

**1.0 Governance and  
Accountability****Governance and  
Accountability Framework****Minister's Binding Policy  
Directive**

# **Governance and Accountability Framework**

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Governance may be defined as the laws under which an organization is governed and the decision-making structures it employs. The authority to establish colleges of applied arts and technology is set out in the [Ontario Colleges of Applied Arts and Technology Act, 2002](#). The Act identifies each college as a corporation without share capital and **consisting of the members of its** board of governors. The board of governors governs each college on behalf of the public. The [Corporations Act](#) governs the operation of the college except where limited by the [Ontario Colleges of Applied Arts and Technology Act, 2002](#), and its regulations.

Colleges are Crown agencies and, therefore, subject to provincial legislation such as, but not limited to, the [Financial Administration Act](#), [Ombudsman Act](#), and [Freedom of Information and Protection of Privacy Act](#).

Colleges are also subject to other provincial and federal legislation that provide direction on how they conduct their business, that is, in the same manner as other organizations operating as a corporation within the province.

The objects of the colleges as set out in the subsections 2 (2) and (3) of the Act:

“To offer a comprehensive program of career-oriented, postsecondary education and training to assist individuals in finding and keeping employment, to meet the needs of employers and the changing work environment and to support the economic and social needs of their local and diverse communities.

In carrying out its objects a college may undertake a range of education- and training-related activities including, but not limited to,

- a) entering into partnerships with business, industry and other educational institutions;
- b) offering its courses in the French language where the college is authorized to do so by regulation;
- c) adult vocational education and training;
- d) basic skills and literacy training;
- e) apprenticeship in-school training; and
- f) applied research.”

**Members of college governors are appointed in accordance with O. Reg. 34/03 made under the [Ontario Colleges of Applied Arts and Technology Act, 2002](#).** The board of governors of a college is to govern effectively and is accountable to the citizens of Ontario for the successful achievement of this mandate in view of the financial support provided by the province. Good governance requires that policies, processes, and

structures be put in place to promote effective operation of the college and to allow it to fulfill its mandate and meet its objectives. Essential elements include organizational integrity, financial management, communication with stakeholders and clients, collecting and reporting of information, and good management practices.

**Nomination procedures and appointments to college boards of governors are expected to follow the Protocol for Board Nominations and Appointments.**

Accountability, or the obligation to show that responsibilities have been carried out properly and that the desired outcomes have been achieved, is the corollary of the governance authority provided. Accountability is a key issue for governments. The policy framework for colleges of applied arts and technology establishes, chiefly in the Minister's Binding Policy Directives, the roles and responsibilities of colleges in more detail than is possible in the Act and regulation. It also sets the government's expectations for the performance of colleges and outlines other aspects of the relationship between the colleges and the government.

### **Purpose and Application**

This binding policy directive applies to all colleges of applied arts and technology and defines minimum expectations for governance and accountability of colleges. The critical elements of the role of a college board of governors are identified along with a planning cycle and accountability framework. The two latter items will allow the public and the government to know where colleges are going in relation to public priorities and how well the colleges achieve their intended goals.

Section 8 of [O. Reg. 34/03](#) under the [Ontario Colleges of Applied Arts and Technology Act, 2002](#) sets out the requirements for the accountability measures referenced in this directive.

### **Principles**

Through the democratic process, governments are responsible for carrying out specific functions and are accountable to the public for the way in which those functions are carried out and the outcomes for the system as a whole.

Each board of governors of a college of applied arts and technology is responsible for the governance of the college and, as such, is accountable to the students, employers, and communities the college serves for ensuring that it is effectively and appropriately managed to achieve its established mandate and to provide needed services.

Colleges, as agencies of the Crown and as recipients of transfer payments, are also accountable to the broader public and the government for their actions, achievement of goals consistent with government priorities, and prudent financial management.

The Minister of Training, Colleges and Universities is responsible for postsecondary education outcomes related to colleges as a whole and the use of public funds provided to colleges towards the achievement of government priorities.

Information provided by colleges for accountability purposes should focus as much as possible on the achievement of expected outcomes and on the cost-effective, credible reporting of results.

### **Binding Policy Directive**

- A. The responsibilities of a college board of governors are to include at a minimum:**
- I. Establishing governance structures to enable the achievement of expected institutional outcomes with clear lines of communication and internal accountability.**
  - II. Setting the college vision, strategic directions, and overall goals and outcomes within the context of the appropriate laws, government policy, and local need.**
  - III. Hiring the CEO (i.e., president), delegating to the CEO accountability for the operation of the college and evaluating the CEO's performance.**
  - IV. Approving the college's annual business plan, budget, and annual report.**
  - V. Assessing regularly the attainment by the CEO of corporate goals and outcomes, and the effectiveness of the board with respect to governance.**
  - VI. Taking appropriate corrective action, as necessary, where expected outcomes or quality of performance are not achieved.**
- B. In order to assess that responsibilities have been carried out and that desired outcomes have been achieved, colleges are to provide to the public**

and government key pieces of information prepared in accordance with the corresponding operating procedure. These include:

