

Board Governance Policy

LEGAL SERVICES SOCIETY

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Legal
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Society

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On independence and good governance

“At the most abstract level, the goal of institutional governance is to exercise control over an institution in order to achieve institutional objectives.”

— Report of the Ontario Legal Aid Review

Total control over an institution’s pursuit of its objectives is not possible. All institutions are affected by external factors beyond their control. This is certainly true of the Legal Services Society (the “society” or “LSS”). The society’s independence, however, can be measured by the degree to which it makes choices about how it will pursue its statutory objects; the primary one being, to assist low-income individuals resolve their legal problems and to facilitate their access to justice.

Section 10(4) of the *Legal Services Society Act* (the Act) sets out that the society is not an agent of the government or of the Law Society.

The need for independence in the administration of legal aid has traditionally been linked to the need for government to not control — or not be seen to control — the funding of legal aid representation, given that the Crown is adverse in interest to the accused. While this is an important rationale, it is not a sufficient justification for an independent society to administer legal aid. Systems can, and have been, set up within governments to protect decision-making on government funding of defence lawyers from undue pressure by Crown prosecutors.

Another important rationale for the society’s independence is that it is good public policy. An organization dedicated to the goal of serving the legal needs of low-income individuals is more likely to achieve that object efficiently and effectively than a large bureaucracy that has to balance various other interests and objectives.

How can the society be independent from government, given that such a high proportion of its budget is government-funded?

- **Clarity of purpose:** If the society has thought through its objectives and strategies, and roots its “independent” positions in its statutory objects, the society’s assertion of independence has a legitimacy that is difficult for government to undermine.
- **Accountability:** The government funds the society because the society is undertaking core responsibilities of government. The society must be able to show government that the funds it provides are being used for the purposes that the legislature and government intended. Lack of accountability to government is likely to lead government to infringe on the society’s independence. Conversely, if the government perceives that the society is meeting its objects, it will be more comfortable allowing the society wider discretion in how it pursues these objects. Accountability does not preclude independence; it supports it.
- **Clarity of expectations and mutual understanding of interests:** The society will be better able to function independently within its sphere of influence if the government’s expectations are clearly defined and understood. The Memorandum of Understanding is an instrument for clarifying government’s expectations. The society will likely accommodate its independent interests in the Memorandum of Understanding with government if it understands government’s interests, clearly conveys its own interests to government, tying them to its statutory mandate, and identifies common interests with government.
- **Public support:** The government seeks accountability from the society because it, in turn, must be accountable to the public for the use of public funds. Public support for the society will increase government’s willingness to permit the society to function independently.
- **Legal profession engagement:** The provision of legal aid was seen historically as an obligation of the legal profession — an obligation related to the privilege of self-governance. Independence in administering legal aid was, therefore, connected to the accepted independence of the legal profession. Engagement of the legal profession in the business of the society and advocacy by the profession’s governing bodies with government on behalf of the society are important counterbalances for the power that government exerts as a result of being the primary funder of legal aid.

While the legal profession’s support of legal aid is an important tool for LSS’s independence from government, LSS must also be independent from the legal profession. Lack of independence from the Law Society is not only inconsistent with the act, but also risks loss of public (and therefore government) support. The society must avoid being perceived as

“for lawyers.” It must be keenly aware of its statutory mandate to serve the interests of low-income individuals.

- **Demonstration of effectiveness:** Government (and the public and the legal profession) will more likely respect the society’s control over the means of pursuing its objectives if the society is, and is demonstrated to be, effective in fulfilling its objectives.

These prescriptions for enhancing independence from government are also prescriptions for good governance. Independence will more likely be achieved if the society has:

- directors who understand that their fiduciary obligation is to pursue the interests of the society, not the interests of their appointing bodies; and
- a board that:
 - sets clear direction for the society,
 - ensures that an executive director (“ED”) is in place who will implement its strategic plan and effectively administer the society,
 - monitors the society’s performance,
 - manages the risks of the society, and
 - communicates effectively with government, the legal profession, the public, and other stakeholders.

Good governance requires the society to be independent; independence is achieved by good governance.

Article 2.2 of the *General By-laws* lists six key responsibilities of the society’s board of directors. What follows is some expansion on each of these identified board functions, and an explanation of why they are important and how they are performed. If policies and procedures are in place to supplement the *General By-laws*, they are included here.

To further ensure the good governance of LSS the members of the board of directors subscribe to a code of ethics that is consistent with codes in general use for public sector boards. Board members agree to this code when they start as directors and hold each other accountable for compliance. The current code of ethics is attached as *Appendix 1*.

Strategic direction function

“If you don’t know where you are going, you won’t get there.”

— Anonymous

a. Board responsibility

“Articulating the society’s vision and mission; developing strategic objectives to implement the vision and mission; and monitoring the performance of those objectives” *General By-laws*, s. 2.2 (a)

b. The cycle of strategic direction

The board’s strategic direction function covers:

- setting expectations for the society (strategic planning: mission, vision, values, and strategic objectives);
- approving key strategies (the service plan) developed by staff to put the strategic plan into operation;
- approving performance measures devised by the staff to assess the society’s success in achieving strategic objectives;
- evaluating the society’s performance (monitoring); and
- revising expectations in response to unforeseen circumstances.

c. Strategic planning

In the strategic planning process, the board, together with the ED and senior management, set the direction of the society by developing or affirming the society’s mission, vision, strategic objectives, and values.

Board's role

The board has the ultimate authority to decide the society's strategic plan. A key reason for giving the board this authority is the assumption that directors will individually bring a wide range of external perspectives to the task and collectively adopt a long-term vision for the society.

Executive director's role

The strategic plan sets expectations for both the organization and the ED. The ED needs to share the vision of the board in order to effectively implement it. For this reason, the ED has a key role to play in the strategic planning process, by:

- leading the board process, with the chair;
- leading the internal process, with the senior management of the society or Executive Management Committee ("EMC"); and
- participating fully in the ultimate determination of the strategic plan.

Internal process

Staff who work full-time for LSS have a particular insight into the society's strengths and limitations in delivering legal services, and expert knowledge about the needs of the low-income individuals the society serves. Staff, therefore, have an important perspective that needs to be heard by the board in setting the strategic direction. Furthermore, a strategic plan that staff do not buy into will not likely be effectively implemented by them. To ensure both input and buy-in, EMC will conduct an internal process running parallel to and feeding into the board's process.

External input

Although the board brings external perspectives to the society, the board itself risks getting caught up in the day-to-day business of the organization and losing the broader vision of its key contribution to the society. The strategic planning process is a time for the board to go outside itself to seek other external perspectives and challenge its own assumptions. This is done by seeking stakeholder input in various ways as part of the planning process.

Environmental scan

An environmental scan is another aid to long-term thinking. An environmental scan is a process of collecting data from various sources about factors and trends that affect the society and its ability to achieve its objects. Sources to consider in the scan include recent census data, polling data, and literature

review. One key outcome of environmental scanning is that it places the board's policy and planning priorities in a broader context.

Living document

The strategic plan is a living document. The board will root its own policy-making and priority determination in the strategic plan, and will expect the ED and staff to determine priorities and make operational decisions that are consistent with it.

Steps in strategic planning process

1. The ED, chair, EMC, and the board Executive Committee design the process. (January)
2. EMC conducts an internal process to get input from staff and prepares summaries for the board.
3. An environmental scan is conducted to determine the current trends and factors that set the context for LSS planning. A summary of key relevant trends is prepared for the board.
4. Liaison directors seek input on these key questions from the organizations for which they are responsible.
5. Board meets in its planning session to determine the society's mission, vision, values and strategic objectives. (March/April)

d. Approving key strategies, budget, and service plan

Once the strategic direction has been set and the strategic objectives articulated, the ED and senior management develop key strategies for each strategic priority that are designed to advance the priority. These key strategies become the basis for the society's budget and service plan. The board approves the budget, and the service plan.

e. Monitoring performance

Along with developing key strategies, the ED and senior management develop performance measures for each goal. These performance measures are tools for the board to monitor the society's performance and must, therefore, be approved by the board.

The board monitors whether the society is achieving its strategic objectives by keeping track of the performance measures. In addition, the board receives reports from the ED about what the society is doing, asks questions with the

strategic objectives in mind, and makes its own observations as to whether the strategic objectives are being met.

f. Strategic direction policies

Policies made by the board that relate to how the society works towards its goals and objectives will be reflected in the service plan.

g. Strategic direction timelines

Strategic planning is not an annual event. Its timing is driven by the prescribed timelines or the Memorandum of Understanding (MOU) with the Ministry of Attorney General and the budget and service planning cycles of government. The second MOU was negotiated in 2004, and a new MOU will be negotiated every third year after that. The current MOU covers the period from April 1, 2005 through to March 2008.

As more than 90% of the society's funding comes from the provincial government, the MOU, which establishes the funding envelope and the conditions for use of the funding, is central to the board's strategic direction function. As the society enters into negotiations with the Ministry of Attorney General (the "ministry" or "MAG") on the MOU, it needs to be very clear about its own direction. For this reason, the strategic planning year is the year before the MOU negotiation year.

Effective negotiation of the MOU is an important strategy of the society. During the MOU negotiation year, therefore, the board's focus will be on developing and supporting the society's negotiation strategy.

Once the MOU has been negotiated, the society's budget envelope will essentially be set for the next three years. The outcome of the MOU negotiations may well create some strategic policy issues for the board to consider. For example, if funding turns out to be substantially different than the funding assumed in the service plan, spending priorities will become an issue. If, on the other hand, the budget envelope is essentially as expected, the board will be in a position to consider other policy issues.

In summary, the society has the following three-year planning cycle:

- **Year 1:** Strategic plan and service plan developed as a basis for MOU negotiation (2006)
- **Year 2:** Development and implementation of MOU negotiation strategy (2007)
- **Year 3:** Planning or policy focus for the society, depending on the outcome of MOU negotiations (2008)

h. The budget cycle

The timing of the board's planning session is in part driven by the budget cycle. A preliminary budget must be proposed to the Ministry of Attorney General (MAG) in July each year. A final budget is provided later in the year, usually December. MAG then has 30 days in which it can reject the proposed budget and require the society to prepare a revised one. The society's budget is rolled up in MAG's budget. The government passes its budget in February.

In order to prepare the budget staff need to have some planning and priority directions from the board. By getting that direction in the spring, staff can work on the budget in the early summer to present a preliminary draft to the board in July and get input from the board on any significant policy or strategic issues. The budget proposal is finalized for approval by the board in December.

i. The budget as a planning document

The budget is a planning document and the board's approval of it should be seen in that light.

The budget flows from the strategic plan and resulting service plan. It has a special function in the MOU negotiating year as a statement of what the society would like to see in the MOU.

Once the MOU sets the budget envelope for three years, budget issues will still arise if there are significant variations from the assumptions underlying the MOU. The MOU has a protocol to deal with these variations, involving further negotiations between the society and MAG. The board may well be involved in strategizing on how to respond to those variations.

j. Governance timeline chart

The timelines referred to above are mapped out in the governance timeline chart.

