Community Literacy of Ontario's

BOARD GOVERNANCE

RESOURCE GUIDE

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COMMUNITY LITERACY
OF ONTARIO

COMMUNITY LITERACY OF ONTARIO'S ORGANIZATIONAL CAPACITY IN BOARD GOVERNANCE

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SECTION 1: INTRODUCTION

Community Literacy of Ontario (CLO) (www.nald.ca/clo) is delighted to present our self-study resource guide on effective board governance practices for Literacy and Basic Skills agencies and other non-profit Employment Ontario delivery agencies.

This self-study resource guide was funded by the Employment Ontario Network Development Fund. We are grateful for their support.

The topic of board governance is timely as organizations continue to be held to high standards expected by clients, the community, funders and other stakeholders. In an era where public trust of corporations is low, accountability to stakeholders is particularly important. The Movement for Canadian Literacy addressed the topic of effective board governance in the July 2009 edition of its *Literacy Express*[1] newsletter. It defined good governance, at a very basic level, as meaning ...

> *the organization is effective: realistic outcomes are set and achieved, resources are the right ones and well managed, and the interests of stakeholders are reflected in key decisions. Good governance is not only about being effective; it is **how** that effectiveness is achieved.*

Community Literacy of Ontario has designed this self-study resource guide to help organizations to further develop and strengthen their board governance practices. This resource guide will examine effective governance in the areas of:

- Board roles and responsibilities
- Governance structures
- The board and risk management
- Board development
- Effective board meetings
- Evaluation

Embedded within each section are links to additional resources.

For the sake of simplicity, we have tried to use consistent language throughout the guide. Individuals and organizations may use different terms so we have provided a quick reference as follows:

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[1] Available at www.literacy.ca/themes/mcl/lexpress/july09/july09.pdf

Organization refers to the governing body (others may call it an agency, society, program, etc.).

Non-profit refers to the incorporation status of the organization (others may call it not-for-profit, non-government, etc.).

Board member refers to any individual who is part of the governing body (others may call it a board director).

Executive Director refers to the senior management staff of the organization (others may call it an Administrator, Manager or CEO).

SECTION 2: BOARD ROLES AND RESPONSIBILITIES

KEY ROLES OF THE BOARD

The board of directors of an incorporated, non-profit organization is legally responsible for the governance of the organization. Within that mandate is the expectation that the board will develop, implement and monitor policies that will allow the organization to carry out its work. A board is elected by, and accountable to, its membership. While a board may appoint staff and/or committees to carry out specific work related to its policies, programs and services, the board is ultimately responsible for meeting agency outcomes.

There are limitless resources available that define key roles and responsibilities of boards. While details vary from resource to resource, there are some broad-based philosophies that are consistent.

Collectively, the board must:

- Determine a governance model and ensure that appropriate organizational policies and structures are in place

- Participate in the development of a mission and strategic plan for the organization

- Hire and ensure that an effective management team is in place (i.e., Executive Director)

- Maintain effective partnerships and communication with the community, the organization's members and its stakeholders

- Maintain fiscal responsibility, including raising income, managing income, and approving and monitoring annual budgets

- Ensure transparency in all communication to members, stakeholders and the public

- Evaluate the organization's work in relation to a strategic plan

- Evaluate the work of the board of directors, ensuring continuous renewal of the board, and plan for the succession and diversity of the board

Although not as common within literacy delivery agencies, many organizations that play a support and/or umbrella role also play a key role in advocacy. The Canada Revenue Agency (CRA) has issued new guidelines to try to clarify the types of political activity (including advocacy) non-profit charities in Canada can be involved in. Check out *The Art of Advocacy: A Handbook for Non-Profit Organizations* for more information.[2]

See *Board Roles and Responsibilities* written for **The Corporate Fund** by Ed Tomey for specific details on activities related to some of the roles listed above.[3]

Individually, each board member must:

- Act in the best interests of the organization

- Understand the roles and responsibilities of being a board member

- Be familiar with the organization's bylaws, policies and procedures, strategic plan, mission, etc.

- Ensure he/she avoids conflicts of interest including operating in the best interest of the organization not in self-interest or the interest of a stakeholder group

- Respect confidentiality policies that pertain to membership and board discussions

- Keep informed about the organization's financial activity and legal obligations

- Bring his/her own skills, experience and knowledge to the organization

- Attend board meetings regularly and arrive prepared for meetings

- Support board decisions once they have been voted on

Ideally, when joining a board (or perhaps before deciding to join) one should learn the:

- Governing structure the organization operates under

- Roles, responsibilities, and functions of the board within the governing structure

- Job description for board members

- Measurement and standard by which board members are evaluated

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[2] www.ccednet-rcdec.ca/files/ccednet/AdvocacyHandbook-FIN2.pdf
[3] www.nhnonprofits.org/bsaq/Board%20Roles%20and%20Responsibilities.pdf

While the level and detail may vary from board to board, overall, effective board members are continuously:

- Governing

- Leading

- Recruiting

- Supporting

- Planning

Cyril Houle, a governance expert and author often cited in board governance resources, defines the board's role and responsibilities based on three different activities of organizations[4]:

1. **Governance**: The board develops policies that give overall direction to the agency.

2. **Management**: The board takes actions and makes decisions to ensure that there are sufficient and appropriate human and financial resources for the organization to accomplish its work.

3. **Operations**: These are the activities related to the delivery of services or programs of the organization. (The degree to which this occurs depends on the board governance structure.)

BOARD MEMBER JOB DESCRIPTIONS

Clearly written job descriptions help board members understand, and agree to, the role they are expected to play in an organization. Job descriptions, which need to be approved by the board, can also serve a purpose in evaluation and recruitment of board members. One job description can be developed for general board members and then specific descriptions can be developed for each executive officer member (Chair, Vice-Chair, Treasurer and Secretary).

The Minnesota Council of Non-Profits is a good source for board member job description templates[5], including ones for executive officers. The site also provides an overview of personal characteristics considered ideal in board members.

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[4] www.boarddevelopment.org/en/1/default.aspx

Below is a starting point for the type of information you will want to include in a board member job description:

Position: What is the job title?

Authority: What authority does the position carry?

Responsibility: To whom is the position accountable? What are the broad areas of responsibility?

Term: How are board members elected and for how long? How do board members leave the board?

General Duties: What are the typical duties board members are responsible for?

Evaluation: How will board members' effectiveness be assessed?

Qualifications and Skills: What specialized or practical skills are needed to do the job?

Benefits: What benefits can a board member expect to receive?

Time Requirements: What is a realistic estimate of the time required as a board member?

EXECUTIVE OFFICERS

Depending on the governance structure of the organization executive officers will vary. Some examples of executive officer positions include:

Chairperson (or president): Chairs board meetings; responsible for conduct of board meetings and of board members; sets and follows agendas; the spokesperson for the organization to the public; often a signing authority on legal and financial documents.

Vice-chairperson (or vice-president): Fulfills duties of the chairperson in his/her absence.

Secretary: Takes accurate minutes of board meetings and is responsible for distribution of minutes; keeper of board bylaws, policy statements and board correspondence; maintains database and accurate contact information of current board of directors. (Depending on the board's governance structure, some or all of

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[5] www.mncn.org/info/template_gov.htm#bd%20officer%20sample%20job%20description

these functions may also be assigned to staff with the secretary providing more of a support or oversight role.)

Treasurer: Accounts for and reports on the funds, budget and expenditures of the organization; often a signing authority on financial documents.

Although not as common, some boards also have a past chairperson (or past president) as an executive officer whose role may be to mentor and support the current chairperson. Some boards may also decide to have a shared leadership model with co-chairs taking turns chairing the meetings rather than having a chair and vice-chairperson.

Executive officers may be elected and/or appointed by the board as a whole or by the broader organizational membership. These positions may also be rotating positions throughout the term of a board. When these positions exist, the board as a whole needs to define the executives' functions and decide on the amount of authority each title brings with it.

BOARD COMPOSITION AND STAKEHOLDER REPRESENTATION

The number of board members required to be in place on an organization's board is specified in the organization's constitution and bylaws. This number can be changed with the approval of the board and the membership. Criteria around representation of stakeholders and clients are also laid out in an organization's constitution although in some cases there may be guidelines imposed by a funder. For example, according to the guidelines of the Ministry of Training, Colleges and Universities (MTCU) for funded Literacy and Basic Skills (LBS) regional literacy networks, 50% of the board must be comprised of representatives of funded LBS delivery agencies.

A general rule of thumb for non-profit organization board composition is a minimum of five board members and ideally no more than 11. It is also recommended that a board have an odd number of members so that ties when voting may always be broken.

The Pros and Cons of Small and Large Boards[6]

Small Board	Large Board
Easier consensus on difficult or challenging issues	Increases chances for greater diversity on the board
Less or no need for committees	Increases opportunities for greater representation of the community or specific target groups of the community
Less or no need for executive members or an 'inner board'	
	Easier to establish quorum at board meetings
Requires board to function together in all decisions	Opportunity for committees and for board members to specialize or hone skills

When seeking out stakeholders and/or clients of the organization to hold designated board positions it's important to have specific job descriptions and roles clearly identified. For example, is the person representing, speaking on behalf of, or voting on behalf of a stakeholder agency or as an individual?

Boards may also choose to develop a policy in terms of client representation on a board. An example policy[7] adapted from *Volunteer Management Policies* is:

> *Agency clients may be accepted as board members when it does not constitute an obstruction or conflict with provision of services to the client*.

Before deciding whether clients or consumers will have a designated seat, boards should ask:

1. What will the board and organization gain from their presence and perspective?

2. What challenges, if any, does their participation create for the board and organization?

The answers to these questions will assist the board in making a decision and allowing for supports if needed. For example, it would be very important to have the input of a young person on a board that has a mission to serve youth, but it also may be necessary to appoint another board member to be mentor and support to this young person. In literacy, many agencies have adult learners serving on their boards, and these adult learners make invaluable contributions. For example,

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[6] Source: *The Non-Profit Board Development Workbook*. Edmonton Social Planning Council. www.edmontonsocialcouncil.ca
[7] www.casanet.org/program-management/volunteer-manage/sample-manage.htm

learners can provide their perspective on any proposed changes to delivery services. They can also provide feedback on the clarity of written board communications. Having a voice on the board of directors can help learners know that they have a say in how the agency operates. However, agencies may need to also consider ways to support adult learners on their boards, for example (depending on reading levels) providing help with reviewing agendas and minutes prior to a meeting.

BOARD-STAFF RELATIONS

As noted previously, one of the key responsibilities of board members is to hire and ensure an effective management team is in place. In most cases in non-profit organizations that means hiring the Executive Director (also may be known at the Chief Executive Officer, Administrator, Manager, etc.). From there, sometimes with input from the board, the Executive Director (ED) hires other staff.

The ED is the link between the board and other staff, and the board communicates its directives or human resource policies to other staff through the ED. Board and committee meetings are usually the place for the board and ED to communicate, share information and decide on work related to the organization. The ED is usually considered an 'ex-officio' member of the board, meaning he/she attends board meetings, participates in discussion, and receives and provides reports but has no vote.

Whether a board is preparing to hire an ED or conduct a performance appraisal of a current ED it's important to clearly define the role, responsibilities and expectations of both the board and the ED.

Depending on the governance structure of the organization the relationship between the ED, other staff, the Chairperson of the board, and other board members will vary. However, the board is responsible for ensuring:

- Development of the ED job description which includes areas of authority, a summary of responsibilities and the communication and reporting protocols between the board and the ED

- Interviewing, hiring and providing training opportunities for the ED

- Conducting evaluation and performance appraisals of the ED on a regular basis

Depending on the circumstances related to hiring, an outgoing ED or external expert may also be called upon to play a role in this process. Either way, the board is ultimately responsible for making the final decision.

The *Hiring and Performance Appraisal of the Executive Director*[8] published by the Muttart Foundation (www.muttart.org) is an example of a workbook that provides a board with tools and strategies for carrying out tasks such as developing job descriptions, developing a search committee, pre-interview activities, advertising, making the job offer, and templates for conducting evaluations and assessing the working relationship between the board and ED.

When boards and senior staff are supportive of each other it creates a strong team that in turn enhances the strength of the organization. Both Marsha Roadhouse and Linda Conley, board members of Community Literacy of Ontario and staff members of community-based literacy agencies, speak about the importance of this support.

