



Patricia Quinn
clear thinking on governance

Report of an external evaluation of the governance of Saint John of God Community Services, April/June 2017: Executive summary

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Introduction

1. In February 2017 Board of Saint John of God Community Services decided to commission an external review of its corporate governance. This is in line with the provisions of the Code of Governance for State Bodies, whose standards are mandatory for bodies funded by the HSE under Section 38 of the Health Act, 2004.
2. The Board retained an external specialist on governance, Patricia Quinn, to undertake the external evaluation. Her approach was to
 - a. review the Board's own governance documentation and statements
 - b. review the conduct of the Board's business
 - c. invite each Director to complete the structured questionnaire on a confidential basis and interview each Director to supplement their return
 - d. prepare a report including recommendations for the attention of the Board
3. Every assistance was provided in the production of the report, including access to documentation, attendance at a meeting of the Board; prompt return of questionnaires from individual directors and participation in the process of one-to-one dialogue. The full report was submitted to the Board in May 2017, and this executive summary was prepared for publication at the request of the Board.

Corporate structure

4. Saint John of God Community Services was incorporated in 2006 as a company limited by guarantee by the Hospitaller Order of Saint John of God, West European Province, whose governing Provincial and Council are defined in the Articles of Association as the members (or subscribers to the Memorandum of Association) of the company. This means that although they are charged with all of the other powers and responsibilities set out in the constitution of the company, the Directors of the Board are not members of the company, unless they are members of the governing Council of the West European Province - i.e. professed Brothers of the Order.
5. By providing for the company's members to be restricted to Brothers, and by providing that Directors will be appointed by the members, the company's constitution was designed to ensure that ultimate control of the company would rest with the Order.

Board governance standards, the work of the Board

6. Governance standards are documented in the form of a comprehensive governance manual which is regularly reviewed by the Board in the context of preparing an annual governance compliance statements to the HSE.
7. In the course of preparing this report, minutes of the meetings of the Board for the previous eighteen months were reviewed. Routinely, the Board meets about ten times per year and no director receives any payment or draws any payment for their time or expenses in attending Board or committee meetings or other company functions.. The Directors routinely receive papers 5 working days in advance of meetings which include a written report from the CEO. The minutes are produced to a high level of detail and consistency.
8. In addition to these points, the minutes demonstrate that
 - a. the Directors meet regularly, sometimes in venues where services are delivered;
 - b. the Directors are regularly briefed on the work of the organisation in particular concerning challenges in the delivery of services, quality and safety reports, relations with funders and regulators, and action to address matters raised in risk reports.
 - c. the Board regularly receives briefings from experts to update them on changes in regulatory conditions or other important matters affecting the work of the organisation
 - d. Action lists are prepared and routinely reviewed at every meeting.
 - e. The Board receives and notes regular updates on internal policies.
 - f. Periodically, the non-executive directors meet with no executive staff present.

Board composition, sub-committees

9. The Directors of Saint John of God Community Services are appointed by the members of the company who are all members of the governing authority of the Hospitaller Order of Saint John of God, West European Province. The Articles provide that the Chairman of the Board shall always be the Provincial of the Order (currently William Forkan/Brother Donatus). The Vice Chairman is Anne Gunning.
10. The Board has established four sub-committees: one each for Finance (which is a long-established committee), Safeguarding & Quality (established December 2014), Audit & Risk and Nominations, Performance & Governance (established in February 2017). The Articles of Association provide that only Directors may serve as members of Board sub-committees.
11. In 2006, all of the Directors were Brothers of the Order, whereas today only one Brother serves on the Board. Four of the currently-serving members of the Board also serve on other Saint John of God company Boards in Ireland¹.

