

Board Governance Basics



Board Leadership Calgary, Alberta

May 30, 2015

In this session we will discuss



- Governance
- Ethical Responsibilities
- Legal implications and Liabilities
- Risk Management

Board Governance



**What is
Governance?????**

Governance



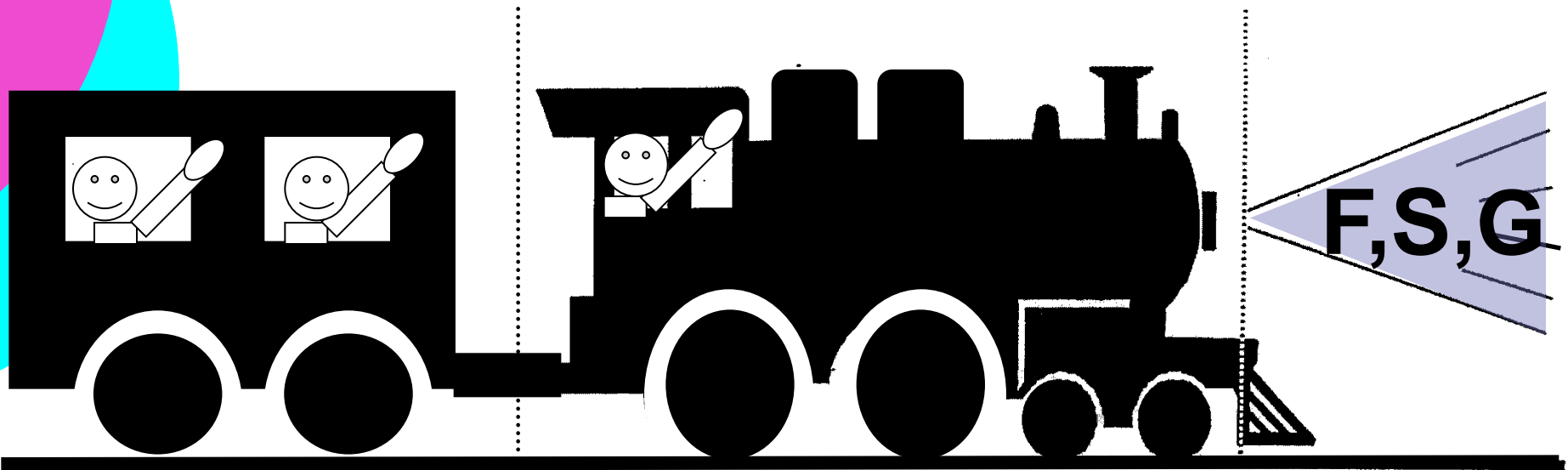
How the Board exercises its
**authority, control, and
direction**
over the organization
on **behalf of the
membership**

Individuals and their Roles

Implementation

Management

Governance



Governance as Leadership

Planning, Allocating
“Direction”
Strategic

Alternatives, Values
“Reflection”
Generative

Fiduciary
“Authority & Control”
Oversight, Stewardship, Resources

Types of Boards

- Advisory Boards
- Governing Boards

Governing Boards

Administrative

Policy

Responsibilities of Governance

The Board...

- Articulates and communicates the vision
- Focuses on strategic planning and direction
- Focuses on the whole organization
- Works to create a culture that is aligned with the values of the organization
- Is a corporate body, works together as a whole

Responsibilities of Governance

(continued)

The Board...

- Ensures that board members are motivated and inspired
- Speaks with one voice
- Directs the organization's work
- Is responsible for its own management
- Hires, supervises and releases only the senior staff
- Avoids making management and operational decisions when these can be delegated

