



# Good Governance Workbook



Together, Everyone Achieves More!

as of October, 2018

# **Good Governance Workshop Outline**

## **Objectives**

Increase participant knowledge of good governance practices

Increase access to board governance resources

Identify future board development priorities & learning needs

## **Agenda**

Welcome & Introductions

Review of a Board's Job

Governance styles & structures, legal responsibilities, due diligence safeguards / risk management strategies

Board role in Planning, Policy Development & Evaluation

Policy framework, how to develop policy

Board – ED Relationship

Board Meetings & Agenda

General Good Governance practices

Next Steps, Check Out & Evaluation



**What do you think the Board of Directors Job is?**

## Roles & Responsibilities

### **The Board's Job is...**



**On behalf of some OWNERSHIP...**

***to see to it that the organization***

***achieves what it should,***

***AND avoids what is unacceptable.***

A Good Practice Guide for Governance  
National Panel on Accountability and Governance in the Voluntary Sector  
*Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector*

# **Stewardship**

Every board should explicitly assume responsibility for STEWARDSHIP of the organization and, as part of this stewardship, be part of each of eight key tasks:



- 1. Steering toward the mission and guiding strategic planning.**
- 2. Transparency & communication to members, stakeholders and public.**
- 3. Developing appropriate structures and policies.**
- 4. Ensuring the Board understands its role.**
- 5. Ensuring Fiscal Responsibility.**
- 6. Oversight of Human Resources.**
- 7. Ensuring regular evaluation & accountability.**
- 8. Planning for succession and diversity.**

# Board of Directors

## Draft Terms of Reference

### **Accountability**

The Board of Directors is accountable for the organization's performance in respect the mission and objectives of the organization and for the stewardship of financial resources. The Board is accountable to....

### **Authority**

The authority of the Board is outlined in the Society's Bylaws. Board members will govern as one voice, and not act individually in the direction of staff and volunteers or to act as spokesperson for organization unless specifically given such authority by the board.

**Composition:** *described in bylaws*

### **General Duties:**

- Review, clarify and amend the mission and objectives of the organization.
- Provide leadership and direction to the planning process, and be focused on organizational goals.
- Monitor the performance of the organization, in regards to achievement of goals and objectives.
- Regular and transparent communication to members and stakeholders.
- Promote the work of the organization.
- Develop, amend and approve by-laws and governing policies of the organization.
- Provide educational opportunities to support the work of the Board, as required.
- Oversee the financial management of the organization.
- Hire, monitor, evaluate, and release the Executive Director, as required.
- Keep informed about or up-to-date on issues relevant to the Society.
- Succession planning, and participate in the recruitment of new Board members.
- Create board committees, as required.
- *Fundraising*

**Meetings:** Monthly/quarterly

Approval Date:

# **Board Member**

## **Draft Terms of Reference**

### **Accountability**

The Board of Directors is collectively accountable to the members, community, funders and other stakeholders. They are accountable for the Association's performance in relation to its mission and strategic objectives, and for the effective stewardship of financial and human resources.

### **Authority**

Individual board members have no authority to approve actions by the Association, to direct staff, or to speak on behalf for the Association unless given such authority by the board.

### **Time Commitment**

Six hours a month (board meetings, preparing for board meetings, participating in committees and attending special events)<sup>i</sup>

### **Term of Office**

Two year term, renewable once

### **Responsibility**

Board members are responsible for acting in the best long-term interests of the Association and the community and will bring to the task of informed decision-making a broad knowledge and an inclusive perspective.<sup>ii</sup>

### **Principle Duties**

Every member of the Board of Directors, including the Board's officers, is expected to do the following<sup>iii</sup>:

- Prepare for and participate in board meetings
- Listen to others' views, advocate their own, identify common interests and alternatives, and be open to compromise
- Support governance decisions once made
- Participate in the review of the Association's mission and objectives and in the development of a strategic plan
- Help the board to monitor the performance of the Association in relation to its mission, objectives, core values and reputation
- Abide by the by-laws, code of conduct, conflict of interest and other policies that apply to the board
- Participate in the approval the annual budget and monitor the financial performance of the Association in relation to it
- Participate in the hiring of, and if required, the releasing of, the CEO
- Participate in the evaluation of the CEO

- Identify prospective board members and possibly help recruit them
- Participate in the evaluation of the board itself (annual board self-evaluation)
- Contribute to the work of board as a member of a board committee<sup>iv</sup>
- Attend and participate in the Annual General Meeting
- Be an ambassador for the Association – ensure ones involvement is known within their own network of friends and contacts.
- Keep informed about community issues relevant to the mission and objectives of the Association

## **Qualifications**

The following are considered key job qualifications:

- Knowledge of the community
- Commitment to the Association's mission and strategic directions
- A commitment of time
- Openness to learning

## **Evaluation**

The performance of individual directors is evaluated annually in the context of the evaluation of the whole board and is based on the carrying out of duties and responsibilities as outlined above.



# **Board Officer Roles**

## **Chairperson**

- Chairs all Board meetings and the Annual General Meeting
- Principle liaison with senior staff person
- Represents Board position (interprets board policy) to public/staff
- Encourages board members to assume future leadership roles in the organization

## **Vice-Chairperson**

- To assume role of Chair in absence of Chairperson
- Sometimes considered a chair-elect
- Generally a leadership development position

## **Secretary**

- Responsible for keeping Board documents, taking minutes at Board and Annual General Meetings
- Keeps the seal of the organization, all pertinent records, etc.

## **Treasurer**

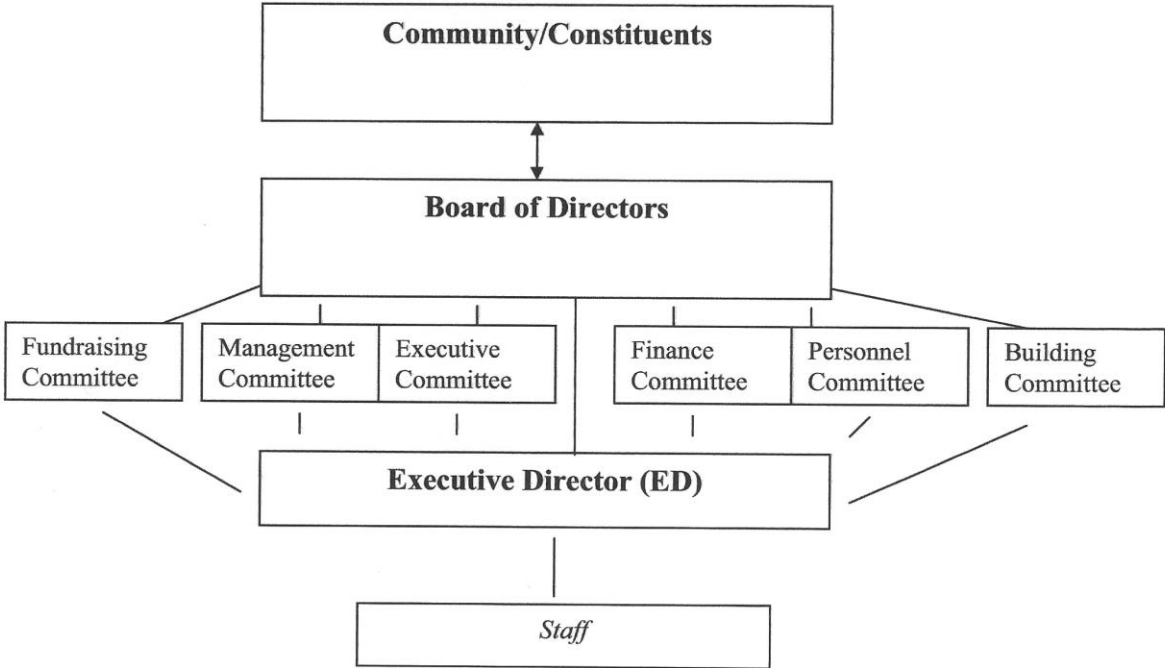
- To be custodian of financial documents (sometimes funds) of the organization;
- Prepare/interpret financial reports for the Board;
- Ensure annual fiscal audit
- Assist Board in monitoring key financial trends in the organization



