



# **Governance Expectations of Alberta's Health Authority Boards**

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## Message from the Minister

You have accepted a solemn responsibility. Governing the delivery of health care in your region will directly affect the quality and availability of health care for everyone in the communities you have been elected or appointed to represent. Your decisions will affect lives and quality of life now and for years to come.

You are not alone in meeting this responsibility. Legislation provides you with a legal framework; my ministry provides policy direction, develops the provincial business plan and offers business planning assistance. Ministry staff will provide fiscal, accountability and other directions. I will continue to represent your interests within the Alberta government, with other provinces and territories, and to the federal government.

*Governance Expectations of Alberta's Health Authority Boards* clarifies and consolidates the key information on which you will rely. It outlines the scope of your responsibilities, the provincial government's expectations, your performance criteria, and more.

As a health authority member, you are part of a larger health partnership that includes professional colleges and associations, contracted service providers, patients and communities, along with government. This extended team is pleased to welcome you, or welcome you back, as a colleague in mapping the future of our health system.

The challenges are significant, but I believe, together, we can build a health system that will meet Albertans' needs today, and for years to come.

Sincerely,

Gary G. Mar, Q.C.  
Minister of Health and Wellness

## GOVERNANCE EXPECTATIONS OF ALBERTA'S HEALTH AUTHORITY BOARDS

### **Purpose**

This document is intended to clarify expectations the Minister of Health and Wellness has of Alberta's health authority boards, defined for this purpose to include both regional health authorities and provincial health boards. It deals with expectations of governance, which are distinct from management and operational responsibilities. While some of the specific messages within the document are directed toward regional health authorities, the general governance content applies equally to provincial health boards.

The content builds on responsibilities outlined in the *Regional Health Authorities Act* and Regulations, the *Cancer Programs Act*, and other legislation, and on expectations in documents such as the *Health Authority Business Plan and Annual Report Requirements*. An assessment instrument to guide boards in monitoring and evaluating their performance is provided as a companion document.

### **Vision for Health**

The Government of Alberta's vision for health is "*Citizens of a healthy Alberta achieve optimal health and wellness*". It is a long-term vision that recognizes the link between the health of the economic, social and physical environments and the health of people. Health services are just one of many influences on the health of Albertans.

The overall objective of a health authority board is to maintain and enhance the health status of their population. As well, the board of a health authority establishes how the health authority can best contribute to the achievement of the overall vision for health in Alberta, and is accountable for its performance in governing health care.

### **Accountability Context**

In 1998, the Minister of Health released the document *Achieving Accountability in Alberta's Health System*, and an updated version was issued in 2001. The document outlines the roles,

responsibilities and reporting relationships of the major players in the health system. Within these formal relationships, accountability is defined as *the obligation to answer for the execution of one's assigned responsibilities to the person or group who conferred the responsibilities*. One is responsible for something and accountable to someone.

In Alberta, health authorities have responsibilities conferred upon them by the Legislative Assembly, primarily through the *Regional Health Authorities Act*, the *Public Health Act*, the *Hospitals Act*, the *Cancer Programs Act*, and the *Nursing Homes Act*. Section 5 of the *Regional Health Authorities Act* defines the primary responsibilities of regional health authorities:

- Promoting and protecting the health of the population in the region and working toward the prevention of disease and injury
- Assessing the health needs of people living in the region
- Determining priorities for the provision of health services in the region and allocating resources accordingly
- Ensuring reasonable access to quality health services is provided in and through the region, and
- Providing health services in a manner that focuses on the needs of individuals and communities and supports integration of services and facilities in the region.

In carrying out their responsibilities, health authorities are subject to direction from the Minister, who must ensure alignment of health authority priorities with overall health system directions. The boards of the health authorities are *accountable* to the Minister of Health and Wellness for the fulfillment of their governance role.

Once members of regional health authorities are elected and appointed, and take their oaths of office, regional health authorities are also *accountable*, as governing bodies, to the residents of their regions.

While regional health authorities have responsibilities for their medical staff, employees and other stakeholders, regional health authorities are not accountable to these individuals – they are *answerable* to them. This means that they are obliged to provide

information and explanation to stakeholders but they are not subject to direction or sanctions from them.

