

Consider This!

**a resource for Boards of Directors
of ministry-funded community agencies**

**Ministry of Children and Youth Services
Ministry of Community and Social Services
April 2004**

Preface

The primary purpose of this resource is to assist Boards of Directors of community agencies funded by the ministries of Children and Youth Services and Community and Social Services (MCYS and MCSS) to fulfil the requirements of the *Governance and Accountability: Framework for Transfer Payments to Community Agencies* (2003).

The intended outcome is for all community agencies funded by the ministries to have Board and management structures in place that contribute to good governance and accountability, resulting in high quality service delivery.

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- **Nothing in this document should be construed as legal advice. Readers are advised to obtain independent legal counsel when necessary.**
 - **This document is a resource only and does not have the force and effect of ministry legislation or regulations.**
 - **References concerning specific policies and legislation are current as of the publication date, however are subject to change.**
 - **References to resource and reference materials, Internet sites and organizations are included for information only. MCYS and MCSS do not require or endorse their use. The information in these materials does not necessarily represent the position or policies of MCYS and MCSS or the provincial government.**
 - **MCYS and MCSS are not responsible for the quality of the content on non-ministry Internet sites or for ensuring that the content of the material on non-ministry Internet sites listed is up-to-date. The linked websites may not be available in French unless otherwise stated.**
(see external links disclaimer – page 51)
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Acknowledgements

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USING THIS RESOURCE

The information in this resource is directed towards Board Members of community agencies funded by MCYS and MCSS.

Underlying assumptions are that a majority of the ministry-funded community agencies:

- are non-profit organizations; and
- use a policy governance structure with an Executive Director to whom the management of day-to-day operations is delegated.

How this resource is organized:

This resource is divided into five major topic areas:

- Setting the Context – About MCYS and MCSS;
- Non-profit and Charitable Corporations and Governance Structure;
- Effective Board Governance;
- Planning, Monitoring and Accountability; and
- Additional Learning.

The information under each topic area is organized in three sections:

- 1. Consider This!**
- 2. The Basics About ...**
- 3. For More Information**

1. Consider This!

This section outlines some questions for Board Members to ask themselves related to the topic area. The questions:

- are not an exhaustive list of potential considerations;
- are designed to stimulate Board Members' thoughts and understanding about their responsibilities related to particular topic areas; and
- may encourage a review and revision of the organization's existing structures, policies, procedures and practices.

2. The Basics About ...

This section provides very basic information about the topic areas. The information provided in this section:

- highlights general information, common definitions and practices but does not intend to provide detailed information, professional and/or legal advice and/or formal direction on any of the topic areas;
- complements the governance and accountability requirements outlined in the ministries' *Governance and Accountability: Framework for Transfer Payments to Community Agencies* (2003); and

- can be used in conjunction with other sector-specific resources: *Resource Manual for Boards of Directors of Children's Aid Societies* (2001) and *Roles and Responsibilities: The Provincial Municipal Relationship in Human Services* (June 2001).

3. For More Information

This resource, by design, focuses on basics. It is understood that:

- Boards and agencies across the province have different needs for information and assistance related to governance and accountability structures and processes.
- There are multi-faceted responsibilities, accountabilities, and relationships that form the environment in which Boards and agencies function.
- In responding to its community and local circumstances, an agency may take on obligations or relationships beyond those described in this resource.

References to additional resources and organizations with specific expertise are included, with the assumption that Boards will:

- seek out any additional information or assistance needed to address their agency's specific and unique needs; and
- update, revise and expand on the information included in this resource in an ongoing way, to develop a more thorough compendium of resources specific to their agency's unique needs.

Boards are encouraged to provide feedback about the usefulness of the resources included, and to share information about any additional resources they may be aware of, with staff of MCYS and MCSS as well as with the staff and Boards of Directors of other organizations they know and/or work with.

SETTING THE CONTEXT – ABOUT MCYS/MCSS

2.1. Consider This!

- Questions for Board Members to ask themselves about the ministries of Children and Youth Services and Community and Social Services (MCYS and MCSS).

2.2. The Basics About ...

- MCYS and MCSS programs and services
- Definitions of governance and accountability
- Governance and accountability frameworks
- The role of the ministries
- The Transfer Payment Business Cycle
- The Board of Directors Capacity service description schedule

2.3. For More Information

- References, Internet links and suggestions about where to find out more about MCYS and MCSS.
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SETTING THE CONTEXT – ABOUT MCYS/MCSS

2.1 Consider This!

Questions for Board Members to ask themselves about the ministries of Children and Youth Services and Community and Social Services (MCYS and MCSS):

- Have I seen or read an overview of the programs and services funded by MCYS and MCSS?
- Do I know where my agency fits in the spectrum of programs and services funded by the ministries?
- Do I understand how my agency's programs and services are funded?

Questions for Board Members to ask themselves about the ministries' governance and accountability expectations:

- Did I receive information about the ministries' governance and accountability expectations as part of my orientation to the Board of Directors?
- Have I read a copy of the *Governance and Accountability Framework* (revised 2003) and *Governance and Accountability: Framework for Transfer Payments to Community Agencies* (2003)?
- Do I know where I can get more information about the government's governance and accountability expectations?
- Do I know that the service contract our agency signs with MCYS and/or MCSS includes a Board of Directors Capacity service description schedule?
- Do I sign this schedule or do I know who signs the schedule?
- Do I understand what this means for the way we do business in our agency?

Questions for Board Members to ask themselves about the role of the ministries:

- Do I understand the ministries' role in relationship to my agency?
- Do I know about and understand the Transfer Payment Business Cycle process and the Board's responsibilities related to it?
- Am I aware of all the government policies, review and reporting requirements applicable to my agency?
- Do I have a way of knowing if they are being complied with?

SETTING THE CONTEXT – ABOUT MCYS AND MCSS

2.2 The Basics About ...

MCYS and MCSS Programs and Services

The ministries of Children and Youth Services and Community and Social Services provide funding for a wide range of programs and services.

These programs and services fall into three categories:

- Children and Youth Services;
- Social and Community Services; and
- Income and Employment Supports.

Community agencies funded by the ministries may receive provincial government funding to provide programs and services that fall within one or more of these categories. The MCYS/MCSS service contract includes information about which programs and services the agency is provided funds to deliver and specifics about the quantity and nature of these services.

MCYS and MCSS Governance and Accountability Definitions¹

Governance is the authority and responsibility to make decisions and take action. Mechanisms for establishing governance include legislation, regulations, and approved policies.

Accountability is the obligation to answer for the results of authorized actions, and the manner in which responsibilities have been discharged.

MCYS and MCSS Governance and Accountability Frameworks

Governance and Accountability Framework (revised 2003) sets out principles and mandatory requirements for ensuring good governance and accountability practices. These requirements apply to work done within the ministries as well as work that is funded through transfer payments to community agencies.

Governance and Accountability: Framework for Transfer Payments to Community Agencies (2003) builds on the more general *Governance and Accountability Framework (revised 2003)* to establish basic requirements for good governance and accountability for transfer payments to community agencies. This framework applies to all transfer payments to community agencies that provide services through a variety

¹ *Governance and Accountability: Framework for Transfer Payments to Community Agencies*. Ministries of Children and Youth Services and Community and Social Services, Government of Ontario (2003).

of funding agreements with the ministries, but does not apply to transfer payments to municipal governments.

Both frameworks provide a context for the ministries' expectations for community agencies in areas such as:

- roles and responsibilities in service delivery;
- the need for measurable results and outcome statements in contracts and agreements; and
- reporting requirements; and corrective action for agency non-compliance with expectations.

Note: A community agency is any corporation or organization which provides defined children, youth, social and/or community services and is financially assisted by the provincial government for the express purpose of delivering the children, youth, social and/or community services.

The Role of the Ministries²

The ministries of Children and Youth Services and Community and Social Services (MCYS and MCSS) as the provincial service system managers, have responsibility for:

- legislation, regulation and policy;
- determining provincial resource allocation and strategic priorities; and
- setting standards, and defining outcomes expected for the use of public funds.

Regional offices serve as community/local service system managers and determine funding arrangements and accountability requirements within the ministries' policy and funding standards.

Transfer Payment Business Cycle³

The Transfer Payment Business Cycle is a service and financial management process that defines the ministries' relationship with community agencies funded through transfer payments. The annual cycle emphasizes accountability and the achievement of results.

All financial arrangements between the ministries and community agencies requesting payment from the ministries, in accordance with their funding agreements, are to be carried out within the framework of the five-element business cycle:

- Budgeting;
- Service contracting;
- Payments to service providers;
- Year-to-date reporting and monitoring; and
- Year-end reporting and reconciliation.

The Board of Directors, on behalf of a community agency, is:

- accountable to a ministry for fulfilling the terms of the service contract agreement;
- expected to be aware of all the ministry's requirements; and
- expected to have a mechanism for monitoring the agency's compliance with all the expectations of the contract and of the Transfer Payment Business Cycle, including the accurate and timely submission of reports.

