

Date: September 19, 2018
To: Board of Retirement
From: James Wilbanks, Ph.D., Executive Director
Subject: MCERA Board Governance Evaluation

At the August Board meeting, we discussed the 2018 U.S. Public Pension Fund Governance Survey results for MCERA. The Board directed that staff identify options for obtaining more detailed information regarding the survey results to identify opportunities for the Board to improve our governance.

There are two such options available to us. The first is to obtain the detail results of the Fiduciary Effectiveness Quotient (FEQ) based on the survey that I completed, which is what we discussed last month. The cost to obtain the detail FEQ results is \$1,500.

The second option is to complete the Governance Self-Assessment Checklist (GSAC). The GSAC provides a deeper dive into governance than the FEQ. The GSAC involve an online assessment survey across the following twelve major categories of governance.

- Governance effectiveness
- Board structure
- Board and organizational culture
- Mission and planning
- Financial stewardship
- Human resources stewardship
- Performance monitoring and accountability
- Community representation and advocacy
- Risk management
- Board development
- Board management
- Decision-making

The GSAC survey would be completed by each Trustee as well as the Executive Director, with the entire assessment taking approximately 45 minutes. The first attachment to this memo provides some details of the GSAC survey. The second attachment provides a sample of the report provided after the completion of the GSAC. The cost for the GSAC is \$2,500.

While the cost for the GSAC is higher than the detail results of the FEQ, I believe the GSAC is a better approach for MCERA. I see the GSAC, and the accompanying report, as a Board evaluation tool. I will remind the Board that we added annual Board evaluations to the Board Work Plan at our last quarter review.

Based on the above information and my review of the information, I recommend the Board adopt the following motion:

“Mr. Chair, I move that the Board complete the Governance Self-Assessment Checklist provided by Fiduciary Governance Analytics and the MCERA budget be increased by \$2,500 for these services.”

I am happy to answer any questions you may have.



GSAC Essential Elements

A. 'Governance Effectiveness (15-point) Quick Check'

- Good board orientation
- Board plans direction/priorities
- Evaluates ED performance
- Financially sound/stable
- Board/ED roles clear
- Resources used efficiently
- Board has high credibility
- Board is committed to mission/values
- Board complies with own rules
- Low level of conflict
- Productive board/ED relationship
- Confidence in crisis management ability
- Board meetings well-managed
- Board uses sound decision-making processes
- Good balance: stability vs. innovation

B. Board Structure

- Ensuring proper accountability
- Has developed 'Governance' policies
- Has Conflict of Interest Policy
- Board has 'job' descriptions for key roles
- Expectations of board members are clear
- Defined roles are respected in actual practice
- Provides a 'board manual' to directors
- Has guidelines for board member/staff contact
- Has a Code of Conduct
- Limits terms for board members

- Has the right number of board members
- Clear requirements for board member eligibility
- Staff are not eligible to serve as board members

C. Board and Organizational Culture

- Directors comply with organizations rules & norms
- Directors are committed to the organization
- Open and transparent communications abound
- Adaptability and foresight are valued
- Safe learning environment
- Constructive dissent is encouraged
- Climate of collaboration
- Board members work well as team
- Strong support for board's leaders
- Board members committed to effective governance
- Directors have fair opportunity for input
- Respect for personal rights and privacy
- Board culture encourages trust
- Respect for confidentiality
- Conflicts of interest addressed constructively
- Board has confidence in formal communication lines

D. Responsibilities

D.1) Mission and Planning

- Clear statement of mission/purpose
- High stakeholder agreement on mission
- Long-term 'business' or 'strategic' plan
- Board approves annual operational plan
- Clear indicators established for measuring success
- Board regularly reviews/adapts services
- Planning generally visionary
- ED provides strong, visionary leadership
- Annual board work plan
- Regular environmental scanning
- 'Core values' guide conduct of business
- Meaningful stakeholder input to planning

- Board approves major changes to org. structure

D.2) Financial Stewardship

- Board carefully reviews annual budget
- Board seeks adequate financial resources
- Board/org. has high credibility with funders
- Information systems allow assessment of efficiency
- Generally manage within budget
- Board examines annual audited financial statements
- Board sufficiently independent of management to ensure financial integrity
- Has policies for financial management and control
- Board ensures these policies are current
- Clear expectations for director in fundraising/donations

D.3) Human Resources Stewardship

- ED performance evaluated annually
- Board provides good support to ED
- Board sets clear ED performance goals
- Succession plan for board
- Succession plan for senior management
- Board ensures sound HR practices
- Board ensures compliance with employment legislation
- Reference screening for staff & volunteers
- Board provides direction on staff compensation
- Has policies re: staff/volunteer working relationships

