THE ROLES, RESPONSIBILITIES AND FUNCTIONS

OF A BOARD

A BOARD DEVELOPMENT GUIDE

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INTRODUCTION

Board members come from many different walks of life. They may be teachers, lawyers, homemakers, bankers, secretaries, business owners or other individuals from an endless list of occupations. The most important thing to recognize is that each member brings a unique set of skills and experiences to his or her role as a board member. It would be unreasonable to expect all members to have the same level of knowledge in all agency management and governance functions; therefore, it is critical that a board make every effort to use the skills and knowledge of each of its members.

A board may be an advisory board or a governing board, and it is important to clarify the differences.

Advisory boards are incorporated under a host organization which defines their limits of authority and responsibility. The advisory board has no legal status apart from its parent body. The primary function of an advisory board is to provide advice and recommendations to the agency's staff or the governing board, which may or may not take the advice it is given. The advisory board is only responsible for the mandate it receives from its parent body.

Governing boards are independently incorporated and are the legal entity and authority for the non-profit organization. In legal terms, the governing board is the organization. It has the authority to govern itself and to create its own rules. The governing board is ultimately accountable for the proper conduct of the organization's business. The Province of Manitoba, Department of Family Services and Housing, funds social service agencies which are incorporated as non-profit organizations and are managed by governing boards. The board is ultimately responsible for all aspects of the agency's programs, staff and funds. This includes accountability to the funding source(s) of the agency.

This guide was prepared by the Department of Family Services and Housing for the boards and staff of provincially funded social service agencies. The guide is not intended to be a detailed procedures manual, but to provide awareness of the basic responsibilities and functions expected of a governing board and its members.

This guide is designed to achieve the following objectives:

- to provide a comprehensive document outlining the responsibilities of a governing board and its members;
- to ensure reasonable consistency in board awareness through the external social services agencies that secure funding from the Department of Family Services and Housing;
- to present a guide that would be valuable, yet flexible enough to be useful across all the agencies; and
- to serve as a reference document for board training and orientation.

Each agency, depending on its size, complexity and current board performance, will use this guide in various ways and to varying degrees. This guide overviews the management and governance functions of an agency's board and its use should be adapted to the unique needs of each agency and its board.

Questionnaires, self-analysis worksheets and/or checklists are included at the end of each section in the guide to help boards measure their overall effectiveness in each of the management areas.

This document is not intended to provide legal or accounting advice to either board members or members at large of a non-profit corporation. In the event that there are particular issues of concern relative to a specific agency, they are best served by seeking independent legal or accounting advice.

ROLE OF THE BOARD

THE BOARD AS A GROUP

As a diverse group of individuals, the most challenging aspect of board work is to function as a cohesive group, striving to achieve agreed-upon goals and objectives in order to carry out the purpose of the agency. It is critical that board members make decisions as a group. Even though individual board members may not agree with the group's final decision, it is important that they support it. Working together requires that board members learn to solve problems and make decisions in an environment that encourages trust and respect for different ideas and points of view. The emphasis must be on open, honest communication, with the final result being group support for all board decisions.

A board cannot function effectively when domination exists by the president, executive director, a committee or any other individual or subgroup.

In order to function effectively as part of a group, each board member should:

- recognize that different people play different roles in the agency and may see issues from a different perspective;
- recognize that when members ask challenging questions, they may not be trying to be difficult, but instead are just "doing their job";
- listen with an open mind to all opinions, options, questions, and concerns on issues; and
- appreciate that different opinions and perspectives provide more information on which to base decisions.

Working as a group will result in a more effective board, as long as members understand the level of responsibility that is expected of them.

KEY GOVERNANCE AND MANAGEMENT FUNCTIONS

The single most important role of the board is that of public trust. The board of a non-profit agency, incorporated under provincial legislation, is legally and morally responsible to serve the public good. This includes accountability to the funding source which may be a foundation, government department or another volunteer organization. The legal and moral responsibilities of public trust are discussed in further detail in the Legal Accountability section.

The following excerpt is from *Gaining Momentum, for Board Action* by Arty Trost and Judy Rauner: "When you accept a position on a board of directors, you are agreeing to help run the organization to the best of your ability. You are also agreeing to learn about the organization so you can make sound decisions that are needed to run it

effectively. This means you agree to fulfill certain responsibilities that are common to all governing boards."

The following is a brief overview of the key governance and management functions of a board. It is important to note that in order for a board to fulfill these diverse responsibilities, it should recruit members who have the skills and knowledge necessary to serve the agency in each of these areas. They are:

- Planning and Program Governance;
- Policy Management;
- Financial Management;
- Personnel Management; and
- Public Relations.

These topics will also be discussed in further detail in other sections of the guide.

Planning and Program Governance

Planning begins with the determination of goals and objectives for the agency. A major responsibility of the governing board is to ensure a course of direction is set for the future of the agency. Whether dealing with an agency's mission or one of its specific projects, the planning process must answer three basic questions:

- Where are we now?
- Where are we going?
- How are we going to get there?

A board must set goals that can be supported by specific activities. The board determines which services and programs are appropriate for the agency in order to meet its goals. The board must also ensure that there are sufficient resources to implement such activities.

Often the planning process will reveal that although the goal is agreed-upon and beneficial the agency simply lacks the resources, whether it is people or funds, to achieve it. In such cases, the board must raise funds or modify the plan.

If the board fails to plan effectively, the organization will run on a day-to-day basis without clear program priorities and, quite possibly, without sufficient funds. Therefore planning is the cornerstone of the agency.

Without planning, an agency may lose its focus and become reactive to crises. In times of uncertainty, planning may be more difficult, but it also becomes more essential.

Values and beliefs are the driving forces in non-profit social service agencies. These organizations exist not to make a profit but to carry out a function that is important to the health and functioning of society. Planning must be undertaken with an understanding of, and commitment to, the mission and purpose of the organization, giving full consideration to current financial realities.

Program development requires the input of the executive director and agency staff but remains the responsibility of the governing board. Program management means establishing the amount of the agency's resources to be used for programs and services, then monitoring and evaluating those programs and services.

Further discussion of the planning process and program management of a governing board may be found in the Planning and Program Governance section.

Policy Management

An agency depends on its board to carry out policy management. It includes developing, establishing, implementing and evaluating written policies in order to provide both the board and staff with the clear authority and guidance to perform their jobs.

Policies are the fundamental principles of agency operations and should represent the long-term decisions on which the agency is built. These policies will provide the board with the guidance to define the scope of services the agency offers, the clients it serves, and the staff and funding it requires. Policies are also needed to provide guidance to the board on how it wishes to operate.

The governing board is responsible for policy management in the following areas:

- establishing and updating the constitution and by-laws for the agency;
- defining roles and responsibilities of board members, committees and staff;
- defining organizational structure and reporting relationships;
- establishing policies relating to finances, personnel, programs, reporting protocols and public relations; and
- preparing and updating the policy manual.

Though policy development may seem time-consuming, written policies provide the agency with the necessary stability it needs to grow in the future. In addition, written policies can be valuable in the long-term by reducing repeated discussions on the same topics or issues.

The policy governance function of the board is discussed in detail in the Policy and Procedures section.

Financial Management

The board is responsible for the management and administration of agency affairs through financial management. When a board establishes or approves a budget, it approves the expenditures and commits to obtaining the needed revenue. The board as a whole is legally accountable for the sound financial management of the organization; therefore, a budget should not be approved until it matches the revenue the agency will be receiving or generating.

The board needs a financial reporting system that will provide it, and the funding source(s), with the information needed to ensure that the funds are being used in the best interests of the organization. An effective financial reporting system will alert the board if budgeted revenues are not being realized or if expenditures are greater than planned.

Financial management of the board includes establishing and monitoring the budget, as well as participating in and overseeing fund-raising activities. It also means managing the organization's assets. Governing boards must remember the following points when performing their financial governance function:

- establishing or approving the budget means the board approves the expenditure plans and commits to securing the required revenues;
- the board must receive and approve regular financial statements showing current and budget figures;
- the board is legally responsible for sound financial management and, in certain circumstances, individual board members may be held personally responsible;
- all board members must be knowledgeable about the organization's affairs; and
- all board members are expected to participate in securing needed revenues.

Sound financial governance is critical to the success and credibility of any agency. The Financial Management section reviews the basic steps of financial management and the board's financial governance responsibilities.

Personnel Management

The board has a responsibility to set sound personnel policies for both paid and volunteer staff. Personnel management means defining roles and responsibilities for board members, staff and volunteers including overseeing the recruitment, training, evaluation and retiring of board members. It also involves reviewing and assessing the leadership and effectiveness of senior staff. As part of the board's personnel governance function, it is important to realize the following:

- policies are needed to clarify roles, responsibilities and functions to hold board members and staff accountable;
- board recruitment and rebuilding should be an ongoing process;
- it is the responsibility of the board to recruit, select, supervise, evaluate and, if necessary, replace the executive director; and
- the board and staff need to be evaluated on a regular, formal basis.

Board members and staff who understand their respective roles and the importance of working in partnership are critical components of a healthy organization. Therefore, it is important for the board to develop and maintain a positive relationship with staff.

Details on these personnel management functions can be found in the Board/Staff Relations, Board/Executive Director Relations and Board Succession and Orientation sections.

Public Relations

Developing the agency's image and identity within the community is another key responsibility of the board. Every board member is a representative of the agency and has the responsibility to ensure that the community appreciates the agency's values and visions. Identity management means developing community awareness by representing the agency to the community, government, corporations and funding organizations. This includes reporting on the programs, services and future plans of the agency.

The following public relations tasks are important to developing and maintaining a positive public image:

- develop a communications strategy to keep the community informed and supportive;
- ensure that people who will "tell your story" will play a strong role in representing the agency; and
- develop a plan for board members to secure additional funding through fund-raising activities.

Continual promotion of the agency's identity in the community is important for an agency to be successful at fund-raising. It also helps to ensure that those who need the agency's services are aware of the service or that those people in a position to refer clients are familiar with the services available.

Summary

Many responsibilities of the governing board of directors have been discussed in this section. It is important for the board to review each of these areas regularly to ensure that the organization is moving in the direction intended. It should be noted once again

that members of governing boards are collectively and individually responsible for the activities of the organization. Any board that operates by "rubber-stamping" the executive director's recommendations must be aware that they are responsible for that decision. If losses or problems occur, it is the board that will be held accountable. Therefore, members should exercise the same degree of care in the management of the agency that they would on behalf of their own affairs.

Role Of The Board Assessment

In order to determine the changes that may be appropriate for your board, assess the extent to which the following statements reflect your agency or your board.

	YES	NO	NEEDS IMPROVE-MENT
1. Board members understand they are responsible for establishing and implementing the agency's mission.			
2. Board members understand that they are responsible for fostering the agency's positive image in the community.			
3. Board members understand that they are responsible for personnel governance.			
4. Board members understand that they are responsible for financial governance.			
5. Board members have clear, up-to-date job descriptions.			
6. There are trusting and respectful relationships between people in the agency.			
7. Board members feel good about being leaders in the agency and volunteers are proud to be there.			
8. Board members recognize their role as public trustees.			
9. Board meetings deal primarily with determining policies, reviewing plans and finances, making board authorizations and evaluating the work of the agency.			
10. Board work is clearly distinguished from committee work and service volunteering.			

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	YES	NO	NEEDS IMPROVE-MENT

11. Duties of board members are clearly defined and understood by all.

12. Board members are aware of their personal legal obligations.

13. Conflict is aired and dealt with respectfully and effectively.

14. Although members of the board may often disagree with each other, there is a good level of trust.

15. The agency has written statements outlining its beliefs, mission and long-range goals.

16. Board members and agency staff are aware of the board's role in the agency.

LEGAL ACCOUNTABILITY

Non-profit agencies incorporated under provincial or federal legislation enjoy significant legal and financial benefits. Incorporated non-profit agencies do not pay taxes on income and they are able to receive and use public funds to serve a public good, as defined in their constitution. By incorporating, an agency provides limited liability coverage to its members and board of directors. (However, it should be noted that there are legislated exceptions to the concept of limited liability coverage to members of a non-profit corporation, as well as its board of directors.) In return for these benefits, incorporated non-profit agencies are legally and morally responsible to serve a public good. The law requires that these agencies be governed by boards.

Collectively, a board of directors is the legal entity that is the corporation or agency. This means the board, as a group, is responsible for the proper conduct of the agency's affairs. When an individual becomes a board member he or she commits to help run that agency to the best of his or her ability. In addition, the new member agrees to learn about the agency and the responsibilities of a governing board so that sound decisions are made which ensure the agency is run effectively and efficiently.

PUBLIC TRUST

Public Trust is the obligation of each board member to maintain, preserve, and further develop agency resources and to ensure services remain available to the public now and into the future. This means the governing board, made up of individual members, accepts the obligation to implement programs and services for the benefit of the public and to provide for the responsible governing and management of the agency's resources.

TRUSTEESHIP

Individually, board members do not represent themselves; they are the trustees for the organization's membership and the community that supports it. Their responsibility is to participate in and ensure the proper conduct of the agency's affairs on behalf of this "public". This implies the safeguarding of agency assets in the interest of the funding sources and an obligation to the funding authority. The importance of this accountability is emphasized by the increasing service and reporting requirements associated with the receipt of funding.

Trusteeship also includes accountability of programs and services to the community. The accountability to the community pertains primarily to the quality of the programs and services rendered to clients.

LEGAL RESPONSIBILITIES

The law treats non-profit and profit corporations in a similar way. Specifically, the board member is a trustee responsible for the funds which the agency raises, accepts and disburses. As with for-profit organizations, when losses occur the board is accountable and cannot claim ignorance of the transactions or an unawareness of the potential implications of its action. Simply put, the board member is legally obligated to exercise judgement that a reasonably prudent individual would exercise in regard to his or her own funds. Individual members are not normally liable for paying a corporation's debts since a corporation is not a sum of its members but a separate legal entity. This is the principle of limited liability.

However, it is possible in unique circumstances for an individual member to be found liable by the courts. A member may be liable if it is proven that he or she knowingly directed a wrongful thing be done and, as a result, acts in bad faith under The Corporations Act. A board member may also be held liable for specific debts of the corporation if he or she agrees to sign personal guarantees on behalf of the corporation. Under Canadian law, directors can be jointly liable for all financial obligations to the agency's employees up to a limit of six months unpaid wages for services performed. The issue of director and member liability is very complex and is in a state of flux. For specific situations and before signing any personal guarantees, a member of the legal profession should be consulted.

Fiduciary

The relationship between a board member and the agency which he or she serves is called a "fiduciary" relationship. A fiduciary acts in the interests of the agency. This means the member holds a position of trust and must act honestly, in good faith and in the best interests of the agency. A board member has an obligation to act loyally and uphold the integrity of the agency. A fiduciary may be directly liable for a breach of his or her fiduciary obligations.

Duty of Care

A board member accepts the responsibility to become informed about the business and services of the agency. The member has a duty to ensure that the agency is properly managed and its assets and property are properly cared for. "Duty of Care" is the term used to refer to the responsibility a board member has to exercise the same degree of care in the activities of the agency that he or she would on behalf of his or her own affairs. As a board member of an agency, one controls the activities of the agency and is the trustee of its funds and assets and are not entitled to engage in high risk ventures.

CONFLICT OF INTEREST

A board member must pay particular attention to conflict of interest. A member must not let personal interests or the interests of a third party conflict with the interests of the agency. The following discussion of conflict of interest is adapted from *The Board a Winning Team* by Herb Perry.

When a person becomes a board member, he or she has a duty to vote and act in the best interest of the agency on whose board he or she serves. Conflict occurs when a member's own personal interests are not compatible with those of the agency.

Consider the following cases, all involving a board's decision on the purchase of a mini-van for the transportation of disabled people:

> Case A - One of the directors owns an automobile dealership from which the van might be purchased.
>
> Case B - The spouse of one of the directors owns the dealership.
>
> Case C - The son of one of the directors has a weekend job washing used cars at the dealership.
>
> Case D - One of the directors is a shareholder in the corporation that manufactures the van.

Most people would agree that Cases A and B constitute conflict of interest and that Cases C and D do not. In actual fact, there are many shades of grey--situations that a court might or might not consider to be a conflict.

The best advice is, when in doubt, declare! No one was ever harmed, fined, embarrassed or imprisoned for declaring a conflict of interest where, in fact, no conflict existed.

In a meeting, board members who declare a conflict of interest should do so at the first opportunity, that is, as soon as they become aware of the nature of the business to be discussed. Their declaration of conflict of interest should be clearly recorded in the minutes. The director who declares should take no part in the discussion and must not vote on any motions concerning the subject of the declaration. The safest, and most prudent action, is to leave the meeting room as soon as the declaration is made and recorded and remain out of the meeting until the matter has been dealt with.

Board members who are in any way, whether directly or indirectly, interested in a contract or service agreement with the agency, must declare their interests at a board of directors meeting and must not vote on the subject if it is determined that an actual, potential or perceived conflict exists.

Conflict of interest situations go beyond discussions in meetings, and in an effort to address this, the Department of Family Services and Housing has a conflict of interest policy and guidelines document for boards of directors and employees of external agencies. Board members should ensure they have this document and become familiar with its contents.

The intent of the guidelines is to increase the awareness of board members and employees to situations of perceived, potential or actual conflict of interest. They provide a general framework to guide the conduct of board members and employees regarding conflict of interest situations. The guidelines also make provision for disclosure, appeal and disciplinary action regarding non-compliance of failure to disclose.

External agencies receiving tax dollars to deliver services are perceived by the public as extensions of government and they are particularly vulnerable to charges of conflict of interest. The guidelines reflect the government's responsibility to balance the protection of the public interest with the interests of board members and employees.

CONFIDENTIALITY

Another very important responsibility of a board member is that of confidentiality. Simply stated, board members are not permitted, either during their term on the board or after, to use any confidential information they receive, or are privy to, for their own purposes. The intent of this responsibility is to ensure that improper uses of information do not occur.

It is critical that within each agency policies exist that will clarify the role and responsibility of the board member in the areas of conflict of interest and confidentiality.

THE CORPORATIONS ACT

Most non-profit organizations in Manitoba will incorporate under The Corporations Act. This provincial legislation governs an agency's operations within Manitoba. To operate in more then one province, an agency must incorporate under a federal statute which governs national non-profit organizations, or register in each province where the agency is doing business.

Under The Corporations Act, the organization has a number of obligations it must adhere to. The following is a discussion of those obligations as adapted from the guide *Understanding the Law: Beginning and Incorporating a Non-Profit Organization* by the Community Legal Education Association.

Annual Meeting

The corporation must have at least one annual general meeting of members. At this meeting the membership participates in the affairs of the corporation by:

- voting to confirm or reject by-laws;
- proposing new by-laws; and
- electing new representatives to the board of directors.

The annual general meeting usually occurs shortly after the end of the fiscal year so that the past board of directors may report on the financial status of the corporation. They must present to the members an approved annual audited financial statement and an auditor's report.

All members of the corporation should be given at least 21 days' notice of general meetings.

Annual Return

Each year the corporation must file an annual return with the Corporations Branch of the Department of Consumer and Corporate Affairs, along with a nominal fee payable to the Minister of Finance. The filing deadline depends on the month in which the corporation was incorporated. The corporation may be dissolved and would cease to exist if annual returns are not filed.

Change of Directors

The corporation must keep the Corporations Branch advised of any changes of its directors by filing within 15 days of the change two copies of a Notice of Change of Directors.

Change of Registered Office

The registered office of the corporation identifies where its books may be readily available. This address may change annually when the secretary or treasurer of the corporation changes as it usually reflects their home address. At any time that the normal place for the books is changed, two copies of a Notice of Change of Registered Office must be filed with the Corporations Branch. Make certain that the books and records are in fact moved to the new location.

Minute Book

The corporation must have a minute book containing:

- the Articles of Incorporation;
- by-laws and resolutions of the corporation and all amendments;
- the originating minutes of the corporation;
- minutes of all meetings; and

- a list of all members of the board of directors, with addresses occupations and dates of service.

Membership List

A membership list should be kept, and members may be accepted through recording the acceptance in the minutes of meetings. The membership list should be kept up-to-date and should be reviewed at the annual meeting so that members who are no longer active are no longer notified of meetings.

Members have the right to examine the membership list during usual business hours at the registered office of the corporation.

Personnel Management

Staff may be hired on a temporary or full-time basis. In all cases, legislation relevant to employment must be considered. Such legislation includes: The Human Rights Act, The Employment Standards Act, The Payment of Wages Act, The Workers Compensation Act, The Workplace Safety and Health Act, The Health and Post Secondary Education Tax Act and the Income Tax Act. Other matters such as Canada Pension and Unemployment Insurance are also important.

All legislation relevant to employment should be followed by the agency and the agency's personnel policy should be reflective of these laws. The Board/Staff Relations section discusses personnel policy in detail.

Note:

This section on the legal accountability of a board does not identify every legal responsibility of an agency and its board, but is meant to increase the awareness of some of the major responsibilities. The Manitoba Law Foundation, Public Legal Education Activities, published a booklet entitled *Liability of Directors of Non-Profit Organizations*. For copies of this handbook contact the Community Legal Education Association, 304-283 Bannatyne Avenue, Winnipeg, Manitoba, R3B 3B2, or call (204) 943-2382.

The following pages are a legal checklist published by the Community Legal Education Association on some of the items not necessarily included in The Corporations Act. This legal checklist was adapted from Project Manage *Improving Boardmanship Skills*. Project Manage, 1984.

LEGAL CHECKLIST

DOES YOUR BOARD HAVE...

