Established as a result of a June 2001 Council motion, PEO's Governance Task Force is reviewing the structure and procedures of PEO's Council, committees and chapter system for functionality and consistency. Its work will be key to ensuring that PEO has "processes, procedures, practices and governance structures that continuously enhance its effectiveness in its core functions and enable it to respond quickly to changing conditions," which is one of its five Strategic Plan imperatives.

Looking for good governance

by Dwight Hamilton

Governance has been defined by University of Western Ontario professors David Leighton and Donald Thain as the "fulfillment of fiduciary, strategic, oversight and developmental tasks consistent with the vision, mission, values and best interests of the organization and its stakeholders."[1] In short, it "sets direction for an organization," says Councillor Max Perera, P.Eng., a member of Professional Engineers Ontario's Governance Task Force. "As a result, you can expect to see a high level of corporate performance," he says.

PEO's Strategic Plan highlights eight key tasks defined as essential for effective not-for-profit governance. They are adapt-

◆ PEO plans for succession and diversity on Council.

Taking care of core business

With the formation of the Ontario Society of Professional Engineers, (OSPE) PEO is concentrating on being a fair and effective regulator of the profession, so a look at the roles, responsibilities, processes, procedures and structures that govern its business is timely. "PEO needs to examine its governance now," Perera says. "It's time we asked ourselves the hard questions: 'Do we need to go on doing the same things that we've been accustomed to doing? Does it make any sense in a changing environment?' With a new CEO in place, this is a good time to bring a breath of fresh air

neering matters by governing the members and regulating the practice. Sometimes this requires the governors to make decisions that are contrary to their personal interest as owners." Of course, it is this "creative tension" of self-regulation that makes good governance practices and principles all the more important.

On few issues is this tension more apparent than the area of competence assurance.

"With this matter, the PEO membership has got to have a say and they must understand and support Council's direction," says McMartin. "The engineering profession has to adapt and change, but the public and the government benefit most from a framework that encourages personal improvement rather than one that regulates it." Task force member Kenneth Lopez, P.Eng., concurs: "P.Engs are professionals who by their training and refinement of their minds hold themselves responsible for their actions."

Task force member David Sims, a retired lawyer and government appointee to PEO Council, has a different view: "Now is the time to look beyond the walls of the Council chamber to see what the other self-governing professions are doing to meet their mandate. You will find that the lawyers, dentists, doctors and accountants all take continuing competence of their members to be their primary concern. In anticipation of the argument that engineers are different and the same rules don't apply to them, I say hogwash. All self-governing professions have the same core business–competence."

"PEO needs to examine its governance now"

ed from *Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector* (widely known as the Broadbent Report).[2] According to the Strategic Plan, to continually enhance its operations, PEO must ensure that:

◆ all groups involved in governance (e.g. Council, staff, committees, members, etc.) clearly understand and accept their roles and responsibilities, and avoid conflicts of interest;

◆ strategic research, knowledge management and regular strategic planning are embedded in PEO operations and governance;

◆ operations are transparent, accountable, efficient, responsive and results-focused, including communicating with members, stakeholders and the public;

◆ appropriate governance structures are in place;

◆ PEO is fiscally responsible;

◆ an effective management team is in place providing oversight of human resources;

◆ operations are in accordance with appropriate assessment and control mechanisms; and

to the association," he adds.

For his part, Kim Allen, P.Eng., PEO's recently appointed chief executive officer/registrar, sees governance as the lynchpin of organizational accountability. "Effective governance means that Council leadership isn't just rhetoric or rubber–stamping–it is the reality," he says. "To do this, Council holds the CEO/registrar exclusively accountable for the performance of PEO. My expectations are that governance provides us with a clear definition of the organization's role and a concisely defined goal to align our activity around."

But Ken McMartin, P.Eng., PEO president-elect and another task force member, points out an underlying dilemma facing all self-regulated professions: Who are the owners of the operation? In fact, the *Professional Engineers Act* says that the professional engineers PEO licenses are the shareholders of the corporation, but only for the purposes of the *Business Corporations Act* that are spelled out as applying to PEO in section 49(1) of the *Professional Engineers Act*, and which apply with whatever modifications are necessary in respect of PEO's overall objects under the Act. "The complicating factor here is that PEO's legislated purpose is to serve and protect the public interest with respect to professional engi-

Governance now

Today, a network of about 700 professional engineers govern PEO's affairs through their involvement on PEO Council, committees, ad hoc task forces and chapters. The work of these groups is supported by about 80 staff, who implement Council policies and carry out the organization's day-to-day work in fulfilling its regulatory mandate. This mandate is defined in the principal object of the Act as regulating the practice of professional engineering and governing its members, holders of Certificates of Authorization, and holders of temporary, limited and pro-

visional licences in order that the public interest may be served and protected.

