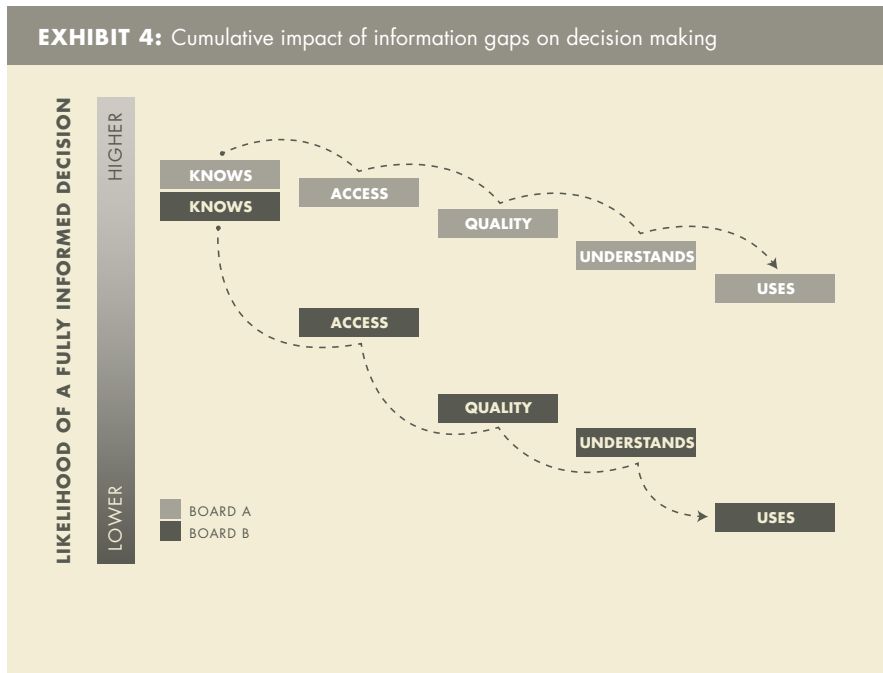


As this was a self-assessment survey and not an audit, we cannot determine the causes for either the current reported status of implementation of good practices or any changes since 2009. It should be noted, however, that in addition to any changes in the implementation of good practices since 2009, changes in survey results may also be related to other differences, such as the change in composition of Crown agencies included in the survey, turnover in organizational management and board personnel, changes in characteristics of survey respondents and other changes in the environment that might influence survey responses.

In our discussion of the results, we have indicated where any of these changes might be relevant to a change in agreement levels.

Gaps in good information practices can have a cumulative impact

Our assumption was that in each decision-making case, every guideline must be fully met for a decision to be made with full information. The more guidelines that are not fully met, the greater the cumulative negative effect on the decision-making process. This is illustrated in Exhibit 4, which shows that Board A, representing a typical board in the highest scoring sector, is running a greater risk of making incorrect decisions than Board B, representing a typical board in the lowest scoring sector.



It should be noted, however, that our survey captured board members' perceptions about their use of information, which could differ (either positively or negatively) from what actually happens.

The “good practice” gap between sectors has narrowed since 2009

For each of the six sectors, we calculated a single cumulative score that represents the likelihood of boards making a fully informed decision (see Exhibit 5).

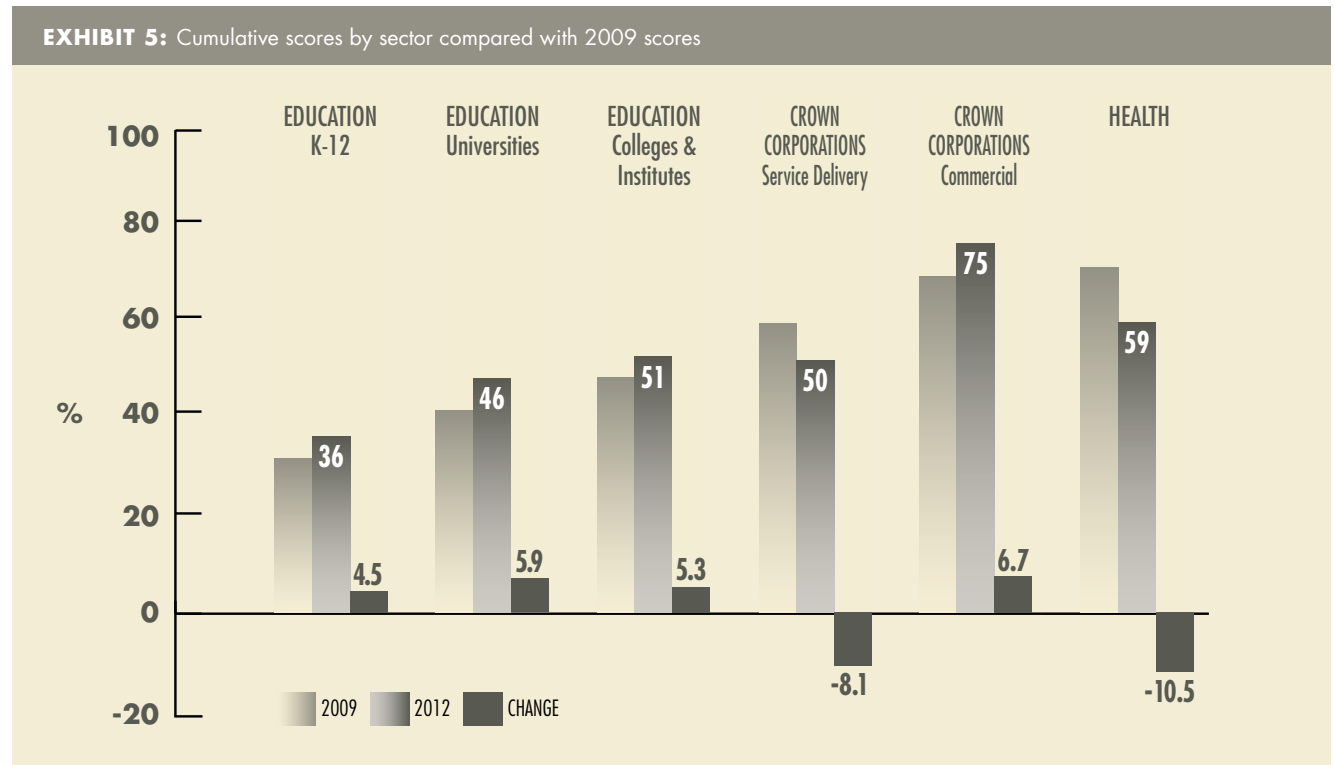


Exhibit 5 shows that the three sectors that expressed lower levels of agreement with the existence of good practices in board information use in 2009 (K–12, colleges and institutes, and universities) have shown improvement in 2012. Progress in the K–12 education sector is particularly noteworthy because there was a higher proportion of first-year board members in the K–12 survey respondent group in 2012 than in 2009 – a situation that would be expected to lead to a decrease in results rather than an increase, as discussed below.

