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Newfoundland and Labrador  
Health and Community  
Services Association

# **Framework of Accountability for Regional Health Boards**

***A Presentation to the Government  
of Newfoundland and Labrador***

15 March 1999

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## I. INTRODUCTION

It is our understanding that Government is preparing a new Accountability Framework for boards, agencies and commissions including regional health boards. The Framework would include roles and responsibilities of boards, expectations of boards by Government, business plans and budgets, performance measurement linked to outcomes, feedback and possible changes to the appointment and direction processes for Chief Executive Officers.

Two underlying principles guide our thinking in this presentation:

1. We believe that voluntary board governance is the cornerstone of quality health care delivery systems in Canada.
2. We believe that a more clearly expressed Accountability Framework will strengthen our province=s health and community services system.

**Regrettably, both these beliefs would be undermined if Chief Executive Officers are appointed by and under the direction of government. Voluntary board governance would effectively disappear and boards would become advisory to the Chief Executive Officer.** Boards would no longer be held accountable because they would no longer have any real responsibility. An Accountability Framework for boards is, therefore, no longer needed.

## II. VOLUNTARY BOARD GOVERNANCE

At the present time voluntary governing boards represent the highest level of authority and accountability within an organizational framework. They assist government in carrying out the work of the extraordinarily large and complex health sector in Canada. They are critical to ensuring the involvement of the community in delivering key public services and in developing public policy. The value of boards in so doing is well expressed in the province=s Strategic Social Plan:

These regional boards form a strategic link between Government and the community. They have been established to ensure that public policies, programs and services are responsive to local conditions while remaining consistent with overall provincial policy directions. Individually, the roles performed by these boards are onerous and complex. Collectively, these regional boards are already confronting many of the challenges that are central to the Strategic Social Plan.

These conclusions were reiterated by Premier Brian Tobin in the recent election campaign. In interviews with CBC Radio and CFCB Radio on January 20, 1999, Premier Tobin noted:

*“...and I think that the notion that you can wipe out all of the health care boards and all of the local management, wipe out all of the local input and run a billion dollar institution or institutions in total from a Minister=s office in St. John=s is not realistic....*

*This is a throw back to the 1940's or 1950's when Government was basically, you know, a one man operation out of Confederation Building or a Minister was all powerful. We=re in a modern age when democracy matters and people want to have a say.... ”(CBC Radio)*

*“....we=re in a modern age when democracy matters and people want to have a say, and I think that the suggestion that you can simply just wave a magic wand and wipe out all of the boards and run everything out of the Minister=s office is not responsible (CFCB Radio).≡*

An essential element of board governance as envisioned in these statements is the authority to appoint, direct and evaluate the performance of the Chief Executive Officer. The link between the Board and its Chief Executive Officer is paramount in ensuring the Board=s success. In the words of the organizational theorist, John Carver, in his book Boards That Make a Difference:

*ANo single relationship in the organization is as important as that between the boards and its CEO. That relationship sets the stage for effective governance and management. It is often said that the most important task of a board is the choice of a CEO.≡*

The corollary to this statement is clear B if the board does not have the authority to appoint and direct the Chief Executive Officer, we no longer have a system of community board governance. We lose the ability to link government and community and the ability to respond to local conditions within the broad provincial policy directions. The Premier’s strong statement to the media and the Strategic Social Plan support the value of voluntary board governance. This is meaningless if the boards no longer have any responsibility, particularly the responsibility to appoint and direct the Chief Executive Officer.

We strongly oppose such a direction to take the authority to appoint and direct the Chief Executive Officer, and we offer an alternative approach which will allow government to strengthen the financial and operational accountability of health boards, preserve voluntary board governance, and ultimately strengthen the province's health system. We therefore recommend the following approach.

### III. ACCOUNTABILITY FRAMEWORK

We understand accountability to be the obligation to answer for a responsibility conferred. For health boards, there is accountability:

- to the Minister of Health and Community Services and the public
- for the quality of service given and the expenditure of public funds

In our Canadian system, the Canadian Council on Health Services Accreditation is the primary agent in helping health organizations determine the effectiveness of the quality of service they provide. The accreditation standards for governance comprise fifteen statements ranging from integrating the organization with its community to developing processes for establishing the parameters within which physicians are governed (see Appendix A for the complete list). It is worth noting that in the last accreditation cycle of the regional boards surveyed in Canada, eighty (80) percent of those fully accredited came from our province.

The tools presently used to determine financial accountability for the expenditure of public funds are independent external audits, internal audits and reviews by the Auditor General. These procedures are all after the fact; we need to find more effective ways of strengthening our present mechanisms and finding new tools for expressing financial accountability. It is our wish to work closely with government to combine the strengths of mechanisms we have used or are developing within the health system with the mechanisms government officials are now developing. The two perspectives melded together can shape an accountability framework which enables government to achieve its goals and ensures an appropriate response to the complexity of health care.

#### IV. COMPONENTS OF ACCOUNTABILITY FRAMEWORK

If accountability is the obligation to answer for responsibilities conferred, then the accountability framework must have seven key elements that would apply to both the Department of Health and Community Services and to the health system:

- < clearly stated roles and responsibilities
- < explicit performance expectations
- < sufficient resources to meet expectations
- < consistent reporting processes
- < explicit means of monitoring and evaluating performance
- < immediate feedback and follow-up actions
- < focus on outcomes or results.