¹ In May, the Board lost one of its members following the demise of Brother Fintan Brennan Whitmore R.I.P..
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12. The company has adopted a competency framework concerning the makeup of the Board and the approach to recruiting and supporting the development of Directors. The framework states that Directors will have relevant and recent [senior] experience in the following:
- a. Board governance in the non-profit healthcare environment and/or the public sector
 - b. The delivery of social care and related services
 - c. Clinical and social care governance
 - d. Public policy in healthcare and social care
 - e. Financial management, audit and accountancy
 - f. General management including
 - Business and Financial Strategy
 - Human and Industrial Resources
 - Industrial Relations
 - Risk appraisal and management
 - IT and data management
 - g. Legal expertise including healthcare and related ethical issues
 - h. Patient and healthcare advocacy
13. The biographies of currently-serving Directors illustrate that the Board has Directors with some experience in many of these areas. Three appointments have been made since 2015 of people who were expected to enhance the Board's mix of skills and experience in clinical and social care governance, and public policy in health and social care: two of these have since resigned due to ill health, and Gerry Boyle (who was appointed to the Board in 2016) brings a range of governance and general management experience.

Directors' self-evaluation

14. During May 2017 the Directors were invited to complete the self-evaluation form issued for the use of State Bodies that comply with the Code of Governance for State Bodies, and their returns were supplemented by one-to-one conversations between each Director and the consultant. The result suggests that whereas all directors are reasonably happy with most aspects of the governance of the company, there is a lack of consensus on many points, with at least a couple of Directors (not always the same persons) expressing concerns about
- the distinction between, and the definition of the respective roles of Board and executive
 - the system of internal financial and other controls including the absence of an internal audit function
 - the terms of relationships with government funders and regulators
 - the composition of the Board

15. These concerns emerged clearly in conversation with the Directors, and can be summarised as follows:

Roles

- a. Current reporting arrangements whereby, as well as being accountable to the Board, the Chief Executive of the company reports on a day-to-day basis to the Group Chief Executive of Saint John of God Hospitaller Ministries
- b. The presence on the Board as a Director of the company of the Group Chief Executive of Saint John of God Hospitaller Ministries, notwithstanding his executive relationship with the CEO of Saint John of God Community Services
- c. The fact that the executive heads of finance, HR, communications/IT respectively, who each are responsible for lead executive functions to Saint John of God Community Services, all report directly to the Group Chief Executive of Saint John of God Hospitaller Ministries, rather than to the CEO of Saint John of God Community Services

Controls

- d. The system of internal financial controls is not under the direct supervision/control of the Board of Saint John of God Community Services for reasons associated with c. above; likewise Directors are not satisfied with the continuity of management controls as between central HQ and local service centres, and with the failure until very recently to establish an internal audit function.

Relationships

- e. Since the creation of the new Church body (Saint John of God Hospitaller Ministries) in 2012, the time taken to implement the consequent new institutional arrangements, including the adoption of a revised constitution by Saint John of God Community Services, have contributed to delays in the company implementing elements of its own governance improvement plans. These include the power to appoint non-directors to Board sub-committees, as well as more explicit terms in the relationship between Community Services and the group parent company (Saint John of God Hospitaller Services Group), and other members of the Group respectively.
- f. The operations of the company have been seriously impacted in recent years by the findings of HIQA quality appraisals which – taken together with available HSE funding – have placed considerable financial burdens on the company which it has not been able to fund without recourse to loans from the Order.

Board composition

- g. The make-up of the Board is seen by most Directors as inadequate to meet the present and future needs of the company. Some Directors are coming to the end of more than

one term of service and while willing to serve further, they recognise that their age profile, and the number of years since they had an active professional role, are potentially acting as a barrier to the company grappling in a more proactive way with its strategic concerns.

- h. Notwithstanding the acknowledged range of experience and familiarity with the work of the company among current Directors, the composition of the Board at present imposes severe constraints on the capacity to form sub-committees with an adequate range of experience, skills and aptitudes – for example there is no Director with financial audit experience, nor is there a Director with senior recent professional experience of social care.