A possible contributing factor is that the timing of the 2012 survey meant that K–12 board members who were elected the previous year had more experience than their counterparts in 2009 when they responded to the survey.

The gap between sectors is also narrowing because of lower results in two of the top-scoring sectors: the health and service delivery Crown corporation sectors. Service delivery Crown corporations had an increase in the proportion of respondents who were relatively new board members (see Appendix C). This may have been a contributing factor to the decrease in agreement levels in this sector.

GOVERNANCE IN POST-SECONDARY EDUCATION

In this report, we have separated the results for higher education into two sectors – colleges and institutes, and universities – because of their different governance structure. Colleges and institutes are structured as agents of government. Universities, while still agents of government, have a greater degree of autonomy.

Another possible factor is that the organizations included in the survey for the health and service delivery Crown corporation sectors saw the greatest change from 2009 compared with the other sectors. New organizations or organizations recently brought under the government's Crown agency governance framework could be expected to be in a learning phase with respect to board use of information. This could help explain some decrease in results for these sectors.

Differences remain between corporate representatives and board members concerning the existence of good information practices

Generally, the Crown agency management representatives responsible for providing information to their boards agreed (90 percent average) that the information provided to board members would follow our 2009 guidelines. Board members and board chairs reported more gaps and areas for improvement.

Both Crown agency corporate representatives and board chairs identified a need for improvement in the communication between management and the board. In addition, a third of corporate representative respondents felt that their board requests information that is not essential to fulfilling its responsibilities. A quarter of board chair respondents agreed, which confirms this is an issue but suggests the chairs did not consider the problem to be as widespread as management felt it was.

These findings are similar to those in the 2009 survey, and suggest that there is still a gap between the information providers and the information consumers: corporate representatives think things are better than the boards do when it comes to the existence of good practices for board information.

ELECTED AND APPOINTED BOARDS

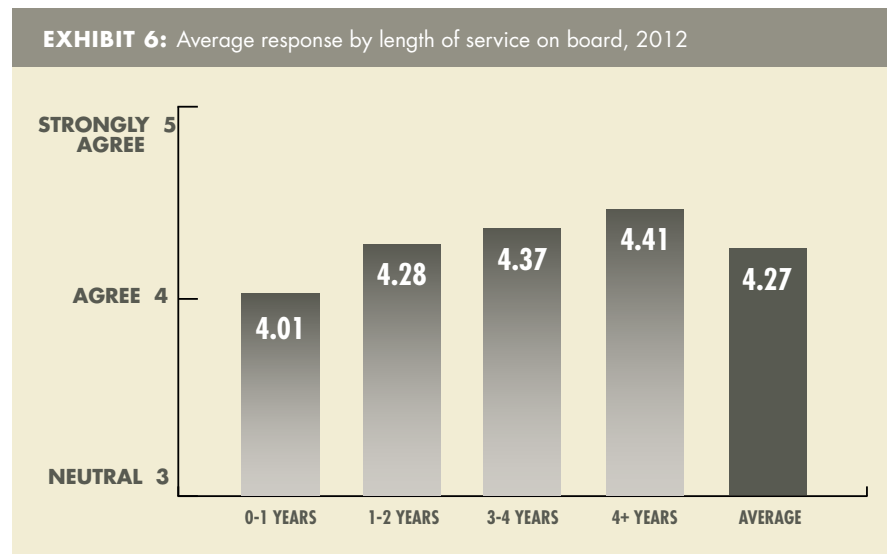
A key difference between the education sector boards and the other boards is in the way board members gain their positions. In the advanced education sectors, a proportion of board members are elected to their positions to represent a particular group, such as faculty or students. In the K-12 sector, all board members are elected by the general public within their local school district area. In the health, commercial and service delivery Crown corporation sectors, board members are mostly appointed by government.

Being elected or appointed can affect a board member's approach to governance. Government's appointment guidelines stress the selection of board members based on skills and experience or other qualifications considered relevant to the role. Board members may be elected to a board position based on their political commitments or stance on particular issues, which can have an impact on their role on the board and their relationship with the organization's executive. At the same time, having elected board members allows the electorate to have more direct influence over decision making and increases the likelihood that board members will represent the views of their constituencies.

First-year board members remain comparatively less confident about the information they receive and how they use it

Exhibit 6 shows that members with less than 1 year of experience have a noticeably lower average response score than members with more experience, across all sectors. This finding is similar to that in 2009, suggesting that there is a close relationship between length of service and views on the existence of good board practices for information. The finding underscores the importance of thorough orientations for all board directors within a short period of being appointed or elected. Board charters outlining board member roles and responsibilities are another good governance expectation that can help new board members gain familiarity with their responsibilities and thus effectively request and use information.

This finding also may be a factor underlying some of the differences between the sectors. The greatest proportion of board members with less than 1 year of experience was in the K-12 education sector, having increased since 2009. The health sector had the lowest proportion of board member respondents with less than 1 year of experience (see Appendix C). Service delivery and commercial Crown corporations each had an increase in this category, although they had a decline in the members with 1-2 years' of experience that partially offsets the increase.



Board members are open to continuous improvement in board information practices

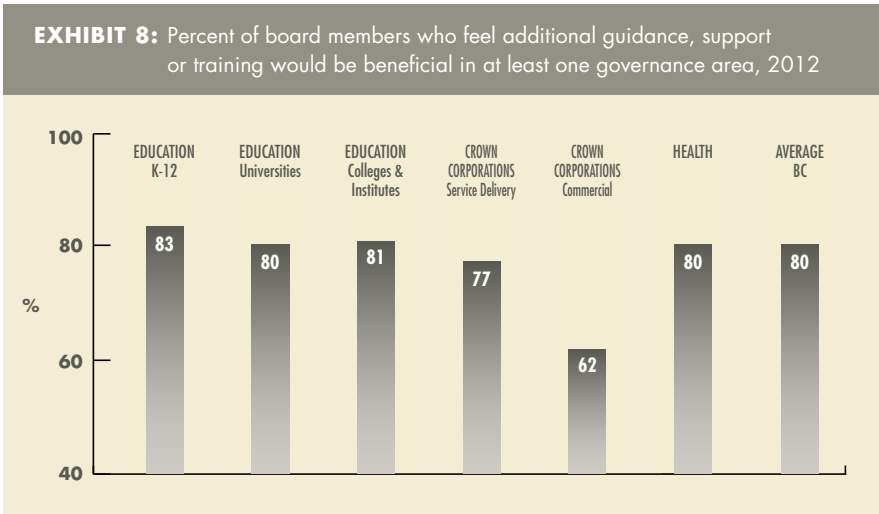
Board members expressed an openness to continuing to improve their knowledge and capacity in board governance good practices (see Exhibit 7).