Risk management function

“The important thing is not to stop questioning. Curiosity has its own reason for existing.”

— Albert Einstein

a. Board responsibility

“Ensuring that effective risk management is in place and monitoring the society’s fiscal performance, consistent with its fiduciary duties” *General By-laws*, section 2.2 (b)

In Canada, both the public and private guidelines for boards of directors stress that, in addition to approving the strategic direction of the organization, the board must ensure that the principal risks of the society’s business have been identified and appropriate systems to manage these risks have been implemented. The narrow view of the risk management function is that the role is fulfilled when a board ensures that appropriate controls are in place to address identified risks. More recently, the definition of a board’s risk management role has expanded to include not only awareness of challenges to the operational health or strategic direction of the organization, but also responsibility for ensuring that the organization is aware of, and capable of responding to, opportunities that will serve its mission.

Risk management is part of the board’s overall stewardship function. The process of risk analysis is one of the key means the board uses to exercise internal control. The objective is to ensure that LSS is following sound business and financial practices. These include the board’s own governance practices.

The LSS board agenda has been set with risk management as a routine agenda item. The intent is that each board meeting will include discussion of a key risk management system and the processes and policies that support it. Board members will have an opportunity to inquire about each area in detail and set the agenda for these discussions. Board risk management topics will include:

- fiscal controls and investment policies,

- information security,
- protection of solicitor-client privilege, and
- variations in budgets.

b. Board Finance Committee – roles and responsibilities

These are the Terms of Reference of the Finance Committee.

Purpose

The purpose of the Finance Committee is to provide financial oversight to the board in fulfilling its responsibilities of ensuring the effective governance of the society.

The committee's fundamental responsibilities are to oversee the process related to the society's financial risks and internal control, financial reporting, internal and external audit processes and the audit committee has the responsibility to report to the board on matters concerning management and/or auditor accountability.

Composition

- The committee is composed of independent directors who are independent of management and the society.
- All members of the audit committee should be financially literate, the definition of which is determined by the board, and at least one member should have accounting or related financial expertise.
- There should be sufficient time for committee members to meet separately from staff at each meeting.
- Committee members should meet with External Auditors at least twice a year.
- New members should receive a complete orientation.

Duties and responsibilities

Financial risks and internal controls

- Objectively examine:
 - the appropriateness of the risk management strategy and
 - the adequacy and effectiveness of systems to support the process

- Discuss significant financial risk exposures and ensure systems are in place to monitor, manage and report principal risks.
- Determine that management has implemented policies that ensure risks around financial reporting are identified and that controls are adequate, in place, and functioning properly.
- Make inquiries of the auditors regarding internal controls and risks.

Fraud and illegal acts

- Ensure these four basic principles are in place:
 - Setting tone at the top through conduct and communication
 - Director commitment and independence
 - Explicit focus on fraud risk
 - Effective communication process
- Review management and auditors identification of the risk of losses from fraud.

Financial reporting

- Review annual financial statements prior to their release.
- Inquire of management and/or auditors regarding recommended audit adjustments and disclosure changes, accounting principles and critical accounting policies adopted by management, unusual transactions, accounting provisions and estimates included in the financial statements.
- Understand risk assessment used for determining the auditing approach and plan.
- Be actively involved in reviewing policies as they relate to communication of financial information.

External audit processes

The committee will oversee the external audit process, including:

- Reviewing the terms of the External Auditor's engagement, proposed audit fees and determine that the External Auditor's effectiveness meets the requirements of the society.
- Conducting a pre-audit meeting with the External Auditor to review the audit plan to understand the audit engagement's scope, how it is to be approached and review the audit plan.
- Reviewing all auditor letters (i.e., management letters) including any significant accounting issues on which there was a disagreement with management.

3 – Risk management function

- Ultimately, responsible for selecting, evaluating, and if needed, replacing the External Auditors.
- Considering auditor's independence in evaluation.

Internal audit and legal compliance

- Review management recommendations related to the need for internal auditing.
- Review mandate, budget plan, changes in plan, activities, organizational structure, and qualifications for the internal audit department as needed.
- Review the appointment, performance and replacement of the senior internal audit executive.
- Review significant reports prepared by the internal audit department together with management's response and follow-up to these reports.
- Annually review with society's counsel any legal matters that could have a significant impact on financial statements, compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies. An annual report is prepared for the External Audits which could be used for the audit committee review as well.

General risk management

- Ensure that the audit committee is updated annually on compliance with ethical policies and any breeches and other relevant company procedures.
- Annually review the society's code of conduct / ethics and ensure that the policies are adequate and up-to-date.
- Any matters arising from the staff and board Disclosure of Wrongdoing policy of a financial nature should be reviewed by the audit committee in a timely manner.
- Ensure that the appropriate training on fraud awareness is in place for staff within the society.

Assessing Effectiveness

- Three annual assessments performed on a formal basis on the effectiveness of the:
 - Chair
 - Committee
 - Members
- Feedback on effectiveness from top management, internal and External Auditors.

- Annually review and assess the committee’s terms of reference and mandate and recommend any proposed changes to the Board of Directors for approval.

Advising executive director function

“What a good board brings to strategy is a long-term perspective, breadth of judgment, specialized knowledge, the ability to challenge ‘sacred cows’, and an understanding of stakeholders.”

— Paraphrase of Leighton and Thain, p.118

a. Board responsibility

“Advising the executive director, when requested, on issues related to supervision, management and administration of the business of the society”
General By-laws, s. 2.2 (c)

The prevailing view in Canadian governance, reflected in the *Legal Services Society Act*, is that the board and staff have separate roles. The ED functions as the head of the operation and is the main support to the board. In fulfilling these functions, the ED is the principal agent of the board and the board’s gateway into the organization. At the same time, the board has the ultimate responsibility for LSS. Fulfilling this responsibility requires the board to retain strategic oversight while fully empowering management.

One of the principal means of achieving this balance is by the board providing advice, as distinct from direction, to the ED. The advice function recognizes the value of board input into strategy, while at the same time acknowledging the ED’s authority/responsibility for implementing the direction and policies set by the board. The advice role is one of the board’s most effective tools in influencing the achievement of the strategic objectives while respecting the important differences between the roles of board and management.

The focus on “advice” makes it clear that the ED has the delegated authority in the area without excluding the potentially useful input of the board.

External communications function

“Boards of directors should pay increased attention to communications policies.”

— Roy Heenan, Chairman, Heenan Blaikie, LLP

a. Board responsibility

“Supporting effective communication between the society and the public, funders, appointing bodies, service providers, and others concerned with legal aid service delivery” *General By-laws*, s. 2.2 (d)

b. Purpose

External communications is the key to implementing the society’s strategic direction. As implementing the strategic plan is part of the ED’s role, it follows that developing and implementing plans for effective communication with key stakeholders is primarily the ED’s responsibility. The board’s role is to support effective communications and to ensure that messages are consistent with the strategic direction set by the board.

Because external communications are so important to the organization, the board must approve the goals of communication plans. The messages communicated must be consistent with the society’s strategic direction, and the board checks for that consistency when approving the messages. The directors’ external perspectives mean that they are helpful as advisers to the ED on significant communication issues. For this reason, they review communication plans.

One way to monitor the effectiveness of the society’s communications is to get feedback. Directors, in their roles outside the society, interact with other individuals and groups and are therefore well placed to obtain feedback about the society in general, and about the society’s communications in particular.

The ED has to develop more than one plan because of the very different nature of stakeholders. The what, who, how, when, and where of communications will vary. The specific goals of each communication plan must relate to the strategic objectives of the society.

c. External communications role for individual directors

Speaking with one voice

Organizations must speak with one voice, which is why *General By-laws*, s. 4.2 sets out that the chair and the ED are the only ones with authority to speak for the board, unless someone else is directly authorized to do so by the board, the chair, or the ED.

This does not mean that the individual directors have no role in external communications; it just means that directors should be cautious about representing their individual views as the collective view of the board.

Directors also have the responsibility to uphold the collective decisions of the board, however much they may have expressed dissent at the board table.

Directors networking for the society

One of the values that boards add to organizations is the opportunity for that organization to build on the relationships of individual directors with stakeholders. Individual directors have an important role to play in increasing the society's networks.

d. Stakeholder engagement

Stakeholder relations are essential to the health of LSS. Building and maintaining positive stakeholder relations can serve to create and maintain value for clients and the public. Effective stakeholder engagement maximizes LSS's ability to achieve its strategic objectives. The LSS board of directors will be able to fulfill its governance role more effectively by understanding key stakeholder perspectives including any potential opposition or conflicts they may have with the direction of legal aid services in British Columbia.

A formal stakeholder engagement process assists the LSS board of directors to assess the environment which will better inform its governance practices. The objectives of stakeholder engagement for the board include:

- Improves governance thus the effectiveness and sustainability of legal aid services

- Builds social capital and high trust relationships amongst stakeholders with individual directors
- Draws out the interests of stakeholders in relation to the goals and objectives of the society
- Identifies conflicts of interests between stakeholders which will influence the society's risk assessment
- Generates new ideas by bridging tensions and natural oppositions
- Keeps stakeholders informed of the society's direction.

Board roles and responsibilities

The role of the board of directors in stakeholder engagement is as follows:

- To identify the stakeholders in which the board will liaise and consult
- To define, update and approve the stakeholder engagement process for the LSS board of directors
- To gather information relevant to LSS's strategic direction from primary stakeholders during regular annual stakeholder engagement events
- To give due consideration to stakeholder input and concerns during the governing function of LSS as a director
- To provide a neutral, objective and well-respected advisory body to which concerns and issues can be directed.

Guiding Principles

The guiding principles for the LSS board of directors' stakeholder engagement process include:

- **Inclusive** – The LSS board will endeavour to ensure that diverse perspectives either within or between stakeholder groups will be included, considered, and respected in the stakeholder engagement process and in the governance of LSS.
- **Transparency** – The LSS board will be open and forthright when dealing with stakeholders while discussing LSS's direction and strategic objectives. In addition directors will exercise honesty and fairness in the process.
- **Recurring** – The LSS board will engage with stakeholders on a regular basis to identify environmental shifts affecting each stakeholder group and to maintain strong relationships with the same.
- **Multimodal** – The LSS board will utilize a variety of tactics or interventions to interface with stakeholders including telecommunications,

written documentation, one-on-one or small group meetings and the like. In addition, it will consider the primary purpose related to meeting with each stakeholder and tailor the focus of the stakeholder consultation sessions (through methodology and documentation or presentation material) to achieve those objectives.

The LSS board will only interface with primary stakeholders. These stakeholders include organizations, groups, or individuals who are strong political allies or funding agents. The focus for the board will be on stakeholders in which LSS has a larger dependency.

Recognizing the importance of stakeholders to LSS's success the board has established a standing committee to address these responsibilities.