² *Governance and Accountability Framework*. Ministries of Children and Youth Services and Community and Social Services, Government of Ontario (2003).

³ *Transfer Payment Policy Overview*. Ministry of Community and Social Services, Government of Ontario (1997).

The Board of Directors Capacity Service Description Schedule⁴

The Board of Directors Capacity service description schedule is included in the service contract between MCYS and/or MCSS and a community agency. By signing this schedule, the agency affirms that policies and procedures are in place to demonstrate that the Board of Directors, collectively, has:

- the expertise and experience necessary to discharge its responsibilities in compliance with government requirements; and
- with the approval of membership, an appropriate governance and reporting structure in place that is in accordance with any statutory and/or regulatory provisions that apply to the organization.

⁴ 2003-04 *Transfer Payment Budget Package*. Ministries of Children and Youth Services and Community and Social Services, Government of Ontario.

SETTING THE CONTEXT – ABOUT MCYS AND MCSS

2.3 For More Information:

About MCYS and MCSS

- More complete information about the ministries can be obtained:
 - by visiting the provincial government and individual ministry websites:
 - MCYS www.children.gov.on.ca
 - MCSS www.cfcs.gov.on.ca and/or
 - through the general inquiry line at (416) 325-5666, TTY: 800-387-5559, Toll Free: 888-780-4199.

About MCYS/MCSS Governance and Accountability Expectations

- *Governance and Accountability Framework* (revised 2003)
- *Governance and Accountability: Framework for Transfer Payments to Community Agencies* (2003)
- The Board of Directors Capacity service description schedule – Refer to the most current electronic or hard copy version of the Transfer Payment Budget Package, which is sent annually to all ministry-funded community agencies.

About the Role of the Ministries and the Transfer Payment Business Cycle

- Both the agency Executive Director and the ministry Program Supervisor can be consulted about their respective roles and the business relationship between the agency and the ministry.
- Refer to the most current electronic or hard copy version of Transfer Payment Budget Package, which is sent annually to all ministry-funded community agencies.

NON-PROFIT AND CHARITABLE ORGANIZATIONS AND GOVERNANCE STRUCTURE

3.1. Consider This!

- Questions for Board Members to ask themselves about non-profit organizations and governance structure.

3.2. The Basics About ...

- Understanding non-profit and charitable corporations
- Choosing a suitable governance structure
- Governance policies

3.2. For More Information

- References, Internet links and suggestions about where to find out more about non-profit charitable corporations and governance structure.
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NON-PROFIT AND CHARITABLE ORGANIZATIONS AND GOVERNANCE STRUCTURE

3.1 Consider This!

Questions for Board Members to ask themselves about non-profit and charitable corporations:

- Do I know what my agency's legal status is?
- Is it incorporated? Under what legislation is it incorporated?
- Is it a registered charity with the Canada Revenue Agency (CRA) of the federal government?
- Do I understand all the requirements related to being incorporated and/or being a registered charity?
- Do I know where the legal documents of the organization are kept? Are they kept in a safe place?
- Have I read the agency's letters patent, objects and bylaws, or been provided a summary of them? When was the last time the bylaws were reviewed and/or updated?
- When our Board is carrying out planning activities, preparing for the Annual Meeting and/or developing policies and procedures, do we refer to these documents?

Questions for Board Members to ask themselves about governance structure:

- Do I know what my agency's governance structure is?
- Do I know how, why and when it was developed? When were the structure and/or any supporting policies or processes last reviewed?
- Are there clear definitions of responsibilities, authorities and accountabilities in our bylaws and governance policies and procedures?
- Does the governance structure help me carry out my work as a Board Member?

Questions for Board Members to ask themselves about governance policies:

- Do I know the difference between governance and operational policies?
- Do I know which of the tasks and activities that our Board carries out primarily relate to governance, for example, strategic planning?
- Do I know which of the tasks and activities that our Board carries out more directly support operations, for example, fundraising, public relations, advocacy?

NON-PROFIT AND CHARITABLE ORGANIZATIONS AND GOVERNANCE STRUCTURE

3.2 The Basics About...

Understanding non-profit and charitable corporations

A non-profit organization may be incorporated as a charitable corporation under provincial or federal legislation and/or registered for tax purposes as a charity with the Canada Revenue Agency (CRA) of the federal government.

Incorporated organizations are governed by a Board of Directors, which is elected by its members, and by documents that define their legal status, goals and purposes:

- Letters Patent set out the legal name of the organization and corporate address, list the founding directors, state the objects and any special conditions.
- Objects are concise statements of the goals or ultimate purpose upon which the corporation was founded. The objects set the overall limitations on what the organization can do. All objects of a charity must meet the legal definition of a charity and promote public benefit.
- By-laws tell Board and general members, staff and the public how business will be done and how decisions will be made. The by-laws are often called the constitution, charter or rules. Any policies and practices of the organization must be consistent with the by-laws.

Registered Charities (under CRA):

- are exempt from most taxes;
- can issue tax deduction receipts for donations; and
- are required to submit annual reports related to their charitable revenues and expenditures.

Choosing a suitable governance structure

A Board governance structure should:

- be supported by clear definitions of responsibilities, authorities and accountabilities;
- assist the Board of Directors to fulfil its responsibilities; and
- enable the Board of Directors to function more effectively.

Governance structures are frameworks within which the work of the Board is carried out. The preferred governance structure of an agency:

- will depend to a large degree on the size of the Board and the nature, complexity, culture and size of the agency;

- may not match any of the theoretical models described exactly but may use a mix, based on the benefits of each.

Common models of Board governance include:

A Policy Governing Board:

- sets policy that determines the long-term direction for the agency;
- makes decisions that set broad guidelines for the agency; and
- hires senior staff, e.g., an Executive Director, to implement policies and manage day-to-day operations.

An Administrative Governing or "Working" Board:

- sets policy that determines the long-term direction of the agency;
- is concerned with the detailed operational aspects of programs within the agency;
- appoints a committee of the Board to implement policies and manage day to day operations; and
- may hire administrative or program staff to support operations.

A Collective:

- is a group of like-minded people working toward a specific goal;
- shares the responsibility for management and operations functions between paid staff and the Board; and
- makes decisions by consensus.

NOTE: It is essential that you:

- know what model of Board governance you are using and why;
- are clear about how it operates in your agency; and
- make sure that the chosen governance model is followed.

Governance Policies:

- are established to set a broad framework for actions and decisions;
- are designed to direct the agency's operational areas such as finances, human resources, administration, and programs;
- should be clear, concise, and consistent with each other as well as with the agency's by-laws, mission and vision; and
- should be written and adhered to.

NON-PROFIT AND CHARITABLE ORGANIZATIONS AND GOVERNANCE STRUCTURE

3.3 For More Information:

References, Internet links and suggestions about where to find out more about non-profit and charitable organizations, corporations and governance structure.

About Letters Patent/Bylaws

1. Charities, Canada Revenue Agency, Government of Canada website. www.cra-arc.gc.ca
2. Johnstone, Ginette. *The Complete book of By-laws for Not-for-Profit Organizations in Canada*. Johnstone Training and Consultation (JTC) Inc. Canada, 1997. www.jtcinc.ca
3. *Not-for-Profit Incorporator's Handbook*, Queen's Printer for Ontario, Toronto, 2000. Ministry of the Attorney General, Government of Ontario website. www.attorneygeneral.jus.gov.on.ca

About Models of Board Governance

1. Board Match, Altruvest Charitable Services website. www.boardmatch.org ; www.altruvest.org
2. Carver, John, *Boards that Make a Difference, 2nd edition*, Jossey-Bass Non-Profit Series, Jossey-Bass Inc., Publishers, 1997.
3. Institute on Governance website. www.iog.ca
4. Muttart Foundation Board Development Program, *Roles and Responsibilities of Not-For-Profit Boards*, The Muttart Foundation and Alberta Community Development, Edmonton, 1998. www.muttart.org ; www.cd.gov.ab.ca
5. United Way of Canada website. www.unitedway.ca

About Governance Policies and Procedures

1. Canadian Institute of Chartered Accountants, *Control and Governance Series*. Toronto. www.cica.ca
 - *Guidance on Control* (1995)
 - *Guidance for Directors - Governance Processes for Control* (1995)
 - *Guidance on Assessing Control* (1999)
2. Draper, Nancy. *Strengthening Leadership: Governance*. Family Space Quinte Inc., Belleville, Ontario, 1997.

EFFECTIVE BOARD GOVERNANCE

4.1. Consider This!

- Questions for Board Members to ask themselves about governing effectively.

4.2. The Basics About...

- Board composition and recruitment
- Knowing your responsibilities and obligations
- Minimizing risk
- Conflict of interest
- Supporting effective governance with good procedures
- Warning signs of Boards in trouble

4.3. For More Information

- References, Internet links and suggestions about where to find out more about governing effectively.
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EFFECTIVE BOARD GOVERNANCE

4.1 Consider This!

Questions for Board Members to ask themselves about Board composition and recruitment.