- Up-to-date by-laws?

- Written personnel policies and procedures of the agency?

- Written policies of the agency as determined by the board of directors?

ARE BENEFITS IN FORCE FOR <u>ALL</u> STAFF MEMBERS?

- UIC, CPP, etc.?

- Medical - MHSC and/or supplementary coverage?

- Retirement for all eligible personnel?

- Worker's compensation?

IS AN ANNUAL AUDIT DONE BY A QUALIFIED CA, CGA, OR CMA?

- Is the report fully and accurately reported to the board?

- Is the report accepted by a <u>vote</u> of the board?

- Is the report available to any member of the agency?

- Is the report available to any member of the community?

ARE CONTRACTS MADE BY YOUR AGENCY IN ORDER AND UP-TO-DATE...

- With individual staff members?

- With funding organizations?

- With your landlord?

- Are the stipulations of any grant being fully complied with in areas of administration, disbursement, program and reporting?

ARE THE FINANCES OF YOUR AGENCY IN ORDER?

- Are taxes paid?

- Are there outstanding bills?

IS YOUR INSURANCE ADEQUATE AND IN FORCE?

- On your building or office facilities?

- For your staff?

- For your board members and volunteers, whenever they are on agency business?

DO YOUR BOARD MEMBERS INDIVIDUALLY UNDERSTAND:

- Legal responsibility of the board of the agency?

- The incorporation papers of your agency?

- If the program activities of the agency are within the legal scope of the corporation's purposes?

GOVERNMENT RELATIONS

As a recipient of government funding, the board should ensure that it and the agency staff establish and maintain a positive relationship with government.

Positive government relations requires year-round, two-way sharing of information to educate and inform the government department(s) the agency deals with and vice versa.

The Department of Family Services and Housing requires a variety of information from the agencies to whom it provides funding. As a source of funds, the government has an obligation to be fully aware of the way those funds are used, and to ensure that their use is consistent with the policy direction established and expressed in the mission and goals of the Department of Family Services and Housing. Board members and staff may find it interesting to review the mission and goals.

DEPARTMENT OF FAMILY SERVICES AND HOUSING

The Mission of the Department is to:
- provide financial support to Manitoba citizens in need while assisting them to achieve greater self-sufficiency and independence;
- support persons with disabilities to achieve full participation in society;
- keep children safe and protected and assist people facing family violence;
- promote the healthy development and well-being of children and families; and
- assist Manitobans to have access to adequate and affordable housing.

Goals of the Department are to:
- provide financial support for citizens in need which enables them to live with dignity and security;
- help persons with disabilities to live safely and to fully participate in Manitoba's society, economy and labour market, including assisting them to develop the skills necessary to find and keep employment;
- provide quality early childhood interventions which foster the development of healthy youth and adults;
- support quality child day care which is accessible and affordable;
- protect children from abuse and neglect;
- provide supportive and preventative services for families;
- provide housing assistance which results in individuals and families in need having a safe and secure place to live;
- recognize the contribution that staff and the wider community make in assisting the department reach its goals;
- engage the broader community to enable citizens to be involved in decision-making and foster community capacity to help ensure the success and sustainability of social programs.

It is for this purpose that the Department of Family Services and Housing requires each agency receiving funding from the department to provide specific financial, service and agency information. These reporting requirements include audited financial statements, year-end reports, staffing reports and interim financial statements. The department also requires agency information that may include such things as an agency history, operating information and structure, board of directors listing, by-laws, personnel policies, and program and service descriptions.

Ongoing dialogue between the staff of the agency and government staff will ensure that modifications to information requirements are made that are reasonable and effective for both parties.

There is an ongoing focus, both within each agency and the government departments that fund them, to receive improved decision-making information. The importance of this accountability is emphasized by the service and reporting requirements associated with the receipt of monies. The application of professional management processes in the non-profit social services sector is receiving ever-increasing attention.

As was discussed in the previous section Legal Accountability, the mission of a non-profit organization is recognized as a legitimate use of community resources and implies the responsibility of each board member to safeguard the organization's assets in the interest of the funding sources. As a function of this trusteeship, it is the obligation of a board member or trustee to be responsible for carrying out this public trust.

The Department of Family Services and Housing expects funded agencies to provide services and to monitor the needs of the clients it serves. The sharing of service information and financial information is critical in order for the agencies to work with the department to influence government programs and legislation where, and when, appropriate and to ensure reasonable consideration during the budgeting of funds to the agencies.

The department expects the boards of the agencies it funds to accept the responsibilities and perform the functions of a governing board. In return, the board of directors should expect the government to support its agency fairly and within the policy direction of the government.

CONSTITUTION AND BY-LAWS

An organization is governed by its constitution and by-laws. Simply stated, by-laws determine who has power and how that power will work. They provide the agency with the structure it requires to carry out its business and to help prevent disagreements and conflicts. Because of this, the board must ensure that its by-laws are current and relevant to the needs of the agency through regular reviews and by-law updates to reflect agency changes. Agencies are usually asked to submit a copy of their by-laws when applying for financial support.

The following section discusses the general guidelines for establishing and reviewing by-laws.

ESTABLISHING BY-LAWS

Depending on the size of an agency, a committee may be appointed to prepare simple and brief by-laws. An appropriate amount of flexibility should be built into the by-laws so they do not act as a straightjacket for the agency. Copies of the proposed by-laws should be sent to all members of the agency with the call to a meeting, at which time they will be discussed and approved. **It is important that an organization seek some legal counsel before finalizing their documents.**

At the beginning of the discussion regarding adoption of the proposed by-laws, a motion is made and seconded to adopt the by-laws as a whole. Under this motion the by-laws are considered, one article at a time. Time is allowed for discussion and amending each article before proceeding to the next one. When the members have discussed and amended each article as desired, the chairman takes a vote on the by-laws as a whole. A majority vote is necessary to adopt the by-laws. However, a two-thirds vote is usually necessary to make changes in the by-laws once they have been adopted.

By-laws go into effect immediately upon adoption. If it is desired that this be postponed until a certain date, a schedule for the time when they will become effective must be approved by majority vote when the by-laws are adopted. This schedule may be for one item or section, or for the by-laws as a whole. Once the members of an organization have voted to adopt a set of by-laws, the organization is officially in business.

Once they have been adopted, by-laws cannot be suspended--not even by unanimous vote. Every member should have a copy of the by-laws, and the by-laws and basic procedures of the agency should be reviewed annually.

By-laws may be changed according to the rules for amendment which are part of the by-laws.

As outlined in the guide *Understanding the Law: Beginning and Incorporating a Non-Profit Organization* by the Community Legal Education Association, the following is a brief discussion of the areas that should be dealt with in the by-laws:

1. Membership

Who can be a member, terms of admission, members' rights and obligations, and how membership ceases should be dealt with. There is no limit on the number of members and more than one class of membership (i.e. full, associate and honourary) can be created. If membership fees are required, a procedure for payment and determining fee rates should be stated.

2. Directors

Numbers of directors, how are they chosen, length of term, how they can be removed, and how often they should meet should be specified. Special offices such as treasurer and secretary should be described. A statement outlining qualifications for a position of director is recommended. Any individual can be a director if they are 18 years of age or older and if they are not bankrupt. Also, it is suggested that directors hold office for more than one fiscal year so that the organization can benefit from the expertise gained.

3. Fiscal Year

Since the annual general meeting of members usually occurs shortly after the close of the fiscal year, the organization should choose a fiscal year which is convenient to most of its members. As a matter of interest, the government's fiscal year end is March 31.

4. Meetings

Since there must be one annual general meeting of members, a clause should be included setting out how, and during which month, this meeting will take place. All members of the organization should be given at least 21 days' notice of a general meeting. Another clause should deal with the procedures for calling special and directors' meetings and the number of people required to constitute a quorum. A quorum is the minimum number of members that must be present to have a valid meeting. All members of the board of directors must be given notice of directors' meetings.

5. Voting

Matters such as voting eligibility and tie-breaking procedures should be dealt with. Unless the by-laws provide otherwise, voting is by a show of hands or by ballot.

Also, it should be determined whether proxies will be allowed. A proxy is a person appointed to vote for someone who is not present.

6.   Amendments

It is important that by-laws outline steps by which they can be changed when it becomes desirable or necessary to do so. Unless the by-laws state otherwise, the directors may amend any by-laws that regulate the business of the organization. The amendment must then be passed by at least a majority vote of the members (and often an organization will specify a two-thirds vote is necessary in its by-laws).

7.   Record Keeping

Recording and keeping of minutes should be provided for. Minutes are records of decisions made at meetings. Also, the financial records of the organization should be available for the membership to inspect.

BY-LAWS CHECKLIST

It is important that the board regularly review its by-laws to confirm that they are still current and relevant to the agency. Time should be taken each year to review the by-laws and procedures of the agency. The following is a checklist that can be used by the board or the by-laws committee to review an agency's by-laws.

Article:

I.   **Name** of the organization

II.   **Purpose** of the organization (mission statement)

III.   **Membership**

  Section   1.   Eligibility (who may be a member)

            2.   Types of membership (voting, non-voting, active, honourary, student etc.)

            3.   Resignation and reinstatement procedures

IV.   **Board of Directors**

         Section   1. Composition

                   a) Officers (president, vice-presidents, secretary, treasurer)

                   b) Other board members (numbers, how many elected, and how many appointed, ex-officio)

                   2. Terms of office (how long board members and officers serve)

                   3. Nominations and election procedure

                   a) Nominating committee (method of selection, number of members, when they must present their recommendations)

                   b) Elections (when held, how conducted, filling vacancies, removal, board rotation)

                   4. Duties and powers (of the board and of the individual members of the board)

V. **Board Committees**

Section 1. List standing committees and authorized ad hoc committees as deemed necessary by the board. Usual standing committees are those which must function year-round in order to sustain the organization, i.e. executive board, finance, membership, and programs.

   2. Appointment method (state that committee chairs serve at the pleasure of the president--or are elected by the board.)

   3. Term of office

   4. Chairperson

   5. Vacancies (filling) and removal of committee members

   6. Terms of reference (duties and responsibilities)

VI. **Meetings**

Section 1. Regular membership meetings (number per year, method of notification)

   2. Annual meeting (specify when held, state purpose: to elect officers, adopt programs and budgets, and other business as determined.)

   3. Voting (state number for quorum; whether proxies or voting by mail are allowed)

   4. Special meetings (specify when they may be called, by whom, and for what types of purposes, and manner of notification)

   5. Board meetings

    a) Number of regular board meetings and method of notification

    b) Special board meetings and method of notification

    c) Quorum (number of board members required to legally transact business)

            d)   Compensation (statement that no compensation is allowed, or that expenses will be reimbursed)

VII.   **Financial Policy**

      Section   1. Fiscal year (when it begins)

                   2. Dues (payment deadline)

                   3. Budget (when submitted)

                   4. Contracts, cheques, deposits and funds (signing officers, who/how many may sign cheques, bonding, authorize contracts, accept gifts on behalf of the organization, authorize investments)

                   5. Accounting and auditing policies

                   6. Non-budgetary expenses (policy for handling)

VIII.   **Resolutions and Amendments**

      Section   1. Resolutions (ordinary or special) state numbers of votes required to pass

                   2. State how by-laws are amended; number of members needed to pass by-laws changes; amount and type of notice of proposed changes; if voting must be at a meeting or can be done by mail

IX.   **Parliamentary Authority** (this does not have to be a part of the by-laws; if it is, it must be followed at all meetings)

X.   **Dissolution** (state what would happen if the organization should dissolve: how funds and other resources would be distributed and to whom; who has the power to make the decision to dissolve; notification of intention to dissolve).

Adapted From: *Gaining Momentum For Board Action*
                Arty Trost/Judy Rauner

GUIDELINES FOR BOARD MEMBERS AND OFFICERS

THE COMMITMENT AND GENERAL DUTIES

Board members are those individuals who have stepped forward to give their skills, interests and talents to an agency. It should be recognized that board service is a special commitment. The clients and community served by an agency require the agency's board to maintain a minimum level of commitment to the governance of the agency. The following is a brief discussion of this minimum commitment.

1. A board member should be committed to fulfilling the needs of the people the agency serves. The success of the agency is measured in the quality and quantity of service that is delivered.

2. A board member must ensure the financial stability of the organization by the raising of monies through fund-raising, personal gifts, government assistance or other funding organizations and by being a responsible manager of these funds. Each board member helps assure the financial integrity of the agency.

3. A board member provides resources to the agency through his or her talents, special skills and interests and by encouraging others to support the agency.

4. Finally, a board member should be willing to commit time and energy to the agency. Preparation time is required so each member can participate fully and intelligently in board and committee meetings.

The following is a list of general duties for effective boardmanship.

1. Attend all board meetings - this participation emphasizes policy making, monitoring operations via the executive director or General Manager, and monitoring actual progress compared to a one-year operational plan. In order to participate to the best of their abilities, board members should:

   - be punctual;
   - be informed on the agenda items;
   - contribute in a concise, clear and carefully thought-out manner; and
   - carefully consider the positions of your colleagues and assist in constructive decision-making and strive to secure consensus.

2. Attend committee meetings.

3. Contribute financially to the agency.

4. Assume leadership when requested or when required.

5. Represent the agency at community events and promote the understanding of its purpose and programs.

6. Be informed about the agency's programs, policies and services.

7. Be informed about the needs and trends within the agency membership and the community.

TERMS OF REFERENCE

Terms of reference provide a brief description of the basic components of a given role, including the specifications, responsibilities and accountabilities of the role within the organization. Terms of reference may be developed for an individual position. They should be reviewed annually and updated to ensure continued relevance.

Terms of reference provide staff and board members with a clear understanding of what they and others are expected to do. Terms of reference aid in the recruitment of members by analyzing task requirements, making it is easy to identify needed skills. They also provide the recruiter and prospective volunteer with a framework for discussion. In addition, terms of reference for board members help the organization anticipate training needs.

Points To Include In Terms Of Reference

- Name of organization.
- Position title.
- Purpose - general statement describing the mandate of the committee or position.
- Term of office.
- Orientation - brief description of training offered.
- Authority - how much "power" does the position have?
- Accountability - to whom is the position responsible?
- Responsibility - what is the role of the position?

The responsibilities of board officers should be outlined in the by-laws of the agency. The typical responsibilities of the president, vice-president, secretary and treasurer are discussed below.

THE PRESIDENT/CHAIRPERSON

The president is the chief executive officer and, as such, takes the lead in the affairs of the agency. His or her duties usually include:

1. Creating a positive atmosphere at meetings which allows the board of directors
    to work harmoniously and decisively together so all members participate.

2. Delegating to other officers or committees the arrangements for the meeting place and
    necessary details, and monitoring this process to ensure these tasks are done
    satisfactorily.

3. Consulting with the secretary, committee chairpersons and staff to prepare the agenda
    prior to the meeting.

4. Casting the deciding vote in the case of a tie (depending on guidelines in the
    constitution).

5. Managing or conducting meetings by:

    a)   assigning the floor to one speaker at a time;
    b)   co-ordinating discussion and assuring that the discussion stays on the
          topic under consideration;
    c)   providing and/or summarizing facts and details as necessary; and
    d)   stating clearly every motion before the vote is taken, announcing the
          results of the vote and overseeing the actual voting procedures, such as
          appointing scrutineers, if required.

6. Requesting the vice-president, or an alternate, to assume chairmanship of the
    meeting if the president wishes to take part in discussions. It is not advisable to
    give opinions while in the chair.

7. Ensuring that the most qualified and effective individuals are appointed to the
    key committees which do the work of the agency.

8. Meeting with the executive committee between monthly board meetings to make any
    necessary administrative decisions, within the policy guidelines of the board.

9. Representing the agency when dealing with funders.

10. Acting as a signing officer for the agency.

11. Performing ceremonial duties at agency social functions.

Suggestions For The President

- Open meetings on time and proceed in a business-like manner and adjourn meetings on time. Have the board approve the agenda at the beginning of the meeting.
- Arrive for the meeting early to check on seating and equipment, and to review items of business with officers.
- Be familiar with the rules of parliamentary procedure and any variations of those that appear in the organization by-laws.
- Conduct the meeting with tact, firmness and fairness. It is not good practice to hold whispered conferences with other officers while in the chair.
- Remember, all members have equal rights on the floor but, politely and firmly, declare members out of order when necessary.

THE VICE-PRESIDENT

The duties of the vice-president usually include the following.

1. Learning the duties of the president, and acting as chairperson when the president is absent, or when called to the chair by the president.

2. Assisting the president whenever possible.

3. Assuming duties as assigned by the agency and usually chairing at least one major committee of the agency.

4. Filling in for the president at major presentations and other events as required.

5. Acting as president if the president leaves the group. Presidential succession will probably be stated in the constitution.

6. Acting as signing officer for the agency.

7. Ensuring ongoing board member development.

THE SECRETARY

The usual duties of the secretary are as follows.

1. Taking charge and ensuring the safety of the minute book, correspondence and other records belonging to the agency.

2. Distributing copies of minutes and agendas to all board members before the regularly scheduled meeting.

3. Collecting written reports from the committee chairpersons and distributing them as required.

4. Maintaining the files and records of the agency for future officers, including copies of letters, grant applications, annual reports, briefs and proposals.

5. Receiving and reading correspondence, and bringing it to the attention of the appropriate officer.

6. Conferring with the president to ensure awareness of pending business.

7. Recording motions and decisions of the meeting. Committee reports should also be filed with the minutes.

8. Sitting at the front table, near the president.

9. Reading all pertinent letters received by the agency at the request of the president.

10. Acting as chairperson if both the president and vice-president are absent, and appointing an acting secretary for that meeting.

11. Standing:

   a) to read minutes of previous meeting; and
   b) to read correspondence.

12. Participating when appropriate in discussion and voting.

13. Acting as a signing officer of the agency.

Suggestions For The Secretary

In writing the minutes of a meeting, the secretary should record the following:

- kind of meeting (regular or special);
- name of organization;
- date and place of meeting;
- number and/or names of members present and names of special guests; statement that the minutes of the last meeting were or were not read and approved;
- all business transacted, including motions made, names of members who moved and seconded each motion and whether the motion was carried or defeated;
- committees appointed - names of members and the terms of reference;

- committee reports and their disposal - accepted, tabled, etc.;
- statement on correspondence handled by the meeting;
- any special features of the meeting, such as the program;
- time of adjournment; and
- time and place of next meeting, if not indicated in by-law of the organization.

NOTE: Larger boards may have paid staff who record meeting minutes and do the "legwork" for the organization. The board secretary then becomes more of a "monitor" position -- someone to make sure the board secretary's responsibilities are carried out by staff.

THE TREASURER

The following lists the key roles and responsibilities of the treasurer.

1. Keeping the agency funds in a safe place, preferably a bank or credit union account, as directed by the agency.

2. Co-signing cheques with another officer, usually the president.

3. Keeping an accurate record of all receipts and expenditures, therefore keeping the agency's fiscal books up-to-date at all times.

4. Paying accounts approved by the agency.

5. Submitting regular financial statements at monthly meetings of the board of directors and executive committee.

6. Submitting an annual report showing receipts, payments and balance on hand. (The president "puts" the question of adopting the report and this, in effect, approves the treasurer's report.)

7. Overseeing the development of the agency's budget and its presentation to the board for consideration and approval.

8. Monitoring the budget and advising the board of directors of forthcoming expenditures, problems and any other financial management issues.

9. Ensuring that funding sources, members, governments and their agencies receive timely and accurate financial reports.

10. Recommending to the board of directors the name of a qualified auditor or accounting firm that conducts audits. Organizing a series of interviews once every three years to ensure that a competent accountant is selected.

If the organization has an employee who is responsible for financial management, the treasurer may be less involved in the day-to-day financial activities. However, the treasurer should still have a financial background equal to the responsibilities listed above. The treasurer is responsible to report to the board, so the board can ensure the financial integrity of the agency. One of the major roles of the treasurer will be to oversee the independent audit of the agency's accounts.

BOARD MEMBER CHECKLIST

This list is a generalized job description for all board members. (Job descriptions for specific board positions such as president or vice-president, define additional responsibilities.) Check your willingness to accept these responsibilities.

1. Knowledge and Preparation

- Educate myself on the agency, its history, goals, clients, staff, current situations, problems and needs.
- Keep abreast of national, provincial and local trends that affect the agency and its clients.
- Educate myself on the role and responsibility of the board as a whole, as well as individual board members.

2. Participation

- Participate in the tasks of the board.
- Be an enthusiastic and knowledgeable voice for the agency.
- Serve actively on at least one committee; understand how committees relate to the board.
- Act as an advocate for the agency, if agreed-upon by the board.
- Participate in discussions at meetings; ask probing questions and seek relevant answers before voting.
- Report to the board, in written or verbal form, as appropriate.
- Recognize my role as a member of a team.

3. Time Commitment

- Attend board orientation and training.
- Attend board meetings, committee meetings and general membership meetings.
- Do assigned work between meetings, including preparing for meetings by reading reports and background material.

4. Constraints

- Support board decisions once they are made, (even if I voted against the decision) or resign if I cannot.
- Avoid any possibility of conflict of interest.
- Understand the difference between the roles of the board and the staff; don't attempt to do a staff's job, or let them do mine.

Adapted From: *Gaining Momentum For Board Action*
        Arty Trost/Judy Rauner

BOARD OR COMMITTEE MEMBER SELF-EVALUATION

	YES	NO	NEEDS IMPROVE-MENT

As a participant in the group, do I...

