



Empowering newcomers to fully participate in Canadian society



MOSAIC

Board Governance through the management lens

- Understanding why you want to join a board
- Board fiduciary duties
- Practical tools for maintaining effective oversight
- Tips of when to put the tools in place
- Board's role in supporting the ED/CEO



Nor-for-profit Sector

- **8.1% of Canada's GDP**
 - **27,491 Not-for-Profits in BC**
 - **135,000 employees in BC**
 - **\$3.7 billion paid in salaries**
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- **Government's delivery arm of social services**



Managing Expectations around Role of the Board

- **Ensure society achieves its mission**
- **Be an ambassador of the organization**
- **Supervise and support the ED/CEO**
- **Oversee the assets of the organization**
- **Ensure continued operations**



Board Tools

- **Board Directorship is teamwork**
 - How to hold each other accountable
- **Oversight of the organization**
 - How to hold the organization accountable without micromanaging



Fiduciary Duties

- 1. Loyalty to the organization**
- 2. Maintain the legal status of the Society and compliance with regulations (Employment law, Taxation, etc)**
- 3. Duty of care, demonstrating competence in oversight**



1. Loyalty and Code of Conduct

- Act honestly, in good faith and in the best interest of the Society
- Place the Society's interests above your own
- Maintain confidentiality
- Effectively manage potential conflict of interest



Conflict of Interest Disclosure

From the BC Society's Act:

- A director of the Society who is directly or indirectly interested in a proposed contract or transaction with the Society must fully and promptly disclose the nature and extent of the interest to each of the other directors
- Must account for any gain arising as a consequence of a contract or transaction



Tool – Board Terms of Reference

- **Role and responsibilities of the Board**
- **Value Statement**
 - statement on how the Board members are expected to behave
- **Membership, Chair, Quorum**
- **Meetings**
 - frequency, type of participation, consequences for lack of attendance
- **Board resolutions**
 - describes how decisions are made
- **Board evaluation**
 - process of evaluating effectiveness of committee



Tool – Board Evaluation

- **Refer to the following documents in your packages:**
 - **Individual Board Member Self-Evaluation**
 - **Board of Directors Self-Evaluation Template**



Tool – Board Evaluation

- Individual Self-Evaluation
- Evaluation of the Board as a whole
- Evaluation of the administrative support and communication with the ED/CEO

- Board Chair accountable for follow up



Tool – Standard agendas

- **Standing agenda item on Conflict of Interest disclosures**
 - Usually follows approval of agenda
- **Best practices in managing declared conflict**
 - Recording all conflicts declared
 - Observing abstention in voting
- **Take advantage of the In Camera Session**



2. Duty to Maintain Legal Status and Compliance with Regulations

- **Ensure proper filings**
- **Maintain corporate records**
- **Hold AGM in accordance with schedule in the Societies Act**
- **Remit payroll deductions (CPP, EI, income taxes)**
- **Meet employer obligations (unpaid wages, vacations, severance payments)**
- **Safeguard charitable status; and other**



Tools

- **Annual Checklist**
- **Directors & Officers Liability Insurance**
- **Regular review of by-laws**
- **Legal review of alignment of charitable mandate and activities**
 - **Social enterprises increasingly seen as source of additional revenue**



D&O Liability Insurance

- ***Directors and Officers Liability Insurance (D&O)***, covers costs associated with indemnification, losses or legal defence against an individual who serves as a director or officer for the board of a corporation, whether it's for-profit or non-profit, public or private.

Directors and officers can be liable for alleged actions such as: breach of common law duties, negligence in their duties, breach of their fiduciary responsibility to shareholders or violation of provincial or federal laws.



