



**Presentation to  
Library Board of Directors**

**Key Aspects of  
BOARD GOVERNANCE**

**“An Auditor General’s perspective”**

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**Auditor General**

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# To whom does the board owe a duty?

- The City?
- Customers?
- Community?
- All the above?
- None of the above?



- Public libraries are governed by public library boards which “**are corporations**” established under the *Public Libraries Act*.
- *The corporation is responsible to oversee the management and control of the library*
- Boards of Directors owe a fiduciary duty to *the corporation*.
  - *Fiduciary duty – one is placed in a position of trust and confidence to manage and protect the property or money of another. Must act for another's benefit*



# Governance roles

**Hire CEO**

- 1. Foresight**
- 2. Oversight**
- 3. Insight**

## **Board of Directors**

Select CEO

Confirm Strategy (foresight)

Oversee risk, finances and performance



## **CEO**

Implement Strategy

Measure performance

Identify and manage risks and implement controls

# Foresight: Setting up for success

## Questions the Board should ask

1. Will achieving the **goals** deliver the **outcomes**?
2. What are the right measures/**targets**?
3. Do you receive **performance information** aligned to outputs and outcomes? (Evaluating the CEO based on targets?)
4. **Dashboards** -- Are you receiving reports on the risks that would prevent the Library from achieving the outputs and outcomes?

## Measuring Outcomes – Grow a City of Readers

Foster literacy and a love of reading as a first priority; support readers of all ages in improving print literacy skills and in discovering great stories and books

## Measuring Outputs

**Goal 2 Champion the joy of reading and connect readers, authors and creators”**

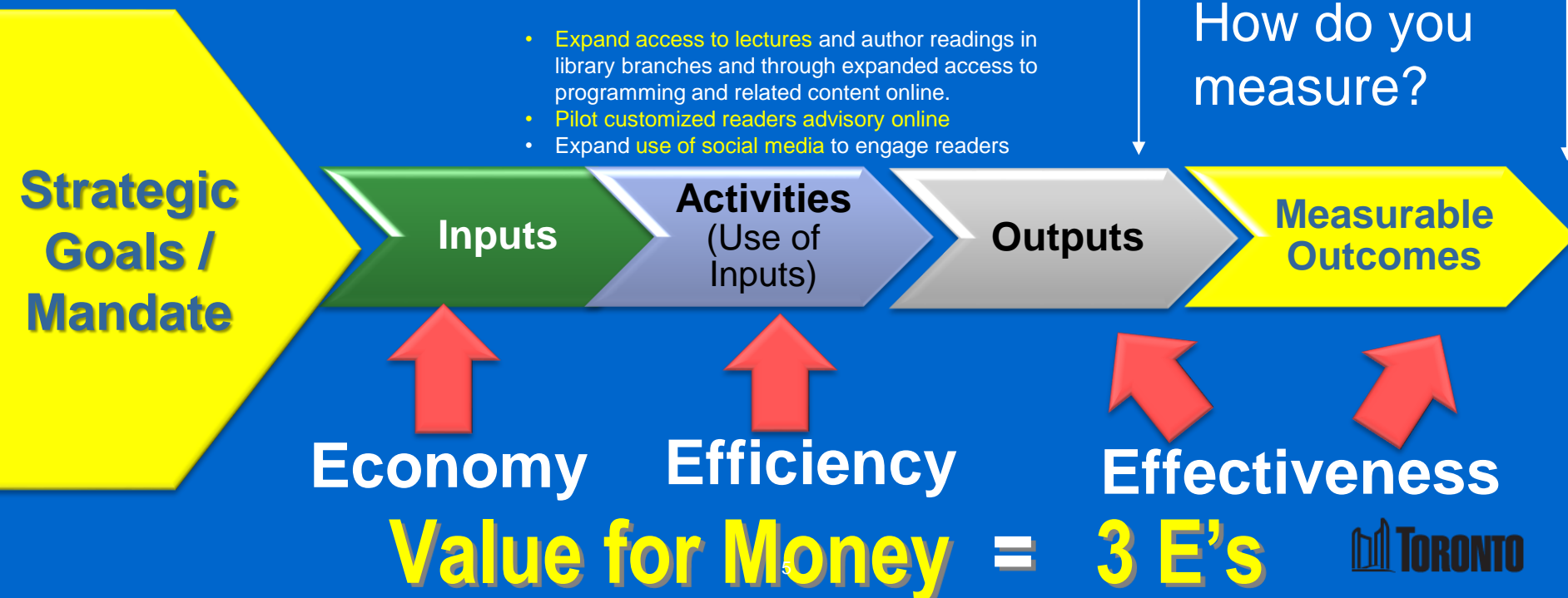
## Sample objective:

**Build communities of readers** online and in library branches and in communities throughout the City

## Sample -Tactics/Strategies

- **Expand access to lectures** and author readings in library branches and through expanded access to programming and related content online.
- **Pilot customized readers advisory online**
- **Expand use of social media** to engage readers

