



Board Evaluation

Item 6

November 30, 2021

Governance, Communication and Human Resources Committee

Report: GCHRC:2021-43

To: Governance, Communications and Human Resources Committee (“GCHRC”)

From: General Counsel and Corporate Secretary

Date: November 1, 2021

PURPOSE:

To propose a renewal of the Board of Director’s evaluation process to continue to assess the effectiveness and performance of the Board of Directors following the procedure approved by the Board in 2017, modified to consider the comments received through the 2020 Board Evaluation process, and to seek the Committee’s input on the nature and quantity of questions being proposed as part of the evaluation process.

RECOMMENDATION:

It is recommended that the GCHRC recommend that the Chair of the Board of Directors:

1. consider an alternative evaluation tool to support the implementation of the 2022 Board Evaluation survey;
2. consider the retainer of an external adviser to assist in the facilitation of the 2022 Board Evaluation survey;
3. approve the Questions, as set out in Attachment 1 to this report, as the basis for the 2022 Board Evaluation survey; and
4. direct the appropriate staff to take all necessary actions to implement the foregoing recommendations.

REASONS FOR RECOMMENDATION:

Decision History

At its February 2020 Board meeting, the Board approved the implementation of a Board Evaluation process.

<https://www.torontohousing.ca/events/Documents/Board/2020%20Board%20Meetings/February%202020%202020%20Board%20Meeting/Item%206C%20-%20Board%20Evaluation%20-%20Board%20Report%20-%20FINAL.pdf>

At its meeting of December 15, 2020 the results of the 2020 Board Evaluation Survey were considered by the Board.

<https://www.torontohousing.ca/events/Documents/Board/2020%20Board%20Meetings/December%2015%202020%20Board%20Meeting/Item%206B%20-%202020%20Board%20Evaluation%20Results%20FINAL.pdf>

Pursuant to its Charter, approved by the Board at its meeting of April 27, 2021, the GCHRC is responsible for “Overseeing the design, implementation, and reporting of an annual evaluation of the performance of the Board, committees, and individual directors and reporting and making recommendations to the Chair of the Board and to the Board as appropriate.”

Pursuant to the Chair’s Mandate, approved by the Board at its meeting of April 27, 2021, the Chair of the Board is responsible for evaluating the Board’s effectiveness and suggesting improvements thereto.

Through the course of the 2020 Board Evaluation process, some concerns were raised by Board members regarding the evaluation process employed for that exercise.

Evaluation Process

The evaluation process permits the Board to measure its governance practices, committee work, knowledge and performance. Attachment 1 sets out a survey of questions for the Board of Directors that were utilized as part of the Board’s 2020 Evaluation exercise in order to assess the Board’s performance, skills, knowledge, and practice. Subject to the GCHRC’s advice in this regard, it is proposed to utilize those same questions as part of the Board’s 2022 Evaluation process in order to provide a consistent evaluation measure of performance and effectiveness, and to track improvement and areas that continue to require assistance.

Google Forms was used to conduct the 2017 and 2020 Board Evaluation process. While this free online tool permits survey responses to be tabulated and information contained in those responses to be analysed, some Directors found it to be problematic in the context of the 2020 process.

A number of alternative survey tools are available that would support this exercise at minimal to moderate cost. At present, the City of Toronto is undertaking the 2021 Toronto Employment Survey through the use of an online survey tool. The Toronto Public Library Board conducts a Board Evaluation survey that it has developed in-house. At present, TCHC employs third parties to conduct its tenant satisfaction and employee engagement surveys. GCHRC and the Board Chair may wish to consider following that same practice on an intermittent basis, beginning in 2022 in order to incorporate insights from a third party into its Board Evaluation process, on an ongoing basis.

At the same time, the costs associated with engaging an external service to conduct a Board Evaluation is wide ranging and informed by the scope of work that is required. While a simple online survey could be conducted, through a third party, at a moderate cost, the cost of the exercise would increase if elements such as individual interviews with Board members was to be added to the scope of contracted work.

The scope of any assignment by the Board, to a third party retained to undertake a Board Evaluation process will need to be informed by the Board's budget governing professional and consulting fees, or the budget for this aspect of the Board's budget increased. Such an increase may need to consider the need for equivalent offsets, within the Board's overall budget.

IMPLICATIONS AND RISKS:

Board evaluation is a process designed to assess performance of the full Board. When it leverages best practices such as evaluation systems with clear and measurable plans for improved performance, a Board is better positioned to meet its mandate.