Findings, recommendations

16. In the period when this evaluation was undertaken, Saint John of God Community Services has been under considerable pressure from a number of distinct quarters: a HIQA review has challenged its competence to deliver services in certain of its centres; internal audit reports have called into question the legitimacy of certain decisions concerning additional payments to senior executives; a funding crisis has threatened the viability of its operations at large. These conditions have inevitably put a strain on Board and management alike, and should be noted as having formed part of the context in which this review was undertaken. Notwithstanding these, while many aspects of governance appear to be functional, there are others which have been persistent sources of concern to Directors even before the crisis conditions created by current circumstances.

17. In general, although Saint John of God Community Services is an autonomous limited company with its own professional staff structures, external accountabilities and funding relationships, the legacy of direct management by the Hospitaller Order of Saint John of God is still manifest in certain aspects of its governance. Most notably these are the fact that its Chairman is *ex officio* also the Provincial of the Order, and that the responsibility for executive management of the company previously exercised by the Provincial and delegated by Hospitaller Ministries since 2012 to a Group Chief Executive has not been fully transferred to the CEO. Whatever the rationale for these arrangements they have the effect of confusing and potentially compromising lines of authority and responsibility as between Board and Executive, and depriving the Board of the sense that it is fully responsible for setting its own agenda.

Relationship between the Board and Executive

18. One of the core functions of the Board is to recruit, and monitor the activities and effectiveness of the CEO and management team. It appears that in practice, the Group Chief Executive (who serves as a member of the Board) takes lead responsibility for the recruitment of the CEO of Saint John of God Community Services, although the appointment is ratified by the Board. And while the Board has commended the performance of the CEO, this does not reflect the outcome of any formal review process involving the Directors.

19. As well as providing reports to the meetings of the Board and its sub-committees, the CEO reports on a day-to-day basis to the Group Chief Executive, who is accountable to Saint John of God Hospitaller Ministries, and she accesses the services of senior managers through his office. This has made the process of ensuring the adequacy of internal financial controls more difficult: although he serves as a member of the Board, the Group Chief Executive is not accountable to the Board of Saint John of God Community Services for such controls.

20. Monthly meetings of the Board Finance Sub-Committee (at which the Head of Finance of Hospitaller Ministries is normally in attendance) are involved in close monitoring of budgets and cash-flow, but this does not address the Board's concerns about continuity of executive financial control as between headquarters and local administration of the services.

Recommendations

21. **A clear scheme of delegated authority should be provided by the Board of Saint John of God Community Services to its CEO, who in turns needs to have the authority to manage the senior team she relies on for financial, HR and other executive functions. This is the case whatever the reporting relationships – ‘dotted line’ or otherwise – between the CEO and the Group CEO, once the new Group arrangements have been commenced.**
22. **The performance of the CEO should be the subject of regular review by the Board or by a sub-committee with delegated authority, which (besides ensuring with relevant pay norms) should also oversee as part of its functions the company’s approach to senior executive succession planning.**

Composition of the Board

23. The members of Saint John of God Community Services company limited by guarantee are the Provincial and Council of the West European Province of the Hospitaller Order of Saint John of God and these individuals currently appoint the Directors of the company. The constitution of Saint John of God Hospitaller Services Group (incorporated but not yet trading, pending regulatory approvals) provides that it will take over this function once the Group has been established and commences trading, thereby transferring responsibility for ultimate control of the company from a group of persons to a body corporate.
24. In the ten years following incorporation in 2006, there has been a process of transition in the people appointed to be Directors of the company, from members of the Order to lay Directors, and these now form the majority on the seven-member Board. Recent appointments to the Board, made under the provisions of a Board competency framework, have improved the diversity and expertise available to the Board but unhappily two of the three recent appointees have retired for health reasons, frustrating the Board’s efforts in 2015 and 2016 to create a sub-committee for quality and safeguarding. The approach to recruitment is informal; individuals known to existing Directors are identified and approached one-to-one by a Directors or a member of the Order.
25. There are other acknowledged gaps on the Board: for example no director has relevant and recent financial audit experience, and the profile is heavily weighted towards retired people: all Directors say that they would welcome the appointment of younger directors.
26. The Chairman and three other Directors also serve on a one or more Boards of other Saint John of God entities, in Ireland and overseas. Most of the currently serving lay Directors had some prior connection with the work of the Order before their appointment and all are highly respectful of its legacy in providing services over the years. They have tolerated atypical management reporting relationships in view of the long history of institutional co-dependence