> *When they are working on things such as strategic planning or developing policies and procedures I do the leg work and present them with information and structures that they need to act effectively and efficiently. I try not to bother them with too much detail about the day- to- day operation of the centre, but organize myself so that the centre benefits from the time and effort that they put into setting our direction,*

says Linda, who is also the Executive Director of the Prince Edward Learning Centre.[9]

Marsha describes how her board worked closely with her to help her identify her strengths and weaknesses as an Executive Director.[10]

BOARD MEMBER AGREEMENTS

Board members are often asked to sign agreements as part of their responsibility on the board. These reflect the organization's policies. A breach of an agreement is often grounds for a board member's termination. Examples of such agreements include:

- Confidentiality and/or Privacy Agreement—Board member is asked to respect the confidentiality of information gained as a result of serving on a board such as client information, personnel, membership, finances, etc.

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[8] www.muttart.org/sites/default/files/publications/hiring_performance.pdf
[9] To view the video clip in full see: www.youtube.com/watch?v=JPJlXvDiSmo.
[10] To view the video clip in full see: www.youtube.com/watch?v=ATskS_hcdFs.

- Conflict of Interest—Requires a board member to declare if he/she has a personal interest in an area that is of interest to the organization. Being in a conflict position does not automatically disqualify a board member, but not disclosing the conflict can lead to a breach of the agreement.

- Code of Conduct—Boards may develop codes of conduct that cover everything from communication protocols, use of expense accounts, dress codes and language used at board meetings. Generally, non-profit organizations with volunteer board members are less formal on conduct rules; however, there may be overall rules and expectations about respect for the organization and other members. Any such rules are often included as part of a board member's job description.

- Competition—This applies more to individuals who in their working life may be involved in the same line of business as the organization for which they are also a board member. It protects the organization from people who may gain inside information, or skills and experience, from serving on a board and then use that knowledge and information to compete with the organization to offer services.

While it's true that agreements may seem overly 'formal', especially when a board is working well and there is strong communication and trust amongst members, when boards aren't working well this is often a time when it helps to have agreements to fall back on. Sample templates[11] for confidentiality and code of conduct agreements can be found at The Institute on Governance.

CREATING A MISSION AND VISION

One of the board's key responsibilities is to define the mission of the organization. The mission, or purpose, is the reason the organization exists. The mission informs the organization's values, objectives, policies and procedures. The board, its committees, its staff and its members work to achieve the mission while ensuring the organization works with integrity, transparency, efficiency and accountability.

Vision is based on a future state the organization is working toward. For example, *Every adult will have access to free literacy services* is a vision understood by everyone in the organization and forms the basis for decision making. *Mission* is the way in which the vision is realized. *Organization ABC will provide free literacy services to adults in Southwestern Ontario* is an example of a mission. To use

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[11] www.iog.ca/publications/sample_policies.pdf

another example, Community Literacy of Ontario's mission statement is *to support, promote and provide a united voice for Anglophone community-based literacy programs in Ontario.*

The United Way's online Board Development resource[12] suggests the following items to consider when developing a mission statement:

- What is the organization's vision of its future?

- What will distinguish the organization from similar organizations?

- How do the organization's values relate to its vision?

- What results and/or benefits can the members or clients of the organization expect?

CREATING A STRATEGIC PLAN

Strategic planning is a critical role for boards. It involves looking ahead, making decisions and taking appropriate action to avoid pitfalls and bring about improvements in an organization. This process results in a strategic plan for the organization that often covers a 2 to 5 year period. Both the process and the plan provide direction and goals for the organization but also have a direct impact on programs and services, the number and role of committees, resources needed, governance and staff structures.

Two key points to remember about strategic planning is that the process is as important as the plan and that the planning process is a continuous one. You can learn more about strategic planning and follow a step-by-step process designed for literacy agencies by visiting Community Literacy of Ontario's self-study training module on Strategic Planning at Literacy Basics.[13]

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[12] www.boarddevelopment.org/en/1/vision.aspx
[13] www.nald.ca/literacybasics/strategc/intro/01.htm

ACTIVITY

Many boards decide to hold retreats, focus groups, or other professional development events to help them define the roles and responsibilities of their boards and directors and evaluate their performance. These events can also serve as a platform for further governance development such as creating a mission statement, drafting job descriptions and designing a strategic plan.

In June 2009, CLO held such a board development focus group. The questions put forth to the board members can be a template for a similar activity you may want to organize for your board.

1. What do you see as your board's job?

2. What do you see as not being a role of your board?

3. Name three key board responsibilities.

4. What does your board do well? Not so well?

5. How do you provide board orientation, training and ongoing support?

6. What are your strategies for board recruitment and succession planning?

7. How does board evaluation happen in your agency?

8. What tools and resources have helped your board be more effective?

9. What are your tips for effective board meetings?

ADDITIONAL RESOURCES

1. *Coloring Outside the Box...One Size Does Not Fit All in Non-profit Governance*. This newly-released study presents findings and recommendations from community and organizational leaders about ways to improve board function and effectiveness, and proposes discussion questions to facilitate conversations between staff and board leaders about their roles and responsibilities in maintaining the culture and values of the organization. Go to www.mapfornonprofits.org/index.asp?Type=B_BASIC&SEC={57647D18-9C3D-4356-AE41-99B20394DE4A} for more information or to download a copy of the survey.

2. *Online Modules to Help You and Your Board Clarify Roles and Responsibilities.* The Board Development Program, in partnership with Alberta Library Trustees Association, has developed an online learning module to help new board members and library trustees (and those looking for a refresher) to strengthen their governance skills. This module has sound, text and graphics to guide you through the content. The module can be found at http://culture.alberta.ca/bdp/alta/index.html.

3. *Sample Governance Policies*, by Mel Gill from The Institute on Governance, covers board structures, board roles, committees and many other key topics. This document can be found at www.iog.ca/publications/sample_policies.pdf

4. Community Literacy of Ontario has prepared sample job descriptions for board members and executive positions. They can be found at www.nald.ca/litweb/province/on/volman/job/job.htm.

5. A sample job description for a member of the Board of Directors of Prince Edward Learning Centre can be accessed by emailing princeedwardlearning@bellnet.ca or by contacting Linda Conley at Prince Edward Learning Centre, Lower Level of The Armoury, 1B - 206 Main Street, Box 3223, Picton ON K0K 2T0. Tel: (613) 476-1811; Fax: (613) 476-8766.

6. The Brown Governance organization has a series of videos that address what a board's role is and isn't. These can be ordered at www.browngovernance.com.

7. Nathan Garber & Associates has a template for creating questionnaires to obtain feedback about Executive Director performance from board members, partner agencies, funders and employees. The template is available at www.garberconsulting.com/360_degree_questionnaire.pdf.

SECTION 3: GOVERNANCE STRUCTURES

The Board of Directors represents the membership of the organization. The board sets in place policies, procedures, values and long-term planning to meet the mission of the organization. The board does this through a governance structure or model. The structure a board decides to implement will dictate not only the policies of the organization but also such things as the relationship between staff and the board, and the role and use of committees.

While it is the board's responsibility to determine the governance structure, activities of the organization are carried out by board members, staff, and committees. There is no single right structure for all non-profit organizations, and it may be necessary to change models over time. What can often dictate how a board chooses to govern is the experience of board members and staff, past experiences within an organization, how the organization wants to deliver its programs and services, and how the board views power and authority within the organization.

The activity provided at the end of this section takes boards through an exercise to help them decide which governance structure is best suited to their organization, but the United Way's online board development resource[14] suggests boards look at these three questions when deciding on a governance model:

1. Which decisions does the board want to make and which does it want to delegate?

2. How much involvement does the board want to have in the *operations* of the organization?

3. How will the reporting relationship between the board and the staff be defined and communicated?

Chris Benninger, a board member of Community Literacy of Ontario and Executive Director of a community-based literacy organization in Ontario, talks about her board's decision to explore different governing styles after years of operating as a working board. Her experience is shared in a brief video clip available for viewing at www.youtube.com/watch?v=rNhDBnFgFnM.

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[14] www.boarddevelopment.org/en/1/models.aspx

DIFFERENT GOVERNANCE STRUCTURES

Governance structures can be put into two basic categories---*policy boards and administrative boards*. Policy governing boards develop policy and hire an Executive Director to implement the policy whereas administrative governing boards play a more hands-on role in managing the organization with the support of committees and staff.

Within these two broad categories of governance, there are four common types of board models:

1. **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.

2. **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.

3. **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.

4. **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.

As stated before, no particular structure fits every organization but, *Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector*[15] states that organizations governed by a board should have at least three basic elements:

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[15] www.ecgi.org/codes/documents/broadbent_report_1999_en.pdf

- 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

Nathan Garber, a renowned author of several books and articles on organizational governance, provides insight into other, lesser known types of boards such as Patron Boards and Advisory Boards.[16]

It is recommended that after selecting its governance structure, the board seeks training to understand the model and the roles of the board within that model. Ongoing training is also important as a refresher to board members and as orientation to new members.

Using the framework of the four detailed types of boards outlined above, the United Way Board Development site[17] provides an overview of the different functions carried out by each type of board.

Areas of Responsibility	Policy Board	Policy Governance Board	Working/ Administrative Board	Collective
Vision, Planning & Evaluation	Creates vision, mission

Planning Committee draws up plan to be approved by Board

Sets policies and ensures procedures are in place | Creates vision

Sets policies for ends, i.e., desired results

Limits means, i.e., procedures and practices | Board and staff create plan and implement it

Sets policies and general direction | Shared value based on group involves not only service provided but way of providing it and the manner in which Board work is conducted

Shared responsibility – among the Board and Staff – for setting policy |
| *Finances* | Volunteer Treasurer

Finance Committee | 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 |

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[16] For more information on these types of boards and for help in deciding whether an organization should change its current governance model visit www.garberconsulting.com/governance%20models%20what%27s%20right.htm.
[17] www.boarddevelopment.org/en/1/models.aspx

Areas of Responsibility	Policy Board	Policy Governance Board	Working/ Administrative Board	Collective
	Board reviews financial statements May or may not be involved in fundraising		More likely to include fundraising (than other models)	
Human Resources	ED reports to Chair Communications between Chair and ED	ED = CEO Board speaks with one voice to CEO; CEO responsible to full Board	May not have senior staff person Board members often act as direct service volunteers	Staff, management and chairing functions often shared Little or no management hierarchy
Organizational Operations	Extensive committee structure supported by staff to perform the work of the Board Board receives reports Decisions made by voting	No/limited committee structure; committees are only used as needed and are often charged with topics related to policy as opposed to operations Broad discussion leads to decisions by consensus Individual officer roles minimized CEO attends to all operations	Committees support operational responsibilities Heavier Board member workload	Operational functions shared Decisions by consensus
Community Relations	Marketing Committee develops awareness of agency in community Interprets and reflects community needs to the organization	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

ROLE OF COMMITTEES

The number and type of committees an organization has is often related to the governance structure it operates under. A policy-governance model tends to carry out work as a whole and has very few committees. Other types of boards may have several committees charged with carrying out the work of the organization.

There are generally three types of committees within an organization—standing, ad hoc and advisory.

Standing committees have specific areas of concern that they monitor, report on and provide advice about to the board on an ongoing basis. Examples of standing committees are:

- Executive Committee

- Personnel Committee

- Finance Committee

- Nominating Committee

- Fundraising Committee

A recent trend in non-profit organizations is having a Governance Committee. Sometimes this encompasses or replaces the Nominating Committee and its duties including reviewing bylaws, planning board development, and monitoring the board's governance structure.

Standing committees are more common within boards with an administrative/policy model and usually include one or more board members on the committee, along with staff support. While policy-governance boards rarely have standing committees, they often still have a nominating committee responsible for recruiting new board members. CLO has compiled sample descriptions of the roles of various standing committees.[18]

Ad hoc committees are formed by boards for time-limited, specific purposes. When the purpose or goal of the committee has been accomplished, the committee disbands. One example would be a committee struck to organize a conference or fundraising event.

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[18] www.nald.ca/litweb/province/on/volman/job/job4.htm#4

Similar to ad hoc committees, advisory committees are often put in place to deal with specific, time-limited issues. They may be charged with researching, investigating or monitoring an issue and then providing informed advice to the board. Organizations that receive funding to carry out research and development projects often have advisory committees attached to the project, sometimes at the insistence of the funder. Advisory committees may be established to bring together experts who can provide particular advice on specific matters of interest to the ED or board.