- Is our Board the right size for the amount and nature of work to be done?
- Do we have Board Members with the necessary skills, experience, knowledge, ability, and commitment to fulfil our responsibilities?
- Do we all understand our role as Board Members and whose interests we represent?
- Do we all understand what information we need for good governance and how to get it?
- Are we prepared to act so that the organization's objectives are met and that performance is satisfactory?

Questions for Board Members to ask themselves about knowing their obligations.

- Do I know what provincial or federal legislation applies to my agency? Has our Board received legal or professional advice about this matter?
- Do I know what reports, filings and documentation are required for our organization and when they are due?
- Do I have a way of knowing that the agency has fulfilled its legal obligations, (e.g., meeting the requirements of the Pay Equity Act, filing tax reports, completing the Registered Charity Information Return)? Do I know what the penalties are for missed or late filings or contravention of legislation?
- Do I know under which provincial legislation our agency receives its funding and/or license to operate, (e.g., Child and Family Services Act, Developmental Services Act, Day Nurseries Act)?
- Do I know the terms of our service contract with the ministry? Do I know what will happen if the agency doesn't comply with the terms of the contract?

Questions for Board Members to ask themselves about minimizing risk and about conflict of interest.

- Do I understand my duties and obligations as a member of a non-profit Board of Directors?
- Am I confident that I am doing my best to be a responsible member of the Board of Directors?
- Are our agency and Board of Directors insured? Do I know what kind of insurance it is and what it covers? When was the last time our agency reviewed the insurance coverage?
- Do we have a conflict of interest policy? Have I thought about any circumstances where I might have a conflict of interest?
- Does our agency have procedures, such as competitive bids, so that the organization is receiving fair value in a transaction?

Questions for Board Members to ask themselves about assessing governance effectiveness.

- Do we have appropriate policies, procedures and accountability processes in place to support our ability to govern effectively?
- Do we regularly assess the performance of the Board of Directors and develop plans to remedy any areas of weakness?
- Do we have a way of reviewing the performance of individual Board Members and a process for addressing any problems or conflicts among Board Members?
- Do I know the signs that may indicate that a Board is in trouble?
- Do I know what to do or whom to go to if I have a concern about the functioning of an individual Board Member or about the Board as a whole?

EFFECTIVE BOARD GOVERNANCE

4.2 The Basics About...

Board composition and recruitment

Board composition is unique to each agency. This may be determined by:

- the kind of agency you have, e.g., size, structure, nature of programs and services;
- identification of the specific skills, expertise and the strengths needed on the Board to govern the agency and guide progress on the agency's strategic goals and priorities; and
- agreement on the scope of the Board's tasks and responsibilities and how many people it will take to get the work done.

When recruiting prospective Board Members, qualifications to consider may include:

- skills, such as financial, legal, human resource, public relations;
- personal and/or professional experience, such as direct involvement with related services, previous non-profit board experience;
- personal qualities and interpersonal skills, such as judgement, integrity, communication, team work, leadership; and
- commitment, such as ability to dedicate time and/or devote resources such as personal connections, financial support.

The overall balance of skills, experiences, personal qualities for the Board as a whole is as important as the abilities of each individual member. The key to a well balanced, functioning Board is to:

- focus on the contribution that the individual can make, as a member of the Board, toward the achievement of the mission; and
- have respect for the contributions of all members.

Knowing your obligations -

Once elected, a Board of Directors assumes responsibility for the affairs of the agency. It may consider doing the following:

- consult with your staff, funders and legal counsel to determine what legislation and policies are applicable and to clarify contractual obligations;
- know what is going on in your organization and take action when necessary; use reasonable skill and care in making decisions; be honest and work in the agency's best interests; be faithful to the agency's mission.
- **You may wish to consult your own lawyer and/or accountant for advice specific to your agency and Board of Directors.**

Minimizing Risk

Nothing in this document is to be construed as legal advice. Readers are advised to obtain independent legal counsel when necessary.

Individual Board Members should learn about and understand the obligations of being a Board Member.

Some steps a Board of Directors may take to minimize risk:

- establish and follow effective governance and accountability policies and procedures for the agency;
- determine the agency's insurance needs by consulting with an insurance agent who is well versed in non-profit Board liability matters to explain general liability, professional liability, workers' compensation, asset protection and directors' and officers' insurance; and
- educate or inform themselves, and seek professional or specialized advice as necessary, on all matters requiring Board action.

Conflict of Interest

The duty to declare conflicts of interest rests with the Board Member. If you are unsure whether a conflict exists, you may wish to seek professional legal advice.

Conflicts of interest:

- relate broadly to ethical behaviour, which includes every aspect of governance; and
- may adversely affect judgement and lead to decisions that may be flawed and open to challenge.

The perception of conflict:

- can be just as damaging as a direct or indirect conflict; and
- may not be improper, however, is vulnerable to legal challenges and public misunderstanding.

In addition to the risk of potential legal action against the Board of Directors, loss of public confidence and a damaged reputation are the most likely results of a poorly managed conflict of interest policy.

Some steps a Board may take to avoid even the appearance of impropriety may include:

- adopting a conflict-of-interest policy that prohibits or limits business transactions with Board Members and requires Board Members to disclose potential conflicts;

- disclosing conflicts when they occur so that Board Members who vote on a decision are aware that another member's interests are being affected;
- requiring Board Members to withdraw from decisions that present a potential conflict;
- establishing procedures, such as competitive bids, so that the organization is receiving fair value in a transaction;
- establishing protocols to provide guidance to Board Members in terms of the steps to be followed in the event that the potential for conflict of interest arises; and
- setting out expectations concerning confidentiality and conduct of Board Members before, during and after meetings.

Supporting effective governance with good procedures

The ability of the Board to accomplish assigned tasks is dependent upon procedures and guidelines that bring consistency, order and focus to meetings. Good process can make participation more enjoyable for Board Members and lead to a sense of accomplishment at the end of the meeting.

An effective meeting often has at least five components: ⁵

- an effective chairperson;
- an agenda;
- a process for making decisions;
- a well-managed discussion; and
- a productive physical set-up.

The Chairperson's job is to:

- keep the meeting discussions focussed on the agenda;
- facilitate debate;
- encourage thoughtful participation and contribution from all members;
- resolve conflicts; and
- get results from the meeting.

A good agenda meets four requirements: ⁶

- (all agenda items relate to the mandate of the Board so that the Board is not spending time on items more appropriate for staff, committees or volunteers;
- most items focus on action or decision;
- the purpose of each item is clearly indicated on the agenda; and
- a realistic time frame is set for each agenda item.

⁵ *Effective Meetings Fact Sheet*. Ministry of Agriculture, Food and Rural Affairs.

⁶ *Board Basics Manual*. Board Basics© and Leadership Development Program©, United Way, 1995.

An agreed upon meeting format and guidelines assist the Board Chair and contribute to productive meetings:

- some Boards have adopted “Parliamentary procedure” which protects the right of the majority to decide and the minority to be heard, the rights of individual members to be heard and protects the rights of absentees; and
- although a consistent process will assist in getting work done, care should be taken to avoid spending more energy on process than the results.

Keeping minutes of Board and Annual Meetings is part of the required record keeping for non-profit corporations and assists the Board with governance and accountability. Some keys to keeping good minutes are:

- clearly state decisions using the wording approved by the Board;
- include sufficient information to describe how Board Members reasonably came to reasonable decisions; and
- have all Board Members review the minutes to make sure that they understand and agree with what took place during a meeting and that the minutes accurately reflect the actions of the Board.

Board Sub-committees are used by some Boards to help get their work done. Effective sub-committees:

- facilitate the Board’s decision-making by considering in depth the issues referred to them and making recommendations to the Board;
- may provide Board Members, staff, volunteers and general members with an opportunity to contribute particular expertise and gain a more detailed understanding of areas of the agency’s responsibility; and
- have the potential to be a recruiting and training ground for future Board membership.

An Annual General Meeting (AGM) is a requirement for non-profit corporations, in addition to regular Board of Director’s meetings. The following business is conducted:

- approval of the minutes of the preceding AGM;
- nominations and elections to the Board of Directors;
- presentation and approval of the audited annual financial statements;
- appointment of the auditor to hold office until the next AGM;
- approval of any changes to the Letters Patent or by-laws as recommended by the Board of Directors;
- approval of a resolution ratifying all the decisions and actions taken by the Board in the past year;
- the Board President or staff may give reports about the achievements of the past year; and
- at the conclusion of the formal business meeting, the agency may also choose to hold educational, social or recognition activities.

Warning Signs of Boards in Trouble

Take warning signs seriously. These problems won't go away unless something is done about them. They will make it impossible for the Board to carry out its responsibilities and inevitably will lead to more serious organizational difficulties⁷.