D.4) Responsibilities: Performance Monitoring and Accountability

- Directors understand their responsibilities
- Board properly accounts to funders
- Board evaluates organizational performance
- Communicates regularly with stakeholders
- Has good information to evaluate org. performance
- Regularly monitors org. performance
- Board has confidence in management information

- Has a formal complaints process
- Has a formal process for staff grievances

D.5) Community Representation and Advocacy

- . Directors promote the organization positively
- Board members communicate community interests to the organization in a constructive manner.
- Directors represent community interests fairly
- Board advocates for good quality services
- Board has high degree of credibility
- Organization has high degree of credibility
- Nomination process ensures fair community representation
- Board advocates for client/stakeholder interests
- Board advocates for adequate resources
- Board facilitates stakeholder input to planning

D.6) Risk Management

- Bylaws are reviewed regularly
- Actual practice complies with bylaw provisions
- Governance policies reviewed periodically
- Governance policies respected in actual practice
- Bylaws provide Directors' indemnification
- Organization carries adequate insurance
- Financial resources are adequate
- Does a good job of risk management
- Board monitors compliance with relevant legislation, policies and standards
- Practices protect staff/client security and privacy
- Has contingency plans for crises
- Risks regularly monitored and reported
- Files securely maintained and stored

E. Board Processes

E.1) Board Development

- Orientation ensures directors understand roles
- Director recruitment balances continuity/renewal need

- Board team-building is a priority
- Board conducts annual 'self-assessment'
- Board decisions objective, based on best interests of org.
- Director candidates with conflict of interest are avoided
- Director candidates are carefully screened
- The ED influences but doesn't control nominations
- Board development opportunities are provided
- Performance of individual directors is regularly assessed

E.2) Board Management

- Role overlap between board/ED managed constructively
- Board doesn't interfere in management
- Board not dominated by cliques
- Directors commit significant time to org.
- Directors comply with board policies
- The board maintains a unified front
- Directors are held to account for policy compliance
- Work and power are evenly distributed between directors
- Directors are competent for their particular roles
- Agendas sent in time for directors to adequately prepare
- Board has policy on who represents it publicly

E.3) Decision-Making

- Board responsibilities/strategic priorities are its focus
- Board decisions are fact-based
- Board is inventive and creative
- Board balances firmness with flexibility in decisions
- Has formal processes for stakeholder input
- Decision-making is open and transparent
- Decisions usually made by consensus
- Meetings follow 'rules of order' or accepted traditions
- Meetings/decisions are properly minuted
- Discussions are balanced between all directors
- Chair does not have influence disproportionate to role
- ED does not have influence disproportionate to role
- Task assignment is clear and time-specific
- Directors have input/control on board agendas
- Board has latitude to decide in best interests of org.

- Guidelines for in-camera deliberations are clear
- Meetings usually of reasonable length



GSAC Comprehensive

Windsor State Pension

Peer Group: Public Pension Funds

Date: September 25, 2017

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GSAC Comprehensive Report Windsor State Pension



About the GSAC

Purpose of the GSAC

The primary purpose of the **GSAC (Governance Self-Assessment Checklist)** is to help the board and senior manager(s) reflect upon and discuss their duties, how well members of the board of directors work together and what added value they bring to the effective performance of the organization. The Checklist was designed as both an educational, self-diagnostic and governance improvement tool. It is not intended to provide a definitive statement of a board's performance, but to identify areas of strength and provide some indication of areas that might require attention or improvement. We expect that completion of this **Checklist** and our interpretation of results will stimulate introspection, open discussion, a common resolve to address areas that need attention, to celebrate those aspects of governance which are already performed well, and **to instill a commitment to excellence in governance.**

Research Validation of the GSAC

The GSAC was developed from a review of the literature on governance practices relevant to organizational effectiveness, assumptions about "best practice" embedded within other board-effectiveness assessment tools, and the author's personal board and management experience and governance case studies. The results of research based on 312 board member and Chief Executive responses from 32 nonprofit and public sector organizations suggest that the 12 GSAC subscales have excellent internal consistency reliability, exhibit good criterion-related validity (in being moderately to strongly related to external and internal ratings of organizational effectiveness), and are able to discriminate between stronger and weaker aspects of board functioning. The research also established a high degree of correlation between scores on the Quick Check and the other 11 subscales and the Governance Quotient.*

**Mel Gill, Robert J. Flynn, and Elke Reissing, "The Governance Self-Assessment Checklist," Nonprofit Management & Leadership (2005) 15:3, pp. 271-294.*

Why Does Good Governance Contribute to Organizational Effectiveness?