Most board members felt that additional guidance, support or training would be beneficial in at least one of the governance areas, as shown in Exhibit 8. We found it particularly encouraging that board members in sectors experiencing challenges are most willing to receive additional guidance, support or training in good governance practices. The British Columbia government has two main resources for boards to consult on governance issues: the Crown Agencies Resource Office (CARO) and the Board Resourcing and Development Office (BRDO).

EXHIBIT 7: Governance areas in which board members feel additional guidance, training and support would be beneficial, 2012

ADDITIONAL GUIDANCE WOULD BE BENEFICIAL IN THESE AREAS:	AVERAGE (%) FOR B.C.
Board professional development	39
The quality and quantity of information needed	37
Using information in decision making	41
Evaluating information	39
Board governance in general	49

EXHIBIT 8: Percent of board members who feel additional guidance, support or training would be beneficial in at least one governance area, 2012



Staff in these offices make themselves available to boards and to ministry staff to answer governance questions, and ministry staff also provide support to boards in their sectors, particularly in the education and health sectors. However, these offices (CARO and BRDO) have had to reduce some of their supporting activities for boards because of resource constraints. Most boards seek governance support primarily from their organizations or from external consultants. This can make it challenging for organizations with fewer resources, as they have to balance any spending on their own governance needs with spending on other key organizational activities.

For a more detailed analysis of our 2012 survey findings, by criterion, see Appendix A.

ORGANIZATIONS NEED TO MONITOR governance continuously to ensure they are following good practices, rather than waiting until something has gone wrong before trying to identify and fix the problem.

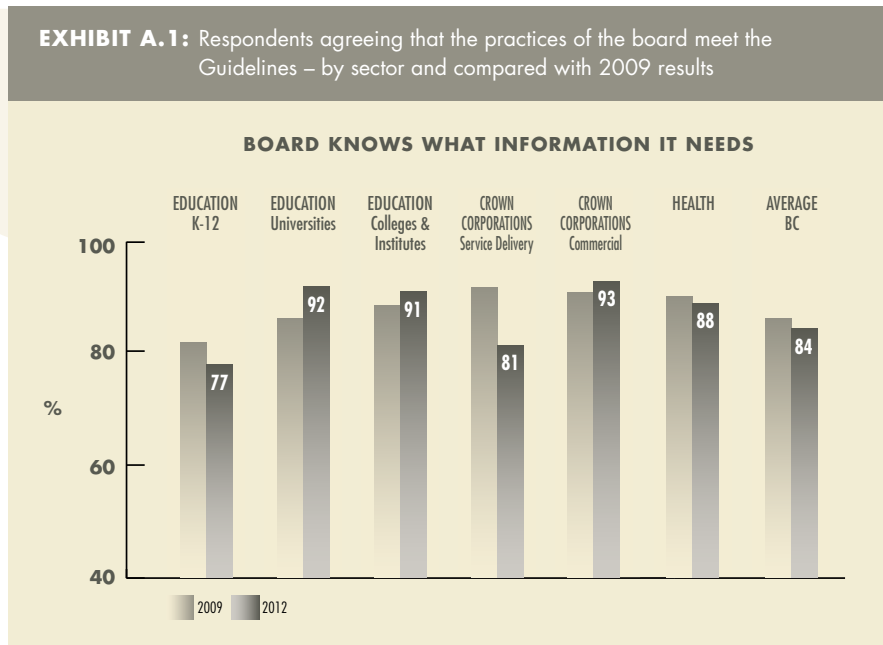
We intend to revisit the area of board use of information in three years' time to continue monitoring progress and providing organizations with information to help them address their specific governance needs. We also intend to continue conducting governance examinations of Crown agencies across the different sectors in British Columbia's public service.

Note: The reference to “the Guidelines” in the exhibit titles refers to our Office’s 2009 guidelines for information use by boards of public sector Crown organizations. See Appendix B for details on the guidelines.

Criterion 1 – The board knows what information it requires

Understanding of the information the board requires was the one area of good practice where 2012’s results were lower than 2009’s, although the difference is small (just over 1 percent; see Exhibit A.1). Commercial Crown corporations and two education sectors showed an improvement: universities; and colleges and institutes.

EXHIBIT A.1: Respondents agreeing that the practices of the board meet the Guidelines – by sector and compared with 2009 results

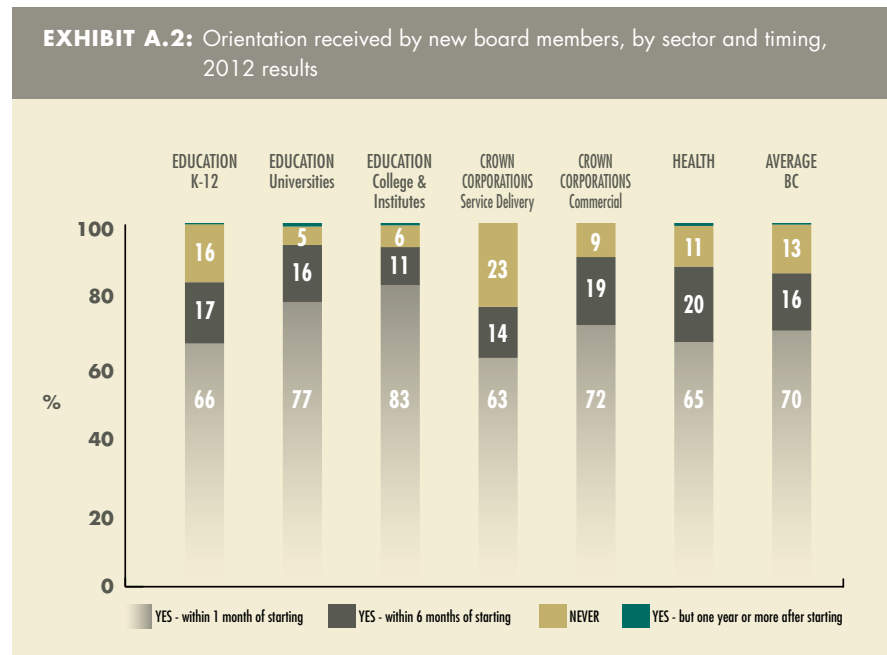


While most board members understand their responsibilities, some boards have charters and guidelines that need to be updated and orientation practices need improvement

Across all sectors, board members generally feel they are aware of their board’s policies and procedures. However, only one in five board members who have less than 1 year experience share this understanding. The reason may be that across British Columbia, a fifth of board members indicated that their organization either lacks a board charter or has a charter that needs updating to ensure coverage of good governance practices.

