

BAY COMMENT

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WHERE ARE THE DIRECTORS?

Far too many board members appear to be snoozing

There has been a lot of discussion and focus over the past 5 years on the need to improve governance in the corporate and not for profit world. Based on what is happening recently, I wonder if we have made substantive progress or are we slipping back into bad practices? As shareholders, as taxpayers, and as employees, we trust the Board of Directors to do what is right for the long term sustainability of the organization.

Have Boards been asleep on strategy? Hello Board of Directors of General Motors and Chrysler. Have Boards been asleep on CEO compensation? Hello to huge sums of compensation to CEOs that benefit the CEO regardless of the success or failure of the organization. Have Boards been asleep on the integrity of use of resources? Hello Board of Directors of eHealth.

Speaking of eHealth - where was the Board when processes and policies were being established on how eHealth should spend the taxpayer's money? Provincial directives for diligence over the spending of public funds have been around for a long time.

The website for Public Appointments Secretariat Ontario lists the 11 people appointed by the provincial government to



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the Board of Directors. One Director is the President & CEO of a consulting firm who previously held positions with the provincial government; another is the CEO of one of the Local Health Integration Networks; yet another, an assistant deputy minister of a provincial ministry. Then we have the CEO of Ontario Infrastructure Projects. Clearly people who should be familiar with the required stewardship over and accountability for spending public funds. Like most organizations, eHealth has a Finance and Audit Committee. Was it doing its job? Was it satisfied that the necessary precautions and actions to provide for prudent spending of public funds were in place? Surely they saw great chunks of money being spent and had the good sense to ask how the decisions were made to ensure the funds were being spent clear of

conflicts of interest and with accountability for value for money. Who was checking the invoices from the consultants before being paid? Where was the Chief Financial Officer in this?

In a media release eHealth stated that since being established in 2008 the Board has approved policies on Conflict of Interest, Travel & Expenses, and Procurement. It makes you wonder what was in these policies given what has transpired. Did they not address the generally accepted practice of tendering for contracts when spending public money?

Supposedly to boost our confidence eHealth issued another media release on June 1, 2009 to announce that it had directed a firm of auditors to undertake a "thorough third-party audit of the organization on matters of procurement, employment, expenditure and related matters" and that eHealth's Audit & Finance Committee would oversee the audit. Wait for it... they engaged the same firm that in 2008 had reviewed and "found to be sufficient" eHealth's internal controls. In fact the firm is also eHealth's external auditors. Why would the Board use the same firm that has seemingly missed serious issues twice

already?

Boards are stewards over the use of an organization's resources and greater scrutiny is needed by those Boards which oversee organizations which are spending public funds. How did the Board of eHealth miss the big picture on untended contracts, or did they miss it?

As a taxpayer I grow weary of the lax accountability over public funds. No one is questioning the goals of eHealth to assist in improving the efficiency of the delivery of health in our province. However it is difficult to have confidence in that Board of Directors ability to oversee the processes to achieve eHealth's goals. I hope that other Boards of Directors charged with overseeing our public organizations are taking a look at their procurement policies and I hope that the finance staff are taking a hard look at the policies and procedures and are not permitting highly paid consultants to expense yet another latte to the taxpayer.

Fay Booker is principal of Booker & Associates, a firm focused on promoting good governance, enterprise risk management and operational effectiveness.
www.bookerandassociates.com