



Board Governance Basics

Board Leadership Calgary, Alberta

October 21, 2017




Working together to learn



Workshop Introduction





Getting to know you



Workshop Introduction



Getting to know you



Workshop Introduction

Getting to know you



Workshop Introduction



Getting to know you



Workshop Introduction



In this session we will discuss

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

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Action Plan





Board Governance

What is Governance????



Governance

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

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Individuals and their Roles

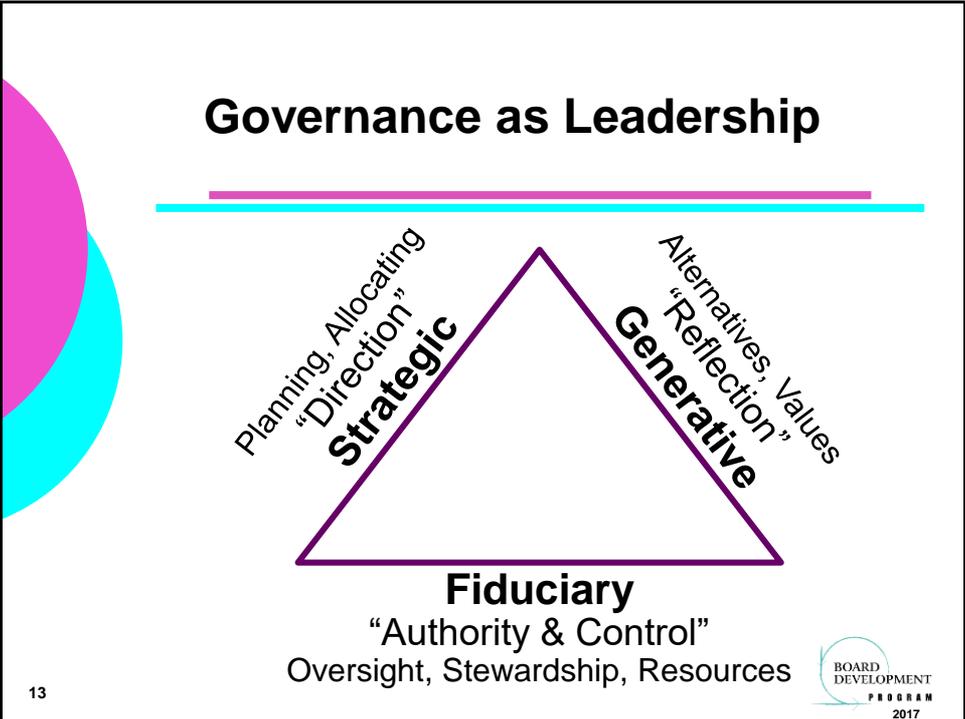
Implementation
Management
Governance

Roles & Responsibilities

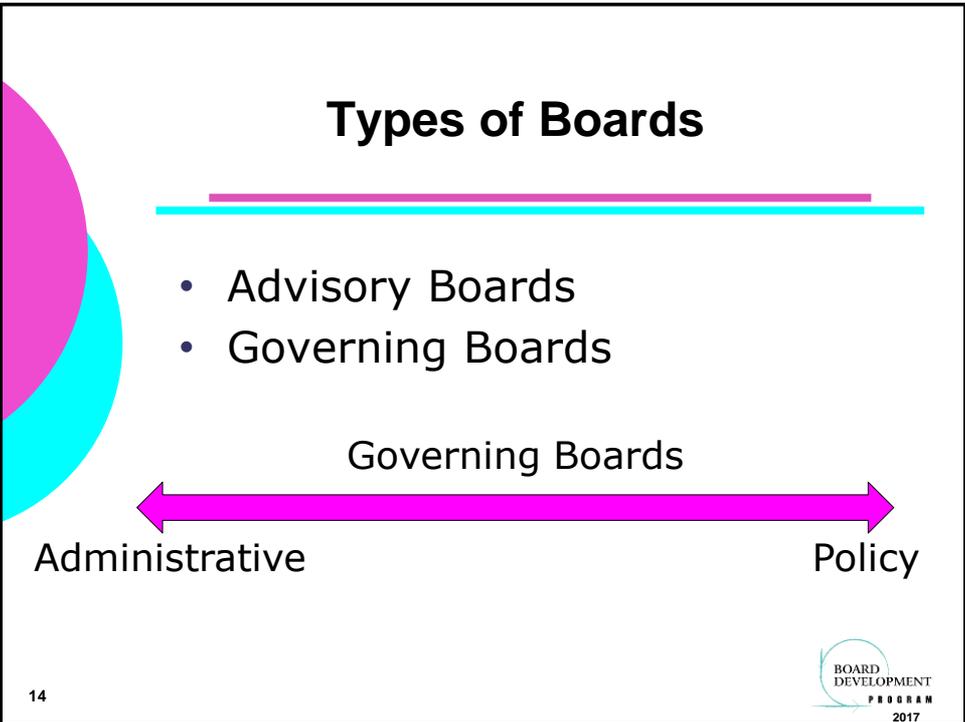
Roles of a Governing Board

Governance	Management	Implementation
<ul style="list-style-type: none"> • Sets the budget • Makes sure that there are sufficient funds to meet it 	<ul style="list-style-type: none"> • Prepares budgets, in consultation with board and manages the money 	<ul style="list-style-type: none"> • Identifies resources needed and accounts for expenditures
<ul style="list-style-type: none"> • Sets the human resources policy • Hires counsels and evaluates the Executive Director 	<ul style="list-style-type: none"> • Implements the human resources policy • Hires, supervises and evaluates the staff 	<ul style="list-style-type: none"> • Accepts the conditions of work, as outlined in the human resources policy • Works as a member of a professional team

Roles & Responsibilities



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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

Roles & Responsibilities



ETHICAL AND LEGAL RESPONSIBILITIES FOR BOARD MEMBERS

Case Study

You are a board member of a society incorporated to resurrect lost and/or forgotten musical or literary manuscripts. A number of years ago, one of your members died and left a considerable sum of money to the society. The society has always been small and run very informally with one paid staff member.

Suddenly the society cannot meet its obligations and the paid staff member cannot be found. It appears that the staff person has spent the society's money on various expensive and exotic trips to investigate potential lost manuscripts. No regular financial reports or budgets were requested by the Board.

The manuscript collection is destroyed in a fire and it is discovered no fire insurance was ever purchased.

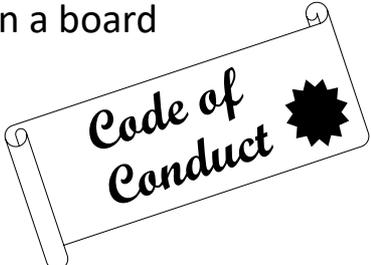
The board is composed of an accountant, a lawyer, a secretary, a teacher and a store clerk.

Is the board or any member of the board liable for the loss of the money or the manuscripts? Why?