between the different activities and services run by the Order and pending the incorporation in civil law of the Group.

27. The Group Chief Executive of Saint John of God Hospitaller Ministries is not an employee of Saint John of God Community Services but he is an employee of a closely-related entity and will, once it commences trading, be employed by the Group parent company of Saint John of God Community Services. Directors do not consider it appropriate that the holder of this office should serve as a Director of the company although as a representative of the sole member (once the new institutional arrangements are in place) they recognise he will have the right to attend meetings.

Recommendations

28. **The Group CEO should not serve as a member of the Board.**
29. **The Board, through its nominations committee, should undertake an accelerated programme of Director recruitment and induction, to ensure that the Board has the full range of skills and experience and the diversity described in its own competency framework, and to provide for current vacancies and those that may arise in the coming twelve months – i.e. before the new Group structure comes fully into force. In this context, each Director should be invited to indicate their preference as to further service on the Board on the expiry of their current term.**
30. **The Board should consider the approach to recruitment adopted by State bodies, and by other social care providers of similar scale, which is designed to give the Board access to a wider community of prospective Directors, and to make the process of recruitment more transparent. This might not involve public advertisement but should include access to a wider sample of stakeholders than the current approach of direct co-option: for example, the Board could make contact with service users, their parents and friends, as well as with people who have made voluntary donations to the services.**

Responsibilities of the Board and Chairman

31. The Company has adopted the provisions of the Code of Governance for the Boards of State Bodies and as part of its governance manual including a statement of roles and responsibilities of Directors, which is in line with its provisions. It reviews this annually, and provides a governance compliance statement to the HSE. The Directors are acutely conscious of their fiduciary responsibilities as regards the going concern basis for trading, and this matter currently dominates their agenda.
32. Concerning the reserved functions, the provisional arrangements for transitioning to membership of a group of companies incorporated in civil law has frustrated the Board's exercise in full of these functions; it is not clear for example that the Board has a clear scheme

of delegation of accountability from the Board to the CEO, nor that it has exercised full control over the process for the appointment of the Chief Executive and assessment of the performance of, and succession planning for, the Chief Executive.

33. The Chairman of the Board is *ex officio* the Provincial of the Hospitaller Order of Saint John of God, under the current constitution: in future it is planned that this appointment will be made by the Group parent company, Saint John of God Hospitaller Services Group (once this company commences trading). The Board governance manual specifies the responsibilities of the Chairman and the company has also nominated a Vice-Chair. Currently both the Chair and Vice-Chair, along with another member of the Board, serve on both Boards.

Recommendations

- 34. The Board of Saint John of God Community Services should undertake formal discussions, led by Directors who do not sit on both Boards, with the Board of Sponsors of Saint John of God Hospitaller Ministries/the Board of Saint John of God Hospitaller Services Group concerning a planned programme of Director recruitment and induction, including succession planning for the roles of Chair and Vice-Chair.**

