

## THE ONTARIO MEDICAL ASSOCIATION (OMA)

### GOVERNANCE PRINCIPLES

#### Definition of Governance

The Ontario Medical Association (“OMA”) has adopted the definition of governance which has been endorsed by the OECD - Organization for Economic Cooperation and Development.

- Governance is the *system* by which organizations are *directed and controlled*. The governance *structure specifies the distribution of rights and responsibilities among different participants in the organization*, such as, the board, managers, members and other stakeholders, and *spells out the rules and procedures for making decisions on the organization’s affairs*. By doing this, it also *provides the structure through which an organization’s objectives are set, and the means of attaining those objectives and monitoring performance.*" (italics added)

#### Criteria for Establishing an Effective Governance Structure

Not all governance structures are created equal. And not just any governance structure will do. The Canadian Comprehensive Auditing Foundation (CCAF) has developed a set of principles that define an **effective** governance structure. Those principles (modified for the OMA) state that effective ‘governing bodies’ are those which:

- Are comprised of people with the necessary knowledge, ability and commitment to fulfill their responsibilities;
- Understand their purpose and the fiduciary duty they owe to the organization on whose board they sit;
- Understand the strategy of the organization they govern;
- Understand what constitutes reasonable information for sound and rationale decision making and obtain it;
- Once informed, are prepared to act diligently, constructively and respectfully to ensure that the organization’s objectives are met and that

performance criteria have been satisfied;

- Understand their stewardship obligations to safeguard the assets that have been entrusted to the organization; and
- Fulfill their accountability obligations by reporting on their own performance effectiveness as well as the organization's.

The OMA believes that a good governance structure is one in which the roles of the Board, Board Committees, Board Task Forces, its Members and Senior Management have been clearly defined in terms of their responsibilities, decision making authorities and their accountabilities and that these are well understood. With these principles in mind, we have designed the following system of corporate governance for the OMA.