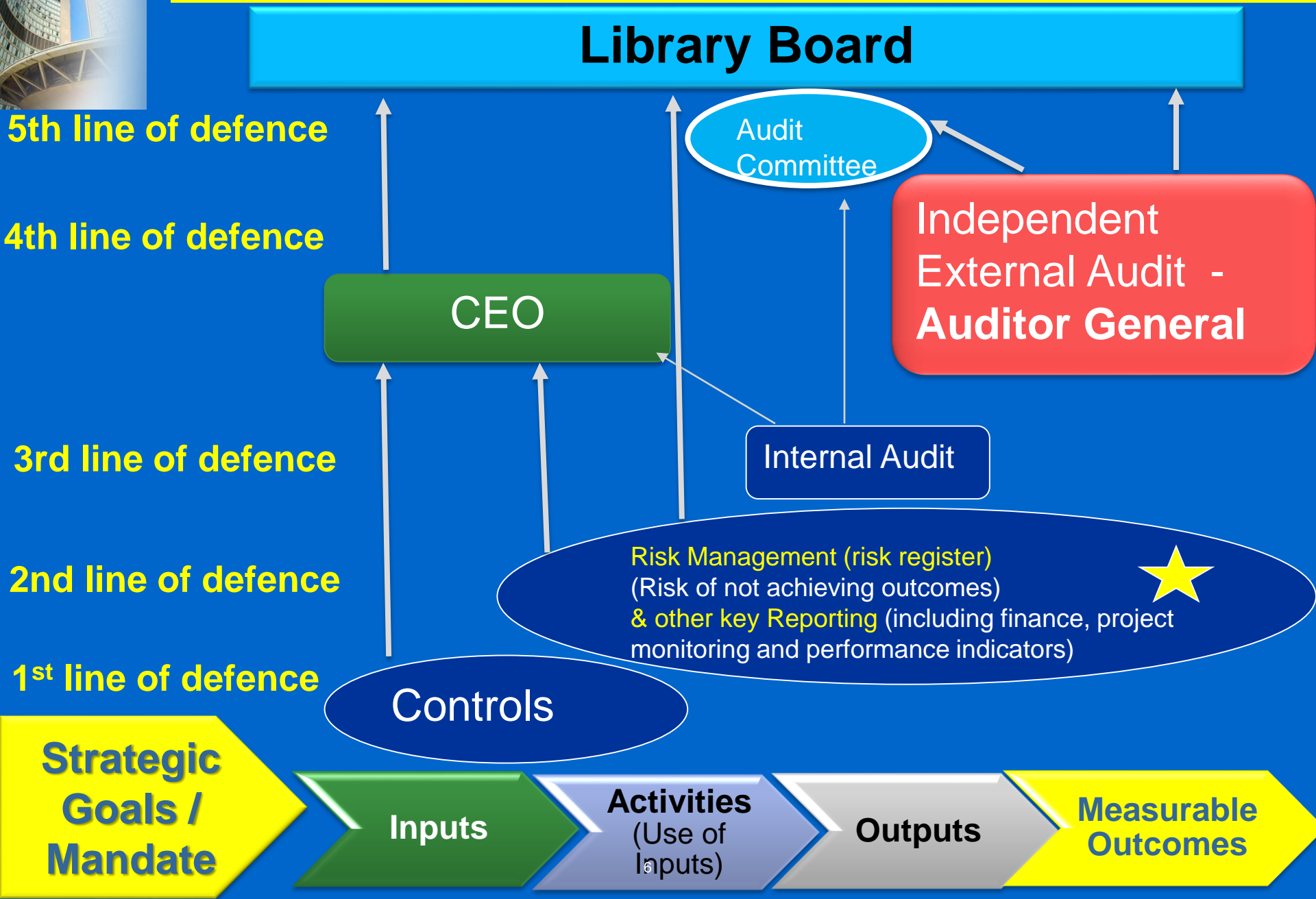
How do you measure?





# OVERSIGHT: GOVERNANCE 'LINES OF DEFENCE'

How it ties together....





# Common Audit Findings Corporations & Agencies

General Finding	TCHC	SONY Centre	Invest Toronto	Toronto Zoo	Build Toronto
Clarity in Strategic Goals	Not part of the audit	X	X	Not part of the audit	X
Procurement Controls	X	X		X	X
Management of Capital Projects	Not part of the audit	X	N/A	X	X
Board Approval of Spending Limits Exceeded	Not part of the audit	X		Not part of the audit	X



# Do you have a solid understanding of the risks facing the Library?

**Risk :**

**The likelihood of not attaining strategic goals and the related impact**

- **Risk register** should be provided to the Board
- **Ask probing questions about risks** to ensure the key risks have been identified and that the risk-related information is reliable.





# Important factors to ensure success...

- **Expertise** - subject matter, financial, risk, legal
  - If you don't have it ....obtain it!
- **Time** – There is a fiduciary duty owed so conducting your due diligence is important...
  - Which committees do you need to provide the level of due diligence required over matters?
- **Continuity**
  - Attending meetings, succession planning



# Information gap:

- Ensuring the board has the right information to discharge its duties.
  - What do you need to ensure success of the Library and to achieve strategic outcomes?
  - Is there too much or insufficient information?
  - Is performance directly tied to targets for easy evaluation?
- All oversight information should be:
  - relevant, and include information on:
    - Risks, finance, performance, project management, strategic issues
  - Provided at the right level– to fulfill your responsibilities?
    - Ask yourself where are we? Where do we need to be? What information is needed for me to determine if we are getting there.....



Recap.... **Legislative role: Management and Control of the Library**

## **Governance role:**

### **1. Foresight -**

- Leverage your expertise to ask probing questions about the strategy....
  - What is the Library of the future?
- Strategic goals –
  - Are outcomes, outputs and performance aligned to strategic goals?
  - Are they measurable?

### **2. Oversight**

- Monitor risk, finance and performance and project management
- Insight –probe issues – support management

*Risk Register*

*Financial Statements  
& reports*

*Performance  
reports and  
Independent audits*