



LEGAL SERVICES SOCIETY

REPORT ON BOARD GOVERNANCE REVIEW, APRIL 2006

At the Legal Services Society (“LSS”) the vice chair of the board has the responsibility to take the lead on board governance. Over the past year I have had the pleasure of working with staff and board members in a complete review of our board governance practices. As a result of that review I am confident that the Board at LSS is a leader in promoting and utilizing practices which will best serve the good governance of the Legal Services Society.

In undertaking this review we have been guided by the governance guidelines published by the BC Premier’s Office in 2004 ([*BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations, 2005*](#)). We have also had the benefit of a detailed literature review and have found the work of the Conference Board of Canada particularly helpful. Most important to this review was the commitment of this and other public sector boards to sharing their governance practice and experiences.

The Legal Services Society is committed to best practices in corporate governance. Strong corporate governance practices provide for greater public accountability and transparency. Legal Services Society's practices and policies meet or exceed the *Best Practice Guidelines on Governance and Disclosure* for public sector organizations. To ensure that the society continues to have the benefit of the excellence in board governance the governance framework is reviewed regularly to ensure it meets Legal Services Society's ongoing business needs, while being consistent with recognized best practices.

Over the past several years five key changes were made to the LSS governance environment that have made a significant contribution to the resurgence of the organization in the justice system in British Columbia:

1. the development of a new set of board by-laws, policies and processes that provide clear role definition, focusing the board on its key responsibilities;
2. amendments to the society’s enabling legislation that better supported independent, sound governance, in particular legislated criteria for the knowledge and experience of board members specific to the LSS business and a clear mandate;
3. the development of an orientation program to aid in increasing the board members’ capacity to fulfill their fiduciary obligations;
4. the board’s articulation of its own objectives and the identification of tools and processes for systematic examination of the board’s progress in performing its tasks, controlling its process, and fulfilling its responsibilities; and
5. the introduction of secure internet-based communication to increase easy access to key governance materials and timely access to information about emerging issues.



Legislative Framework

The Legal Services Society Act establishes a board of nine directors, five appointed by the Attorney General and four by the Law Society of BC (the governing body of lawyers in BC). The board elects its own chair. The authority of the Board, the Board Executive and the Executive Director are referenced in the legislation i.e. the LSS Act (“the Act”).

With two appointing bodies one of the challenges identified was ensuring that the board as a whole had the most effective mix of knowledge skills and experience. The approach taken was to identify the nature of the business and articulate the skills and experience that are desirable. The Act is specific in requiring the appointing bodies to work together to ensure that the board as a whole has members who bring to the board the following skills, knowledge and experience:

- (a) business, management and financial matters of public and private sector organizations;
- (b) law and the operation of courts, tribunals and alternate dispute resolution processes;
- (c) the provision of legal aid;
- (d) the cultural and geographic diversity of British Columbia;
- (e) the social and economic circumstances associated with the special legal needs of low income individuals.

One of the more recent developments at LSS is to expand on these criteria and to more actively engage the board in assessing its strengths and weaknesses. This involves the use of a competency matrix that itemizes the skills and experience that each board member brings to the board against the skills and experience that the board has identified as needed. It is expected that this approach will assist the appointing bodies in assessing the merits of prospective board appointees relative to the society’s identified needs.

The [board competency matrix](#) can be found online at www.lss.bc.ca (under About LSS > Who we are > Board governance).

The Board’s own Governance Framework: By-laws and Policies

In the business of legal aid it is particularly important that the Legal Services Society be seen to be independent of government. This need has traditionally been linked to the need for government to not control or not be seen to control, the funding of legal aid representation in a particular case.

While this is an important rationale, the Crown Agency model involves another important goal and that is that the independence of a legal aid plan is good public policy; an organization dedicated to the goal of meeting the legal needs of low income people is more likely to achieve that objective efficiently and effectively than a larger bureaucracy that has to balance various interests and objectives. The LSS governance policy specifies that “the society’s independence 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 people to resolve their legal problems and facilitate their participation in the justice system.



The LSS Board of Directors has the primary responsibility for nurturing and asserting the society's independence while maintaining its own independence from management. The board's own governance policy identifies good governance as a key to LSS achieving real independence. The policy specifically recognizes that independence will be better ensured by 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 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.

In the pursuit of good governance LSS has developed and keeps current a set of by-laws and policies to reflect current best practices in governance. While the society maintains a detailed conflict of interest by-law, the largest part of the by-laws is the focus on role clarity among the chair, the board, the Executive Committee and the executive director. These are designed to help the board provide leadership and direction through strategic and service planning. The by-laws articulate seven key areas of responsibility and focus for the board:

- Strategic Direction
- Risk Management
- Advising
- External Communications
- Board performance
- Employer of the Executive Director

In addition to the formal by-law descriptions the board has a set of policies that support each function.

The [board by-laws](#) can be found online at www.lss.bc.ca (under About LSS > Who we are > Board governance).

The current governance policies are being redrafted and will be published shortly.

Orientation to Build the Capacity to Govern

LSS believes that board members are most effective when they have a sound understanding of the business of LSS and to support this each board meeting includes a brief overview of an aspect of LSS operations. Significant and timely orientation is a key element to individual board members fulfilling their fiduciary obligations to the society. In addition to 12 hours of orientation for each new board member, board meetings typically include a presentation directed to enhancing board members' understanding of a key LSS business area.



Board Objectives and Performance Assessment

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.

The [current objectives](#), the [Board Performance Evaluation Survey](#), and the [Board Peer Evaluation Survey](#) can be found online at www.lss.bc.ca (under About LSS > Who we are > Board governance).

The evaluation process consists of specific indicators for each objective and a self-assessment questionnaire. Board members endorse 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 May/June planning meeting. In its first evaluation year the board chose to amend its objectives and a new assessment tool was adopted for their evaluation.

E-governance

E-governance has the potential to transform how organizations make decisions and govern their activities. While LSS does not currently use the internet to conduct board meetings we have begun to use the internet as a hub for information for board members.

LSS maintains a substantial amount of resource information for board members. In the past this would have been in a binder format that might have become shelf ware for many board members. It is now housed on a secure website and updated regularly. The board website is used to post material for board and board committee meetings, to share information between meetings and to poll members and to obtain advice on draft documents.



This site is proving to be a valuable tool for increasing board members' access to information and enhancing their decision-making abilities. It also allows members' expertise to be more readily available to one another and to the society. As board members reside in various parts of the province, this technology is particularly useful in helping them exercise informed and effective leadership. In the past year the website has made it possible for board members to participate in meetings while traveling, an important feature as the board's expectation is that every board member will attend every meeting.

Recent Developments in Governance at LSS

The LSS Board of Directors recognizes that by ensuring that our governance is founded upon best practices in board governance we will be better able to provide the leadership that the society needs to realize its mission. We are committed to continuous governance improvement and we have enthusiastically pursued the governance review that has been encouraged by the Premier of British Columbia and his staff. As a result of that review we have made a number of changes to our governance framework including adopting a board competency matrix, enhancing our board development process, adopting a committee assessment schedule, refocusing our audit committee and adopting an annual governance review. Recognizing that this is an ongoing process we have incorporated an annual governance assessment as a board responsibility.

As the board of an organization committed to excellence in this area we welcome questions about our governance practices and governance review process. Where our resources permit board members are available to discuss the LSS governance model with other boards. Inquiries about our board governance practices and evaluation tools should be directed to the Board of Directors of the Legal Services Society, Suite 400-510 Burrard Street, Vancouver, BC V6C 3A8.

*Larry Goble
Vice-Chair, LSS Board of Directors*