Upon review of evaluation findings, the Board has an opportunity to revisit practices to ensure effective Board performance. The results will assist with issue identification, tracking a Board or committee's progress, and shaping the Board and Committees' work plans.

SIGNATURE:

“Darragh Meagher”

Darragh Meagher
General Counsel and Corporate Secretary

ATTACHMENT:

1. TCHC Board Evaluation Questions

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Attachment 1 - TCHC Board Evaluation Questions

The following is a survey split into 10 sections. You will have the opportunity to elaborate on any question or add additional comments on each topic at the end of every section. All surveys will be submitted anonymously.

Each question follows the same format with the following answer key:

POOR: lacking; no discussion; no board mechanism; no clear understanding; a risk to the entity.

AVERAGE: a discussion or process occurs but informal, infrequent, ad hoc, incomplete, limited, or unclear; an incomplete understanding.

GOOD: generally works well with frequent discussion, some formality, common understanding, and processes exist.

EXCELLENT: rigorous, well documented, fully executed and formalized process; active and fully engaged board; robust discussion by the entire board if required.

SECTION 1: BOARD AND MANAGEMENT

1. The Board's mandate and responsibilities are clear.
2. The Board understands its relationship with the City of Toronto.
3. The roles and responsibilities of the Board are clearly defined and separate from those of Management.
4. The Board establishes clear objectives for the year and an annual work plan.
5. The Board delegates to the President and Chief Executive Officer sufficient authority to lead Management and carry out TCHC's mandate.

6. The relationship and communication between the Board and Management is open, candid, timely, proactive and effective.
7. Please feel free to add comments about Board and Management responsibilities.

SECTION 2: POLICY MAKING PRACTICES

1. The Board takes primary responsibility for setting and approving TCHC's policies.
2. If a new policy is needed for the Board or TCHC as a whole, the issue is clearly presented to and discussed by the Board.
3. Policies exist for key areas such as finance, human resources, safety, conflicts of interest, legal and ethical compliance, and any other functions unique to TCHC.
4. TCHC's policies are effectively communicated to all Board members.
5. The Board reviews policies on a periodic basis, and updates them as needed.
6. The Board revisits its role as the policy-making body of TCHC on a periodic basis to ensure it is meeting this responsibility and has not drifted off course into areas belonging to Management
7. Please feel free to add comments about the Board's policy making practices.

SECTION 3: STRATEGIC PLANNING PRACTICES

1. TCHC's mandate and strategic plan are clearly understood and accepted by the Board.
2. Board members are adequately knowledgeable about TCHC's programs and practices.
3. The Board is adequately involved in strategic planning for the Corporation, and sufficient time is allotted at meetings to review the strategy.
4. The Board collaboratively reviews and updates the Corporation's strategic plan at least every two years, and ensures it is aligned with current program activities.

5. Management develops and carries out annual action plans based on the Board-approved strategic plan.
6. Please feel free to add comments about the Board's strategic planning practices.

SECTION 4: FISCAL MANAGEMENT PRACTICES

1. The Board effectively monitors business performance of the Corporation and sufficient time is allotted at meetings for oversight of operations.
2. TCHC's annual budget is fully disclosed and understood by the Board prior to its approval.
3. The fiscal health of TCHC is regularly reviewed and any needed Board actions are taken thoughtfully but quickly.
4. The Board takes steps to ensure that fiscal reports are thoroughly understood by all Directors.
5. Directors are fully aware of their legal responsibilities for TCHC's fiscal management.
6. The Board regularly reviews the financial investment practices and portfolio performance of the Corporation.
7. TCHC's capital and operational financing needs and strategies are understood by the Board.
8. The Board periodically engages in long-range fiscal planning to ensure adequate flow of financial resources to TCHC over time.
9. Capital needs are reviewed and included by the Board as part of TCHC's strategic planning.
10. Please feel free to add comments about the Board's fiscal management practices.

SECTION 5: BOARD STRUCTURE and PRACTICES

1. The Board membership is composed of the appropriate mix of Directors to enable thorough discussion of the issues.
2. The Director's term on the Board is an adequate length of time.