Boards sometimes make the mistake of establishing committees that may not be needed or keeping committees going after they have outlived their need. Before establishing an ad hoc committee a board should determine whether the work may be better done by the board as a whole, by staff or by an individual board member. Similarly, boards should evaluate the work of standing committees on a regular basis to ensure the committee still has a purpose and is working effectively.

The United Way's online board development site provides further insight into the need and role of committees.[19] It suggests that every committee have:

- A purpose that complements and works within its governance model

- Terms of reference

- A chairperson

- Active members (look beyond the board to recruit other volunteers for committees)

- Staff support

- A reporting procedure and protocol

- An evaluation procedure

On the United Way board development website there are also templates for developing committee terms of reference.

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[19] www.boarddevelopment.org/en/1/committees.aspx

BYLAWS

Every organization should have its own bylaws. An organization that is not incorporated may refer to its governing documents as a constitution rather than bylaws. A constitution provides an overview of the organization's purpose, mission and objectives. It often provides the framework for the Letters Patent required when an organization applies for incorporation status.

An incorporated organization *must* have bylaws that comply with the requirements of incorporation legislation. The bylaws are literally the laws that enable organizations to carry out their activities effectively and efficiently. Boards that do not review their bylaws may sometimes find themselves working against them, therefore putting the organization at risk. Bylaws can only be amended by a board of directors, and changes must be approved by the general membership (however this is defined).

It is often difficult to find samples and templates for developing bylaws as they are unique to each individual organization. Good sources of templates are from other like-minded non-profit organizations. For example, literacy organizations may want to seek out examples from other literacy organizations. A good example can be found at Nova Scotia's Dalhousie University's Continuing Education website.[20]

The standard framework for bylaws however, is fairly generic and should include:

- The organization's purpose

- A description of the membership

- A description of the board composition and governance structure

- Location of head office

- Terms of office for board members

- Number of meetings held by the board, including Annual General Meetings

- Special meetings and in-camera meetings

- The number and a brief description of any standing committees and the process for appointing a committee chairperson

- Description, title and responsibilities of Executive Directors (if applicable)

- The election and voting process

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[20] www.dal.ca/Continuing%20Education/Files/NP_Non-ProfitOrganizationBy-Laws.pdf

- Details about quorum

- Filling board vacancies

- Removal of directors

- Senior staff positions

- Making amendments to bylaws

- Required reports and legal filings

- Charitable status

- Details about fiscal year

- Bank accounts, financial obligations, funders

- Conflict of interest

- Indemnification

- Disbanding the organization and disbursement of funds and capital assets

POLICIES AND PROCEDURES

Policies and procedures in essence are the instructions for how an organization and its board and staff adhere to its governance structure, governing documents and regulations. The policy tells an organization what to do, and the procedure tells how to do it. Each policy should have a procedure, and together these documents will direct board and staff on making decisions and working within certain limitations.

The first step, and often the hard work, is in the development of policies and procedures. Fortunately, once a template is established it's easier to develop new policies as they arise. The governance model of an organization will dictate how the development of policies and procedures unfolds, but often the development of policies falls to the board and the development of procedures to the Executive Director.

It is the board's responsibility to develop, monitor and amend policies as well as to ensure that decisions are made and actions are taken that comply with policies and follow proper procedures. Regular review and revision of policies is good practice and is often conducted by a committee for board discussion and approval.

CLO and Literacy Link South Central (LLSC)[21] have each developed comprehensive manuals on policies and procedures for adult literacy organizations. Their resources not only include templates for policies and procedures in generic organizational categories like financial management, human resources, administration, marketing and volunteer management, but also include templates specific to literacy service delivery such as information and referral, service planning and case management.[22]

Charity Village[23] provides a comprehensive online template for non-profit policies and procedures related to organization management, volunteers, consultants and employees.

INCORPORATION AND CHARITABLE STATUS

A non-profit organization carries out activities that benefit the community and has individual members who do not gain a profit from the work of the organization. Some boards may be confused by the term 'non-profit', thinking this means the organization cannot make money nor have surpluses or reserve funds at the end of the fiscal year. As long as the surplus or reserve is used to carry out the programs and services of the organization and not for the personal gain of members or staff, it is acceptable (and actually encouraged) for a non-profit organization to have a 'profit'.[24]

It is not mandatory for a non-profit organization to become incorporated or to apply to be a registered charity. These are separate and distinct processes that create certain benefits and responsibilities for organizations that choose to do so.

INCORPORATION

Incorporation is the process of creating a legal entity that has an independent existence, separate and distinct from that of its members. Members sitting on a board of an unincorporated organization are considered the 'owners' of the organization and are therefore liable for the assets, funds and debts of the organization. For more information see the section about *Boards and Risk Management*.

An organization must be incorporated to be eligible to receive government funding. For example, the Ministry of Training, Colleges and Universities requires agencies

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[21] www.llsc.on.ca
[22] CLO's policies guides can be found at: www.nald.ca/clo/publications.htm and LLSC's at: www.llsc.on.ca/resources.html.
[23] www.charityvillage.ca/cv/research/rom33.html
[24] Source: *Duties and Responsibilities of Directors of Non-Profit Organizations*. Canadian Society of Association Executives. www.csae.com/public/public.asp?C=39&K=220630&ListingByName=1304

that apply for Literacy and Basic Skills funding to be incorporated. As well, the Ontario Trillium Foundation and many other funders require organizations that apply for funding to be incorporated. Most foundations also require organizations seeking funding to be registered charities.

An incorporated organization is required to file regular reports and comply with certain regulations or risk losing its corporation status. Most organizations in Canada can apply for corporation status through the appropriate ministry of their provincial government. In Ontario it is the Ministry of Small Business and Consumer Services.[25] Some organizations, depending on their mission, are required to apply for federal incorporation.

Ontario organizations interested in becoming incorporated or learning more about incorporation maintenance are encouraged to get a copy of the Corporations Act and Regulations which can purchased online[26] from the Ontario Government Bookstore or by calling toll-free 1-800-668-9938.

Another good resource is the *Not-for-Profit Incorporator's Handbook* which is available at no charge from the Ministry of the Attorney General.[27]

CHARITABLE STATUS

In order to issue a receipt for donations suitable for income tax purposes, an organization must be a registered charity. Most foundations require organizations seeking funding to be registered charities.

The Canada Revenue Agency (CRA) (www.cra-arc.gc.ca) has information and forms related to becoming a registered federal charity. Again, there are reporting and compliance procedures required for charities, but many organizations see the advantage in being able to accept charitable donations. A charity can provide donors with an income tax receipt, often an incentive for donors. It's not mandatory that an organization be incorporated before becoming a charity, but it does often make the process easier.

The CRA website provides sample 'purposes', or objects, suitable for organizations to include as part of their governance documents, which are needed when applying to become a registered charity. Visit the site to learn more about becoming a federal charity[28] and to view sample objects.[29]

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[25] www.sbe.gov.on.ca/ontcan/sbe/en/home_en.jsp
[26] www.publications.serviceontario.ca/ecom/MasterServlet/ViewMainHandler?selectedLocale=en
[27] www.attorneygeneral.jus.gov.on.ca/english/family/pgt/nfpinc
[28] www.cra-arc.gc.ca/E/pbg/tf/t2050/README.html

ACTIVITY

The help sheet below from Nathan Garber & Associates[30] will help you identify where you agree and disagree on the areas of authority of the board and Executive Director. It lists a number of activities that must be undertaken in a successful organization. Add any activities that are specific to your organization; then use the form to guide your discussion and clarify your expectations of the board/ED relationship. The result will be the basis for a governance structure tailored to your own organization.

At a board meeting:

1. Hand out the sheet to all board members and the ED.

2. Allow about 15 minutes for each person to mark in which column the decision or activity belongs.

3. Compile the answers on a master sheet, showing how many responses were put in each column.

4. Review the distribution of answers, noting the items on which

   a. there is consensus
   b. there is a diversity of opinion
   c. the consensus of the board is different from the response of the ED

5. Discuss the items in categories b and c until you reach an agreement among the board and between the board and ED (Executive Director).

	A	B	C	D	E	F	G
		ED may act on own. Not required to inform board.	ED may act on own. Must inform board ASAP.	ED respon-sibility but must obtain board approval.	Sole board respon-sibility. Board initiates.	Collab-orative. ED or board may initiate. Work is shared.	Other or To Be Negotiated
1	Define and write vision, mission and values statements						

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[29] www.cra-arc.gc.ca/tx/chrts/pplyng/mdl/mdl-bjcts-eng.html
[30] www.garberconsulting.com/index.htm

	A	B	C	D	E	F	G
2	Set long term goals & objectives (3-5 years)						
3	Set medium term goals & objectives (2-3 years)						
4	Set annual (1 year) goals & objectives						
5	Determine what programs & services to provide						
6	Evaluate programs & services						
7	Apply for foundation & government grants						
8	Organize fundraising events						
9	Donor development						
10	Other fundraising activities						
11	Set financial procedures & controls						
12	Prepare annual budget						
13	Monitor income & expenses						
14	Spend within budget						
15	Sign cheques						
16	Manage investments						
17	Set personnel policies						
18	Recruit, hire and set compensation for employees						
19	Accept & use the services of volunteers and reimburse expenses						
20	Discharge staff & volunteers						
21	Assign work to employees (other than ED)						
22	Supervise employees & volunteers						
23	Settle grievances among staff						
24	Write/update staff job descriptions						
26	Write Annual Report						

	A	B	C	D	E	F	G
27	Communicate with auditor						
28	Settle complaints from clients/ stakeholders						
29	Speak to media on behalf of organization						
30	Serve on interagency committees						
31	Plan the Annual General Meeting						
32	Allocate funds for conferences & professional development						
33	Recruit board members						
34	Plan & deliver board orientation program						
35	Evaluate board & board member performance						
36	Set agendas for board meetings						
37	Take minutes at board meetings						
38	Engage expert advisors or consultants within budgeted amounts						
39	Ensure that organization operations & budgets are aligned with plans						
40	Determine methods, procedures for delivery of programs						
41	Ensure board complies with bylaws						
42	Write/update bylaws						
43	Negotiate & enter into contracts						
44	Ensure that board policies are up to date & followed						
45	Establish & manage a system for periodic review of policy						
46	Advocate with government for greater priority to agency issues						

ADDITIONAL RESOURCES

1. *Seven Pillars of Democratic Governance* by Mel Gill. Synergy Associates. Charity Village, July 2009. www.charityvillage.com/cv/research/rbod41.html

2. Policy Governance.com: The Authoritative Website for the Carver Policy Governance® Model. www.carvergovernance.com/pg-np.htm

3. *Governance Check-Up* help sheet from Nathan Garber & Associates to help organizations assess whether their current governance model is working well. www.garberconsulting.com/governance_checkup1.htm

4. *Association Management: Perspectives, Practices and Procedures for the Management of Non-Profit Organizations*. Herb Perry and Robert Kelly. Big Bay Publishing (1988). www.bigbaypublishing.ca

5. *Volunteer Management Policies*. Steve McCurley (1990), part of the *Volunteer Management Series*. www.casanet.org/program-management/volunteer-manage/sample-manage.htm.

6. Management Assistance Program for Nonprofits has created a free toolkit for boards that contains sample forms and documents such as bylaws that can be accessed at www.mapfornonprofits.org.

SECTION FOUR: THE BOARD AND RISK MANAGEMENT

Along with roles and responsibilities of boards come risks and liabilities. Whether an organization is being governed by a hands-on administrative board or a policy-driven board, board members need to be aware of the legal duties that come with their positions. Directors of non-profit incorporated boards are not usually paid for their work, but that doesn't absolve them from being liable for the decisions and actions they make.

Some of the items covered in previous sections, such as having clear job descriptions, may help board members stay informed of their responsibilities, but the onus is on the individual to be knowledgeable about risk management. Many volunteers mistakenly believe that if the organization is incorporated they are automatically protected from liabilities, but that is not the case. The governing laws of incorporation do go a long way in protecting boards and board members, but there are duties that fall to the individual.