Stakeholder Engagement Committee – terms of reference

Purpose

The purpose of the Stakeholder Engagement Committee is to provide oversight to the board in fulfilling its responsibilities related to stakeholder relations. The committee is responsible for recommending plans and processes related to stakeholder consultation, management, and engagement for the LSS board of directors.

Composition and operations

- The committee shall be composed of not fewer than two directors and not more than four directors.
- The committee shall meet a minimum of twice per year.
- From time to time, as deemed required by the committee and approved by the chair of the board, the committee may retain independent assistance regarding stakeholder engagement related matters.

Duties and responsibilities

Subject to the powers and duties of the board, the Committee will:

- Develop and recommend to the board for approval, a stakeholder engagement policy.
- Develop, and annually update and recommend to the board for approval, a stakeholder engagement strategy that will include identification of the following:
 - The stakeholders with whom the board will liaise and consult;
 - Specific objectives for each stakeholder group, tied to the society's strategic objectives;
 - Tactics and interventions congruent with the objectives;

- Frequency of contact with each stakeholder group; and
- Implementation or infrastructure requirements necessary to carry out the interventions with each stakeholder group.
- Identify tools and methods of capturing the necessary data related to stakeholder input and feedback.
- Review and analyze output from stakeholder engagement activities (e.g., surveys) and make recommendations to the board based on the analysis.
- Support directors in their efforts related to stakeholder engagement interventions.
- Ensure that the board gives due consideration to stakeholder input and concerns during LSS board meetings.
- Monitor the society’s needs and make strategic recommendations to the board for approval related to stakeholder consultation, management and engagement activities.
- Annually assess the Committee’s purpose and work to determine efficacy and utility of stakeholder engagement activities. Periodically review and recommend changes to the Stakeholder Engagement Committee’s terms of reference.
- Consider other stakeholder engagement/communications related issues as delegated to the committee by the board or Chair.

Accountability

- The Committee Chair has the responsibility to make periodic reports to the board as requested, on stakeholder engagement related matters relative to LSS.
- The Committee shall report its discussion to the board by maintaining minutes of its meetings and providing an oral or written report at the next board meeting.

Board performance function

“No one is to disturb another in his speech by hissing, coughing, spitting, speaking or whispering to another.”

— Thomas Jefferson

a. Board responsibility

“Appraising its own effectiveness and implementing strategies to enhance its governance capacity” *General By-Law*, section 2.2(e)

b. Generating a constructive board culture

Organizational culture is defined as the shared beliefs, values, norms, expectations, and assumptions that bind people and systems. Organizational culture gives people a sense of identity; facilitates commitment, initiative, and communication; and provides a basis for stability, control and direction (Weiss, 2001). Every board of directors has a culture. At LSS, the board culture expects and encourages:

- active engagement in the governance of the organization;
- openness to fully explore issues and solve problems;
- constructive dissent;
- a common voice once a decision is reached; and
- collegiality.

c. Meeting effectiveness

When the board of directors meet protocols are helpful to ensure that the group will work together most effectively. There are different ways to organize meetings so the time spent together is useful and productive. An effective meeting is one where the participants willingly and openly share

their ideas and concerns, work together constructively and positively, and leave the meeting feeling accomplished and pleased to be part of the group.

Board meetings at LSS will be conducted in such a way as to encourage full participation and rigorous debate. The chair is responsible for conducting an orderly and focused meeting based on operating principles established by the group. Directors have a responsibility to participate fully, while at the same time, refrain from dominating the debate.

At each meeting, the chair will ensure that the board has an opportunity to meet without staff present.

d. Evaluating board performance

Purpose

In order to promote good corporate governance and improve accountability to a range of stakeholders, boards are responsible for implementing monitoring and evaluating systems to assess their own performance. At LSS the annual evaluation is focused on how to improve the board's inputs and processes so that its contribution to organizational performance can be increased.

Performance evaluation is one of the board's key responsibilities. The primary purpose of measuring performance is to provide a snapshot of what is going well and what is not going well at the board level. In addition, measuring the performance of the board and its directors has several other key functions, including:

- clarifying individual and collective roles and responsibilities of the board and its members;
- improving working relationships between board members, and between board members and LSS management; and
- ensuring a balance of power between the board and the ED.

Areas of assessment

The board will measure three areas of its overall performance: effectiveness in its areas of responsibility; accessibility and utilization of the resources and tools needed to perform its job well; and meeting effectiveness. Each of these is briefly outlined below.

Effectiveness in areas of responsibility

How well are responsibilities being carried out in the following functions?

- strategic direction
- risk management

- advising the ED
- external communications
- governance
- employer of the ED

Accessibility and utilization of resources and tools

How accessible and well-utilized are the following resources and tools that are required for the board to be effective?

- **Knowledge and information**

This performance area is characterized by questioning whether or not the board has timely and accurate information and knowledge to make decisions and hold discussions about the governance of LSS. Key areas to probe include the directors' level of knowledge of the organization and industry, skills and knowledge missing from the board, and the appropriateness and timeliness of information delivered to the board.

- **Balance of power**

This performance area is characterized by assessing the shared leadership role of the board and the ED, including decision-making authority, implementation of decisions, independence of the board, and the presence of checks and balances for both the board and the ED.

- **Motivation**

This performance area examines the individual director's role on the board in areas such as level of commitment, record of attendance, preparation, participation, contribution, and co-operation.

- **Relationships**

This performance area measures the relationships of board members to each other as well as to other internal and external stakeholders, such as EMC, the legal profession, government, other funders and potential funders, and community groups.

Meeting effectiveness

How efficient and effective is board performance in both board and committee meetings? Areas to consider assessing include:

- productive use of time together;
- strong interaction and debate; and
- authentic communication.

Board evaluation process

The assessment process will begin with the end in mind. At the annual planning session, the board will establish key objectives and standards of performance for the upcoming year. A key question for the board to consider at this time is “At the end of this year, how do we want to have contributed to the success of LSS”? (September)

LSS utilizes an online standardized evaluation tool to assess the board’s performance based on the key objectives and standards of performance.

The Executive Committee reviews and confirms the chair’s recommendations on the board evaluation process and tool. (January/February)

The chair presents the proposed process and method to the board for adoption. (February/March)

The ED’s office administers the assessment tool, compiles the results and delivers them to the chair. (March)

The Chair uses the results to provide feedback to individual board members.

The evaluation results and the proposed development plan are presented to the board for discussion and confirmation, and the board’s objectives for its own performance for the next year are set.

Board evaluation roles

The primary roles and responsibilities related to the board evaluation function are summarized as follows:

Chair

The chair is responsible for organizing and driving the board performance evaluation process and, with the ED, for ensuring that the development plan is carried out. The chair will:

- co-ordinate and lead performance evaluation activities;
- conduct one-on-one interviews;
- with the vice-chair develop a proposed development plan based on evaluation results; and
- lead implementation of the development plan.

Executive director

The ED will participate as a full board member and carry out the responsibilities outlined in the director’s role below.

The ED will also be responsible, with the chair, for ensuring that the development plan is carried out.

Directors

Each director is expected to provide honest, direct feedback about their personal observations and assessments of the board's performance. In addition, each director will be expected to provide input to the development plan to strengthen the board's governance capabilities. Finally, individual directors will participate fully in the development activities defined in the plan.

Board evaluation tools

Each year, the board adopts its objectives for the year and a performance evaluation process. These are designed to enhance the board's ability to provide leadership and direction to the organization. In addition board members assess their own performance and that of each other person on the board. The board chair uses this information in an annual meeting with each member of the board. (A copy of the current objectives and the performance assessment tools forms part of the Appendices to this document).

The evaluation process consists of specific indicators for each objective and a self-assessment questionnaire. The LSS board has embraced the idea that the main purpose of evaluating their performance is to provide a snapshot of what is and what is not going well at the board level. In addition, the process is intended to:

- clarify individual and collective roles and responsibilities,
- improve working relationships among board members and between the board and management,
- identify strengths in board practices, and
- determine areas for board improvement.

LSS uses both qualitative and quantitative questions to assess their performance. This approach allows the board to focus on key areas of governance for a specific period and to shift its focus as the governance role evolves during subsequent years.

Board members complete the questionnaire electronically at year-end. The summary of results and comments are distributed as a reference point for discussion at the board's June meeting. In its first evaluation year the board chose to amend its objectives and a new assessment tool was adopted for their evaluation.

e. Individual director performance

If a director has a concern about the individual performance of one board member, it is the responsibility of this director to take action in one of two ways (based on his or her judgment of the most appropriate action):

- Speak directly with that director in a respectful yet honest manner about his or her concern.

or

- Identify the issue(s) in neutral terms at a board meeting (i.e., not associating the person in question with the concern). At this time, seek a specific development plan to shift the behaviour of the board in general.

If performance issues remain a critical concern after one of the actions listed above, speak with the chair to identify concerns more directly.

During the annual board performance evaluation process, the chair will conduct informal, one-on-one peer review meetings with each director. At this time, the chair will share issues and concerns regarding the director's performance.

f. Recommended reading

Conger, Finegold, and Lawler III. "Appraising Boardroom Performance." *Harvard Business Review*, Jan/Feb 1998.

Bradford and Scissions. "All numbers are not created equal: Measurement issues in assessing board governance." *Corporate Governance*, 2002.

Nadler, Behan and Nadler. "Building Better Boards – Board Assessment, Chapter 11". Mercer Delta Consulting.

g. Sample objectives and assessment tools

LSS board objectives are set annually and performance is assessed each May. The objectives established in 2006 are attached as *Appendix 2*.

The board performance evaluation for 2006 is attached as *Appendix 3*.

The board individual and peer evaluation is attached as *Appendix 4*.

h. Board and board member training and development

One of the responsibilities of the LSS board is to appraise its own effectiveness and to implement strategies to enhance its governance capacity. The board has also committed to creating and carrying out a development plan

based on the results of the board’s own evaluation. This policy is designed to support that development by providing a fund to support individual board member development and improvement of the board as a whole to improve the governance of LSS.

\$10,000 has been identified as the amount to support board development. This is designed to provide a pool of funding to support individual board member training and development and development training for the board as a whole. Access to funding is controlled by the Executive Committee. Requests for funding are made to the Executive Committee through the office of the Executive Director.

Development requests can be either for board development or for individual director development. In either case the request must be in writing and should specify how the proposed development will enhance the board’s or director’s capacity to fulfill its key responsibilities:

- Providing strategic direction
- Assessing risk management
- Advising the ED
- External communications
- Assessing its own performance
- Employer of the ED

Such requests will be considered by the Executive Committee from time to time as the demand requires. Where the full Executive is not available, these requests may be considered by any two members of the Executive Committee at any time and may be addressed informally but where this occurs the matter is to be reported at the next meeting of the Executive Committee. A board member who makes a request shall not participate in the Executive Committee’s consideration of that request.