The business of the Board

35. The Board meets regularly and all Directors play an active role, with all serving on at least one Board committee, in most cases two. Their participation in meetings is documented in the annual report and their governance manual defines how their business will be conducted in an orderly way.
36. The requirement (as set out in the Code of Governance for State Bodies) to create three additional sub-committees (besides the long-standing Finance committee) has placed a strain on the capacity of the Board as currently composed, given that its constitution restricts membership of sub-committees to Board Directors. (The new constitution as drafted will allow non-Directors to serve on Board committees). The fact that three of these committees are still emergent, and other current circumstances affecting the company has made it difficult to evaluate their performance, notwithstanding the fact that their work will clearly have a critical impact on the future sustainability of the company especially as regards quality and safeguarding, and nominations (including formal, rigorous and transparent procedures for the identification, selection and appointment of Board members).
37. The fact that the Board has for many years had only one sub-committee, and given the senior executive arrangements currently in place, means that much of the Board's agenda is preoccupied with routine business matters, limiting the capacity for longer-term planning and strategy.

Recommendations

- 38. The Board should review the terms of reference of the four standing sub-committees, maximising the capacity for a delegation of specialised business to Board sub-committees**

Codes of conduct, disclosure standards

39. All Directors have signalled their compliance with the ethical standards set out in their own governance manual which in turn are adapted from those of the Code of Practice for the Governance of State Bodies, and the company's staff manual provides for protected disclosure. A register of Directors interests is maintained.
40. In terms of their responsibility to uphold the reputation of the company, the Directors have, perhaps inevitably, been in a defensive posture in recent months. Their focus has been to meet the accountability expectations of funders and regulators and to mitigate the effects of critical media attention. The information publicly available about the company (including its Directors) is very limited, as is the information provided to wider stakeholders, including the general public, about the emergent Group under the oversight of Saint John of God Hospitaller Ministries and its relationship to the group of companies operating under the guidance of members of the Order.

Recommendations

- 41. The Board should consider how best to communicate to its stakeholders the governance standards that prevail in the company, including plans for the transition to civil governance structures whereby a number of specialised companies each with their own Board of Directors (including Saint John of God Community Services) operate under the leadership of Saint John of God Hospitaller Services Group.**

Currently-serving Directors (May 2017)

Gerard Boyle joined the Board in 2017. He is a Fellow of the Institute of Personnel and Development. He spent his early career in CIE, and subsequently held a number of senior management posts in local government and in health boards, before joining ACC Bank where he became Company Secretary and General Manager, Personnel.

He now works as a HR consultant, providing a range of interim management and specialist human resource management support to a number of organisations including principally Health Boards, The National Disease Surveillance Centre, The National Standards Authority of Ireland, The Mental Health Commission, Dublin Bus, Bus Eireann and (prior to becoming a Director) Saint John of God Hospitaller [Community Services Ministries](#).

Gerry Boyle does not serve on any other Saint John of God boards.

William Brennan-Whitmore (Brother Fintan OH) R.I.P. was a member of the Board since February 2010. He entered the Order in 1968 and was ordained as a priest in 1981. Brother Fintan served as chaplain to a number of the Order's services and developed Chaplaincy and Pastoral Care in Ireland and the USA. He worked as Director for a number of Saint John of God services including Cluain Mhuire Community Mental Health Service, St Augustine's School, Lucena Clinic Services, St. John of God North East Services and Saint John of God Association, Belfast. He served as Provincial of the West European Province of the Order from 1995 – 1998 and again from 2004 - 2007.

He served as a chaplain to Our Lady's Hospital for Sick Children in Crumlin, Dublin, and was the Archbishop's nominated Chairperson of Our Lady's Hospital School Board of Management.

Brother Fintan also served on the Boards of Saint John of God Housing Association, The Saint John of God Development Company and Saint John of God Health Services – all guarantee companies incorporated in Ireland. He was also a member of the Board of Sponsors of Saint John of God Hospitaller Ministries and of the governing Council of the West European Province of the Hospitaller Order of Saint John of God (both Church bodies unincorporated in civil law).