1.   Arrive on time?

2.   Remain until adjournment?

3.   Study the agenda in advance and come prepared participate in the discussion?

4.   Speak up when I have something to contribute?

5.   Encourage others to express their views?

6.   Listen attentively when others are speaking?

7.   Respect and give thoughtful consideration to the viewpoints of others?

8.   Request further information when I feel that the group has insufficient data on which to make a decision?

9.   Help summarize ideas?

10.   Help other group members feel at ease?

11.   Avoid interrupting others?

12.   Avoid cross talk with neighbours?

13.   Avoid rambling, telling too many anecdotes or Changing the subject?

CHAIRPERSON SELF-EVALUATION

	YES	NO	NEEDS IMPROVE-MENT

As chairperson of the group, do I...

1. Make adequate preparations prior to the meeting?

2. Develop an agenda?

3. Follow the agenda?

4. Help the group become comfortable with each other by using ways of putting people at ease?

5. Provide a good physical environment?

6. Offer a clear statement of the purpose of each item on the agenda and state the objective to be achieved in its consideration?

7. Help clarify group members' comments?

8. Succeed in keeping the discussion focused on the topic?

9. Give frequent summaries of group thinking so that the group can see and feel the progress being made?

10. Help the group arrive at conclusions?

11. Outline matters to be held over for future meetings?

COMMITTEES

In the first section, "The Role of the Board," the key governance and management functions of the board of directors were discussed. In order for the board to fulfill these diverse responsibilities it is often wise and necessary to use committees.

Committees may be used for a number of functions. Therefore, it is important that their purpose and responsibilities be clearly defined. The committee may have an advisory role, drawing on the skills and wisdom of a highly qualified group to recommend actions to the board regarding particular items.

An exploratory committee would be made up of a group of individuals who have the skills to examine an issue, carry out research regarding that issue, and present their findings to the board.

The role of an implementive committee is to take action. These committees should have representatives with the characteristics discussed in the members of advisory and explanatory committees, along with experience at both policy and operational levels. Members must have the ability to implement their recommendations once they have been approved by the board.

It is the board's responsibility to clearly state the scope of authority the committee is delegated. Written terms of reference, or guidelines, for the committee will help avoid future misunderstandings of the purpose and authority of the committee.

Non-profit organizations are sometimes reluctant to create and empower committees because of a fear of losing power. Staff may also voice concern that committees may result in the undermining of their advisory and management roles. It is important to understand that a committee only has the power to make recommendations. It is the board which approves and directs actions to be taken. If a committee is requested to implement actions at an operations level it should provide reports to the appropriate management.

TYPES OF COMMITTEES

Non-profit organizations generally use two types of committees, standing committees and ad hoc committees.

1)   *Standing Committees* are usually named in the by-laws and handle the regular work of the organization. They work year-round and attend to continuing situations. Their terms of reference may also be defined in the by-laws. Standing committees are expected to meet and report to the board regularly.

Examples of standing committees include finance and budget, human resources, audit, executive program and evaluation, nominating, facilities, public relations and policy and procedures. Each board must decide which standing committees are appropriate for its structure.

If the committee's purpose is to deal with

- financial planning and procedures,
- long-range planning,
- paid personnel, or the
- monitoring of operations (the executive committee),

then these committees, because of their confidential and strategic nature, should be comprised solely of board members. Although it may be possible to select someone outside the board who has special expertise, the majority of members should be from the board of directors.

Other standing committees, special committees and task forces are typically linked to the board by one board member acting as a liaison. This board member can act as the committee chairperson.

The option always exists to form a committee without any board member participation. In this instance it may be prudent to select a chairperson who is a former board member or who is well respected by board members.

Since standing committees are included in the organization by-laws, they must exist unless the membership amends the by-laws.

2)   *Ad Hoc Committees* are often referred to as "special committees," "steering committees" or "task forces." These committees are usually created to perform a task or function. An ad hoc committee is created by a motion passed by the board which should include terms of reference, time lines by which the task should be completed and when the committee will be terminated. The work of a special committee may carry on so that the committee becomes a regular or standing committee. The by-laws may have to be amended to reflect this.

VALUE OF COMMITTEES

Committees have several advantages which include:

- allowing for a reasonable distribution of the work load;
- ease of convening small groups;
- allowing for more individual participation because of the smaller groups;

- giving people with special skills and interests an opportunity to work on a committee that requires their ideas and knowledge; and
- providing a "training ground" for potential board members.

A well-developed committee structure is often the key to organizational effectiveness.

An effective committee system removes time-consuming detail from a board meeting and lessens the tendency for board members to make decisions in isolation from the facts. Highly skilled individuals working on committees can broaden the responsibility of board decisions and provide advice or help to implement a project. When individuals pool their knowledge and discuss different viewpoints, better ideas often emerge.

Committees involve more people in the process which can speed up board acceptance and implementation of a committee's recommendations. People tend to support those decisions that they have been involved in making.

DEVELOPING BOARD COMMITTEES

When developing a board committee whose purpose is not of a strictly confidential nature, choose other people in addition to board members. The chair should be a member of the board but staff, clients, general membership, professionals and local citizens can provide valuable input into decision-making and the carrying out of programs. This creates a feeling of teamwork and permits individuals to make personal contributions at their own level and grow within the agency.

It is critical that each committee have individuals who have skills and knowledge relevant to the work of the committee.

In addition to appropriate skills and knowledge, choose members who:

- have interest in the activity of the committee;
- are committed to furthering the purpose of the agency;
- represent different segments of the agency;
- will work well together and are able to manage conflict;
- will provide good leadership; and
- will communicate between board and committee.

By bringing some care to the committee-appointment process and remembering the potential which committees have in leadership development, a significant contribution to the future strength of your board can be made.

Problems involving committees and their members can be reduced if members are able to answer the following questions.

1. <u>What</u> is the purpose of this committee?

       Do we understand our authority and the limitations of these powers? What is the scope of our work?

2. <u>When</u> are we supposed to complete the work?

       Do we understand the time frames to carry out tasks and directives and to submit reports?

3. <u>How</u> do we carry out this job?

       What resources are available to us? (budget, staff support, spending authority).

These questions should all be answered in carefully developed terms of reference for committees.

TERMS OF REFERENCE FOR COMMITTEES

A committee is a work unit of the board and the board must develop clear and concise terms of reference that assign responsibilities to the committee. When committee members know what they are expected to do, they are more likely to enjoy the task and reach a high level of productivity.

Guidelines For Developing Terms Of Reference

Terms of Reference should include the following points:

<u>Name of Committee:</u>

<u>Purpose:</u>   What is the general description of the area in which the committee works and what does it do?

<u>Membership:</u>   Is representation from interest groups needed?
                 Is staff assistance needed?
                 Who is appropriate?
                 What is the length of term?
                 Are members appointed or elected?

Time frame for ad hoc committees:

Authority: How much power does the committee have?

Accountability: To whom does the committee report?
How often does it report?

Orientation: How are new members oriented?

Meeting schedule:

Responsibilities and functions:

Budget:

While a terms of reference statement should cover all this information, the way the information is arranged may vary from agency to agency. The most important considerations when developing the terms of reference for a committee are clarity and completeness.

USING COMMITTEES EFFECTIVELY

The following guidelines for effective committees were adapted from *Improving Boardmanship Skills*, Project Manage 1984.

1. Where appropriate use short-term "ad hoc" committees. Short-term commitments appeal to busy people.

2. Staff committees with people other than board members, including staff, general membership, clients, professionals and local citizens to enhance involvement with the agency and commitment to its programs.

3. Create a committee only for a specific reason. If a committee does not have a job to do, it should not exist.

4. Be certain every committee has written guidelines and plans.

5. Use every committee member and do not overload one or two people.

6.   Do not use a committee to do a job that could be more efficiently done by one person with expertise in that area.

7.   Do not create committees that are too large to work efficiently.

8.   Evaluate the performance of the committee and its members. Recognize efforts and assist in the development of members.

THE COMMITTEE CHAIRPERSON

Next to a clear statement of the committee's purpose and responsibilities, the most important ingredient to a committee is its chairperson. The careful selection of a chairperson is critical to the success of a committee.

The following is an overview of the committee chairperson's responsibilities.

1. Organization

- Carefully selects committee members.
- Selects a sufficient number of members.
- Provides adequate orientation.
- Develops, with the committee, a sequence of work.
- Delegates work.
- Provides structure (subcommittees, special task force).
- Supports and coordinates the work of committee members.
- Ensures optimal use of members' abilities and connections.

2. Meetings

- Prepares for and calls the meeting.
- Confers with committee members on their participation at meetings.
- Prepares the agenda and supporting materials.
- Presides at committee meetings to:
    - provide the background on agenda items and lead the discussion to approve or amend the agenda;
    - request reports from members providing suggestions as needed;
    - give the committee information from the board of directors, other committees and volunteers; and
    - helps the committee evaluate its effectiveness.

3. Meeting Follow-Up Work

- Makes a regular progress report to the board of directors.
- Consults with the president, staff and other committee chairpersons, on the committee's work and possible recommendations.
- Retains a file of pertinent data including minutes.
- Delegates work, encourages and guides committee members.

4. Develops Committee's Budget

- Develops a realistic budget in consultation with board and staff.
- Ensures that the association's treasurer receives a copy of the budget by the agreed-upon date.

5. Liaison With Agency

- Reports or interprets committee plans and progress.
- Seeks advice, opinions and approval of plans and activities.
- Presents progress reports, evaluations of committee's work and plans for coming months.
- Works with other committees on matters pertaining to the committee.

SUMMARY

At first glance it often appears that agencies and their boards seldom make decisions, instead, referring the decision to a committee, or if a committee does not exist, establishing a new committee to make the decision. In non-profit agencies, committees seem to appear everywhere, with an endless variety of tasks.

While it is possible to be cynical about committees it is important not to lose sight of why they exist.

A committee is a work unit of the board. It is one way the board takes its work and breaks it down into manageable pieces. By appointing competent people to a specific job, the board is able to multiply both its effectiveness and the amount of quality work accomplished.

An effective committee system removes time-consuming detail from board meetings. Boards can make better use of their time and arrive at more effective decisions when they have complete information in the form of committee reports.

Committees also allow more people to be involved in the board's work and as a result the agency's support base is expanded. Individuals with special skills who are not board

members (or even members of the organization) may also be asked to serve on a committee so the agency is able to benefit from their expertise.

COMMITTEES SELF-EVALUATION WORKSHEET

In order to determine the changes that may be appropriate for your organization's committee structure, assess to what extent the following statements reflect your agency or board and review the results.

	YES	NO	NEEDS IMPROVE-MENT
1. The purpose and priorities of each committee are in writing and copies are supplied to all committee members.			
2. Committee plans identify who will do what and when it will be done.			
3. Committee membership includes members outside of the board, where appropriate.			
4. Every year the board reviews the year's objectives, accomplishments and methods in order to identify needed committee changes.			
5. The board has committees in the following areas: people, money, programs and public relations.			
6. The board chairperson supervises standing committee chairpersons and provides advice, support, evaluation of progress and feedback as needed.			
7. The committees have a good relationship with the board.			
8. Long-range goals are developed for programs, human and financial resources and public relations.			

	YES	NO	NEEDS IMPROVE- MENT
9. The committees have an annual planning process.			
10. The board has oriented committee members and staff to the organization structure and the lines of authority.			
11. The channels for communication and problem solving among the board, committees and staff are clearly defined.			
12. Terms of reference are prepared and approved for each committee.			
13. The committee structure is reviewed and adjusted to meet changing needs.			

BOARD/STAFF RELATIONS

Board members and staff must strive to become a partnership team focused on providing the best possible service with the available resources. To accomplish this objective, mutual respect and cooperation must exist between the board unit and the staff unit.

A useful starting point is to consider some of the major differences between board and staff members.

- Board members are volunteers. Staff members are usually paid.
- Board members are elected. Staff members are hired.
- Board members are usually involved on a part-time basis. Staff members usually work full-time.
- Board members set policy. Staff members operate within policy.
- Board members assign authority. Staff members receive authority.
- Board members are oriented toward the future and are usually not involved in the day-to-day work. Staff members focus on the daily administration of the agency.

In spite of these differences, board and staff members share a common purpose which is the achievement of the agency's mission. In fact, a successful board perceives its work and the work of the executive director and other staff (paid or unpaid) as a partnership between three distinct entities, and three levels of authority.

- The *board*, as well as its committees, governs the agency, and is ultimately responsible for the entire agency.
- The *senior staff* who manage the agency are responsible for day-to-day operations and report to the board.
- The *staff*, paid or unpaid, who administer the implementation of programs and services, are responsible for their performance and report to senior staff.

THE BOARD/STAFF PARTNERSHIP

The board's primary role is to prepare for the future through sound planning and policy making in its governance functions. The staff's role focuses on the "now," the daily implementation of policies and programs.

The executive director acts as the channel between the two ends interpreting policy to the staff and providing front line reports to the board on the agency's programs and services.

To ensure these roles and responsibilities work, clear lines of authority and accountability are required. Indeed, these lines are the backbone of the agency.

The example below is from the Access Network, *Board Development Learner Manual*, The Alberta Educational Communication Corp. 1988, and shows the line of authority and accountability from a policy governing board.

```
┌─────────────────────────────┐
│         THE BOARD           │
└─────────────────────────────┘
               ↓
               ↓
          authorizes the
┌─────────────────────────────┐
│      CHAIRPERSON OF         │
│        THE BOARD            │
└─────────────────────────────┘
               ↓
               ↓
          to monitor the
┌─────────────────────────────┐
│    EXECUTIVE DIRECTOR       │
└─────────────────────────────┘
               ↓
               ↓
         to supervise the
┌─────────────────────────────┐
│           STAFF             │
└─────────────────────────────┘
         who implement
          the policy
```
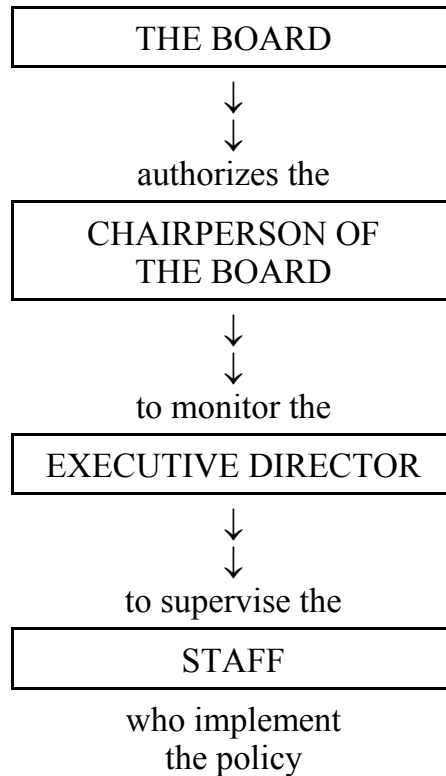
Implicit in this line of authority is a basic rule: a person should have only one boss. If more than one person directs the staff, confusion occurs. Varying policy interpretations and job assignments can easily place board and staff in conflict.

The president or chairperson should communicate on the board's behalf to the executive director and the executive director should speak on behalf of the staff to the board.

For example, if a board member has a concern about a particular staff member's work, the board should communicate that concern to the chairperson of the board. The chairperson is authorized to discuss it with the executive director, who in turn would discuss it with the staff member in question. Similarly, if a staff member has a problem with a personnel policy he or she should first take it to the executive director, not directly to the board.

Committee chairpersons and the directors or managers of particular programs or services may relate directly. However, the executive director and board chairperson should be kept aware of information being communicated.

Although on the surface this may appear a roundabout approach, it serves to preserve the lines of authority, accountability and communication. Proper levels of communication will promote good relationships. However, the board should set some processes for the circumstances of unresolved issues between these lines of communication. The mechanism for dealing with these may be through such things as an established grievance procedure.

Applying the rule that a person should have no more than one boss is somewhat more difficult for a board that has no executive director or equivalent position. In these cases a single board member (often the chairperson of the personnel committee) is assigned the responsibility of monitoring, evaluating and dealing with staff.

The board/staff relationship should be based on mutual respect of one another and a trust that each is acting responsibly on behalf of the agency. All relevant information and points of view must be shared.

PERSONNEL POLICY

Clear job descriptions in a well-defined structure are a necessary part of successful board/staff relations. Although the board will delegate daily responsibility for personnel management to the executive director, the board must provide the executive director with clear direction about "people management" in the agency. One of the responsibilities of the board is the development of a personnel policy document.

Developing a personnel policy document offers several advantages.

- Policies are written. This reduces the possibility of misunderstandings
- about terms of employment, job conditions and job performance expectations.
- Every staff member is clear about the terms and conditions of his or her employment with the agency.
- There are written references to use when dealing with employee grievances or disciplinary matters.
- Clear and open communication between board and staff is fostered.

People become committed to projects, policies and goals which they have helped develop. Consult with the staff when developing the policies which will guide their work activities. The board can include staff in the process by asking them to draft portions of the personnel document and review their own job descriptions. This participation will lead to commitment.

A personnel policy document should be as comprehensive as possible so that it provides both new and long-term employees with a clear understanding of every aspect of their

job. The following provides an outline of the areas that should be dealt with in a personnel policy document.

1. Organization:

- an organization chart of the agency, including job titles, and indicating reporting lines (every employee should know where he or she fits into the organization and who his or her boss is);
- the terms regarding each position (permanent, probationary, temporary); and
- a job description (every employee should understand the major functions of his or her job, the areas of responsibility for that job and the performance standards for each area of responsibility).

2. Conditions of employment:

- hours of operation;
- lunch and rest breaks;
- terms regarding outside work;
- bonding;
- no-smoking policy; and
- any other condition which may be legal and applicable to work with the agency.

3. Staffing policy:

- recruiting and hiring (professional and support staff);
- recruitment policy (internal and external);
- criminal record checks or other checks (ie. sexual abuse registry) as appropriate;
- probation;
- retirement;
- resignation;
- separation; and
- letters of reference.

4. Performance reviews:

- appraisal system.

5. Professional development policy

6. Confidentiality policy

7. Conflict of interest policy

8.   **Reporting protocols and incident reporting,** including abuse and sexual harassment

9.   **Grievance procedure**

10. **Disciplinary procedures**, including the actions which will result in disciplinary action

11. **Termination procedures**

12. **Terms regarding absence from work,** specifying those with and without remuneration:

     • statutory and other holidays;
     • vacation;
     • sick leave;
     • maternity/paternity leave;
     • study leave/absences;
     • compassionate leave (bereavement and other); and
     • leave of absence.

13. **Compensation:**

     • salary/wage (ranges and increments);
     • terms of payment (pay periods and deductions);
     • overtime;
     • vacation pay;
     • sick pay;
     • benefits plan (mandatory, other, pension plan); and
     • reimbursement of expenses (which expenses can be reimbursed and the reimbursement procedure).

It is the responsibility of the board to ensure that sound personnel policies exist for both paid and volunteer staff in order to hold board members and staff accountable.

BOARD AND STAFF - WHO DOES WHAT?

The following is provided for policy making boards. It reflects the generally accepted practices and identifies the general responsibilities of the board of directors and paid staff. Boards and staff may want to discuss the similarities and differences between these and the practices and responsibilities within their own agency.

It is recognized that each agency may assign responsibilities somewhat differently. Some of the responsibilities indicated as primary to the executive might be delegated to other staff in a large agency. In an agency without paid staff the board members may perform some of the functions indicated for the executive or staff. The responsibility of some tasks are flexible and based on agreement between board and staff depending on the situation.

FUNCTION/TASK   **RESPONSIBILITY**
                                                    1 - Primary
                                                    2 - Secondary/input and
                                                         assistance
                                                    3 - Based on agreement

	BOARD	EXECUTIVE DIRECTOR/ ADMIN.	STAFF
I. PLANNING			
1. Determine basic agency purpose and goals.	1		
2. Determine which community needs should be met and to what extent.	1	2	
3. Determine categories of service to be provided.	1	2	
4. Develop long-range plans for the agency.	1	2	
5. Develop programs to meet identified needs.		1	2
6. Set specific program objectives.		1	2
7. Establish funding levels needed to run the agency.		1	2
8. Develop program evaluation system.		1	2

FUNCTION/TASK	RESPONSIBILITY
	1 - Primary
	2 - Secondary/input and assistance
	3 - Based on agreement

FUNCTION/TASK	BOARD	EXECUTIVE DIRECTOR/ ADMIN.	STAFF
II. POLICY			
1. Provide background information necessary for policy decisions.		1	2
2. Give input to policy.		2	
3. Make policy.	1		
III. FUND-RAISING			
1. Develop fund-raising plans.	2	1	
2. Give input to policy.	3	3	
3. Solicit funds and other resources.	3	3	
4. Evaluate fund-raising success.	3	3	
IV. FINANCIAL MANAGEMENT			
1. Prepare agency budget.		1	2
2. Review and approve agency budget.	1		
3. Monitor how funds are spent on a day-to-day basis.		2	
4. Monitor total funding picture.	1	2	
5. Engage an auditor for annual audit.	1		
6. Do bookkeeping.			1
V. PERSONNEL			
1. Develop agency personnel policies.	1	2	
2. Recruit, screen, hire, supervise and terminate:			
a) executive director;	1		
b) paid staff;		1	
c) board members; and	1		
d) direct-service volunteers.			1

FUNCTION/TASK	RESPONSIBILITY 1 - Primary 2 - Secondary/input and assistance 3 - Based on agreement

FUNCTION/TASK	BOARD	EXECUTIVE DIRECTOR/ ADMIN.	STAFF
3. Provide training and development opportunities for:			
a) executive director;	1		
b) paid staff;		1	
c) board members; and	1		
d) direct-service volunteers.			1
4. Develop evaluation procedures and evaluate the performance of:			
a) executive director;	1		
b) paid staff;		1	
c) board members; and	1		
d) direct-service volunteers.			1
VI. PUBLIC RELATIONS			
1. Develop a formal public relations plan.	2	1	
2. Implement the public relations plan.		1	2
3. Serve on the boards of other community agencies.	3	3	
4. Maintain contact with provincial and national organizations with similar interests.	1	1	
5. Establish method of assessing management practices which impacts "internal" public relations.		1	
VII. BOARD RECRUITMENT			
1. Develop board nominating procedures.	1		
2. Suggest potential members to the nominating committee.	1	2	
3. Develop board orientation and training.	1	2	

Adapted from: *Gaining Momentum for Board Action*
             Arty Trost/Judy Rauner

BOARD/EXECUTIVE DIRECTOR RELATIONS

Though the lines of authority, accountability and communication between the board, executive director and staff have been discussed in the previous section, it is worthwhile to look more closely at the board/executive director relationship. No relationship in the agency is as important as that between the board and the agency's senior staff person. It is that relationship which can determine the overall effectiveness of the agency.