In considering a request the Executive Committee may have regard to the available resources, the benefit and cost of the development proposal, alternate means of addressing the developmental issue, and the importance of addressing this need relative to other requests that have been made or may be made.

Decisions of the Executive Committee regarding allocation of the development resources are final and are not subject to review by the board as a whole.

i. Corporate secretariat

Like most board-governed agencies, LSS maintains a corporate secretariat to support the work of the board. The LSS By-laws provide that the Executive

6 – Board performance function

Director is the Board Secretary and that some or all of those responsibilities may be delegated. In practice the function is divided between the Executive Director and Executive Assistant to the Board of Directors.

The Executive Assistant to the Board provides corporate secretariat support to the Board of Directors by:

- Organizing meetings of the Board of Directors in accordance with LSS Governance Policy, convention or as otherwise stipulated by the board or by legislation
- In accordance with the LSS board calendar preparing draft agendas for the board and board committee meetings for discussion with the Chair, the ED or board committee chair as appropriate
- Coordinating and assembling briefing materials with the appropriate breadth and clarity to assist board members to fulfill their oversight role in meetings
- Attending and acting as recording secretary to the board and board committees
- Preparing minutes of board and Committee proceedings, reviewing all minute taking that has been delegated to ensure consistency and appropriateness of detail
- Assisting the Executive Director to ensure that decisions taken by the board are communicated to management in a timely manner
- At the direction of the Chair, the Executive Director or as circumstances require, providing board members with timely information between board meetings
- Keeping up to date on current LSS initiatives and stakeholder relations
- Providing service and advice to both board members and management to promote strong working relationships by ensuring that board members understand managers' particular responsibilities and where appropriate managers are informed of board members' views and preferences
- Facilitating new board member and chair orientation and supporting the ongoing orientation and training of board members
- Administering board member remuneration consistent with LSS guidelines
- Acting as custodian for LSS corporate records, meeting minutes and related board information
- Maintaining custody of the corporate seal

- Coordinating and administering the board's assessment surveys and support its annual review of the board competency matrix attached as *Appendix 5*
- Monitoring board succession issues and prepare appropriate documentation for renewal of board appointments
- Maintaining the By-Laws of the society, policies, rules and guidelines pertaining to the office of the Board of Directors
- Assisting the Executive Director and Vice Chair of the board in the review of the board governance policies and assist in implementing changes resulting from the review
- Carrying out any other appropriate duties and responsibilities as may be assigned by the board, the board Chair or the Executive Director

In providing corporate secretariat support to the board the Executive Director's role is to:

- Keep up to date on evolving corporate governance practices and trends, advising the Vice Chair, Chair and board as part of the annual governance review
- Promote strong corporate governance practices within LSS and act as a resource and advisor on all matters related to governance for board members
- With the Chair, oversee the services provided to the board by the Executive Assistant to the board
- Identify items that require approval by the board, drafting resolutions as required
- Refer issues for a legal opinion as required
- Ensure that decisions taken by the board are communicated internally and externally in a timely way
- Ensure that all necessary actions to realize a board decision are taken by LSS
- As an authorized signatory apply the corporate seal of LSS in compliance with the policies of the board and the *Legal Services Society Act*
- Ensure that information provided to one board member is available to all board members
- Ensure that all legal and filing requirements relating to LSS are met
- Coach and assist managers and Divisional Directors to ensure that board requirements are clearly understood and appropriately communicated

j. Director competencies and board succession

The Executive Committee of the board also serves as the LSS Board Governance Committee. One of the responsibilities of this Committee is to work to ensure that the LSS board has the appropriate combination of competencies (skills and experience) and personal attributes (behaviour and attitude) to support the LSS mission and work as an effective team.

While the ultimate selection of directors to the LSS board is the prerogative of the Law Society and government of BC, LSS has a central role to play in the process of appointments to the board that includes:

- developing director selection criteria for board membership as a whole and for specific vacancies,
- developing a plan and a process for the orderly long term renewal of board membership.

To meet this role the Executive Committee develops and maintains a competency matrix (*See Appendix 5*) listing the particular competencies desired for board membership as a whole. This information is used as a guide to determine which competencies might be missing from the board and should be sought when looking for new candidates. The Executive Committee reviews the competencies and the competency matrix annually to ensure that it is current and to maintain a plan for the long term renewal of the board.

Employer of executive director function

“It is often said that the most important task of a board is the choice of ED.”

— John Carver

a. Board responsibility

“Hiring, supporting, evaluating, compensating, planning for the succession of and, if necessary, firing the executive director *General By-law*, s. 2.2 (f)

b. Purpose

The Executive Director (“ED”) is the society’s lead employee, with overall responsibility for implementing the board’s strategic plan and administering the society.

For the board to fulfill its responsibility to ensure the effective governance of the society, it must make sure that the right person fills the ED position and that that person is fully supported to do an effective job.

This means that the board must hire and retain the right person, and, if necessary, terminate the employment of an ED who is not right for the job. It also means that the board needs to have a plan for the orderly succession to a new ED, so that the organization does not lack an effective administrator for any length of time.

Once the right person has been chosen for the ED’s position, the board enters into a contract of employment with him or her, and makes certain that appropriate compensation processes are in place in order to ensure the retention of a qualified and successful ED. The board also has a responsibility to support the ED in other ways, such as providing opportunities for him or her to develop the necessary skills to do the job well.

The board needs to monitor and evaluate the ED's performance for two reasons:

- to support the ED in doing the job well by setting clear expectations and providing feedback, recognition, and development opportunities; and
- to be aware of serious problems that could lead to replacing the ED.

c. Role of the chair

There are limits to the ability of a group of directors to collectively fulfill the role of employer. The board, therefore, delegates to the chair of the board certain of the employer responsibilities; in particular, negotiating contract issues and conducting the ED's performance evaluation on behalf of the board. The chair is also responsible for ensuring that a process exists within the organization to allow staff to inform the board of fundamental breaches of his or her employment obligations by the ED, and for being the conduit for conveying that information to the board.

d. Role of the senior manager responsible for human resources

The senior manager responsible for human resources will support the chair and the board in fulfilling its employer responsibilities, and, in this respect, reports directly to the board.

In particular, the senior manager responsible for human resources will:

- advise the chair and the board on contract, compensation and benefits issues, and employment regulation and guidelines that may affect the ED contract and/or compensation and benefits;
- advise the chair on effective performance evaluation methods;
- advise the chair on ED hiring and succession planning; and
- ensure that the society has in place an adequate mechanism for staff members to report serious problems with the ED's performance that could undermine the organization, such as unethical or unprofessional conduct. That policy, known as the Disclosure of Wrongdoing Policy is currently in place and is attached as *Appendix 5*.

e. Compensating and supporting the executive director

Currently, a written contract of employment is in place for the ED, for an indefinite term. Compensation and benefits are based on the LSS terms and conditions of employment for excluded staff.

The society is a member of the Public Sector Employers' Council (PSEC) and the Crown Society Employers' Association (CCEA), and must fulfill its employer function following the provisions of the *Public Sector Employers Act*, which sets standards with respect to such issues as compensation, including benefits, and severance packages.

The board has the responsibility to support the ED in other ways, such as providing opportunities for professional development and offering thoughtful advice to the ED.

Vacation and leaves

The ED completes the standard leave forms and has them approved by the Director, Human Resources. Approvals will be made as per the conditions of employment in the contract. Any requests outside of the contract and the terms and conditions for excluded managers require approval from the chair and/or his or her designate. Copies of leave sheet forms will be kept by the Director, Human Resources and reviewed with the chair as requested.

Expenses approvals

The ED completes the standard expense/travel claim form and has it approved by the Director of Finance and Corporate Services. Approvals will be made as per the conditions of employment in the contract and LSS expense/travel claim policy. Any requests outside of the contract and the expense/travel claim policy require approval from the chair and/or his or her designate. Copies of completed expense/travel claim forms will be kept by the Director of Finance and Corporate Services and reviewed with the chair as requested.

f. Monitoring and evaluating the executive director

Monitoring and evaluation must be done against clearly set out expectations, and in turn, informs those expectations.

Executive director performance linked to organizational performance

The board's fundamental expectation is that the ED will implement the service plan and the board's strategic direction. The board, by setting the

strategic direction and the service plan for the organization, is simultaneously setting their expectations of the ED.

If the society is functioning well and in accordance with the strategic direction and service plan policies, it follows that the ED is performing well. The board, therefore, monitors the ED by having in place monitoring mechanisms to answer the questions: “Are the strategic priorities set by the board being advanced?” and “Is the service plan being followed?” The mechanisms for doing this kind of monitoring are discussed above, in section 2: Strategic direction function.

Executive director performance linked to risk management

Another expectation is that the ED will prepare the organization for future challenges and opportunities; in other words, manage risk. The board, in fulfilling its risk management function, is simultaneously monitoring the ED’s performance on this front.

Executive director performance evaluation a support to executive director

It is not for the board to tell the ED how to do the job. The performance evaluation process is, therefore, primarily a mechanism of support to the ED in maximizing his or her capacity to do the job well.

Performance evaluation process

In addition to evaluating the organization’s performance and monitoring for unethical or unprofessional conduct by the ED, the board, through the chair, will engage in a regular performance evaluation of the ED. A regular performance evaluation is important for the ED as a means of obtaining internal and external feedback job performance. It allows the ED to receive acknowledgement for accomplishments, to clarify or redefine the board’s expectations, and to consider ways of improving performance.

Limits of executive director performance evaluation

The performance evaluation process is not used as a mechanism for terminating the employment of the ED. If the board has fundamental concerns about the ED’s performance to the point that they are considering terminating the ED’s employment, the board will develop an alternative process to answer the question: does the society have the right person in the position of ED?

g. Executive director performance evaluation process

1. The ED's performance is evaluated annually.
2. The objectives of the ED performance evaluation process are:
 - to measure if the board's expectations of the ED for the previous year have been met;
 - to set expectations of the ED for the following year;
 - to identify areas for ED development; and
 - to provide feedback and recognition to the ED.
3. The performance evaluation document:
 - has a section setting out performance in relation to last year's expectations, a training and development plan, and next year's expectations;
 - divides expectations into four categories: implementing key strategies, board relations, external relations, and relations with service deliverers (employees and contractors); and
 - relates the training and development plan to organizational expectations set by the board, internal feedback (see below), and the ED's assessment of his or her own needs.
4. The performance evaluation steps are as follows:
 - The board confirms the expectations of the ED's performance for the following year.
 - The ED and the chair meet quarterly to review progress on the performance expectations, and, if necessary, to clarify or refocus expectations. At these quarterly meetings, the chair provides feedback and recognition to the ED and agrees to training and development opportunities.
 - The ED affirms the performance evaluation process with the chair before beginning the process.
 - The chair gets feedback from the board at an in-camera session not including the ED or any staff.
 - The ED obtains feedback from staff, and includes relevant feedback in the performance evaluation document.
 - The ED fills out a draft of the performance evaluation document.