Orientations are important. Board members may have specific expertise when they come onto the board but they do not necessarily have experience of public sector board governance. Lack of orientation can compromise their ability to know what information they require.

The survey results show there is room for improvement across British Columbia’s public sector boards, with more than one in 10 board members never receiving an orientation (see Exhibit A.2). This result shows a slight worsening since 2009, and the decrease occurred in all six sectors, but most notably for the service delivery Crown sector. In addition, one in 15 board members received an orientation more than a month after joining the board, which means they are likely to have attended at least one board meeting and been expected to participate in decision making before receiving their orientation.



Most board members report understanding their organization

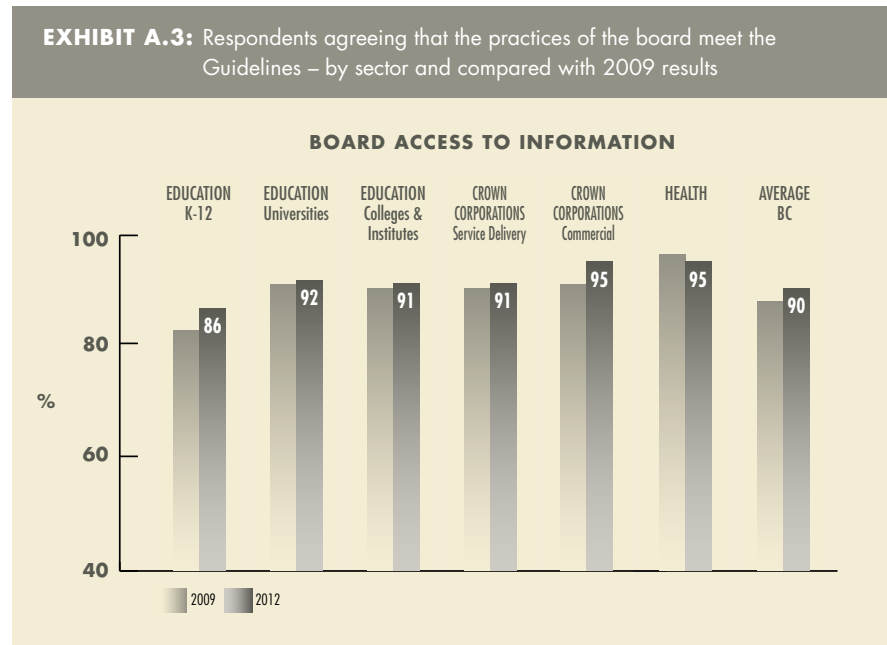
Most board members report being knowledgeable about their Crown organization’s mandate, programs and services and are aware of the organization’s human, monetary and physical capital, as was the case in 2009. However, newer board members are less confident in their knowledge of the organization’s capital required to achieve its objectives, and the universities sector showed a decrease in board members’ knowledge in this area from 2009.

Most board members report understanding their organization’s operating environment and clients, but fewer than in 2009

While results are still generally positive, board members’ knowledge of the external environment decreased from 2009. The K–12 education sector in particular showed a decrease in its results from 2009 in this area. Newer board members had the lowest score, with one in five not agreeing that they had sufficient knowledge in this area.

Criterion 2 – Board members have access to the information they require to fulfil their responsibilities

Most board members report having access to the information they require, and there has been an improvement in this area since 2009 for all sectors except health (see Exhibit A.3). While this sector’s results are still high, the results were lower than in 2009.



Most board members have access to the information they require

The surveys showed that many areas are working well across all sectors, as in 2009.

For example, almost all boards report that:

- the information they require does exist;
- the board is proactive in its efforts to meet its information needs;
- the board requests information from both management and external sources; and
- the board documents meeting minutes related to key discussions and decisions for reference purposes.

Some areas have room for improvement, similar to 2009:

- Some corporate representatives feel the board does not always communicate its information needs to management (18 percent), although board chairs feel this expectation is largely met.
- Some board members in the K–12 education sector feel the information provided is not timely and current (17 percent) and that the reports they receive do not adequately link financial and non-financial data (16 percent).

Education sector boards have seen an improvement in several areas since 2009

The colleges and institutes sector showed an improvement since 2009 in the provision of information that links financial and non-financial information.

The K-12 and universities sectors showed an improvement in board members' agreement that the board chair takes responsibility for informing board members on decision items. Still, there is room for improvement in this regard, with the K-12 sector scores being lower than those in the other sectors.

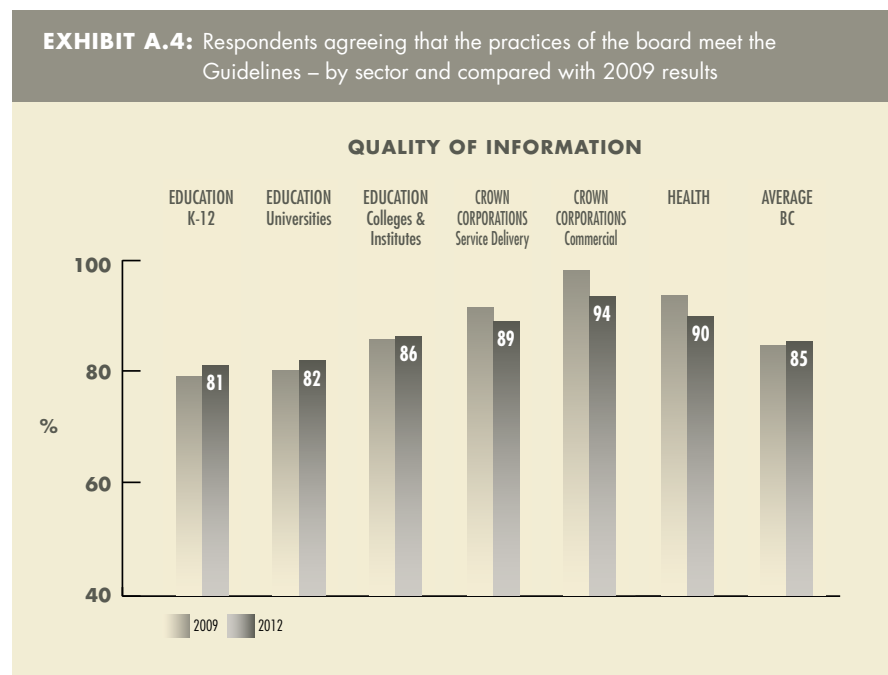
Boards do not always gather information in a cost-effective manner

