

## CDSPI Governance Charter - The Board of Directors

### Board of Directors - Responsibilities (general)

- The Strategic Planning Process
- Managing Risk
- Overseeing Senior Management
- Communication Policy
- Integrity of Internal Controls and Management Information Systems
- Director Engagement with the Dental Profession

### Board of Directors - Responsibilities (General)

For effective corporate governance, the Board of Directors shall explicitly assume responsibility for the stewardship of the Corporation and, as part of this overall stewardship, shall assume responsibility for the following **five principal responsibilities**:

- A) The Strategic Planning Process
- B) Managing Risk
- C) Overseeing Senior Management
- D) Communication Policy
- E) Integrity of CDSPI's Internal Controls and Management Information Systems

### Board of Directors - Responsibilities (Detail)

#### The Strategic Planning Process

The Board of Directors is responsible for leading the Corporation into the future and therefore must ensure that there are **long term goals** and a **strategic planning process** in place.

The strategic planning process is an on-going process that centers on an annual in-depth review and planning session.

The Board plays a leadership role in the strategic planning process and oversees the effectiveness of the implementation. The strategic plan focuses on long-term goals and how they will be achieved.

Since the Board is not involved in the day-to-day management of CDSPI, it brings objectivity and a breath of judgment to this process.

After the in-depth planning process and under the direction of the Board, the President and/or CEO is responsible for preparing an annual strategic plan for approval by the Board. This plan will also identify key performance measurements for the President and/or CEO as well as for the senior management team.

Critical components of a typical **strategic planning process** are:

1. Reviewing the appropriateness of the current vision, mission, goals and objectives of the organization.

2. Identifying trends and analyzing the external (market) influences that impact the organization in terms of threats, challenges and opportunities for the future.
3. Identifying the strengths and weaknesses of the organization.
4. Determining the critical issues for the future of the organization.
5. Identifying resources and developing the priorities for the organization.
6. Creating goals and strategies that translate priorities into action.
7. Developing performance measurements for performance evaluations.
8. Assessing corporate governance to ensure it enhances and supports the strategic plan and does not frustrate the pressures of growth and development.
9. Determining that the implementation process is supported in relation to staffing and budgetary matters; and
10. Ensuring the ongoing evaluation of current performance relative to performance indicators.

The **President and/or CEO's** role is to:

- (1) Ensure the planning process is grounded in facts;
- (2) Prepare the actual strategic plan;
- (3) Translate the strategic plan into annual business plans; and
- (4) Manage the day-to-day implementation of the plan.

The **Senior Management Team**, representing the key functional areas of the organization, plays a key role in the planning process by:

- (1) Identifying key issues, trends, etc.; and
- (2) Translating the strategic plan into operational plans for their functional areas.

Outside advisors and experts may be called upon to present industry overviews. Also, an outside facilitator may be used to facilitate and hold focus with the process, as well as to free up the President and/or CEO (or Chair) to fully participate in the process.

**On-going activities** for the **Board** include:

1. Regularly monitor the performance of CDSPI against the performance measures outlined in the strategic and business plan;
2. Annually approve the business plan and budget;
3. Regularly review and approve the annual and interim financial statements;
4. Regularly review the long-range plans and strategies; and
5. Review the strategically motivated goals, objectives and initiatives for the organization and the policy framework within which these are to be achieved.

### **Managing Risk**

The Board must understand the principal risks of all aspects of the business in which CDSPI is engaged.

The objective of risk management is to reduce different risks to levels that are acceptable for the Corporation.

This Risk Management Process typically consists of identifying risks, assessing risks, developing strategies to manage risks, and monitoring the effectiveness of all risk management plans. The stages being:

- Identification (of Risk)
- Assessment (of Risk)
- Developing Strategies
- Creating a Risk Management Plan

All risk analysis results and risk management plans should be reviewed and updated periodically in order to evaluate whether the previously selected plans and controls are still applicable and effective, plus, to ascertain if the possible risk level has changed in the business environment.

Recognizing that business decisions require the incurrence of risk, the Board must achieve a proper balance between the risks incurred and the potential returns.

This requires the Board to ensure that there are systems in place that effectively monitor and manage these risks with a view to the long term viability of CDSPI.