- The chair reviews the draft performance evaluation document and modifies it to include the chair's own observations and assessment and the feedback from the board.
- The chair meets with the ED to discuss and finalize the ED performance evaluation document.
- The ED, after consulting internally and with the chair, develops his performance expectations and target completion dates for the following year.
- The chair provides copies of the ED's evaluation to the directors for their information at the board's May meeting. The ED evaluation is a confidential document and copies of it are collected after discussion. The signed copy is stored in the ED's personnel file, to which only the chair has access.
- Also, at the board's May meeting, the ED presents to the board his or her performance expectations for the following year, and the board confirms or modifies those expectations.

h. Terminating the employment of the executive director

Becoming aware of serious problems

If there are such serious problems with the ED performance that termination of his or her employment contract may be warranted, the board needs to be aware of these problems.

The board's monitoring of the organization's strategic objectives will be one source of information about serious problems with the ED's performance. Significant failure to implement the strategic directions set by the board may be an indicator that the right person may not be in the ED position. However, it could also mean that the strategic directions need to be modified, or the ED provided with more resources to implement the strategic plan.

The performance evaluation process will be another important source of information for the board, but it cannot be relied upon as the sole mechanism for generating fundamental concerns about the ED that could justify replacement. Sometimes unethical or unprofessional conduct is only apparent to other employees of LSS, and the performance evaluation process is unlikely to provide an opportunity for an employee to express such fundamental concerns.

Employee reporting of fundamental breach of policy

- (a) The Director of Human Resources will put in place a mechanism for employees of the organization to make the Director of Human Resources or the chair of the board aware of fundamental concerns they have about the ED’s conduct or performance that may undermine the organization.
- (b) The Director of Human Resources will ensure that employees are aware of and comfortable with using this mechanism.
- (c) The Director of Human Resources will report annually to the chair of the board to confirm that an adequate reporting mechanism is in place and is sufficiently publicized to employees.

A process to determine if termination of employment is appropriate

If such serious problems arise with the ED’s performance or conduct that termination of employment becomes a possible alternative, the board must put in place a special assessment process designed to evaluate whether this step should be taken.

The assessment process will set out when and how the board will meet to discuss the issue of the ED’s continued employment.

The process that the board designs must be administratively fair to the ED, allowing the ED to be aware of the case for termination of employment and to be heard by the board.

At the same time, the process must be designed to ensure that the board has accurate and complete information that is relevant to its assessment.

i. Executive director succession

Maintaining an ongoing succession plan for the Executive Director is a central responsibility of the board. The board has an emergency succession procedure and in 2006 began work on a formal Executive Director succession regime.

Emergency ED succession procedure

A change in executive leadership is inevitable for all organizations and can be a very challenging time. Therefore it is the policy of Legal Services Society (“LSS”) to be prepared for an eventual permanent change in leadership – either planned or unplanned – to ensure stability and accountability within the organization until the new permanent leadership is identified. The Executive Committee of the Board of Directors is accountable for implementing this policy and its related procedures.

7 – Employer of executive director function

It is the policy of the board to assess the permanent leadership needs of the organization to help ensure the selection of a qualified and capable leader who possesses the skills, experience and competencies needed to advance the LSS mission, vision, values, goals and objectives. To ensure the organization's operations are not interrupted while the board assesses the leadership needs and recruit a permanent executive officer, the board will appoint interim executive leadership as described below. The interim Executive Director's overriding objective is to ensure that the organization continues to operate without disruption and that all organizational commitments are met.

The society will employ an external recruitment agency to work with the Executive Committee in the recruitment process. LSS will develop a diverse pool of candidates and consider at least three finalist candidates for its permanent Executive Director position. The interim ED and any other interested internal candidates are encouraged to submit their qualifications for review and consideration by the Executive Committee according to the guidelines established for the search and recruitment process.

Procedures for succession

For a temporary change in executive leadership due to illness or leave of absence of less than 30 days the Executive Director may designate a member of the LSS Executive Management Committee (“EMC”) as Acting Executive Director.

For an absence longer than 30 days the Executive Director in consultation with the Executive Committee of the board shall designate an Acting Executive Director.

In the event the Executive Director of the society is no longer able to serve in this position (i.e., leaves the position permanently, or suffers a catastrophe that presents the designation of an Acting Executive Director), the Chair of the board in consultation with senior management and members of the Executive Committee of the board shall do the following:

1. On being advised by senior management that interim action is required the Chair will appoint an interim Executive Director according to the following line of succession:
 - A member of the LSS Executive Management Committee
 - Another LSS manager or an external appointment with the requisite skills and experience.

The interim status will be reviewed by the chair each 30 days in consultation with the Executive Management Committee and the LSS Executive Committee of the board to determine whether a permanent change in leadership is required.

2. On determining that a permanent change in leadership is required the Chair shall implement a preliminary transition plan that includes:
 - Communicating with key stakeholders regarding actions taken by the board in naming an interim successor, appointing a transition committee, and implementing the succession policy.
 - With the advice of the EMC member responsible for Human Resources consider the need for consulting assistance (i.e., transition management or executive search consultant) based on the circumstances of the transition.
 - Working with the Executive Management Committee to review the organization’s business plan and conduct a brief assessment of organizational strengths, weaknesses, opportunities and threats to identify priority issues that may need to be addressed during the transition process and to identify attributes and characteristics that are important to consider in the selection of the next permanent leader.
 - Establish a time frame and plan for the recruitment and selection process.

j. Protection of privacy

The ED’s privacy should be respected and supported to the extent that is consistent with the society’s obligations to be publicly accountable.

Only the chair and the director of human resources have access to the ED’s personnel file.

Appendix 1: The standards of ethical conduct for directors of the Legal Services Society

The fundamental relationship between a director and the public sector organization on which the director serves should be one of trust; essential to trust is a commitment to honesty and integrity. Ethical conduct within this relationship imposes certain obligations.

The purpose of this document is to set out minimum standards of ethical conduct expected of all directors appointed to the board of the Legal Services Society.

1. Compliance with the law

- 1.1 Directors should act at all times in full compliance with both the letter and the spirit of all applicable laws.
- 1.2 In his/her relationship with the organization, no director should commit or condone an unethical or illegal act or instruct another director, employee, or supplier to do so.
- 1.3 Directors are expected to be sufficiently familiar with any legislation that applies to their work to recognize potential liabilities and to know when to seek legal advice. If in doubt, directors are expected to ask for clarification.
- 1.4 Falsifying any record of transactions is unacceptable.
- 1.5 Directors should not only comply fully with the law, but should also avoid any situation which could be perceived as improper or indicate a casual attitude towards compliance.

2. Conflicts of interest

- 2.1 In general, a conflict of interest exists for directors who use their position at the organization to benefit themselves, friends or families.
- 2.2 A director should not use his or her position with the organization to pursue or advance the director's personal interest, the interests of a related person,¹ the director's business associate, corporation, union or partnership, or the interests of a person to whom the director owes an obligation.
- 2.3 A director should not directly or indirectly benefit from a transaction with the organization over which a director can influence decisions made by the organization.
- 2.4 A director should not take personal advantage of an opportunity available to the organization unless the organization has clearly and irrevocably decided against pursuing the opportunity and the opportunity is also available to the public.
- 2.5 A director should not use his or her position with the organization to solicit clients for the director's business, or a business operated by a close friend, family director, business associate, corporation, union or partnership of the director, or a person to whom the director owes an obligation.
- 2.6 Every director should avoid any situation in which there is, or may appear to be, potential conflict² which could appear³ to interfere with the director's judgment in making decisions in the organization's best interest.
- 2.7 There are several situations that could give rise to a conflict of interest. The most common are accepting gifts, favours or kickbacks from suppliers, close or family relationships with outside suppliers, passing confidential information to competitors or other interested parties or using privileged information inappropriately. The following are examples of the types of conduct and situations that can lead to a conflict of interest:
 - (i) influencing the organization to lease equipment from a business owned by the director's spouse;
 - (ii) influencing the organization to allocate funds to an institution where the director or his or her relative works or is involved;

¹ "related" person means a spouse, child, parent or sibling of a director who resides with that director

² "conflict" means a conflict of interest or apparent conflict of interest

³ "apparent" conflict of interest means any situation where it would appear to a reasonable person that the director is in a conflict of interest situation.

- (iii) participating in a decision by the organization to hire or promote a relative of the director;
 - (iv) Influencing the organization to make all its travel arrangements through a travel agency owned by a relative of the director;
 - (v) Influencing or participating in a decision of the organization that will directly or indirectly result in the director's own financial gain.
- 2.8 A director should fully disclose all circumstances that could conceivably be construed as conflict of interest.
- 2.9 The Legal Services Society has a Conflict of Interest By-Law; where that By-Law conflicts with this Code of Ethics the By-Law will prevail.

3. Disclosure

- 3.1 Full disclosure enables directors to resolve unclear situations and gives an opportunity to dispose of conflicting interests before any difficulty can arise.
- 3.2 The director should, immediately upon becoming aware of a potential conflict of interest situation, disclose the conflict (preferably in writing) to the board chair. This requirement exists even if the director does not become aware of the conflict until after a transaction is complete.
- 3.3 If a director is in doubt whether a situation involves a conflict, the director should immediately seek the advice of the board chair. If appropriate, the board may wish to seek advice from an ethics advisor or legal advice.
- 3.4 Unless a director is otherwise directed, a director should immediately take steps to resolve the conflict or remove the suspicion that it exists.
- 3.5 If a director is concerned that another director is in a conflict of interest situation, the director should immediately bring his or her concern to the other director's attention and request that the conflict be declared. If the other director refuses to declare the conflict, the director should immediately bring his or her concern to the attention of the board chair. If there is a concern with the board chair, the issue should be referred to the governance committee or equivalent committee of the board that deals with board governance issues.
- 3.6 A director should disclose the nature and extent of any conflict at the first meeting of the board after which the facts leading to the conflict have come to that director's attention. After disclosing the conflict, the director:

- (i) should not take part in the discussion of the matter or vote on any questions in respect of the matter (although the director may be counted in the quorum present at the board meeting);
- (ii) if the meeting is open to the public, may remain in the room but shall not take part in that portion of the meeting during which the matter giving rise to the conflict is under discussion, and shall leave the room prior to any vote on the matter giving rise to the conflict;
- (iii) should, if the meeting is not open to the public, immediately leave the meeting and not return until all discussion and voting with respect to the matter giving rise to the conflict is complete; and
- (iv) should not attempt, in any way or at any time, to influence the discussion or the voting of the board on any question relating to the matter giving rise to the conflict.