Individual members of regional health authorities, both elected and appointed, are *accountable* to their respective health authorities – individual members' responsibilities are determined by the authority's bylaws.

### **Governance Definition and Scope**

Governance is *the process of exercising corporate leadership by the policy-making authority for the organization as a whole in terms of its purpose, control and future and overseeing the organization to ensure that its mandate is achieved.*  
*Organization* is defined as the health authority.

The Minister's expectations of boards are set out within the following broad headings:

- A. Overall Direction and Planning
- B. Relationships
- C. Fiscal Management
- D. Risk Management
- E. Monitoring, Evaluation and Reporting
- F. Board Performance

### **Assessment of Board Performance**

It is expected that a health authority board will assess its own performance on an annual basis, as a method for identifying strengths and challenges, and for ongoing improvement of its governance performance.

In addition, the Minister may choose to assess the performance of a board through any or all of the following means:

1. Ongoing monitoring and reporting (e.g., through business plans, annual reports, financial reports, etc.)
2. Request for summary of board's self-assessment
3. Discussions with the board
4. Independent audit or operational review

## **Remedies to Address Performance Issues**

For situations in which the Minister has cause for concern about the governance performance of a health authority board, the *Regional Health Authorities Act* gives the Minister authority to take actions, including:

- providing direction to the board
- replacing the board chair with another member of the authority
- removing the board and replacing it with an official administrator.

## GOVERNANCE EXPECTATIONS

### A. OVERALL DIRECTION AND PLANNING

The board is expected to:

**A1. Define the vision, mission and values of the health authority, ensuring public and other stakeholder input**

Statements of organizational vision, mission and values that are clearly defined and put into action are a basic element of effective governance. An organization's vision should reflect the future to which it aspires. Its mission is its reason for existing and its values are the principles that guide the organization. In developing the organization's vision, mission and values, the board is required to align its focus with provincial goals and direction.

Together, the vision, mission and values help to set the overall direction, guide decision making and provide a framework against which decisions and actions can be evaluated. Vision, mission and values should be developed with active involvement of the public, staff, physicians, other health professionals and other key stakeholders, and should be communicated throughout the organization and to the public.

**A2. Ensure that the health status and health needs of the population being served are assessed on an ongoing basis**

The assessment of health status and health needs is the foundation of planning. It involves gathering relevant, reliable and valid information from a variety of sources about health status, health determinants, community resources, service utilization patterns and health needs. While a health authority board may not be directly involved in this activity, it is responsible for the assessment and must assure itself that relevant information has been gathered and assessed.



**A3. Establish strategic directions, key expectations and performance measures for the health authority**

The board defines the strategic directions for the organization that senior management must implement. These directions are defined through a strategic planning process, which takes into account information on health status and health needs of the population being served, health determinants, service utilization, community resources and provincial directions. A main role of the board is to provide directional leadership for the health authority, with periodic evaluation of strategic decisions within a changing environment.

The board also defines, at a high level, the expectations or desired results for the organization, taking into account the overall provincial goals and directions, and identifies key measures for assessing progress toward these expectations.

**A4. Determine health services priorities**

Health services include those directed at health protection and promotion, illness and injury prevention, diagnosis, treatment and support. These services may be delivered at the individual or population level. The board sets priorities for health services, within available resources, based on health status and health needs, relevant legislation, and direction from the Minister. The priority-setting process should involve consultation with the public and other key stakeholders.

**A5. Provide policy leadership to the organization**

Policy-making is an important role of governing boards. Health authority boards are expected to establish and periodically review the organization's policies and bylaws. It is the responsibility of management to implement the bylaws and policies developed by the board. This is the main distinction between the role of the board and that of management.

**A6. Comply with legislation, regulations, provincial policies and Ministerial directives**

Legislation, regulations and provincial policies set out the framework for health authorities. Based upon these, health authority boards create specific bylaws for their organizations which may require formal approval from the Minister of Health and Wellness. As well, boards may receive direction from the Minister in accordance with legislation.