The language and terms used in risk management and liability policies can be confusing and often mired in 'legalese'. It is therefore recommended that individuals seek out advice, and possibly counsel, if they are unsure of their personal liabilities or the liabilities of the organization as a whole. Volunteer Lawyers Service[31] was launched in 1994 through the efforts of Toronto lawyer Ronald Manes in cooperation with agencies such as the United Way of Greater Toronto, the Ontario Bar Association and many other supporters and contributors. Over 600 volunteer lawyers provide legal services to more than 700 Ontario community agencies, specializing in areas of business law important to non-profit and charitable organizations.

The information provided in this section is not meant to discourage or intimidate individuals from getting involved in non-profit organizations, but rather to assist them in being informed. In the end, using common sense and being honest, knowledgeable and cautious will go a long way toward avoiding risk and liability. The information provided in this section is not legal advice. Any questions or concerns should be discussed with a legal professional.

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[31] www.volunteerlawyers.org

Both Volunteer Canada[32] and the Canadian Society of Association Executives[33] have published clear-language pamphlets outlining details about risk management, duties and liabilities for directors of non-profit organizations. Briefly, the basic duties of directors are:

The duty of diligence (also referred to as fiduciary duty) — to act in good faith and in the best interest of the organization through such actions as:

- Staying informed by reading minutes, agendas and support material

- Attending meetings regularly and voting on issues brought before the board

- Being knowledgeable about the policies and operations of the organization

The duty of loyalty—to place the interest of the organization first through such actions as:

- Avoiding and/or declaring conflicts of interest

- Representing the organization in a positive manner

- Respecting confidentiality

The duty of management—to act and make decisions in line with the governing policies and bylaws of the organization through such actions as:

- Understanding the scope of authority for staff and directors

- Regularly reviewing bylaws and policies

- Ensuring legal requirements related to governance, incorporation, etc. are met

- Ensuring meetings are held and documented with minutes

- Understanding the requirements of laws and standards related to the clients the organization serves

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[32] www.volunteer.ca
[33] www.csae.com

A board member who does not comply with these duties may be held liable for the outcomes and results that occur. Members can be found liable if the actions and/or decisions that they make (or don't make) result in:

- A law being broken

- A contract being breached

- Injuries or damage (could be physical, environmental, emotional, etc.)

More information about legal duties can be found in *Volunteers and the Law: A guide for volunteers, organizations and boards.*[34] As well, *Directors' Liability: A Discussion Paper on Legal Liability, Risk Management and the Role of Directors in Non-Profit Organizations*[35] informs board members about their legal responsibilities and provides practical suggestions for managing risks and minimizing personal liability.

INDEMNIFICATION

Indemnification is one of those legal terms related to risk management that is necessary but cumbersome. Even trying to understand its meaning can lead to confusion as directors with little board experience may again assume that if they are indemnified they are wholly protected. Incorporated organizations are required by law to indemnify directors which means that if the organization is sued, fined or charged with any legal costs the organization will reimburse the legal fees and/or any financial settlements incurred by the board member.

However, indemnification is only as good as the organization's ability to cover those financial costs, and members still have to prove that they conducted business and made decisions with due diligence. It should be noted that while indemnification doesn't unequivocally protect a board member, it substantially lessens the risks as compared to those who are part of an unincorporated board. Unincorporated boards are not required by law to provide indemnification; therefore a director on such a board facing any legal costs would be personally responsible for those costs.

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[34] www.publiclegaled.bc.ca/snapfiles/Volunteers___the_Law_book.pdf
[35] volunteer.ca/volunteer/pdf/LiabilityEng.pdf

INSURANCE

Liability insurance for boards is known as Director's and Officer's (D & O) Insurance. This insurance covers the legal costs that an organization is responsible for if liabilities have occurred. While the *Canada Corporations Act*[36] does not state that boards and their members must have insurance, some funders require it before granting money to organizations, and some organizations have this written into their bylaws and policies as a requirement.

In organizations where D & O insurance is not purchased, individual members may want to look into purchasing it for themselves. The amount of coverage on a policy and the cost of premiums may vary depending on the activity of the organization, but it is generally recommended that organizations be covered for no less than $2 million.

The cost of D & O insurance can sometimes be a financial burden to organizations. It is a cost, however, that should be a priority, and organizations are encouraged to shop around for quotes and even look into becoming members of affiliations or provincial organizations that offer insurance as one of its benefits. A document called *Directors' and Officers' Liability Insurance: An Overview*[37] provides further insight into the issue of insurance.

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[36] http://laws.justice.gc.ca/en/C-1.8/index.html
[37] www.cwilson.com/pubs/insurance/alb1/

FINANCIAL AND HUMAN RESOURCE MANAGEMENT

The issue of risk management is complicated and reaches beyond the scope of governance and this document, but there are some key areas that directors will want to be informed about pertaining to risk management and financial and human resource management.

In relation to human resource management, board members should be knowledgeable about:

- Employment insurance and income tax laws and payroll related standards and regulations

- Workplace safety and liability

- Workplace hazardous waste and material handling (if applicable)

- Consultant and non-employee regulations

- Employment legislation and standards

With regards to financial management, directors should ensure:

- Auditors are appointed annually and audit reports are reviewed thoroughly

- Finance committees are in place and financial reports are provided and reviewed regularly

- Safeguards are in place for financial resources, including banking and back-ups of financial reporting documents

- Policies are in place and monitored that are related, but not limited to, investing, use of credit cards, signing authorities and fundraising

- They are knowledgeable about revenues and costs of the organization

ACTIVITY

The Canadian Society of Association Executives (www.csae.com) provides a risk assessment checklist for boards in its resource *Duties & Responsibilities of Directors of Non-Profit Corporations.* It cautions that it's not an exhaustive list or the ultimate shield from liability but can be a good step towards reducing risk.

The list has been adapted and included below as an activity to assess your position in terms of risk management within your organization:

- Do you know your organization's mandate, mission, vision and objectives, operation policies and bylaws?

- Do you always act objectively and in the best interest of the organization?

- Do you prepare for all board meetings and all committee meetings by reviewing all agenda material and reports?

- Do you attend and participate in all board meetings and committee meetings for which you are a member?

- Do you keep careful notes at meetings and review the minutes of all meetings?

- Do you insist upon the establishment and regular review of operating policies and monitor staff adherence to them?

- Do you obtain outside expert advice whenever necessary?

- Do you disclose all personal dealings and/or conflict of interest as early as practical?

- Do you ensure that official minutes record all disclosures by directors of conflict of interest as well as any dissent to motions and abstention from voting?

- Do you ensure that there are effective internal systems and policies in place in all areas of organizational activity, particularly finance and human resources?

- Do you avoid possible conflict of interest situations?

- Do you ensure that the organization maintains a proper record-keeping system?

ADDITIONAL RESOURCES

1. The United Way's online board development site provides an overview of legal issues that should be of concern to directors including specific Canadian government legislation. www.boarddevelopment.org/en/1/legal_issues.aspx

2. The Centre for Non-Profit Management's resource *Financial Sustainability: Strategies for the Long Term* (www.cnpm.ca/sect3.htm) has links to many legal forms required for non-profit organizations and registered charities such as:

   a. Completing the Registered Charity Information Return (t4033a)
   b. Non-Profit Organizations Government Funding form
   c. Income Tax guide to the Non-Profit Organization Information Return (t4117)
   d. Application for GST Public Service Bodies' Rebate and GST Self-Government Refund form
   e. Registered Charity Information Return (t3010a)

3. BDO Dunwoody Chartered Accountants has a *Guide to Forming and Running an Effective Audit Committee* that can be accessed at local offices or by calling the national office at 1-800-805-9544 . www.bdo.ca/markets/publiccompanies/corpgov/index.cfm

4. *Non-profit Cost Analysis* is a toolkit designed specifically to help guide non-profit leaders through a six-step cost-analysis process and offers blank financial templates and concrete examples. www.bridgespan.org/nonprofit-cost-analysis-toolkit-introduction.aspx

5. The Canadian Institute of Chartered Accountants (www.rmgb.ca/publications/index.aspx) has produced a series of reports for board directors that poses *'20 Questions'* every board director should ask on several subjects, including those related to risk and liability such as:

   20 Questions Directors Should Ask about Codes of Conduct
   20 Questions Directors Should Ask about Executive Compensation
   20 Questions Directors Should Ask about Internal Audit
   20 Questions Directors Should Ask about IT
   20 Questions Directors Should Ask about Privacy
   20 Questions Directors Should Ask about Risk

SECTION 5: BOARD DEVELOPMENT

Board development is a cycle that includes training, recruitment and the often overlooked area of succession planning. The United Way's online board development resource[38] highlights a cycle for effective planning, recruitment and maintenance for organizational governance that includes:

- Developing a board profile/job descriptions (covered in *Board Roles and Responsibilities*)

- Recruiting and selecting new board members

- Electing board members

- Providing ongoing support and recognition

- Providing orientation and training

RECRUITMENT

Recruitment is a key part of the organizational development cycle. Recruiting is not just about how, but who and what—*who* do you want on your board and *what* skills and qualities are you seeking to help govern your organization. Recruitment should be an ongoing process for boards so that ideally when it's time to select new members organizations have a pool of skilled, appropriate and diverse individuals to draw from.

While some organizations have recruiting protocols similar to hiring paid staff such as advertising and interviewing, others keep the process more informal. Regardless of the approach, boards at a minimum should:

- Assess their needs in terms of skills, experience and diversity

- Have clear board job descriptions

- Have an application and screening process

Some boards have specific requirements in terms of representation. For example, regional literacy networks in Ontario are expected to have at least 50 % of their board members from literacy agencies. CLO has a regional board structure where

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[38] www.boarddevelopment.org/en/1/components.aspx

board members must come from all the diverse regions of the province. Other non-profit organizations may have bylaws that specify representation based on gender, culture, geography and/or age. Boards may also have designated seats for clients. During the recruiting process, boards need to ensure that any designated positions or representatives are covered. Regardless of what interests and organizations your board members represent, they are expected to act in the best interests of your organization (see *Section Four: Duty of Diligence*).

Other attributes boards look for when recruiting are related to skills. For example, a board may want to have someone experienced in finance and accounting or public relations and marketing. Professional, such as accountants and lawyers who hold volunteer positions on a board can be valuable because of the expertise they bring, but it's important not to treat this as free access to services and advice.

When recruiting members, boards will also want to take into consideration personal characteristics. These characteristics are often listed in the job description and can include:

- Dedication
- Ability to make a time commitment
- Good judgement
- Strong communication skills
- Compassion and respect for others
- Willingness to learn
- Ability to work well with others
- A sense of wider community and passion for the mission of the organization

Past experience on other non-profit boards can also be an asset. Once you know what you need on the board, compare that to what you currently have and what you expect to have in the near future. Recruitment efforts should then focus on the gaps.

In the end, a substantial board that is comprised of talented, forward-thinking and connected individuals can give your organization the profile it needs to get things done. In the words of one Community Literacy of Ontario board member, find the best people you can and ask them to "give everything they've got to your organization."

A board composition analysis tool related to recruitment can be found in *Board Building: Recruiting and Developing Effective Board Members for Not-for-Profit Organizations*[39] from The Muttart Foundation. It lists general criteria (i.e., being a willing team member), specific criteria (i.e., fundraising skills) and a desired community balance (i.e., contributing to the urban/rural mix). It provides a chart to make notes and track criteria met by current board members and criteria required from new board members.

Ideas for recruiting potential board members include advertising and outreach to:

- The broader membership of the organization

- Friends, family and associates of current board members

- Associations and stakeholder organizations affiliated with the organization's target population/client base

- The business and corporate community

- Other volunteer organizations and service clubs

- Faith-based organizations

- Educational organizations and institutions

- Volunteer centres and online volunteer database organizations

Some organizations hold open houses where they provide information about what the organization is about and how people can get involved. Having a package of materials (both in print form and on your website) to distribute to prospective board members (and also ready for those who may contact you looking to get involved!) can help with recruitment efforts. It can include items such as a:

- Board member job description

- Brochure or pamphlet about the organization

- Fact sheet about board time commitment, meetings, committee and other organization events

- Copy of the most recent annual report

- Copy of recent newsletter of the organization

- Business card of the Executive Director with email and website link

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[39] www.muttart.org/sites/default/files/publications/recruiting_development.pdf

- Orientation and development opportunities

- List of other board members

- Summary of major funding sources

- Board member application form

Potential board members can be invited to visit the organization, attend an event or attend an upcoming board meeting. They should then complete an application form[40] for the board and/or nominating committee to review. If the potential members appear to be a good match for the organization, the next steps in the selection process, which usually includes nomination and election, should be explained.