Though the board works in partnership with the executive director there are important differences. The board hires the executive director, sets conditions of work, and has the authority to replace that person. The executive director is directly responsible to the board and the board is legally responsible for the agency.

The executive director has real authority as well. This authority is a result of his or her professionalism, skills and ability. The executive director is perceived as the head of the agency. The board should recognize this and create a partnership that serves the agency.

To understand and guide the relationship between the executive director and the board, board members should recognize that their roles are complementary as follows.

- The board is a corporation and acts only as a group.
  The executive director is an individual and acts individually, within the bounds of policy.

- The board is a continuous entity; although board members come and go, the board endures.
  The executive director is temporary. Even if the executive director is with the agency for a long time, he or she holds this position at the will of the board.

- The board has the ultimate authority for the agency.
  The executive director has more limited authority--that which the board assigns.

- The board is typically made up of people who are not experts in the agency's programs or services.
  The executive director is usually a professional, with expertise in the agency's programs and services.

Job Description

A well thought-out job description identifies the executive director's role, responsibilities and functions and lays the groundwork for a successful partnership.

The board and the executive director must reach mutual agreement regarding:

- the major activities for which he or she is responsible;
- the factors upon which performance will be judged (quality, quantity, cost, innovation, estimation of accuracy, self-development and service to others);

- how performance will be measured. It may be through quantitative measures or a series of statements describing the conditions which will exist when that area of the job has been adequately performed; and
- specific minimum results or standards of performance which should be met in each of the areas of accountability.

Performance Evaluation

It is the board's responsibility to design and administer a performance appraisal for the executive director that measures performance against the agreed-upon performance goals.

A performance evaluation of the executive director by the board of directors should be done annually. Unfortunately, the performance evaluation is often not conducted annually and sometimes governing boards ignore this responsibility. Many board members regard performance evaluations as inherently negative. Board members should understand that a properly designed evaluation will not only provide the opportunity to express constructive criticism to the executive director, but also the opportunity to express earned praise. During this evaluation the executive director should also be encouraged to evaluate the performance of the board as it affects his or her performance and the progress of the agency.

It is important to remember that the performance evaluation process starts with a mutually agreed-upon job description that states the objectives set by the board which the executive director is responsible for achieving.

The board has a responsibility for ensuring top performance from the executive director. Board members can assess how well they are fulfilling this responsibility by periodically asking themselves the following questions.

Have we made it clear what is expected in terms of results? Have we discussed these results with the executive director?

Have we let the executive director know where he or she stands?

Does the executive director know how to do the work?

Have we done a good job of training and development?

Have we given the executive director all the support we can?

What have we done or not done to cultivate positive personal relationships?

Does the executive director know why his or her job is important, how he or she fits into the overall organization structure and the ramifications of poor performance?

Is the executive director kept informed on what is going on? (Not just "need to know" items, but "nice to know"?)

Does the executive director have adequate freedom in which to work?

Is the executive director too often put in a defensive position regarding performance?

What have we done to get the executive director mentally and emotionally committed to his or her job?

Has the executive director been allowed to participate in setting goals and deciding means of achieving them?

Have good aspects of performance received adequate and periodic recognition?

Is the positive accentuated instead of the negative?

Have we shown adequate concern for the executive director as an individual? For his or her personal goals?

Are we flexible in listening to the executive director and giving him or her an opportunity to implement ideas and suggestions?

Is the executive director adequately and reasonably challenged?

Adapted From: Project Manage
                 The Executive Director Search
                 Project Manage 1982

PLANNING AND PROGRAM GOVERNANCE

THE PLANNING PROCESS

Planning is the process of identifying, considering and setting objectives, determining the best means of achieving those objectives and allocating responsibility and resources to meet them. It entails what is to be done, what resources are required and how the results are to be measured and evaluated. Planning determines the direction the agency is to go and provides the basis for management control to ensure that it follows that direction.

Though planning is one of the most important duties of the board it is also the one most often neglected. Planning should not be viewed as something that the board or staff can leave for a rainy day. Without a well-developed planning process, the long-term work of the agency cannot be assured. Planning is a major part of the public trust obligation discussed in the Legal Accountability section.

With effective planning, board members and staff can make the following statements.

> "We know where we are headed as an agency and have a clear vision of how we are going to get there."

> "We have concise goals and objectives that are clearly understood by everyone in our agency."

> "We have consistent action plans and strategies for achieving our goals and objectives."

> "Other organizations in the community understand where and how our agency fits into the overall provision of service in the community."

Without effective planning, problems and controversy surrounding the actions of the agency may occur. The board will lack the data it needs to demonstrate the agency's accomplishments and to evaluate the agency's impact.

Planning also provides a means to identify possible difficulties and deal with them before they become actual crises. It allows the board of directors and staff the ability to review several alternatives before choosing a course of action. Planning can provide a frame of reference within which decisions can be made to allocate financial and human resources.

How To Plan

Every organization develops its own approach to the planning process. There is no one best way or right way to proceed but there are some "rules of thumb" that will help avoid problems and confusion when planning.

- Make time for planning. Managers and board members often complain that they have no time for planning. Setting aside specific meetings for planning or holding planning workshops are examples of how you can commit time.
- Review plans regularly. Planning must be an ongoing process which allows the agency to respond to internal and external changes.
- Gather information from all possible relevant sources when planning: the community, staff, volunteers, clients and funders. Ensure that anyone affected by a plan has input into it.
- Specify <u>what</u> is to happen <u>when</u> and <u>who</u> is to do it. Allowing people latitude with respect to <u>how</u> they accomplish tasks will contribute to their sense of responsibility and satisfaction.

ANALYZING THE ENVIRONMENT

Before actual planning starts it is valuable for the board, aided by staff, to assess the agency in relation to the environment and government directions. Non-profit agencies are subject to a variety of forces, trends and issues that exist in the environment external to the agency. It is not always clear which of these forces affect the agency's survival or progress; however, it does not mean that these forces should be dismissed as either too complex or irrelevant. Quite the opposite. Any planning system should incorporate some analysis of the environment. Such an analysis may reveal new trends or issues which may act either as a threat or an opportunity for the agency. The following represents some of the questions that should be considered when analyzing the environment for planning purposes.

1. **Public Values and Opinions**

   - Are there any dominant shifts in general public opinions or values that could impact on the agency?
   - What is the level of trust for service agencies?
   - How do people feel about the use of their tax dollars for such services?
   - Are people asking for easier access to such services?
   - Are volunteer resources increasing or decreasing?

2. **Financial Supporters**

   - What is the pattern of financial support that might be expected from key sources?
   - Do government policies indicate restraint or expansion?
   - Are donation dollars rising or falling off?
   - Are supporting businesses expecting higher profile and a part in the decision-making if they sponsor service agencies?
   - Have tax incentives for donations been enhanced?

3. Services

- Are new services being offered to meet the increasing need and growth in population?
- Are services experiencing greater costs for operations?
- Are operating costs being subsidized or charged back? Is there a change in this pattern?

4. Legal Policy

- Are there increasing requirements for standards or levels of service?
- What is the pattern of legal cases involving liability suits brought against agencies, their managers and boards?
- Does the environment suggest a consideration of new or further liability insurance?

5. Media

- Are there new opportunities emerging for promoting services through diversified media? Make use of speakers using public service spots which provide articles that enhance the agency's reputation.
- Is the media emphasis on our service or related activities changing?

6. Competition

- Are there other related agencies that appear to be developing programs in the same area?
- Are there other new activities that have recently emerged that would be seen as competition for the time and attention of people who might be attracted to the agency?

In assessing these various trends and issues that make an impact on the agency, one can be presented with an overwhelming array of data. It is important to try to focus in some structured way on those forces which can be seen to have the greatest impact on the goals and activities of the agency over the short-term or over a slightly longer term.

BASIC LEVELS OF PLANNING

Whether dealing with an agency's mission or with one of its specific projects, planning is the process of developing answers to three basic questions. *Where are we now?*, *Where do we want to go?* and *How are we going to get there?*

The first question forces the agency to look at its resources, strengths and weaknesses. This assessment phase is critical to the planning process. It provides information about what is good and what is not so good in the agency and helps management and board members assess what direction and goals are feasible and logical.

The second question must be answered in both specific and broad terms. The broadest statement of agency direction is captured in the mission statement which indicates the agency's purpose.

Next are the setting of goals and objectives both of a long-term and of a short-term nature. The third question must be answered by specifying activities necessary to accomplish the short-term objectives which, in turn, contribute to the overall mission of the agency.

In simple terms, there are three basic levels of planning in an organization:

- mission or purpose planning;
- long-term strategic planning (two to five years); and
- short-term operational planning (one year).

Planning should begin with the ideal, move on to the realistic strategy of how to work towards the mission and continue through to the detailed planning for this year.

Mission Planning

The board requires a planning process to articulate the mission or vision of the agency. What is its dream? What is it trying to accomplish? What are the values and beliefs that will guide the decision-making of the agency? Reaching board and staff consensus on the dream is fundamental. Mission planning is a process which should be undertaken once every three to five years. If there is a rapid rate of turnover of both board members and staff in an agency, mission planning and reviews may be necessary more often.

The result of mission planning should be a clear mission statement that is communicated to all new board members and staff, volunteers, members and granting bodies. It is the cornerstone on which all other planning is based and should identify what difference the agency will make by its existence. A mission statement should not list specific activities, set deadlines or state the quantity of service that will be provided.

If possible, a mission statement should be one sentence which is easily understood so that board members are able to use it as a basis to evaluate whether plans, policies and programs are in keeping with the purpose of the agency. It should also be clear, concise and lively enough that board members, members of the agency and staff can use it to communicate to the public what the agency does. A mission statement should describe the uniqueness of the agency by answering three questions:

- **what** is the business of the agency? (the needs the agency is attempting to meet);
- **whom** does the agency serve? (direct and indirect clients); and
- **how** does the agency fulfill its function? (the uniqueness, the distinctiveness of the agency).

Many agencies already have mission statements. At planning time, the mission statement should be reviewed to ensure it is still understood and relevant. As the environment changes, needs change and thus the scope or nature of the mission changes.

Long-Term Strategic Planning

The mission statement is the basis for developing a long-range plan or strategic plan for the agency. The strategic plan describes the major purposes and direction of an agency. It allows the agency to set objectives and establish priorities in relation to available resources.

There are many questions that need to be discussed and resolved during the long-range planning process. The first is, where are we now? Answering this question requires a fairly rigorous assessment of the strengths and weaknesses, opportunities and constraints of the agency. Then, given this assessment and considering our mission, where do we want to go within the next five years and what is it going to take in terms of resources to get there?

The long-term plan should articulate specific goals and objectives of the agency in major areas (programs, finance, personnel, operations and public relations). These organizational goals and objectives determine the "rate of progress" by which the agency will accomplish its mission or purpose.

Without a long-range plan agencies can find that they have no means of assessing whether they are truly moving forward. How much closer are they to realizing the dream? A five-year plan, jointly committed to by the board and staff, acts as a motivational tool as well as an excellent management tool to monitor and evaluate progress.

Long-range planning or strategic planning is reflected in statements of what the agency wishes to accomplish in each major area, or area of emphasis, in the realization of its mission. These statements are referred to as long-term objectives.

Short-Term Operational Planning

The short-term plan is a one-year operational plan that covers each major area of the agency. It is a "slice" of the long-term plan approved by the board which provides a detailed picture of what specific activities are going to be undertaken and the resources needed to accomplish these tasks.

It is often developed by staff, or by staff working with board committees, and is presented to the board for approval. Short-term plans should be developed for all areas of emphasis, such as programming, operating, fund-raising, board development and public relations.

Short-term objectives further define "where we want to go" by breaking large targets up into less overwhelming smaller targets. They create possibilities out of impossibilities. Short-term objectives help the agency see what needs to be done in the near future, in order to accomplish something at a later date. If the short-term objectives are well thought-out, and met on schedule, the long-term objectives will be accomplished.

The short-term plan answers the question "given our objectives and goals over the next five years, what are we going to do specifically in each major area, this year?" This plan provides the basis for board monitoring of staff and committee performance.

The short-term plan turns the long-range plan into an action plan and answers the third planning question, "How are we going to get there?". This operational plan identifies activities, tasks, responsibilities, timelines and resources to accomplish the short-term objectives and ensures the long-term objectives are accomplished.

Activities should be recorded to help monitor and control progress towards an objective. Activities define <u>who</u> is going to do <u>what</u> and <u>when</u>. Having a detailed action plan helps eliminate confusion and contributes to getting things done.

Be sure to keep the short-term operational plan realistic, and be careful not to overload one individual or group within the agency. When calculating required resources, include both financial and human costs. It is beneficial, when preparing the operational plan, to get input from those affected by its implementation.

PROGRAM GOVERNANCE

In the planning process, the board sets goals that can be supported by specific activities. The board determines which services and programs are appropriate for the agency to meet its goals, and if resources are available to implement them.

Program planning must be part of the planning process, especially the short-term operational plan. Specific short-term and long-term program planning statements should be incorporated into the overall agency plan in order to set the direction for the program and services. The board has a responsibility to ensure that program plans are developed by staff and that the board supports them.

The board also has a responsibility to provide its management staff with guidance and direction on the available resources to be used in programs and services. Staff attempting to plan specific programs without this type of guidance will become extremely frustrated.

It should be noted that granting organizations are increasingly expecting agencies to provide them with short- and long-term program plans to increase accountability for the use of public funds.

The board must monitor and evaluate programs and services to assess the extent to which these are contributing to the goals and objectives of the agency.

The following is a list of important facts to remember regarding the board's program governance function.

- The board has a responsibility to ask pertinent questions about significant programming changes. If boards are accountable for public funds, they must ask questions.
- Board members can often be a "resource" when program plans are being developed. They may be able to assist with funding arrangements or provide the community's perspective on the need for or acceptance of a program.
- Board members evaluate whether programs and services are meeting the needs of membership, community and users. Evaluations should look beyond attendance and also consider the quality of services being delivered.
- The staff are responsible for carrying out program and service delivery and should be given the ability to do this.

WHO SHOULD DO THE PLANNING?

A participative approach to planning is often most beneficial because it increases the sense of "ownership". People who participate in the development of a plan are more likely to work towards its successful implementation and communication. Communicating the overall goals and objectives of the plan is part of the public relations function in promoting the agency in the community. When board, committee members, staff or volunteers do not take ownership in a plan, the chances of its success are minimal.

Mission planning and long-term planning should be a joint board/staff undertaking. In most organizations, the executive director has a vision of what the organization should achieve from a service standpoint. It is absolutely fundamental that the board be provided with an opportunity to understand and embrace that vision. Mission planning provides that opportunity. It also provides an opportunity for board members and senior management staff to assess what steps are necessary to accomplish that dream from an administrative and governance perspective.

In most administrative and management areas the board will assign responsibility and hold staff accountable for implementing approved plans. In governance areas, implementation may be a responsibility retained by the board or assigned to a committee. For example, a plan to develop a policy for board members' evaluation within the next 12 months may be assigned to the nominating committee, with the chairperson held accountable to the board for doing this.

Planning is not difficult, but it does involve many steps or tasks. Dividing the planning process into smaller pieces will make it more manageable, less intimidating and more likely to achieve its set goals and objectives.

PLANNING CYCLE

Planning is an ongoing process. That process needs to fit into a planning schedule that considers the program and budget plans. Objectives may be set in a plan, but the budget may reveal the agency lacks the resources to achieve it. Program and budget planning steps should be repeated each year, at regular intervals that reflect the reporting requirements established by the board. The board meeting schedule should then revolve around the decisions which it must make as part of this planning process.

Let us take a simplified example, as adapted from *A Handbook for Cultural Trustees* by Marion A. Pacquet, of a small agency which does not have a mission statement or a long-range plan. It has one full-time staff member, the director and some part-time staff. In the past, the board has reviewed budget and program plans for the forthcoming year in December.

Step 1

In August, the board and executive director have a weekend retreat to develop their mission statement. They select a quiet setting where they can work without interruption. The director shares his or her vision with the board. The discussion is abstract and ideal. The mission statement developed through this process is then established by the board at the next legally constituted meeting in September.

Step 2

In September and October, instead of making the planning process a major production exercise for its one senior staff member, this board requests its board committees to develop components of a five year plan. The personnel committee, for example, would be asked to develop some goals and objectives for hiring, and the finance committee would do likewise for fund-raising. When goals and objectives have been developed in draft, the chairpersons and the director will meet to compare notes. Once they have reached a consensus, the senior staff person might be asked to prepare one consolidated document. The proposed long-range plan would, according to this schedule, be available for discussion and approval by the board at its November meeting and would include goals and objectives for programs, personnel, finance and public relations.

<u>Step 3</u>

In December, the director and part-time staff prepare a one-year plan. This plan is a slice of the five year plan. It includes the budget, program plans, goals and objectives of the agency. This is presented to the board, resources are carefully considered and the plan is established for the next fiscal year.

In the fall of the following year, the director, working in consultation with board committees, develops goals and objectives for each major area and step 3 is repeated. Every three to five years the entire process is repeated. Incoming board members and staff are provided with copies of the mission statement and the long-range plan.

IMPLEMENTATION AND EVALUATION

Implementation means turning the planning document into action. If the planning process has built commitment into the plan, there will be several individuals and groups ready to take on assignments. The leaders of the agency must take the plan and assign the various activities and tasks. Individuals assigned the tasks must be able to answer questions such as, "what am I being asked to do," "what is the expected outcome," "when is it due," "how much time will it take" and "what resources and support do I have to complete this task."

A second key step that will help implementation is assigning individuals or a committee to coordinate each area of emphasis identified in the plan. This includes regular communication with the workers who are undertaking the activities and tasks. This group monitors the plan and keeps it moving toward the mission and goals.

A regular evaluation of the plan allows the agency to consider how things have been going, whether the right things have been done in the right manner, and whether there are other things that need to be done. Thus, evaluation accomplishes two tasks:

- it measures progress against the plan by comparing "what is" to "what ought to be" (the mission and goals); and
- it identifies any needed changes to the plan based on the current environment.

The agency needs to regularly evaluate operations and compare them to the plan. If the plan is to be a useful document, it must change as circumstances change. The agency should establish a monitoring process to regularly review and update the plan. A useful technique is to use the plan as an outline for meeting agendas. The individuals assigned to monitor each area of emphasis in the plan can report and discuss the progress at each meeting. This ensures that the plan is kept in the forefront of the agency's ongoing operations.

PLANNING GUIDELINES

It is worthwhile reviewing the planning guidelines that have been discussed.

- It takes time to plan. Time needs to be set aside specifically to work on planning, or it will never happen.
- As much as possible, involve those who will be affected by the plan and who will have to implement it.
- Always keep the agency's purpose in mind. All the goals you set and plans you make should relate directly to that purpose.
- Take time to consider various solutions, even if the solution seems obvious. Evaluate a number of alternatives before deciding on a plan of action.
- Plans should not be cast in concrete. They must be flexible so that if things do not happen as expected, the plan can be changed. Plans should be evaluated and revised as needed.
- Plans for the total agency are generally long-range and project three to five years in the future. Individual programs and departments more often use short-term planning for the coming year only.
- Plans by staff are done under the direction of the policy making board and may need board approval before being carried out.
- Plans must be done very carefully, to acknowledge the realistic limitations of resources--both people and funds.
- Plan according to the needs of the agency and the resources available to it at this point in time.

Though agencies are often faced with resistance to planning from the board and staff, experience has shown that planning is a good investment of time which results in improved decision-making and communication throughout the agency.

PLAN CHECKLIST

1. Does your agency have the fiscal resources necessary to carry out the plan?

2. Does your agency have the human resources necessary to carry out the plan?

3. Are the timelines in the plan realistic?

4. Is the workload realistic for various individuals and groups?

5. Are the goals and activities listed in proper order with the most important first?

6. Are the tasks manageable and clearly defined?

7. Is the plan feasible and flexible?

8. Is the plan clearly understood by all?

9. Are both the agency and its members committed to the plan?

10. Is the plan consistent with the values and vision of the agency?

PLANNING PROCESS

The following self-evaluation worksheets provide a tool for reviewing the components of an effective planning process. In order to determine the strengths and weaknesses in the planning and program governance functions of your board, assess the extent each of these statements reflect your agency and review the results.