Certain studies have found evidence of a causal relationship between governance and organizational effectiveness, such as the academic research related to the Fiduciary Effectiveness Quotient (FEQ)TM.* In addition, numerous studies of nonprofit, public and private sector organizations, including research on the GSAC, have demonstrated correlations between recommended governance practices and organizational effectiveness. And there are many examples of the consequences of poor governance in the nonprofit, public and private sectors. Experts have, for several decades now, attributed organizational failure to failures in governance and board oversight.

**Asset Owner Governance and Fiduciary Effectiveness: The Case of Public Pension Funds, by Christopher K. Merker, Ph.D., CFA, ©2017, Marquette University*

Why both the FEQ and the GSAC?

FGA provides two levels of organizational assessment, the FEQ and the GSAC. The FEQ is an efficient measure of organizational governance, gathering information around 17 variables from a single respondent, typically the chief executive or other senior manager. In about 30 minutes, an organization can be measured and receive a comprehensive analysis of its governance in relation to both its peer group and universe. The GSAC, on the other hand, as a self-assessment tool, allows a deeper dive into the examination of organizational governance, from multiple perspectives of the board, chief executive and other senior staff. Both instruments can be thought of as external (structural) and internal (attitudinal) measures of the organization, and combined give a comprehensive understanding of organizational governance in the relation to the database peer group and universe.

What's in the GSAC?

The Governance Self-Assessment Checklist (GSAC) contains items identified as factors in the performance of a non-profit board of directors that are perceived to contribute to the effectiveness of the organization that they govern. These include areas of **Board Structure** (how the board is constructed and the parameters it establishes for its operation), **Board Responsibilities** (the 'what' of governance), **Board Processes** ('how' governance functions are exercised) and **Board Culture** (board dynamics and organizational context).

The Board Effectiveness 'Quick Check' contains 15 items that have been identified as correlating most significantly with successful governance.

Board Structure consists of the legislative framework that creates the organization, the bylaws and policies or procedures developed under their authority.

Board Responsibilities include establishing a mission and direction; financial and human resources stewardship; performance monitoring and accountability; risk management; and, community representation and advocacy.

Board Culture examines organizational values/dynamics, communication styles, trust, etc.

Tables one through nine present the results of your responses and the comparisons identified above to assist you in analyzing your governance strengths and challenges. A summary of the **Essential Elements of the GSAC subscales** is contained in **Appendix A** to this feqReport to provide greater detail.

The scoring and interpretation sections below will enable you to interpret these results. The GSAC provides several lenses through which to analyze board and staff perceptions of how well an organization is governed. These are:

- **An overall 'governance quotient'**. This is a composite of the four dimensions of governance measured by the GSAC. It is analogous to a governance 'intelligence quotient'.
- **Comparison of board, Chief Executive and senior staff** responses on key governance dimensions addressed in the 12 GSAC subscales
- **Comparison of board and Chief Executive** responses to normative responses drawn from a large number of organizations that have used the GSAC
- **Differences between** the high and low scores of **individual board members** on each of the subscales
- Identification of specific **board tasks** with the 7 highest and 14 lowest ratings by the board and Chief Executive
- Identification of specific subscale items which received a **"Don't Know" response** from either a board member or Chief Executive

The **interpretation of GSAC results** assumes that the reliability of the interpretation of results increases with the degree of congruence or convergence of results seen through these several lenses.

Overall Scoring

Values for each Subscale are based on the average of the scores of individual items in that Subscale. Subscale scores 'clustered' respectively under Board Responsibilities (D. 1 to 6) and Board Processes (E. 1 to 3) are averaged to provide a score for the cluster. An overall rating or 'Governance Quotient' is calculated as the average of scores for these two clusters with those for Board Structure and Board Culture but not including the score on the Quick Check subscale.

Interpretation of Scores: A score of 5 on all items would suggest discovery of the idealized but elusive 'perfect' board. Ratings of 4 or more suggest a board that is performing well to very well. Ratings between 3 and 4 suggest the need for improvement in identified subscale dimensions. Ratings below 3 suggest particular areas in need of immediate attention. Scores below 2 signal an alarm for urgent outside intervention.

Normative Scores and Differences: The 'normative' scores are based on the average of responses derived from board members and Executive Directors/Chief Executives from organizations that have 'self-selected' (rather than were randomly selected) to use the GSAC. This fact, and the relatively small sample of organizations, advises some caution in treating the averages from this database as representative of the larger universe of organizations. Reports from smaller subsets within the sample (e.g. public pension, foundation, etc.) would require larger differences than the 0.5 level (10% of total possible score) referred to below to infer statistical significance. The norms are updated automatically with the entries from each new organization that completes the GSAC.

