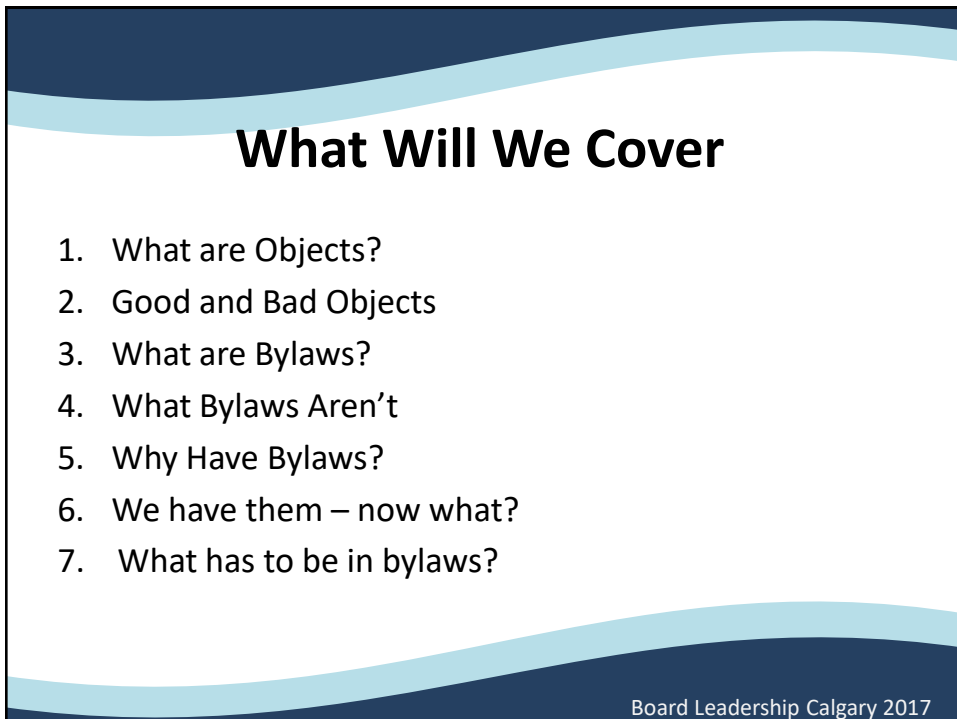


Bylaws
Objects
Policies & Procedures
– and –
How to make them work for
YOU

Presented by Catherine Halkett



What Will We Cover

1. What are Objects?
2. Good and Bad Objects
3. What are Bylaws?
4. What Bylaws Aren't
5. Why Have Bylaws?
6. We have them – now what?
7. What has to be in bylaws?

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- 8. Maybe we should look at ours – how do we do it?*
- 9. Things that Can Cause Problems*
- 10. Why Policies?*
- 11. What makes a good Policy?*
- 12. For every policy there should be procedures*
- 13. How to change a policy.*
- 14. Do we really need them?*

What are Objects?

- The objects of a society define what activities that society can pursue.
- These are the most fundamental goals and objectives of the organization and set the limits of what the society can do.
- The objects also include the reasons the organization has been formed and its long-term goals.

Let's talk about Objects

- Good Object
- To provide programs that meet the physical, emotional, moral and intellectual needs of the children attending the day care centre.
- Bad Object
 - To educate these children properly and to help and assist their parents.

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The objects set the overall limitations on what the organization can do.

Unlike a corporation under the *Business Corporations Act*, a society does not enjoy all of the rights and powers of a person.

In the eyes of the law, a society can only do the things which are within the limits of the objects stated in the application.

(Always get a ruling on your objects from the CRA if you are also a charity or want to become charitable)

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Why review our Objects

- Being aware of your Objects can help prevent mission drift.
- Being aware of your objects may show a need to change them to allow greater vision.
- How do we change them?
- What is an object that lets us do charitable work?

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What are Bylaws?

- Bylaws are the fundamental governing rules and regulations of any society.
- The bylaws state how the society is to be governed and how the powers of the society are to be exercised.
- Must conform to Provincial and/or National legal requirements for the incorporation of an organization.