The Council comprises 29 individuals and is defined under section 3(1) of the Act as the "governing body and board of directors" for PEO, with the task of managing and administering its affairs. PEO members elect 17 Councillors, including two representatives from each of five regions in the province. The 12 others are appointed by the Lieutenant Governor of Ontario. Five of the appointed Councillors are non-engineers.

PEO's Executive Committee comprises the President, President-elect, Past President, elected Vice President, a Vice President elected from Council by Council and a Councillor or Councillors elected to the committee by Council. Under the authority of section 29 of Regulation 941/90, the Executive Committee can act on behalf of Council on urgent issues that arise between Council's regular meetings, and Council may refer matters to it. Council receives the minutes of Executive Committee meetings and ratifies the committee's actions and motions. As part of a reorganization of committees into three reporting groups, approved in principle by Council at its November 2002 meeting (see *Engineering Dimensions*, January/February 2003, p. 42), the Governance Task Force has proposed that the Executive Committee take on the policy development and priority setting role for PEO. This focus is consistent with the committee's authority under the Regulation.

Each professional engineer licensed by PEO and each EIT belongs to one of 38 chapters in Ontario. The chapters are intended to provide two-way communication between the members and Council, and a local PEO presence in their areas. Organized into five regions, they also play a role in the Council election process: The chairs of each chapter form the Regional Nominating Committees, and the regions are the electoral districts into which members in Ontario are organized and from which they elect the 10 Regional Councillors (with one Councillor from each region elected one year, the other Councillor elected the next). All PEO members elect three Councillors-at-Large (alternating between two to be elected one year, one

the next), the President-elect and a Vice President. The terms of Councillors are two years; the President-elect, President, Past President and elected Vice President serve one-year terms.

A central Nominating Committee nominates PEO members for election for President-elect, Vice President and Councillor-at-Large. Since 1999, it has exercised this duty by issuing a general call for nominations and nominating all of those who meet the legislated eligibility criteria for the position for which they seek the nomination and who respond by a given time. Members may also be nominated directly by collecting the requisite number of signatures as outlined in Section 14 of the Regulation.

PEO's governance structure is supported by 29 committees (see "Committee business" on p. 29), two Review Councillors and several task forces. As mentioned, the Governance Task Force has proposed, and Council accepted in principle, a reorganization of the committees and task forces into three reporting streams. It's also likely that as PEO continues to ask itself "the hard questions" in a post-OSPE world about whether it should do what it has always done, that the need for some committees may disappear.

Many models

The overwhelming model of choice for not-for-profit governance is known as a "policy board," or "Carver" model named after the management guru who conceived it. Policy boards set direction and policy for an organization, and parameters within which staff must operate, and monitor performance toward implementing policies.

A modified version of Carver is known as a "complementary" policy governance model. In this scenario, the board is accountable for both the governance and the management of the organization and the CEO is responsible to the board for the organization's management. As well, the senior elected volunteer is president of the organization and chair of the board.

The board determines all non-administrative policies for the organization and the CEO determines all administrative ones. This is the model PEO's Governance

Task Force thinks comes closest to fitting the bill for PEO, which is required by statute to utilize volunteer committees for certain regulatory operations, and is the basis for the proposed committee reorganization. Policy committees would report to the Executive Committee, governance ones (those where Council has a clear, fiduciary responsibility, such as Audit and Fees Mediation) would report to Council, while operational committees would report to the CEO/Registrar.

There is yet another paradigm of policy governance known as the "cooperative" model, which is collective in nature: Decisions are made by consensus and no one person is in charge. Its strength is a democratic approach to decision making. Its weakness is that it requires that everyone has a strong commitment to the organization's mission and plenty of time to discuss it.

A totally different approach to governance is the "management team" model, where the board is organized along the functional lines of organizational management: fundraising, administration, program delivery, and so on. Most people are familiar with this model as the most widely used in the corporate world. But some critics charge there is a tendency for board members to micromanage the organization.

The Canadian Council of Professional Engineers (CCPE) uses a policy model with some cooperative elements. As for the provincial engineering regulators, Quebec uses a combination of cooperative and management models with some policy board elements; the Northwest Territories uses a management team model exclusively; PEI uses a hybrid of the policy and cooperative models. The remaining regulators use policy board models.