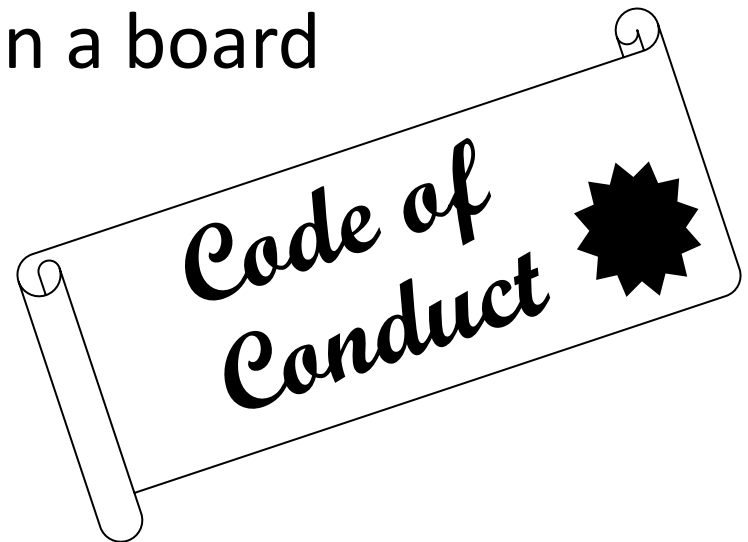
Roles of a Governing Board



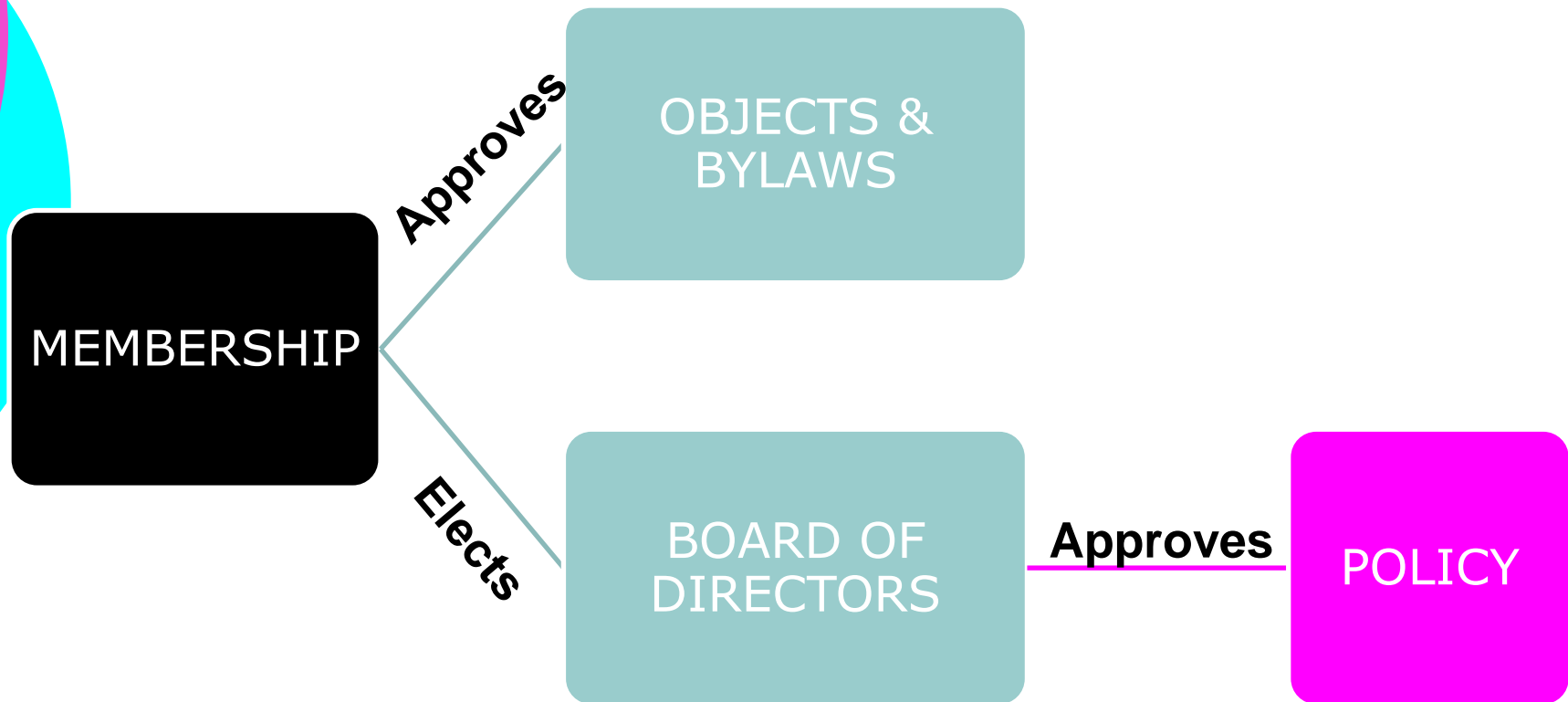
- To be responsible for the organization's highest level of decision making and legal authority
- To be accountable for the organization's resources and activities
- To articulate and communicate the vision
- To define, through policy, the parameters of the organization

Ethical Responsibilities

- Want to serve on a board
- Endorse the mission
- Believe in the value of the organization



Legal Context



Legal Implications of Board Membership

Personal liability is minimized when board members are:

- ✓ acting prudently
- ✓ within their authority
- ✓ are not negligent

Legal Implications of Board Membership (cont'd.)