Based on Mel Gill's research on *Effective Board Governance*⁸ and some practical experiences of community agencies funded by the ministries, warning signs may include, but are not restricted to, such things as the following:

- too much or too little turnover of Board Members, the Executive Director and/or senior management staff;
- ongoing/unresolved complaints or concerns raised by Board or staff members about the functioning of the organization;
- chronic problems with finances and/or meeting service targets;
- poorly managed and/or poorly attended Board meetings;
- unresolved conflicts among Board Members or between the Board and the Executive Director;
- low level of participation by Board Members in discussions, "rubber stamping" of Executive Director recommendations; and/or not enough information available for the Board to make decisions; and
- inability to make decisions, or Board Members and/or the Executive Director not following Board policies or decisions.

⁷ *Governance Dos & Don'ts – Lessons from Case Studies on Twenty Canadian Non-profits*. Mel Gill, Institute on Governance website, April 2001.

⁸ *The Governance Effectiveness "Quick Check"*. Mel Gill, Institute on Governance website, 2000.

EFFECTIVE BOARD GOVERNANCE

4.3 For More Information:

References, Internet links and suggestions about where to find out more about governing effectively.

Board Selection and Composition

1. Board Match, Altruvest Charitable Services website. www.boardmatch.org ; www.altruvest.org
2. Kittle Morrison, Emily, *Leadership Skills*. Fisher Books, Tucson, Arizona, 1994.

Knowing your responsibilities and obligations

You may wish to consult your own lawyer and/or accountant for advice specific to your agency and Board of Directors.

1. Abbey-Livingston, Diane and Wiele, Bob, *Working with Volunteer Boards*. Ministry of Citizenship and Culture: Queen's Printer for Ontario, Toronto, Ontario, 1983.
2. Canadian Centre for Philanthropy website. www.nonprofitscan.ca
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5. Millard, James A., *The Responsible Director*. Toronto, Ontario. 1989.
6. Robinson, Maureen K., *Developing the Non Profit Board*. National Center for Non Profit Boards, Washington, D.C., 1994. www.ncnb.org
7. Satterfield, Mary T. and Gower, Karla, *The Law and Volunteer Board Members*, Johnstone Training and Consultation. Carp Ont., 1997. www.literacyalberta.ca

Assessing Governance Effectiveness

1. Gill, Mel, *Governance Dos & Don'ts – Lessons from Case Studies on Twenty Canadian Non-profits*. Institute on Governance website, April 2001. www.ioq.ca
2. Gill, Mel, *The Governance Effectiveness "Quick Check"*. Institute On Governance website, 2000. www.ioq.ca

Managing Risk and Conflict of Interest

1. Canadian Institute of Chartered Accountants, *Control and Governance Series*. www.cica.ca
 - *Guidance on Control* (1995)
 - *Guidance for Director – Governance Processes for Control* (1995)
 - *Guidance on Assessing Control* (1999)
2. McClintock, Norah, *Better Safe than Sorry?*, Front and Centre, Vol. 4, No. 2, Canadian Centre for Philanthropy, Ottawa, Ontario, March 1997. Refer to the Canadian Centre for Philanthropy website. www.nonprofitscan.ca

PLANNING, MONITORING AND ACCOUNTABILITY

5.1. Consider This!

- Questions for Board Members to ask themselves about planning, monitoring and accountability.

5.2. The Basics About ...

- Mission, Vision, Values
- Strategic or long-range planning
- Monitoring the functioning of the agency
- Monitoring the effective use of resources
- Accountability for results

5.3. For More Information

- References, Internet links and suggestions about where to find out more about planning, monitoring and accountability.
-

PLANNING, MONITORING AND ACCOUNTABILITY

5.1 Consider This!

Questions for Board Members to ask themselves about Mission, Vision and Values:

- Does my agency have written mission, vision and values statements? Do they provide me with a clear understanding about the agency's purpose, in what direction the agency is heading and what the agency believes in?
- Based on what I know about how business is conducted in my agency, is it consistent with the mission, vision and values?
- When was the last time our mission and vision were reviewed? Are the mission and vision still appropriate?

Questions for Board Members to ask themselves about strategic/long-range planning:

- Does my agency have a strategic/long-range plan?
- When was it developed? Were the people who are likely to be affected by and/or responsible for implementing the plan involved in its development and in agreement with the results?
- Does the plan further my agency's mission and the achievement of its vision, both in the short and long-term?
- Does the plan take into consideration special requirements related to services provided, e.g. French Language Designation, specialized services for the deaf, ethno-specific services?
- Does the plan have targets that are realistic, achievable and measurable?
- How often is the plan evaluated and who is involved in the evaluation?
- When our Board is planning, making decisions and/or responding to any risks and opportunities facing the agency, do we use the strategic/long-range plan?

Questions for Board Members to ask themselves about monitoring the functioning of the organization:

- Do I know what legal and funding requirements (legislated and contractual) relate to my agency and the services it provides? How do I know that they are being met?
- Do I know what policies and procedures are in place for both the Board and the agency's operations? How do I know that they are being followed?
- Am I sufficiently informed about the agency's operations to enable me to fulfil my responsibilities as a Board Member? From whom do I get this information and how do I get it?
- Does the information I receive relate to the goals established in the strategic/long-range plan and to the achievement of the annual goals established in agreements with funders?
- Am I clear about the distinction between my role in monitoring the agency's functioning, and the staff role in managing the agency and/or supervising the programs within it?
- If, in my agency, management of the day-to-day operations is delegated to an Executive Director, are there clear directions for this person's work consistent with the plans for and goals of the agency? Do I know what they are?
- Is there a process for a regular evaluation of the Executive Director? Do I know the results?

Questions for Board Members to ask themselves about monitoring the use of, and accountability for, financial resources:

- Is my agency's annual budget explained and presented to the entire Board for approval? Do I understand it? Am I encouraged to ask questions about it?
- Do I understand where my agency's funding comes from, what the intended purpose for the funding is and what the Board's responsibility is for accounting for the use of this funding?
- Do I know how money is managed in my agency and by whom? Who signs cheques? Who signs contracts? Who signs charitable receipts?

- Are financial statements presented to the Board frequently enough for me to feel confident that finances are well managed?
- Do I understand the financial statements? Am I encouraged to ask questions about them? Is there time during Board meetings to address any financial concerns?
- When recommendations are brought to the Board for approval, are financial implications discussed?
- Is an external audit completed and are the audited annual financial statements presented to the Annual General Meeting? Do I understand it? Am I encouraged to ask questions about it?

Questions for Board Members to ask themselves about the protection of physical assets:

- Are my agency and Board of Directors properly insured? Have I been informed about the details of the insurance policy and its implications for my responsibilities as a Board Member?
- When was the last time our insurance was reviewed?
- Do I know what property and/or equipment is owned by the corporation? Is there an up-to-date inventory?
- Is there a schedule of inspections and/or a plan for upkeep and improvements to property or equipment? Is there a budget for this?
- Do I know if there are any special requirements or restrictions related to property and/or equipment purchased with funds provided by the government?

Questions for Board Members to ask themselves about human resources:

- Does my agency have written personnel policies and clear expectations relating to management practices? How do I know they are being complied with?
- Does my agency have a formal process for addressing complaints from or about staff? What role does the Board and/or do I play in this process?
- How do I know if there have been complaints by or about staff and if they were satisfactorily resolved?

- How do I know if there are significant human resource issues facing our agency and whether there are any financial, legal or quality-of-service implications?
- How do I know if human resource legislation (e.g. pay equity, employment standards, occupational health and safety, etc.) is being complied with?

Questions for Board Members to ask themselves about accountability to their general members and stakeholders:

- Do we hold an Annual General Meeting to which general members, staff, volunteers, participants/clients/families or other stakeholders in the organization are invited?
- Is notice of the Annual General Meeting widely circulated with enough advance notice to encourage attendance? Is the meeting held at a time and place that encourages attendance?
- Are reports made to the Annual General Meeting about the achievements of the organization, including the audited financial statements, activities of the Board of Directors and results of the programs or services?
- Is a written Annual Report published and distributed? Are the audited financial statements circulated and/or available for review? Are the minutes of the previous annual meeting circulated and approved?
- When significant decisions are being made, do we have some way of making sure that the interests of all who may be affected by the decision are considered?
- Do the agency's internal accountability mechanisms support us to do our work, including fulfilling external accountabilities to donors and private funders for the use of charitable funds/donations, as well as to government for the use of public funds?

Questions for Board Members of agencies that are registered charities with the federal government to ask themselves about accountability for charitable funds/donations:

- Does the agency have a way of tracking the receipt and use of any funds donated for special purposes?
- Does my agency use numbered tax receipts with the agency's name and address printed on each receipt?

- Does my agency file the required annual Registered Charity Information Return with the Canada Revenue Agency (CRA) and meet the requirements of the *Income Tax Act* concerning our expenditures and activities?