The **roles and responsibilities** are specifically articulated within the context of the Hospitals Act, the Health and Community Services Act, and other relevant legislation. Only then can expectations be delineated, possibly within the following broad categories:

- < overall policy, planning, direction and provincial standards
- < relationships
- < fiscal management
- < risk management
- < monitoring, evaluation and reporting
- < board performance

In clearly stating **responsibilities and expectations**, there must also be a clear statement of the **support given by government** to enable the required performance: predictable funding, structures to support collaboration, strategies to support continuous improvement, timely feedback on business plans and annual reports, honest assessment of performance, openness to hear concerns, and action to address legitimate concerns.

Consistent **reporting structures and processes** include business plans, financial reports, annual reports, internal and external audits, and accreditation survey reports. Briefer and more focused reports with specific purposes and mutually accepted follow-up processes are needed to ensure effective reporting processes.

**Measurement of performance** linked to outcomes is challenging in the context of population health and health service delivery. That challenge, however, must not prevent our using existing performance measures both for quality of service and for use of public funds. Application of measurements not traditionally used in the health system and involvement in ongoing research will

enable us to improve our measurement systems.

An equally important dimension of measuring performance is the **communication to the public**. While we in Canada are in the initial stages of developing statements of performance or Report cards for the public, it would be beneficial to begin such an activity on a provincial basis as part of the accountability framework. There are exciting possibilities for linking such an activity with the development of the Strategic Social Plan and its proposed Social Audit.

The element of **feedback**, in a timely and informative manner, must also be developed through processes that are clear and consistent. The link between the feedback and the **follow-up action** to correct or improve performance is obvious and yet must be clearly delineated in the framework.

We make a commitment to work with government to bring together the benefits of our learning about accountability mechanisms with the learning of government officials. Together we would be able to finalize and implement an interim framework over the next year with an explicit evaluation methodology to determine the effectiveness and with an agreement to amend the framework, as needed. Such an approach, without losing time, allows a testing period to ensure that the new framework achieves government's need for accountability without endangering existing accountability and without placing the health system at an unacceptable level of risk.

## V. IMPLICATIONS OF NOT ACCEPTING AN ALTERNATIVE APPROACH

If government chooses to not accept our recommendation but to decide that Chief Executive Officers will be appointed by and directed by government and its officials, we feel obliged to point out the implications of such a decision:

1. voluntary board governance in the health system will disappear. Boards will be advisory. They will have no responsibility for making decisions, for implementing decisions or for defending those decisions.
2. government and its officials will be overwhelmed as they attempt to deal with the day-to-day matters of running health organizations. In the past in our province and in other jurisdictions in the country and in the world, government's direct operation of health services has always proven to be inefficient and cost-ineffective.
3. individual board chairpersons and a high percentage of board members will resign. The immediate loss of leaders in the organizations will lead to destabilization in the system. While these board members can be replaced, there will be a loss of continuity and a loss of significant experience which has been gained through the recent changes in regionalization and mergers of health and social services. Such a loss will be less easily replaced.

4. advisory boards may exercise their ability to more publicly advocate for their communities since they no longer have the responsibility to make or implement decisions.
5. foundation boards and auxiliaries, which are now ancillary groups under the existing governing boards, will be placed in an uncertain position. The public will now perceive the system to be totally operated by government and will be less likely to make donations to such groups.
6. community-based advocacy groups who are now providing input to institutional and community boards will see the move as a regressive return to centralized control and will lose not only their opportunity for input but their belief that government really values public input.

**We cannot accept that the destruction of the voluntary board governance model is necessary. Rather we know that the joint development of an Accountability Framework for the health system is achievable and will strengthen the system.**

## VI. SUMMARY

There is no question that the time has come for a more defined Accountability Framework. The complexity of the health and community services system, the high priority Newfoundlanders and Labradorians place on health and health care, the tradition of commitment and leadership by this province's health boards, the difficulty in measuring outcomes in health and the complex relationship between health policy and public policy are factors which influence the shaping of such a framework for health boards. As the Association of our province's health and community services organizations, we wish to work with government in developing this Accountability Framework, an initiative which will require time to perfect.

Such an Accountability Framework is not an end in itself but a means of expressing the effectiveness with which governing boards carry out the responsibilities conferred on them by government. These boards have shown wisdom and leadership within the health system. They have adapted to significant changes with regionalization and the merger of health and social services. In doing so, they have maintained a good health system and have never ceased searching for ways to enhance and further strengthen the system. The next logical step of improving expressions of accountability can be a significant way of enabling voluntary governing boards with decision-making authority to continue to be leaders in a health system truly responsive to the needs of the people of our province.

To take away the decision-making authority of boards by removing their right to appoint and direct Chief Executive Officers and giving that right to government officials will not only render useless any Accountability Framework but will also destroy the value of voluntary community boards. Such a direction is unnecessary. On behalf of the people of this province, we ask government to make the decision that will best protect the health system and ensure its viability and strength. To do

otherwise would be to deny the trust placed in government by the people of Newfoundland and Labrador.

# Appendix A

## STANDARDS FOR GOVERNANCE

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