# MANAGEMENT BOARD ORGANIZATIONAL CHART

## Management Board

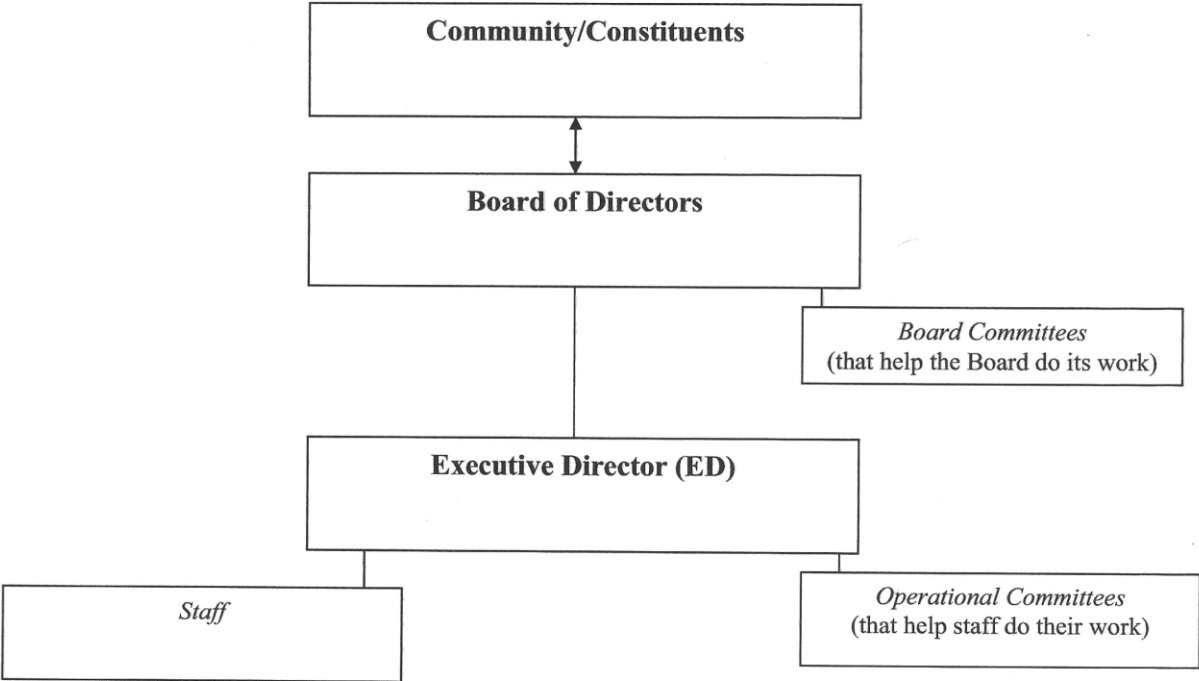
A Management Board typically shares of the organization with paid staff with some responsibilities overlapping between staff and board committees. This Board may establish some policies to govern the organization, and tends to create several “operational committees” (personnel, programs finance) to oversee the day-to-day management of the organization. Board operational committees provide regular reports to the Board on all of the operational sections of the organization, and the Board provides regular direction on operations through its committee structure. If the staff is removed from this structure, it becomes a **Working Board**, whereby the board volunteers are also the unpaid labour force of the organization.



**POLICY BOARD  
ORGANIZATIONAL CHART**

**Policy Board**

The main characteristic of this board style is the setting of the board policies that direct and control organizational operations rather than a series of board committees. The board sets policy that staff (the Executive Director) then implements. The Executive Director works within the Board's written policies and values to achieve the organization's goals and objectives.



# POLICY GOVERNANCE BOARD – Carver Model ORGANIZATION CHART

## POLICY GOVERNANCE BOARD

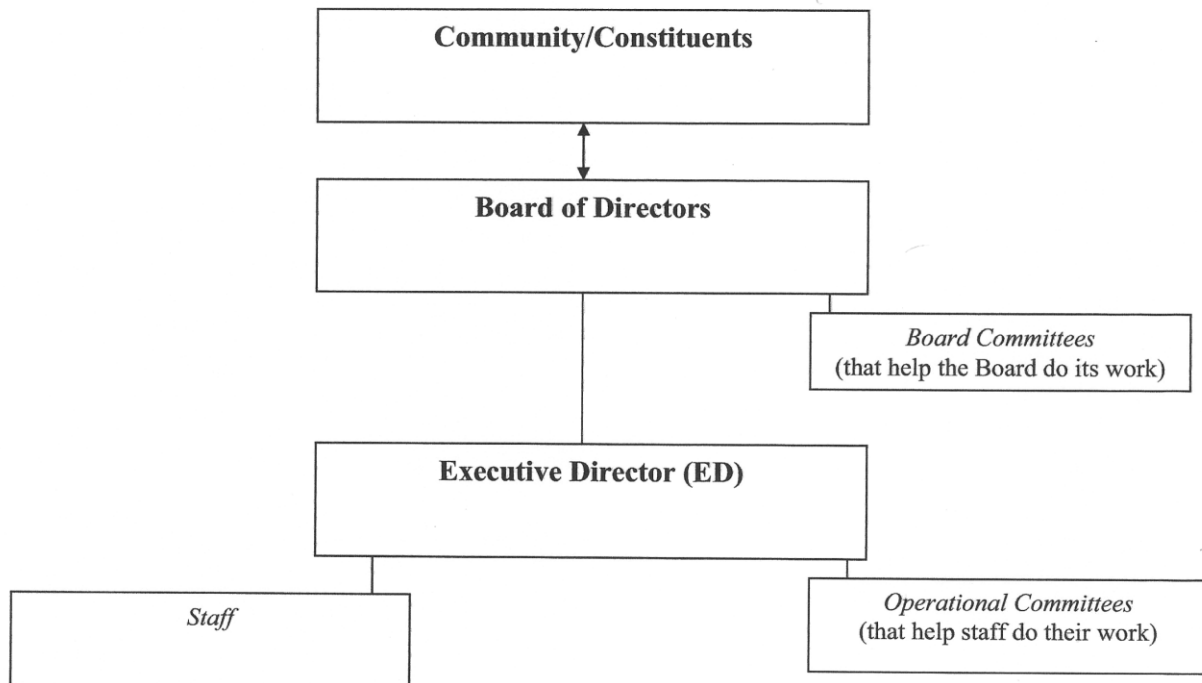
**Board Process Policies** describe the role and behaviour of the Board of Directors and its linkage to its external community.