"Good governance should set out who decides what with a supporting rationale, and an effective process of delegation is put in place, whereby Council clearly defines its expectations," says Allen. "Thus, there should be no confusion about who is responsible to Council for meeting the set objectives, and double delegation is eliminated. The model should be designed to empower Council to meet its obligation of accountability for PEO, where the objectives are difficult to measure as com-

pared to the private sector, which is measured by profit. In the absence of the marketplace test, Council must perform that function, a challenge that a business board never has to confront."

To fulfil PEO's objectives, Council "must focus on the larger issues, delegate with clarity, control management's job without meddling, rigorously evaluate accomplishments, and truly lead PEO," he believes.

"For a lot of us, this is new," says McMartin. "But there may be members who have gone through a similar process in some other organization, who will have suggestions that can help us get through what we have to do. We'd welcome their input."

To comment on the task force's work, contact the webmaster (webmaster@peo.on.ca) who will forward your submission to the task force, or send a letter to the editor for publication in a future issue (jbailey@peo.on.ca). ✍

References

1. Leighton, David and Thain, Donald. *Making Boards Work: What Directors Must Do to Make Canadian Boards Effective*, McGraw-Hill Ryerson Ltd., Whitby, ON,1997.

2. *Building on Strength: Improving Governance* and *Accountability in Canada's Voluntary Sector*, Report of the Panel on Accountability and Governance in the Voluntary Sector (Broadbent Report), Ottawa, 1999.

Committee business

PEO's Governance Task Force has recommended the following framework for the reporting of committees and task forces.

Reporting to Council would be the:

◆ **Advisory Committee on Committees (ACC)** Manages the appointment of volunteers to committees and task forces

◆ **Audit Committee (AUC)** Reviews PEO's external audit

◆ **Fees Mediation Committee (FMC)** Reviews and mediates fee disputes between engineering firms and their clients

◆ **Central Nominating Committee (NOC)** Nominates members for President-elect, Vice President and Councillor-at-Large

◆ **Professional Engineers Awards Committee (AWC)** Manages PEO's professional, service and external awards programs

◆ **Regional Councillors Committee (RCC)** Brings issues from chapters to Council and information from Council to chapters

Reporting to the Executive Committee would be the:

◆ **Government Affairs Committee (GAC)** Oversees PEO's interaction with government

◆ **Professional Practice Committee (PPC)** Writes practice guidelines and examines professional practice issues

◆ **Environment Committee (EVC)** Advises on environmental issues and develops guidelines for practitioners

◆ **Enforcement Committee (ENF)** Advises on high-level issues relating to PEO's enforcement activities

◆ Task forces of Council with specific policy mandates

Reporting to the CEO/Registrar would be a mixture of operational, legislated and regulated committees, including the:

◆ **Academic Requirements Committee (ARC)** Reviews applicants' academic qualifications

◆ **Experience Requirements Committee (ERC)** Reviews applicants' experience

◆ **Admissions Review Councillor (ADC)** Conducts periodic review of admissions procedures

◆ **Registration Committee (REC)** Holds hearings with respect to appeals of licensing/admission decisions

◆ **Consulting Engineer Designation Committee (CDC)** Recommends designation of individuals to use the title "Consulting Engineers" and grants permission for C of A holders to use of the title "Consulting Engineers" in their corporate names

◆ **Reconsideration Committee (RNC)** Reconsiders applications for designation and redesignation as consulting engineers, where the title has been denied or revoked

◆ **Complaints Committee (COC)** Considers complaints made against members, licensees and C of A holders

◆ **Complaints Review Councillor (CRC)** Reviews the handling of complaints when the complainant is dissatisfied with the outcome to ensure that the process was administered correctly

◆ **Discipline Committee (DIC)** Determines allegations of professional misconduct or incompetence against a member, a holder of a C of A, or a limited, temporary or provisional licence holder

◆ **Finance Committee (FIC)** Prepares the annual budget and recommends financial strategies

◆ **Joint Management Board (JMB)** Examines areas of common interest between PEO and the Ontario Association of Certified Engineering Technicians and Technologists

◆ **Communications Committee (EDC)** Advises PEO communications staff on communications strategies and vehicles

◆ **Education Committee (EDU)** Promotes math, science and technology to preuniversity students

◆ **Fee Schedule Committee (FSC)** Prepares a schedule of suggested fees for professional engineering services

◆ **Women in Engineering Advisory Committee (WEAC)** Works to create a welcoming environment for women in engineering in Ontario

◆ **Advisory Committee on Salaries (ACS)** Audits the annual PEO Employer Survey of Engineers' Salaries

◆ **Joint Practice Board (JPB)** Discusses issues of common concern for PEO and the Ontario Architects Association

◆ **Annual Conference Committee (AGC)** Advises on program and events for PEO's Annual General Meeting