	YES	NO	NEEDS IMPROVE-MENT
I - PLANNING AND PREPARATION			
1. The board chairperson is committed to planning for the future growth and development of this agency.			
2. The board has established a policy on planning.			
3. The planning policy clearly indicates what type of planning will be undertaken and the responsibilities of the board, its standing committees and staff in the planning process, and the planning cycle.			
4. The board and staff have worked together to develop the planning process.			
5. The board and staff have worked together to overcome internal resistance to planning.			
6. The board and staff have the information they need to plan.			
II - LEADERSHIP			
1. The board chairperson is committed to providing a leadership and liaison role in planning for the future of the agency.			
2. The senior staff share the chairperson's commitment to planning.			

	YES	NO	NEEDS IMPROVE-MENT
3. The organizational climate and management style are conducive to the planning process that is used.			
4. Committee chairpersons recognize the importance of their work in contributing to the planning process.			

III - PARTICIPATION

1. The board encourages membership and community input into its mission planning.

2. The senior staff challenge middle managers to contribute to the planning process and staff view planning as an important part of their own development.

3. New board members are encouraged to participate in the planning process and are aware of the importance of the board's role in planning.

4. There is a fair division of labour for tasks in the planning process (i.e. data gathering, data analysis) which makes the best use of staff and board members' time.

IV - FOLLOW THROUGH

1. The mission statement of the agency is the cornerstone of all other planning.

2. The long-range plan is used as the basis for development of short-term operational plans.

3. The board keeps the membership and the community advised of its planning initiatives.

4. The plans of the agency are communicated to all staff and board members, and are the basis for their understanding of the performance levels and expected results.

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	YES	NO	NEEDS IMPROVE-MENT

5. New staff and board members are made aware of the mission statement, long-term and operational plans of the agency.

6. Board members and staff can say with conviction that the agency has a clear sense of its mission and purpose and the direction of the agency.

7. The results of the planning process clearly contribute to guiding the decision-making of the agency.

V - EVALUATION

1. The board has established and uses, a mechanism for regularly reviewing the mission statement.

2. The effectiveness of the planning process is evaluated and adjusted to reflect changing organizational needs.

3. The procedures used for planning are well documented and available for use by new staff and by the future boards.

4. It is clear from the progress made by this agency that the investment in planning has paid off.

5. Staff are very satisfied with the guidance and direction provided by the board through its planning function.

6. The stability and future growth of the agency have been assured through the planning processes of this agency.

Adapted from: *A Handbook for Cultural Trustees*
          By Marion A. Pacquet with Rory Ralston and Donna Cardinal

PLANNING AND PROGRAM MANAGEMENT REVIEW

	YES	NO	NEEDS IMPROVE-MENT

I - CLEAR GOALS AND OBJECTIVES

1. We know where we are headed as an agency and have a clear vision of how we are going to get there.

2. We have concise goals and objectives that are clearly understood by everyone in our agency.

3. We have action plans and strategies for achieving our goals and objectives.

4. We monitor our progress towards our goals and objectives and make adjustments when necessary.

5. Other organizations in the community understand where and how our agency fits into the overall provision of service in the community.

II - UNDERSTANDING THE ENVIRONMENT

1. We monitor local, provincial and national trends that may affect our agency and community.

2. We spend time considering community needs and relating our plans and priorities to these.

3. We consult with users and staff before we introduce a change that affects them.

4. We know who our target audience is, what services they require and how we can reach them.

	YES	NO	NEEDS IMPROVE-MENT

III - PLAN

1. Our plans clearly identify objectives, tasks, who will do what and target dates for review and completion.

2. Our agency has a good track record of taking new ideas and seeing them through to implementation.

3. When considering the expansion or elimination of services, we carefully consider financial, staffing and user implication, plus other important issues.

4. We talk to other organizations like ours to share ideas and compare plans.

5. People's efforts are co-ordinated. Roles and responsibilities are clear.

IV - PROBLEM SOLVING

1. When faced with a problem, our agency responds on a timely basis, with an appropriate solution or course of action.

2. People work together on finding the best solutions to our problems.

3. People provide each other with adequate information for problem solving.

4. People openly discuss their successes, problems and even their failures.

5. Our agency is interested in identifying and solving problems, not attaching blame.

YES	NO	NEEDS IMPROVE-MENT

V - EVALUATE

1. Each year we review the previous year's accomplishments and disappointments, and identify areas requiring improvement.

2. We regularly monitor our various programs, services and facilities to ensure that they are effectively meeting community needs.

3. Budget, staffing, program and other reviews are done on a regular basis.

4. We monitor our progress towards our goals and objectives and make adjustments when necessary.

5. Members of the community are frequently asked for opinions on things our agency can do to improve its services.

POLICIES AND PROCEDURES

Setting policy is an important function of a board. Policies are the guidelines which assist the board in making decisions.

The governing board has the legal authority to make policy, the obligation to see that policies are followed and the responsibility to approve any significant exception to policy. Staff of the organization must follow the established policy of the board.

A policy is a guideline for future action. It should be stated in general terms and imply an intention and direction for taking action. Policies clarify what the board hopes to accomplish over time, and how the board wishes the agency to act.

Many people have difficulty differentiating between a policy and a procedure. Procedures are the specific, detailed steps for carrying out policy.

The following is a simple example of how a procedure develops out of a policy and how it can change within the context of that policy. (Adapted from the hand-out, *Guide to Policy Development* distributed by the Recreation Development Division of Parks and Recreation, Government of Alberta).

Policy: (2-B-8)   In as much as the board believes that the community should be aware of the support services available to victims of family violence, a program of public information shall be actively maintained by the board.

Procedure: The secretary of the board shall submit a monthly information column to the *Red River City Herald* for the purpose outlined in Policy 2-B-8.

Assume now that the *Red River City Herald* goes out of business. The policy remains the same because the board still believes in passing along information to the public. The procedure can change to:

Procedure: The secretary will prepare a monthly newsletter from the board for the purposes outlined in Policy 2-B-8. The newsletter is to be distributed with monthly townhall mailings (i.e. utility bills).

Staff interprets policy when developing procedures, and the board monitors these procedures to ensure that the policies are interpreted correctly. The following information discusses policies and procedures in further depth.

1. What are policies?

- The constitution and by-laws are the basic policy documents which govern the agency's operation. The ongoing decisions made by the board also form its policies.
- Policies provide a framework for the board, committees, staff and volunteers to do their work.
- Policies reflect and clarify the agency's purpose.
- Policies provide historical information on past decisions, which are the basis for current and future decision-making.

2. When is a policy needed?

- A policy may be based on a need identified by the board, a committee, staff person or member.
- A policy may be in response to external factors, such as changes in the community or environment.
- An assessment of how the agency is operating may point out the need for a new policy or revision of existing policy.
- A written policy may be required to formalize a current practice which has evolved within the agency.
- Funders may request specific policies be adapted or that policy be developed in a particular area. (Government funders may want to ensure that policies are in line with taxpayers' expectations of government itself - i.e. employment equity, freedom of information, abuse reporting, community involvement.)

3. How are the policies developed?

- A committee or board member may develop written policy recommendations and bring them to the board for approval.
- The board may delegate the preparation of policy recommendations to a committee or staff.
- Staff may develop written policies based on recommendations from the board or a committee.
- Policy recommendations should be put before the board in the form of a motion or resolution and should be approved by the board.
- Approved motions are recorded in the minutes and become part of the agency's policies which govern future decision-making and action.

4. How are policies translated into procedures?

- Approved policies are the basis for how the agency carries out its work. The procedures are the steps taken and the methods used in carrying out the policies.

- Policies and procedures should be recorded in a handbook so that the board, committee members and staff have a reference which is easy to access.
- Policies and procedures should be evaluated regularly and changed if necessary. Policy changes should be made by board motions and procedures amended, if necessary, to reflect different policy.

It is important to re-state the policy making process. The board is responsible for establishing policy. **Only the board, in a legally convened meeting, has the authority to approve policy.** Board members participate in policy making as a group, representing the entire agency and its community, not a private viewpoint.

While only the board can establish policy, it may receive suggestions for new policy from board members, committees, staff or the membership of the agency. Committees and or staff may be asked to review policy, or prepare recommendations for new policy on the board's behalf. The executive director is often the key person in policy development. As requested by the board, the executive director assesses the agency's operation against new policies and develops the procedure statements for policies being developed by the board or its committees. An executive director's involvement in policy development will depend on the agency's structure.

Under the policy management function, the board ensures that policies exist for each of the following areas.

1. Framework policies that:

- clarify the beliefs and mission of the agency;
- include the goals and objectives of the agency; and
- are normally developed by the board.

2. Governance policies that:

- set the principles and rules of the agency;
- include constitution, by-laws, organizational structure, roles, responsibilities and functions of all people involved in the agency; and
- are generally developed by the board (or a board committee) with input from senior staff.

3. Operational policies that:

- provide a framework for developing procedures for the management and administration of the agency's programs, personnel and finances. These policies reflect how the agency will manage its day-to-day operations;
- provide guidance to the committees and staff; and
- are generally developed by board committees with input from appropriate staff.

Since policy governance is such a critical part of a board member's responsibility, it is valuable to take a further detailed look at specific framework, governance and operational policies.

FRAMEWORK POLICIES

Framework policies define what the agency is and why it exists. These policies provide a map of the desired achievements of the agency. Clearly stated, framework policies ensure that the agency's efforts are focused and its best intentions are realized.

The framework section of the policy manual should include belief and mission statements.

The Belief Statement

The first policy in the framework section of the policy manual is the belief statement. In simple terms this statement: identifies the agency's major values; identifies the problem, need or issue that the agency was incorporated to resolve; and states the agency's beliefs about the underlying causes of the problem, need or issues.

The Mission Statement

The second framework policy statement is the mission statement. The mission statement defines the agency's purpose by stating the long-term solution the agency intends to provide to the problem, need or issue that is identified in the belief statement.

In writing the mission statement, a board is providing the focus for the agency's work, and a means to measure progress.

It is also the starting point for the agency's policies and programs. In considering any new policy or program, the board checks it against the mission statement asking, "Is it consistent? Will it help achieve the mission?"

The mission statement is discussed in detail in the Planning and Program Management section.

GOVERNANCE POLICIES

Governance policies describe how the board will govern and organize its work. These governance policies should clearly state the roles, responsibilities and functions of the board, its standing committees, and senior staff. The organizational structure and reporting relationships should also be stated here. Additionally, the process that the board must follow for policy making should be laid out in this policy section.

The Constitution and By-laws

The constitution sets out the broad principles of the trust which forms the agency's legal authority. It establishes the name of the agency, its location and its objectives. The key by-laws follow. The details of what is required in the by-laws are discussed in the Constitution and By-laws section.

Role Clarity Statements

Role clarity statements answer the following questions.

> Who are the people involved in the agency?
> What do these people do?

The management style and role clarity statements are closely tied. The former specifies the agency's structure. The latter defines the roles of board members, committees and staff such as the executive director.

The Management Style Statements

This policy answers the following questions.

> How will the board organize and direct the work of the agency?
> What structure and committee system will be used?

The management style statement is such a large issue it may not be finished for many months.

The Policy on Policy Making

This essential policy answers the following question.

> What processes, format and procedures will the board, its committees and staff use in the development, approval and documentation of policies?

The policy on policy making should clarify under what beliefs and conditions policy will be developed. It must also provide precise directions on policy development.

OPERATIONAL POLICIES

Operational policies are statements of expectations for the day-to-day operation of the agency. They are the guidelines within which all members of the agency must work.

While framework policies address why the organization exists, and governing policies largely describe who the players are and their relationship to each other, operational policies deal with how the board's functions will be carried out. As such, operational policies will normally be the largest component of the policy manual and will generally include the following:

- general administrative and operational policies;
- program policies;
- personnel policies; and
- finance policies.

A well thought-out and effective operational policy does the following.

- Explains why the agency exists, and what beliefs and values it is built on. Understanding the intention behind a policy helps everyone involved with its implementation.
- Includes an element of discretion. External or internal conditions may require a flexible response, where a rigid policy may not provide the best answer.
- Includes guidelines for interpreting the policy's intent when the element of discretion is called upon. Such guidelines extend the policy's usefulness and help to keep it responsive to changing conditions.
- Includes a process for its own evaluation. This enables the policy to be kept current and relevant.
- Is written as simply as possible. Policies are meant to be used, and there is no advantage to a policy that takes extensive time to read and understand.
- Should be consistent with policies suggested or regulated by funders.

General Administrative and Operational Policies

These policies deal with the day-to-day operation and administration of the agency. For example, a policy on incident reporting applies to all parts of the agency. It is critical that the board ensures that a policy exists that provides guidelines for the reporting of incidents and accidents in the agency. If such guidelines exist and are followed within the agency, they will help to ensure appropriate intervention in response to an incident and that appropriate measures are instituted to prevent similar occurrences in the future. These guidelines should clearly state the reporting requirements and reporting procedures that best suit the agency.

Program Policies

The operation of any program inevitably raises broad questions such as, "how will programs be planned and implemented" and "who will plan and implement." More detailed questions, specific to each program are also raised: "who will be eligible for the

program," "how will applicants be screened," "what fees will be charged" and "where and when will services be provided?"

Operational program policies provide answers to these questions in advance helping to ensure the smooth implementation of the program.

The program section of the policy manual consists of a set of policies that apply to each program that the agency operates (for example, a policy on program planning or a policy on who is eligible for service).

Personnel Policies

Too often boards fail to perform their personnel management responsibilities by failing to develop operational personnel policies. The result is a lack of continuity in the management and administration of the agency's personnel function. Operational personnel policies must be developed in such areas as:

- job classification and evaluation procedures;
- salary, benefits and retirement plans;
- the use of volunteers;
- recruiting, evaluating and dismissing staff;
- selecting, training and evaluating board members;
- the terms of general membership; and
- confidentiality and conflict of interest.

Personnel management policies provide board members and staff with an understanding of their respective roles and help eliminate the risk of ad hoc inconsistent board/staff decisions.

Financial Policies

Financial governance often causes trouble for boards. Board members, with limited experience in financial management, may find budgets and expenditure controls intimidating. The problems are increased by the growing recognition that boards, as legal trustees for their agency, carry the responsibility for the financial management or mismanagement of the agency.

Financial governance provides continuity for the agency. To fulfill this responsibility, the board:

- establishes the budgeting process and the financial reporting system;
- establishes contracting procedures and policy;
- plans and reviews budget;
- monitors and approves expenditures;

- manages the physical and financial assets of the agency; and
- oversees fund-raising activities.

The financial policy section of the policy manual commonly includes policies for the following areas:

- resource development;
- resource distribution; and
- resource management.

Resource development includes the processes and policies that the board adopts to secure the funds needed by the agency. Effective fund-raising is based on a carefully considered plan that sets out where funds may be sought, who will seek them, what fund-raising methods will be used, and how the success of fund-raising will be measured.

Resource development involves preparation of the yearly revenue budget. This is part of the agency's overall budgeting process, and includes all expected sources of funds. The yearly revenue budget allows the board to identify funding shortfalls before they create major problems.

Resource distribution includes the policies and processes that describe how the board will commit and distribute funds to the programs, committees and administration of the agency. The major part of this responsibility is preparing the annual budget and establishing policies to govern expenditures. This includes developing procedures and policy for contracting services.

Resource distribution policies address questions such as: How will the agency decide to spend money on programs? How much money? Which programs?

Resource management includes controlling and reviewing the actual expenditures of funds. It is the board's responsibility to establish policies that direct, implement and evaluate the agency's accounting systems and its annual audit. Through appropriate resource management, the board indicates who has signing authority and under what conditions this authority applies.

Resource management also refers to the management of the agency's physical and financial assets. This takes several forms such as investments, obtaining insurance and facility management.

Overview

The policy management function of the board provides its members and staff with the clear authority and guidance to adequately respond to their respective job requirements. In summary the board, in the policy governance function, is responsible for:

- enacting and updating its own constitution and by-laws, and submitting required reports to the appropriate government(s);
- establishing framework policies defining what the agency is, why it exists, its values and its vision of a desired future;
- establishing governance policies which describe how the board will govern and organize its work;
- establishing operational policies in the areas of finance, personnel, and program; and
- establishing policies on how the board will resolve issues which are not covered by any of the above policies.

These topics have been discussed to assist board members to focus on their governance responsibilities. There are many sources of in-depth information available on each area of policy governance.

THE POLICY MANUAL

When a board policy decision is simply recorded as a motion in the minutes of a meeting, it can sometimes get lost or forgotten when new members, or new staff, are recruited. The development and use of a policy manual can avoid this situation.

Policies should be kept in a policy manual and be easy to locate. The simplest and most practical manual is one which utilizes a standard three-ring binder to store the printed policy statements. Having only one statement per page facilitates expansion and updating of the manual.

Each policy should be assigned a reference or file number, which can be categorized according to the date or order of adoption; a program or facility area, by framework, governance or operational policies; or any other system of distinguishing policy groupings.

Number, letter or colour coding of policies are effective ways to make policies in the manual easy to find.

The policy manual should include a glossary of terms. This can be used to avoid wordy policy statements and to establish a common definition for terms frequently used and otherwise subject to differing interpretation.

Each page of the policy manual should include the following:

1. policy number (reference number);
2. subject of policy;
3. date of final approval;
4. reference to policy being replaced (if applicable);
5. the policy statement;

    6. signature indicating approval of the policy; and

    7. approximate date for review of the policy.

Use a standard format for the manual and record as much information as is required for future reference.

PROCEDURES

Procedures are developed for the activities and functions that lend themselves to repeated and consistent application of a step by step process. Procedures guide the day-to-day operations. There should be procedures for all activities or functions critical to the effective management of the agency.

Procedures are based on policies and state in detail, what the board or staff must do and how it must be done in order to ensure all actions are consistent with the policy. Procedures often change, since the same end can usually be accomplished through a variety of means.

The process of developing procedures should involve both policy makers (board of directors) and those who must apply the procedures (staff and committee chairs). As with policies, those responsible for developing the procedures must thoughtfully and carefully prepare a procedure outline.

Carefully developed policies provide definite direction to the agency, and detailed procedures assist the board and staff to move in that defined direction. Procedures should be recorded in some form of handbook, and should be available to all who need them for reference and guidance.

POLICY GOVERNANCE SUMMARY

In establishing written policies the board leaves a legacy of its work and progress on which future board members can build. New members and staff are able to read the policy manual and quickly understand the framework, governance and operational policies which guide the agency.

Policies are time-consuming to initially draft and approve, but will save valuable time in the long-term. Well written policies can reduce the time spent by boards and staff repeatedly discussing the same issues.

When policies are properly recorded in a policy manual and communicated to new board members and staff, they provide for continued growth and stability.

Initially, a listing of the major areas of the board's policy governance function may appear overwhelming. In reality, most boards establish written policies in each of these areas over a period of several years.

The depth of the policy needed will vary with the size and complexity of the agency. Most boards rely upon staff management and board committees to assist in certain aspects of the policy management process. Responsibility for different types of policy development by senior staff should be identified in their respective job descriptions.

The policy development process is dynamic and never really ends. There may be a point at which the board feels that sufficient policies exist, but that is also the time at which existing policies should be reviewed, evaluated and updated if necessary. Policy review is an ongoing activity that the board needs to establish as a regular function.

POLICY MANAGEMENT CHECKLIST

1. The agency has a policy manual.

2. The agency has written framework policies, including beliefs, mission, targets and aims.

3. The agency has written governing policy statements, including:up-to-date constitutions and by-laws, organizational structure, policy making and role clarity statements (or their equivalent).

4. The agency has an agreed-upon process for policy development.

5. The agency has written operational policies on:

    - programs and services;
    - finances;
    - contracting;
    - fund-raising;
    - personnel (staff);
    - personnel (board);
    - personnel (service volunteers);
    - personnel (general membership); and
    - facilities management.

POLICY DEVELOPMENT PROCESS

The next few pages provide a means of reviewing the components of an effective policy development process. In order to determine areas of strengths and weaknesses in the policy governance function of your board, assess the extent each of these statements reflect your agency and review the results.

	YES	NO	NEEDS IMPROVE-MENT

I - PLANNING AND PREPARATION

1. The board has established a policy on the process to be used in your agency with respect to policy development, establishment, implementation and evaluation.

2. The terms of reference for each board committee clearly indicate responsibility for policy development.

3. The job descriptions for senior management clearly indicate their responsibility for policy development.

4. As part of the one-year plan, the board annually identifies specific areas where policy development work is needed.

5. Committees and staff are familiar with the policy format which has been approved or adopted by the board.

II - LEADERSHIP

1. The board chairperson is committed to the development of policies to guide the decision making and stability of the agency.

2. Committee chairpersons have the necessary knowledge of approved policy format.

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	YES	NO	NEEDS IMPROVE-MENT
3. Committee chairpersons have the necessary skills to assess possible policy options.			
4. Senior management and staff are committed to policy development and view this as an important part of their responsibilities.			

III - PARTICIPATION

1. Committee members and staff work well together in formulating and assessing policy option.

2. There is a reasonable division of labour for policy development between committees and staff representatives on these committees.

3. The committee chairperson encourages everyone to participate.

IV - FOLLOW THROUGH

1. Committee chairpersons accurately summarize and present the deliberations of the committee to the board.

2. Board members feel comfortable in establishing policy based on the considered opinion and advice of committees and/or staff.

3. When a policy is approved a copy of it is circulated to all board members and staff.

4. The policy clearly indicates who will be held accountable for ensuring its implementation.

	YES	NO	NEEDS IMPROVE-MENT

V - EVALUATION

1. Each policy approved by the board contains a date at which time the policy will automatically come up for review.

2. The committee and staff's responsibility for reviewing and evaluating the appropriateness of policies is clear.

3. The committee's responsibility for monitoring progress in implementing policy is clear.

4. The effectiveness of the policy process used in your agency is evaluated and adjusted to reflect changing agency needs.