Differences Between Your Scores and the Database (Benchmarks)

Differences from the norms between your board and database averages for boards or your Chief Executive and database averages for Chief Executives are generally considered statistically significant if they are at or exceed 0.5. Benchmarks are provide both on a Peer Group and Universe basis, just as for the FEQ.

Differences Between the Chief Executive and Average of Board Scores (Benchmarks)

Similarly, differences of 0.5 or more between the Chief Executive and board average may be considered statistically significant. Some research suggests that Chief Executive perceptions of a board's performance tend to be more accurate than those of board members. However, we suggest that the reality likely lies somewhere between the perceptions of the Chief Executive and the board average. Such differences may result from different standards in application of the rating scale. On the other hand, they may identify aspects of governance that merit constructive discussion between the board and Chief Executive.

Differences Between High and Low Scores of Board Members

Differences of 1.5 or more between high and low scores of board members are considered significant. This degree of variance between directors' perceptions identifies dimensions of governance that might merit further discussion between board members. Differences of this degree may reflect a difference in the level of knowledge between newer and longer serving board members and suggest a need for improved orientation processes. They could also be suggestive of a legitimate difference in perceptions between board members on particular scale items, a difference in the level of engagement of board members in the activities of the board or use of different standards in application of the rating scale.

Overall Results

The following 'Values' on the governance quotient suggest that the board is governing:

5 – Very, Very Well. Can you believe it? The Perfect Board!

4 – 5. A Highly Competent Board. Congratulations!

4 – Very Well. A Pretty Competent Board. Attention to a few key items should be rewarded with congratulations.

3 – 4. Conscientiously. A Conscientious Board that's done some things well or very well, but has some areas that need improvement. Fix what's broken before it gets worse. It's a slippery slope or a rocky climb. Are you on your way up or on your way down? Outside help may be needed if the areas that need attention are board culture or board processes!

3 – Inconsistently. A Board on The Edge. Substantial improvements may be needed now. Develop an action plan! Typical of boards that have paid some attention to structure and less to processes/organizational culture or vice versa, boards in a critical transitional phase or boards that are working to improve their governance effectiveness.

2 – 3. Very Inconsistently. A Board in need of a Liferaft. Stakeholder and funder alert! Values between 2 and 3 suggest either a uniformly poor pattern or that the board is doing some things moderately well and others very poorly. Outside assistance may be needed to avoid a crisis...if it's not too late!

2 – Poorly. A Board Overboard! Time for a major overhaul! The Board needs a complete external review of its governance functions, practices, information systems and membership.

1 – 2. Very Poorly. A Drowning Board. An average value below 2 indicates lack of attention to critical governance functions and serious default in due diligence and fiduciary responsibilities. The board should be seriously concerned about potential personal liability.

1 – Not at all. What has the Board been doing? A Board in Need of a New Captain and Crew! Time to replace the Board and Chief Executive! Stakeholders should be alarmed! Funders should have intervened some time ago!

FEQ Comprehensive Report Windsor State Pension



Data Summary for Your Organization

Date: September 25, 2017

Name of Organization: Merker Pension

Survey Respondent

Chief Executive (CEO, CFO, CIO, Treasurer, Executive Director)

Name: George Washington

Board Members

Name: Blair Witch

Staff Members

Name: Davy Crockett

Type of Organization: Public Pension Funds

GSAC Comprehensive Report Windsor State Pension



Quick Check Report

No.	Statement	Low	High	Avg.	Legend	Peer Avg.	Universe Avg.
1	This organization's orientation for board members adequately prepares them to fulfill their governance responsibilities.	1	4	2.67	Attention	3.33	3.33
2	This board is actively involved in planning the direction and priorities of the organization.	2	3	2.67	Attention	2.83	2.83
3	The board does a good job of evaluating the performance of the chief executive (CEO, CFO, CIO, Treasurer or Executive Director)	3	4	3.67	Positive	3.17	3.17
4	This organization is financially sound (viable and stable).	1	3	2	Attention	1.67	1.67
5	Board members demonstrate clear understanding of the respective roles of board and chief executive (CEO, CFO, CIO, Treasurer or Executive Director).	3	5	4	Positive	3	3
6	The organization's resources are used efficiently (good value for money spent).	3	4	3.67	Positive	3.33	3.33
7	The board has high credibility with key stakeholders (e.g. funders, donors, beneficiaries, investors, taxpayers, etc.).	2	3	2.67	Attention	2.83	2.83

Rating Scale:

- Agree Strongly (5)
- Agree (4)
- Agree Somewhat (3)
- Disagree Somewhat (2)
- Disagree (1)
- Disagree Strongly (0)
- Don't Know (-1)

Key:

- >3 (Positive)
- 2-3 (Attention)
- 1-2 (Worrisome)
- < 1 (Very Worrisome)
- Variance >= 3