**Board-Executive Director Linkage policies** describe the role and accountability of the Executive Director and how the Board will monitor and assess the performance of the E.D.

**Executive Limitation policies** describe the limits upon the Executive Director's behaviour

**ENDS policies** describe the organizational results to be achieved.

*The ENDS and Executive Limitation policies form the basis of the Executive Director's job description.*





**What do you think your responsibilities are legally?**

# **Legal Responsibilities of Boards**

The board of directors of an incorporated non-profit organization is legally responsible for the actions of the organization, including those of its employees and volunteers. The organization may be liable (subject to a penalty) if something goes wrong. The board members themselves may be liable if it can be shown that the board itself was negligent. The board must therefore demonstrate “due diligence” with respect to the following four areas of responsibility.

## **1. Fiscal responsibility**

The board must insure the organization operates in a financially reasonable manner. This includes

- Developing a financial budget and monitoring financial performance relative to that budget
- Avoiding a deficit
- Insuring the collection and remittance of required payroll deductions (income tax, UI and CPP)
- Insuring that none of the income of the organization is used for the personal benefit of officers and directors
- Maintaining financial records

## **2. Statutory Responsibility**

The organization is required to obey all laws relating to individuals and employers. Boards themselves or their primary “agent”, the organization's executive director, should be familiar with labour standards, human rights and occupational health and safety legislation. Those organizations operating in particular areas would need to be familiar with additional laws and regulations (e.g. environmental protection).

Laws also come into play in terms of fundraising practices and acquiring and maintaining non-profit incorporation and charitable status.

## **3. Contracts**

The board should be aware of any obligations it enters into with respect to contracts, especially those with funders and monitor the organization's compliance with those obligations.

## **4. Standard of care**

The board must insure that its employees, volunteers and individuals in the organization's care not subject to unnecessary risk of injury or harm.

## **Due Diligence Safeguards**

## 1. Board education

The Board must have some understanding of how to interpret the organization's financial statements, the kind of policy regime it requires and how to assess the level of risks the organization faces in its day-to-day activities.

## 2. By-laws and policies

The board must insure that it follows the by-laws with which it was incorporated (or change them) and that it sets *policies*, particularly with respect to the organization's:

- Financial management practices
- Human resources practices
- Personnel safety and client care practices

## 3. Monitoring of performance

While boards struggle with balancing their attention between the competing demands of internal operations and external and strategic issues, on a regular and consistent basis, they must spend a considerable amount of time monitoring what the organization is doing.

Monitoring primarily involves:

- Review of financial statements (monthly or quarterly)
- Independent audit of financial transactions (annually)
- Reviewing reports on activities (e.g. the monthly executive director's report)
- Monitoring the implementation of key policies (e.g. part of the evaluation of the executive director)

Part of the evidence of the board of director's own monitoring work is the **minutes** of its meetings. While minutes need not be extremely detailed, they must be complete and maintained in a safe place.

## 4. Adequate insurance

Insurance is considered the first line of defense in risk management. Most organizations require:

- General liability insurance
- Motor vehicle insurance (if they own/lease and operate one or more vehicles)
- Accident, fire theft, and disability insurance

Where risks are judged as high with respect to standards of care, organizations also may want to obtain Directors' and officers' liability insurance.





**What do you think the board's role in planning, policy development and evaluation is?**

## Role of the Board in Planning

**All boards have a relationship responsibility for steering the organization to achieve its mission and vision on behalf of its constituents.**

*Board leadership in planning involves:*

1. **Consultations with constituents** and stakeholders to ensure the validity of the mission and vision of the organizations.
2. **Develop Strategic Goals** that will move the organization toward its mission. The Board sets the “rate of progress” of the strategic plan.
3. **Monitor and report on how effective** the organization is in achieving its strategic goals.

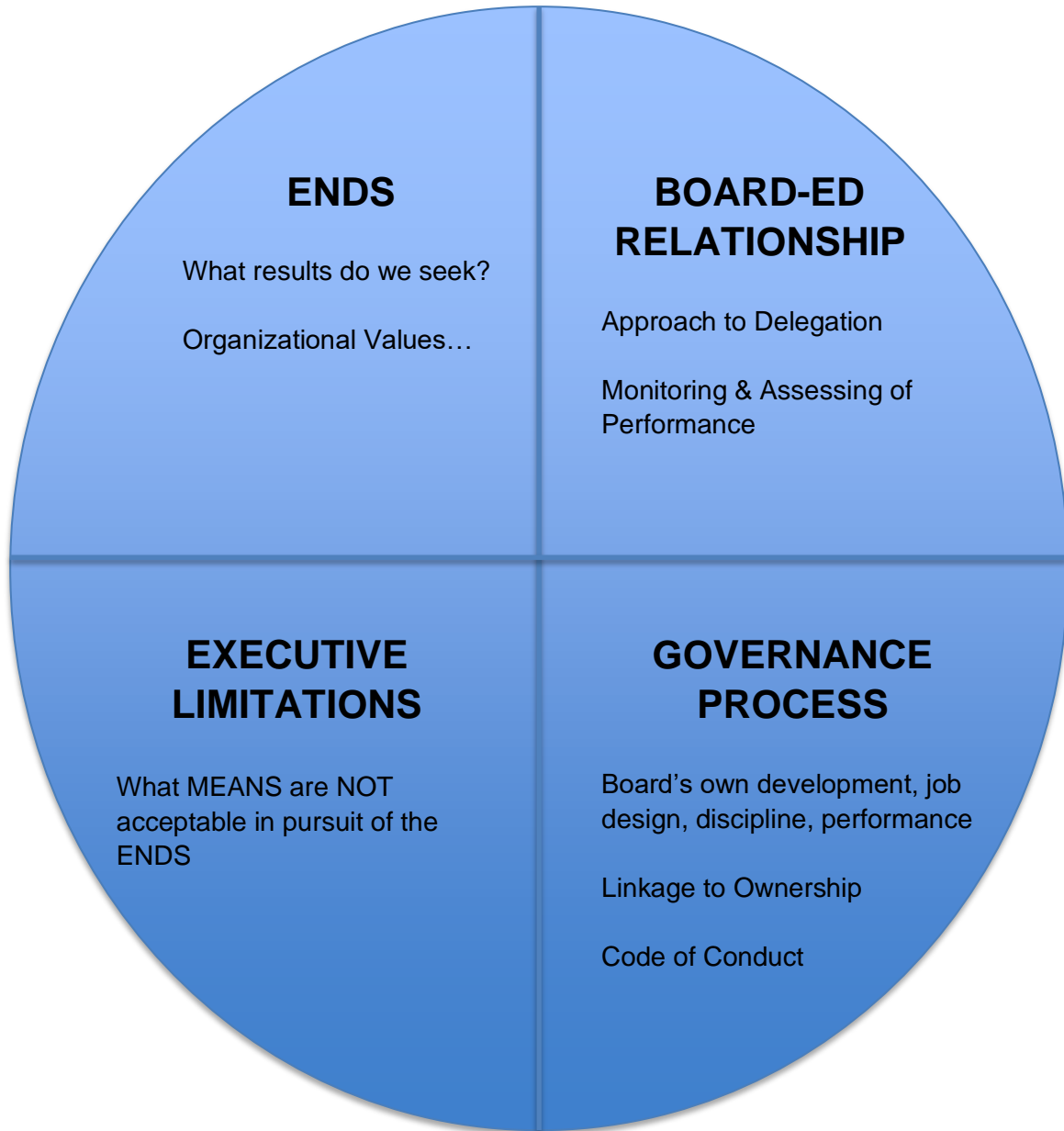




**What do you think are some of the core AREAS of policy a board should be concerned with?**

**What do you think is the best way to START developing policy – or a review of policies?**

# Governance Areas: Policy Governance Model



# **Core Governing Policies**

## **Ends**

- Mission of the organization
- Smaller Ends; Objectives & Priorities
- Beneficiaries
- Organizational Values