**A7. Allocate resources for delivery of services**

The board must ensure that the health authority allocates resources in a manner that will provide for the sustainability of programs and services over the long term. It must also ensure that services are resourced, organized and delivered in ways that reflect its population's unique characteristics and needs, as well as reflecting overall provincial directions and priorities.

**A8. Ensure the planning and delivery of quality health services**

The board must ensure that the delivery system provides reasonable access to health services that are appropriate, safe, effective, cost-efficient and acceptable to the users and the system. The board must also ensure that services are integrated and coordinated within and across regional boundaries and provincial programs, and that they contribute to the quality of the overall health system for Alberta.

This expectation applies whether services are delivered directly by the health authority or by contracted providers. All contracts with voluntary and private providers must include provisions to ensure that providers are accountable to the board for health authority resources used and the standard of care delivered and that providers are in compliance with legislative and regulatory requirements.

**A9. Develop and submit to the Minister of Health and Wellness a business plan for the health authority, and report on performance relative to the plan**

Each year, the board must submit a business plan to the Minister of Health and Wellness for approval, in accordance with the *Government Accountability Act* and any Ministerial directives, including Health Authority Business Plan and Annual Report Requirements. At the end of the year the board is expected to report on actual performance against the plan, highlighting positive results as well as explaining any variations from the plan.

**B. RELATIONSHIPS**

**The board is expected to:**

**B1. Fulfill its accountability to the Minister of Health and Wellness**

The boards of the health authorities are accountable to the Minister of Health and Wellness. The board must submit annual reports comparing results achieved with business plan goals and targets to the Minister for approval. The annual reports are tabled in the Legislative Assembly as partial fulfillment of the Minister's accountability to the Assembly.

Quarterly financial reports are required from all health authorities and additional reports may be required by the Minister. When necessary, boards are also expected to make representation to the Minister regarding issues at the provincial level that may affect the achievement of health goals for the organization. As well, boards must keep the Minister appropriately informed of any other factors impacting business plans.

**B2. Establish a sound process for recruitment, appointment and evaluation of the Chief Executive Officer**

The board hires a Chief Executive Officer (CEO) to carry out the work of the organization as defined by the policies and plans formulated by the board. Ensuring that the CEO has the necessary qualifications, setting clear

expectations and regularly evaluating the performance of the CEO will enable the board to have well-founded trust and confidence in the CEO. At the same time, it will confirm for the CEO that the board has confidence in his/her ability and ongoing performance in fulfilling the expectations of the board.

**B3. Establish an effective working relationship with the Chief Executive Officer**

Effective governance requires a distinction between issues to be addressed by management and those of concern to the board. It is not the role of the board to become directly involved in operational issues within the organization; this role is delegated to the CEO. The board delegates powers and authority to the CEO through bylaws and policies, which set the parameters of decision-making and conduct. Such bylaws and policies must clearly describe what is being delegated. The key to a successful relationship between the board and the organization is the degree to which the board and the CEO are able to work in partnership, doing what each is delegated to do.

**B4. Ensure a succession plan is in place for senior executives**

The board must establish a succession plan which will enable the health authority to operate effectively in the event that the CEO or other key executives leave the organization. The plan needs to consider temporary appointment, recruitment, personal and professional attributes and qualifications, training for internal candidates or prospects, and the role of the board and executive during the transition.

**B5. Ensure the appointment of a Medical Officer of Health**

Each regional health authority must appoint at least one Medical Officer of Health and executive officers, as required under the *Public Health Act*. These individuals are then accountable to the board for carrying out duties under the *Act*. This may be fulfilled either through direct reporting to the board or through a reporting relationship

to the CEO. Within certain provisions under the *Public Health Act*, the Medical Officer of Health may act independently of the board to safeguard public health.

**B6. Grant physicians and other health care practitioners access to health care facilities**

The board is responsible for ensuring an effective means of granting and appointing hospital privileges to physicians, and appoints them to the medical staff of the hospitals it owns or operates. The board must ensure its medical staff prepare and adopt medical staff bylaws, which must be approved by the Minister. The board may grant other health care practitioners access to health care facilities.