8	Board members demonstrate commitment to this organization's mission and values.	2	4	3.33	Positive	3	3
9	Board members comply with requirements outlined in key elements of the governance structure (bylaws, policies, code of conduct, conflict of interest, traditional/cultural norms, etc.).	3	3	3	Attention	2.67	2.67
10	The board's capacity to govern effectively is not impaired by conflicts between board members.	1	4	3	Attention	2.17	2.17
11	There is a productive working relationship between the board and chief executive (characterized by good communication and mutual respect).	3	5	3.67	Positive	3.17	3.17
12	I am confident that this board would effectively manage any organizational crisis that could be reasonably anticipated.	-1	4	1.67	Attention	2.17	2.17
13	Board meetings are well-managed.	1	4	2.67	Attention	3.17	3.17
14	The board uses sound decision-making processes (focused on board responsibilities, factual information, efficient use of time, items not frequently revisited, effective implementation).	0	4	2	Attention	2.67	2.67
15	This organization has a good balance between organizational stability and innovation.	3	5	3.67	Positive	2.83	2.83

GSAC Comprehensive Report Windsor State Pension



Table 1 – Key Dimensions of Governance

Board, Chief Executive and Senior Staff Comparison

Governance Dimension / Cluster	Board Average	Chief Executive	Difference	Senior Staff Average	Difference
Quick Check	2.4	3.6	1.2	2.87	0.47
Board Structure	2.58	3	0.42	2.75	0.17
Board and Organizational Culture	2.69	3	0.31	2.81	0.12
Board Responsibilities	2.6	2.94	0.33	2.9	0.3
Board Process	2.79	3.24	0.45	2.79	0
Governance Quotient	2.61	3.15	0.54	2.82	0.21

GSAC Comprehensive Report Windsor State Pension



Table 2 – Key Dimensions of Governance

Benchmark Comparison (Peer Group and Universe)

Governance Dimension / Cluster	Your Board	All Boards - Peer Group	Difference	All Boards - Universe	Difference
Quick Check	2.4	2.37	0	2.37	0
Board Structure	2.58	2.67	0	2.67	0
Board and Organizational Culture	2.69	2.78	0	2.78	0
Board Responsibilities	2.6	2.75	0	2.75	0
Board Process	2.79	2.68	0	2.68	0
Governance Quotient	2.61	2.65	0	2.65	0

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Table 3 – GSAC Subscales

Board, Chief Executive and Senior Staff Comparison

Governance Dimension / Cluster	Board Average	Chief Executive	Difference	Senior Staff	Difference
Quick Check	2.4	3.6	1.2	2.87	0.47
Board Structure	2.58	3	0.42	2.75	0.17
Board and Organizational Culture	2.69	3	0.31	2.81	0.12
Board Responsibilities					
1 . Mission and Planning	2.69	3.38	0.69	2.92	0.23
2 . Financial Stewardship	2.6	2.4	-0.2	2.7	0.1
3 . Human Resources Stewardship	2.4	2.7	0.3	3.2	0.8
4 . Performance Monitoring and Accountability	2.62	2.88	0.25	3.12	0.5
5 . Community Representation and Advocacy	1.89	3.44	1.56	2.11	0.22
6 . Risk Management	3.15	2.77	-0.38	3.23	0.08
Board Process					
1 . Board Development	2.5	2.7	0.2	2.4	-0.1
2 . Board Management	2.82	3.55	0.73	2.91	0.09
3 . Decision Making	2.94	3.35	0.41	2.94	0

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Table 4 - GSAC Subscales

Benchmark Comparison (Peer Group and Universe)

Governance Dimension / Cluster	Your Board	Boards - Peer Group	Difference	Boards - Universe	Difference	Chief Executive	Chief Executive vs. Peer Group	Difference	Chief Executive vs. Universe	Difference
Quick Check	2.4	2.37	-0.03	2.37	-0.03	3.6	3.4	-0.2	3.4	-0.2
Board Structure	2.58	2.67	0.08	2.67	0.08	3	2.96	-0.04	2.96	-0.04
Board and Organizational Culture	2.69	2.78	0.09	2.78	0.09	3	2.91	-0.09	2.91	-0.09
Board Responsibilities										
1 . Mission and Planning	2.69	2.62	-0.08	2.62	-0.08	3.38	2.85	-0.54	2.85	-0.54
2 . Financial Stewardship	2.6	3.05	0.45	3.05	0.45	2.4	2.5	0.1	2.5	0.1
3 . Human Resources Stewardship	2.4	2.55	0.15	2.55	0.15	2.7	2.75	0.05	2.75	0.05
4 . Performance Monitoring and Accountability	2.62	2.88	0.25	2.88	0.25	2.88	2.75	-0.12	2.75	-0.12
5 . Community Representation and Advocacy	1.89	2.56	0.67	2.56	0.67	3.44	3.44	0	3.44	0
6 . Risk Management	3.15	2.88	-0.27	2.88	-0.27	2.77	2.73	-0.04	2.73	-0.04
Board Process										
1 . Board Development	2.5	2.35	-0.15	2.35	-0.15	2.7	2.85	0.15	2.85	0.15

