Governance Diagnostic

Today’s Objectives

• Shared understanding of the current state of governance and the strengths and weaknesses

• Consider and discuss recommendations to evolve and strengthen governance

Going Forward

• The report and recommendations to be considered alongside the results of concurrent review process as the parties determine next steps
Governance Diagnostic Review Process

- Diagnostic review is intended to identify key areas of governance structure, practice and process that may require future focus
- Not prescriptive
- The process included two primary methods: document review and confidential interviews
- A limited number of documents were made available to WATSON in October 2019, including a copy of the Deed of Trust, a draft copy of the 1993 Report of the Coordinating Committee. Notably, few governance related documents were available for review
- Confidential interviews were conducted in October 2019 with a limited number of individuals (12); each interviewee was identified to WATSON and had direct experience with the governance of the Institute within the last 5 years or so

Note: The Diagnostic and this report do not constitute legal advice or a legal opinion on the legal structure or legal nature of the relationships between the parties or on any related matters
Today

- Brief History and Context of the Institute
- Elements of Effective Governance
- Key Themes from the Diagnostic Review
- Recommendations
Brief History and Context
History

• In 1991 Peter Wall made a gift to the UBC Foundation exclusively for the purpose of funding the Peter Wall Institute for Advanced Studies (PWI or the Institute)
• A significant private donation

Bold Vision

• The gift was propelled by a vision for new ideas and initiatives
• "Peter realized that there was an opportunity to create a university-based institute for advanced research which doesn’t exist anywhere else. He made it clear from the outset that the money had to be used to generate new ideas and initiatives that wouldn’t happen otherwise.”

(UBC President D. Strangway, 1991, source PWIAS Timeline)
25 Year Milestone

- PWI recently marked its 25th anniversary

Impact

- Although not the object of the Governance Diagnostic, through the process we heard about the positive impact the Institute has had, for Wall Scholars, for the University and extending to communities beyond the Institute and University
- The Institute has been described as an agent for advancing and transferring knowledge, a nucleus for innovative academic research and experiences across disciplines
- The Institute's achievements include the creation of a significant community of scholars at UBC and an even wider global community of individuals and partner institutions
- The Institute has contributed to the cultural enrichment of UBC and the wider community
The Institute is at an Inflection Point

- Having achieved 25 years of impact, with a forward-looking perspective, there are broader philosophical discussions on the Institute
- With an external review having been directed by Senate and currently being led by the office of the VP Academic/Provost*
- With consultations underway with the University community and communities within, such as Wall associates/scholars

The Current Context Presents an Opportunity

- Through the review processes multiple perspectives and insights will be offered
- In our view, review processes are opportunities for realignment, recalibration, refocus - to consider more broadly what is needed now to ensure continued success

*External reviews of the Institute were also conducted in 2003 and 2011.
The following are overall themes and observations arising from the review
1. The Deed of Trust creates a unique governance structure – not a standard approach - in many ways PWI is situated between “two paradigms”

2. Individuals are committed to the success of the Institute and to uphold what they understand as the intention and vision of the Deed

3. The current approach to governance is based on the Deed, which may not be well understood; the Deed is vague in many respects and specific in others

4. The Deed provides an explicit connection between the Institute and University, however the relationship/integration of PWI with the University needs clarification

5. Stakeholders may not share a common understanding of the Institute’s Purpose/Mission/Vision or Guiding Principles
Themes

6. There is no written governance framework to help guide people or decision-making, making it challenging to provide a consistent approach to governance.

7. Different approaches to governance may have been assumed at different times. As a result, practices may come across as informal, inconsistent, *ad hoc* or reliant on the influence of individuals over process.

8. There is a lack of clarity around the roles and responsibilities and the bounds of authority for the parties involved in governance (the Board of Trustees, individual Trustees, Chair, Director, Distinguished Professors) – which contributes to blurred lines of accountability.

9. Decision-making processes in key areas (strategy, budget, program approval/review) are not formalized, nor is reporting.