Questions for Board Members to ask themselves about accountability for meeting the requirements of the MCYS/MCSS service contract:

- Do I know if my agency is achieving the service and financial targets established in the contract? Does the Board understand the reasons for any variances in meeting the agreed targets?
- Do I understand the purposed of the reports about service and financial targets and how reports on achievements relate to the funding my agency receives from MCYS and/or MCSS?
- Do I understand the similarities and differences between the MCYS/MCSS expectations and those of other ministries, other levels of government or funding organizations that my agency contracts with?
- Do we have a financial system established that allows us to have a complete picture of the entire agency? Can we get specific information about discrete programs, services or departments? Can we get specific information related to the requirements of different funding sources?
- Are the reports we submit to the funders reflective of and supported by the organization's monthly financial reports and annual audited financial statements?
- Is our annual audit conducted by an independent, qualified auditor who reports directly to the Board of Directors or a designated Audit Committee of the Board?

PLANNING, MONITORING AND ACCOUNTABILITY

5.2 The Basics About ...

Mission Statements

A Mission Statement:

- defines the agency's basic purpose – its reason for being;
- directly links and must be consistent with the objects described in the agency's Letters Patent and Bylaws;
- describes precisely in one or two sentences what the agency does and for whom; and
- guides basic decision for governing and managing the agency.

The Ontario Non-Profit Housing Association suggests, "When writing a mission statement for the first time, start by asking yourselves a few key questions:

- Who are we? Who does the Board represent now? Are there other stakeholders who should be represented?
- What are our values? How do these values apply to you? What other values should be incorporated?
- What are the basic needs we want to address? Whom do we want to serve? Will our definition of this group comply with the Human Rights Code? How do we want to address these needs?
- What makes us unique?"⁹

Vision Statements

Ron Robinson states that, "The easiest and most practical way of simply delineating between a mission and vision is to describe the mission as the journey and the vision as the destination."¹⁰

An agency's vision statement:

- describes what the organization would like to be;
- is developed through the strategic or long-range planning process;
- should challenge an agency to maximize its potential; and
- be the motivating force behind future activity.

Organizational Values

Explicitly stating the values of an agency:

- provides a foundation for organizational behaviour and culture; and

⁹ *Board Roles and Responsibilities*. Ontario Nonprofit Housing Association (ONPHA), Ontario, 2000.

¹⁰ *What's the benefit of a mission or vision statement?* Robinson, Ron. Charity Village website, February 2002.

- tells everyone what you believe in and how they should expect to be treated.

Values should be apparent in all activities throughout the agency:

- policies and practices should be consistent with the stated values; and
- values cannot be qualified, i.e. used in some circumstances but not others.

Strategic/Long-range Planning

In keeping with the description of the mission as the journey and the vision as the destination, the strategic plan could be described as the road map.

Strategic/long-range planning is:

- an activity that is guided by the Board of Directors to determine the future vision and how the agency will achieve its strategic goals; and
- “a process that builds commitment from its key stakeholders to a particular direction that will guide the future allocation of the agency’s resources.”¹¹

Because all agencies are unique, an individual agency’s approach to strategic planning should be tailored to specific circumstances. There are a number of key components commonly found in strategic planning processes, including:

- identifying and involving stakeholders i.e., any persons or groups who will be directly or indirectly affected and/or will influence the agency’s overall direction;
- reviewing and renewing the commitment to the mission and values;
- assessing the agency’s current capacity to fulfil its mission e.g., using a SWOT (strengths, weaknesses, opportunities and threats) analysis;
- identifying priorities for the future and developing a vision;
- developing strategic directions; and
- developing a strategic plan that utilizes the agency’s strengths and improves capacity in areas of weakness and will lead the agency in practical ways towards the achievement of the vision.

Monitoring the Functioning of the Agency

The Board of Directors:

- is expected to monitor the functioning of the agency to determine if it is operating in an appropriate manner and proceeding within the directions that the Board has determined through policy;
- needs sufficient information about the agency, its services, legal and funding requirements to ask the “right questions”; and

¹¹ *What is a strategic plan?* Robinson, Ron. Charity Village website, January 2001.

- needs the support of structure and processes to effectively carry out this monitoring function.

Monitoring is usually carried out in relation to:

- board-approved policies and processes;
- legal and funding requirements;
- approved annual budgets;
- the terms of contracts and agreements; and
- the agency's strategic/long-range plan.

Accountability for results will be enhanced if the agency's short and long-range plans, contracts or agreements:

- identify expected outcomes;
- define the manner in which achievement of outcomes will be measured; and
- described the mechanisms and processes by which the data or information needed will be collected and reported on.

In agencies where an Executive Director is delegated to manage the day-to-day operations, it is important to the Board in its monitoring function, that:

- accountability relationships and processes are established between and Executive Director and the Board;
- clearly defined roles and responsibilities are in place for both the Board and Executive Director; and
- there are clear, agreed upon expectations about outcomes and performance indicators for the agency and the Executive Director's work.

Monitoring the Effective Use of Resources

Financial resources

The Board is responsible for the decisions made relating to finances. Each individual Board Member should understand the financial information that is being presented to the Board.

Tools available for a Board to use include:

Budget

"The budget has two functions:

- planning: the budget documents, in monetary terms, the goals and objectives of the agency for a period of time (usually one year); and

- monitoring: the budget serves as a guide to track the agency's progress on the achievement of goals."¹²

Accounting information system

Incorporated organizations are required to maintain financial records. This is also a requirement included in the legal contract between MCYS/MCSS and community agencies receiving funds. These records are the basis for the monthly, quarterly and annual financial statements and are subject to financial audit.

Charitable organizations are required to keep records of their donations and tax receipts issues.

Financial Policies

Financial controls are the checks and balances that prevent fraud, detect errors and ensure the timely and accurate reporting of financial information. Examples of financial controls are: requiring more than one signature on cheques, regular review of the bank reconciliation statements, establishing policies for the management of petty cash, etc.

An audit is an independent study of the agency's accounting records and systems to determine if its financial statements are fair and reliable. The auditor may suggest improvements to the financial systems to support adherence to accounting principles, compliance with the contracts and agreements, and to assist the Board of Directors with their monitoring functions.

Protection of Physical Assets

Monitoring the effective use of resources also includes setting policy related to the protection of physical assets, property and equipment, such as:

- property insurance and fire alarm systems;
- schedules and plans for equipment inspections, repairs and replacements;
- schedules and plans for building or property repairs, maintenance and improvements; and
- inventory control.

¹² *Financial Responsibilities for Non-profit Boards*. Resource Centre for Voluntary Organizations – Articles Online, 2004.

Board Members should be aware of and comply with any legislative or contractual terms or requirements related to the upkeep, use or disposal of property and/or equipment purchased with MCYS/MCSS or other provincial government funds.

Human Resources

The Board may provide direction to the agency concerning the agency's responsibility for human resources, such as;

- complying with human resource legislation, (e.g. *Employment Standards Act, Occupational Health and Safety Act, Pay Equity Act*, etc.); and
- determining that personnel policies and management practices, which contribute to a positive working environment, and attract and retain qualified staff and volunteers are in place.

Accountability for Results

“Accountability is the obligation to answer for the results of authorized actions, and the manner in which responsibilities have been discharged.”¹³

The Board of Directors should account for the agency's products and services and expenditure of its funds. The Board's accountability responsibilities may extend to all those with an interest in the organization, including:

- all relevant government bodies (municipal, provincial and federal);
- donors and charitable funding organizations; and
- the community, including participants/recipients of service, their families, stakeholders and general members.

It is a complex undertaking for agency Boards to effectively and diligently meet the multiple and, what are sometimes viewed as competing, accountability requirements.

Accountability for MCYS/MCSS funding

Boards of Directors of community agencies funded by the ministries are accountable to the government for fulfilling the terms of the approved contract. This contract outlines the ministries' legal, financial and service expectations and the related accountability requirements.

The Transfer Payment Business Cycle emphasizes accountability and the achievement of results. Requirements include:

¹³ *Governance and Accountability: Framework for Transfer Payments to Community Agencies*. Ministries of Children and Youth Services and Community and Social Services, Government of Ontario, (2003).

- the Year-to-Date (quarterly) reporting of actual vs. budgeted service and financial information;
- 4th quarter reporting providing preliminary full-year actual vs. budgeted service and financial information; and
- year-end Reporting and Reconciliation and submission of annual audited financial statements.

Accountability to multiple funders

Some agencies receive funds from a variety of sources. Each of these funding sources may differ in their budget and reporting forms and processes and in their accountability requirements. The Board should have an internal financial and accountability system that allows it to have a complete overview of the agency and effectively monitor and account for the use of resources, in a timely fashion and in the manner expected by each individual funder.

Accountability for charitable funding

The Board of Directors of an agency that is registered as a charity with the federal government, is accountable to the Canada Revenue Agency (CRA) of the federal government for use of any charitable funds.

Accountability to the agency's general members and stakeholders

The Board of Director's is elected by the agency's membership to take charge of the agency's affairs and should report on decisions made and actions taken to:

- participants/clients/families; and
- volunteers, the agency's staff and general members.