Boards need to keep in mind that people who say no now may say yes in the future so they should continue to keep names on file of those who are a good match for the organization and consider having them join a committee or help out at a special event.

ELECTIONS

The role of selecting and recommending new board members usually falls to the nominating committee of the board. Even in policy-governance structured organizations with few or no committees, a nominating committee often exists. Some boards have replaced a nominating committee with a governance committee. In both situations, the work focuses on identifying gaps and recruiting skilled individuals.

Nominating committees should work throughout the year, not just as board vacancies and Annual General Meetings approach. The committee is responsible for identifying potential candidates to fill vacancies and any gaps identified. Ideally, more candidates are recruited than there are positions available so that an election, rather than acclamation, occurs. In this instance it's important that candidates are aware of the nominating and election process and that just because they have been recruited doesn't mean they will automatically be elected or appointed to the board.

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[40] Organizations that do not have an application form can find a template available at
http://garberconsulting.com/board_application_form.htm

The nominating committee usually prepares a slate of candidates that is presented to members at an Annual General Meeting for voting. Members cast their votes for the candidate(s) of their choice, and the board is formed. This process is always the responsibility of the membership, the board and the nominating committee although staff may be asked to play a supporting role. To view a sample of an organization's nominating committee terms of reference see the Toronto Central Local Health Integration Network director's manual.[41]

The nominating and election process can sometimes be an awkward one for non-profit organizations, especially if no one is experienced or familiar with the procedures. Herb Perry's *Call to Order: Meeting Rules and Procedures for Non-Profit Organizations*[42] provides a reader-friendly overview of election rules and voting methods.

SUPPORT AND RECOGNITION

Once a board has recruited and selected board members it will want to keep them! Building in support and recognition will make members feel valued and loyal to the organization. Volunteer websites and organizations have countless ideas for recognition. The Community Futures Development Corporations of Western Canada[43] is one example of a website with comprehensive volunteer recognition ideas. Another example is CLO's online training module on volunteer recruitment.[44]

AGMs are often a good time to publically recognize the work of board members through a gift, a certificate or a thank you note. Throughout the year board members can be recognized and supported through training opportunities which show the person their contribution is valuable and worth the time and money associated with training and professional development.

Board mentorship is another way to support new members and to show how the skills and knowledge of existing members are valued. Mentoring is in addition to, and a complement to, the governance training and orientation provided to members.

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[41] www.torontocentrallhin.on.ca/uploadedFiles/Home_Page/Board_of_Directors/Board_Committee/NominatingCommitteeTermsofReferenceFinal11.pdf

[42] www.bigbaypublishing.ca

[43] www.communityfutures.ca/volunteer/#5

[44] www.nald.ca/literacybasics/volunt/profile/01.htm

The Maytree Foundation of Ontario has produced a board mentoring handbook that can be downloaded at no charge.[45] It talks about activities, benefits and steps to mentoring. It offers a semi-structured program that involves a one-on-one mentoring relationship between a new board member and a more experienced board member that takes place face-to-face, over the phone and online for a total of nine hours over a six-month period.

The Maytree handbook lists some of the benefits to new board members such as:

- Having a more immediate connection to the organization

- Being better able to contribute more effectively to the governance of the organization

- Seeing the big picture better and therefore be better able to make informed decisions

- For the mentor, benefits of a mentorship program include:

- New insights

- New, fresh perspectives

- Leadership and skill building opportunities

For the organization as a whole, mentorship programs:

- Provide a more cohesive board

- Minimize the risk of errors in judgment by new board members

- Allow for succession planning

Being a mentor may be an ideal role for a long-term or former board member who has lots of historical information about the organization but who is no longer able to serve as a director.

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[45] www.abcgta.ca/docs/BoardMentoringHandbook.pdf

ORIENTATION AND TRAINING

Orientation occurs when a new member joins a board, and training occurs throughout the term of the board. Both are important for sustaining members' interest and contributing to a healthy organization.

Orientation may take the form of a meeting or workshop complemented by a manual or guidebook. Whatever the format, it is more than just reviewing the organization's policies. It includes discussion about the values and mission of the organization, details about governance and bylaws, information about committees, and getting familiar with the organization's office and staff.

Each board member should be given his or her own copy of a board member orientation manual. As well, the manual could be posted online for easy access. It could also be the basis for an informal orientation process. Ideally, orientation should occur prior to a member's first meeting, but realistically this often occurs at some point during the first few months of a new term. It may be led by staff or senior board members and can be beneficial to returning members as well.

An orientation manual will contain a variety of resources but should at a minimum contain:

- The organization's mission statement

- A history of the organization

- A description of the board's governance structure and operations

- Meeting dates and format

- Board member job descriptions

- Bylaws

- Policies and procedures, especially related to board meetings and directors

- The most recent copy of the organization's strategic plan

- The most recent copy of the organization's budget and other financial information such as core funders

- A list and description of the board's committees and their terms of reference

- Information about membership

- Minutes of recent meetings and the last AGM

- Contact information for each director and staff

- Forms related to board members such as expense forms

If it seems overwhelming to print and bind all this information, boards should consider loading the documents onto a CD or memory stick or posting documents on an organizational website or wiki. Once the main orientation has been completed, a personal check in with new members should occur three to six months later to see if further support is needed.[46]

Boards should think outside the box when it comes to training. Retreats, online courses, podcasts, online training and attending conferences are alternatives to tried and true workshops and guest speakers.

Elizabeth DeBergh, CLO board member and the Executive Director of the Wellington County Learning Centre in Arthur, Ontario, believes strongly in social activities and interaction with her board as a form of orientation and team building. Ideas she suggests include:

- Taking the board to tour a company or business in the area

- Taking a historical tour of the region it serves

- Having a BBQ and inviting board members to bring their significant other and family

- Making a float for board members to join a holiday parade

- Planning golfing days and/or a tournament

- Holding a book exchange amongst board members

- Inviting board members' families to the Annual General Meeting or other organizational events

- Getting together to socialize at a unique restaurant or coffee shop[47]

For skill-specific training and orientation, conduct regular surveys with board members to determine their training needs and plan accordingly. Training topics may coincide with trends and challenges facing organizations (e.g., fundraising or risk management) but should also focus on continuous learning required and related to board development and the organization's specific governance structure. Also, look to evaluations and feedback from previous training sessions that board members rated as useful and valuable for training topic ideas. You may also learn what might be useful through your regular board evaluation processes.

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[46] For more ideas about orientation, visit http://non-profit-governance.suite101.com/article.cfm/board_orientation#ixzz0M0Hsn7mp
[47] A video interview with Elizabeth is available at www.youtube.com/watch?v=2bmySXOj30E.

As emphasized already, if a board only provides one type of training for its members it should focus on *understanding its governance structure and how to operate within that structure.* There are training opportunities (both face-to-face and online) that relate to every specific governance structure (type in your organization's governance structure to www.google.ca to find information on training and resources).

Other possible training topics for boards could include:

- Board evaluation

- Special event management

- Working with teams

- Conflict management

- Advocacy

- Organizational ethics

- Cultural diversity

- Strategic planning

If an organization has a budget or has individual board members interested in investing in their own professional development, specific training can include how to chair effective meetings, how to take meeting minutes, working with financial software, etc. As well, don't overlook the skills of board members who may be able to provide in-service training on a variety of topics.

The United Way's online board development resource[48] lists links to several organizations in Ontario (and other provinces) that provide board training. Compass Point has an article posted on its website about unique ideas for board retreats (see *Where To Have A Board Retreat*[49]).

Be creative! Many training topics are freely available online as downloadable print resources, podcasts, Webinars or online training courses. For example, CLO provides online training opportunities through its Literacy Basics website (www.nald.ca/literacybasics). The final section of this resource guide (*Additional Training and Resources*) lists online training opportunities for board members.

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[48] www.boarddevelopment.org/en/1/training.aspx
[49] www.compasspoint.org/boardcafe/details.php?id=73

SUCCESSION PLANNING

As the baby boom generation nears retirement and the competition for volunteers increases, it's safe to say the need for succession planning in non-profit organizations will become increasingly important. Succession planning means not only preparing for the loss of key positions but also being pro-active. Organizations need to ensure they are able to retain leadership, skills and experience, while at the same time allow for growth and introduction of new people. Succession planning also looks at the current and future needs of an organization so that work can be done to ensure staff and board members are recruited to match those needs.

Part of ensuring the good health of an organization is having a good balance of new and experienced board members. We all know stories about organizations that have a 'lifetime' board member, someone who is not interested in retiring and yet is not bringing fresh life to the organization. Or what about the horror of having all experienced board members leave at the same time, taking the skills, knowledge and background of the organization with them?

Planning for board succession can be incorporated into the strategic planning of an organization and should be a regular part of board meetings. The board as a whole and the organization's Executive Director should be involved in the succession planning process. The plan should look three to five years into the future and be reviewed annually. It's also important incoming board members know what is in the plan.

Literacy Link South Central is a non-profit organization that developed a Succession Planning Toolkit. It is targeted to Literacy and Basic Skills agencies in Ontario but includes a variety of generic tools, including an agency succession planning needs assessment and a succession planning policy template. This resource is available on their website under the resources tab at www.llsc.on.ca.

The kit notes the first step in succession planning is to determine what you already have in place at your organization and then determine the gaps. The needs assessment includes 40 questions, including:

- How well informed and up-to-speed is the board on the issues, trends and challenges facing the agency?

- Does the board know where corporate records are kept in the office?

- Does the board secretary or chair keep a separate copy of board corporate records, such as letters of incorporation and letters patent, off-site?

- Does the board have, or do they know who to ask, to easily get a list of key stakeholders for crisis/emergency/transition communications?

- Does a board member and/or key staff member have an extra copy of the office keys?

- Is there a staff person designated as board liaison in the absence of the Executive Director?

Who is responsible for succession planning in an organization depends largely on its governance structure. For example, in a policy-governance model the board is responsible for preparing for succession related to the organization's management (i.e., Executive Director) and key board positions. The ED is usually responsible for succession planning for other staff.

Charity Village[50] suggests that organizations take the following steps in a succession planning process:

1. Develop a list of key positions, volunteer and paid, who could disrupt the execution of your strategic plan and its components by their departure.

2. Develop an inventory of skill sets required for each key position.

3. Identify current staff or volunteers who could step up to replace a vacancy, either on a temporary or long-term basis.

4. Document sources of people with the required skills, either on a temporary or long-term basis.

5. Document what information will need to be readily accessible to those choosing the successor and for the successor.

The First Non-Profit Foundation based in Chicago has developed a series of transition papers for non-profit organizations including *Sustaining Great Leadership: Succession Planning for Non-profit Organizations* by Tom Adams.[51]

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[50] www.charityvillage.com/cv/research/rom36.html
[51] www.transitionguides.com/index_files/Sustaining%20Great%20Leadership%20-%20SPlg%20_Board%20Members.pdf

ACTIVITY

Have your current board members develop your board recruitment materials. Devote a special meeting (or part of a meeting) to the board development process each year. Use the following questions and format adapted from *How to Be a Winning Board* by the Alberta Association of Rehabilitation Centres[52] to understand the benefits of being a board member.

Ask current members the following questions:

1. What attracted you to become a board member with the organization?

2. What do you find most rewarding about your role on the board?

3. How can the board make board roles more attractive to both current and prospective board members?

4. What things make you feel valuable as a board member?

5. What activities do you feel are appropriate for you to be involved in on the board? What activities do you think aren't appropriate?

Record the answers on a flip chart (you may consider having board members complete these questions privately and then present the collated data to the whole board). Encourage group discussion about the items. Write up the results in a summarized format. The results will be useful for promoting positive benefits of being involved on the board but also to help identify improvements that could encourage greater participation from current members.