3. The Directors have a working knowledge of TCHC's constating documents (TCHC Articles of Incorporation, By-laws, Shareholder Direction, and Operating Agreements).
4. The Board understands the principal risks of the Corporation and sufficient time is allotted at meetings to review enterprise risk management.
5. The Board's committee structure streamline the Board's work process and increase Board effectiveness.
6. The Board is satisfied with the performance of the Building Investment, Finance and Audit Committee and its subcommittees (Bid Award Subcommittee, IT Subcommittee, Investment Advisory Committee, and RPEI Subcommittee), including the reporting and information Directors receive about their activities.
7. The Board is satisfied with the Governance, Communication, Human Resources and Compensation Committee, and its subcommittee (President & CEO Recruitment Subcommittee), including the reporting and information Directors receive about their activities.
8. The Board is satisfied with the performance of the Resident Services Committee, including the reporting and information the Directors receive about their activities.
9. Please feel free to add comments about Board structure and practices.

SECTION 6: BOARD COMMITTEES

1. The Board reviews the need for ad hoc and standing committees on an annual basis, and revises the structure as necessary.
2. The charters of the Committees are well defined and enable the Committees to be effective.
3. The Committees establish clear objectives for the year and an annual work plan.
4. The agendas and work of the Committees are consistent with the charters of the Committees, and enable the Committees to fulfill their responsibilities.
5. The membership of Committees are composed of the appropriate mix of Directors to enable thorough discussion of the issues.

6. The membership of Committees are composed of the right number of Directors to enable the Committees to be effective.
7. The Committees meet frequently enough to fulfill their responsibilities.
8. Materials for the Committees are of high quality and received early enough before meetings to enable Directors to properly prepare for meetings.
9. Committee meetings are conducted in an effective, productive and efficient manner.
10. Committees complete their tasks in an effective and timely way.
11. Please feel free to add comments about Board committees.

SECTION 7: BOARD MEETINGS

1. The frequency and duration of Board meetings is appropriate to enable the Board to fulfill its responsibilities.
2. Board meetings are well attended by Directors.
3. Materials for the Board are of high quality and received early enough before meetings to enable Directors to properly prepare for meetings.
4. Information provided by Management is adequate to ensure effective board governance and decision-making.
5. Board meetings are well run and make good use of Directors' time.
6. The Board examines the pros and cons of all major issues and make fully informed decisions.
7. Public sessions of the Board are conducted in an efficient and effective manner.
8. Closed sessions of the Board are used effectively and appropriately.
9. Directors have sufficient opportunity to meet in camera of Management.
10. Please feel free to add comments about Board meetings.

SECTION 8: BOARD MEMBERSHIP AND ORIENTATION

1. The Board is composed of the appropriate mix of Directors with areas of expertise and skills to enable thorough discussion of issues faced by the Corporation and allow the Board to govern effectively.
2. The Board assesses the expertise, skills, and other contributions needed from potential new Board members to maintain or increase the effectiveness of the Board.
3. New Board members are recruited based on identified needs and not merely to fill a Board vacancy.
4. The Board and Management inform new Board members about responsibilities and important organizational information through a structured new member orientation program.
5. The Board annually assess the knowledge and skills needs of board members, and address any identified gaps in an annual Board development plan.
6. The Board has a process in place to evaluate its performance and to improve its value to TCHC.
7. The Board has a process in place to evaluate individual director performance periodically and discuss how to help a director achieve his/her potential.
8. Please feel free to add comments about Board membership and orientation.

SECTION 9: BOARD-EXECUTIVE RELATIONSHIP

1. The Board uses a structured and participative process to recruit and hire the President and Chief Executive Officer.
2. The Board has approved a written job description that clearly spells out the President and Chief Executive Officer's responsibilities and authority.
3. The President and Chief Executive Officer's performance is formally assessed at least annually based on objectives established at the beginning of the year.
4. The Board has a formal succession plan for the President and Chief Executive Officer.

5. The Board ensures that the President and Chief Executive Officer has an ongoing professional development plan to enhance the executive's leadership effectiveness and ensures the availability of resources to implement the plan.
6. Please feel free to add comments about the Board-Executive relationship.

SECTION 10: EXTERNAL RELATIONS

1. The Board regularly assesses the effectiveness of its relations with key external stakeholder groups.
2. Directors actively support public relations events that benefit the Corporation.
3. A majority of Board members attend critical organizational events designed to promote TCHC with key stakeholders (annual meeting, openings of major programs, etc.).
4. Board members are clear about who serves as the official spokesperson for TCHC.
5. Please feel free to add comments about external relations.