As in 2009, almost every third corporate representative felt the board's information requests were not focused solely on information required to fulfil its responsibilities. Similarly, one in four board chairs felt that information requests were not always focused on the information required to fulfil board responsibilities.

Criterion 3 – Board members have access to high-quality information

Overall, there was a minor improvement in the area of information quality since 2009, which was a result of improvement in the three education sectors (see Exhibit A.4).

The Crown corporation and health sectors showed a decrease, although they remain the top three sectors for this criterion.



The information received by the board is not always presented in a way that facilitates understanding

Board members across the sectors generally feel information presented to them is clear, as was the case in 2009. However, there are several other areas with room for improvement:

- Boards need to ensure information focuses on critical issues.
- Boards should ensure information is tailored to board member needs, with an appropriate level of detail. Commercial Crown corporations are doing the best in this area, while K-12 and universities are at the lower end. However, there was some improvement in this area for the K-12 sector from 2009.
- Especially for newer board members, improvement is needed to ensure information facilitates a level of understanding necessary for decision making. There was an improvement in this area for the universities sector from 2009.

Board members are not always fully confident the information they receive is complete and accurate

Board members across the sectors identified a number of gaps in the completeness of the information they receive. Almost one in five board members feel they do not receive information that:

- compares performance with plans;
- provides a historical context; and
- is forward looking.

An even higher proportion of board members feel the information they receive does not adequately:

- explain options and trade-offs; and
- explain the consequences and background of decisions.

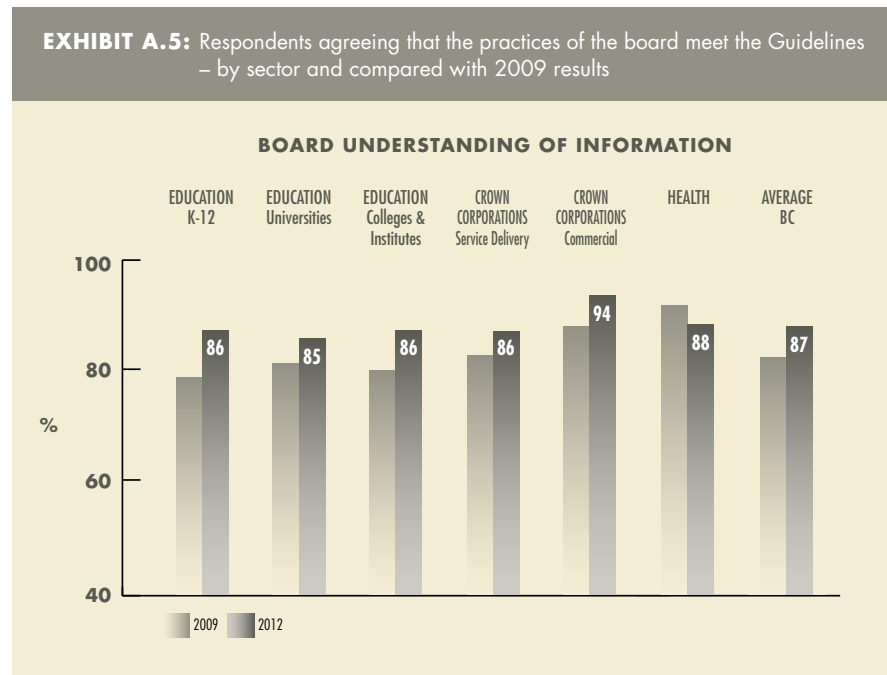
The education sectors have the lowest scores across these areas, but the health sector and service delivery Crown corporations also have room for improvement with respect to the completeness of information.

Board members largely feel confident voicing concern when they think more information is required

On average, board members are comfortable voicing concerns when they do not feel they have received the information they require. The three education sectors had lower agreement than the other three sectors. The universities sector showed a decrease in board member agreement in this area since 2009.

Criterion 4 – Board members understand the information they receive

Overall, results improved notably in this area from 2009. However, the health sector showed a decrease (see Exhibit A.5).



There are some challenges to board members’ ability to understand the information they receive

Almost one in five board chairs feels the board is not composed of directors with the right mix of educational backgrounds, skills and experience. University sector and commercial Crown board chairs do not have concerns in this area, but the other sectors’ responses showed there is room for improvement.

It is important that boards provide training to members on their responsibilities, as part of their efforts to ensure that board members are able to understand the information they receive regardless of the educational backgrounds, skills and experience they bring to the board. The survey results showed that there is training being provided to boards on their responsibilities, but there is still room for improvement. The K–12 education sector board members had the highest level of agreement that they are being provided with training opportunities to assist them in conducting their board responsibilities. This is encouraging, given that they may come into their roles with little experience in board governance.

As with orientations, though, the content of training can influence board effectiveness. In *School District Board Governance Examination*, in which we report on governance in three boards in the K–12 education sector, we found that training for school boards could be strengthened with respect to communicating government’s public sector board governance best practices as applicable to school boards.

The development of a framework or template for the provision of information could help board members better understand the information they receive

One in five corporate representatives reported they do not have a formal documentation template for providing information to the board when decisions are being requested. This has not changed since 2009.