5. Staff are very satisfied with the guidance and direction provided by the board through its policy function.

6. The policy work done by this board and the staff is a legacy upon which future boards and staff can continue to build.

FINANCIAL MANAGEMENT

Please don't bypass this section of the guide. As discussed in the "Legal Accountability" section, it is the board which is legally accountable for the sound management of the agency. This section presents a basic overview of the financial governance responsibility of the governing board.

Board members have a wide range of skills, and varying degrees of knowledge and comfort with financial management. However, each board member should know enough about financial management to make informed and responsible decisions on the budget and financial policies and to understand the financial reports.

The benefits for agencies which practice effective financial management include the following:

- the spending of the agency is linked directly to its goals and program objectives;
- there are timely, accurate reports on the financial status of the agency for members and funders;
- there is more informed decision-making within the agency by linking planning, budgeting and reporting;
- the agency has a financial method for evaluating past performance, reviewing current conditions and predicting future potential; and
- the agency maintains a competent, professional image that will build confidence within the membership and credibility with funders and clients.

Under the financial management function, the board is responsible for:

- establishing the budget process and the financial reporting system;
- planning and reviewing the budget;
- establishing contracting procedures and policies;
- monitoring the revenues and approving the expenditures of the agency;
- participating in, and overseeing fund-raising activities; and
- managing the physical and financial assets of the agency.

The key components of the financial management system include:

1. **The Budget** - the organization's financial plan for one year.

2. **Financial Controls and Procedures** - the accounting and management practices to manage and protect all resources of the agency.

3. **Financial Record Keeping** - the method of organizing financial information.

> **4.** **Financial Reporting** - the information that allows the agency and others to assess its financial health.

The following pages discuss each of these key components in further detail.

THE BUDGET

When a board approves a budget, it approves the expenditures and commits to obtaining the required funds. A non-profit organization may obtain public funds from government, or other granting agencies and still need to do fund-raising or fee-for-service work in the community. A board should not approve a budget if it is not willing, or able to be responsible for obtaining the required funds.

A finance committee may be responsible for coordinating and reviewing the budget which has been prepared by staff, but it is the board that is ultimately responsible for establishing and approving the budget.

A budget is a detailed plan for projected expenses and anticipated income over a period of usually one year. For agencies regardless of the size of their budget, budgeting is the key to their continued existence. A budget is necessary for obtaining money and functions as the tool to monitor and control expenditures.

Budgeting is done year-round. The budget reflects how much money the agency will receive as revenue and from where, and how much money it will spend (expenses) and on what. Senior staff and the board are responsible for monitoring the results achieved by the agency, adapting to changing needs and allocating resources appropriately.

When developing a budget it is important that it relates to the mission and strategic plan of the agency. Effective budgets cannot be developed without a strong sense of where the agency is headed.

Before beginning the budget process it is important that a budget calender be established. It should include the planned actions, who is responsible for their completion and time frames.

There are eight steps in the budgeting process (adapted from: *The Non-Profit Organization, An Operating Manual*, Thomas Wolf, Prentice Hall, 1984). These steps include:

1. Compile a List of Activities

Compile a comprehensive list of what the agency wishes to do in the year ahead. At the beginning of the budget process the agency should consider the activities it must undertake to meet its goals. It is important in this and the following step, to consult

the individuals and groups who are affected by the budget, or who have special knowledge about the operations of the agency.

2. Determine Costs

Decide how much it will cost to carry out the list that you compiled in step 1. Include all possible expense items. To this costing of the step 1 list, add the basic operating costs that keep the agency going (i.e. office rent, staff salaries, meeting expenses, etc.). The previous year's actual costs will be helpful during this exercise.

3. Determine Revenue

Using the information gathered in steps 1 and 2, determine the revenue that can be expected from all sources. It is helpful at this time to review past budgets as a source of information.

It is important to understand the difference between restricted and unrestricted revenue. Restricted revenue is usually received from a funding agency. It is income with special limitations attached. These funds can only be used for the purpose specified by the funding agency (i.e. a lottery grant to purchase specialized equipment). Unrestricted revenue is received without limitations attached. This revenue usually includes membership fees, general donations or special event revenue.

It is common practice to:

   i)   allocate restricted revenue to the proper expense category;
   ii)   allocate unrestricted revenue to the basic administrative expenses; and
   iii)   allocate the balance of the unrestricted revenue to other expense items as
          needed.

4. Compare Revenue and Costs

Compare the revenue and expenses from the earlier steps to ensure a balanced budget. Items may have to be added or deleted from the list. While an agency should be stretching itself, it should not undertake more than it can pay for.

5. Set Priorities

The comparison in step 4 will, in all likelihood, result in changes to the list of what the agency can accomplish in the year. If it is necessary to reduce the proposed programs or activities of the organization, choices must be made. If the agency is to fulfill its mission, it is essential that this procedure focus on the agency's "real" priorities. These are based on vision, mission and goals, rather than the special interests of individuals or groups.

6. Balance the Budget

Once program choices have been made and the activities for the year have been redefined, the budget must be adjusted and balanced.

7. Approve the Budget

The budget is now ready for the consideration of the agency's board of directors. The board is accountable for the budgeting process and must take great care in reviewing, discussing, revising and finally approving the budget. The board must ensure that the budget they approve is a responsible one, and not based on unrealistic revenue expectations. Both projected revenue and expenses must be realistic.

8. Monitor the Budget

The final step in the budget process - monitoring - is often neglected. The approved budget is not a final document. Throughout its one year life the budget must be monitored and, where necessary, modified. This is an ongoing process for which senior management is accountable.

FINANCIAL CONTROLS AND PROCEDURES

To effectively monitor the agency's financial activities, the board must ensure there are clear policies and procedures in place. Funds must be received, recorded, deposited and spent in an acceptable manner. An example of two common control practices include the following.

- The person who opens the mail or receives monies, should record all cheques and cash received. The cheques and cash are then forwarded to the staff bookkeeper who prepares the bank deposit, makes the deposit, records the transaction and completes the monthly bank reconciliation. The executive director or treasurer reviews and approves the reconciliation.

- More than one person should be involved in the control procedure for all expenditures. The executive director, who has the authority to commit sufficient funds within the board approved budget, should approve all expenditures. The accountant should then prepare the cheques according to the agency's cheque signing policy. This policy should ensure that all supporting documentation accompany the cheques when they are forwarded to the signing officers for signature.

Signing Officers

The board must appoint the signing officers, usually the treasurer and executive director. The president or vice-president is also appointed in the event that one of the two primary signing officers is absent. It is important that the board implements a signing procedure that includes enough checks and balances so as to prevent self-interest. Signature stamps should not be used nor should a signing officer sign blank cheques.

Petty Cash

Petty cash funds are set up to handle small expenses. Although agencies usually pay all their expenses by cheque, this becomes impractical for very small items such as bus tickets and stamps, where the cost of writing a cheque can be greater than the expense incurred.

Rules governing petty cash funds are as follows.

- Establish a limit on the size of the expense to be paid from this fund. Common limits range from $5.00 to $20.00, with all expenses above this amount to be paid by cheque.
- Establish the type of expense that is eligible from the petty cash fund (i.e. office supplies, postage, bus and taxi fares).
- Appoint one member to be custodian of the fund. This person should not be the treasurer of the agency as it is the treasurer's responsibility to provide the cash for this fund. Thus, when a request for additional funds is made, someone other than the individual in charge of the fund will scrutinize the request.

Bonding

Bonding provides insurance against dishonesty by individuals in the agency. Bonding insurance can be purchased from many commercial companies and will protect the agency in the event an employee or volunteer commits a dishonest or fraudulent act.

A number of controls and procedures have been discussed as part of the financial controls and procedures component of financial management. In addition there should be policies on the purchase of supplies and equipment, the payment of expense accounts and per diem allowances, car allowances, audit procedures and cheque signing. It is also important that the level of financial authority be clear and documented. To what level can managers or committee chairpersons approve expenditures and make financial commitments?

FINANCIAL RECORD KEEPING

The third key component of a financial management system is financial record keeping. This refers to the method of collecting and organizing financial information for the purpose of analyzing the agency's financial well-being, and protecting the interests of its funders and clients.

Financial record keeping or accounting is the procedure of recording all financial transactions for the purpose of controlling; monitoring; and analyzing the agency's income and expenses. This includes effective cash management and bookkeeping.

Cash Management

Cash management involves understanding how much money, in total, is needed to operate the agency, and where these monies will come from. By knowing how cash flows in and out, the agency will be able to:

- pay bills;
- anticipate any periods during which the agency will be short of funds and thus prepare for a short-term loan; and
- anticipate any periods with surplus funds so that they can be invested in short-term deposits.

Effective cash management will forecast cash that will be received and disbursed, and the resulting income or revenue shortfall over a specified period of time.

Bookkeeping System

There are two methods for financial record keeping or accounting; cash basis and accrual accounting.

Cash basis accounting is the simplest of the two methods. Financial transactions are recorded only when cash changes hands. When the agency receives money and deposits it in the bank, it is recorded as income. When the cash is withdrawn from the bank, it is recorded as an expense. The agency will know how much money is in the bank, but not how much the agency owes, or how much it is owed. It is for that reason cash basis accounting is not a generally-accepted method for financial record keeping.

Accrual based accounting is a more complex method but provides a more complete view of the agency's financial status. Financial transactions are recorded when expenses are incurred or when income is committed. An accurate picture of the agency's financial status helps the board make informed financial decisions.

An agency should implement an accrual based accounting system in order to monitor, control and manage its finances accurately.

Setting up a bookkeeping system

The following provides some guidance to those agencies who are new, or do not currently have an adequate bookkeeping system. In setting up a bookkeeping system there are three basic steps.

Step 1 - Open a bank account to make deposits and issue cheques.

Select a banking institution and choose the one that provides the best combination of price, quality and service. There are usually two kinds of non-personal accounts: a current checking account, and a savings account with daily interest and/or regular interest. A current account is better for control purposes and helpful in the auditing process. The bank will then provide the following forms:

- a legal agreement that outlines the bank's terms and conditions for operating the account; and
- a banking resolution form that indicates the agency has agreed to open an account, and lists the signing officer members who are authorized to deal with the bank on behalf of the agency.

Step 2 - Open journals so that all transactions can be posted in the books of original entry.

Once the banking arrangements have been established, open a set of books (journals) to record all financial transactions - i.e. every deposit made or cheque written. Journals are the books of original entry used to classify and record all transactions.

There are many types of journals; the three most common types are:

- *cash receipts* journal - to record all cash or cheques received by the agency;
- *cash disbursement* journal - to record all funds spent by the agency (as a cheque is written it is recorded in this journal); and
- *general* journal - to record all non-cash transactions such as receivables and payables.

The financial information, gathered and recorded in these three journals, is transferred to the general ledger and organized by account headings which correspond to all the accounts in the agency's chart of accounts. Under each heading the financial activity of a particular item will be recorded. For example, the agency's annual general meeting will be an account heading in the ledger and all financial activity for the meeting will be taken from the three journals and entered on one page

in the general ledger. This summary of information, by account heading, provides basic information for analyzing and reporting the agency's financial affairs.

Step 3 - Reconcile the bank statement and the journals.

At the end of each month reconcile the bank statement to the records to ensure they match. The importance of keeping accurate records of all financial transactions cannot be over emphasized. Bookkeeping tasks may seem tedious at times, but they are essential for effective financial management. It would be beneficial to seek some advice in bookkeeping systems from an individual with a credible background in bookkeeping, or a funder.

FINANCIAL REPORTING

Financial reporting is the vehicle that allows the agency to assess its financial health. It provides the board with the documents that allow it to understand the agency's financial well-being, and to analyze its financial activity.

Once an agency has established a budget, financial controls and accurate record keeping, it must develop a procedure for communicating financial information. The purpose of financial reporting is to communicate the financial status of the agency, at a particular point in time, or its activities, over a specified time period. Presenting the agency's financial information in standardized "accounting language" permits access by anyone who has a basic understanding of financial reporting.

The two main financial statements describing the financial well-being of an organization are the statement of receipts and disbursements, and the balance sheet. If people know how to read these two statements, they will be able to monitor the financial affairs of the organization and make informed financial decisions. This knowledge is key to ensuring the financial stability of an agency.

Statement of Receipts and Disbursements

The statement of receipts and disbursements (also referred to as an income statement, profit and loss statement or operating statement) provides a summary of funds spent over a specific period of time. The money received is called **revenue**, and all monies spent are called **expenses**.

Important facts about the statement of receipts and disbursements:

- it is prepared regularly (monthly);
- the categories used for revenue and expenses should be the same categories used in the budget format;
- budget figures can be compared to the actual figures; and

- the heading of a statement of receipts and disbursements includes:
  - name of the organization;
  - statement of receipts and disbursements; and
  - time period.

The final line on every statement should be excess (or deficit) of revenue over expenses. By subtracting total expenses from total income, the agency will know if it has a surplus or a deficit. The detailed information in the statement will identify where the agency is under- or over-spending and, with this information, the board can take corrective action.

The Balance Sheet

The balance sheet is a snapshot of your agency at a particular point in time. It provides a statement of the financial position of the agency, or what would be left over if all assets were converted to cash and used to pay off all liabilities. It is the clearest demonstration of an organization's financial stability. Every agency should produce a balance sheet monthly.

The balance sheet has two parts and is called a "balance" sheet because both parts should add up to the same total. The first part lists all the organization's assets (everything the organization owns), the second part lists the organization's liabilities (everything it owes) and its net worth (organization equity). These terms are defined below.

- Assets: The organization's assets might include cash on hand, accounts receivable and fixed assets (furniture).
- Liabilities: The organization's liabilities may include accounts payable, grants to be returned, and bank loans.
- Organization equity: In a non-profit agency, the organization equity shows its financial net worth when its financial obligations are subtracted from its cash and non-cash assets.

The treasurer presents the statement of receipts and disbursements and the balance sheet to other members of the agency. These statements should communicate accurately what has happened in the agency over the reporting period. The financial statements should be meaningful and informative so as to allow the executive director and the board to make effective decisions.

In summary, financial statements should:

- be concise and easily comprehensible (one should not need a degree in accounting to read and understand financial statements);

- include all the activities of the agency (although there may be separate funds for different projects, all funds are included in the financial statement); and
- have comparison figures (budget or previous year's figures).

Non-profit agencies usually have some special responsibilities with regard to record keeping and reporting because funds are received from a variety of sources. All of these sources expect that their money will be used properly, and require reports regarding the use of these funds. Although reporting requirements vary, maintaining an accurate record keeping system is an important part of the agency's obligation to these funders.

THE AUDIT

The audit is an examination of all the books and records of an agency to ensure that the financial statements are a fair representation of the facts. The audit is usually done annually and determines if the agency has followed generally accepted practices of reporting and recording. Many non-profit organizations are required to have an audit performed annually.

One of the major roles of the treasurer on the governing board is to coordinate and supervise the independent audit of the agency's accounts.

At times an agency may find a need to extend the scope of an auditor's role. The auditor is a valuable resource and may be requested to prepare supplementary reports on the agency's overall financial management. Recommendations may be made on such things as the agency's financial controls and procedures, methods of record keeping and their financial reports. Be certain to clearly document the board's expectations for the auditor.

FINANCE COMMITTEE

Many organizations have a finance committee. The finance committee is a standing committee of the board that delegates many of the board's financial governance tasks. However, the ultimate responsibility for establishing the budget and monitoring the use of financial resources is that of the board.

A sample of the tasks that a finance committee may be assigned include:

- reviewing current operational financial policies and making recommendations for any changes or additions;
- reviewing the agency's budgeting process, bookkeeping and expenditure controls and making recommendations for improvements;
- preparing the annual budget and quarterly cash flow statements;
- coordinating and overseeing the annual audit;
- ensuring all year-end reports to funding authorities are prepared;

- preparing the plans for fund-raising; and
- preparing the financial report for the annual general meeting.

Accountability for the use of public funds, and for the management of the assets and resources of the agency, is an important part of the public trust placed on board members.

The following pages can be used as a review and assessment of an agency's strengths and weaknesses in financial management and the financial understanding of each board member.

FINANCIAL MANAGEMENT REVIEW

Each board member should be able to answer the following questions.

- Do you understand basic vocabulary used in fiscal management (for example: accounting, controls, allocation, cost benefit and ledger)?
- Is it clear who is accountable for the financial management of this agency?

BUDGET

- Are program goals (long and short-term) clear before the budget process begins?
- What budget process is used in your agency?
    Why was it chosen?
    How does it work?
- When does the budget making process begin?
    What is the completion date?
- Who is responsible for budget preparation?
- How is the budget monitored?

ACCOUNTING

- What current policies assure controls: on cash management, internal controls, basic safeguards on how the money is allocated, and on reliable reporting?
- How are records audited and by whom?
- Are all taxes, insurance, and bills paid on time?
- How often does the board receive an accurate financial report?
- Does the agency have a fidelity bond as insurance against the possibility of a dishonest employee?

FINANCIAL MANAGEMENT ASSESSMENT

	YES	NO	NEEDS IMPROVE-MENT
I - BOOKS AND RECORDS			
1. Are the books and records of the agency kept up-to-date?			
2. Are books and records maintained in an organized manner?			
3. Are staff available to handle the accounting/bookkeeping and clerical demands?			
4. Are the accounting/bookkeeping staff appropriately qualified?			
II - FINANCIAL STATEMENT ANALYSIS			
1. Are financial statements produced on a regular basis and reviewed by management?			
2. Are the financial statements audited or reviewed by an accredited and publicly licensed accountant or accountant firm?			
3. Are there any significant accounts receivable from officers, management, employees or board members?			
4. Are we satisfied that accounts receivable are bona fide and there are not significant balances owing over 90 days?			
5. Are the inventory levels reasonable?			
6. Have all long-term commitments and obligations been identified in the financial statements? (Long-term leases and long-term debt.)			

	YES	NO	NEEDS IMPROVE-MENT
7. Has the agency been able to justify all significant differences between budget and actual for major revenue and expense accounts?			
8. Has the agency had significant operating losses in the previous two years?			
9. Is the agency's current working capital position acceptable?			
10. Is there any correspondence from the auditors/accountants indicating weaknesses in internal control or other accounting areas?			
11. Have any recommendations from the auditors/accountants arising from items noted in question 11, not been adopted or followed up on?			
III - GENERAL			
1. Have all major expenditures for capital equipment and management been approved by the board of directors?			
2. Does the agency have title to all major assets?			
3. Are major assets pledged as security against any debts?			
4. Does the organization have adequate insurance coverage for key employees, management, volunteers and board members?			
5. Have copies of the minutes of the board of directors meetings been obtained and reviewed for any relevant data?			

	YES	NO	NEEDS IMPROVE-MENT
6. Have all relevant tax forms been completed and submitted?			
7. Has the agency ensured that the banking resolution for signing authority agrees to the board's decision or to the agency's by-laws?			
8. Are the contractual agreements, if any, between key employees or sponsors structured to ensure the agency is at a low risk?			
9. Is there any possibility that key sources of revenue to the agency will be lost?			
10. Is the agency realizing the revenue potential of its current membership base?			
11. Is the agency's incorporation documentation up-to-date and filed?			

BOARD SUCCESSION AND ORIENTATION

The board is responsible for its own development and ensuring its continuation. The board must focus on creating an integrated board that can handle the management and governance responsibilities of the agency. Remember, the board is the legal entity and authority for the agency, and its composition and renewal is far too important to be left to chance.

IDENTIFYING BOARD MEMBERSHIP NEEDS

In order to identify the needs of the agency's board, some critical questions must be answered. The board should consider its management and governance needs, and identify the skills and experience required from its board members to help serve the agency at this point in time.

For example, if you intend to build a new facility within the next two years, the governance functions associated with financial management and facility development will be particularly relevant. If you anticipate a review of the mission of the agency, a governance need for strong planning skills should be identified.

As part of this assessment, you should also identify the knowledge, skills and experience needed to fill each of the existing board leadership positions. Skills in financial management should be highlighted for the position of treasurer. Skills in meeting effectiveness and policy formulation should be identified for each committee chairperson.

Consider the amount of board-member experience an individual should have before being asked to fill a leadership position.

BOARD COMPOSITION ANALYSIS

To identify its needs, the board should develop a profile of itself, listing its strengths and weaknesses in each area of board work. This allows the board to see itself objectively, and assess its ability to meet the board management responsibilities. This exercise will clarify where the board membership needs strengthening.

The exercise of analyzing board composition should include factors such as the following.

- Representation - years on the board, sex, age and community and geographic location.
- Education - university degree and certification or courses.
- Experience - management, research and public policy.
- Knowledge/Skills - policy, legal issues and contracts, financial analysis, fund-raising, recruitment and training, government relations and strategic planning.

106 • Contacts/Areas of Influence - business and industry, governments, education institutions, media and other non-profit organizations.

Reviewing the board composition will identify weaknesses in the board and provide the board with direction when selecting new board members. The result will be a stronger, more competent board.

BOARD SUCCESSION GUIDELINES

The board must plan to ensure its continuance year after year. The following guidelines suggest how this can be accomplished smoothly, and how agencies can attract competent committed people to guide their business.
(Adapted from: *Role of the Board, Training Manual*, Manitoba Culture, Heritage and Tourism.)