2 . Board Management	2.82	2.77	-0.05	2.77	-0.05	3.55	3.18	-0.36	3.18	-0.36
3 . Decision Making	2.94	2.82	-0.12	2.82	-0.12	3.35	3.21	-0.15	3.21	-0.15

GSAC Comprehensive Report Windsor State Pension



Table 5 - GSAC Subscales

Range of Board Responses

Governance Dimension / Cluster	Board Minimum	Board Maximum	Difference
Quick Check	-1	5	6
Board Structure	-1	5	6
Board and Organizational Culture	-1	5	6
Board Responsibilities			
1 . Mission and Planning	-1	5	6
2 . Financial Stewardship	-1	5	6
3 . Human Resources Stewardship	-1	5	6
4 . Performance Monitoring and Accountability	-1	5	6
5 . Community Representation and Advocacy	-1	4	5
6 . Risk Management	-1	5	6
Board Process			
1 . Board Development	-1	5	6
2 . Board Management	-1	5	6
3 . Decision Making	-1	5	6

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Table 6 - GSAC Subscales

Strengths

Governance Dimension / Cluster	Board Average	Chief Executive
Quick Check	<ul style="list-style-type: none"> Board/ED roles clear 	<ul style="list-style-type: none"> Productive board/ED relationship
Board Structure	<ul style="list-style-type: none"> Clear requirements for board member eligibility 	<ul style="list-style-type: none"> Has a Code of Conduct
Board and Organizational Culture	<ul style="list-style-type: none"> Directors are committed to the organization 	<ul style="list-style-type: none"> Directors have fair opportunity for input
Board Responsibilities		
1. Mission and Planning	<ul style="list-style-type: none"> Board approves annual operational plan 	<ul style="list-style-type: none"> Clear statement of mission/purpose
2. Financial Stewardship	<ul style="list-style-type: none"> Clear expectations for director in fundraising/donations 	<ul style="list-style-type: none"> Board seeks adequate financial resources
3. Human Resources Stewardship	<ul style="list-style-type: none"> Board ensures compliance with employment legislation 	<ul style="list-style-type: none"> Board ensures sound HR practices
4. Performance Monitoring and Accountability	<ul style="list-style-type: none"> Directors understand their responsibilities 	<ul style="list-style-type: none"> Directors understand their responsibilities
5. Community Representation and Advocacy	<ul style="list-style-type: none"> Board advocates for good quality services 	<ul style="list-style-type: none"> Directors promote the organization positively
6. Risk Management	<ul style="list-style-type: none"> Bylaws are reviewed regularly 	<ul style="list-style-type: none"> Actual practice complies with bylaw provisions
Board Process		
1. Board Development	<ul style="list-style-type: none"> Orientation ensures directors understand roles 	<ul style="list-style-type: none"> Director candidates with conflict of interest are avoided
2. Board Management	<ul style="list-style-type: none"> Board doesn't interfere in management 	<ul style="list-style-type: none"> Board not dominated by cliques
3. Decision Making	<ul style="list-style-type: none"> Board balances firmness with flexibility in decisions 	<ul style="list-style-type: none"> Board decisions are fact-based

