Board Governance Basics

<u>OUTLINE</u>

- ▶ Introductions
- ▶ What is Governance
- ▶ Types of Boards
- ▶ Principles of Good Governance
- ▶ Accountability of the Board
- ▶ Board Member Roles
- ▶ Meetings

Introductions

1. Your Name and Organization

2. Your Position in the organization (ie Director at Large, Treasurer etc.)

3. Topic area/issue that you hope to see addressed in this session

Expectation

If you are a society, the expectation is that you will

GOVERN

the organization in a democratic, efficient and effective way, according

to the **ACT,** and your **BYLAWS AND POLICIES**

on behalf of the

PEOPLE YOU SERVE

What is Governance?

- It is the exercise of authority, direction and control of the organization to ensure its purpose is achieved

- Governance is all about relationships and how we organize ourselves to do work

Governance Clarifies:

- Who is in charge of what?

- Who sets the direction and parameters within which the direction is to be pursued?

- Who makes decisions about what?

- Who sets performance indicators, monitors progress and evaluates results?

- Who is accountable to whom for what?

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▶ Good governance can be described in 3 concepts;

Fiduciary
(productive)

Governance as
Leadership

Strategic
(logical)

Generative (expressive)
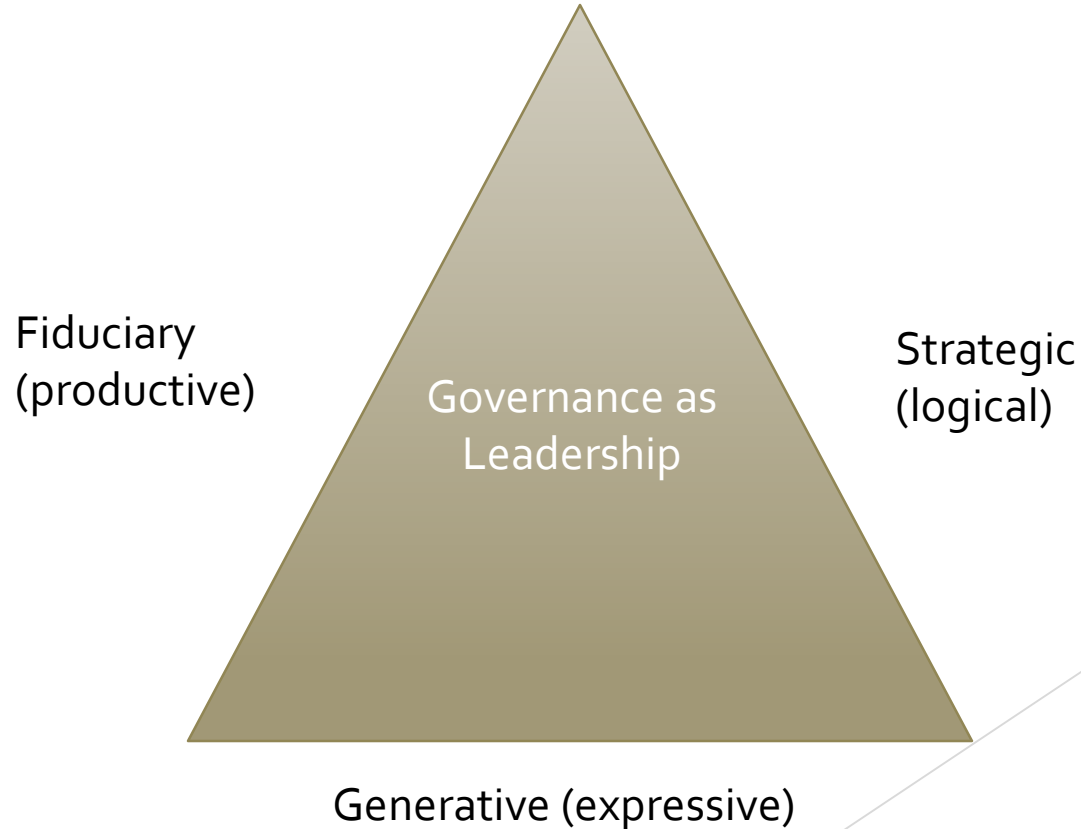
Governance

- Each of the 3 areas are needed for strong & effective governance

  - Fiduciary – define problems & reviews performance, includes finance– oversight & authority

  - Strategic – solves problems & shapes strategies

  - Generative – frames problems & engages in sense-making – gives fresh perspective

Types of boards

- **Advisory Boards**– They are asked for opinions but don't make decisions or make things happen. It is usually a collection of individuals such as former board members and community leaders.

Types of boards

- **Administrative Governing Boards(Working)** – They have the authority to make decisions and choose to be involved in the implementation.

  Ideally Administrative Boards will set policy for management and assign the responsibility for implementation of the policy to Board committees and members.