Accountability for quality of service

Agencies are encouraged to have some system for monitoring quality assurance for client services. Some agencies voluntarily participate in accreditation processes as part of their involvement with provincial membership or professional associations. Establishing professional and/or minimum standards for staff qualifications is another means of quality assurance that some agencies choose.

PLANNING, MONITORING AND ACCOUNTABILITY

5.3 For More Information:

References, Internet links and suggestions about where to find out more about planning, monitoring and accountability.

1. Barry, B. N. *Strategic Planning Workbook for Non-Profit Organizations*. Amherst H. Wilder Foundation, New York, NY, 1985. www.wilder.org
2. Canadian Institute of Chartered Accountants (CICA), *Control and Governance Series*. www.cica.ca
 - *Guidance on Control* (1995)
 - *Guidance for Directors-Governance Processes for Control* (1995)
 - *Guidance on Assessing Control* (1999)
3. Government of Ontario
 - E-laws www.e-laws.gov.on.ca
 - Ministry of Citizenship and Immigration www.gov.on.ca/citizenship
 - Ontario Human Rights Commission www.ohrc.on.ca
 - Ministry of Labour www.gov.on.ca/LAB
 - Employment Standards
 - Labour Relations
 - Health and Safety
 - Pay Equity Commission www.gov.on.ca/LAB/pec
4. Haines, Stephen G. *Successful Strategic Planning*. Crisp Publications, Menlo Park, California, 1995.
5. Ontario Non-Profit Housing Association (ONPHA). *Board Orientation Handbook and Governance and Corporate Practices Handbook*. Ontario, 2003. www.onph.on.ca/publications/
6. Resource Centre for Voluntary Organizations, *Financial Responsibilities for Non-Profit Boards*, Articles Online, 2004. www.rcvo.org
7. Robinson, Ron. *What is a strategic plan?* Charity Village website, November 2001. www.charityvillage.com
8. Robinson, Ron. *What's the benefit of a mission or vision statement?* Charity Village website, February 2002. www.charityvillage.com

ADDITIONAL LEARNING

6.1. Consider This!

- Some ideas for additional learning

6.2. Topics for Further Consideration

- Possible topics for a facilitated group discussion
- Specialized topics for a training session

6.3. Where to Find Out More:

- Bibliography – books, journals and Internet sites
-

ADDITIONAL LEARNING

6.1 Consider This – Some Ideas for Additional Learning

Use your Board meetings and activities for education

Make learning activities a scheduled and regular part of your Board meeting agenda throughout the year. For example, you may:

- invite staff, members of the Board and/or speakers to present on special topics; and
- show an educational video or DVD.

Add an educational activity to your Annual General Meeting:

- invite staff, member of the Board and/or speakers to present on special topics;
- profile special programs or initiatives; and
- hold the meeting in a venue of interest to members.

Share resources and ask members of other Boards

Meet and establish contacts with the members of other Boards of Directors. There are several ways to do this, including:

- use the provincial association in which your agency is a member both as a resource and as a vehicle to establish contacts with other Boards locally and throughout the province;
- get the names of any Board Members you meet from other agencies and follow up with a call or a meeting to get to know them, to get advice about dealing with a problem and/or to discuss a common concern; and
- share your resources, for example, when you need to review or develop new policy, call to see if other Boards have existing materials that could be tailored to your use, or if you can work together to develop a common policy of benefit to all, or share the cost of a consultation or training activity.

Consult with professionals and experts

Use planning and decision-making activities as an opportunity for learning. For example, you may:

- ask a human resources or management consultant, or your lawyer, insurance broker and/or accountant to provide education on specific topics as background for your planning or decision-making activities.

Participate in formal training activities

Attend conferences, training sessions or courses offered by:

- local or provincial membership associations;
- colleges or universities;
- funding organizations, e.g., United Way;
- government organizations, e.g. Pay Equity Commission; and
- organizations that provide support to non-profit agencies e.g. volunteer Bureau, United Way.

Join a professional organization, provincial association and/or affiliate yourself with an educational institution:

- get on their mailing list for meetings, conferences, educational sessions; and
- participate in their accreditation process.

Learn through self-study

Learn through self-study

- use materials from libraries and websites;
- subscribe to relevant journals; and
- build a library of articles, journals, books, videos, etc. on topics of interest for the agency.

NOTE: It is important to emphasize that, in the exchange of ideas and information, any case examples or organizational situations used/discussed should be held in confidence and be respectful of the confidentiality of individuals including clients, staff and volunteers.

ADDITIONAL LEARNING

6.2 Topics of Further Consideration

Possible topics for a facilitated group discussion

There are a number of topics that lend themselves to a facilitated discussion where the experiences and resources of the participants can be shared. It can be helpful to include members from different Boards of Directors in the group. In addition to the learning opportunity, this kind of discussion can contribute to developing mutually beneficial relationships and partnerships between agencies in the service community.

It is important to emphasize that, although sharing of collective experiences is beneficial, a Board of Directors should consider obtaining professional advice as necessary before taking action.

Possible topics for discussion

By-laws and policies:

- Why, when and how do by-laws get revised and approved?
- What's the difference between by-laws and policies?
- What's the difference between governance and operating policies?

Conflict of interest and risk management:

- How is conflict of interest defined or recognized?
- Why is it a problem?
- What are the elements of a good conflict-of-interest policy?
- How does a Board assess and/or minimize risks in their organization?

Procedures for Board of Directors meetings:

- What constitutes an effective meeting?
- What contributes to an effective meeting?
- How do you run a good Annual General Meeting?

Mission, vision, values and organizational planning:

- What are mission, vision and values? How do you develop them?
- What are the key components of organizational or strategic planning?
- How does a strategic plan relate to day-to-day service delivery and management of the organization?

Monitoring and accountability:

- What is the difference between the monitoring role of a Board of Directors and day-to-day management of the agency?

- What information does a Board need to know about the agency, its services, legal and funding requirements? How does the Board get this information?

Assessing Board performance:

- How does a Board know if it is doing a good job?
- How does the assessment of the Board's performance relate to recruitment of new Board members?
- How does a Board develop and carry out a recruitment plan?
- How does a Board orient, support and train Board Members?

Selecting an Executive Director:

- Under what circumstances would a Board be faced with having to select an Executive Director?
- What does a Board have to do in preparation for a hiring process?
- Who should be involved in the hiring process?
- What should be included in the terms of a contract?

Board vs. Executive Director roles and responsibilities:

- How does a Board delineate the differences between its roles and responsibilities and those of an Executive Director?
- How does a Board establish a supportive and collaborative partnership with the Executive Director?
- How does a Board establish effective monitoring and accountability mechanisms?

Evaluating the Executive Director:

- What is the purpose and scope of the Executive Director's evaluation?
- What is an appropriate process and who should be involved the Executive Director's evaluation?
- What kind of information contributes to the evaluation and where does the Board get it from?

Preparation for a facilitated discussion

Think about whom the participants are and what they may want to get out of the discussion. Think about the set-up of the room. Think about how the participants are most likely to learn.

If possible, it may be helpful to use the services of a training or adult education professional to assist with planning and/or facilitation.

Some tips to consider:

- make sure the facilitator knows the topic well enough to guide the group discussion, to provide clarity about the information offered by

participants and/or to contribute information to the discussion if the discussion is faltering;

- prepare references, resources, hand-outs for the discussion;
- ask participants to bring their own materials and/or real-life examples to contribute to the discussion; and
- prepare a “case study” to kick off the discussion.

Specialized topics for a training session

There are a number of topics, which are best handled by people with specific professional expertise, rather than sharing of collective experiences. A more formal training session with the opportunity for questions and answers is a recommended approach for learning about specialized topics:

Possible training topics	Possible trainers/speakers
Legal responsibilities of non-profit Boards	<ul style="list-style-type: none"> - A lawyer - A chartered accountant
Liabilities, risk management and insurance	<ul style="list-style-type: none"> - A lawyer - An insurance broker - An auditor
Financial management for non-financial managers	<ul style="list-style-type: none"> - A chartered accountant - A non-profit organization’s Chief Financial Officer
Human resources management	<ul style="list-style-type: none"> - Human resources specialist - Employment or labour lawyer - Management consultant
Labour relations	<ul style="list-style-type: none"> - Employment or labour lawyer - Human resources specialist
Incorporation and Charitable Status	<ul style="list-style-type: none"> - A lawyer
Task specific training: e.g. Advocacy, Fundraising, Communications, Public Relations, Social Entrepreneurship, etc.	<ul style="list-style-type: none"> - Volunteer organizations, e.g. Volunteer Bureau, United Way - Management consultant

ADDITIONAL LEARNING

6.3 Where to Find Out More

Government of Ontario External Links Disclaimer –

There are websites linked to this document that are operated or created by or for organizations outside of the Government of Ontario. Those organizations are solely responsible for the operation and information (including the right to display such information) found on their respective websites. These linked websites may or may not be available in French. The linking to or from this site does not imply on the part of the Government of Ontario any endorsement or guarantee of any of the organizations or information (including the right to display such information) found on their respective websites.