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[52] http://culture.alberta.ca/bdp/bulletins/BuildingABetterBoard09-print.pdf)

ADDITIONAL RESOURCES

1. *Caution: Do Not Inflate Beyond Capacity: A Network's Guide to Responsible Growth and Stakeholder Communication*. Literacy Link South Central. A strategic planning resource with a focus on growth that results in increasing your stakeholder base. www.llsc.on.ca

2. *Seven Steps to Renewing Your Board 2* © 2005 Canadian Co-operative Association, April 2005. www.coopscanada.coop/assets/firefly/files/files/GovMatArchives/GM9_apr05.pdf

3. Mentoring Canada's online *Fundamentals of Effective Board Involvement* provides modules to help new board members understand their goals and motivations for joining a board. www.mentoringcanada.ca/training/Boards/index.html

4. Suite 101: *Selecting Optimal Non-Profit Board Members.* http://non-profit-governance.suite101.com/article.cfm/selecting_optimal_nonprofit_board_members

5. *Succession Planning and Sustainability in Non-profit Organizations.* The second in a series concerning leadership succession planning from the Executive Transitions Initiative by Mindy Lubar Price. http://epic.cuir.uwm.edu/NONPROFIT/transitions/DFWSuccession2.pdf

6. Nathan Garber & Associates: *What You Need to Know about the Board of Directors of ABC* is a useful template to use when recruiting new board members. www.garberconsulting.com/what%20you%20need%20to%20know.htm

SECTION 6: EFFECTIVE BOARD MEETINGS

Incorporated organizations are required by law to have members' meetings. This often translates into an Annual General Meeting (AGM) of the full membership and regular, more frequent meetings of the board of directors. The number of meetings a board holds in a year is outlined in its bylaws, but it's often monthly or bi-monthly although it's not unusual to only meet quarterly. Board members attend and vote at board meetings.

Other members of the organization or special guests may be welcome to attend board meetings but usually as invited visitors with no vote. The Executive Director attends board meetings as well as an ex-officio (or non-voting) member of the board.

At one time, *Robert's Rules of Order*[53] () was used by many non-profit organizations as a guide to conduct meetings. The book, however, was based in parliamentary language and was often confusing and too formal for volunteer directors. Many resources have since been adopted by boards to help them run meetings that are effective, matched with their organization's governance structure, and easy to read and understand. One excellent example is *Call to Order: Meeting Rules and Procedures for Non-Profit Organizations* by Herb Perry.[54]

Just because meetings are a necessary and legal part of board governance doesn't mean that they can't also be an enjoyable and productive part of the governance cycle. For board meetings to be effective they need to:

- Have a purpose

- Provide enough notice and appropriate materials for members to be prepared

- Be chaired effectively

- Follow proper meeting procedures and respect the time of board members

- Have clear supporting documents such as an agenda, minutes and other reports

- Ensure all participants have a voice and are respected

- Include some social interaction and networking time

- Accomplish results and/or have action items

- Be documented with minutes

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[53] www.robertsrules.org
[54] www.bigbaypublishing.ca

Carter McNamara,[55] author and trainer experienced in non-profit management), says the most frequent reasons for poor board meetings are insufficient time to review materials before the meeting, insufficient member participation, and poor time management during the meeting.

MEETING PURPOSE

The usual purposes of board meetings are to:

- Make decisions
- Set policy
- Solve problems
- Plan and evaluate

These may not all occur at every meeting, but satisfied board members will leave a meeting having at least learned something or accomplished something. While boards are legally required to meet, it's equally important to value the time of the volunteer members or risk losing them. The United Way's online board development resource[56] states that an estimated 50% of meetings could be replaced with other actions such as memos, emails or conference calls. Although technology may be able to replace the need for some meetings, it is important that meetings still be held in accordance with organizational bylaws.

The Ontario Trail Council has produced a meeting management document with several useful tools and templates for effective meetings including a Meeting Options Matrix[57] to help boards decide if a meeting is necessary. It lists criteria such as time available, further information needed and the level of involvement and commitment of members. A couple of examples from the matrix are:

Criteria	Options		
	No Meeting – Take Personal Action	**Communicate or Meet Selectively**	**Convene a Group Meeting**
Available time	Only you are available	Few people are available	All are available
Full understanding of subject	Only you need to understand	Some others must understand	All others must understand

[55] www.authenticityconsulting.com
[56] www.boarddevelopment.org/en/1/meeting_procedures.aspx
[57] www.ontariotrails.on.ca/media/files/pdf/member-archives/planning-governance/Meeting%20Management%20Handout.pdf

MEETING PREPARATION

The role of planning and preparing for board meetings usually falls to the chairperson and the Executive Director. The extent to which each is involved is dictated by the organization's governance structure. For example, the chairperson of a hands-on administrative board may prepare the agenda after getting some input from the Executive Director while a policy-governance chair may meet with the Executive Director prior to a meeting to determine board issues versus staff issues are and then plan an agenda around only the board issues.

The key to preparation is for everyone to be clear about the role they play and what needs to be done prior to the meeting. Examples include:

- Adequate notice has been provided to board members in a format that has been previously agreed upon (i.e., two weeks prior to the meeting all board members are emailed a reminder and package).

- Copies of all documents needed prior to the meeting are distributed to members (agendas, past minutes, correspondence, proposed policies, committee reports, etc.).

- Facility space is booked or confirmed along with any equipment that may be needed for the meeting (i.e., flipchart, LCD projector, coffee machine).

- Arrangements for food and refreshments are confirmed (if applicable).

- Special guests (if applicable) have been confirmed and arranged to appear at an agreed upon time on the agenda.

The Ontario Trail Council[58] suggests some key questions be considered prior to a board meeting including:

1. What is the agreed upon purpose of the meeting? (to train, inform, plan, decide, etc.)

2. What are the desired outcomes from the meeting?

3. What materials are needed to facilitate the meeting? Who will handle them? (agenda, handouts, visual aids, etc.)

4. Are additional resource people needed? (who, who will contact them)

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[58] www.ontariotrails.on.ca/media/files/pdf/member-archives/planning-governance/Meeting%20Management%20Handout.pdf

5. What activities can best be used to achieve the stated goal? (brainstorming, survey, discussion, buzz sessions, etc.)

6. How much time will be needed to deal with the issues? (agenda should be planned with time frames when possible)

7. What background information needs to be circulated to the participants?

8. Where could the meeting most effectively take place? (office, conference room, etc.)

9. Who will be responsible for room arrangements, refreshments, clean up, etc.?

10. What form of minute taking will be most effective?

EFFECTIVE CHAIRING

The chairperson is ultimately responsible for ensuring that meetings stay on track, timelines are respected, everyone's voice is heard, and goals are accomplished. Most organizations have an elected chairperson in place for a term that is outlined in the organization's bylaws. However, some organizations have a rotating chair, appointing someone different from the board as a whole at each meeting. In either case it's important to have a clear job description of what is expected.

The Minnesota Council of Non-Profits has developed a comprehensive job description for the position of board chairperson.[59] During meetings, the chair should:

- Encourage participation by all board members

- Allow time for all views and sides of an issue to be heard and discussed before a vote

- Ensure members understand the discussions and terms of an issue by asking for clarification when necessary

- Summarize discussions before voting or moving on to the next item

- Keep the meeting on schedule by adhering to the agenda and keeping board members on topic

- Manage conflicts that arise during the meeting

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[59] www.mncn.org/info/template_gov.htm#bd%20officer%20sample%20job%20description

- Ensure decisions are made clearly and explicitly (by vote or consensus) so that there is no room left for misunderstanding or misinterpretation

- Read or call for motions, call for votes on an issue, ensure votes are counted and recorded in the minutes (if required)

- Ensure that the recorder of minutes reflects attendance, motions and votes

On some boards the chairperson does not vote unless there is a tie, but this would be clearly laid out in the organization's bylaws.

One thing most volunteers will agree on is the importance of meetings starting and ending on time. While everyone has a responsibility for ensuring this happens by reading material beforehand and staying on track with discussion, it is the chair's role to call the meeting to order, move through the agenda as per timelines, and adjourn the meeting. Waiting for a late board member disrespects those who made the effort to arrive on time, and keeping people long after a meeting should have ended disrespects everyone's time.

Of course, common sense should always play a role. If half the board is missing and you know traffic was bad then it makes sense to wait an extra few minutes if everyone present agrees. Similarly, if a topic generated more discussion than was planned the chair should ask whether the group wants to stay later or stick to the end time and defer other items to a future meeting.

It should be noted that when the chairperson is not able to attend a meeting, the vice-chair or other designated board member will assume the above duties and responsibilities.

MEETING PROCEDURES AND QUORUM

There are certain procedures common to board meetings such as:

- Calling the meeting to order
- Reviewing and approving an agenda
- Ensuring there is a recorder and having minutes taken
- Reviewing and approving minutes from previous meeting
- Calling for motions, a seconder and voting on items when appropriate
- Adjournment

Further to that, the board's governance structure and bylaws will dictate other aspects expected at meetings such as committee reports, staff reports and open discussion/networking time. For a board meeting to be considered legal in terms of its governance and incorporation status there needs to be quorum. Quorum represents the minimum number of voting board members who need to be present at a meeting for decisions to be made. The number defined for quorum is stated in the organization's bylaws but is generally the majority, or half plus one. For example, a board of ten may have quorum set as six which means at least six board members must be in attendance for the meeting to be called to order.

When quorum is present the chair can call the meeting to order. When quorum is not met a meeting cannot be called to order nor can any decision be made, issues voted on or minutes taken. A record should be kept that showed the meeting was cancelled due to quorum not being met.

Herb Perry's *Call to Order* is a well-regarded resource used by board members to understand the procedures to attending and participating in a meeting. It contains easy-to-read instructions for issues related to board meetings including:

- Dealing with other business not on the agenda
- Making motions
- Withdrawing and amending motions
- Voting procedures and methods
- Proxies
- Debating
- Declaring conflicts of interest
- Tabling discussions
- Adjournments and recesses

As well, United Way Canada's online board development resource[60] provides a template for proposing a motion as per the following chart:

Explanation of Motions Template

Type of Motion	Purpose of Motion	Requires Seconder	Requires Discussion	Can be Amended	Vote Required
To table	To clear floor for more urgent business/set aside	Yes	No	No	Majority
To amend	To improve motion	Yes	Yes	Yes	Majority
To refer to	To allow more careful committee consideration	Yes	Yes	Yes	Majority
To limit or extend discussion to certain time	To provide more or less time for discussion	Yes	No	No	2/3
To call for the vote	To end discussion immediately and vote	Yes	No	No	2/3
To raise a question or privilege	To bring up an urgent matter due to undesirable conditions	No	No	No	Majority
To recess	To secure a rest	Yes	Yes	Yes	Majority
To adjourn	To end the meeting	Yes	No	Yes	Majority
To rise to a point of order	To enforce rules or call attention to rule violation	No	No	No	Majority
To appeal ruling made by Chair	To determine attitude of assembly on ruling made by Chair	Yes	Yes	No	Majority
To suspend rules temporarily	To allow special action not possible within the rules	Yes	No	No	2/3
To withdraw motion	To prevent vote or inclusion in minutes	No	No	No	Majority
To object to consideration of a motion	To prevent wasting time on an unimportant decision	No	No	No	2/3
To rescind	To repeal motion discussion	Yes	Yes	Yes	Majority
To ratify	To approve previous action taken	Yes	Yes	Yes	2/3

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[60] www.boarddevelopment.org/en/1/meeting_procedures.aspx

AGENDAS AND REPORTS

One of the best ways to hold effective meetings is to put thought into the agenda, distribute it prior to the meeting, and then stick closely to it during the meeting. Ideally agendas should note:

- Topics/issues to be covered at the meeting

- Action required for each topic/issue (i.e., information only, discussion, decision)

- The person responsible for leading the discussion or providing information

- A timeline associated with each item

Some organizations, in keeping with their governance structure, have standing items that appear on the agenda such as a report from the governance or nominating committee. Some organizations ensure there is time at every meeting to discuss the organization's strategic plan and succession plan, especially in relation to goals achieved related to the plans. It can also be helpful to include the organization's mission statement on the agenda as a constant reference and focus.

Boards that work under a policy-governance model have clearly laid out rules about what appears on an agenda that often link to the organizations 'ends'—in other words the goals of the organization and the results it hopes to achieve through its existence and work.[61] However, all boards can borrow from the policy-governance model when it comes to setting an agenda by asking a simple question: *"whose issue is this---the board's or staff?"* If the answer is the board then the item should be added to the board meeting agenda;[62] if the answer is staff then it is better left for the Executive Director to deal with.