Types of boards

- **Policy Governing Boards** – They have the authority to make decisions and deliberately delegate the "doing" to others. It sets policy for management and delegates the responsibility for implementation of the policy to a senior staff person. (ie Executive Director, General Manager, CEO)

Functions of a Society

- **Governance**
  - The authority rests with the Board
- **Management**
  - A policy board gives the authority to the senior staff person
  - An administrative board gives the authority to an executive committee
- **Implementation**
  - A policy board gives the authority to paid staff or implementation volunteers through the senior staff
  - An administrative board gives the authority to senior staff and implementation volunteers through the executive committee

Principles of good governance

- Principle #1 – Clarity of Mandate

The presence of a clearly established mandate set in legislation and local bylaws

Principles of good governance

- Principle #2 – Clarity of Authority

The degree of authority must be made clear for the Board and senior staff

Principles of good governance

- Principle #3 – Public Accountability and Responsiveness

The mandate must be reliant on the endorsement of the public

Principles of good governance

▶ Principle #4 – Clear Sense of Purpose

An organization requires a clear sense of its purpose to be stated in its mandate, goals, objectives, and strategies

Principles of good governance

▶ Principle #5 – Full Disclosure

The governing body must have access to the information necessary to make decisions

Principles of good governance

▶ Principle #6 – Sense of Integration

The Board and its associated entities must all be seen to be operating from the same page

Principles of good governance

- Principle #7 Sound Relationship between the Governing Body and a Senior Staff Person

The relationship of the Board and its committees to the Senior Staff Person is critical to how well the overall system is run.

Principles of good governance

▶ Principle #8 – Independence of the Governing Body

While the governing body may receive advice from several sources, the act of governing must remain solely its responsibility

Principles of good governance

▶ Principle #9 – Orientation and Succession Planning

The Board should ensure that new and returning members receive an orientation briefing at the beginning of each term and that a succession plan is up-to-date

Principles of good governance

- Principle #10 – Ongoing Performance Assessment

Any model of governance must include a system with steps to ensure that it is performing as expected

Accountability

- Who are we accountable to?

  - Members/Owners

  - Community - A board, because it holds a public trust, is accountable to the community for the organization's success in carrying out the mission, and in meeting its ethical and legal obligations.

  - Stakeholders - A stakeholder is someone who has a legitimate interest in your work and the achievements of the organization. They may include beneficiaries, members, partners, staff, volunteers, regulators and funders

Accountability - Stakeholders

- Are they kept up to date with the plans and the progress of the organization?

- Are they supplied with information in a form they can usefully understand?

- Are stakeholders' views taken into account when decision making?

- Is there a procedure for dealing with feedback and complaints from stakeholders?

Regulations

- 3 types of sectors that typically have Boards

  - For-profit sector (ie corporate businesses, some co-op's)

  - Non-for-profit sector (ie charities, libraries, Part 9 Companies)

  - Public sector (ie school boards, police services)

- Several different ways for organizations to incorporate

  - Agricultural & Horticultural Organizations Act

  - Societies Act

  - Companies Act

  - Private Act of Legislature

  - Other Special Statutes

Regulations

- **Bylaws**

    - Outlines the governing rules and regulations of the organization

    - Should contain clear statements that all members should understand

    - Well written bylaws will help organizations settle disagreements by clarifying what should and will happen

    - When changes are needed they must be approved by the general membership and then submitted to the proper government body

Regulations

- **Policies**

  - Must fall within the parameters established in the Act and bylaws

  - Are approved by the board and can be changed by the board

  - Describe a consistent course of action followed in the organization

Regulations

- **Procedures**
  - Development and approval of procedures can be delegated to staff or committees of the organization
  - Can be changed as needed
  - Answers "How?" the policies will be implemented

Board Member Roles

Expectations of Board Members

- Deal with outside entities or individuals, with clients and staff, and with each other, in a manner reflecting fair play, ethics, and straightforward communication

- Be informed about current issues and be prepared to discuss these issues

Expectations of Board Members

▶ Attend all board and committee meetings; develop a working knowledge of meeting procedures. Notify in advance if unable to attend board meeting. Provide written reports in advance of the meeting. Read minutes before meetings

▶ Speak positively of the organization to the public

Expectations of Board Members

▶ Represent un-conflicted loyalty to the interests of the organization and its membership.

▶ Avoid conflict of interest

▶ Must not exercise individual authority over staff or the society, except as described in policy

▶ Keep confidential board business and matters of a delicate nature

Key Points

- Board members are ultimately responsible for governance and internal controls of the organization

- If you don't understand: ASK! Questions and clarifications will help everyone

- Do the best to discover & minimize issues

- Consider what internal controls are needed, how they're monitored and by whom

Board Leadership Responsibilities

- **Planning and Strategic Direction**
  - Succession Planning
  - Identifying Key Stakeholders and Potential Partners
  - Organizational Plan
    - Benefits of Planning
      - Vision
      - Mission
      - Shared Values
      - Goals
- **Communications**
- **Ongoing Performance Assessment**