1. Use a Nominating Committee

The strength of an agency rests with its board of directors. Token appointments, "reward" appointments, or prestige-seeking appointments only invite weakness and potential disharmony. The role of the nominating committee becomes crucial to the successful functioning of the board, for it is charged with finding the right member for the right job.

These are the duties that fall to the nominating committee:

- keeping up-to-date records of current board members (names, addresses, phone numbers, interests and abilities);
- determining skills and strengths needed on the board, and the jobs to be done;
- locating and cultivating candidates for board positions known to be coming vacant, or which become vacant from time to time;
- maintaining lists of potential board members; and
- submitting names of candidates to the board.

2. Keep the Board to a Manageable Size

An agency's constitution dictates the size of its board. However, it should be kept to manageable numbers as it is more difficult to get 15 people together for a meeting than 8 or 10. Although board members have committee responsibilities, non-board members may also serve on committees so that fewer board members may be needed. In some agencies, individuals must first participate in committee service before being considered for board membership.

3. Define Terms of Membership

Limiting terms of office allows in fresh points of view and minimizes domination by a few. Three-year staggered terms permit a third of the board members to retire each year; two-year staggered terms, half of the board. It is important that the length of board membership terms be written and understood by all recruits.

4. Identify the Qualifications Needed in Board Members

- Interest in the work of the agency.
- Willingness to work and capable of working with others.
- Time to attend meetings and carry out work assignments.
- Special skills and/or experience required by the board to fill gaps.
- Willingness to learn.

5. Locate Potential Board Members

The search for potential board members can begin close to home. Get suggestions from staff and present board members. Canvass general membership, program participants, their relatives and program volunteers. Other organizations have boards and staff who might produce candidates. Approach professional groups, business organizations and community leaders for their suggestions.

Ideally, the board will establish a balance between the skills and expertise it needs and adequate representation from diverse segments of the community.

6. Approach the Potential Board Member

When a potential board member is found, the chairperson of the nominating committee should contact the individual. In some cases, it may be more appropriate for another board member to make the initial approach at the request of the chairperson. The chairperson should then do the follow-up.

The candidate should be given an orientation session before any commitment is made on either side. The orientation might include an invitation to visit the offices or facility to meet the staff and program participants. It is important to have the candidate meet board members or committee chairpersons with whom he or she would be working. The board's policy manual will provide further information for the prospective board member.

It is only fair to make the potential board member fully aware of what is expected in terms of time commitments and the nature of the work to be done. People are more willing to serve when they know what will be expected of them. The extent of the commitment required should never be understated.

7. Present Slate of Nominees for Election

The general practice is to elect board members at the annual meeting. However, when a vacancy occurs during the year a new board member may be elected to fill the unexpired term.

8. After a Term on the Board, Then What?

A board member's involvement should be evaluated so that decisions can be made about their future activity on the board. Members should also evaluate the experience and identify future interests. This evaluation process is discussed further in the "Evaluation" section.

These are four possibilities for rotation of board member.

A. *Rotation within the board* - it has been suggested that new board members be assigned to a committee, matching their knowledge and skills to the knowledge and skill required on the committee. After a term of successful service a board member should be more knowledgeable of the agency. At this time the board members could be offered the opportunity to serve on a different committee.

B. Board members could be asked to serve on an *ad hoc committee*, while temporarily suspending work on its standing committee assignments.

C. Board members could be asked to serve on a committee *outside of the agency*, or represent the agency through speeches, meetings, television and radio appearances. These add the elements of fun and recognition to board membership.

D. Board members may decide that they wish to *retire* after one term, or it may be that their performance is such that the nominating committee does not recruit them for another term. It may also be the case that their skills are no longer required on the board.

9. Make Recruitment an Ongoing Process

Recruitment continues all year, not just before the annual meeting. The nominating committee is a standing committee which should be active throughout the year.

ROLE OF THE NOMINATING COMMITTEE

Agencies are able to recruit quality board members when they are willing to invest time in planning.

A mistake boards often make is trying to recruit new members in the final month before elections. They suddenly realize that there will be empty chairs around the board table the following month if they do not do some quick recruiting.

Proper qualifications may become secondary. Anyone who says "yes" gets the job. New board members should be an asset, but, if they are selected this way, this may not be the case.

Consider the following recruiting plans.

Month 1-12 - The nominating committee should meet throughout the year. Recruiting good board members cannot be accomplished in one meeting at the end of the year. The committee should maintain current files of potential board candidates in case of a sudden board vacancy. Maintain contact with committee chairpeople for potential committee members who may wish to move to board work.

Month 1 - Nominating committee orients all board members about the need to look for potential board members all year long.

Month 3 - Nominating committee meets to evaluate each member's participation in board activities, including meeting attendance and fund-raising events. The committee might make recommendations to the board president about members who need encouragement or training.

Month 6 - Nominating committee analyzes the make-up of the current board, anticipates which board members will retire and determines the skills new board members will need for next year.

Month 8 - Nominating committee reports to the board on which board members' terms expire. Ask the board for names of potential new board members. Encourage those who can be re-elected to consider another term.

Month 10 - Nominating committee recruits potential board members.

Month 12 - Nominating committee presents a slate of nominees for membership to the board, as outlined in the constitution. New members are then elected.

(Adapted from *Role of the Board, Trainers Manual*, Manitoba Culture, Heritage and Tourism.)

BOARD MEMBER ORIENTATION

An orientation session is an integral part of a new board member's introduction to an agency. It is an ideal time for board members to learn more about the agency's mission,

goals and objectives. It is also an opportunity to become familiar with the constitution, by-laws and policies which govern the management and administration of the agency as well as who it serves, what it does and how it does it. The following checklist should be distributed to new board members at an orientation meeting.

Existing board members can also benefit from participating in an orientation; it can be an opportunity for them to serve as resource persons, as well as bring them up-to-date on organizational/operational changes.

Orientation Checklist

1. Philosophy and purpose of the organization

2. Constitution and by-laws

3. Provincial legislation

4. Annual report

5. Organization's goals and current plans

6. Budget and financial report

7. Organizational chart

8. Duty descriptions - for executive and board members and senior staff

9. Descriptions of services and programs

10. Policies and procedures

11. Reporting protocols

12. Contact lists - Board: names, positions and phone numbers
    Staff
    Community leaders and elected officials

13. Personnel policies and expectations

14. Committees - and their goals and plans

15. Any evaluations conducted during the past year

16. Recent board minutes and current issues

17. Meeting information - days, dates, length of meetings, place

18. Procedures governing meetings - i.e. parliamentary procedures,
                                                                other methods)

19. Other Information _____

   _____

BOARD SUCCESSION

The following self-evaluation worksheets provide a tool for reviewing the components of an effective board membership process. In order to determine the strengths and weaknesses in the board succession function of your board, assess the extent each of these statements reflect your agency and review the results.

	YES	NO	NEEDS IMPROVE-MENT
I - PLANNING AND PREPARATION			
1. The board and staff have assessed the tasks that the agency will undertake over the next two years and have determined its governance needs.			
2. There is an up-to-date listing of current board members, the length of their term, and an evaluation of their contribution to the work of the board.			
3. The future governance needs of the board are compared with current board membership in order to determine how many people are needed and to assess the type of knowledge, skills and experience required by incoming board members.			
4. A written recruitment plan has been developed that sets out objectives, activities, responsibilities assigned, and a time frame for completing and reporting on activities to the board.			
5. A standard recruitment kit is available which provides a profile of the agency, an organizational chart, a calendar of board meetings, time and financial requirements of board membership and a copy of the latest annual report.			

	YES	NO	NEEDS IMPROVE-MENT

II - LEADERSHIP

1. There is a nominating committee which has been given clear instructions from the board with respect to its role in evaluating, recruiting, training and developing board members and leaders for the agency.

2. The nominating committee chairperson is knowledgeable about the governance needs of your agency, at this point in its development, and how the role, responsibilities and functions of the board are carried out.

3. The nominating committee members are comfortable in carrying out all aspects of the board membership function, including evaluation.

4. The nominating committee requests and receives input from the board chairperson, standing committee chairpersons and senior management, to assist it in evaluating the contribution of current board members and identifying educational needs.

5. The work of the board and staff in building the identity of the agency in the community has contributed to the recruitment and board development process.

III - PARTICIPATION

1. A meeting is held with each prospective candidate who is provided with a standard recruitment kit.

2. There is honesty in the interview about what is truly expected of a board member for the agency, and the time and financial requirements of board membership are clearly specified.

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	YES	NO	NEEDS IMPROVE-MENT

3. Following the initial interview, an assessment is made of the strengths and weaknesses of each prospective candidate against pre-determined criteria.

4. Nomination and election procedures are properly followed.

5. There is a standard, consistent orientation program used for all new members, which includes meetings with senior staff, with the board chairperson and with the standing committee chairperson.

6. New board members are provided with a clear understanding of what is expected of them, and the basis on which their performance will be evaluated.

7. New board members are assigned to a committee where their skills can be best put to use.

IV - FOLLOW THROUGH

1. There is a policy for board development and a budget for undertaking activities.

2. Board members are made aware of, and encouraged, to participate in educational events which will help them carry out their function and prepare them for leadership roles.

3. The nominating committee carries out a planned performance evaluation of board members on an annual basis, using written criteria which has been communicated to all members.

4. The evaluation process is designed to be a useful opportunity to acknowledge the importance of each individual member to the work of the board.

	YES	NO	NEEDS IMPROVE-MENT

5. The evaluation process allows for identification of continuing education needs and potential future leaders.

6. The board has a policy on separating ("retiring") board members who do not meet the expected performance level.

V - EVALUATION

1. The nominating committee reports regularly to the board on its year round activities.

2. The nominating committee receives support and useful feedback from the board and staff acknowledging the importance of their contribution to building and maintaining an effective board membership process.

3. The nominating committee assesses and evaluates the results of its activities at the end of each year and makes a written recommendation to the board on how the board membership process could be improved.

4. Procedures, forms, criteria and records of the activities of the nominating committee are available for use by the incoming committee.

Adapted from *A Handbook for Cultural Trustees* by Marion A. Pacquet with Rory Ralston and Donna Cardinal.

MEETING MANAGEMENT

Meeting effectiveness is essential to organizational effectiveness in the non-profit sector. A clear understanding of the purpose of the meeting and the role of the meeting unit are necessary for the meeting to be effective. A reputation for good meeting management can help an agency attract and retain both board members and staff. Poor meetings can cause people to leave an organization. Meetings are used for decision-making and information sharing among the members of an organization. Therefore, well-managed meetings result in productive planning, problem solving, and exchange of ideas, while poorly managed meetings serve only to waste time.

The board, as the legal entity and authority for the agency, exists to provide guidance and direction to the agency at legally constituted meetings. Board meetings, therefore, should primarily consist of decision-making and policy establishment. If the majority of board meeting time is spent listening to reports requiring no decision-making, or fails to generate recommendations, then the board is not fulfilling its management and governance functions. As well, if the majority of meeting time is spent generating alternative courses of action, then the board is doing committee work.

At the end of each board meeting members should be able to state that the board has provided either staff or committees with the guidance to move the organization towards its mission.

MEETING PREPARATION

Board meeting preparation can take very little time, or several days, depending upon the complexity of the agency, the issues to be discussed at any one meeting, and the frequency of board meetings. Logic suggests that the board chairperson should do a large part of the work for board meetings as part of his or her leadership role; however, time constraints and other factors often intervene. In many cases, staff are expected to do most of the preparation for board meetings.

Many agencies may find it useful to take a critical look at how the tasks of meeting preparation are currently carried out. Are there tasks that could be done by board members rather than staff? In almost every organization, some improvements can be made to reduce or streamline the tasks. An advance calendar of meeting dates, a standard meeting place, and a regular time for calling the meeting to order and adjournment are examples of techniques used to save time.

Annual calendar of meeting dates

Board and committee meetings should be held at regular intervals in accordance with an agreed-upon annual schedule. Many tasks must be performed at approximately the same

time, from one fiscal or calendar year to the next. Identifying these tasks, and then sequencing committee and board meetings accordingly, will ensure that committees are able to carry out their tasks and have the necessary reports and recommendations ready for board consideration at the required times. Experience has shown that an advance annual calendar of meeting dates, together with a regular time for the call to order and adjournment, better enables board members to fit meetings into their own schedules, and results in improved attendance.

Agendas

A carefully planned agenda is essential for guiding the meeting process. It provides an outline of what will be discussed, and what decisions need to be made, in what order. An agenda advises the participants of the date, time and location of the meeting, and serves the purpose of overviewing, in advance, the business of the meeting. The president or chairperson along with the assigned staff representative, are responsible for preparing the agenda. Each agenda item should state the expected time frame and person responsible for the discussion and should specify whether it is for information, decision, discussion or action purposes. Important items of business should be dealt with at the beginning of the meeting when the participants are most alert.

The agenda and all related documentation to be reviewed before the meeting should be received by all board members and meeting participants at least two weeks in advance.

Advance briefing sessions

It is a valuable exercise to check that committee chairpersons have clear and concise recommendations to bring to the board meeting and they have been notified of the time being allocated to their topic. Advance knowledge that a recommendation is likely to cause considerable discussion can assist the president and staff representative to better plan the agenda and allocate appropriate time.

Communication of this information, in advance of the board meeting, can greatly improve the quality of the board's decision-making and can reduce the amount of time spent due to inadequate preparation by members.

CONDUCTING MEETINGS

Role of the board chairperson/president

The primary role of the board chairperson at board meetings is to facilitate the group decision-making process. This requires an impartial chair who generally refrains from taking an active lead in discussions and instead encourages the full participation of board members. If meetings use formal procedural rules of order (Robert's Rules of Order, for

example), the chairperson is responsible for ensuring that the meeting adheres to these rules.

At board meetings the chairperson is responsible for the following:

- keeping the meeting focused on the matters to be covered on the approved agenda;
- assisting a committee chairperson who is having difficultypresenting an agenda item;
- maintaining an environment that is conducive to the expression of views. (This means trying to prevent heated, emotional arguments from erupting, or whispering amongst board members when someone is trying to present their recommendations);
- encouraging the presentation of all views and drawing out those who are not participating;
- ensuring that discussions remain focused on the question under consideration and, when necessary, summarizing the debate. The summarizing role is often key to concluding discussion and keeping within the time allocated; and
- putting the matter to a vote when views have been aired sufficiently.

Role of the board members

Members attending a meeting of the board or a standing committee are responsible for a variety of duties.

- Studying all materials distributed in advance of meetings so that they are prepared to contribute to the work of the meeting. It is often helpful to note questions before attending a meeting. If some aspects of the pre-circulated material are particularly troubling, members should attempt to make their concerns known to the responsible individual prior to the meeting so that his or her introduction can address such matters.
- Considering the different objectives behind agenda items and being prepared to respond accordingly. Some objectives to be accomplished through a board or committee meeting process may include:

  - reporting or sharing information;
  - evaluating progress;
  - dealing with one aspect of problem solving;
  - making a policy or planning decision;
  - assigning responsibility for action; or
  - accepting responsibility for taking action.

DOCUMENTATION OF MEETINGS

Minutes

Minutes are important and should represent an accurate record of a meeting. Board minutes are the legal record of the decisions of an agency.

Good minutes should be concise and written for easy referral. They should summarize the main comments, ideas and suggestions that were discussed and indicate where there were conflicting viewpoints. It is important that minutes highlight any implementation decisions and they must record all motions - who made the motion, who seconded it and whether the motion was carried or defeated. Minutes record the role call of those in favour and those against, for controversial issues or close votes (any person can request that their vote or their abstention be recorded in the minutes).

Minutes act as a record of previous decisions and specify future action. Minutes should include:

- name of the group or agency;
- whether the meeting was regular or special;
- date, time and place of the meeting;
- name of the presiding officer;
- names of those present, absent and regrets;
- whether minutes of previous meeting (identified by date) were approved or corrected;
- a concise summary of all business conducted for each agenda item in order;
- a full statement of all motions, including the mover and seconder and the result of the vote;
- a clear indication of what follow-up action is to be taken, when it is needed, and who is responsible;
- identification of reports and documents presented under each agenda item (copies of these should be attached to the official copy of board minutes);
- date, time and location of the next meeting;
- time of adjournment; and
- secretary's name.

After approval at the next meeting, an official copy of the minutes should be signed by the president and kept in the agency's minute book. This book is an important record for auditors to determine if the activities of the agency are in keeping with the decisions made.

Action Lists

To assist the implementation of actions approved at a meeting a list of these actions should be drawn up when the minutes are prepared. This list should include:

- the date of the board of committee meeting;
- a brief description of each action required;
- the name of the person or committee assigned responsibility for each action; and
- the date for completion of each action and reporting requirements.

A copy of the action list should be appended to the official copy of the meeting minutes and distributed to all board or committee members.

Policy Decisions

Boards need to ensure that policy decisions made at meetings are recorded   separately in a policy manual or handbook. The secretary should keep a separate record of all motions or decisions. This record acts as a reference if there is confusion about a previous decision. The record should show the date the motion passed, its content (including mover and seconder) and the resulting action. These items may then form part of the policy and procedures manual.

If policy decisions are not recorded through a policy manual, their value is limited since searching through minutes to find all policy decisions is time-consuming and almost impossible.

PROCEDURES FOR MEETINGS

For a meeting to be effective it must run smoothly and in good order. Parliamentary procedures are rules of order that provide a basic tool for maintaining order and control in group discussions. Whether a meeting is formal and uses parliamentary procedure, or informal, a person's right to speak, ask questions, and to vote must be clear at the start of a meeting and followed throughout the meeting.

The following discussion on rules for meetings was adapted from the Ontario Ministry of Agriculture and Food Factsheet #89-095, *Procedures for Meetings*.

> Every organization should examine standard parliamentary rules, interpret and then adapt them to their own use. If group members agree that the rules they have developed permit a majority to accomplish the organization's ultimate purpose within a reasonable period of time, allowing the minority a reasonable opportunity to express its views, then those rules are appropriate.

Meeting procedures for committees, executives and most boards can be much different than for larger gatherings. Certain formalities are unnecessary when the group size is small. For example:

- there is no limit to the number of times a member may speak to an issue;
- it is not necessary to address the chair before speaking;
- the chair need not leave that post in order to speak, make motions or vote;
- motions need **not** be seconded; and
- action can be taken, at times, without the introduction of a motion.

If, however, a small group using these "relaxed" rules discovers that a person's right to speak, ask questions or vote is being abused, then more formal procedures may be reintroduced to the meeting.

PARLIAMENTARY PROCEDURE

Formal meetings using parliamentary procedure will allow only one item to be discussed at a time and allows fairness to every member. Parliamentary procedure is particularly effective in controlling large groups. It will allow for many quick decisions to be made and assist in accurate record keeping.

Meetings that follow parliamentary procedure are characterized by rules of order, motions and voting.

Rules of order

Rules of order ensure the fair and equitable management of a meeting and provide for effective decision-making.
The most common rules of order are as follows.

- *Quorum*: The minimum number of members in attendance at a meeting to make the proceedings valid.
- *Adoption of the minutes*: Corrections, then a motion to adopt the minutes as corrected.
- *Rules of the chair*: A speaker must obtain permission from the chair before speaking. No one may interrupt a speaker, except on a point of order. A majority vote will decide all issues and the chairperson will vote only in case of a tie, unless specified otherwise in the by-laws. If the chairperson wishes to take part in the discussion the leadership of the meeting must be turned over to another person.
- *Speaking*: Participants may only speak once to any motion, except to provide an explanation or answer a question. The mover, however, can speak more than once to the motion. In some cases the chair will modify these rules to allow for wide ranging discussion with fewer restrictions.

From time to time, a comment or motion may not follow parliamentary procedure or the rules of order. This comment or motion will be ruled out of order and the chairperson will re-establish order.

Rules of order, and parliamentary procedures, can ease the management of a formal meeting. **They should be used to simplify discussion but should not become more important than the work of the group.** Leaders of meetings must understand the rules and apply them with discretion.

Motions

Motions are used as a vehicle to make decisions on issues within the organization. A motion requires a mover, a seconder and acceptance by the chair. Following these three steps, the motion becomes the property of the meeting and is discussed or debated. Once the motion is under discussion all comments should be directed toward that motion only.

The mover is the only one who can speak more than once to a motion. The only exception is in explanation or reply to a question. A motion is open to amendment until someone requests the vote be taken. This is referred to as "Calls for the Question". Amendments can change a motion in detail only, not in principle. When a motion is amended voting on the amendment takes place first, prior to voting on the amended motion. The mover may withdraw a motion or amendment with the consent of the seconder and unanimous approval of the meeting members.

Once a call for the question occurs there is no further discussion on the issue and participants vote on the motion. The chairperson votes only in the case of a tie, unless stated otherwise in the by-laws. The chairperson declares a motion "carried" or lost" (defeated).

Voting

Following discussion on a motion each member will indicate whether they support or oppose the motion, usually by a show of hands. The chairperson will ask those in favour to raise their hands. If there is an obvious majority the chair declares the motion carried. If it is not obvious that there is a majority the chair counts the hands, asks those opposed to raise their hands, counts the opposing votes, and declares the motion either carried or defeated.

A secret ballot is often used for the election of officers or when an issue is controversial. Individuals may request a secret ballot on any decision. The procedures for requesting a secret ballot are generally included in the by-laws. In cases involving strong personal feelings or where the people passionately disagree, it may be best for individual opinions

to remain secret. This fosters the organization's health and provides protection for individuals.

The following subsection has been included here in the hopes of removing the mystery and intimidation that may surround a formal meeting for a new board member. The following is provided by the National Centre for Voluntary Action, Washington, D.C. (NCCVA-BSI-17-106-59) and is compatible with the Canadian reference, *Robert's Rules of Order*.