3. Duty of Care

- A director must exercise the care, diligence and skill of a reasonably **prudent person** (Society Act)
 - Act as if the decision you are making is one you would make for yourself
 - Act with the skill and diligence reasonably expected of an ordinary person in similar circumstances
 - Higher standard may be expected of a professional: professional engineer, lawyer, CPA etc.
- Exercise independent and informed judgment
- Retain expert advice when necessary or desirable
- Ensure the Society is moving ahead with planned goals and objectives



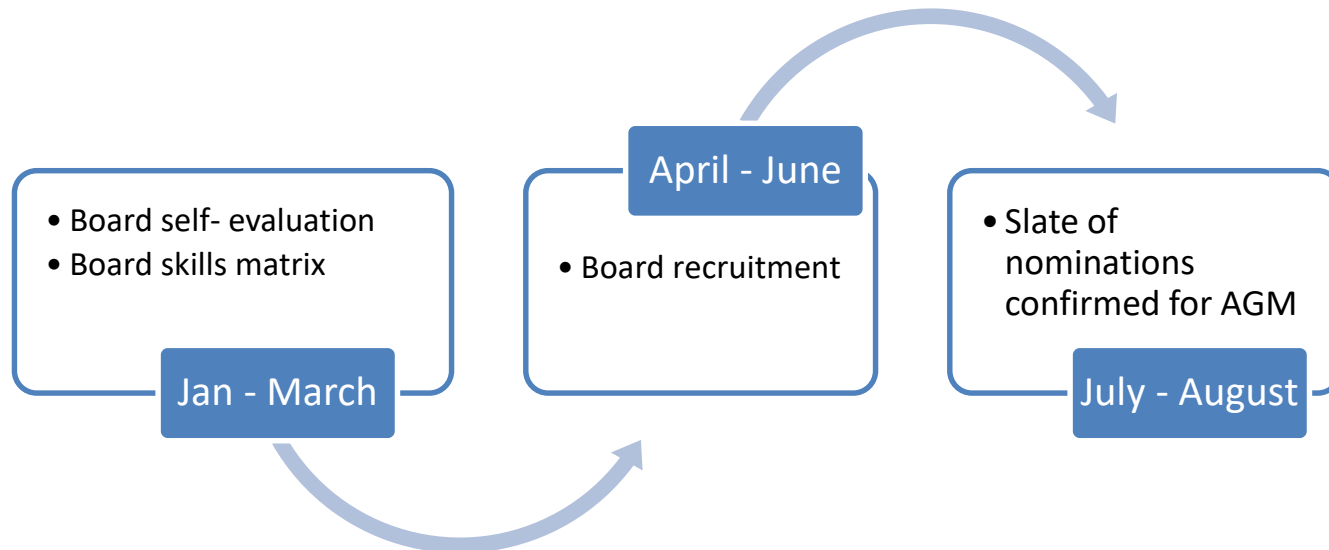
Duty of Care – Financial oversight

- How to read financial statements
- Role of auditors
- Role of the finance committee



Tools - Competence

- Diverse board skillset – Board skills matrix
- Board professional development days
- Monitoring of attendance, consequences of poor attendance
- Regular Board assessment and self-assessment
 - Aligned with board recruitment process



Tools - Competence

- **Working subcommittees of the Board**
 - Executive (Chairs of other committees + Secretary)
 - Finance
 - HR
 - Governance / Nominations
 - Fundraising
 - Awards
 - Other
- **The legwork of due diligence and Board business is done in committees**



Tools – Delivery on goals

- Up-to-date strategic plan
- Annual organizational plan with measurable targets
 - Robust organizational planning process



Tools – Processes

- **Accurate and timely minutes**
- **Material and motions circulated 4-5 days prior to the meeting**
- **Board meetings focused on discussions not presentations**
- **Active and accountable working committees**
- **Annual budgets presented with organizational plans**
- **CEO updates structured based on strategic goals**



Tools – Decision Making (Risk Management Framework)

- Risk is a reality for every organization
- Effective risk management helps organizations identify existing and potential risks and assess how to deal with them
- Key pieces of effective framework
 - Risk identification
 - Risk measurement
 - Risk mitigation
 - Risk reporting and monitoring
 - Risk governance



Be conscious how you introduce change



Board's role supporting the ED/CEO



Board's role supporting the ED/CEO

- **Strong working relationship built on**
 - Trust
 - Open and frequent communication (Board Chair)
 - Respecting individual roles
 - Board members remove themselves from day-to-day operation and organizational politics



Board's role supporting the ED/CEO

- **Constructive feedback and opportunity for professional development**
 - 360 evaluation, working with coach, consultants
- **Sharing individual expertise**
- **Identifying opportunities/contacts for the organization**
- **Amplifying organizational message through own networks and social media**
- **Identify opportunities to build ED's brand**



Questions?

