



# Board Governance Basics

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## Board Leadership Calgary, Alberta

May 28, 2016



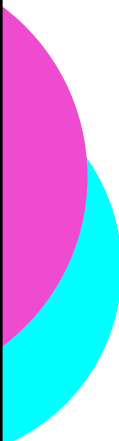
## In this session we will discuss

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

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# Board Governance

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## What is Governance???



# Governance

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

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## Types of Boards

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- Advisory Boards
- Governing Boards

Governing Boards

Administrative Policy

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## Individuals and their Roles

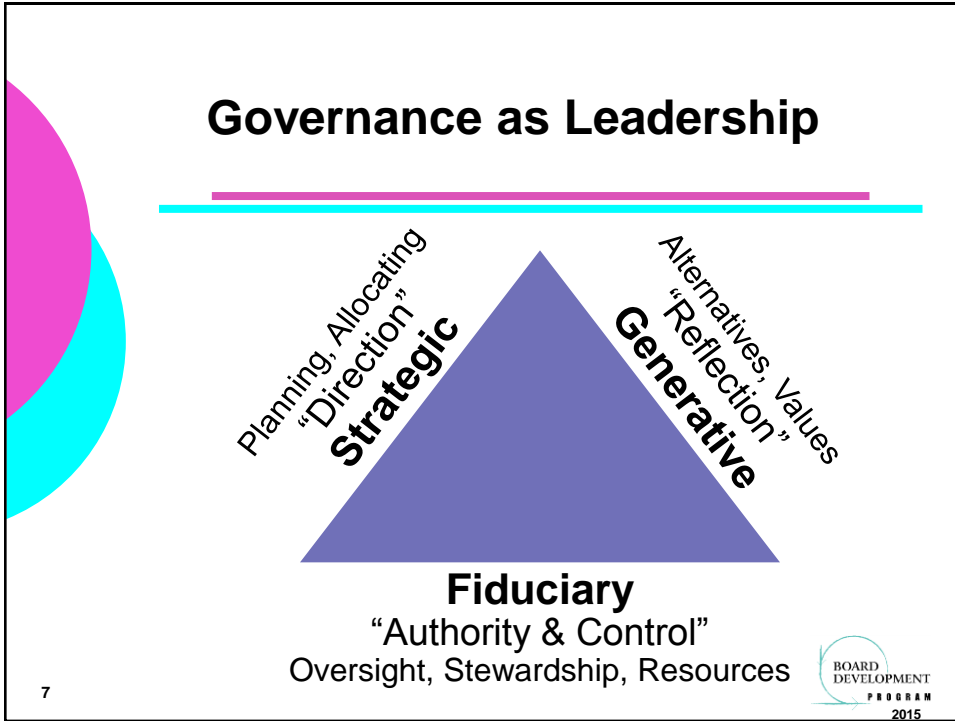
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Implementation                      Management                      Governance

**F, S, G**

BOARD DEVELOPMENT PROGRAM 2012

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
- BOARD DEVELOPMENT PROGRAM 2015

## 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

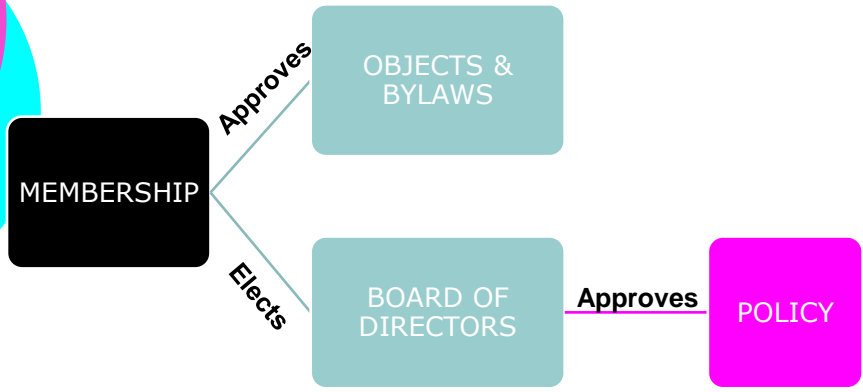
- Want to serve on a board
- Endorse the mission
- Believe in the value of the organization