10. Some participants are seen to have *real or perceived* conflicts of interest between their obligations to the Institute and personal or other competing interests, which are seen primarily as “structural conflicts”.
Governance is the structures and processes by which organizations are directed, managed and held to account.
Indicators of Strong Governance include:

- Alignment around purpose, guiding principles, values to frame long term success
- Alignment on strategic priorities, goals and desired results
- Clear roles and responsibilities for all involved
- Committed and competent leaders
- Accountability
- Clear decision-making processes and high-quality decisions
- Open communication and transparency
- Culture is aligned with values, including constructive relationships
- Continuous improvement
Recommendations

The following are recommendations presented to the Board of Trustees as options for discussion
For Discussion

- Deed of Trust
- Guiding Principles
- Governance Framework
1. Board of Trustees Should Consider Establishing “Guiding Principles”

The Board of Trustees may establish a set of overarching principles to articulate parties’ expectations and clarify how the parties will govern the Endowment and the Institute, including:

- A shared understanding of key provisions in the Deed
- Alignment on the Institute’s core purpose, mandate
- Clarity on the Institute’s connection/integration with the University
- Principles to inform how the parties undertake to govern the Endowment and the Institute
- Specific matters that require approval by governance participants, such as the Board of Trustees, the President, the Management/Finance Committee, the Director

Development of the “Guiding Principles” should engage the Board of Trustees, the UBC Foundation, the President/University, the Director
Guiding Principles Continued

The “Guiding Principles” should reflect principles of good governance and academic governance.

Academic governance or university governance is characterized by:

- A bi-cameral model (Board and Senate)
- Key tenets include academic independence, collegiality
- Decision-making processes are consultative and participatory
- Practices foster transparency and openness, decision-making is visible to interested stakeholders and helps to establish trust where there are various stakeholders and communities served

Generally, the primary responsibilities of governing boards of academic institutions include to*:

- Establish, disseminate, and keep current the institution’s mission; at public institutions, ensure that the mission is aligned with public purposes
- Recruit, appoint, support, and evaluate the chief executive to lead the institution
- Charge the chief executive with the task of leading a strategic planning process, participate in that process, approve the strategic plan, and monitor its progress
- Ensure the institution’s fiscal integrity, preserve and protect its assets for posterity
- Ensure the educational quality of the institution and its academic program
- Preserve and protect the institutional autonomy and academic freedom
- Ensure that institutional policies and processes are current and properly implemented
- In concert with senior administration, engage regularly with the institution’s major constituencies
- Conduct the board’s business in an exemplary fashion and with appropriate transparency, adhering to the highest ethical standards. Ensure the currency of board governance policies and practices, and periodically assess the performance of the board, its committees, and its members

*The Association of Governing Boards of Universities and Colleges is the premier, North American based, association focused on governance in higher education, having a membership of 1300 boards. [https://www.agb.org/briefs/board-responsibilities](https://www.agb.org/briefs/board-responsibilities)
Governance Framework

2. Develop a Written Governance Framework

A written framework to articulate:

- Purpose, include and reflect “Guiding Principles” and values
- Clear roles and responsibilities for key governance participants (including Board of Trustees, Management/Finance Committee, Chair, Director)
- Clear procedures and practices (e.g., meeting rules and trustee selection/appointment processes)
- Formal processes to fulfill key stewardship responsibilities such as strategic planning, budgeting, leadership evaluation and succession planning
- A reporting and accountability framework outlining annual/other reporting requirements

The governance framework should:

- Be proportionate to the size and scope of activities
- Include governance policies in key areas, such as Confidentiality and Conflict of Interest Policy, Investment Policy
Importance of a Written Governance Framework

A clear written framework and disclosure of practices:

- Clarifies structure and practices
- Fosters consistency, alignment and continuity in practice and processes
- Achieves accountability and transparency with respect to how the governing body conducts its business
- Alleviates reliance on institutional memory
Sample Elements of a Governance Framework

Purpose, Guiding Principles
• Purpose, mandate
• Guiding principles and values

Roles and Responsibilities
• Board of Trustees
• Chair
• Individual Trustees
• Board Secretary
• Director
• Finance Committee
• UBC President
• Distinguished Professors
• VPRI

Key Decision-Making/Review Processes

Board
• Strategic planning
• Budget review and approval
• Director performance, review and compensation

Institute
• Program development and program review
• External communications
• Financial delegation of authority
• Reporting

Meetings
• Meeting Guidelines

Conduct and Conflict of Interest
• Standards of Conduct and Conflict of Interest
### Authority Matrix