**B7. Develop an effective working relationship with physicians**

It is important that the health authority maintain positive, functional relationships with physicians. This includes ensuring that physicians who practice in the region, but who are not directly employed or privileged by the health authority, have a formal means of accessing the board for the purposes of identifying issues and having input into board decisions. As well, the board should seek other means to interact with physicians.

**B8. Ensure that staff have input into decision making**

The board needs to ensure that the views of professional, technical and other staff are solicited and considered. While the board will rely to a large extent on the CEO and senior staff, it should also ensure that other staff have been consulted whenever it is appropriate, and at least annually during the business planning process. The vehicles for such input could include a formal professional-technical advisory committee.

**B9. Establish processes for effective public input**

The board needs to ensure that it is aware of the expectations and concerns of its public(s) when making key decisions. It is up to each board to determine which techniques for obtaining public input work well within the populations served. The *Regional Health Authorities*

*Act* requires each RHA board to establish at least one community health council as a mechanism for receiving public input. RHA board meetings, with few exceptions, are to be open to the public.

**B10. Establish ongoing communication with the population being served**

The board must ensure that the health authority has comprehensive and effective communications processes that inform people how to obtain services, how to register concerns, how to deal with health emergencies, etc. It is the responsibility of the board to communicate to the population it serves about the strategic directions and priorities of the health authority. The board should take a proactive approach in communicating about the health authority, its mandate, scope, activities and results. Approved business plans and annual reports must be available to the public. A desired result of an effective relationship with the public is that the public has confidence in the health authority board.

**B11. Develop alliances and/or partnerships with other organizations**

The board is responsible for developing effective external relationships that will assist in improving the health of its population and of all Albertans. This requires working effectively with other regional and provincial health authorities to ensure that Albertans have access to a full range of health services that are coordinated both within and across regional boundaries. It also includes developing partnerships with other organizations to protect and promote health, to prevent disease and injury, and to promote sustainability of the health system.

Such organizations may include: community groups, municipal councils and their administrations, school boards, colleges and universities, social agencies, regulatory bodies of the health professions, provincial and federal health bodies, government departments, housing agencies, etc.

## **C. FISCAL MANAGEMENT**

**The board is expected to:**

**C1. Submit an annual budget and deliver services within the approved budget**

The health authority board is responsible for the development of a sound financial plan and for operating within available resources. It is expected that budgeted expenditures will not exceed budgeted revenue. The annual budget will outline the resource allocation in keeping with the authority's strategic directions and objectives, and with provincial requirements. It will also confirm that resources are available to support planned services, programs and capital equipment replacement. In some cases, the budgeting process will involve difficult decisions and choices by health authority boards.

**C2. Safeguard the organization's resources through sound fiscal policies and effective internal controls**

The organization's human, information, capital and financial resources must be protected and its financial position regularly reviewed. Responsibilities include managing additional sources of funds such as donations. The board must ensure that the health authority operates on a sound fiscal basis and, thus, may require regular internal reviews of financial performance relative to targets. At a minimum, this includes the board's review of quarterly financial reports which are submitted to the Minister. The board should also establish a process to assure itself that internal controls are effective and that information provided to the Ministry to allow the Minister to discharge his responsibilities is accurate, valid and complete.

**C3. Commission an annual independent financial audit**

The board must commission an annual audit of the health authority's financial statements by an independent auditor. Where the Minister or legislation does not appoint the Auditor General of Alberta as the auditor, the board should have a process to appoint the auditor. In addition, the board should have mechanisms in place to

ensure that the CEO follows up and reports back to the board on recommendations arising from the annual audit.

## **D. RISK MANAGEMENT**

**The board is expected to:**

### **D1. Identify risks to the organization and ensure policies for risk management**

The board is responsible for the identification and mitigation of risks. The focus of risk management at the governance level is to minimize loss (e.g., financial loss, loss of reputation, etc.). Sources of risks may include: service delivery, medical staff regulations and procedures, fiscal matters, information privacy, purchasing practices, board member behaviour, conflict of interest, etc. The board should ensure that policies and processes are in place to minimize loss (some examples are: insurance coverage, code of ethics, contract management, signing authority and investments).