FUNDAMENTALS OF THE PARLIAMENTARY PROCEDURE

Only the experts or parliamentarians must know all the rules and technicalities. The fundamentals listed below can help you participate in practically any meeting in an intelligent, decisive way. It is important to keep in mind that every meeting should have an order of business or agenda which usually include the following.

1. **Call to order**

   By the Presiding Officer.
   Be on time. Check Quorum.

2. **Opening exercise, if desired**

   Welcome, etc.
   Role call, if customary

3. **Reading of minutes**

   Approved as read or as corrected. Reading of minutes can be dispensed with by majority vote without debate. This means they are not read at the regular time. If dispensed with, reading can be ordered by a majority vote, without debate, any time later during the meeting when no other business is pending. If minutes are not read before adjournment they must be read at the following meeting before reading any later minutes.

4. **Reports of officers**

   a) Corresponding secretary
   b) Treasurer's financial report
   c) Other officers: call on only if they have a report

5. Reports of standing committees and/or special committees

Standing committees listed in by-laws are usually called on in the order in which they are listed. A motion arising out of an officer's report or committee's report is taken up immediately.

Only those special committees that are prepared or were instructed to report should be called on. Those that are to report should be called in the order in which they were appointed.

6. Unfinished business

a) A question postponed from the last meeting.
b) Any other unfinished business; secretary should inform president.

7. New business

a) Correspondence that needs action.
b) Bills
c) Further new business. Members can introduce new items, or can move to discuss any matter which is on the table.

8. Announcements

The chair may make, or may call on other officers or members to make, any necessary announcements. Members may also obtain the floor for such purposes.

9. Program

Although the program is usually placed at the end of the order of business, it can, by special rule, be received before the minutes are read or, by suspending the rules, can be received any time. Often in courtesy to a guest speaker the chair may ask for suspension of the business portion of the meeting. Usually this is done by unanimous consent. The chair announces: "if there is no objection, we will hear our program at this time."

10. Further business

Chair asks if there is further business before adjournment.

11. Adjournment

May be done by general consent or by vote.

PUTTING IDEAS BEFORE THE GROUP

1. Obtaining the floor

Addressing the presiding officer by his or her official title. *Wait for recognition*. Once you have the floor, you may speak and, with exceptions, no one may interrupt you.

2. Making a motion

All proposals for action by the group must be presented by a "motion." Begin by saying: "I move that ...." Make your motion brief and concise. If possible, have it written out ahead of time. The secretary may request a written copy of any motion.

3. Seconding a motion

Before an idea may be discussed, it must be seconded. You need not agree with a motion in order to second it. If the chair overlooks the absence of a second and debate or voting has begun, the second becomes immaterial. An absence of a second does not affect the validity of the motion's adoption.

4. Amending the motion

To add to, substitute, or subtract from a motion that someone else has made, submit your idea to the group by "amending the motion."

5. Amend the amendment

Altering the motion can be carried one step further by an "amendment to the amendment." You now have a primary amendment and a secondary amendment to the main motion. You may not have more than these two.

6. Point of information

If the issues become confusing, you may ask for clarification by asking for a "point of clarification" from the chair.

7. Divide the question

It is often possible that a motion may contain two or more parts that you wish to be considered separately. You may ask that each part be considered separately. This often helps clarify the entire motion and keeps only those parts that most benefit the group. This is usually done by general consent as it only requires a majority vote.

LET'S STICK TO THE FACTS

8. Point of order

If you feel a violation in parliamentary procedure exists, call for a "point of order" to enforce the rules. The chair rules, but is obliged to recognize you and pass on your inquiry to the group.

9. Appeal from decision of the chair

If you disagree with the decision of the chair you can appeal (it must be done immediately following the ruling). It does require a second, then the chair must state the question and the whole group votes on whether to overrule or sustain the chair. Either a majority vote or a tie sustain the chair.

10. Orders of the day

If the meeting goes off on a tangent and does not follow the agenda or the order of business, you may remind the chair by calling for "orders of the day." This requires a two-thirds vote and is put to the vote at the discretion of the chair.

11. Motion to limit debate

To prevent a discussion from dragging on endlessly, you can:

a) move to limit each speaker's time;
b) move to limit the number of speakers;
c) move to limit the overall time of debates; and
d) move to close debate at a set time and vote.

Each of these require a two-thirds vote. This is an important safeguard as it proves that twice as many voted for an issue as against it.

12. Motion to refer

When it is advisable to give further study to a proposal, move that the matter be referred to _____ committee.

NOTE: Kind of committee, size and power should be included in the motion.

13. How to end debate

"Call for the Previous Question" - This will close debate on a pending question and require immediate vote by the group on whether to close debate. Two-thirds of the vote is required.

POSTPONING CONSIDERATION

14. Motion to table

A move to "lay on the table" means to temporarily put aside one motion to consider another. It is not debatable, and after a matter has been tabled it may be taken from the table at the same meeting (if other business has intervened) or at the next regular meeting. After that it would be "dead", and the matter would have to be reintroduced.

15. Postpone to a certain time

"I move that action on this matter be postponed until _____" (state time). If carried, the matter is postponed to the time specified and comes up as "unfinished business."

16. Postpone indefinitely

Primarily a strategic motion used to reject the main question without incurring a direct vote on it.

VOTING AND ADJOURNING

17. Division of the house

To get a more accurate count than a voice vote, call for a "division of the house." The demand of a <u>single</u> member compels the division. This is really a request for a re-vote. If no request for a division is made when the vote is announced, the only motions that can change a vote are to reconsider or to rescind.

18. Motion to adjourn

May be made any time and requires a majority.

NICE TO KNOW

19. What is the quorum in a committee?

A majority of its members unless otherwise stated in the by-laws.

20. Does a committee have a secretary?

The chair may act as secretary, but in a large committee it is advisable to have someone else keep records for the committee's use.

21. Can debate be limited in committee?

No.

22. What rights do ex-officio members have?

All of the rights of any other member but none of the obligations. They are not counted in quorum but must be notified of all meetings.

23. May a motion be withdrawn?

Yes. If it has not been stated by the chair, the maker of a motion may withdraw his motion. (A withdrawn motion DOES NOT appear in the minutes). Once a motion has been stated by the chair, it can be withdrawn only by general consent or a majority vote.

24. How can action already voted on be reconsidered?

By a move to reconsider the vote. This must be done on the same day the vote was taken and motion to reconsider may only be made by a member who voted on the prevailing side.

25. In a standing committee or special committee

A motion to reconsider a vote may be made any time, regardless of the time that has elapsed. It may be made by anyone who voted with the prevailing side or did not vote at all.

26. Can a motion be rescinded? When?

Any member can move to rescind a motion. The motion is in order at any time, until action has been taken on the matter. The motion to rescind requires a majority vote with previous notice, or a two-thirds vote without notice. The motion and the action to rescind appear in the minutes of the respective meetings where the actions were taken.

NOTE: The motion to rescind (repeal, annul) reopens the whole question for discussion.

27. What is a substitute motion?

A motion of similar, but different, intent than the pending motion. If a substitute motion carries by majority vote, the second motion becomes the pending question for consideration, and the first motion is discarded and is no longer before the assembly.

28. Can the president introduce new business?

Yes, but the motion to act must come from the floor.

29. Need motions be in writing?

If possible, write out your motion. The president and/or secretary may request your motion in writing.

BOARD MEETING REVIEW

The following self-evaluation worksheets provide a tool for reviewing the components of an effective meeting process. In order to determine the strengths and weaknesses of the meetings of your board, assess the extent each of these statements reflect your board and review the results.

	YES	NO	NEEDS IMPROVE- MENT

I - PLANNING AND PREPARATION

1. There is an annual board meeting calendar.

2. The annual calendar is planned around a cycle of regular decisions which must be made by the board.

3. The board chairperson and senior management jointly prepare the agenda.

4. Committee chairpersons are consulted on reports and recommendations which they will be making to the board.

5. The meeting agenda and background material are distributed far enough in advance to allow members to do their homework.

6. Briefing sessions are held in advance to ensure that valuable time is not wasted.

7. The board meeting agenda and the time allocated for each item reflect the priorities of the organization.

8. The meeting agenda and background material clearly indicate how each item will be handled.

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	YES	NO	NEEDS IMPROVE-MENT

II - LEADERSHIP

1. The chairperson calls the meeting to order at the time specified on the agenda.

2. The chairperson helps members and staff to feel part of a valued team.

3. The chairperson clearly introduces agenda items and states what is expected of the board.

4. The chairperson keeps the discussion focused on major issues.

5. The chairperson summarizes frequently so that the group can see the progress it is making.

6. The chairperson uses facilitation techniques and parliamentary procedures to help the group decision making process.

7. Committee chairs provide clear, concise reports and recommendations on which the board can make decisions.

8. The leadership of the board and committee chairpersons assist the board in doing its work.

III - PARTICIPATION

1. The board has a policy on meeting attendance.

2. An attendance record is kept and used to evaluate member participation.

3. Board members arrive on time and are prepared to work.

	YES	NO	NEEDS IMPROVE -MENT

4. It is evident that members have done their homework in advance of the meeting.

5. The objectives of each agenda item and expectations of member participation are understood.

6. Board members and staff listen to each other.

7. Board members and staff are given a chance to express their ideas and feelings openly.

8. Board members and staff provide each other with support and feedback.

9. Good decision making processes are used.

IV - FOLLOW THROUGH

1. At the end of the meeting it is clear what direction and guidance the board has provided to the organization.

2. Draft minutes are prepared and reviewed by the board chairperson before they are distributed.

3. An action list is appended to the minutes summarizing what is to be done, by whom and when.

4. The policies established by the board are reproduced for inclusion in the board policy manual.

5. Policies established by the board are made available to staff.

6. Responsibility for carrying out board decisions are clearly indicated.

	YES	NO	NEEDS IMPROVE-MENT

7. A process has been established for monitoring progress in completion of board assignments.

V - EVALUATION

1. A few minutes are taken at the end of every meeting to assess the effectiveness of the meeting.

2. When weaknesses in group meeting processes are identified, corrective action is taken.

3. Board members and staff are encouraged to try out new methods to make the meetings more productive.

Adapted from *A Handbook for Cultural Trustees* by Marion A. Pacquet with Rory Ralston and Donna Cardinal.

EVALUATION

The board of directors is responsible for monitoring the overall performance of the agency. The board should know how well the agency is fulfilling its objectives and meeting the needs of the community and if its resources are being utilized efficiently.

Control systems should be developed to ensure that the board receives the information it requires so it can carry out its responsibilities. The board should receive information before a crisis develops in order to make correct management decisions. This may include program information, budget information or client information.

As was discussed in the Financial Management section, boards should use their budgets for the coming year as a control document to monitor variances. The budgeting process significantly assists in the overall planning functions by linking objectives and projected outputs.

AGENCY EVALUATION

As the board is responsible for overall performance of the agency, some exercises that should be performed periodically include:

- an assessment of the agency's responsiveness and level of activity;
- clarification of the agency's mission; and
- an analysis of the environment.

To assess the effectiveness and impact of the agency, consider these questions at least once a year.

- What would have happened to the clients in the absence of the agency?
- What has happened to the clients?
- What are the factors that may have contributed to these outcomes?
- How cost effective is the agency compared with others?
- What changes are evident in social services in our community?
- Are these changes positive or negative?
- What new knowledge has been generated about how to solve problems?

Evaluating the agency includes agency problem solving. High staff turnover, staff complaints, financial difficulties or client complaints should alert the board to act promptly to discover the problems underlying these symptoms. External evaluators may be required to investigate internal problems in order to ensure objectivity and independence in the investigation and analysis.

PROGRAM EVALUATION

Many agencies are unaccustomed to formal evaluation procedures and do not have techniques for measuring the effectiveness of their programs.

Boards require program information to enable them to:

- determine whether the needs for which a service or program is designed are being met;
- determine if implementation and progress is on target and as planned;
- identify problems, issues and concerns regarding programs and services; and
- improve the program.

Often groups find themselves swept away by their own enthusiasm for a particular program or project and as a result will simply assume that it is worthwhile. If funds, time and personnel were unlimited it would perhaps be permissible to take the line that "anything we do is of some good". However, the challenge in today's environment is to find the directions and programs which do the most good. Without some kind of planned hindsight, the most successful programs cannot be sorted from the weaker ones.

BOARD EVALUATION

It is the responsibility of the board to ensure that program funds are disbursed both effectively and efficiently. **It is no mere coincidence that the quality of services and programs is often proportional to the quality of the board.** Simply put, the quality of the agency is a reflection of the quality of the board. Despite the apparent need for board self-appraisal, most boards do not evaluate their own performance, nor do they ask themselves how well or how poorly they are meeting their goals. Yet, when an organization fails to meet its established goals, the board too has failed!

The major reason for board evaluation is to demonstrate responsibility. It is a healthy sign when board members publicly stand accountable for the resources used in service delivery and the revenues they were provided. Funding sources are continually requiring increased evidence of accountability from their agencies.

Annual reviews pinpoint weaknesses and indicate needed changes in operating policies, sources of funding, services and other areas otherwise overlooked in the absence of periodic reviews.

BOARD MEMBER EVALUATION

An evaluation of a board member's performance should be done once a year. Planned evaluation is helpful in identifying strengths and weaknesses of individual members, in setting a climate for growth and development of the board as an entity, and for ensuring

that board development keeps pace with total organizational development. Evaluation helps identify continuing educational needs for members who would like to move to new positions, provides feedback and positive reinforcement to members who are making a significant contribution to the governance of the agency and helps determine the need to retire board members.

Suggested performance criteria for board members includes the following:

- board and committee meeting attendance (has the individual met the standards of meeting attendance as set out in your meeting attendance policy?);
- participation and contribution to fund-raising;
- participation and contribution to public relations efforts on behalf of the agency;
- demonstration of support for the work of the agency; and
- skills and contribution of the board member in the
  - policy making process;
  - planning process;
  - board membership process;
  - meeting process; and
  - development of board/staff relationships.

The evaluation process should provide the ideal opportunity for recognizing the hard work and commitment of a board member.

The remaining pages are sample evaluation worksheets that a board may use to measure the overall effectiveness of the agency, the board and its members. They are meant to be used as a tool to help identify possible areas for future board development. Similar worksheets have been provided at the end of the appropriate sections of this guide.

A DIAGNOSTIC CHECKLIST OF AGENCY HEALTH

	YES	NO	NEEDS IMPROVE-MENT

I - CLEAR GOALS AND OBJECTIVES

1. We know where we are headed as an agency and have a clear vision of how we are going to get there.

2. We have concise goals and objectives that are clearly understood by everyone in our agency.

3. We have action plans and strategies for achieving our goals and objectives.

4. We monitor our progress towards our goals and objectives when necessary.

5. Other organizations in the community understand where and how our agency fits into the overall provision of service for the community.

II - UNDERSTAND THE ENVIRONMENT

1. We monitor local, provincial and national trends that affect our agency and community.

2. We spend time considering community needs and relating our plans and priorities to these.

3. We consult with users and staff before we introduce a change that affects them.

4. Other organizations understand how our agency fits into the overall provision of services.

5. We know who our target audience is, what services they require and how we can reach them.

	YES	NO	NEEDS IMPROVE -MENT

III - PLAN

1. Our plans clearly identify objectives, tasks, who will do what and target dates for review and completion.

2. Our agency has a good track record of taking new ideas and seeing them through to implementation.

3. When considering the expansion or elimination of services, we carefully consider the financial, staffing, user implications and other important issues.

4. We talk to other organizations like ours to share ideas and compare plans.

5. People's efforts are co-ordinated.

IV - PROBLEM SOLVING

1. When faced with a problem our agency responds quickly with an appropriate solution or course of action.

2. People work together on finding the best solutions to our problems.

3. People openly discuss their successes, problems and even their failures.

4. Our agency is interested in identifying and solving problems, not attaching blame.

V - PEOPLE ARE IMPORTANT

1. People feel they are valued members of this agency. Their contribution is important.

2. There are trusting and respectful relationships between people and groups in this agency.

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	YES	NO	NEEDS IMPROVE -MENT
3. When new staff join, they are provided with an in-depth orientation to our agency. They are made to feel part of the team.			
4. Our agency provides a learning environment in which people get support, encouragement and feedback.			
5. We encourage all members to further develop their skills and we make developmental opportunities available to them.			

VI - EVALUATE

1. Each year we review the previous year's accomplishments and disappointments and identify areas requiring improvement.

2. We regularly monitor our various programs, services and facilities to ensure that they are meeting community needs effectively.

3. Budget, staffing, program and other reviews are done on a regular basis.

4. We monitor our progress towards our goals and objectives and make adjustments when necessary.

5. Members of the community are frequently asked for opinions on things our agency can do to improve its services.

Adapted from: Operational Reviews
Path to Organizational Fitness
Ontario Ministry of Tourism and Recreation

HOW DOES YOUR AGENCY RATE?

		Doing This Very Well					Not Doing This	
1.	The priorities of our agency are clearly stated.	1	2	3	4	5	6	7
2.	The volunteers involved in our agency understand their roles and responsibilities.	1	2	3	4	5	6	7
3.	We have a clearly written and well-organized plan for what we are doing the next year.	1	2	3	4	5	6	7
4.	We have a clearly written and well-organized plan for what we would like to do over the next four years.	1	2	3	4	5	6	7
5.	The volunteers who work in our agency have an opportunity to contribute to a planning process at least once a year.	1	2	3	4	5	6	7
6.	Most of the volunteers in our agency know what our goals are for three or four years down the line.	1	2	3	4	5	6	7
7.	Our agency does things with an eye on the future and a willingness to change as needed.	1	2	3	4	5	6	7
8.	We evaluate how we are doing relative to our planning.	1	2	3	4	5	6	7
9.	At the end of every year or so, we take the time to evaluate whether our long-term plans still make sense.	1	2	3	4	5	6	7

10. If we were to have a sudden change in leadership, we have done enough planning to ensure that we will continue on the same track for at least a year longer.   1   2   3   4   5   6   7

11. We know what our agency's major purpose is and how we fit into the achievement of that purpose.   1   2   3   4   5   6   7

12. We have clearly written policies and procedures for how our agency runs.   1   2   3   4   5   6   7

13. Our work tasks are divided in a logical manner.   1   2   3   4   5   6   7

14. We have the information that we need to do a good job in this agency.   1   2   3   4   5   6   7

15. The people who work together here generally get along well and work effectively together.   1   2   3   4   5   6   7

16. Other working groups within our agency are helpful to us when we need them.   1   2   3   4   5   6   7

17. We co-operate with other working groups when they need our assistance.   1   2   3   4   5   6   7

18. The conflict level in our agency seems reasonable, given the number of people who are working together to get this job done.   1   2   3   4   5   6   7

19. Our planning efforts are helpful in encouraging our growth and development.   1   2   3   4   5   6   7

20. Our agency has the capability to change.   1   2   3   4   5   6   7

Scoring

1 x ____ = ____   How do you rate?   1: We are first class!

2 x ____ = ____   2: We're doing well.

3 x ____ = ____   3: We're on the right track.

4 x ____ = ____   4: We're not sure of ourselves.

5 x ____ = ____   5: We could be in trouble.

6 x ____ = ____   6: We have some big problems.

7 x ____ = ____   7: We are in Big Trouble!

TOTAL = ____ = ____ AVERAGE SCORE
      20

Adapted from: *Role of the Board*
                     Trainer's Manual
                     Manitoba Culture, Heritage and Tourism

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THINK ABOUT HOW YOUR BOARD IS DOING

1. Are by-laws periodically reviewed and updated?

2. How often are board objectives reviewed?

3. Does the board have short and long-term plans?

4. Are board functions clearly defined?

5. Does the board periodically evaluate its performance?

6. Is the board representative of the community it serves?

7. Is the board leadership shared?

8. Does the board membership rotate?

9. Are relations between the board and staff good?

10. Are relations between the board and program participants good?

11. Does the board have a positive image in the community?

12. Do committees have clear terms of reference (job description)?

13. Is authority delegated to committees and is it respected?

14. Are board meetings well attended?

15. Are board meetings the place where decisions are made or the place where decisions made elsewhere are rubber stamped?

16. Are board meetings achievement oriented and satisfying to members?

17. Are board decisions carried through?

18. Does the nominating committee have guidelines for the types of board members required?

19. Does the nominating committee function year-round?

20. Are new board members given adequate orientation?

21. Do board members respect each other, appreciate strengths and tolerate shortcomings?

22. Are disagreements accepted and worked through?

23. What are the procedures for resolving problems and concerns?

24. Does the board have a sense of progress and accomplishment?

Adapted from: *Role of the Board*
          Trainer's Manual
          Manitoba Culture, Heritage and Tourism

BOARD OR COMMITTEE MEMBER SELF-EVALUATION

As a participant in the group, do I...

	YES	NO	NEEDS IMPROVE-MENT
1. Arrive on time?			
2. Remain until adjournment?			
3. Study the agenda in advance and come prepared to participate in the discussion?			
4. Speak up when I have something to contribute?			
5. Encourage others to express their views?			
6. Listen attentively when others are speaking?			
7. Respect and give thoughtful consideration to the viewpoints of others?			
8. Request further information when I feel that the group has insufficient data on which to make a decision?			
9. Help summarize ideas?			
10. Help other group members feel at ease?			
11. Avoid interrupting others?			
12. Avoid cross talk with neighbours?			
13. Avoid rambling, telling too many anecdotes or changing the subject?			

Adapted from: SPARC of B.C. participant rating sheet

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