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More

- Most importantly, Bylaws are the ground rules that the board uses to develop its structure, clarify roles, responsibilities and functions, and establish meeting and voting procedures.
- They can come with different names: Constitution, Charter, Rules and Regulations or Bylaws

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What Bylaws Aren't

- Bylaws are not to be confused with:
 - operating plans,
 - strategic goals,
 - policies or procedures*
 - objectives or other management target oriented documents
 - Society objects

They don't tell you how to do everything.

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Bylaws/Policies -So What's the Difference?

Bylaws

- governance & operational foundation
- rules for overall structure and operations
- members approve and amend

Board Policies

- governance framework
- guidelines for decisions and actions
(*Conflict of Interest; Board Recruitment*)

Board approves and revises

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Why Have Bylaws?

- Ensure affairs are conducted in fair and democratic manner (*Board accountable to members*)
- Provide internal controls (*financial mgmt*) and tools for accountability (*AGM*)
- Clarify decision-making process (*voting*)
- Provide mechanism for removing members
- Enhance organizational credibility and profile
- You need them to become incorporated

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We have them so how often should we review Bylaws?

- Why should we review Bylaws?
- What about our Objects?
- How about our Mission and Vision statements?
- How can we control issues?
- Why can't we have debentures but might be able to have loans?
- Why can't we just change things that are obviously outdated and/or wrong?

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What Has to Be in the Bylaws

- **1. Name of the Society***
- **2. Bylaws***
- **3. Definitions**
- **4. Membership in the Society**
 - Terms of Admission*
 - Rights of Obligation*
 - Conditions of Withdrawal*
 - Expulsion*
- **5. Meeting Structure**
 - Mode and time of calling general and special meetings*
 - Quorum*
 - Rights of Voting*
- **6. Governance Structure of the Society**
 - The board of directors*
 - The executive
 - The committee
 - Appointment and Removal*
 - Duties and Powers*
 - Remuneration*
- **7. Management and Financial Matters**
 - Registered office
 - Seal of the Society*
 - Financial records and books*
 - Minute books and other records*
 - Borrowing powers*
 - Audit*
 - Indemnities
- **8. Amendments***
- **9. Dissolution***

*These are the minimum requirements of the Societies Act.

What Has to Be in the Bylaws

Membership Categories –

Terms of admission of members

Rights and Responsibilities of members

Resignation or expulsion of members

Voting rights

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Meetings

- Calling General Meetings and Special Meetings
- Quorum
- Rights of voting

Governance

- The Board of Directors
- Appointment and removal of Directors and Officers
- Duties of Directors and Officers
- Powers of the Directors and Officers
- Payment to Directors and Officers

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Financial Affairs and Management

- Registered office
- Auditing the books
- Borrowing money
- Borrowing powers

Minutes

- Preparing and keeping the minutes of the Society meetings and the Director meetings
- Other records
- Inspection of books and records

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Dissolution

What happens to assets if the society dissolves?

Other

Keeping and using the Society Seal

Changing the Bylaws

Remember, Bylaws set the Rules, Objects set the boundaries.

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Problem or Puzzling Areas

Fiscal Year of the Society –any consecutive period of 365 days

When is the AGM? Have a date reasonably close to AGM

What are the fiscal years of major sponsors?

Is there a natural season?

What about finances & society's books?

Must keep books properly

Who signs the checks?

Who keeps the books?

Who audits the books –Audit must be presented at AGM

What about contracts of the Society?

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What if we don't have the minimum required number of Board Members?

- You are not a legally recognized Society if you do not meet the requirements of your Bylaws. Insurance will not be valid as well as contracts. Put individuals at risk.

What are the borrowing powers of the Society?

May not borrow without bylaws

This includes overdraft - so include some authority for the board to borrow small sums

Will board members be paid honorariums?

Be careful about paying members for additional services

What about indemnity & protection for directors & officers?

Not absolute protection

Should have adequate insurance protection too

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How do we revise Bylaws?