Most boards in an effort to be effective and efficient will avoid one-way communication, i.e., having someone read a report or present information that requires no discussion or action. An Executive Director who reads through a list of activities that have occurred since the last meeting or a fundraising committee representative who reads committee meeting's minutes is not only inefficient but can be tedious and boring. It's more appropriate to include the reports and any

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[61] *Policy Governance.com: The Authoritative Website for the Carver Policy Governance® Model.* www.carvergovernance.com/pg-np.htm

[62] A sample agenda that represents the typical format and content of a board meeting can be viewed at Free Management Library at http://managementhelp.org/boards/agenda.htm.

updates in the board package and have members read it beforehand. The chair should acknowledge the reports during the meeting and ask for any specific questions, concerns or further discussion; otherwise reports should receive no further attention at the meeting.

The same can apply to correspondence. Many organizations receive a large quantity of information between board meetings. The board package sent prior to the meeting can include a list of the correspondence and copies (if feasible and warranted). Members who want to look at the information can do so prior to or after the meeting, but time is not devoted to correspondence at the meeting unless board input is needed.

EFFECTIVE PARTICIPATION

Members of a board who don't play a leadership or executive role still have responsibilities to ensure the effectiveness of a meeting. This includes active participation but also to:

- Arrive on time and stay for the duration of the meeting

- Read materials prior to the meeting to be prepared for discussion

- Be respectful of others who are speaking and avoid interrupting, rudeness and side conversations

- Have an open mind when listening to discussion and opposing perspectives

- Ask for clarification before voting or making a decision if unsure about something

- Carefully word motions

- Volunteer to help with items that require action *and* follow up on action items prior to the next meeting

Board members need to feel they are accomplishing something and being recognized for the work they do. When this happens at board meetings members are more apt to participate. Ideas and tips for encouraging participation from board members can be found in the article *How to Get Your Non-profit's Board of Directors Excited and Involved.*[63]

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[63] www.ehow.com/how_17216_nonprofits-board-directors.html

NETWORKING/SOCIAL TIME

Some boards have found it beneficial to include social/networking time on the agenda. This has to be something closely monitored by the chair to ensure it is not too time consuming and doesn't take away from priorities of the meeting. It should be something that everyone agrees upon.

An alternative can be to tag social time onto the beginning or end of a meeting. It is an optional time for members to either arrive early or stay later to catch up with other board members and share information. Boards may also opt to have a social gathering once or twice a year in place of a regular meeting, such as a dinner or cocktail party in December or a BBQ/picnic during the summer months.

It is important for boards to have social opportunities as it builds a more cohesive team and ultimately leads to more productive and effective meetings. See this video clip where CLO board member Elizabeth Debergh speaks about activities she plans as an Executive Director for her board at www.youtube.com/watch?v=2bmySXOj30E.

MINUTES AND ACTION ITEMS

The long-standing debate about meeting minutes is deciding how much information to include. It is a challenge to be able to reflect the intent of an action item without providing all of the nitty- gritty discussion details. The key is to realize that minutes are legal documents of the organization, but they are also intended to be read in the future, often by people who weren't at the meeting. While it's important that all motions, decisions and action items are recorded, it's equally important that there be some context to how the decisions were made.

At a minimum, minutes need to include:

- The date and location of the meeting

- Members who were present for voting

- Motions put forth, the mover and seconder

- Amendments to motions

- The outcome of the motion (whether it was carried or not) and record of the vote including dissenters and those who voted in abstention or by proxy

The responsibility of recording and distributing minutes is usually given to an appointed or elected officer of the board called a secretary. On some boards, responsibility for taking minutes is delegated to staff and the minutes are then reviewed and approved by the secretary. As well, some boards that don't have executive positions may appoint the secretary on a rotating basis or may delegate the responsibility to a staff person.

In addition to the formal minutes of an organization, some organizations also prepare action items. The action items may be part of the minutes or a separate document attached to the minutes. To view a sample and tips for effective minutes see *How to Take Meeting Minutes* by Estela Kennen.[64]

Minutes and action items should be distributed to board members as soon as feasible after the meeting. At a minimum they should be distributed to the board to provide enough time for members to review them prior to the next meeting. At each meeting there needs to be time allotted to raise questions, clarify items or make amendments to the previous meeting's minutes. Ideally, the minutes should have been read and reviewed prior to the meeting, eliminating the need to read through them at the meeting. Any board member who requires assistance in reading and reviewing the minutes should have the opportunity to do so prior to the meeting.

Once the minutes are approved by a vote of the board they become part of the official record of the organization. A copy of all minutes should be kept in one location along with a back-up copy. Many boards get the secretary (and sometimes the chair) to sign an official copy of the minutes. Board members should receive their own copy of minutes including any amendments.

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[64] http://non-profit-governance.suite101.com/article.cfm/how_to_take_meeting_minutes

GENERAL MEETINGS

In addition to regular board meetings, organizations hold general meetings. These are often referred to as Annual General Meetings (AGMs) because one must be held no later than 18 months after incorporation and annually thereafter. There must be no more than 15 months between general meetings for organizations that are incorporated under Ontario law.[65]

General meetings include the broader membership of the organization and board members. Every member in good standing of an organization is entitled to vote at general meetings, and those not able to attend may vote by proxy (through another member who is present). Membership criteria and eligibility are set out in an organization's bylaws. The current board of an organization runs the general meeting. There are agendas and minutes taken, similar to a board meeting, but there are differences in some procedures including voting methods, notice of meetings, conflict of interest and quorum. Herb Perry's *Call to Order: Meeting Rules and Procedures for Non-Profit Organizations* provides details on the differences in procedures between board meetings and general meetings.

Items usually addressed at general meetings include:

• Presentation of an annual report of the board of directors

• Nominations and elections of new directors

• Presentation of the financial statements of the past fiscal year (usually by the organization's treasurer or auditor)

• Appointment of auditor for the next fiscal year

• Amendments, changes or additions to the organization's bylaws

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[65] Source: *Not-For-Profit Incorporator's Handbook* available through the Office of the Public Trustee (www.attorneygeneral.jus.gov.on.ca/english/family/pgt) or the Ministry of Small Business and Consumer Relations (www.sbe.gov.on.ca/ontcan/sbe/en/home_en.jsp)

ACTIVITY

The topic of board evaluation will be covered more fully in the next section, but the activities suggested below are some ways to gain input on the effectiveness of your board meetings. At the same time, the results can feed into the larger board evaluation process.

Boards can take a formal or informal approach to gaining feedback about their meeting effectiveness. Informally, once or twice a year (depending on how often the board meets) a simple survey can be handed out to directors asking questions like:

- What do you like best about board meetings? Least?

- Are you satisfied with the items that are usually on the agenda?

- What could be done to encourage more discussion at the meetings?

- Is the timing and location of meetings convenient for you?

The more formal tool provided below has been adapted from *Board Building: Recruiting and Developing Effective Board Members for Not-for-Profit Organizations.*[66] It involves selecting an objective observer (paid or volunteer) to sit in on one or more meetings to observe the board's process as it carries out its activities at a meeting. Using the checklist provided, the observer is not meant to give advice but to summarize the feedback and provide it to the board for review.

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[66] www.muttart.org/sites/default/files/publications/recruiting_development.pdf

Meeting Observer Checklist

Rate items   1—Poor; 2—Needs Work; 3—Adequate; 4—Very Good; 5—Excellent

1. Meeting scheduled at convenient time/location

2. Majority of board members were in attendance

3. Agenda and supporting documents circulated prior to meeting

4. Meeting began on time

5. Agenda items relevant to mission, goals and objectives of the organization

6. Agenda items related to board work (not staff or committee issues)

7. Structure and leadership of meeting encouraged thoughtful discussion

8. Agenda items were clearly identified as *for information, discussion or decision*

9. Reports were tabled and only questions and/or discussion related to them were considered

10.   Decision-making method being used, such as collaborative or simply majority, was identified before the decision was made

11.   Appropriate information was available to make decisions

12.   Atmosphere was relaxed and friendly

13.   All board members were encouraged to participate

14.   Motions were accurately recorded in minutes

15.   Meeting duration was appropriate to needs of the group and the issues to be addressed

16.   Staff and board members presenting information were prepared and effective

Strengths of the meeting:

Weaknesses of the meeting:

Suggestions for future effectiveness:

ADDITIONAL RESOURCES

1. *Ten Quick Ways to Improve Board Meetings* has unique and fresh ideas for keeping board meetings effective and interesting.
   www.compasspoint.org/boardcafe/details.php?id=16

2. *Working with Volunteer Boards: How to Improve Their Effectiveness* has a chapter called *Board Meetings are Terrible* that includes a 40-question diagnostic tool for determining how effective your board meetings are.
   www.govolunteer.ca/cgi-bin/page.cgi?keyword=Boards&_id=48&item_id=6

3. *The Importance of Board Meeting Attendance* from The Non-profit Conversation blog touches on how effective meetings can enhance board member participation and attendance.
   http://nonprofitconversation.blogspot.com/2009/06/importance-of-board-attendance.html

4. *The Voluntary Sector Knowledge Network* includes strategies and links to articles and other websites about governance including how to run effective meetings. Click on the *Governance* tab and scroll down to *Effective Meetings*. www.vskn.ca

5. *How to Run Effective Meetings* from *The Library Trustee Development Program Trustee Tips.* www.sols.org/publications/trusteetips/Tip13e.pdf

SECTION 7: BOARD EVALUATION

In the previous sections, the importance of strong and effective governance has been emphasized. If the board does not evaluate, however, all the good work it does can be in vain. Both for-profit and non-profit organizations need to evaluate their work as a way to be accountable and transparent to their stakeholders. It's a task that is often overlooked or under-rated in the non-profit field. Non-profit boards may feel they don't have the expertise or knowledge to carry out evaluation, or they may tackle it only when faced with an organizational crisis or at the special request of a third-party such as a funder.

Board evaluation is a key part of the board governance structure and is different from an evaluation of programs and services. Boards need to take ownership and control over their evaluation. To evaluate effectively a board first needs to ensure that there are benchmarks in place, many of which have been touched upon in previous sections such as:

- Having clear board job descriptions

- Hiring competent senior staff

- Having a strategic plan

- Having a strong chairperson

- Holding effective board meetings

- Adopting a governance structure that fits with the culture of the organization.

Bert Providence, a board member for Community Literacy of Ontario, has done some specific work with the CLO board around evaluation including evaluation of meetings and board-staff relations.[67]

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[67] To see Bert's interview, go to www.youtube.com/watch?v=DO1krryzRq8.

THE PURPOSE OF EVALUATION

Board evaluation is linked with planning and is directly tied to achieving the outcomes and results outlined in the board's strategic plan. While it's important to not wait until your board is in crisis mode before doing an evaluation, an evaluation can bring to light warning signs that your board is getting off track. Charity Village has a comprehensive article[68] on the importance of board assessment and evaluation. The article talks about the correlation between evaluation and high organizational performance and states that, among other things, a high performance organization is more likely to have:

- Competent board and staff leadership

- Board engagement in strategic planning

- A customer and results focus

- Positive relationships with key stakeholders

- Good financial stewardship

- Effective and efficient use of resources

- Clear lines of accountability

- Good meeting management

- An organizational culture that encourages good teamwork, respect for organizational norms, values staff, and encourages excellence

- Low levels of internal conflict

- Perceived legitimacy and credibility

As noted above, one of the main drivers for board evaluation is often an accountability expectation by funders. However, it's also important for the board to evaluate its work to provide accountability to individual board members, staff, clients, its membership and the broader community it serves. If done properly, it also is an effective way to gain feedback and learn how to improve its work.

Organizations that work within a Continuous Improvement Performance Management System (CIPMS) understand that evaluation is a key part of measuring effectiveness, efficiency and client satisfaction.

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[68] www.charityville.com/cv/research/rbod22.html

EVALUATION PROCESS

The evaluation process looks at what the board has achieved and how it has achieved it. The board is responsible for evaluating the areas that pertain to governance. Staff or independent consultants are usually responsible for evaluating programs and services. The board's area of evaluation responsibilities include:

- Board management (meetings, roles of individual directors, committees, etc.)

- Board development (recruitment and orientation process, governance structure)

- Board goals, mission and strategic plan

- Senior staff (i.e., Executive Director)

Some tasks may happen more regularly, such as evaluating board meetings and checking in with work related to the strategic plan, while other areas such as evaluating the ED may occur on an annual basis. Boards may choose to hire an independent consultant to assist with evaluation, but it is the board's responsibility to decide on the process and to ensure that it is implemented.