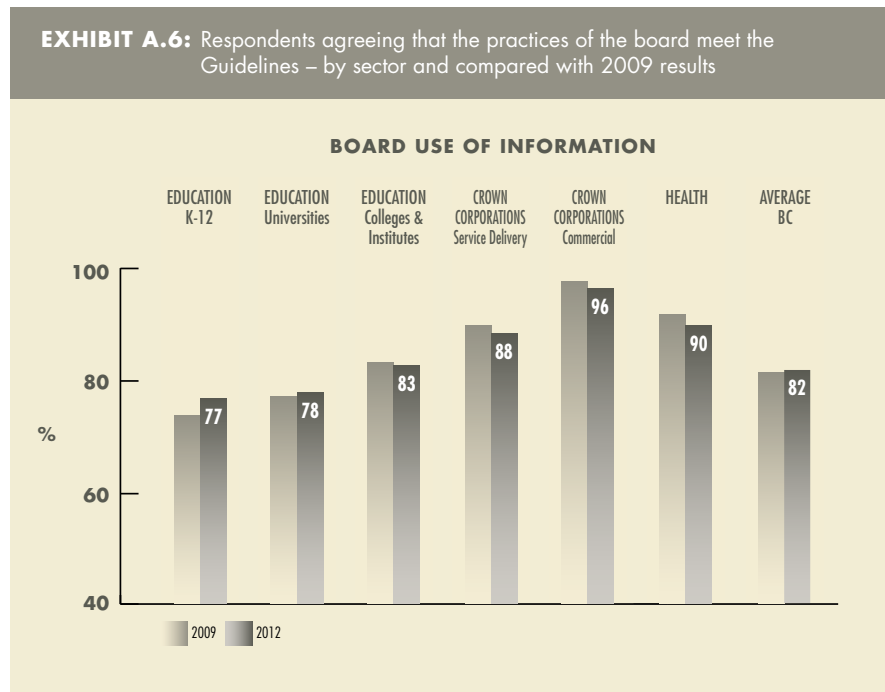
Board members, nonetheless, do feel they have access to resources, including qualified staff, to assist them with interpreting the information they receive. However, fewer of the K-12 sector board members felt they had this access in 2012 than in 2009, suggesting there is room for improvement here.

As noted above, though, management had concerns that boards' information requests may not always be focused on information that is relevant to their decision-making needs. A framework for the provision of information could help ensure that staff resources are used efficiently.

Criterion 5 – Board members use the information they receive

Overall, there was a small improvement in this area from 2009 (see Exhibit A.6).

This was largely related to the improvement in the K-12 sector. All others sectors except universities showed a decrease in this area.



Some boards are operating without a decision-making framework

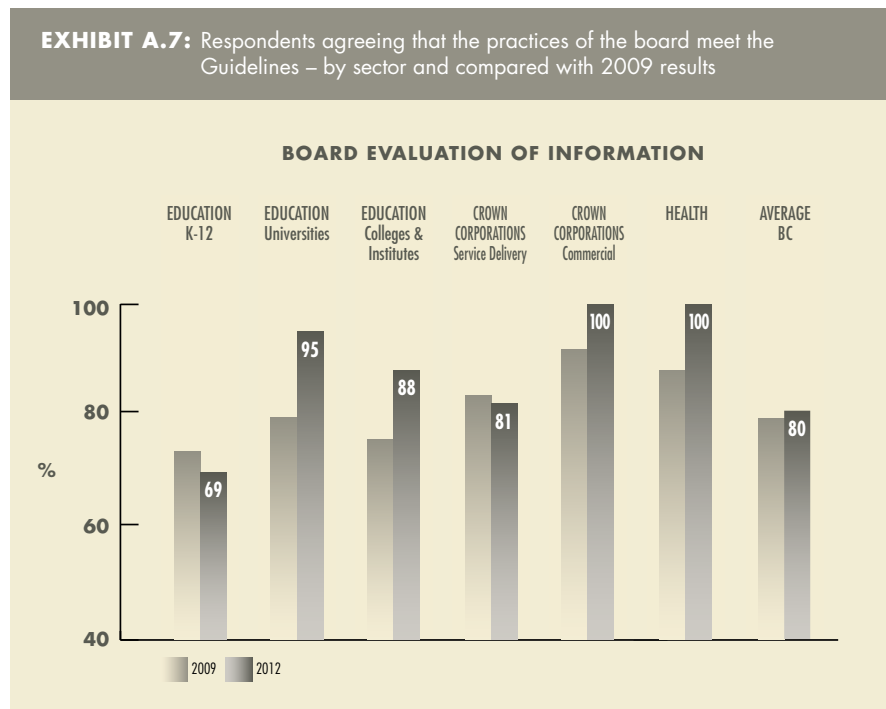
One of the challenges to board members’ ability to use the information they receive is that many are lacking a decision-making framework, particularly in the education sectors. This has not improved since 2009. Almost one in five board members feels that the decision-making process does not adequately take into consideration the risks involved. Thus, there is room for improvement in ensuring that board debates are being guided by appropriate and sufficient information.

It is critical for board members to have sufficient time to understand the information provided to them before the board meetings. This can be challenging given the pace of change in many public sector organizations’ operating environment.

