Auditor General
MANITOBA

NEWS RELEASE

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Audit finds weak government oversight of post-secondary institutions

WINNIPEG – Government had a weak oversight framework in place for Manitoba's seven public post-secondary institutions, says Auditor General Tyson Shtykalo. The findings are contained in the audit report, *Oversight of Post-Secondary Institutions*, released today.

"Strong accountability is best built through an open, collaborative relationship with institutions, based on trust and mutual respect," Shtykalo said. "We believe creating the type of accountability relationship that is envisioned in our report will be of strategic benefit to this sector and will ensure public monies are well spent in meeting the educational needs of Manitobans."

The report's two chapters provide a comprehensive review of the oversight of public post-secondary institutions, both by government, and by the governing boards of each institution. "Manitoba's public post-secondary institutions are an important contributor to our Province's success," Shtykalo said. "These seven institutions not only contribute economically, but also foster innovation and growth, and prepare learners for achieving their personal and professional goals."

Government oversight of public post-secondary institutions

The Auditor General found government did not have an overall strategy for the post-secondary system, and monitoring of post-secondary institutions was weak. In the report, Shtykalo noted it was not always clear how existing monitoring activities contributed to the effective oversight of the institutions' financial and operational performance.

The audit also found that communication processes between government and the institutions' governing boards needs to be improved. "These relationships should reflect a partnership approach that provides opportunities for consultation and collaboration," said Shtykalo.

Governance oversight by the governing boards of post-secondary institutions

The Auditor General also found institutions need to modernize and strengthen key governance practices to ensure the governing boards' oversight functions are appropriately fulfilled, especially with respect to oversight of the President. "We expect post-secondary institutions' governing boards to provide rigorous oversight of the financial and operational performance of the institution, and its executive management," said Shtykalo.

The report highlights a number of areas to enhance board oversight, including enhanced orientation and training for board chairs, more active involvement in strategic risk oversight, improving committee structures and practices, more appropriate use of *in camera* sessions, as well as improving conflict of interest disclosure processes, and board evaluation processes.

The report also notes the governing boards must do more to ensure presidents' employment agreements are complied with, and negotiated to ensure the best interests of the institution are protected. In addition, the Auditor General found board oversight of Presidents' expenses was impaired by weak administrative practices and supporting documentation. No board-approved policy for Presidents' expenses was in place at any institution, and the report notes a number of areas where institutions' expense policies could be strengthened to improve clarity.

"Public scrutiny and interest in the most senior executive's expenses is always heightened, and the Board Chair has a responsibility on behalf of the board to provide rigorous oversight of the President's expenses," says Shtykalo. The report explains how one-over-one approval serves to best protect the President from any undue suspicion, as well as to protect the institution from any advantages potentially being taken.

Manitoba lacks central support and guidance for board-governed public sector organizations

Shtykalo noted many of the issues identified in the report—including the need to build mutually respectful relationships and improve communication between government, governing boards, and executive management—are not just pertinent to the post-secondary sector. "Government can do more to support and enhance governance practices and relationships throughout the public sector," he said.

"I am pleased to note a number of improvements have been made by institutions and the Department since the time of our audit," Shtykalo said.

The report contains 22 recommendations to government. **To view the report, please visit http://www.oag.mb.ca/reports.**

ABOUT THE AUDITOR GENERAL OF MANITOBA

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