Board Structure

- Size
  - Your bylaws will provide direction
- Make up
  - Are there skills we should be identifying
- Nominations
  - How will we recruit potential board members
- Process
  - What is the election process
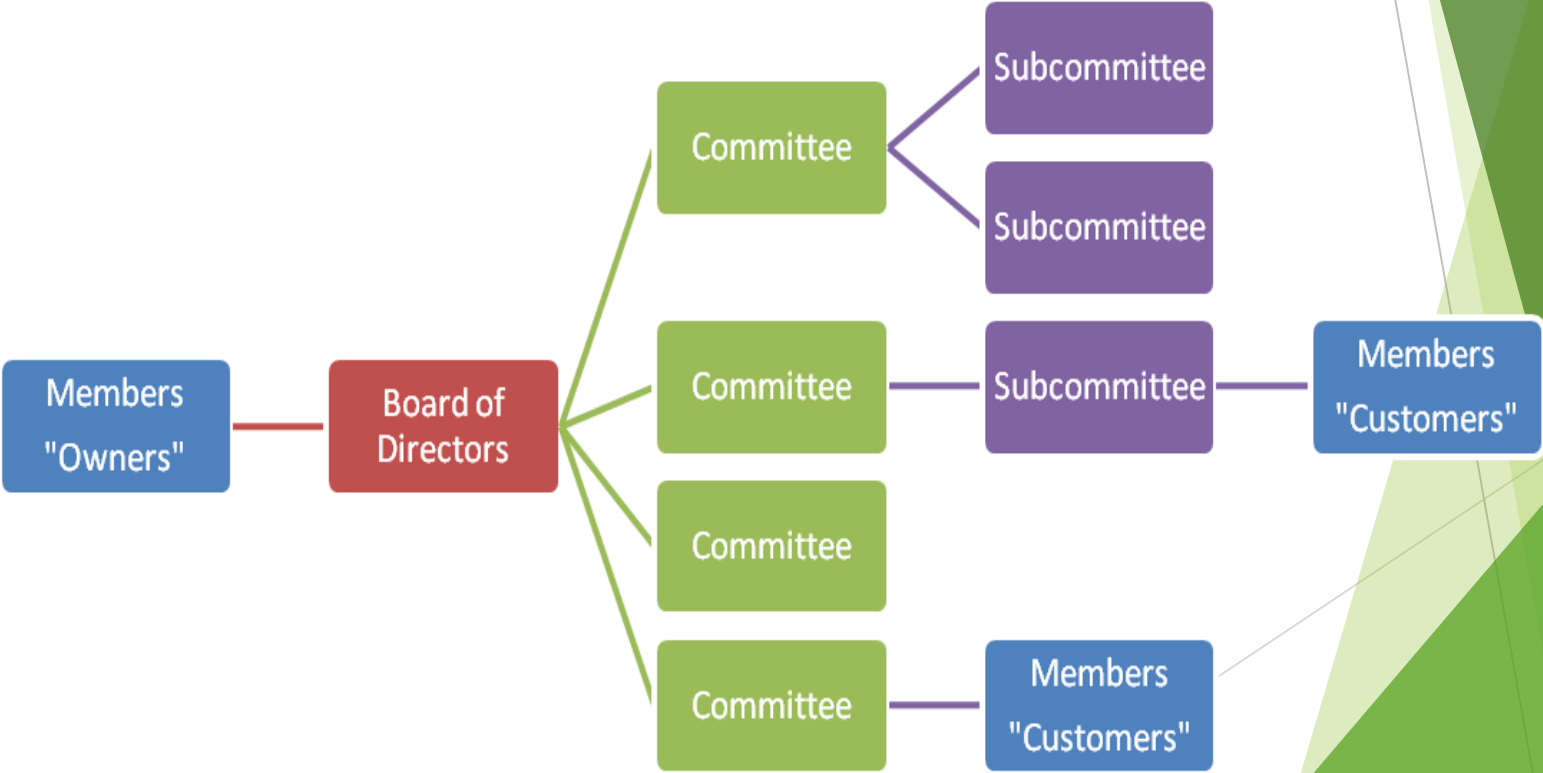- Committees
  - What committees are needed

Effective Organizations have a clear structure with clear lines of communication, authority, direction and accountability.

Why Bother?

- Fiduciary Responsibility
- Community Buy-In
- Creates Focus
- Stakeholder Engagement
- Proactive not Reactive
- Maintaining Relevance
- Less Volunteer Burnout
- Healthy Board
- Long-term relevance
- Succession
- Volunteer Recruitment

Why Bother?

- Breeds Creativity and Innovation – which creates engagement, excitement and a desire to be involved

- **Allows time for FUN!**

Making Time

- Utilizing Agenda's
- Effective Chairperson's
- Effective Meetings
- Information/Communication
- Effective use of committees
- Types of Meetings

Meetings

- What needs to be discussed

- What financial information needs to be presented

- Parliamentary Procedures/Rules of Order

Characteristics of Successful and Progressive Organizations

- Clear, focused and documented mandate or strategic plan
  - Dedicated toward pursuing it and tracking its performance
- Focused on the needs and expectations of their stakeholders
- Strong communicators
- Active team players, and often leaders in their communities
- Innovative and aggressive in their mission
- Well funded through innovative approaches to revenue generation
- Accomplished builders of partnerships and alliances
- Progressive, innovative, enthusiastic, and effective Boards of Directors

Information from the Within Reach report produced by Manecon Business Strategies Inc

Questions/Thoughts