#### 3. Develop an Authority Matrix

<table>
<thead>
<tr>
<th>Area</th>
<th>Board of Trustees</th>
<th>Director</th>
<th>Finance Committee</th>
<th>Academic Advisory Panel</th>
<th>President/VPRI</th>
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<td><strong>Purpose and Mandate</strong></td>
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<td><strong>Strategy / Programming</strong></td>
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<td><strong>Strategic Opportunities</strong></td>
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<td>- New areas of activity, partnerships, initiatives</td>
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<td><strong>Leadership</strong></td>
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<td><strong>Governance Framework</strong></td>
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<td>- Governance Authority Matrix</td>
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<td>- Governance Manual (policies)</td>
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<td>- Program Review</td>
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4. Consider Opportunities to Enhance Key Practices for the Board of Trustees

- Practices can enhance the Board of Trustees meeting time to ensure the Trustees are effectively engaged and meetings have a strategic focus
  - Annual calendar
  - Forward agendas
  - Formalize reporting cycles and rhythms
  - Information and committee reports
  - Presentations
  - Use of *in camera* meetings
Additional Commentary

The following includes commentary on a second category of areas that would need to be addressed in time.
Deed of Trust

• The Deed establishes a Peter Wall Endowment at the UBC Foundation, with the purpose of benefitting the University
• The Peter Wall Endowment is to be employed exclusively for the purposes of initiating, establishing, operating and funding at the University the Peter Wall Institute for Advanced Studies

Commentary

Our working assumption is that governance frameworks are required for both the Endowment and the Institute. However, our impression is that the current approach hasn’t distinguished between governance of the Endowment and governance of the Institute. This is a foundational matter that should be clarified and there may be benefit to gaining a shared interpretation of key provisions of the Deed. The legal nature of relationships require clarification, such as between the Board of Trustees and the Foundation and clarity on the subject of the trust.
Board of Trustees

- The Deed requires a board of up to five trustees - the *Peter Wall Endowment Trustees*
  The Deed provides two overriding roles for the Board of Trustees
  - A stewardship role with respect to the Endowment: “*The Peter Wall Endowment shall be governed and managed by...to be known as the “Peter Wall Endowment Trustees”*
  - A stewardship role with respect to the Institute: “*The governing body of the Peter Wall Institute for Advanced Studies shall be the Peter Wall Endowment Trustees”*

Commentary

Our working assumption is that the Board of Trustees was intended to have key stewardship responsibilities in respect of each of the Endowment and the Institute. The Board’s roles and responsibilities vis a vis the Endowment and the Institute should be clarified and formalized in a written mandate(s). As part of this, it may be necessary to gain a shared interpretation as to whether the Board of Trustees would be considered trustees at law, in respect of each of the Endowment and the Institute. As noted above, key provisions of the Deed should be clarified in time.

Protocols and expectations can be formalized. We note the overriding principle that the Board of Trustees acts as a collective. Individual trustees cannot act on behalf of the governing body, unless explicitly and specifically authorized.
Chair

- The Deed provides that the President will be Chair or may appoint someone in his/her stead; the President has generally acted as Chair.
- Assumed intention of President as Chair is to maintain a connection/key linkage between the Institute and the University and ensure profile of the Institute.

Commentary

Whether the President assumes the Chair or appoints another warrants discussion at the appropriate time. Key considerations include:

- President brings stature
- Atypical for the head of a university to hold such role at an institute/school/equivalent
- Some view that the Chairship should not be based on position/title but rather on the responsibilities involved and the defined profile
- The method of selecting the Chair should ideally involve the Board of Trustees, since the Chair is the leader of the Board
- The President as Chair has attracted criticism, based on concerns regarding conflict of interest (real or perceived); If the President is Chair, protocols or guidance should be in place to manage real or perceived conflicts of interest

Specific roles and responsibilities of the Chair would also need to be clarified.
Finance/Mgmt Committee

- The Deed provides that a Management Committee may be established
- At the same time, the Deed prescribes or contemplates specific responsibilities for a Management Committee (e.g., in case of investment and divesture)
- From time to time a committee has been constituted and one is currently in place

Commentary

There would be benefit to clarifying the responsibilities of the BoT and Finance Committee in respect of the Endowment and financial stewardship, including to develop a formal terms of reference for the Finance Committee to articulate responsibilities in the following areas:

- Review and/or recommend or approve budget(s)
- Ensure financial reporting/statements/audits and/or review and approval thereof
- Consider reporting rhythm and cycles e.g., quarterly or other
- Investment policy/strategy and consideration for risk in this area
- Clarify and formalize any financial delegations
- Other specific responsibilities specified in the Deed require interpretation and should be well understood, including the relationship and respective roles and responsibilities of the UBC Foundation and the Board of Trustees and the Finance Committee
- Consider Finance Committee composition
Director