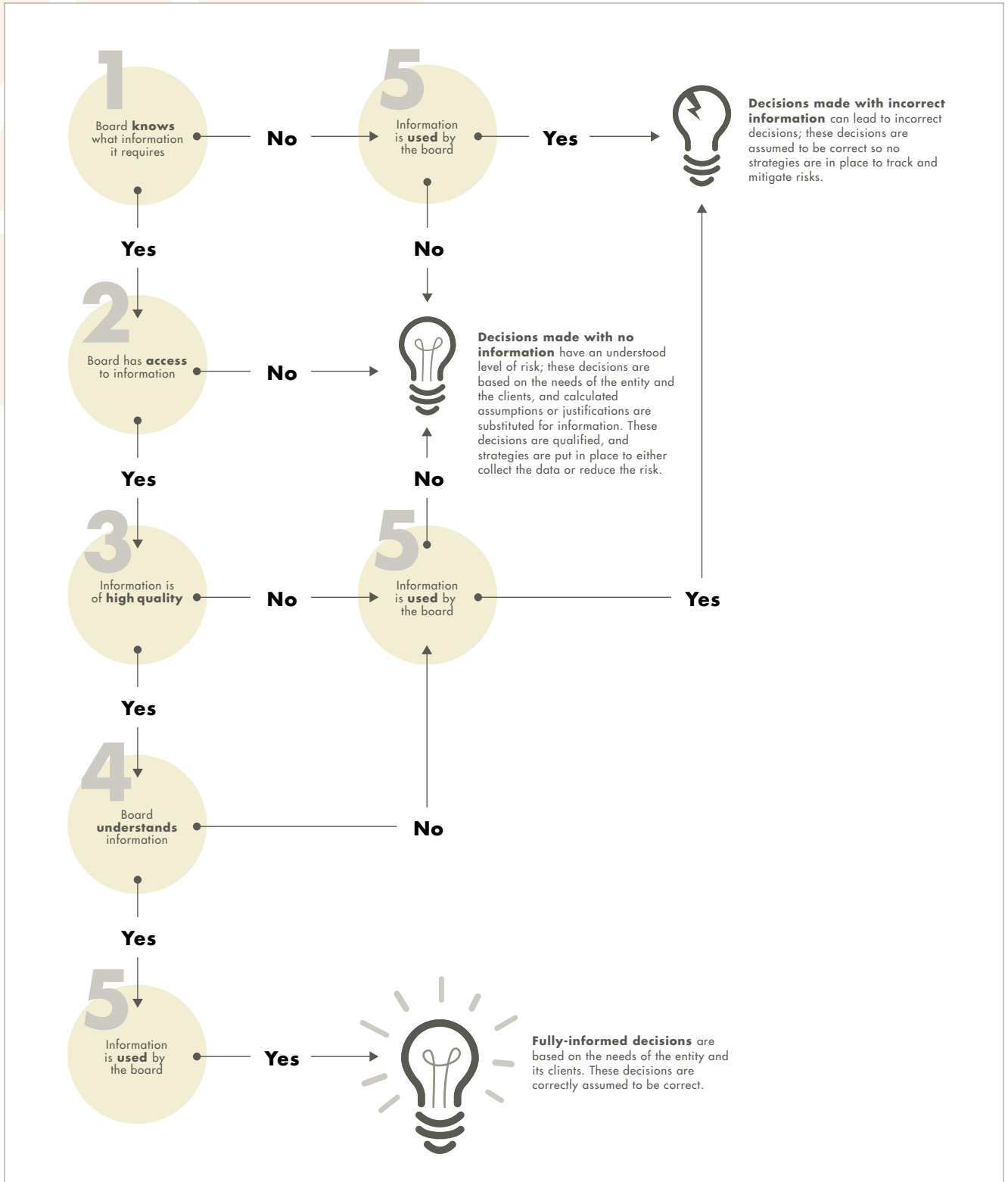
In all, 15 percent of board members do not feel they have sufficient time to understand information before meetings. Only the board members in the health and Crown corporation sectors expressed widespread comfort with the amount of time available to them. The universities sector had a decrease from 2009 in board members who feel they have sufficient time.

Criterion 6 – Board members evaluate the quality and quantity of the information they receive

Overall, there was some improvement in this area since 2009, and for all sectors except K–12 and service delivery Crown corporations the improvement was marked (see Exhibit A.7). However, evaluating information is also still the area where the overall score is the lowest of all criteria scores, indicating there is considerable room for improvement here.



Understanding Board Use of Information⁵



⁵ Developed by the Office of the Auditor General of British Columbia.

Office of the Auditor General of British Columbia's Guidelines for Board Use of Information: Summary



1. *The board knows what information it requires*
 - 1.1 Board members understand their responsibilities
 - 1.2 Board members understand their organization
 - 1.3 Board members understand their organization's operating environment and clients



2. *Board members have access to the information they require to fulfill their requirements*
 - 2.1 Board members have access to all of the information they require
 - 2.2 The board gathers information in a cost-effective manner



3. *Board members have access to high-quality information*
 - 3.1 Information is tailored to their needs
 - 3.2 Information received by board members is complete
 - 3.3 The information presented to the board is substantially correct



4. *Board members understand the information they receive*
 - 4.1 The board has the ability to understand the information
 - 4.2 Information presented to boards is clearly explained



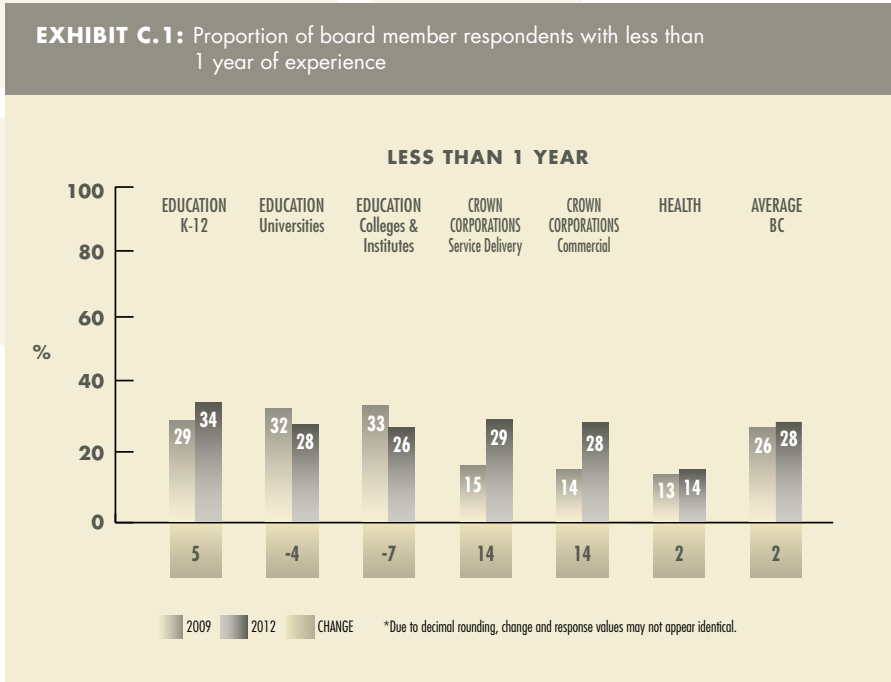
5. *Board members use the information they receive*
 - 5.1 Board members have adequate time to discuss and debate information pertaining to decisions prior to making them
 - 5.2 The board uses sound decision-making processes, such as a decision-making framework
 - 5.3 Appropriate information is used to make decisions



6. *Board members evaluate the quality and quantity of information they receive*
 - 6.1 The entire board and its committees devote time to scrutinizing the quantity, quality and the timeliness of the information they receive from management and other sources