- I. **Strategic plan** – Each college is to have available to the public, at any given point in time, a plan with a minimum three-year focus to provide a multi-year strategic view of where the college is heading.
  - II. **Business plan** – Each college is to have available to the public a plan for each fiscal year that sets out specific operational outcomes for the coming year within the context of the strategic plan and the resources allocated for the year.
  - III. **Annual report** – Each college is to have available to the public an annual report, including audited financial statements, at the end of each fiscal year to report on achievement of the operational outcomes established in the business plan. One or more persons licensed as auditors under the *Public Accountancy Act* must annually audit the college's financial statements that are prepared in accordance with generally accepted accounting principles (GAAP).
  - IV. **Performance measurement** – Each college is to participate in the collection and publication of specific college information in relation to key provincial objectives as detailed in the following operating procedures: [Graduate and Employer KPI Surveys](#), [Graduation Rate KPI Calculation and Reporting](#) and [Student Satisfaction KPI Surveys](#).  
  
The collection and reporting of specific additional performance measures may be a condition of participation in a specific government program (e.g., Ontario Student Assistance Program, Job Connect).
- C. The prudent management of resources means that colleges are to balance expenditures with revenue sources when preparing and implementing a budget. Where an accumulated deficit is unavoidable in the opinion of the board of governors, Section 9 (2) of O. Reg. 34/03 requires the college to obtain the approval of the Minister of Training, Colleges and Universities and provide a plan to eliminate the deficit. It is expected that the plan would normally eliminate the deficit within the subsequent two fiscal years.

**D. Accountability for Procurement, Travel, Meal and Hospitality Expenses**

**A college board of governors shall, at a minimum, establish policies and procedures that adhere to, or exceed, the policies and procedures in the Management Board of Cabinet directives regarding procurement, travel and hospitality expenses. Links to these Management Board Directives are attached as Appendices to this binding policy directive.**

**E. Advisory College Council**

**The board of governors is to ensure that an advisory college council is established, the purpose of which is to provide a means for students and staff of the college to provide advice to the president on matters of importance to students and staff. The board of governors is to ensure that the structure, composition, terms of reference and procedures for the council are established in by-law. A report from this advisory council shall be included in each college's annual report.**

**Summary of Responsibilities****Colleges of Applied Arts and Technology**

The board of governors is responsible for:

- Establishing governance structures to enable the achievement of expected institutional outcomes with clear lines of communication and internal accountability.
- Setting the college vision, strategic directions, and overall goals and outcomes within the context of the appropriate laws, government policy, and local need.
- Hiring the CEO (i.e., president), delegating to the CEO accountability for the performance and operation of the college, and evaluating the CEO's performance.
- Approving the college's annual business plan, budget, and annual report.

- Assessing periodically the effectiveness of the board with respect to governance, accountability, and the attainment of corporate goals and outcomes.
- Ensuring that appropriate corrective action is taken where expected outcomes or quality of performance is not being achieved.

### Ministry of Training, Colleges and Universities

The Ministry is responsible for:

- Communicating the statutory, regulatory, and policy framework within which the college system operates.
- Communicating to colleges the government's strategic priorities for the college system and administering provincial resource allocations.
- Defining outcomes expected or levels of service to be provided for the use of public funds.
- Maintaining a working relationship with postsecondary education stakeholders that promote the accomplishment of government directions for postsecondary education.
- Monitoring the activities of colleges to confirm that collectively the mandate for the system is being fulfilled in compliance with legislation and government policies.
- Performing analysis related to the effectiveness and efficiency of the college system and institutions' financial capacity to fulfill their commitments.
- Working with the college system or individual colleges to facilitate corrective action where provincial priorities or expected outcomes are not being achieved.
- Notifying the system of best practices identified and encouraging their implementation across the system.



For further information regarding this binding policy directive, click on the Contact link to consult with the appropriate [ministry contact](#), listed in the Contacts section on the web site.

## Management Board Directives regarding Procurement, Travel, Meal and Hospitality Expenses

### Appendix 1: Procurement Directive:

[http://intra.ops.myops.gov.on.ca/cms/tiles.nsf/\(vwReadResourcesByRefId\\_Content\)/scm2009.07.17.13.20.31.NCD\\_res/\\$File/Procurement%20Directive-July%202009.pdf](http://intra.ops.myops.gov.on.ca/cms/tiles.nsf/(vwReadResourcesByRefId_Content)/scm2009.07.17.13.20.31.NCD_res/$File/Procurement%20Directive-July%202009.pdf).

### Appendix 2: Travel, Meal and Hospitality Directive:

[http://www.mgs.gov.on.ca/stdprodconsume/groups/content/@mgs/@home/documents/resourcelist/stdprod\\_062207.pdf](http://www.mgs.gov.on.ca/stdprodconsume/groups/content/@mgs/@home/documents/resourcelist/stdprod_062207.pdf).