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BILL 127 AND THE REVIEW OF THE RULES OF INTERNAL MANAGEMENT: SETTING STANDARDS FOR THE GOVERNANCE OF INSTITUTIONS

BY OUR HEALTH LAW GROUP IN QUEBEC

February 2012 — As of February 1, 2012, most of the amendments to the *Act respecting health services and social services* brought under the *Act to improve the management of the health and social services network* (the former Bill 127) and applicable to institutions will be in force.

Now that the new boards of directors are in place, and that they must exercise their duties and responsibilities under the Act, it will be critical to amend the numerous rules of internal management applicable to institutions, to bring them in line with the Act's newest requirements.

The challenge is even more pressing for those in charge of governance matters, such as the board of directors and the various boards and committees that must be established to provide for the proper management of the institution.

Amending provisions such as the boards of directors' rules of internal management or the codes of ethics and professional conduct of directors involves more than a simple update of technical provisions on aspects like the composition of boards or the rules on filling vacancies. Each institution will probably want to adopt a personal approach to the ideal size and composition of the board's committees and similar rules, in consideration of the Act's new requirements.

An institution may also want to examine whether the responsibilities entrusted to certain committees under the Act, such as the governance and ethics committee, should be extended to include the implementation of the directors'

Code of ethics and professional conduct. This Code could also be amended to reflect the independence required under the Act.

The same could be said for the audit committee, whose enhanced responsibilities could require a closer, more accurate framework.

In other words, boards of directors must act promptly to define the limits under which they will exercise their responsibilities, whether these responsibilities are pre-existing or new.

Heenan Blaikie's team of experts on health law and policy has substantive experience with regulatory drafting. They can express in clear language the choices open to institutions and can assist the boards in analyzing and implementing the best governance rules. The team is available to assist you.

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