The Government of Ontario does not assume and is not responsible for any liability whatsoever for the linking of any of these linked websites, the operation or content (including the right to display such information) of any of the linked websites, nor for any of the information, interpretation, comments or opinions expressed in any of the linked websites. Any comments or inquiries regarding the linked websites are to be directed to the particular organization for whom the particular website is being operated.

Bibliography – books, journals and Internet sites

Abbey-Livingston, Diane and Wiele, Bob. *Working with Volunteer Boards*. Ministry of Citizenship and Culture: Queen’s Printer for Ontario, Toronto, 1983.

“This handbook is written as a practical kit for the facilitator who is working or thinking about working with a Board of Directors. It contains theory and practice situations to help develop the skills needed to work with a volunteer Board.”

Excerpt taken from govolunteer website www.govolunteer.ca

Barry, B. N. *Strategic Planning Workbook for non-Profit Organizations*. Amherst H. Wilder Foundation, New York, NY, 1985. www.wilder.org

“Strategic planning is a tool for finding the best future for your organization and the best path to reach that destination. This workbook – now completely revised and updated - gives you practical guidance through five planning steps. Reproducible worksheets help you develop the plan, involve others in the process, and measure results. Four planning methods show how to tailor the process to fit your organization’s individual needs. Also included are: critical ingredients for a sound plan; a new, more detailed sample of one non-profit’s strategic plan; and information on how multiple organizations, coalitions, and

communities can use strategic planning. The workbook can be purchased online at the Wilder Foundation website or may be found at your local library.”

Excerpt from Amherst H. Wilder Foundation website www.wilder.org

Board Basics Manual. Board Basics© and Leadership Development Program©. United Way, 1995. www.uwfv.bc.ca

This manual is provided to participants in the United Way’s Board Basics© and Leadership Development Program©. Contact your local United Way for Information. www.unitedway.ca

Board Match, Altruvest Charitable Services website. www.boardmatch.org; www.altruvest.org

Boardmatch Online is a well-designed site that seeks to provide registered charities or not for profit organizations with a wealth of talented and enthusiastic potential board candidates. While the primary goal of the site is to assist charities, it also aids individuals who may be seeking to offer their expertise to a charitable organization by giving the volunteer access to a list of those in need of Board Members. Lastly, the site provides corporations who wish to contribute more than money to charities with an alternative. In addition to these primary services, the site also contains various links, downloads and Learning modules. Of these learning modules, users can choose from a Board Candidate Orientation program or a Charity/Not for Profit Orientation.

Canadian Centre for Philanthropy website. www.ccp.ca

This site was founded by the Canadian Centre for Philanthropy (CCP). Its most notable feature is access to many research reports that concern the volunteer/non-profit sector. There is also access to the CCP library. The library can be a valuable resource for those wishing to conduct research on the volunteer/non-profit sector as it collects a wide variety of materials pertaining to the area. Lastly, a long list of links provides access to many sites ranging from federal and provincial government sites to charitable organization sites.

Canadian Institute of Chartered Accountants, *Control and Governance Series*. Available in french and english from the Canadian Institute of Chartered Accountants (CICA), 277 Wellington Street West, Toronto, ON, M5V 3H2.

The three following reports can be ordered online at the CICA website www.cica.ca or by calling or faxing the CICA order desk at [1 (800) 268-3793] or [1 (416) 977-0748]; Fax: [1 (416) 204-3416]:

- *Guidance on control (1995)*

“This publication provides guidance for people who are responsible for, or concerned about, control in organizations such as management, boards of Directors, and owners. It provides a framework for making judgements about control as well as assists in defining your controls and setting up specific criteria for control. These criteria are useful as a basis for understanding and making judgements about the effectiveness of control.”

Excerpt from the Canadian Institute of Chartered Accountants website

- *Guidance for Directors-Governance Processes for Control (1995)*

“This publication provides guidance on governance processes to meet the responsibilities of a board of directors for control in all kinds of organizations. Prepared with the advice and input of directors of significant Canadian organizations, this guidance assists directors of boards in exercising governance responsibility for control. The guidance describes the following six areas of board responsibility for control: establishing and monitoring the organization’s ethical values; approval and monitoring of mission, vision and strategy; overseeing external communications; evaluating senior management; monitoring management control system; and assessing the board’s effectiveness.”

Excerpt from the Canadian Institute of Chartered Accountants website

- *Guidance on Assessing Control (1999)*

“For those wondering how an organization can assess whether it is likely to achieve its objectives, whether it’s resilient enough to learn and adapt, if it can appropriately manage the risks it faces or if it can recognize opportunities and properly act on them; this guide is for you. Guidance on Assessing Control describes eight principles and ten practical stages for people within an organization to follow in performing such an assessment. It is the third publication in the series on Control, Risk and Governance issues by CICA’s Criteria of Control Board.”

Excerpt from the Canadian Institute of Chartered Accountants website

Carver, John. *Boards that Make a Difference*, 2nd edition. Jossey-Bass Nonprofit Sector series, Jossey-Bass Inc., Publishers, 1997.

“John Carver offers a board model designed to produce policies that make a difference, missions that are clearly articulated, standards that are ethical and prudent, meetings, officers and committees that work, and leadership that supports the fulfilment of long-term goals.” A copy of this book is not hard to come across, as it is located at several libraries across the GTA and most popular bookstores.

Excerpt taken from Amazon website www.amazon.ca

Charities, Canada Revenue Agency, Government of Canada website.
www.cra-arc.gc.ca

This site should be considered the definitive source when researching official national bylaws relating to charitable organizations. Accessible from the site is a full list of all the registered charities in the country as well as a full listing of all the tax-related laws and policies. Also available are numerous official political action memos and related publications. The site also allows those interested to understand the future prospects of the CRA as well as arrange for a more in-depth interaction through the departmental roadshows. Accessible online at the Federal Government's website www.canada.gc.ca or by following the link above.

Draper, Nancy. *Strengthening Leadership: Governance*. Family Space Quinte Inc., Belleville, Ontario, 1997.

This material is best suited for use with very small community agencies.

"This kit consists of 2 binders and 4 diskettes. The first binder is a board orientation manual that looks to help enhance the relationship between the board of directors and the executive director. The second is a workbook manual for human resources policies and procedures for human service organizations. The kit can be borrowed from your local library but may need to be ordered first."

Excerpt from National Library of Canada website www.collectionscanada.ca/amicus

FitzRandolph, Susan. *A Discussion Paper on Board Accountability, Volunteer Action: Ontarians Making a Difference*. Queen's Printer for Ontario, Toronto, Ontario, 1998. Refer to the Leisure Information Network website.
www.lin.ca/htdocs/findrs.cfm

This background paper was presented at the Voluntary Forum in April '98. It speaks to the role of the Board and Accountability, what a Board is accountable for, to whom a Board is accountable and how Board accountability should be implemented. This paper is accessible through the Leisure Information Network website.

Gill, Mel. *Governance Dos & Don'ts – Lessons from Case Studies on Twenty Canadian Non-profits*. Institute on Governance website, April 2001. www.iog.ca

In this study conducted by The Institute on Governance, the general level of effective governance displayed by 20 non-profit organizations was measured. The essential goal of this study was to learn from the mistakes and successes of the various organizations and to possibly develop a framework that could be used by all. It provides a good tool for

a comparative self-evaluation and tips on management, ratings on management styles and some keys to success.

Gill, Mel. *The Governance Effectiveness “Quick Check”*. Institute on Governance website, 2000. www.ioq.ca

Using the Governance Effectiveness “Quick Check”, Board members and CEOs are able to quickly evaluate the efficiency and effectiveness of their respective boards. The “Quick Check” is a short questionnaire consisting of 16 items that help measure successful governance. While the questionnaire is not intended to provide direct answers, it does challenge the Board to improve and take a proper course of self-evaluation.

Government of Ontario

- E-laws website www.e-laws.gov.on.ca

This site contains links to all provincial government Statutes and Regulations. This is an excellent reference to check for both existing legislation as well as bills that are before the House that may have implications for a non-profit agency.

- Ministry of Agriculture and Food website www.gov.on.ca/OMAFRA

This site contains a number of helpful [Rural Development Information, Resources and Fact sheets](#) that may be of interest and assistance. The fact sheets are grouped by topic including:

- *Working with Groups*
- *Managing Meetings*
- *Project Management*
- *Roles and Responsibilities of the Board of Directors*
- *Strategic and Program Planning for Organizations*
- *Financial Management and Fundraising*
- *Volunteer Management and*
- *Marketing.*

- Ministry of Citizenship and Immigration website www.gov.on.ca/citizenship

This site provides the link to:

- The Ontario Human Rights commission www.ohrc.on.ca
- Ministry of Citizenship’s Volunteerism Division www.gov.on.ca/citizenship/english/citdiv/voluntar/index.html

The Ontario Human Rights Commission is an adjudicative agency of the Ministry of Citizenship and Immigration. The commission administers and enforces the Ontario Human Rights Code. The Ontario Human Rights Commission website provides fact sheet, news releases and information about rights under the Ontario Human Rights Code.

