

## **Attachment 4 - The Role of Board Members (Members of Council specifically)**

*NOTE: \*This is a general guideline and may apply differently to individual organizations especially those whose mandates are governed by specific legislation (Police, Library, Health) or those that have no staff and budget responsibilities (quasi-judicial).*

All municipal services are delivered for the benefit of the people of Toronto whether delivered directly by the City or through an agency or corporation established by the City. Acting as the representatives of the people, Council sets out the mandate and objectives for each City division, agency or corporation. With some restrictions for those agencies and corporations whose mandates are legislated, the interests of the agency or corporation must therefore be consistent with the interests of the City, even though Council may define their specific focus.

Council appoints the board of directors and directors serve at the pleasure of Council. Council is accountable to the public for the performance of the agency or corporation and the board of directors is responsible to Council since there is no way for the public to hold the boards directly accountable. Both Councillor and public member directors have a duty to provide management oversight of the organization to ensure high quality services are delivered in accordance with the objectives and policies as set out by Council for the organization. Specific directions are set out in Shareholder Directions for each corporation or Relationship Frameworks or City by-laws for agencies.

### **Functions of the Board:**

#### 1. Set strategic direction

In accordance with mandate and objectives set out by Council

Establish policies and practices consistent with Council's direction

#### 2. Protect assets

Ensure protections in place to secure assets under the supervision of the board

Ensure risks are assessed in decision-making process

Ensure risk mitigation strategies are in place

#### 3. Oversee senior staff and resources (*\*where applicable*)

Set objectives for performance – staff and financial

Monitor performance – staff and financial

#### 4. Approve the program delivery plan (*\*where applicable*)

Approve program components and schedules consistent with strategic direction

Approve budget within guidelines set by the City (*agencies only*)

Approve human resource plan

Obtain Council approvals as required

#### 5. Monitor program performance

Establish program performance measures

Set program performance objectives

Frequently monitor program performance against plan

Report performance to Council along with annual report

## 6. Maintain public image

Conduct business openly and transparently in accordance with requirements

Act in accordance with Code of Conduct for boards

Communicate in accordance with expectations of a public body

The characteristics of a good director are Diligent, Accountable, Strategic as described below.

**Diligent – Directors have a fiduciary duty to exercise their duties diligently. In practice, this means:**

- becoming familiar with applicable legislation, directions from Council, policies and practices of the organization
- regularly attending board meetings and orientation, training, and planning sessions;
- requiring that board materials are provided in writing;
- ensuring that sufficient information is provided with well-reasoned recommendations;
- preparing for meetings by reading agendas and gathering other information as needed;
- ensuring that board meetings are conducted in accordance with board procedure by-law;
- asking questions of management and requiring fulsome, clear answers during meetings to ensure that the board understands the matter in sufficient detail to make a good decision;
  - applying own knowledge, skills and experience to add value to board discussions.

**Accountable – Directors are accountable for their actions to Council and in turn must ensure that staff are accountable to the Board in the following ways:**

- adhering to the Code of Conduct approved by Council for board members;
- ensuring transparency and integrity in board proceedings and personal actions;
- ensuring that the actions of the board instil public confidence that reflects well on the City of Toronto as an institution;
- reviewing administrative/financial protocols and requiring regular reporting from senior management including variance reporting;
- ensuring that proper financial controls are in place and regular audits are conducted and audit recommendations acted upon;
- establishing and monitoring staff and program performance measures;
  - understanding directions from Council and acting in accordance with those directions.

**Strategic – Directors collaborate to set the strategic direction for the agency or corporation in accordance with the mandate set by Council by:**

- considering senior management's recommendations and the objectives set out by Council and integrating their collective knowledge and expertise in establishing the strategic direction for the agency or corporation;
- ensuring that board decisions and operations are consistent with the strategic direction;
- providing strategic advice to management and encouraging management to act strategically;
- considering how individual decisions impact the agency overall;
- weighing the impact of board decisions on the City in light of Council's priorities.

### **Role of the Councillor as Director**

As a director serving on the board of directors of a City agency or corporation, a City Councillor has an equal voice on the board. However, a City Councillor has the opportunity to bring a

unique perspective to the board and may act as an emissary for Council to the board. City Councillors have a responsibility to recognize and reconcile the agency perspective with City Council's objectives. Councillors are "insiders" more able to "connect the dots" to ensure that the objectives and actions of the agency or corporation are consistent with City Council's mandate and objectives for the organization as expressed in the Shareholder Direction or Relationship Framework, City by-laws, or Council's priorities and decisions. Councillors bring this perspective into the board's deliberations and decision-making to ensure accountability of the organization to the City.

Councillors serve as an interface between the board and City Council. When there is an indication that any action of the board may run counter to the City's objectives, Councillors as directors have a duty to ensure that the board is made aware of the divergence and that the City is made aware of such actions. In addition, where City actions inadvertently impact the agency or corporation, the Councillor board member has a duty to inform City officials or Council of such. Councillors are also well versed in appropriate public meeting protocols and can provide advice to the board in this respect to ensure that the board conducts itself openly and transparently with due respect for public input. For corporations, however, the requirement for public disclosure may be quite different and all board members must be mindful to protect confidential materials.

Overall, Councillors are in a good position to provide high level strategic advice to the board in order to ensure well-balanced board decisions that incorporate the City's overall perspective and are consistent with Council's direction.