4. Outside business interests

- 4.1 Directors should declare possible conflicts outside business activities at the time of appointment. Notwithstanding any outside activities, directors are required to act in the best interest of the organization.
- 4.2 No director should hold a significant financial interest, either directly or through a relative or associate, or hold or accept a position as an officer or director in an organization in a material relationship with the organization, where by virtue of his or her position in the organization, the director could in any way benefit the other organization by influencing the purchasing, selling or other decisions of the organization, unless that interest has been fully disclosed in writing to the organization.
- 4.3 A “significant financial interest” in this context is any interest substantial enough that decisions of the organization could result in a personal gain for the director.
- 4.4 These restrictions apply equally to interests in companies that may compete with the organization in all of its areas of activity.
- 4.5 Directors who have been selected to the board as a representative of a stakeholder group or region owe the same duties and loyalty to the organization and when their duties conflict with the wishes of the stakeholder or constituent, their primary duty remains to act in the best interests of the organization.

5. Confidential information

- 5.1 Confidential information includes proprietary, technical, business, financial, legal or any other information which the organization treats as confidential.
- 5.2 Directors should not, either during or following the termination of an appointment, disclose such information to any outside person unless authorized.
- 5.3 Similarly, directors should never disclose or use confidential information gained by virtue of their association with the organization for personal gain, or to benefit friends, relatives or associates.
- 5.4 If in doubt about what is considered confidential, a director should seek guidance from the board chair or the CEO.

6. Investment activity

- 6.1 Directors should not, either directly or through relatives or associates, acquire or dispose of any interest, including publicly traded shares, in any company while having undisclosed confidential information obtained in the course of work at the organization which could reasonably affect the value of such securities.

7. Outside employment or association

- 7.1 A director who accepts a position with any organization that could lead to a conflict of interest or situation prejudicial to the organization interest, should discuss the implications of accepting such a position with the board chair recognizing that acceptance of such a position might require the director's resignation from the organization's board.

8. Entertainment, gifts and favours

- 8.1 It is essential to fair business practices that all those who associate with the organization, as suppliers, contractors or directors, have access to the organization on equal terms.
- 8.2 Directors and members of their immediate families should not accept entertainment, gifts or favours that create or appear to create a favoured position for doing business with the organization. Any firm offering such inducement should be asked to cease.
- 8.3 Similarly, no director should offer or solicit gifts or favours in order to secure preferential treatment for themselves or the organization.

- 8.4 Under no circumstances should directors offer or receive cash, preferred loans, securities, or secret commissions in exchange for preferential treatment. Any director experiencing or witnessing such an offer should report the incident to the board chair immediately.
- 8.5 Gifts and entertainment should only be accepted or offered by a director in the normal exchanges common to established business relationships for the organization. An exchange of such gifts should create no sense of obligation on the part of the director.
- 8.6 Inappropriate gifts received by a director should be returned to the donor.
- 8.7 Full and immediate disclosure to the board chair of borderline cases will always be taken as good-faith compliance with these standards.

9. Use of the organization's property

- 9.1 A director should require the organization's approval to use property owned by the organization for personal purposes, or to purchase property from the organization unless the purchase is made through the usual channels also available to the public.
- 9.2 Even then, a director should not purchase property owned by the organization if that director is involved in an official capacity in some aspect or the sale of the property.

10. Responsibility

- 10.1 The organization should behave, and be perceived, as an ethical organization.
- 10.2 Each director should adhere to the minimum standards described herein and in the organization's code of conduct, and to the standards set out in applicable policies, guidelines or legislation.
- 10.3 Integrity, honesty, and trust are essential elements of the organization's success. Any director who knows or suspects a breach of the organization's code of conduct and ethics has a responsibility to report it to the board chair.
- 10.4 To demonstrate determination and commitment, each director should review and declare compliance with the organization's code of conduct and ethics annually.

11. Breach

- 11.1 A director found to have breached his/her duty by violating the minimum standards set out in this document may be liable to censure or a recommendation for dismissal.

12. Where to seek clarification

- 12.1 Normally, the board chair or the governance committee chair should be responsible to provide guidance on any item concerning standards of ethical behaviour.

13. Form of declaration

- 13.1 The following is a sample form of declaration that may be used by organizations.

I ACKNOWLEDGE that I have read and considered the Code of Conduct and Conflict of Interest Guidelines for the Directors of the Legal Services Society and agree to conduct myself in accordance with the Code of Conduct and Conflict of Interest By-Law for Directors.

Signature

Print name

Appendix 2: Board performance objectives, 2006-2007

The board of directors has identified the following performance objectives for the fiscal year 2006-2007. The evaluation of these objectives will be completed in spring of 2007.

Function	Objective	Performance Indicators
<i>Strategic Direction</i>	1. Set clear organizational priorities (and strategies) for 2006-2007	<ul style="list-style-type: none"> • Published the organizational priorities through the Service Plan
	2. Evaluate the society's progress on the implementation of its 2006-2007 strategic priorities	<ul style="list-style-type: none"> • Reviewed progress on service plan initiatives by Spring 2007
	3. Provide LSS with clear outcomes to be pursued through Legal Aid Renewal	<ul style="list-style-type: none"> • Service outcomes identified for each of the core service areas by March 31 2007.
<i>Risk Management</i>	4. Effectively manage variations in budget for 2006-2007	<ul style="list-style-type: none"> • Completed quarterly reviews of LSS's budget and addressed variances as required
	5. Effectively address unplanned strategic issues that arise during the year	<ul style="list-style-type: none"> • Summary rating is "excellent" on the related sections of the board performance evaluation

Appendix 2 – Board performance objectives, 2006-2007

Function	Objective	Performance Indicators
<i>External Relations</i>	6. To ensure that the LSS board liaison policies maximize the board's ability to effectively govern the society	<ul style="list-style-type: none"> Completed the review and implemented necessary changes to the board practices relating to stakeholder engagement. Conducted meetings with each major stakeholder
	7. Continue to build public support for legal aid to enhance the prospect of LSS receiving increased funding.	<ul style="list-style-type: none"> Board members will continue to be engaged in the Legal Aid Awareness campaign with at least 15 contacts completed
<i>Advising</i>	8. Serve as an effective sounding board to the Executive Director of LSS by providing advice and comment on strategic issues as requested	<ul style="list-style-type: none"> Summary rating is "excellent" on the related sections of the board performance evaluation
<i>Board Performance</i>	9. Maintain familiarity with LSS operations and key business issues	<ul style="list-style-type: none"> Board briefing completed on three major aspects of LSS business/operations during the year
	10. Complete a comprehensive board evaluation process which includes evaluation at 3 levels: <ul style="list-style-type: none"> Board performance evaluation Individual director performance evaluation (through peer review)? Chair performance evaluation 	<ul style="list-style-type: none"> Reviewed and discussed results of the board performance evaluation at Spring retreat Completed annual board learning and development plan based on the evaluation results LSS Chair privately reviewed individual director results with each director Vice-Chair privately reviewed Chair evaluation results with the LSS Chair
	11. Develop and implement a LSS director succession planning policy and process which includes opportunities for training and mentorship	<ul style="list-style-type: none"> Adopted a board succession planning policy/program Identified and completed a minimum of 2 training and mentorship opportunities for one or more directors

Function	Objective	Performance Indicators
	12. Complete a review of the LSS governance policy and practices having regard to the Best Practices Guidelines for Governing Boards of BC Public Sector Organizations	<ul style="list-style-type: none"> • Published a revised and updated governance policy for LSS
<i>Employer of Executive Director</i>	13. Complete an independent and comprehensive written evaluation of the LSS Executive Director that successfully articulates both his strengths and a plan for development	<ul style="list-style-type: none"> • Completed ED performance evaluation for 2005-2006 and reviewed evaluation results at Spring Retreat • Chairman conducted periodic reviews to measure progress on ED development plan
	14. Develop a plan to address Executive Director succession	<ul style="list-style-type: none"> • Key elements of an executive director succession plan have been discussed and decided upon by March 31, 2007.

Appendix 3: LSS board performance evaluation 2006

Directions:

This questionnaire is designed to help you consider the performance of the LSS board of directors as a group. It is part of a process that is intended to enhance the board’s overall effectiveness. The results will be summarized and presented at the board’s spring retreat for discussion and action. Your individual results will be kept strictly confidential. Please indicate the extent to which you agree with the following statements concerning the functioning of the board of directors as a whole. Circle one response for each item. For descriptive questions, please provide a clear, concise response with adequate explanation of your perspective.

A. LSS board functions

Circle the number that best indicates your perception	Strongly disagree ▼	Disagree ▼	Agree ▼	Strongly agree ▼	Do not know ▼
STRATEGIC DIRECTION					
<i>Objectives:</i>					
<ul style="list-style-type: none"> • Set clear organizational priorities (and strategies for 2005-2006) • Evaluate the society’s progress on the implementation of its 2005-2006 strategic priorities and strategies • Review and update the LSS long-range strategic direction 					
1. Within the past year, the board has reviewed and implemented the organization’s strategic direction and related priorities for attaining its long-term objectives.	1	2	3	4	<input type="checkbox"/>
2. A sufficient amount of the board’s time was spent in discussion of issues of importance to the organization’s long-range future.	1	2	3	4	<input type="checkbox"/>
3. The board has a clear process for setting strategic direction that involves the board and management jointly designing the future of the organization.	1	2	3	4	<input type="checkbox"/>

Appendix 3 – LSS board performance evaluation 2006

Circle the number that best indicates your perception	Strongly disagree ▼	Disagree ▼	Agree ▼	Strongly agree ▼	Do not know ▼
4. The board addresses at least one strategic issue at each meeting.	1	2	3	4	<input type="checkbox"/>
5. The board addresses strategic issues in the context of the larger environment.	1	2	3	4	<input type="checkbox"/>

What steps should the board take to improve its ability to sustain focus on and achieve strategic priorities for LSS?

RISK MANAGEMENT

Objectives:

- *Effectively manage variations in budget for 2005-2006*
- *Effectively address unplanned strategic issues that arise during the year*

6. Budget variances are reviewed and discussed each quarter; sound inquiries are made regarding these variations; and action is taken as warranted.	1	2	3	4	<input type="checkbox"/>
7. A sufficient amount of the board’s time is spent identifying risks to the organization.	1	2	3	4	<input type="checkbox"/>
8. When unplanned issues come before our board, they are framed in a way that enables all board members to see the connection between each issue and the society’s overall strategic priorities.	1	2	3	4	<input type="checkbox"/>
9. The board is well aware of the impact its decisions will have on clients and stakeholders and within the justice system.	1	2	3	4	<input type="checkbox"/>

How do we monitor the impacts of our decisions on clients and stakeholders and keep current regarding their concerns? Which of these work well and which may warrant further attention?