## **Governance Process**

- Governing Style
- Decision making (consensus, majority rule, etc)
- Board member job description
- Officer Roles & Responsibilities
- Governing Committee Roles
- Linkages to Ownership (incl. accountability practices)
- Board membership & recruitment
- Terms of board members, continuity
- Code of Conduct for Board Members
- Planning Cycle (for board work)
- Conflict of Interest
- Board Evaluation

## **Board-Staff Relationship**

- Delegation to Executive Director
- Role of ED
- Monitoring of Ed performance
- Evaluating ED
- Role and authority of operational committees

## **Executive Limitations (what is NOT permitted)**

- Client service practices (incl. safety measures)
- Personnel / HR practices
- Staff Compensation (limits on authority, fairness)
- Financial management practices
- Protection of Assets / Indebtedness
- Communications to board
- Fundraising & Donations

# **Sample Executive Limitation Policies**

## **1. Global Executive Constraint**

The Executive Director shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices.

## **2. Treatment of Members**

With respect to interactions with members or those applying to be members, the Executive Director shall not cause or allow conditions, procedures, or decisions that are unsafe, untimely, undignified, or unnecessarily intrusive.

Further, without limiting the scope of the foregoing, the Executive Director shall not:

- a) Elicit information for which there is no clear necessity
- b) Use methods of collecting, reviewing, transmitting, or storing member information that fail to protect against improper access to the material elicited
- c) Fail to operate facilities with appropriate accessibility and privacy
- d) Fail to establish with members a clear understanding of what may be expected and what may not be expected from the programs and services offered
- e) Fail to inform members of this policy or to provide a way to be heard for persons who believe they have not been accorded a reasonable interpretation of their protections under this policy

## **3. Treatment of Staff**

With respect to the treatment of paid and volunteer staff, the Executive Director shall not cause or allow conditions that are unfair, undignified, disorganized, or unclear.

Further, without limiting the scope of the foregoing, the Executive Director shall not:

- a) Operate without written personnel rules that:
  - i. clarify rules for staff,
  - ii. provide for effective handling of grievances, and
  - iii. protect against wrongful conditions, such as nepotism and grossly preferential treatment for personal reasons
  - iv. Discriminate against any staff member for non-disruptive expression of dissent
  - v. Fail to acquaint staff with the Executive Director's interpretation of their protections under this policy
  - vi. Allow staff to be unprepared to deal with emergency situations.

## **4. Financial Condition and Activities**

With respect to the actual, ongoing financial condition and activities, the Executive Director shall not cause or allow the development of financial jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.

Further, without limiting the scope of the foregoing, the Executive Director shall not:

- a) Expend more funds than have been received in the fiscal year to date unless the debt guideline (as follows) is met
- b) Incur debt in an amount greater than can be repaid by certain otherwise unencumbered revenues within sixty days
- c) Use any long-term reserves
- d) Conduct inter-fund shifting in amounts greater than can be restored to a condition of discrete fund balances by certain otherwise unencumbered revenues within thirty days
- e) Fail to settle payroll and debts in a timely manner
- f) Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed
- g) Make a single purchase or commitment of greater than \$\_\_\_\_\_. Splitting orders to avoid this limit is not acceptable.
- h) Acquire, encumber, or dispose of real property
- i) Fail to aggressively pursue receivables after a reasonable grace period.

## **5. Financial Planning and Budgeting**

The Executive Director shall not cause or allow financial planning for any fiscal year or the remaining part of any fiscal year to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

Further, without limiting the scope of the foregoing, there will be no financial plans that:

- a) Risk incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities"
- b) Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions
- c) Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy

## **6. Emergency Executive Director Succession**

To protect the Board from sudden loss of Executive Director services, the Executive Director shall make every effort to ensure there are not fewer than two other staff/volunteers sufficiently familiar with Board and Executive Director issues and processes to enable either to take over with reasonable proficiency as an interim successor.

## **7. Asset Protection**

The Executive Director shall not cause or allow EAI's assets to be unprotected, inadequately maintained, or unnecessarily risked. Further, without limiting the scope of the foregoing, the Executive Director shall not:

- a) Fail to insure against theft and casualty losses to at least 80% of replacement value and against liability losses to Board members, staff, and the organization itself in an amount greater than the average for comparable organizations;
- b) Allow unbonded personnel access to material amounts of funds;
- c) Subject facilities and equipment to improper wear and tear or insufficient maintenance;
- d) Unnecessarily expose the organization, its Board, or its staff to claims of liability;

- e) Make any purchase wherein normally prudent protection has not been given against conflict of interest;
  - i. of over \$200 without having obtained comparative prices and quality;
  - ii. of over \$500 without a stringent method of ensuring the balance of long-term quality and cost. Orders shall not be split to avoid these criteria.
- f) Fail to protect intellectual property, information, and files from loss or significant damage;
- g) Receive, process, or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards;
- h) Compromise the independence of the Board's audit or other external monitoring or advice;
- i) Endanger the organization's public image, its credibility, or its ability to accomplish ends;
- j) Change the organization's name or substantially alter its identity in the community.

## **8. Compensation and Benefits**

With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the Executive Director shall not cause or allow jeopardy to EAI's financial integrity or to public image. Further, without limiting the scope of the foregoing, the Executive Director shall not:

- a) Change the Executive Director's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees;
- b) Promise or imply permanent or guaranteed employment;
- c) Establish current compensation and benefits that deviate materially from the geographical or professional market for the skills employed;
- d) Create obligations over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses in revenue;
- e) Establish or change benefits so as to cause unpredictable or inequitable situations, including those that:
  - i. Incur unfunded liabilities
  - ii. Provide less than some basic level of benefits to all full time employees, though differential benefits to encourage longevity are not prohibited
- f) Allow any employee to lose benefits already accrued from any previous plan

## **9. Communication and Support to the Board**

The Executive Director shall not cause or allow the Board to be uninformed or unsupported in its work. Further, without limiting the scope of the foregoing, the Executive Director shall not:

- a) Neglect to submit monitoring data required by the Board (see policy 3.4 on monitoring Executive Director performance) in a timely, accurate, and understandable fashion, directly addressing the provisions of Board policies being monitored;
- b) Fail to report in a timely manner any actual or anticipated noncompliance with any policy of the Board;
- c) Neglect to submit unbiased decision information required periodically by the Board or let the Board be unaware of relevant trends;
- d) Let the Board be unaware of any significant incidental information it requires, including anticipated media coverage, threatened or pending lawsuits, and material internal and external changes;



- e) Fail to advise the Board if, in the Executive Director's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the Executive Director;
- f) Present information in unnecessarily complex or lengthy form;
- g) Fail to provide a workable mechanism for official Board, officer, or committee communications;
- h) Fail, when addressing official business, to deal with the Board as a whole except when
  - i. fulfilling individual requests for information or
  - ii. responding to officers or committees duly charged by the Board.
- i) Fail to supply for the Board's consent agenda, along with applicable monitoring information, all decisions delegated to the Executive Director yet required by law, regulation, or contract to be Board-approved.