The Risk Management Committee establishes a written mandate, and then, develops a methodology - a process that is empirical, objective and repeatable. In that way, the Risk Management Committee will act diligently in accomplishing its goal.

## Overseeing Senior Management

Recognizing that the Board functions through delegation to the senior management team, the Board must ensure that management is of the highest caliber and that this is maintained by establishing best practices for the recruitment, selection, training, development, assessment and succession planning of all senior management.

The key to the effective discharge of this responsibility is to appoint the best President and/or CEO for the job and support their efforts. This means assessing the President and/or CEO's performance against clearly defined performance measurements established by the Board and in co-operation with the President and/or CEO.

A subset of these performance metrics also applies to the senior management team and each key functional area. Clearly defined goals and objectives enable performance to be *measured objectively, empirically and fairly*.

Best practices suggest that to maximize organizational effectiveness, a *Performance Management System* based on the strategic and business plan should be in place for the entire Corporation.

The President and/or CEO's assessment may be an annual formal evaluation process, (i.e. 360 evaluations). The feedback from this assessment can be critical to the future development of the President and/or CEO in their role.

It is important to stress that the purpose of this assessment is developmental, that is:

1. To gather critical feedback from the key stakeholders with whom they work (e.g. Board, senior management team, and Members);
2. To identify positive behaviours that need to be recognized, acknowledged and reinforced; and
3. To identify 'non-aligned' behaviours (behaviours not linked to the competencies required to achieve the vision, mission and strategic plan) that need to be corrected and adjusted.

As to compensation reviews, the process for determining the level of the President and/or CEO's and the senior management team's compensation package (i.e. bonus) should be linked to these clearly defined performance measurements.

Finally, the Board must also be satisfied that CDSPI has programs in place to:

1. Train and develop management;
2. Ensure that costly turnover is at a minimum; and
3. Provide for the orderly succession of management.

These Board responsibilities are typically allocated to the **Human Resources Committee** (see **Section 5.5 - Human Resources Committee**)

## **Communication Policy**

The fourth principal responsibility of the Board is to ensure the Corporation has in place policies that enable the Corporation to communicate effectively with its Members and all other key stakeholders.

These policies allow for an accurate interpretation and communication of the operations of the Corporation (the state of the affairs) and accommodate feedback from Members and all other key stakeholders.

This feedback is given consideration and factored into the Corporation's decision-making processes.

## **Integrity of Internal Controls and Management Information Systems**

The Board recognizes that a critical success factor for the Board to fulfill its responsibilities is the integrity of internal controls and management information systems.

Since the Board approves corporate strategy and establishes criteria to measure the degree of success or failure of the strategy, the Board must be satisfied that the systems in place to track these criteria are effective so that it can monitor the implementation of the strategy.

In reviewing and approving financial information, the Board needs to be satisfied the Corporation has an audit system which can inform the Board on the integrity of the data and the compliance of the financial information with generally accepted accounting principles.

Also, in other areas of the Board's management such as asset management or regulatory compliance, the Board needs to be vigilant about the integrity of the effective controls and information systems.

The Board should also ensure that all necessary books and records of the Corporation are meticulously kept and that all other statutory obligations of the Corporation are properly conducted.

Typically, both the **Audit Committee (see section 5.3 – Audit Committee)** and the **Risk Management Committee (see section 5.4 – Risk Management Committee)** investigate, review and regulate the integrity of these controls and systems.

## **Director Engagement with the Dental Profession**

To ensure the Board of Directors remains closely connected to the dental profession and stays informed of industry developments, Directors are expected to engage directly with members of the dental community as well as the dental associations. This can be achieved with the following forums:

### **The Corporate Members Council (CMC)**

The CMC is made up of a representative from each of CDSPI's 11 Corporate Members as appointed by the respective dental associations they represent. It provides a formal

platform for the Members to discuss issues of mutual interest affecting the dental profession, the provincial dental associations, and their members.

### **The Advisory Panel**

The Advisory Panel consists of dentists from various provinces, at different stages of their careers, to provide diverse perspectives on matters affecting the dental community.

### **Participation in Provincial and Regional Meetings**

The Board Chair, Vice Chair or Dentist Director attend provincial and regional meetings related to dentistry where they can gain direct insight into the concerns and developments affecting dental professionals across Canada.

This engagement helps ensure the Board makes informed decisions that reflect the needs and interests of the Canadian dental profession.