- Incorporation as a society provides a way to limit the individual board member's liability.
- It does not eliminate liability entirely.



Areas of Individual Liability

- Non-Management
- Negligence or Willful Mismanagement
- Conflict of Interest and Self-Dealing

Legal Duties & Responsibilities

- Trustee or Fiduciary
- Duty of Care
- Skills and Diligence
- No Conflict of Interest
- No Contract Voting



Areas of Risk

- People
- Financial
- Reputation and goodwill
- Technology and intellectual property matters
- Regulatory matters

Risk Management Process



- Identify potential risks
- Assess level of impact and likelihood of each risk
- Generate strategies to address each risk
- Choose most appropriate strategies
- Develop risk management plan
- Monitor and review plan regularly

Assessing Risks

Level
Of
Impact

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Likelihood of Occurrence

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Strategies for Managing Risk

- Avoid
- Reduce
- Transfer
- Accept

Check In:



- What is Governance?
- Ethical Responsibilities
- Legal implications and Liabilities
- Risk Management

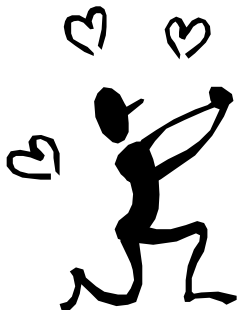
Check In:

- What is Governance?
- Ethical Responsibilities
- Performance Expectations of Board Members
- Information Needed to be an Informed, Effective Board Member

POP QUIZ!

What do you think?

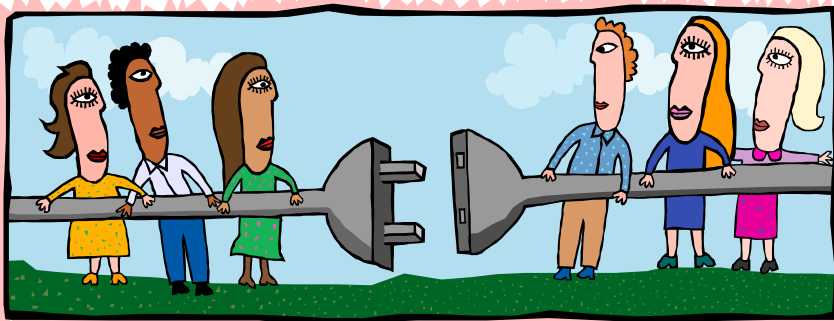
You must believe in the importance and value of an organization before considering election to a board.



- A. True
- B. False

What do you think?

Good relations between the board and staff are the responsibility of all board members.



- A. True
- B. False

What Do You Think?

Board members who do not agree with a board decision should lobby outside the board to have the decision reviewed.

- A. True
- B. False



What Do You Think?

You are not responsible for actions taken at a meeting you did not attend.



- A. True
- B. False

Get Informed!



- Orientation
- Meetings (Board & Committees)
- Job Description
- Strategic Plan
- Code of Conduct
- Training Events
- Time and Financial Requirements

Issue Identification



“Based on my experience, the most significant issue that is raised by our discussion is...”

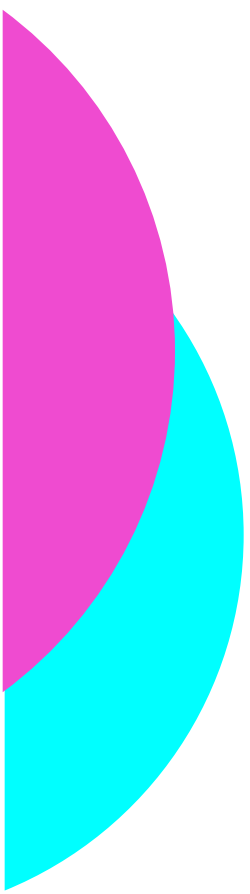
Taking Action



“Knowing what I know now about board governance basics, over the next few months I want to...”

Dilbert by Scott Adams





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"I didn't say anything during the meeting,
but I don't agree with the rest of the Board
on this issue."

Check In:



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- Ethical Responsibilities
- Performance Expectations of Board Members
- Information Needed to be an Informed, Effective Board Member

A Board Speaks With One Voice!



Harmony is the Key!

Board Development Program



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