**Think of a time when you were involved in a group / part of a team and things worked really well – why was that?**



**Thinking of your board and Executive Director or Senior Staff person as a team, is there anything you can think of to help you work even more effectively together?**

## The Board – Executive Director Team

- The Board and Executive Director are the leadership team of the organization.
- The Board is responsible for governance; the ED is responsible for operations.
- The ED should also assist in helping the board do its job.

<b>Governance Team Board of Directors</b>	<b>Management Team Executive Director (staff)</b>
Consult with members and stakeholders	
Review mission and goals to ensure they are relevant.	Vigorously pursue the mission and goals.
Set policy to guide ED.	Operate according to policy.
Ensure organizational accountability.	Ensure the Board of Directors is informed of issues that could affect the mission, risks and that could affect their ability to govern effectively.
Evaluate Executive Director	Evaluate support staff.
Manage itself.	Manage staff.

# **Board - ED Linkage Policies – Sample**

## **GLOBAL BOARD-ED LINKAGE**

The board's sole official connection to the operational organization, its achievements, and conduct will be through the Executive Director.

## **UNITY OF CONTROL**

Only decisions of the board acting as a body are binding on the Executive Director.

Accordingly,

- 2.1 Decisions or instructions of individual board members, officers or committees are not binding on the ED except in rare circumstances when the board has specifically authorized such exercise of authority.
- 2.2 In the case of board members or committees requesting information or assistance without board authorization, the ED can refuse such requests that require, in the ED's opinion, a substantial amount of staff time or funds, or are disruptive.

## **ACCOUNTABILITY OF THE EXECUTIVE DIRECTOR**

The ED is the board's only link to operational achievement and conduct, so all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the ED.

Accordingly,

- 3.1 The board will never give instructions to persons who report directly or indirectly to the ED.
- 3.2 The board will refrain from evaluation, either formally or informally, of any staff other than the ED.
- 3.3 The board will view ED performance as identical to organizational performance, so that organizational accomplishment of board-stated END goals and avoidance of board-proscribed limitations will be viewed as successful ED performance.

## **DELEGATION TO THE EXECUTIVE DIRECTOR**

The board will instruct the ED through written policies that prescribe the organizational END goals to be achieved and describe organizational situations and actions to be avoided, allowing the ED to use any reasonable interpretation of these policies.

Accordingly,

- 4.1 The board will develop policies instructing the ED to achieve certain results, for certain recipients, at a specified cost. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called ENDS policies.
- 4.2 The board will develop policies that limit the latitude the ED may exercise in choosing organizational means. These policies will be developed systemically from the broadest, most general level to more defined levels, and they will be called Executive Limitation policies.
- 4.3 As long as the ED uses any reasonable interpretation of the board's ENDS and Executive Limitation policies, the ED is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities.
- 4.4 The board may change its ENDS and Executive Limitation policies, thereby shifting the boundary between board and ED domains. By doing so, the board changes the latitude of choice given to the ED. But as long as any particular delegation is in place, the board will respect and support the ED's choices.

## **MONITORING EXECUTIVE DIRECTOR PERFORMANCE**

Systematic and rigorous monitoring of the ED's job performance will be solely against the only expected ED job outputs:

- (a) Organizational accomplishment of board policies on END goals
- (b) Organizational operation within the boundaries established in board policies on Executive Limitations.

Accordingly,

- 5.1 Monitoring is simply to determine the degree to which board policies are being met. Data that do not do this will not be considered to be monitoring data.
- 5.2 The board will acquire monitoring data by one or more of three methods:
  - (a) By internal report, in which the ED discloses compliance information to the board,

- (b) By external report, in which an external, disinterested 3<sup>rd</sup> party selected by the board assesses compliance with board policies,
  - (c) By direct board inspection, in which a designated member or members of the board, assess compliance with appropriate policy criteria.
- 5.3 In every case, the standard for compliance shall be any reasonable ED interpretation of the board policy being monitored.
- 5.4 All policies that instruct the ED will be monitored at a frequency and by a method chosen by the board. The board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule.

### Sample Monitoring Schedule

<b>Policy</b>	<b>Method</b>	<b>Frequency</b>
Financial Condition	Internal	Quarterly
	External (fiscal audit)	Annually
Budgeting	Internal	Quarterly
Protection of Assets	Internal	Quarterly
Staffing	Internal	Annually
	Direct Inspection	Annually
Treatment of Clients	Internal	Annually
	External	Annually
Community Feedback	Internal	Quarterly
	External	Annually
Grants	Internal	Quarterly
	External	Annually
ENDS Policies / Goals	Internal	Quarterly
	External	Annually



**What does your board agenda  
look like now?**





# Board Meeting Agenda - Sample

<b>6:30</b>	Call to Order	<b>Info</b>	<b>Discuss</b>	<b>Decision</b>
<b>6:35</b>	Approval of Agenda			
<b>6:40</b>	Approval of Previous Minutes			
	Status of Strategies; Committee & Staff Reports against goals			
	Linkage to Ownership; Accountability (ie. AGM planning, other means of engagement / communication)			
	Policies; Reports from Committees or staff (if necessary)			
	Financial Stewardship; Report from Treasurer or Staff			
	Human Resources; Issues / Performance Review relating to Executive Director (if needed)			
	Board Education			
	Old Business; only if something doesn't fit in categories above			
	New Business; only if something doesn't fit in categories above			
<b>7:30</b>	Adjournment			

# Annual Board Calendar

## Board's job Includes:

- (1) *Planning (strategic financial)*
- (2) *Accountability (to community, funders, stakeholders)*
- (3) *Board Policies (to guide organizational behaviour)*
- (4) *Monitor & Evaluate Executive Director Performance*

January	February	March	April	May	June

July	August	September	October	November	December

## A Checklist of Good Board Practices

- The Board of Directors meets on a regular basis.
- All Board members have a copy of the Memorandum of Association and bylaws under which the Society incorporated.
- The Board determines its own meeting agenda.
- Minutes of Board meetings and committee reports are distributed to Board members in advance of meetings.
- The Board develops policies to guide and protect staff, volunteer and clients of the organization.
- There is a written Terms of Reference for the Board.
- The Board has a conflict of interest policy.
- The organization issues a written annual report outlining the accomplishments and operations of the Society.
- Board officers have written job descriptions.
- Board provides its senior staff person with clear Job description and evaluation process.
- The Board provide its Committees with written Terms of Reference outlining expected results, reporting methods and timelines.
- There is a Board manual containing all existing Board policies.
- The Board consults with external community in setting Goals and priorities for the organization.
- Strategic planning in an ongoing board agenda item.
- The Board receives regular financial reports and monitors the budget and financial performance of the organization.
- Only decisions of the entire board are binding on the senior staff person.