10. When unplanned issues come before our board, we draw upon multiple perspectives to understand the problem and to synthesize creative strategies to the same.	1	2	3	4	<input type="checkbox"/>
11. The board annually verifies the integrity of LSS’s internal financial control and management information systems.	1	2	3	4	<input type="checkbox"/>

Circle the number that best indicates your perception	Strongly disagree ▼	Disagree ▼	Agree ▼	Strongly agree ▼	Do not know ▼
12. The board effectively inquires into major performance deficiencies.	1	2	3	4	<input type="checkbox"/>
13. The board not only assesses threats to organizational well-being but also explores LSS awareness of opportunities and capacity to respond to them.	1	2	3	4	<input type="checkbox"/>

EXTERNAL RELATIONS

Objective:

- *Develop and implement an effective stakeholder engagement policy for the LSS board of directors*

14. The board regularly receives information and advice from key stakeholders through board committees and liaison directors.	1	2	3	4	<input type="checkbox"/>
15. The board has sound processes in place to ensure they are kept informed of important trends in the larger environment that might affect the organization.	1	2	3	4	<input type="checkbox"/>
16. The board's business is conducted within a framework of accountability so that funders and others can confirm that LSS revenue is used appropriately.	1	2	3	4	<input type="checkbox"/>
17. The board communicates systematically and frequently with key stakeholders to seek input on key issues related to the society.	1	2	3	4	<input type="checkbox"/>

How can the board improve LSS's relationships with key stakeholders, including the public?

ADVISING

Objective:

- *Serve as an effective sounding board to the Executive Director of LSS by providing advice and comment on strategic issues as requested.*

18. When requested to do so, the board provides advice and counsel to senior management in its areas of responsibility.	1	2	3	4	<input type="checkbox"/>
19. The board does not involve itself in day-to-day management or operations.	1	2	3	4	<input type="checkbox"/>

Appendix 3 – LSS board performance evaluation 2006

Circle the number that best indicates your perception	Strongly disagree ▼	Disagree ▼	Agree ▼	Strongly agree ▼	Do not know ▼
BOARD PERFORMANCE					
<i>Objective:</i>					
<ul style="list-style-type: none"> • <i>Maintain familiarity with LSS operations and key business issues</i> • <i>Complete an evaluation of the board's performance that successfully articulates the board's strengths and results in a learning and development plan for the board and its members</i> • <i>Develop and implement an LSS director succession planning policy and process which includes opportunities for training and mentorship</i> • <i>Complete a review of the LSS governance policy and practices, having regard for the Best Practice Guidelines for Governing Boards of BC</i> 					
20. A sufficient amount of the board's time has been spent for the purpose of maintaining familiarity with LSS operations.	1	2	3	4	<input type="checkbox"/>
21. The board has an effective process for assessing its own performance on an annual basis that results in a learning and development plan for the board and its members.	1	2	3	4	<input type="checkbox"/>
22. The board maintains a director's succession planning policy and is satisfied with succession planning for directors.	1	2	3	4	<input type="checkbox"/>
23. The board has an orientation program for new board members that adequately prepares them to enter the role of director.	1	2	3	4	<input type="checkbox"/>
24. Board members actively participate in deliberations and discussions; board members are able to speak freely without fear that they will be ostracized by other members of the board.	1	2	3	4	<input type="checkbox"/>
25. The board displays legal, ethical and moral conduct internally and externally to LSS.	1	2	3	4	<input type="checkbox"/>

How well do we draw upon multiple perspectives to dissect problems and to synthesize creative approaches? How could we improve our performance in this area?

EMPLOYER OF EXECUTIVE DIRECTOR FUNCTION

- Objective:*
- *Complete an independent and comprehensive written evaluation of the LSS Executive Director that articulates both his strengths and a plan for development.*
 - *Develop and implement a long-range executive director succession planning policy and process.*
26. The board formally evaluates the performance of the Executive Director on an annual basis which identifies his/her strengths and results in a practical and productive development plan.

1 2 3 4

Circle the number that best indicates your perception	Strongly disagree ▼	Disagree ▼	Agree ▼	Strongly agree ▼	Do not know ▼
27. The board honestly and openly communicates its expectations and concerns to the Executive Director on a regular basis.	1	2	3	4	<input type="checkbox"/>
28. The board has adopted and maintains an executive director succession planning policy and is satisfied with succession planning for the Executive Director.	1	2	3	4	<input type="checkbox"/>
29. The board functions independently of management, with a consistent focus on the best, long-term interests of LSS.	1	2	3	4	<input type="checkbox"/>

B. LSS board leadership

Circle the number that best indicates your perception	Strongly disagree ▼	Disagree ▼	Agree ▼	Strongly agree ▼	Do not know ▼
<i>Objective</i>					
• Operate a highly effective and efficient board structure using clear procedures and processes and strong facilitation techniques.					
30. Board members are kept abreast of issues and trends affecting LSS, and use this information to assess and guide the LSS's performance.	1	2	3	4	<input type="checkbox"/>
31. Board members receive timely and accurate minutes, advance written agendas and meeting notices, and clear concise background material in preparation for meetings.	1	2	3	4	<input type="checkbox"/>
32. Key decisions and actions of the board are clarified, summarized, and communicated to the board members and other key stakeholders	1	2	3	4	<input type="checkbox"/>
33. Board members receive helpful feedback on their performance as a member of the board.	1	2	3	4	<input type="checkbox"/>
34. The board conducts an annual, explicit examination of their role, responsibilities, and processes/systems.	1	2	3	4	<input type="checkbox"/>
35. The board explores alternate perspectives and solutions prior to making a decision on critical issues.	1	2	3	4	<input type="checkbox"/>
36. When presented, issues are framed in the context of the organization's overall strategy to enable board members to see a connection between the current challenge and LSS's future direction.	1	2	3	4	<input type="checkbox"/>
37. Board meeting frequency and duration are adequate to complete the necessary responsibilities of the board.	1	2	3	4	<input type="checkbox"/>

C. LSS board performance

Circle the number that best indicates your perception	Very dissatisfied ▼	Somewhat dissatisfied ▼	Somewhat satisfied ▼	Very satisfied ▼
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ISSUE 1: TARIFF RENEWAL

Legal aid tariff renewal was identified as one of three LSS strategic priorities in May 2006. It was discussed at the May retreat and there was a further presentation to the board in September. Over the past year, LSS has eliminated tariff holdbacks, increased the services family lawyers can provide to their clients, amended the tariffs to better recognize the administrative costs associated with legal aid, and introduced a three-tiered tariff rate for many cases. The tariffs are such a core part of LSS operations that they are strategically important.

Effective discussion at the board table requires:

- Constructive debate which considers different perspectives
- Respectful interaction
- Focusing on strategic rather than operational components of tariff renewal
- Ability of the chair to facilitate and manage the discussion

- | | | | | |
|-----------------------------------------------------------------------|---|---|---|---|
| 1. How satisfied are you with the way the board addressed this issue? | 1 | 2 | 3 | 4 |
| 2. What did the board do well in addressing this issue? | | | | |
| 3. How could the board have improved the way it handled this issue? | | | | |

ISSUE 2: BOARD GOVERNANCE REVIEW

The LSS Board of Directors undertook a review of its governance framework, practices and procedures over the past year. The board assigned this responsibility to the board Executive Committee, who in turn designated the vice-chair to the lead the review. There has been a presentation on this topic at each of meeting of the board and the Executive Committee.

- | | | | | |
|-----------------------------------------------------------------------|---|---|---|---|
| 4. How satisfied are you with the way the board addressed this issue? | 1 | 2 | 3 | 4 |
| 5. What did the board do well in addressing this issue? | | | | |
| 6. How could the board have improved the way it handled this issue? | | | | |

ISSUE 3: BUDGET SERVICE PLAN

LSS developed its budget submission from July 2005 through January 2006. Part of this budget included a multi-year cost projection expressing the board's expectation of increased funding from government and its intention to incur multi-year operating deficits funded from the accumulated surplus to support innovative programs. Late in the budget process government officials advised that Treasury Board would not accept either a projection of increased funding or ongoing deficits.

The board Executive responded by amending the budget presentation but maintaining budget and service plan notes indicating the board's expectations.

- | | | | | |
|-----------------------------------------------------------------------|---|---|---|---|
| 7. How satisfied are you with the way the board addressed this issue? | 1 | 2 | 3 | 4 |
| 8. What did the board do well in addressing this issue? | | | | |
| 9. How could the board have improved the way it handled this issue? | | | | |

Circle the number that best indicates your perception	Very dissatisfied ▼	Somewhat dissatisfied ▼	Somewhat satisfied ▼	Very satisfied ▼
ISSUE 4: LEGAL AID AWARENESS				
This year the board adopted a plan to raise awareness of legal aid and educate politicians about LSS services to implement its strategic priority in this area. A key component of the plan was the direct involvement of board members in the work associated with the plan. Board members and the Executive Director have been meeting with MLAs and MPs since December.				
10. How satisfied are you with the way the board addressed this issue?	1	2	3	4
11. How satisfied are you with the board's involvement in developing and implementing this plan?	1	2	3	4
12. Do the materials you receive adequately prepare you for these meetings?				
13. What could be done to enhance board member involvement in this initiative?				

ISSUE 5: STRATEGIC PRIORITIES AND DIRECTION

At its meeting in June 2005, the board identified three strategic priorities:

- Tariff renewal
- Service innovation
- Legal aid awareness

14. How satisfied are you with the way the board addressed this issue?	1	2	3	4
15. Are these the right strategic priorities for the coming three-year plan (06 through 09)?				
16. Does the board spend enough time discussing the long-range strategic direction (e.g., mission, vision, and values) of LSS?				
17. If you said no to either of these questions, what do you think should happen?				

D. General comments

Please provide any general comments about the board performance:

Appendix 4: LSS board peer performance evaluation 2006

Directions:

The objective of the individual director evaluation at LSS is personal development, recognizing individual director development contributes to the overall effectiveness of the board. This questionnaire is to provide directors with an opportunity to examine how they are operating individually as a member of the LSS Board of Directors and to make suggestions for improvement. It part of a process that is intended to enhance the board's overall effectiveness. The results will be summarized and presented for discussion between each director and the chair of the board. The following questionnaire consists of statements that describe performance expectations of a director at LSS. Please indicate the extent to which you agree with the following statements concerning *your performance and that of other directors*. Your feedback results will be kept strictly confidential.