There are several online board development resources that can assist with the evaluation process. United Way Canada's board development site[69] suggests a six-step process:

1. Decide on the purpose of the evaluation

2. Set up an evaluation structure

3. Prepare the evaluation design

4. Gather information

5. Analyze information

6. Action and implementation

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[69] www.boarddevelopment.org/en/1/evaluation.aspx

For example, using the six-step process above a board decides it needs to evaluate its current governance structure.

1. The purpose: To determine if the current structure is still an effective way to govern.

2. Evaluation structure: The board as a whole will work together on the evaluation using a combination of self-evaluation and engaging an outside facilitator.

3. Evaluation design: The board will access tools that help them evaluate effectiveness and efficiency related to the board decision-making process, the current level of board involvement of daily organizational operations, and the relationship of authority between the board and staff.

4. Gather information: A questionnaire for individual board members and senior staff will be used to anonymously collect information, and a focus group will be facilitated with the board as a whole.

5. Analyze information: An independent consultant will collect all the data, summarize and present it to the board as a whole.

6. Action and implementation: Based on the results presented to the board, the board will decide whether to maintain its current governance structure or to investigate another model that fits more with the culture of the organization based on the information collected. The board will agree on any action steps to take.

STAKEHOLDERS AND TOOLS

At a minimum, board evaluation needs to include each board member and senior staff person, but boards should also consider involving committee members, members-at-large, organizational stakeholders (including funders) and past board members. Organizations can choose a variety of tools to conduct evaluations and gather information including surveys and questionnaires, self-assessment tools, personal interviews and focus groups.

Board members should conduct self-assessments regularly. This can include a brief check-in after each meeting along with a more comprehensive one annually or at the end of a term. An annual self-assessment may be kept confidential for the member's own personal growth and development goals, or it may be collected by the chairperson or board development committee so that a broader perspective can be gained about possible board training needs. A self-assessment can include items such as:

- The percentage of meetings attended over the year (or term)

- The satisfaction level of meeting preparation

- The satisfaction level of meeting participation

- Personal strengths and weaknesses

- The success level of meeting the criteria laid out in the board job description

Sources for board member self-assessment tools include *Board Member Self-Assessment Evaluation of Job Performance*[70] and *Am I A Good Board Member?*[71]

When collecting information from past board members and organizational stakeholders consider using an online survey tool such as SurveyMonkey that provides templates and allows you to design your own questions. This can allow boards to reach a large group of people who can complete the survey within a timeframe provided and allows for anonymous collection.

Evaluating the work of the board as a whole may be best done by an independent facilitator (though staff or board members may have this skill, it may be difficult to be neutral and to refrain from contributing). The importance of this function can be reinforced by earmarking some of the organization's operating costs toward the

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[70] http://non-profit-governance.suite101.com/article.cfm/board_member_selfassessment
[71] www.ourcommunity.com.au/boards/boards_article.jsp?articleId=1446

cost of an independent evaluator/facilitator. This also leads to increased accountability and transparency when reporting results to the board and to stakeholders. Collecting information may be handled by a combination of methods including questionnaires and focus groups. An evaluator may also pull in information from other sources such as individual self-assessments and stakeholder surveys.

Items that a board will want to look at when evaluating its work as whole include:

- How it operates within its mission, goals and bylaws

- Board members' understanding of their roles and responsibilities

- Board job descriptions

- The work of committees and their terms of reference

- The composition and structure of the board

- Risk management policies and safeguards

- Recruitment and orientation practices

- Evaluation procedures for senior staff and individual board members

- Accomplishments and actions taken that relate to the organization's strategic plan

A simple and effective tool for evaluating the work of the board as a whole has been prepared by the Institute on Governance.[72] This short online questionnaire contains 15 items that research suggests correlate with effective governance. This tool is intended to provide an indication of board members' perceptions of how effectively they are governing their organization.

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[72] www.iog.ca/boardgovernance/html/ass.html

ACTIVITY

The board of Community Literacy of Ontario conducts an in-depth review of its activities annually. We've included CLO's comprehensive board evaluation checklist below. Have each board member fill out the checklist and email the results to the board evaluation committee (or board chair). Compile, discuss the results, highlight and act on areas needing further development.

Board Evaluation Checklist[73]

Scale:

1 - Not happening, development needed   DK - Don't Know
3 - OK, development may be needed   NA - Not Applicable
5 - Excellent, no development needed at this time

Rating	Performance Indicator
	Board has the minimum number of members according to the bylaws.
	Majority of board completes at least a two year term.
	Competent board and staff leadership.
	Roles of the board members are clearly defined and respected.
	Board members provide support for staff to carry out their roles.
	Staff provides support for board members to carry out their roles.
	Majority of board attends two face-to-face meetings and four online meetings annually.
	Board members actively participate in at least one committee.
	Committees complete tasks in an effective and timely way.
	Committees report to the board at least twice per year.
	Board's nominating process ensures that the board remains appropriately diverse with respect to regional representation, gender, ethnicity, culture, economic status and disabilities and skills and/or expertise.
	Each board member has a board manual and can locate information within it.
	New board members are oriented to the organization, including the mission, bylaws, policies, roles and responsibilities – including duty of care, loyalty and obedience to CLO.

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[73] *Source: CLO's Board Development Committee; Mel Gill, Governing for Results: A Director's Guide to Good Governance; Charity Village (www.thecorporatefund.org/_pdf/bsak_04/Questionnaire.pdf) and Greater Twin Cities United Way Checklist (www.managementhelp.org/org_eval/uw_brd.htm)*

Rating	Performance Indicator
	New policies are discussed and approved before they are implemented.
	Policies are reviewed at least annually and updated as needed.
	Agenda and materials are given to board members with time for review before meetings.
	Board prepares for meetings by reading background material.
	Board engages in strategic planning at least every two years.
	High degree of agreement and support on values and mission.
	Good financial stewardship, budgets and reports are reviewed, understood and approved by board.
	Familiarity with business plan.
	Effective and efficient use of resources.
	Clear lines of accountability are in place.
	Sufficient board independence from management to make objective decisions.
	Good meeting management is in place.
	Commitment to board self-evaluation and development.
	Constructive dispute resolution process in place.
	Organizational culture that encourages good teamwork.
	Organizational culture that encourages excellence.
	Low levels of internal conflict.
	Good balance between stability and flexibility, innovative and adaptive responses to change.
	Process for handling urgent matters between meetings in place.
	Conflict of interest policy is in place and complied with by board and staff.
	Perceived legitimacy and credibility in the field of literacy and education.
	Positive relationships with key stakeholders.
	Board members are clear about who is the official spokesperson for the organization.
	Effectiveness of the board and committees is evaluated annually.
	Effectiveness of the board meetings is evaluated after each session.
Comments/Concerns/Suggestions for improving the board:	

ADDITIONAL RESOURCES

1. *The Bruner Foundation* partners with other funders and non-profit service providers on projects targeted at building evaluation capacity and/or evaluative thinking. It has recently published eleven individual *Integrating Evaluative Thinking Bulletins* covering the following topics: evaluation basics and definitions, evaluative thinking basics and assessment of evaluative thinking, evaluation and non-profit boards, commissioning evaluation, collecting, analyzing and using evaluation data, communicating about evaluation, evaluation and technology, evaluation and HR, evaluation and alliances, increasing participation in evaluation, and sustaining evaluative thinking. Each bulletin is brief and full of practical suggestions made by non-profit partners who reviewed the work. A complete set of all bulletins, as well as other complementary tools and resources are available via the Bruner Foundation website. www.brunerfoundation.org

2. *Checklist to Evaluate a Non-profit Board of Directors*. (Edited by Carter McNamara for the *Greater Twin Cities United Way*). The checklist indicators represent what is needed to have a healthy, well-managed organization. http://managementhelp.org/org_eval/uw_brd.htm

3. *Diagnosing the Effectiveness of your Board* is a newsletter article from Canadian Co-operative Association that focuses on how to diagnose problem areas of board effectiveness, including board leadership and board functioning, the role of the chair, meeting dynamics, board behaviour and board relationships. Also includes some practical tips and ideas that you can implement to address the various problems you may diagnose. www.coopscanada.coop/assets/firefly/files/files/GovMatArchives/GM14_Mar07.pdf

4. *Board Building: Recruiting and Developing Effective Board Members for Not-for-Profit Organizations*. The Muttart Foundation. A tool for assessing the work of the board. www.muttart.org/sites/default/files/publications/recruiting_development.pdf

SECTION 8: ADDITIONAL TRAINING AND RESOURCES

This resource guide was designed to assist individuals with no, or little, board governance experience or those who are working with boards that have gotten a little off track. Each section provides activities and resources that will hopefully provide direction, but may also point to areas that need work. It may seem overwhelming to do all the things suggested in each section, and at the end of the day the reality is that not everything is possible, especially all at once. Sometimes boards experience dysfunction but don't recognize the warning signs. Going through several of the exercises in this resource guide, particularly those in the *Governance Structure* and *Evaluation* sections, can highlight areas that boards need to work on to avoid a full-blown crisis.

Your work doesn't have to end with this self-study resource guide. People who are interested in further training and resources on building organizational capacity in board governance have limitless options. Not only are there other online training courses and resources on the topic, but the issue is a topic of conversation in the newest wave of technology and networking. That's right....you can now follow governance topics on popular social networking sites such as Facebook and Twitter! There are podcasts, wikis and webinars. There are also opportunities to receive free or nominal cost subscriptions to online newsletters. In short, you can find a wealth of valuable information with a click of your mouse whenever you need it.

Following are just a few examples of additional training opportunities and other resources:

ONLINE TRAINING

- CompassPoint's board and governance courses provide board members with the foundational concepts necessary for successful non-profit boards. The courses address some of the most pressing challenges facing board members. CompassPoint has designed its online courses to be especially accessible to busy board members whose day jobs make accessing professional development a challenge. www.compasspoint.org/content/index.php?pid=238

- Charity Village has online governance related courses available in organizational management. www.charityvillage.com/cv/learn/cvcabout.asp

- The Ministry of Justice and The Attorney General of Saskatchewan has an online tutorial for directors of non-profit organizations. Some of the material is specific to Saskatchewan, but it also includes general topics of interest. www.justice.gov.sk.ca/NPT/CHP1-Introduction.shtml

ONLINE SUBSCRIPTIONS

- *Governance Matters* is published up to six times a year and is available by subscription to anyone interested in governance issues. www.coopscanada.coop/en/info_resources/Publications/GovernanceMatters

- *Compass Point*, an online, US-based organization for non-profits publishes a monthly newsletter called *Board Cafe*. The newsletter archives list over 100 topics related to board development. www.compasspoint.org/boardcafe/archives.php

WEB 2.0 AND OTHER ONLINE RESOURCES

- *Brown Governance,* a non-profit consulting agency based in Ottawa, has an electronic newsletter. You can also follow them on Facebook and Twitter. www.browngovernance.com

- *Non-profit Conversation* is a blog that provides a forum for discussion, advice, observations and solutions for the non-profit community. Guest bloggers are invited to share their ideas, and interviews are conducted with non-profit executives, board members and other experts in an effort to create an online

conversation. You also can follow them on Facebook and Twitter.
http://nonprofitconversation.blogspot.com

- *Board Source: Building Effective Non-profit Boards* can be followed on Linked in, Twitter and Facebook.
www.boardsource.org/?&gclid=CLDwzcLD6ZsCFRJM5QodA3cA5w

- A 12-part series about policy governance, including an interview with John and Miriam Carver (founders of Carver policy-governance structure) can be viewed via YouTube. www.youtube.com/watch?v=ZZUkLdjbxnM

- A video interview with David Brown (from Brown Governance) where he discusses the key role of the board can be viewed via YouTube. www.youtube.com/watch?v=awUgAYks-Y8

OPPORTUNITIES FOR INVOLVEMENT

Imagine Canada (www.imaginecanada.ca), Volunteer Canada (http://volunteer.ca), and the HR Council for the Voluntary and Non-Profit Sector (www.hrvs-rhsbc.ca) are inviting individuals to participate as they work towards the development of a 'Standards Program' and a 'Promising Practices' initiative for the non-profit sector.

The goals of these initiatives are to:

- Support and strengthen good practice in the sector
- Foster public trust and confidence in the sector
- Protect both the credibility of the sector and the interests of the public
- Demonstrate the accountability of the sector

Join the dialogue, read full details about the initiatives, register for a free web conference and join the mailing list by contacting www.imaginecanada.ca.