## **Activity!**

Think about most difficult challenges you're facing as a board now.

Write down notes individually first (2 min). Then each person to present challenge (3 min), and ask for peer advice (8 min).

Some questions to think about asking as peers to help each other:

- What results are you looking for?
- What have you already done that's worked? Why?
- What have you tried that hasn't worked? Why?
- What else might you do?
- What will you do?

Then review feedback, what was helpful and what you will do as action (2 min).

# **A Checklist for Board Recruitment**

- 1. Highlight your mission**  
Clearly express your agency's reasons for being.
- 2. Anticipate board turnover well before the AGM**  
Define your agency's succession strategy, including identification of suitable candidates, process for inviting potential nominees, interview process selection criteria, etc.
- 3. Articulate the agency's culture**  
Determine and explain the culture of your organization. What stage is the agency at in its lifespan? Communicate philosophy on Governance, board code of conduct, etc.
- 4. Know your priorities**  
Conduct a needs assessment to identify what your agency's priorities are for the next one to three years.
- 5. Identify Gaps**  
Assess the skills and experience of your existing board and target individuals who have the ability to fill the gaps.
- 6. Define Tasks**  
Have written job descriptions for all board positions, and have written Terms of Reference for the Board.
- 7. Know where to find suitable candidates**  
Use the identified skill set you are looking for to help target recruitment efforts.
- 8. Be selective**  
Interview prospective individuals before inviting them to join/
- 9. Learn from your experience and strive to improve the process**  
Evaluate the strengths and weaknesses of your recruitment strategy annually. Ask for feeding from new members and revisit your recruitment package to make sure it remains current.

# **Board of Directors Manual - Sample Outline**

- 1. Organizational Information**
  - a. Mission, Vision, & Values
  - b. Organizational Profile & History
  - c. Staff and programs (optional)
  
- 2. Organizational Plan**
  - a. Strategic/Business Plan
  - b. Evaluation Reports
  
- 3. Board of Directors**
  - a. Board member list & Board Committee lists
  - b. Board Terms of Reference
  - c. Officer Job Descriptions
  
- 4. Board Policies**
  - a. Memorandum of Association & Bylaws
  - b. Organizational Chart/Structure
  - c. Board Policies
  
- 5. Board Meetings**
  - a. Board Annual Calendar
  - b. Agendas 7 Minutes
  - c. Annual General Meeting
  
- 6. Finances**
  - a. Annual Budget Financial
  - b. Financial Reports
  
- 7. Board Education**
  
- 8. Standard Forms**
  - a. Confidentially Form
  - b. Experience Form
  - c. Volunteer Applications

POLICY TYPE: GOVERNANCE  
POLICY NAME: **BOARD COMMITTEES**

Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's work and so as never interfere with delegation from the Board to the Executive Director. Accordingly:

Board committees are to help the Board do its job, not to help or advise the staff. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberations. In keeping with the Board's broader focus, Board committees will normally not have direct dealings with current staff operations.

Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the Executive Director.

Board committees cannot exercise authority over staff. The Executive Director works for the full board, he or she will not be required to obtain approval of a Board committee before an executive action.

Committees will be used sparingly and ordinarily in an ad-hoc capacity.

This policy applies to any group, which is formed by Board action, whether or not it is called committee, and regardless whether the group includes board members it does not apply to operational committees formed under the authority of the Executive Director.

### **Operational Committees**

Operational committees are created by and report directly to the Executive Director

Operational committees are to help the Executive Director in operational issues.

Operational committees may include board volunteers, but should involve external members as well. Boards volunteers, in this case, report to the Executive Director.

Operational committees may include staff members and in some cases may be entirely composed of staff members.

POLICY TYPE: GOVERNANCE  
POLICY NAME: **CONFLICT OF INTEREST**

Members of the Board of Directors and staff are expected to reveal any personal, family or business interests that they have, that, by creating a divided loyalty, could influence their judgement and the wisdom of decisions. A conflict of interest exist wherever an individual could benefit, dis-proportionally from others, directly or indirectly, from access to information or form a decision over which they might have influence, or where someone might reasonably perceive there to be such a benefit and influence.

Example of possible conflict of interest situations with respect to our Association include:

- A board member has personal or business relationship with the Association as a supplier of goods or services or as a landlord or tenant
- A staff member has a personal or financial relationship with a client of the Association outside of the workplace
- The Association is employing someone who directly related to a board member or other staff member

Conflict of interests (real and perceived) are unavoidable and should not prevent an individual from serving as director or staff member unless the extent of the interest is so significant that the potential for divided loyalty is present in a large number of situations.

*Procedure for Handling A Conflict of Interest*

1. Members of the Board and staff have a duty to disclose any personal, family, or business interests that may, in the eyes of another person, influence their judgement.
2. The Board as a whole has a duty to disclose specific conflicts of interests to Association members, staff and external stakeholders where that interest may, in their judgement affect the reputation or credibility of the organization, and to disclose the Board's procedure for operating in the presence of such conflicts.
3. Board members and staff have a duty to exempt themselves from participating in any discussion and voting on matters where they have, or may be perceived as having, a conflict of interest. Such exemptions should be recorded in minutes of meetings if normally kept.
4. Any business relationship between an individual (or company where the individual is an owner or in a position of authority) and the Association, outside of their relationship as a Board or staff member must be formalized in writing and approved by the Board.



POLICY TYPE: GOVERNANCE  
POLICY NAME: **BOARD MEMBERS' CODE OF CONDUCT**

Members of the Board are committed to ethical, cooperative, and lawful conduct, including proper use of authority as Board members.

Members will disclose any board membership or leadership positions with other organizations and associations annually.

Members are expected to take reasonable steps to avoid conflict of interest with respect to their board responsibility.

If a Board member has an unavoidable conflict of interest with an issue before the Board, that member shall declare the conflict of interest and absent herself/himself without comment from not only the vote but also from the deliberation of that issue.

Board members shall not use their positions to obtain employment within the organization for themselves, family members or close associates. Should a member desire employment within the organization, she/he first resigns.

Board members may not attempt to exercise individual authority over the organization except when such authority has been clearly delegated by the Board.

Board members are not to represent the organization to the public, press or other entities unless clearly given such authority by the Board.

Board members will respect all matters of the Board in a sensitive manner. The Board may further designate specific issues as confidential.

Board members shall be adequately prepared for meetings. Board members will advise the Chairperson or his/her designate in advance of any planned absence from the Board. Two unexcused absences will in one year will prompt a review of member's status on the Board

If absent from a meeting, Board members are expected to stay informed of all events that transpired at the meetings.

# Board Self Evaluation Questionnaire

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Questions should be answered by all board members. When completed individually the results of Sections A, B and C should be compiled, shared and discussed by the whole board to determine an average group answer to each question and an overall section rating. Section D should be answered by board members alone but not shared with the group. Sections A, B and C should also be completed by the **Executive Director or CEO**. This questionnaire also includes Section E, which provides feedback to the Chair of the Board.