### **D2. Advise the Minister of risks to the organization**

The board is expected to provide timely advice to the Minister of Health and Wellness of any substantial risks to the organization. Each health authority business plan submitted to the Minister should be accompanied by documentation outlining the related assumptions and risks. As well, the board should communicate through the annual report and through such other reports as may be required by the Minister, how risks were managed.

### **D3. Ensure that a concerns resolution process is in place**

Having a sound process in place to receive and resolve the concerns of service recipients and other stakeholders is a necessary component of effective risk management. This includes ensuring that processes are in place for the protection of persons in care.

Public and staff must be kept informed of appropriate means of raising concerns. An effective concerns resolution process also assists in building confidence with the public and in improving service quality.



**D4. Ensure that the health authority protects the privacy of information**

The board is responsible for ensuring that the health authority protects the privacy of information and uses information only for appropriate and legal purposes. An appropriate balance must be found between protecting privacy and sharing information. The board is required to comply with all confidentiality and privacy legislation, for example, the *Freedom of Information and Protection of Privacy Act*, and the *Health Information Act*.

**E. MONITORING, EVALUATION AND REPORTING**

The board is expected to:

**E1. Ensure that processes are in place to monitor, evaluate and continuously improve the quality of health services, within available resources**

The board has overall responsibility for protection and promotion of health, prevention of disease and injury, and the delivery of quality health services. While it delegates a wide range of responsibilities to the CEO, the board is accountable for the quality, timeliness and nature of monitoring and reporting.

The board and the CEO typically work together to define organization-wide desired results and performance measures, within the context of provincial measures and targets. They should also establish the boundaries of acceptable performance, within available resources.

**E2. Ensure the organization's information systems and management practices meet the board's and the Minister's need for information**

Health authorities' information systems and management practices should provide operational, financial and other performance information required by the board and the Minister of Health and Wellness. Such information should be relevant, reliable, understandable and timely. Information systems should comply with provincial information standards and contribute to the development of a provincial health information system.

**E3. Assess and report on the health authority's performance in addressing the health needs of its population**

The board ensures that information is gathered to assess and report on the overall performance of the health authority. Periodic evaluation of strategies, programs and services, in terms of their responsiveness to health needs and their impact on desired health outcomes, is an important component of effective governance.

**E4. Ensure processes are in place to monitor, evaluate and continuously improve the quality of work-life**

Although it is the responsibility of management to develop and manage the quality of work-life within the health authority, the board should require the establishment of mechanisms to monitor and evaluate the quality of work-life and provide direction to management as needed.

**F. BOARD PERFORMANCE**

The board is expected to:

**F1. Develop processes for the orientation and ongoing education of board members**

Given the complexity of a health authority, the board must ensure an orientation for new members to their roles. A comprehensive orientation program for each board member is essential for personal and board effectiveness. In addition, a process to ensure ongoing education of board members should be implemented.

**F2. Make clear and informed decisions which are the collective responsibility of the board**

Good decisions result from sound processes. Regardless of the make-up of the board (appointed or combination of elected and appointed), or how experienced the board is, it should utilize an explicit process of decision-making, and all members should be prepared to support the final decisions. Such decision-making processes include:

adherence to procedural bylaws, committee review, public and professional input, report by the appropriate department, sign-off and recommendation by the CEO as appropriate.

**F3. Ensure transparency of board processes**

Public business should be conducted publicly. The meetings of a board should be public, and should be advertised as such, unless the board determines that public discussion of an issue would impair its ability to carry out its duties or would impact the privacy of an individual. Such exceptions should be rare, since discussions held at a governance level should be appropriate to hold in public. Any resolutions must be passed during the public portion of board meetings. In addition, board minutes must be available to the public for review during the normal business hours of the authority.

**F4. Periodically review, revise if necessary, and ensure compliance with board internal practices and procedures**

The board must ensure that its practices, procedures and guidelines of operation promote sound business practices within the organization and are responsive to change. As well, the board should establish a code of ethics concerning board member conduct.

**F5. Perform an annual board self-assessment and use these results to continuously improve board performance**

The board should assess its own performance at least annually, using the instrument provided as a companion to this document, as well as through other means. This process will identify areas of strength, as well as areas requiring improvement. Assessment results should be used by the board to help make changes to improve its performance.