

Board Governance

Guiding board members in the pursuit of
performance

Learning Objectives

Objectives for the day:

- Arriving an effective, working definition of governance for your organization
- Learning about what types of learning and knowledge tools you have at your disposal
- Learning what gaps exist in your knowledge and practice regarding good board governance
- Identifying some plans/patterns of governance at work in your organization

Governance as Stewardship

Governance is defined as a process that involves the following;

A system of **checks and balances** between owners and other **stakeholders** who set the standard and objectives of **accountability** within the appropriate areas of the organization.

Provides **leadership** and **commitment** to ensure fulfillment of the organization's mission and **protection** of its resources and assets over time.

It is a **process** through which a board of directors **guides** an organization in fulfilling its mission and **protects** the organizations assets over time.

Rather than reflect any 'shareholders' concerns, the nonprofit board should reflect the evolving concerns of the organizations beneficiaries, and how the organization reflects these concerns in its culture, its work and it's communications and public education

Duty of Care and the application of **Due Diligence** in your oversight of an organization and the carriage of directorial duties

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**

Governance as Stewardship

Vision-Mission-Action

As a director, your duty-of-care regarding the organization you serve requires you to be able to speak succinctly about the ***Vision*** of your organization, and why it reflects the needs of your stated beneficiaries, the related ***Mission*** of the organization, and how that advances the Vision. Crucially, you should understand how that Vision-Mission is manifested in the work of the organization through the Actions and strategic work objectives.

Is the Vision-Mission current, and does it reflect the state of the sector within which your organization will affect change?

Your ***Vision*** describes the highest level of abstraction regarding what world your organization is trying to contribute to. It is the hinge point around which all strategic alignment with others is based, and serves to link your organization in partnership with the community, the sector and beyond. As a director, your working knowledge of the organization should start here.

Reflective Practice is how this is explored, and your board should have at least one meeting per year dedicated to critically and openly reflecting on whether it has remained fit-for-purpose.

Compassionate and ethical service to the board, staff and community, and an informed and grounded execution of directorial duties and responsibilities should remain at the centre of such a discussion. Ego and hubris should remain outside the door.

Governance Structures

There are four common types of board models:

Policy Board: Sometimes referred to as Management-Team Board, this model is commonly used in non-profit organizations. Several committees help carry out the activities of the organization, and the relationship between the board and staff is one of a partnership.

Policy Governance Board: Sometimes referred to as a 'Carver Board' after founder John Carver, this model has a more formal structure. The board operates as a whole, using one voice and rarely works with committees. The Executive Director is given a very clear scope and role as well as limits about what she/he can undertake, and the main emphasis of the board is on policy development. For a more complete definition of the Policy Governance Board Model, visit www.carvergovernance.com/model.htm.

Working Board: Directors on this type of board play a more hands-on role with some of the administrative functions of the organization such as public relations, financial management, program planning and personnel. It's not uncommon for these boards to not have any staff.

Collective Board: Sometimes known as a cooperative or coalition, a Collective Board also carries out many administrative functions of the organization. These boards are comprised of like-minded people that support a specific goal. Staff and directors operate together as a single entity. There is not usually an Executive Director, and often there is no voting as everyone works within a consensus model.

Governance Structures

As stated before, no particular structure fits every organization but, **Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector** states that organizations governed by a board should have at least three basic elements:

- A board capable of providing objective oversight
- An independent nominating committee to ensure the appropriate succession of the board
- An audit committee, whose primary responsibility is to report whether the organization is in compliance with the laws, rules, regulations and contracts that govern it

retrieved from <http://literacybasics.ca/board-governance/governance-structures/>

| Area of Responsibility | Policy Board | Policy Governance Board | Working/ Administrative Board | Collective |
|--|---|---|--|--|
| Vision, Planning and Evaluation | Creates vision, mission | Creates vision | Board and staff create plan and implement it | Shared value based on group involves not only service provided but way of providing it and the manner in which board work is conducted |
| | Planning Committee draws up plan to be approved by board | Sets policies for ends (i.e., desired results) | Sets policies and general direction | |
| | Sets policies and ensures procedures are in place | Limits means, i.e., procedures and practices | | Shared responsibility-among the Board and Staff- for setting policy |
| Finances | Volunteer Treasurer | Sets limits on CEO's financial decisions | Financial decision-making largely in board's hands | Board and staff work on financial matters as a team |
| | Finance Committee | | More likely to include fundraising (than other models) | |
| | Board reviews financial statements | | | |
| | May or may not be involved in fundraising | | | |
| Human Resources | ED reports to Chair | ED = CEO | May not have senior staff person | Staff, management and chairing functions often shared |
| | Communication between Chair & ED | Board speaks with one voice to CEO; CEO responsible to full board | Board members often act as direct service volunteers | |
| | | | | Little or no management hierarchy |
| Organizational Operations | Extensive committee structure supported by staff to perform the work of the board | No/ limited committee structure; committees are only used as needed, and are often charged with topics related to policy as opposed to operations | Committees support operational responsibilities | Operational functions shared |
| | Board receives reports | Broad discussion leads to decisions by consensus | Heavier board member workload | |
| | Decisions made by voting | Individual officer roles minimized | | Decisions by consensus |
| | | CEO attends to all operations | | |
| Community Relations | Marketing Committee develops awareness of agency in community | Defines results that the organization is trying to achieve in the community | Staff and board represent the agency to the community | All members represent the agency to the community |
| | Interprets and reflects community needs to the organization | | | |
| | | | | |

Governance and the Board

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.

Who is the board is accountable to?

How do you ensure the board remains transparent and accountable?

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 spokespersons for the organization unless specifically given such authority by the board.

Composition

- As described in your bylaws
- Understanding the role and limits of the executive

Meetings

- Scheduled monthly or as described in bylaws and as outlined in your yearly meeting calendar
- Effective management of meetings - time, knowledge, chair duties

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 as a direct component of the vision and mission.
- Monitor the performance of the board *and* organization, in regards to achievement of goals and objectives.

Governance and the Board

General Duties, continued:

- Regular and transparent communication to members and stakeholders.
- Promote the work of the organization, within the communications parameters as outlined in bylaws and priorities.
- Develop, amend and approve by-laws and governing policies of the organization.
- Identify, seek-out and 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 organization and the community they serve.
- Succession planning, and participation in the strategic recruitment of new board members.
- Create and decommission board committees, as required.
- Fundraising and asset/resource acquisition processes oversight.
- Data and information security / FOIPOP
- Pursuit and documentation of standards and best practice

Board Officers

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 reviews and/or audits
- Assist Board in monitoring key financial trends in the organization

Good Governance

- Orientation and onboarding packages for new members
- Detailed job descriptions
- Capacity building/education planning
- Annual activities – policy reviews, bylaw reviews, education plans, HR reviews, board retreat, review ED compensation package, review and approve a budget, AGM, year-end reporting
- Public education, Networking and collaboration
- Annual calendar of board meetings
- Effective meeting facilitation
- Publicly accessible minutes of last 4 meetings
- **Building minimum policy coverage:**
 - 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
 - ED Executive Limitation policies describe the limits upon the Executive Director's behaviour
 - ENDS policies describe the organizational results to be achieved.
 - Executive Limitation policies form the basis of the
 - **Examples of Core Policies**
 - Conflict of Interest
 - Data retention/FOIPOP
 - Gift acceptance
 - Whistleblower
 - Public education and external communication
 - HR or personnel
 - Inclusion and diversity
 - ED – related policies and a detailed job description