*Circle the response that **best** reflects your opinion. The rating scale for each statement is: Strongly Disagree (1); Disagree (2); Maybe or Not Sure (3); Agree (4); Strongly Agree (5).*

## **A. How Well Has the Board Done Its Job?**

- |                                                                                                                                       |   |   |   |   |   |
|---------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 1. Our organization operates with a strategic plan or a set of measurable goals and priorities.                                       | 1 | 2 | 3 | 4 | 5 |
| 2. The board's regular meeting agenda items reflects our strategic plan or priorities.                                                | 1 | 2 | 3 | 4 | 5 |
| 3. The board has created or reviewed, in this period, some key governance job descriptions (e.g board chair, directors and committees | 1 | 2 | 3 | 4 | 5 |
| 4. The board gives direction to staff on how to achieve the goals by setting, referring to, or revising policies.                     | 1 | 2 | 3 | 4 | 5 |
| 5. The board has identified and reviewed the organization's relationship with each of its key stakeholders                            | 1 | 2 | 3 | 4 | 5 |
| 6. The board has ensured that the organization's accomplishments and challenges have been communicated to key stakeholders            | 1 | 2 | 3 | 4 | 5 |
| 7. The board has ensured that stakeholders have received reports on how our organization has used its financial and human resources.  | 1 | 2 | 3 | 4 | 5 |
| 8. _____                                                                                                                              | 1 | 2 | 3 | 4 | 5 |

**My overall rating (add together the total of the numbers circled):**

Excellent (30-24)  Satisfactory (23-19)  Poor (18- 6)

## **B. How Well Has the Board Conducted Itself?**

Circle the response that **best** reflects your opinion. The rating scale for each statement is: Strongly Disagree (1); Disagree (2); Maybe or Not Sure (3); Agree (4); Strongly Agree (5).

- |                                                                                                                          |   |   |   |   |   |
|--------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 1. As board members we are aware of what is expected of us.                                                              | 1 | 2 | 3 | 4 | 5 |
| 2. The agenda of board meetings are well planned so that we are able to get through all necessary board business.        | 1 | 2 | 3 | 4 | 5 |
| 3. It seems like most board members come to meetings prepared.                                                           | 1 | 2 | 3 | 4 | 5 |
| 4. We receive written reports to the board in advance of our meetings.                                                   | 1 | 2 | 3 | 4 | 5 |
| 5. All board members participate in important board discussions.                                                         | 1 | 2 | 3 | 4 | 5 |
| 6. We do a good job encouraging and dealing with different points of view.                                               | 1 | 2 | 3 | 4 | 5 |
| 7. We all support the decisions we make.                                                                                 | 1 | 2 | 3 | 4 | 5 |
| 8. The board assesses its composition and strengths in advance of recruiting new board members.                          | 1 | 2 | 3 | 4 | 5 |
| 9. The board assumes much of the responsibility for director recruitment and orientation                                 | 1 | 2 | 3 | 4 | 5 |
| 10. Board members have some interaction with external stakeholders at board meetings (e.g as guests) or between meetings | 1 | 2 | 3 | 4 | 5 |
| 11. Our board meetings are always interesting.                                                                           | 1 | 2 | 3 | 4 | 5 |
| 12. Our board meetings are frequently fun.                                                                               | 1 | 2 | 3 | 4 | 5 |

My overall rating:(add together the total of the numbers circled)

Excellent (60- 50)     Satisfactory (49-35)     Poor (34-12)

## C. Board's Relationship with Executive Director

Circle the response that **best** reflects your opinion. The rating scale for each statement is: Strongly Disagree (1); Disagree (2); Maybe or Not Sure (3); Agree (4); Strongly Agree (5).

- |                                                                                                                                                             |   |   |   |   |   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 1. There is a clear understanding on most matters where the board's role ends and the executive director's begins.                                          | 1 | 2 | 3 | 4 | 5 |
| 2. There is good two-way communication between the board and the executive director.                                                                        | 1 | 2 | 3 | 4 | 5 |
| 3. The board trusts the judgment of the executive director                                                                                                  | 1 | 2 | 3 | 4 | 5 |
| 4. The board provides direction to the executive director by setting and reviewing policies.                                                                | 1 | 2 | 3 | 4 | 5 |
| 5. The board has discussed and communicated the kinds of information and level of detail it requires from the executive director                            | 1 | 2 | 3 | 4 | 5 |
| 6. The board has developed formal criteria and a process for evaluating the executive director                                                              | 1 | 2 | 3 | 4 | 5 |
| 7. The board, or a committee of the board, has formally evaluated the executive director within the past 12 months.                                         | 1 | 2 | 3 | 4 | 5 |
| 8. The board evaluates the executive director primarily on the accomplishment of the organization's strategic goals and priorities and adherence to policy. | 1 | 2 | 3 | 4 | 5 |
| 9. The board provides feedback and shows its appreciation to the executive director on a regular basis.                                                     | 1 | 2 | 3 | 4 | 5 |
| 10. The board ensures that the executive Director is able to take advantage of professional development opportunities.                                      | 1 | 2 | 3 | 4 | 5 |
| 11. _____                                                                                                                                                   | 1 | 2 | 3 | 4 | 5 |

My overall rating: (add together the total of the numbers circled)

Excellent (40+)

Satisfactory (28-39)

Poor (11-27)

**D. My Performance as an Individual Board Member** \_\_\_\_\_ *(Not to be shared)*

Circle the response that **best** reflects your opinion. The rating scale for each statement is: Strongly Disagree (1); Disagree (2); Maybe or Not Sure (3); Agree (4); Strongly Agree (5).

- |                                                                                                               |   |   |   |   |   |
|---------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 1. I am aware of what is expected of me as a board member.                                                    | 1 | 2 | 3 | 4 | 5 |
| 2. I have a good record of meeting attendance.                                                                | 1 | 2 | 3 | 4 | 5 |
| 3. I read the minutes, reports and other materials in advance of our board meetings.                          | 1 | 2 | 3 | 4 | 5 |
| 4. I am familiar with what is in the organization's by-laws and governing policies                            | 1 | 2 | 3 | 4 | 5 |
| 5. I frequently encourage other board members to express their opinions at board meetings.                    | 1 | 2 | 3 | 4 | 5 |
| 6. I am encouraged by other board members to express my opinions at board meetings.                           | 1 | 2 | 3 | 4 | 5 |
| 7. I am a good listener at board meetings.                                                                    | 1 | 2 | 3 | 4 | 5 |
| 8. I follow through on things I have said I would do.                                                         | 1 | 2 | 3 | 4 | 5 |
| 9. I maintain the confidentiality of all board decisions.                                                     | 1 | 2 | 3 | 4 | 5 |
| 10. When I have a different opinion than the majority, I raise it.                                            | 1 | 2 | 3 | 4 | 5 |
| 11. I support board decisions once they are made even if I do not agree with them.                            | 1 | 2 | 3 | 4 | 5 |
| 12. I promote the work of our organization in the community whenever I had a chance to do so.                 | 1 | 2 | 3 | 4 | 5 |
| 13. I stay informed about issues relevant to our mission and bring information to the attention of the board. | 1 | 2 | 3 | 4 | 5 |

My overall rating: *(add together the total of the numbers circled)*

- Excellent (40+)       Satisfactory (28-39)       Poor (11-27)

**E. Feedback to the Chair of the Board** *(Optional)*

Circle the response that **best** reflects your opinion. The rating scale for each statement is: Strongly Disagree (1); Disagree (2); Maybe or Not Sure (3); Agree (4); Strongly Agree (5).