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## Legal Context



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graph LR; M[MEMBERSHIP] -- Approves --> OB[OBJECTS & BYLAWS]; M -- Elects --> BD[BOARD OF DIRECTORS]; BD -- Approves --> P[POLICY];
```

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## 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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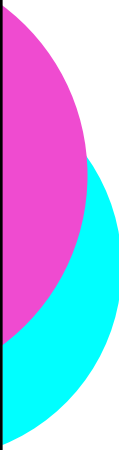
## **Areas of Individual Liability**

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




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## **Legal Duties & Responsibilities**

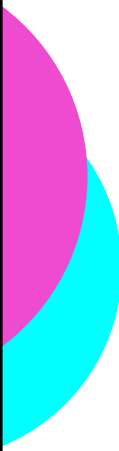
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- Trustee or Fiduciary
- Duty of Care
- Skills and Diligence
- No Conflict of Interest
- No Contract Voting



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## Areas of Risk

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

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Ethical & Legal Responsibilities



## Risk Management Process

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- 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


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Ethical & Legal Responsibilities

## Assessing Risks

<b>Level Of Impact</b>	<b>High</b>				
	<b>Low</b>				
		<b>Low</b>			<b>High</b>
<b>Likelihood of Occurrence</b>					


Ethical & Legal Responsibilities



## Strategies for Managing Risk

- Avoid
- Reduce
- Transfer
- Accept


Ethical & Legal Responsibilities



## Check In:

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




## Check In:

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<ul style="list-style-type: none"><li>• What is Governance?</li><li>• Ethical Responsibilities</li><li>• Performance Expectations of</li></ul>	<ul style="list-style-type: none"><li>• Board Members Information Needed to be an Informed, Effective Board Member</li></ul>
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**POP QUIZ!**



## What do you think?

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



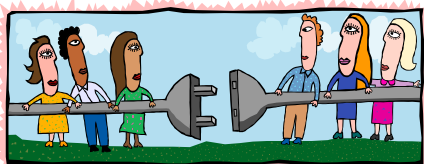
- A. True
- B. False

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## 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!

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

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## Issue Identification

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

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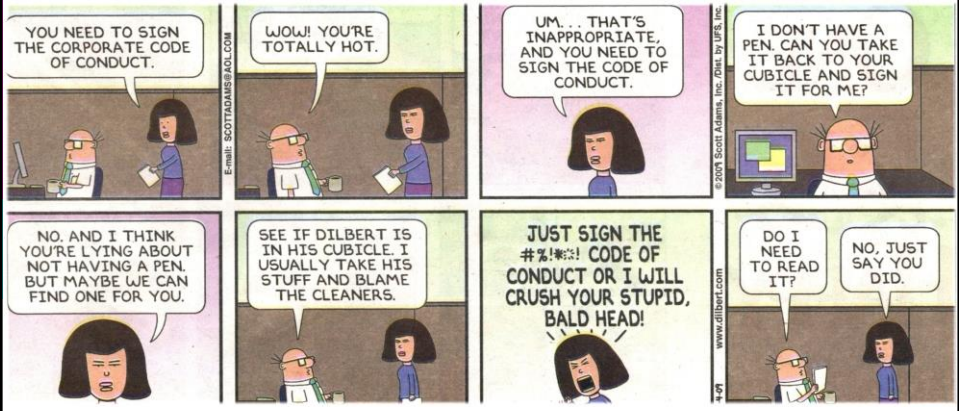


# Taking Action

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



# 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."


Ethical & Legal



## Check In:

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- What is Governance?
- 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!*

Ethical & Legal



## Board Development Program

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