• The Deed provides that the President determines the “Administrative” structure. The role of the Director is not prescribed by the Deed

• The draft Report of the Coordinating Committee (1993) recommended the Director role, a high-level profile and reporting line to the Dean of Graduate Studies and since then, the Director role has been in place

• This is a key role and yet:
  o The profile, appointment process and reporting structure have varied
  o There are different understandings of the lines of accountability/reporting, some who perceive that the Director reports to the President/Chair, some who perceive that the Director reports to the VRPI and others who see a “dual reporting” to VPRI and BoT
  o There is no job description or process to provide feedback on performance
  o Ability to attract/retain leadership can be viewed as an area of risk

Commentary

At the appropriate time, consideration will need to be given to:

• Defining the leadership that is needed for the Institute - the Director profile
• Clarifying the reporting structure
• Level of involvement of the Board of Trustees (and others) in hiring, compensation decisions, performance review and succession planning
• Whether the Director is akin to the head of a school/institute
• The role of the President with respect to the administrative structure
The Deed provides that at the appropriate time, the Trustees, in consultation with the University will appoint a prestigious Academic Advisory Panel to advise on the selection of programs, projects and people.

A panel has been constituted from time to time, and one has been recently constituted.

Commentary

The mandate, structure or composition of an Academic Advisory Panel has not been formalized and there is an opportunity to reconceive the panel and consider what has/has not worked.

At the appropriate time, key considerations would include:

- Confirm the purpose - be advisory to the Board, the Director or both?
- Confirm key areas/decisions the panel would be engaged on – strategic plan, programs, appointing distinguished professors (if this continues), budget?
- Consider ideal composition, What should the members look like? What credentials? From where?
- To continue or discontinue practice of having it chaired by the Director, instead of another academic Chair
- Consider proportionality and effective use of resources
Official Observers

• It has become a practice to have Official Observers at the Board of Trustees meetings
  o Director
  o VP Research and Innovation
  o VP Academic
  o 2 Distinguished Professors

Commentary

Official Observers are not provided for in the Deed of Trust. We would expect the Director to attend Board of Trustees meetings. Otherwise the practice of Official Observers may warrant review and discussion to clarify and confirm the intended purpose and the role of Official Observers.

• Key consideration would include that:
  o The practice assists with maintaining information flow to the VPRI and VP Academic
  o When there has not been an active Academic Advisory Panel, Official Observers may provide a voice or advice into “academic matters” that might come before the Board
  o From time to time, Distinguished Professors might, for example, provide advice/counsel and institutional memory to assist the Board of Trustees

• If the practice is continued, expectations and guidelines should be clarified
Board Secretary

- It has been a practice to have an individual serve as secretary to the Board.
- The role has been held by different individuals over time, primarily academics and administrators from the University have served in the role, not in a full-time capacity.

Commentary

As the governance framework takes shape, there will be an opportunity for a fresh look at what is required to effectively support the overall governance of the Institute; this includes to consider support beyond the Board of Trustees meetings (e.g., committee support, Academic Advisory Panel). The role is a key lever for ensuring strong governance practices and involves providing advice on governance matters. In due course, the governance support role at the Institute should be formalized.

- Key consideration would include to:
  - Consider the overall governance requirements and needs of the Institute as a whole.
  - Define the role, responsibilities and requirements of the position under an updated framework.
  - Consider structure options, such as whether the Board Secretary is a cross appointment from the University or an “in house” function at the Institute.
  - Establish clear reporting and accountability for the role.
  - Identify the desired skills and attributes.
Distinguished Professors

- The Distinguished Professors have participated as Official Observers at Board of Trustees meetings
- The Distinguished Professors have been described as “senior statesmen” and have played a more or less formal “advisory role” to the Board of Trustees, individual Trustees, the Donor and past Directors

Commentary

The Distinguished Professors have no formal role in governance of the Institute. There is no role, as such, provided for in the Deed. They are key stakeholders, who are highly respected for their academic achievement.

From a governance perspective Distinguished Professors are an important stakeholder group with respect to academic related matters. Their roles as Official Observers is confusing to some.
Discussion
Deed of Trust

Board of Trustees

Management/Finance Committee

Endowment at UBC Foundation

Institute at UBC

Academic Advisory Panel