The Volunteerism Division's website provides some practical information about a number of initiatives supported by the Ontario government to promote volunteer action across the province.

- Ministry of Labour website www.gov.on.ca/LAB

This site contains information about:

- Employment Standards
- Labour Relations
- Occupational Health and Safety

This site describes and provides guides to the legislation (Employment Standards Act, Labour Relations Act and Occupational Health and Safety Act), links to publications, fact sheets and resources on an extensive range of related topics helpful to anyone working, managing and/or governing an organization.

- Pay Equity Commission website www.gov.on.ca/LAB/pec

The Pay Equity Commission website provides information describing the functions of the Pay Equity Office (PEO) and Pay Equity Hearings Tribunal (PEHT). The PEO site provides information on publications and seminars about pay equity. The PEHT site provides information about the Pay Equity Act, Forms and rules, decisions and information bulletins related to the Tribunal.

- Publications Ontario, Ministry of Consumer and Business Services website www.gov.on.ca/mbs/english/publications

This site provides links to all the publications available on the Ontario Government website and leads you to where you can get hard copy documents. The publications are categorized by ministry.

Haines, Stephen G. *Successful Strategic Planning*. Crisp Publications, Menlo Park, California, 1995.

"A hands-on workbook for the important process of strategic planning that helps in the goal setting process for companies, teams or individuals. Define your vision and mission and set strategies to achieve them. Use The Systems Thinking Approach to focus on your customers

and achieve successful implementation of our Strategic Plan. Purchase online or check your local bookstore/library.”

Excerpt from Systems Thinking Press website www.systemsthinkingpress.com

Ingram, Richard. *Ten Basic Responsibilities of Non Profit Boards*. National Center for Non Profit Boards, Washington, D. C., 1995. www.ncnb.org

“Share with Board Members the basic responsibilities, including, determining mission and purpose, ensuring effective planning, and participating in fundraising. You’ll find that this is an ideal reference for drafting job descriptions, assessing board performance, and orienting Board Members on their responsibilities. Can be purchased online.”

Excerpt taken from Boardsource website www.ncnb.org

Institute on Governance website. www.ioq.ca

The Institute on Governance (IOG) is a non-profit organization with charitable status founded in 1990 to promote effective governance. The official website clearly promotes a greater learning process among those who wish to learn more about governance. Whether you’re searching for a publication or you would like access to various workshops or instructional courses, the Institute on Governance ‘s website provides full access.

Johnstone, Ginette. *The Complete Book of By-laws for Not-for-Profit Organizations in Canada*. Johnstone Training and Consultation (JTC) Inc. Canada, 1997. www.jtcinc.ca

This book contains a wealth of information that relates to by-laws and incorporation. Many articles are also presented. The use of sample wording passages, as well as a complete glossary and list of references are among some of the other more notables contained in the book. This book can be purchased online.

Kittle Morrison, Emily. *Leadership Skills*. Fisher Books, Tucson, Arizona, 1994.

“Complete handbook for building leadership skills. Easy-to-use worksheets and forms for use by any volunteer group, auxiliary, fraternal, non-profit and for-profit organization, social-service agency or club. This book can either be bought in bookstores or online.”

Excerpt taken from Chapters.Indigo website www.chapters.indigo.ca

McClintock, Norah. [*Better Safe than Sorry?*](#) Front and Centre, Vol. 4, No. 2, Canadian Centre for Philanthropy, Ottawa, Ontario, March 1997. www.ccp.ca

In her extensive article, Norah McClintock outlines and analyzes the growing trend of Board Directors for charitable organizations who decide

to protect themselves from litigation by purchasing liability insurance. The complete article cites several cases and examples that encourage or discourage the use of liability insurance. The article also offers advice for potential Board Members on ways to that they may be able to potentially protect themselves. The article was originally published for the “Front and Centre” Publication but can now be found for free at the Canadian Centre for Philanthropy’s website.

Millard, James A. *The Responsible Director*. Carswell, Toronto, Ontario, 1989.

This book, likely available at your local library or bookstore, profiles information about legal responsibilities for Boards.

Muttart Foundation Board Development Program. *Roles and Responsibilities of Not-For-Profit Boards*. The Muttart Foundation and Alberta Community Development, Edmonton, 1997. www.muttart.org ; www.cd.gov.ab.ca

This extensive report provides everything from analysis on what should be the roles and responsibilities of the Board and its members to a personal evaluation tool that allows you to judge where you and your Board stand. Standards and legal implication are also discussed, as are the different types of governing boards and their strengths/weaknesses. This entire document can be found at the website above (the file is a PDF so be sure to have the appropriate software). The Board Development Program includes a series of other reports on relevant topic areas.

Not-For-Profit Incorporator’s Handbook. Queen’s Printer for Ontario, Toronto, 2000. www.attorneygeneral.jus.gov.on.ca

This handbook is designed to help educate anyone about the nature of the Non-Profit corporation and how to “incorporate such a corporation”. The book fully covers all these aspects as well as other issues such as name and maintenance. It is available in its entirety on the Government of Ontario, Ministry of the Attorney General website.

Ontario Non-Profit Housing Association (ONPHA). *Board Orientation Handbook and Governance and Corporate Practices Handbook*. Ontario, 2003. www.onpha.on.ca/publications

In these workbooks, many ambitious ideas are presented to those seeking guidance. The general objectives of the books are to help clarify the Board’s objectives, define the functions of the Board, provide advice to the Board on how it should operate and to help create links between directors of non-profit Boards so that a greater foundation for mutual support may be instilled. The workbooks are easy to follow, intensive and

ripe with personal evaluation possibilities. You can obtain a copy by visiting the ONPHA website or calling (416) 927-8401.

Resource Centre for Voluntary Organizations –*Financial Responsibilities for Non-Profit Boards*, Articles Online, 2004. www.rcvo.org

This report has plenty to offer any non-profit Board Member. For starters, the article discusses your budget and how to prepare and monitor your budget. It also discusses bookkeeping, financial statements and audits. Lastly, a financial management checklist provides a comprehensive and thorough plan to help evaluate your existing financial practices. In addition to this specific article, there are several other useful articles in the “Articles Online” section of the site. These articles range from “Roles and responsibilities of Not-For-Profit Boards” to “Sustaining Healthy Boards”. Books and audiotapes can be purchased and/or borrowed from the site as well as VHS tapes. A helpful source found exclusively on the Internet.

Robinson, Maureen K. *Developing the Non Profit Board*. National Center for Non Profit Boards, Washington, D. C., 1994. www.ncnb.org

*While it is somewhat difficult to come across this book today, Maureen K. Robinson’s latest book, *Non Profit Boards that Work: The End of One-Size-Fits-All Governance* is easily accessible through libraries and online. The book essentially describes Robinson’s belief that there is no one right way to govern a Board. She also describes methods of improving the Board by adding helpful members, how to handle the CEO and Board relationship and how to address individual Board Members.*

Robinson, Ron. *What is a strategic plan?* Charity Village website, January 2001. www.charityvillage.com

In this article, Ron Robinson (President of ABARIS Consulting Inc.) provides his expertise to help define strategic planning. Although he describes strategic planning as organization specific, he nonetheless helps provide the reader with a good idea of the scope of a strategic plan. He also outlines a few common areas often found in strategic planning. Easily accessed online at the link provided above.

Robinson, Ron. *What’s the benefit of a mission or vision statement?* Charity Village website, February 2002. www.charityvillage.com

In this article, Ron Robinson (President of ABARIS Consulting Inc.) provides a definition of a mission and/or vision statement. Can be accessed online at the link provided above.

Satterfield, Mary T. and Karla Gower. *The law and Volunteer Board Members*. Johstone Training and Consultation, Carp Ont., 1997. www.literacyalberta.ca

“A comprehensive look at legal issues as they affect the involvement of volunteers in your agency. Learn about: Legal issues, Accountability and Liability, Confidentiality, Human Rights Issues, and much more including a Guideline for Managers of Volunteers and a chapter on Board Members.”

Excerpt from Literacy Alberta www.literacyalberta.ca

United Way of Canada website www.unitedway.ca

This broad reaching charitable foundation also has an extensive website that offers much information to the user. Any possible facts one might require concerning the history of the organization, the location of its national and international branches, the overall mission statement of the organization and/or volunteer and donation opportunities can be accessed with great ease. Also, a long list of links provides users with access to many other charitable organizations' websites.

Volunteer Canada website www.volunteer.ca

This website is “Canada’s Site for Information on Volunteering”. An extensive range of information and resources on topics of interest to volunteers as well as about training opportunities can be found on this site. Information is available in both french and english.