GSAC Comprehensive Report Windsor State Pension



Table 7 - GSAC Subscales

Areas for Improvement

Governance Dimension / Cluster	Board Average	Chief Executive
Quick Check	<ul style="list-style-type: none"> Confidence in crisis management ability 	<ul style="list-style-type: none"> Good board orientation
Board Structure	<ul style="list-style-type: none"> Has Conflict of Interest Policy 	<ul style="list-style-type: none"> Has guidelines for board member/staff contact
Board and Organizational Culture	<ul style="list-style-type: none"> Directors comply with organizations rules & norms 	<ul style="list-style-type: none"> Board members committed to effective governance
Board Responsibilities		
1. Mission and Planning	<ul style="list-style-type: none"> Clear statement of mission/purpose 	<ul style="list-style-type: none"> Clear indicators established for measuring success
2. Financial Stewardship	<ul style="list-style-type: none"> Generally manage within budget 	<ul style="list-style-type: none"> Board carefully reviews annual budget
3. Human Resources Stewardship	<ul style="list-style-type: none"> Succession plan for senior management 	<ul style="list-style-type: none"> Succession plan for senior management
4. Performance Monitoring and Accountability	<ul style="list-style-type: none"> Has a formal complaints process 	<ul style="list-style-type: none"> Has a formal process for staff grievances
5. Community Representation and Advocacy	<ul style="list-style-type: none"> Board facilitates stakeholder input to planning 	<ul style="list-style-type: none"> Board advocates for adequate resources
6. Risk Management	<ul style="list-style-type: none"> Risks regularly monitored and reported 	<ul style="list-style-type: none"> Does a good job of risk management
Board Process		
1. Board Development	<ul style="list-style-type: none"> Board development opportunities are provided 	<ul style="list-style-type: none"> Performance of individual directors is regularly assessed
2. Board Management	<ul style="list-style-type: none"> The board maintains a unified front 	<ul style="list-style-type: none"> Directors are competent for their particular roles
3. Decision Making	<ul style="list-style-type: none"> Task assignment is clear and time-specific 	<ul style="list-style-type: none"> Has formal processes for stakeholder input

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Table 8 – High Priority Items

Disagree (1) or Disagree Strongly (0) Responses by either the Board or Chief Executive

Board Average

Chief Executive

- Board uses sound decision-making processes
- Limits terms for board members
- Board ensures these policies are current
- Has a formal complaints process
- Board has high degree of credibility
- Organization has high degree of credibility
- Board development opportunities are provided
- Task assignment is clear and time-specific
- Financially sound/stable
- Low level of conflict
- Ensuring proper accountability
- Has guidelines for board member/staff contact
- Constructive dissent is encouraged
- Conflicts of interest addressed constructively
- Meaningful stakeholder input to planning
- Board has confidence in management information
- The ED influences but doesn't control nominations
- Meetings usually of reasonable length

- Board sufficiently independent of management to ensure financial integrity
- Financial resources are adequate
- Board conducts annual self-assessment
- Good board orientation

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Table 9 – Board Knowledge

Areas for Improvement - Subscale Items for "Don't Know" Responses

Scale Item	Number of "Don't Know Responses"
Succession plan for senior management	2
Confidence in crisis management ability	1
Has Conflict of Interest Policy	1
Board has 'job' descriptions for key roles	1
Has guidelines for board member/staff contact	1
Directors comply with organizations rules & norms	1
Board members work well as team	1
Board members committed to effective governance	1
Clear statement of mission/purpose	1
Long-term 'business' or 'strategic' plan	1
Planning generally visionary	1
Board carefully reviews annual budget	1
Generally manage within budget	1
Board provides direction on staff compensation	1
Has a formal process for staff grievances	1
Board advocates for good quality services	1
Board facilitates stakeholder input to planning	1
Does a good job of risk management	1
Risks regularly monitored and reported	1

Director recruitment balances continuity/renewal need	1
Performance of individual directors is regularly assessed	1
Directors comply with board policies	1
The board maintains a unified front	1
Directors have input/control on board agendas	1

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Table 10 – Overall Effectiveness Ratings

Performance Dimension / Cluster	Board Average	Peer Group	Universe	Chief Executive	Peer Group	Universe	Difference Board vs. Chief Executive
1) Board Effectiveness	2.58	2.67	2.67	3	2.96	2.96	0.42
2) Organizational Effectiveness	2.69	2.78	2.78	3	2.91	2.91	0.31
3) Overall Effectiveness	2	2.5	2.5	4.2	4.1	4.1	2.2
4) Quick Check	2.4	2.37	2.37	3.6	3.4	3.4	1.2
5) Governance Quotient (GSAC Score)	2.42	2.58	2.58	3.45	3.34	3.34	1.03
6) Fiduciary Effectiveness Quotient (FEQ Score)	55.33	19.44	19.44	N/A	N/A	N/A	N/A

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Appendix A – GSAC Essential Elements

A. 'Governance Effectiveness (15-point) Quick Check'

- Good board orientation
- Board plans direction/priorities
- Evaluates ED performance
- Financially sound/stable
- Board/ED roles clear
- Resources used efficiently
- Board has high credibility
- Board is committed to mission/values
- Board complies with own rules
- Low level of conflict
- Productive board/ED relationship
- Confidence in crisis management ability
- Board meetings well-managed
- Board uses sound decision-making processes
- Good balance: stability vs. innovation

C. Board and Organizational Culture

- Directors comply with organizations rules & norms
- Directors are committed to the organization
- Open and transparent communications abound
- Adaptability and foresight are valued
- Safe learning environment
- Constructive dissent is encouraged
- Climate of collaboration
- Board members work well as team
- Strong support for board's leaders
- Board members committed to effective governance
- Directors have fair opportunity for input