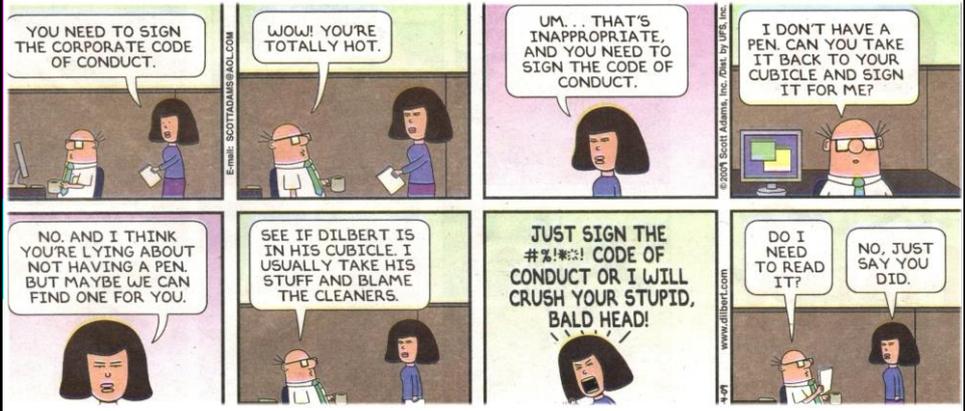


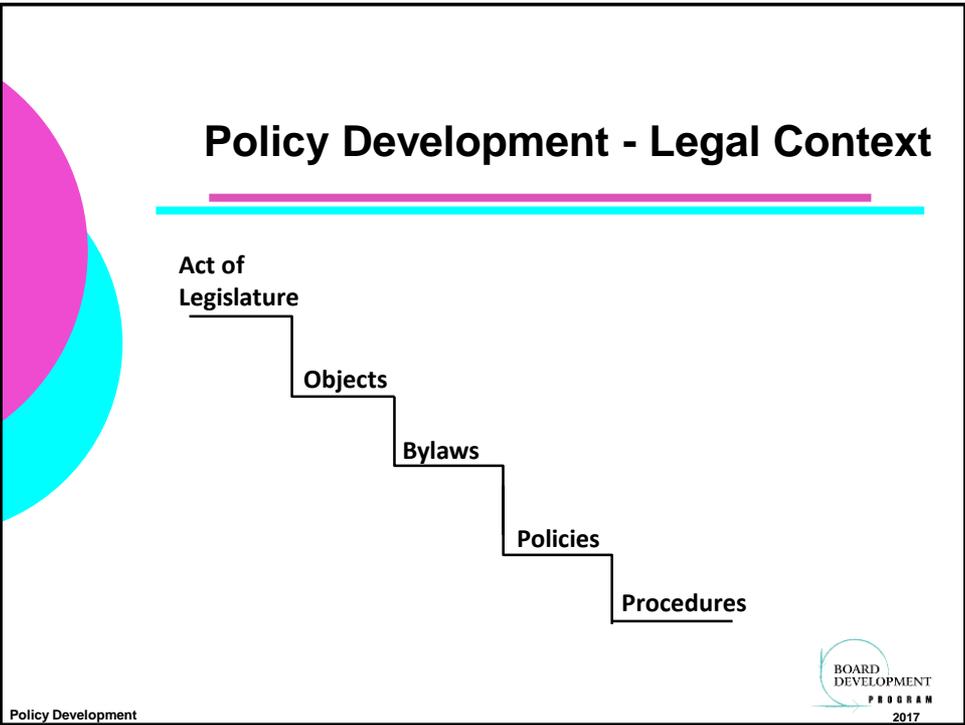
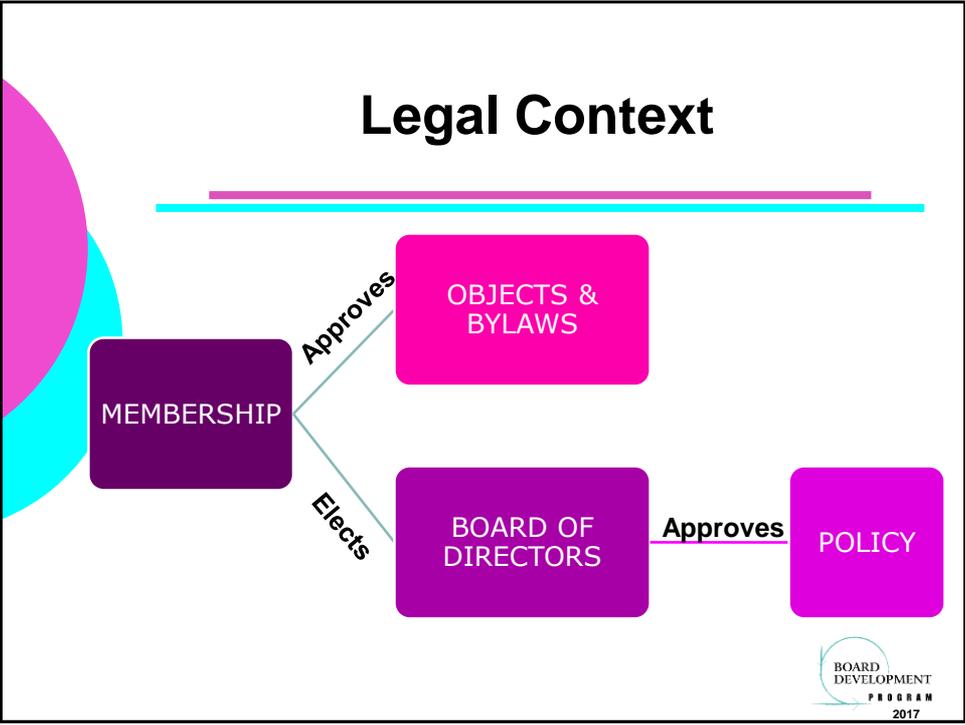
Ethical Responsibilities

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



Dilbert by Scott Adams





Objects, Bylaws, Policies and Procedures

- **Objects = Why?** (formed)
- **Bylaws = How?** (governed)
- **Policies = What?** (doing)
- **Procedures = How?** (implement)

Policy Development



Legal Implications of Board Membership

Personal liability is minimized when board members are:

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

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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.

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Areas of Individual Liability

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

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Legal Duties & Responsibilities

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

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Areas of Risk

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

Ethical & Legal Responsibilities



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

Ethical & Legal Responsibilities



Assessing Risks

**Level
Of
Impact**

High				
Low				

Low
High

Likelihood of Occurrence

Ethical & Legal Responsibilities





Strategies for Managing Risk

- Avoid
- Reduce
- Transfer
- Accept

Ethical & Legal Responsibilities



Check In:

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

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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.

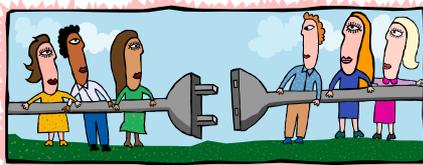


- A. True
- B. False



What do you think?

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



- A. True
- B. False

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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

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What Do You Think?

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



- A. True
- B. False

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Get Informed!

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

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Issue Identification

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

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Taking Action

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

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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."

Ethical & Legal



Check In:

- What is Governance?
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- Performance Expectations of Board Members
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A Board Speaks With One Voice!



Harmony is the Key!

Ethical & Legal



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