William Forkan (Brother Donatus OH) joined the Board in February 2014 and was appointed Chairman in May 2014. He serves in this role because he is currently head (Provincial) of the West European Province of the Hospitaller Order of Saint John of God. He graduated in Psychiatric Nursing from Saint John of God Nursing School, and holds Diplomas in theology, philosophy, Korean language and culture, developmental studies among other subjects.

He joined the Board in the role of Chair having returned to Ireland following extended periods living abroad: in Rome - where he served as Prior General of the Hospitaller Order of Saint John of God for six years, and had particular responsibility for the missions of the Order; in Malawi, Central Africa and in Chuncheon City, Korea, where he had a role as Director of a centre for homeless people, especially for people with a mental illness and addiction.

Brother Donatus also serves on the Boards of Saint John of God ..., The Saint John of God ... and Saint John of God ... – all guarantee companies incorporated in Ireland. He is also Chairman of Saint John of God Hospitaller Services (a charity incorporated in the UK), is Chairman of the Board of Sponsors of Saint John of God Hospitaller Ministries and Provincial of the governing Council of the West European Province of the Hospitaller Order of Saint John of God (both Church bodies unincorporated in civil law).

Anne Gunning joined the Board in January 2012. She trained in general nursing and spent three years in the Irish Army Nursing Service before joining Saint John of God Services in 1969 to begin a day service for children with profound intellectual disability. She is a Foundation Fellow of the Royal College of Nursing of Ireland, and has been affiliated to the Order since 2008.

During her years of working with the Order, she initiated early intervention, outreach and adult day services. Mrs Gunning she also serves as a member of the Church body - Saint John of God Hospitaller Ministries - and she is also Chair of the Saint John of God Retiree Association.

Ms Gunning also serves on the Board of Sponsors of Saint John of God Hospitaller Ministries.

John Pepper was appointed Group Chief Executive of Saint John of God Hospitaller Services Group in 2012. Prior to that he served as [Directorhead](#) of HR. He joined the Board of Community Services in July 2012.

Mr Pepper also serves on the Boards of Saint John of God Hospital Limited, Saint John of God Housing Association Limited, Dundalk Voluntary Housing Association Limited, Employ Ability Limited, The St. John of God Development Company Limited, The St. John of God Association (Northern Ireland), Saint John of God Hospitaller Services Group, Stichting Internationale Order Van HospitaalBroeders (Netherlands).

Michael Noone For 13 years Michael Noone was managing director of Sunbeam House Services, a major provider of social and health care services to people with disabilities, based in Bray, Co Wicklow. He retired from SHS in 2010 and joined the Saint John of Gods community services board in 2012. For 17 years prior to taking up the MD position with SHS, he was an assistant director and director of nursing with the HSE.

He has spent most of his life employed in various areas of the health services both in Ireland and the UK. He initially commenced employment with the Dublin Health Authority, now HSE, and qualified in Psychiatric Nursing at St Ita's Hospital Portrane. He moved to work with the NHS in the UK where he qualified in General Nursing at the Whittington Hospital, London.

He has a Masters degree M.Sc. (Econ) from the University of Wales. He has a diploma in Behavioural Psychology from the RCSI.

He is currently an IBEC nominated serving member of the Employment Appeals Tribunal, a role he has fulfilled for the past 10 years.

Michael does not serve on any other Saint John of Gods board.

Paul Robinson has been a member of the Board since January 2012. He is a Fellow of the Chartered Institute of Secretaries and Administrators, a Fellow of the Chartered Management Institute and holds a Certified Diploma in Accountancy and Finance. He served in a number of local authorities and health boards in senior positions and was Chief Executive Officer of the North Eastern Health Board until it was abolished on establishment of the HSE. He served as Director General, CAWT (Cooperation and Working Together – a Cross Border initiative by health authorities on both sides of the Border), from 2000 to 2004. He was appointed first Chairman of the newly established Pre Hospital Emergency Care Council by the Minister of Health and served from 2000 to 2008.

Paul Robinson does not serve on any other Saint John of God boards.