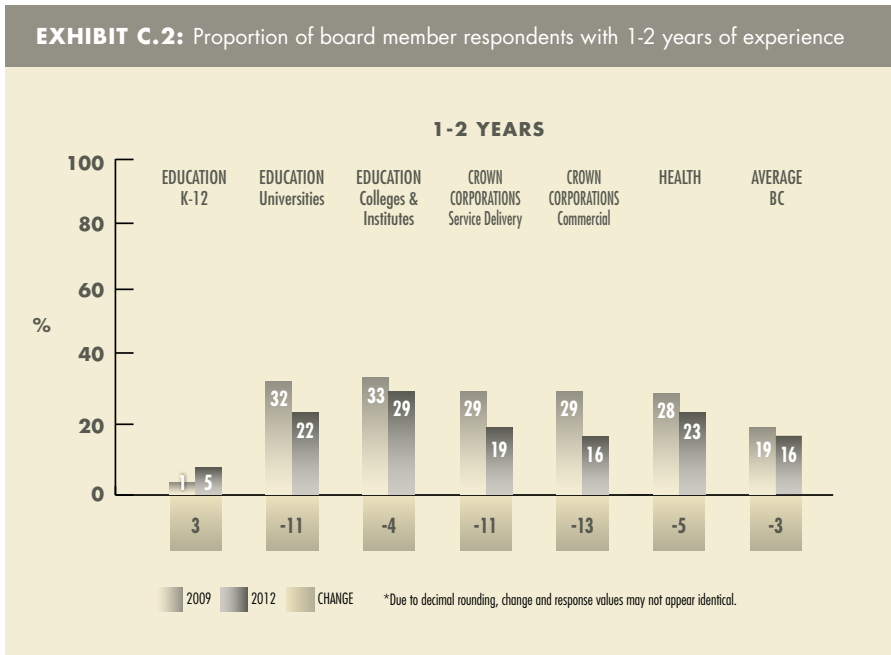
The following four graphs, Exhibits C.1 through C.4, show the changes in the survey respondent groups between 2009 and 2012 with respect to the years of experience they have had on their board. As noted in the report, the respondents' level of agreement with the good practice guideline statements increased with their years of service on the board (see Exhibit 6 above). Therefore, changes in the composition of the survey respondent group in each sector could have been a contributing factor to changes in the sector's survey results.

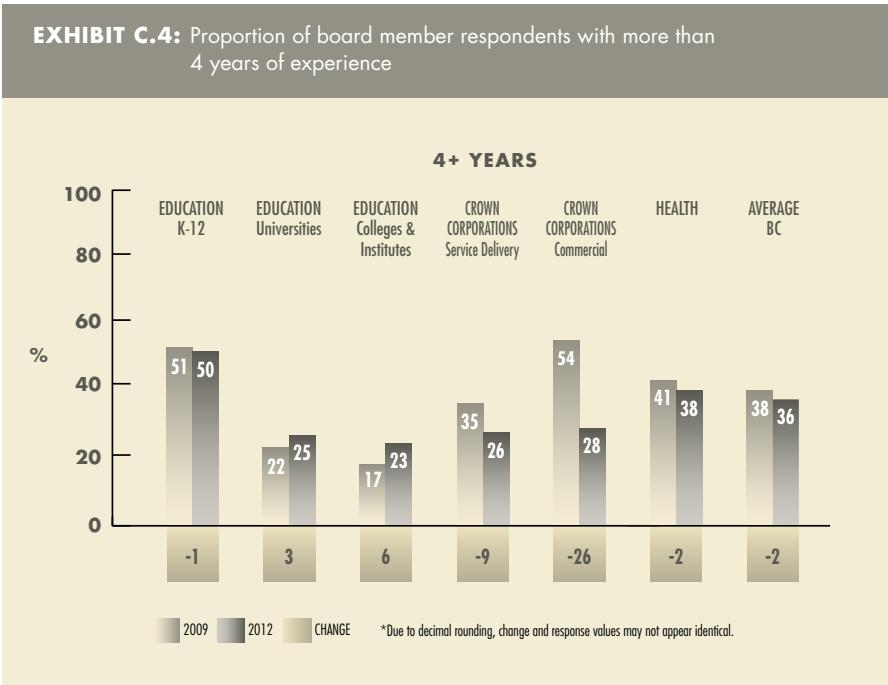
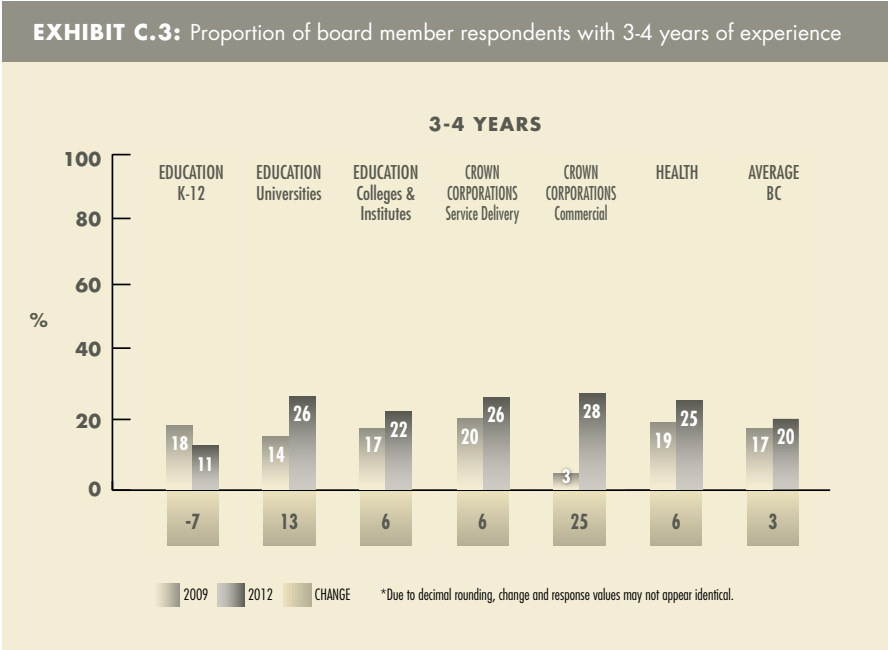
EXHIBIT C.1: Proportion of board member respondents with less than 1 year of experience



Note that the numbers have been rounded, which has resulted in some cases in the difference between 2009 and 2012 numbers looking slightly off from what would be expected if they were whole integers.

EXHIBIT C.2: Proportion of board member respondents with 1-2 years of experience







OFFICE OF THE
Auditor General
of British Columbia

Location:

8 Bastion Square
Victoria, British Columbia
V8V 1X4

Office Hours:

Monday to Friday
8:30 am – 4:30 pm

Telephone: 250-419-6100

Toll free through Enquiry BC at: 1-800-663-7867
In Vancouver dial 604-660-2421

Fax: 250-387-1230

Email: bcauditor@bcauditor.com

Website:

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