A. Individual Performance

Rating scale	1 New to area	2 Room for improvement	3 Satisfactory	4 Consistently good	5 Excellent				
<i>Identify the rating that best indicates your perception of yourself and each director on each performance criterion.</i>	Brent Adair	Janice Comeau	Geoffrey Cowper	Larry Goble	Bruce Hardy	John Hogg	Mayland McKinnon	Greg Stacey	Leah George-Wilson
ORGANIZATIONAL									
1. The director has a solid understanding of the LSS environment, including its business, operations, and technology.									
2. The director has a solid understanding of LSS long-term strategic direction including the mission, vision, and strategic objectives									
3. The director understands the management structure and responsibilities at LSS									
4. The director understands and respects the organization culture and values at LSS									
5. The director focuses his/her attention on governance and strategic direction related activities distinguishing that from management's responsibilities									
INTERACTION									
6. The director facilitates and encourages clarification and discussion as a board member									
7. The director honours and respects the confidentiality of the information and deliberations of our board									
8. The director participates in debate constructively and accepts the outcomes of the boards decisions									
9. The director demonstrates respect and effective listening skills in his/her interaction with other board members									

<i>Identify the rating that best indicates your perception of yourself and each director on each performance criterion.</i>	Brent Adair	Janice Comeau	Geoffrey Cowper	Larry Goble	Bruce Hardy	John Hogg	Mayland McKinnon	Greg Stacey	Leah George-Wilson
10. When it is appropriate the director communicates privately and constructively with the chair and executive director between meetings									
QUALITY OF INPUT									
11. The director expresses his/her views clearly and succinctly in board discussions and deliberations									
12. The director attends meetings well prepared – having done the necessary prior reading, and seeks clarification from directors or management as required									
13. The director seems to maintain his/her knowledge of the justice system, governance, and legal aid issues									
14. The director makes a measured and appropriate contribution utilizing his/her knowledge, experience and skills in board discussions and decision making									
15. The director attends meetings with a willingness to listen to all perspectives and synthesize creative solutions (or approaches) to the challenges we face									
POLITICAL ENVIRONMENT									
16. The director demonstrates an appreciation of the political environment and sensitivities in which LSS operates									
17. The director maintains a consolidated and accurate board position to the public									
18. The director understands and seeks to have effective communication and interaction with LSS key stakeholders									
GOVERNANCE ROLE AND FUNCTION									
19. The director continually assesses the performance of the board, executive management team, and organization									
20. The director asks probing questions focused on policy									

Appendix 4 – LSS board peer performance evaluation 2006

Identify the rating that best indicates your perception of yourself and each director on each performance criterion.	Brent Adair	Janice Comeau	Geoffrey Cowper	Larry Goble	Bruce Hardy	John Hogg	Mayland McKinnon	Greg Stacey	Leah George-Wilson
and strategy rather than tactics and details									
21. The director facilitates and encourages change when it would improve board performance or processes									
22. The director fully participates as an active and engaged member of the committees on which he/she sits									
23. The director demonstrates his/her understanding of the legal and fiduciary responsibilities of directors and of the board as a whole									
24. The director demonstrates familiarity with LSS board policies									

What are the two or three areas of knowledge or information that the directors would benefit most from learning about LSS?

What activities or resources would enhance the directors' ability to interact and communicate more effectively on the board?

B. General comments

Please provide any general comments about the individual performance of any director:

Appendix 5: LSS board competency matrix

The Executive Committee is responsible for developing and maintaining a board competency matrix listing the particular competencies desired for board membership as a whole. The matrix is used by the Executive Committee annually to assess the experience and skills of the board as a whole and to maintain a plan for the long-term renewal of the board.

LSS board members

Board members <i>(end of term)</i>	Brent Adair <i>(May 2007)</i>	Janice Comeau <i>(May 2009)</i>	Geoffrey Cowper <i>(May 2009)</i>	Larry Goble <i>(May 2008)</i>	Bruce Hardy <i>(May 2008)</i>	John Hogg <i>(May 2007)</i>	Mayland McKinnon <i>(Sep 2006)</i>	Greg Stacey <i>(Dec 2006)</i>	Leah George-Wilson <i>(May 2007)</i>
Knowledge of the social and economic circumstances associated with the special legal needs of low-income individuals (e.g., work/life experience that has exposed board members to the special needs of low-income individuals)									
Awareness of community resources used by low-income individuals (e.g., work/life experience that has exposed board members to the special needs of low-income individuals)									
Management skills (e.g., work experience as CEO/Senior Manager)									
Financial expertise (e.g., work experience as CFO or other financial designation)									
Public sector experience (e.g., significant work experience in the public or nonprofit sector)									
Knowledge of justice system operations (e.g., in-depth knowledge of one or more areas of the justice system)									
Knowledge of conflict resolution alternatives (e.g., exposure to or knowledge of conflict resolution alternatives)									
Experience with provision of legal aid (e.g., delivery of legal aid services)									
Knowledge of how the cultural diversity of BC affects delivery of legal aid (e.g., work/life experience involving exposure to cultural diversity of BC)									
Knowledge of how the geographic diversity of BC affects delivery of legal aid (e.g., work/life experience involving exposure to geographic diversity of BC)									

Appendix 6: Disclosure of wrongdoing policy

Policy

LSS employees are expected to disclose, in good faith, any information concerning wrongdoing at LSS. Employees who disclose wrongdoing will be treated fairly and protected from reprisals.

Intent

To provide a process whereby LSS employees who honestly believe there is or has been wrongdoing can raise the matter to the appropriate person without fear of reprisal.

Application

This policy applies to LSS employees and contractors.

Responsibility: Director, Strategic Planning, Policy and Human Resources

Questions to: Director, Strategic Planning, Policy and Human Resources

See also: *Code of Ethics*

Background

Wrongdoing is:

- a breach of the LSS Code of Ethics;
- a violation of any law or regulation;
- a misuse of LSS funds or assets; or
- gross mismanagement.

Appendix 6 – Disclosure of wrongdoing policy

Good faith disclosure is:

- based on an honest belief that the information is true; and
- not based on malicious motives or made for personal gain.

Gross Mismanagement is:

- a management action or inaction that creates a substantial risk of a significant adverse impact on LSS's ability to accomplish its mission, and
- more than simple negligence or wrongdoing, i.e., there must be an element of blatancy.

Any retaliation against an employee who discloses wrongdoing will be dealt with by means of disciplinary action.

When alleged wrongdoing is reported, the Director, Strategic Planning, Policy & Human Resources (SPP&HR) (or the Executive Director where the allegation involves the Director, SPP&HR) is required to investigate the allegation. Within 30 days of the reported allegation of wrongdoing, the Director, SPP&HR will provide a progress report to the Executive Director (or the Chair of the Board of Directors – where the allegation involves the Executive Director) and the employee.

Where further action is required, the Director, SPP&HR (or the Executive Director where required) will continue the investigation and provide a subsequent report to the Executive Director (or the Chair of the Board of Directors – where required) and the employee within 30 days.

The Board of Directors will receive an annual report outlining the number of disclosures of wrongdoing received, the disclosures under investigation, investigative outcomes and the actions that were taken.

Procedure

1. An employee should report any suspected wrongdoing to the Director, Strategic Planning, Policy and Human Resources (Director, SPP&HR). If the wrongdoing involves the Director, SPP&HR, the employee should report the wrongdoing to the Executive Director.
2. Once the suspected wrongdoing has been reported, the Director, SPP&HR (or the Executive Director where required) will meet with the employee. Where the employee is a member of the BCGEU or the PEA, the employee has the option to bring a union steward to the meeting. An excluded employee may bring their direct supervisor to the meeting. The meeting will be held in the strictest confidence by the involved parties. The employee should describe the specific action(s) and date(s) of the wrongdoing including the names of possible witnesses and/or supporting documentation.

3. The Director, SPP&HR (or the Executive Director where required) will investigate the allegation of wrongdoing. Within 30 days of the initial meeting, the Director, SPP&HR (or Executive Director where required) will provide a progress report to the Executive Director (or the Chair of the Board of Directors – where the allegation involves the Executive Director) and the employee. The progress report will include any actions which have and/or will be taken in response to the allegation. Throughout this process, the Director, SPP&HR (or the Executive Director where required), will attempt to resolve the issue.
4. If further action is required, the Director, SPP&HR (or the Executive Director where required) will continue the investigation. Within 30 days of the progress report, the Director, SPP&HR (or the Executive Director where required) will provide a subsequent report to the Executive Director (or the Chair of the Board of Directors where required) and the employee, which will provide a summary of the investigation and recommendations including corrective measures to be taken where appropriate.
5. The Director, SPP&HR will report annually to the Board of Directors on the number of disclosures of wrongdoing received, the disclosures currently under investigation, investigative outcomes, and the actions that were taken. For any allegations of wrongdoing against the Director, SPP&HR, the Executive Director shall report to the board about the specifics listed above.

Appendix 7: Board of directors remuneration and expense reimbursement policy

This policy addresses:

- remuneration board members receive for work done as board members;
- allowance for board members who have substantial self-employment overhead costs while providing services on behalf of the Legal Services Society; and
- reimbursement for expenses incurred by board members (see Appendix).

The executive director is the final authority on interpretation of this policy.

Compensation for preparation and meeting time

Directors receive the following remuneration for board and committee meetings. These rates include preparation time for these meetings:

- (a) \$375.00 for each full day of board meeting;
 - (b) \$190.00 for each committee or board meeting of a half day or less; and
 - (c) \$50.00 per hour pro-rated for every hour in excess of one hour for travel time or other reasonable and necessary services authorized by the board, the chair or the executive director.
- (d) The Chair of the Board and Chair of the Finance Committee will receive a base rate of \$50 per hour pro-rated for reasonable and necessary services required of them in their role as Chair whenever that work is not otherwise remunerated.

Allowance to defray overhead costs

Where directors establish that they will incur substantial self-employment overhead costs while involved in a board or committee meeting, a director may claim:

- (a) \$225.00 for a full day board meeting;
- (b) \$112.50 for half day board meetings or committee meetings; and
- (c) \$22.00 per hour for every hour in excess of one hour for all other time spent as authorized by the board, the chair or executive director and not including travel times.

Reimbursement of expenses

Expenses are generally allowed at the same rates that are permitted on the LSS disbursement tariff for private bar lawyers. The policies and procedures relating to disbursements can be obtained from the executive director, the assistant to the executive director, or can be found on the website at <http://www.lss.bc.ca>. The rates vary according to rates set by the Province.

Reimbursement requests must be submitted no later than April 10 in any year in order to ensure that expenses are charged in the appropriate operational year for the society. Any expenses and/or remuneration for a prior fiscal year not submitted by April 30 will not be reimbursed.

Appendix

The rates given below are effective December 1, 2006 and are subject to revision.

(a) Meal allowance

Breakfast	\$10.75
Lunch	\$12.50
Dinner	\$21.50
Full Day	\$44.75

(b) Travel Expenses within British Columbia

Airfare:	should be the most current economy or advance booking fare
Bus, taxi, train or ferry:	reasonable expenses
Car rental:	reasonable expenses
Parking:	reasonable expenses

Appendix 7 – Board of directors remuneration and expense reimbursement policy

Mileage:	\$0.47 per kilometre (previously \$0.44)
Long Distance:	Long distance charges are discouraged, but whenever these cannot be avoided, reasonable expenses will be paid.
Fax and photocopies:	up to \$0.15 per page
Accommodation:	<p>In accordance with the Guide to Legal Aid Tariffs, accommodation rates are set out on the BC Government website at www.pc.gov.bc.ca/travel/Hotel/AccommodationListing/INDEX.html</p> <p>Directors will choose the most reasonable accommodation at BC government non-smoking rates suitable for their needs in each location. Reimbursement may also be claimed for reasonable expenses incurred that relate to conference/training attendance.</p>
Privately owned accommodation:	up to \$40/night.

(c) Travel outside British Columbia

Travel expenses outside British Columbia are to be approved by the Executive Director.