B. Board Structure

- Ensuring proper accountability
- Has developed 'Governance' policies
- Has Conflict of Interest Policy
- Board has 'job' descriptions for key roles
- Expectations of board members are clear
- Defined roles are respected in actual practice
- Provides a 'board manual' to directors
- Has guidelines for board member/staff contact
- Has a Code of Conduct
- Limits terms for board members
- Has the right number of board members
- Clear requirements for board member eligibility
- Staff are not eligible to serve as board members

D. Responsibilities

D.1) Mission and Planning

- Clear statement of mission/purpose
- High stakeholder agreement on mission
- Long-term 'business' or 'strategic' plan
- Board approves annual operational plan
- Clear indicators established for measuring success
- Board regularly reviews/adapts services
- Planning generally visionary
- ED provides strong, visionary leadership
- Annual board work plan

- Respect for personal rights and privacy
- Board culture encourages trust
- Respect for confidentiality
- Conflicts of interest addressed constructively
- Board has confidence in formal communication lines

D.2) Financial Stewardship

- Board carefully reviews annual budget
- Board seeks adequate financial resources
- Board/org. has high credibility with funders
- Information systems allow assessment of efficiency
- Generally manage within budget
- Board examines annual audited financial statements
- Board sufficiently independent of management
- to ensure financial integrity
- Has policies for financial management and control
- Board ensures these policies are current
- Clear expectations for director in fundraising/donations

D.4) Performance Monitoring and Accountability

- Directors understand their responsibilities
- Board properly accounts to funders
- Board evaluates organizational performance
- Communicates regularly with stakeholders
- Has good information to evaluate org. performance
- Regularly monitors org. performance
- Board has confidence in management information
- Has a formal complaints process
- Has a formal process for staff grievances

D.6) Risk Management

- Bylaws are reviewed regularly
- Actual practice complies with bylaw provisions
- Governance policies reviewed periodically
- Governance policies respected in actual practice
- Bylaws provide Directors' indemnification
- Organization carries adequate insurance

- Regular environmental scanning
- 'Core values' guide conduct of business
- Meaningful stakeholder input to planning
- Board approves major changes to org. structure

D.3) Human Resources Stewardship

- ED performance evaluated annually
- Board provides good support to ED
- Board sets clear ED performance goals
- Succession plan for board
- Succession plan for senior management
- Board ensures sound HR practices
- Board ensures compliance with employment legislation
- Reference screening for staff & volunteers
- Board provides direction on staff compensation
- Has policies re: staff/volunteer working relationships

D.5) Community Representation and Advocacy

- Directors promote the organization positively
- Directors represent community interests fairly
- Board advocates for good quality services
- Board has high degree of credibility
- Organization has high degree of credibility
- Nomination process ensures fair community representation
- Board advocates for client/stakeholder interests
- Board advocates for adequate resources
- Board facilitates stakeholder input to planning

E. Board Processes

E.1) Board Development

- Orientation ensures directors understand roles
- Director recruitment balances continuity/renewal need
- Board team-building is a priority

- Financial resources are adequate
- Does a good job of risk management
- Board monitors compliance with relevant legislation, policies and standards
- Practices protect staff/client security and privacy
- Has contingency plans for crises
- Risks regularly monitored and reported
- Files securely maintained and stored

E.2) Board Management

- Role overlap between board/ED managed constructively
- Board doesn't interfere in management
- Board not dominated by cliques
- Directors commit significant time to org.
- Directors comply with board policies
- The board maintains a unified front
- Directors are held to account for policy compliance
- Work and power are evenly distributed between directors
- Directors are competent for their particular roles
- Agendas sent in time for directors to adequately prepare
- Board has policy on who represents it publicly

- Board conducts annual 'self-assessment'
- Board decisions objective, based on best interests of org.
- Director candidates with conflict of interest are avoided
- Director candidates are carefully screened
- The ED influences but doesn't control nominations
- Board development opportunities are provided
- Performance of individual directors is regularly assessed

E.3) Decision-Making

- Board responsibilities/strategic priorities are its focus
- Board decisions are fact-based
- Board is inventive and creative
- Board balances firmness with flexibility in decisions
- Has formal processes for stakeholder input
- Decision-making is open and transparent
- Decisions usually made by consensus
- Meetings follow 'rules of order' or accepted traditions
- Meetings/decisions are properly minuted
- Discussions are balanced between all directors
- Chair does not have influence disproportionate to role
- ED does not have influence disproportionate to role
- Task assignment is clear and time-specific
- Directors have input/control on board agendas
- Board has latitude to decide in best interests of org.
- Guidelines for in-camera deliberations are clear
- Meetings usually of reasonable length