1. The chair is well prepared for board meetings.	1	2	3	4	5
2. The chair helps the board stick to the agenda.	1	2	3	4	5
3. The chair tries hard to ensure that every board member has an opportunity to be heard.	1	2	3	4	5
4. The chair is skilled at managing different points of view	1	2	3	4	5
5. The chair has demonstrates versatility in facilitating board discussions.	1	2	3	4	5
6. The chair knows how to be direct with an individual board member when their behaviour needs to change.	1	2	3	4	5
7. The chair helps the board work well together.	1	2	3	4	5
8. The chair demonstrates good listening skills.	1	2	3	4	5
9. The board supports the chair.	1	2	3	4	5
10. The chair is effective in delegating responsibility amongst board members.	1	2	3	4	5
11. The chair ensures the board is aware of his/her organizational activities outside of our board meetings	1	2	3	4	5
12. _____	1	2	3	4	5

My overall rating: (add together the total of the numbers circled)

Excellent (40+)

Satisfactory (28-39)

Poor (11-27)

\_\_\_\_\_

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# Governinggood

A fantastic resource for further exploration, this blog and website by Grant MacDonald has a range of sample policies, Terms of Reference, and articles. MacDonald is retired now, but was the Program Director for Dalhousie University's Non-Profit Leadership Program.

<http://www.governinggood.ca/resources/governance-guides-dalhousie-collection/>

**Some of the material this site includes as downloadable resources:**

- The Board's Governance Calendar
- Ten Tips For Improving Your Board Meetings
- By-laws and Policies: What is the Difference?
- Chairing a Board Meeting
- Should We Form a Board Committee?
- Governance and Financial Management
- A Guide to Successful Board Recruitment (Pending)
- How Boards Can Have Better Conversations
- Creating a Board Member's Manual
- Annual Reports: Basic Ingredients (Old)
- Board-Staff E-Mail Communication
- Legal Responsibilities of Boards
- In Camera Board Sessions – Careful How You Use Them
- Managing Conflict- A Guide for Volunteer Boards
- Strategic Governance Discussion Worksheets (Re: Distinguishing Strategy post)
- A Guide To Great Board Minutes
- Pros and Cons of Representative Boards

## More Great Online Resources

**Liability of Directors:**

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<http://www.carters.ca/pub/article/charity/2012/tsc0301.pdf>

Individuals who volunteer as directors and officers of not-for-profit ("NFP") corporations are no doubt aware that volunteering as such can attract civil liability. Specifically, directors and officers in Canada face an array of duties and obligations at common law and under statute, the successful fulfillment of which is critical in order to avoid personal liability as well as for the well being of the organization. In this regard, the key aspect of directors' and officers' duties and liabilities under statute has become particularly relevant with the recent proclamation of the *Canada Not-for-profit Corporations Act* ("CNCA")<sup>1</sup> and soon to be proclaimed Ontario *Not-for-Profit Corporations Act* ("ONCA")<sup>2</sup> (collectively referred to as "NFP legislation"). The purpose of this paper is to provide an overview of directors' and officers' duties and liabilities under the CNCA and the ONCA.

<http://volunteer.ca/files/LiabilityEng.pdf>

According to the 2000 NSGVP, about 41 percent of Canadian volunteers serve on boards and committees. Despite their deep commitment to countless causes and organizations many board members may be unaware of the legal ramifications of their volunteer work. Personal liability has become an area of increased concern for board members of not-for-profit organizations. This important resource informs board members about their legal duties and obligations, and offers them a practical 'prevention checklist' to help minimize personal liability.

<http://www.carters.ca/pub/checklst/nonprofit.pdf>

LEGAL RISK MANAGEMENT CHECKLIST FOR NOT-FOR-PROFIT ORGANIZATIONS

### **Ineligibility of Directors:**

<http://www.carters.ca/pub/article/charity/2012/kjc0504.pdf>

Under the rubric of "Strengthening the Charitable Sector," the 2011 federal Budget Plan,<sup>1</sup> which received Royal Assent on December 15, 2011,<sup>2</sup> contained several provisions that will have a substantial impact on the governance of registered charities and registered Canadian amateur athletic associations (RCAAAs). These provisions introduced a number of amendments to the *Income Tax Act*<sup>3</sup> (ITA), the principal regulatory regime affecting registered charities. One of the most significant of these amendments is the introduction of provisions rendering certain individuals ineligible to serve on the board of or in a senior capacity within a registered charity.

<http://www.carters.ca/pub/bulletin/charity/2014/chylb350.pdf>

On August 27, 2014, the Canada Revenue Agency ("CRA") released CG-024, its Guidance on how the ineligible individual provisions in the Income Tax Act (ITA) should be interpreted and enforced ("Guidance" or "CG-024").

### **General resources:**

[http://library.imaginecanada.ca/resource\\_guides/governance/board\\_governance](http://library.imaginecanada.ca/resource_guides/governance/board_governance)

(Several general resources for directors)

<http://thecharitiesfile.ca/en/agendagems>

(Several general resources for directors)

<http://www.sportlaw.ca/category/planning-governance/governance/>

(While this organization focuses on national sport organizations, many of the articles are applicable to charities)

[http://www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/h\\_cs04953.html](http://www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/h_cs04953.html)



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(Industry Canada laws, regulations and requirements for Not for Profit Corporations)

<http://volunteer.ca/topics-and-resources/screening/screening-workshops>

(Information on screening of volunteers / risk management)

<http://www.carters.ca/pub/bulletin/charity/2014/chylb337.pdf>

(COMMON LAW DUTIES AND LIABILITIES OF DIRECTORS IN FUNDRAISING)

<http://nonprofithelp.ca/online-resources/>

(David Hartley's list of **TOP WEBSITE LINKS** for Canadian nonprofit/charity leaders.)

<https://www.cpacanada.ca/search-results?#q=20%20questions>

(Chartered Professional Accountants Canada *20 Questions* - things directors should ask of management)

<http://ssir.org/>

Stanford Social Innovation Review

[http://www.imaginecanada.ca/blog/board-recruitment-and-selection?utm\\_source=NEW+Imagine+Matters+%28Membership%29&utm\\_campaign=f42215de94-Imagine+Matters+English+May+30+2017&utm\\_medium=email&utm\\_term=0\\_88a308d2fd-f42215de94-292608565](http://www.imaginecanada.ca/blog/board-recruitment-and-selection?utm_source=NEW+Imagine+Matters+%28Membership%29&utm_campaign=f42215de94-Imagine+Matters+English+May+30+2017&utm_medium=email&utm_term=0_88a308d2fd-f42215de94-292608565)

Imagine Canada on board recruitment

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# PRIORITIES

- 1.
- 2.
- 3.



**Self Reflect: Coming out of this workshop, what are the top three priorities you see need action that could improve your board's performance?**

1)

2)

3)

**What steps are you going to take to create change?**