- A Committee that reports back to the Board is a good place to start.
- Collect all legal documents that may have any bearing on your bylaws:
 - Copy of objects
 - Last stamped copy of the bylaws
 - A copy of the terms of reference for the committee
 - Time line to AGM or Special Meeting

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Just sit and brainstorm about the things you need to look at, adjust, add or get rid of.

Don't worry about language at this stage, that can be honed later.

Always check that what you are coming up with is within the boundaries of your Objects, the appropriate Act you are incorporated under and how it might affect your charitable pursuits (even if you aren't a registered charity, you must abide by charity legislation if you do charitable fundraising such as casinos).

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Make your Bylaws

- **Specific enough** to stay true to vision and mission; governing principles
- **General enough** to provide flexibility and change in priorities and activities

The Societies Act has special requirements on bylaw changes:

- Amending the bylaws
- Changing the objects
- Issuing debentures
- Surrendering the Certificate of Incorporation

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If necessary have a lawyer who practices non-profit law, review your bylaws.

Take the suggestions back to the Board for further discussion.

When the Board is satisfied with the result, it is ready to go to the membership.

Make a motion to hold a Special Meeting or do it with your AGM, making sure the new Bylaws are posted/distributed at least 21 days prior to the meeting.

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These changes require 21 days' notice and 75% approval of members present:

- Amending the bylaws
- Changing the objects
- Dissolution

If they are passed at the AGM or Special Meeting, they are submitted with the appropriate forms through the Registry office and come into affect when returned with a dated stamp of acceptance **(and not until then)**.

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Things that can cause Problems with Bylaw Changes

- Trying to put policies and procedures that really belong in a separate book, in your Bylaws.
- Being too specific e.g. listing Board committees and every little thing they do (there are times for this).
- Quorum at membership meetings too high
- Not defining majority vote.
- Members voting in Executives.
- No mechanism for expelling members or Directors.

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How Long will this Take?

- Once drafted, the change procedure will take twenty-one days up to four or more months. Additional fees may be required.
- Bylaws must be dated and signed by the same 5 people who signed the application (if they are the original version), or by the people who are listed on the records as the duly elected directors. Signatures must be witnessed (signature and address).
- Bylaws, including amendments, do not come into effect until the Registrar has received them, reviewed them, approved them and stamped them “filed” and returned the stamped copy to the organization. This can take up to six months.

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Questions ??

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Resources:

***Drafting and Revising Bylaws for Non-Profit Organizations
Board Development Guidebook***

www.culture.alberta.ca/bdp/workbooks.aspx

Charity Village Resources/Library www.charityvillage.com

Free Management Library www.managementhelp.org

Societies Act Queen's printer
www.qp.alberta.ca/documents/Acts/S14.pdf

Service Alberta: Societies www.servicealberta.ca/716.cfm

Society Bylaws Alberta
www.servicealberta.gov.ab.ca/pdf/Forms/Society_Bylaws

Canadian Nonprofit InCorporation
<http://www.corporationcentre.ca/docen/home/faq.asp?id=incnp>

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City of Calgary – Neighborhood Liasons

Alberta Culture & Tourism

<http://www.culturetourism.alberta.ca/community/programs-and-services/community-development/default.aspx>

Board Development Program

<http://www.culturetourism.alberta.ca/community/programs-and-services/board-development/default.aspx>

CentrePoint for Non-Profit Management

<http://www.thecentrepoint.ca/today/index.html>

Numerous Consultants

How to Incorporate a Not-For-Profit Society (Alberta) <http://www.servicealberta.ca/900.cfm>

How to Register a Charitable Organization (Alberta) <http://www.servicealberta.ca/661.cfm>

How to Register a Charity (Government of Canada - Canada Revenue Agency)

<http://www.cra-arc.gc.ca/tx/chrts/menu-eng.html>

Registering A Charity for Income Tax Purposes (Handbook) 1-800-267-2384 for toll-free calls (English);

<http://www.cra-arc.gc.ca/E/pub/tg/t4063/t4063-e.html>

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Societies Act <http://www.qp.gov.ab.ca/documents/acts/S14.CFM>

Societies Regulation
http://www.qp.gov.ab.ca/documents/regs/2000_122.cfm

Keeping Records (Canada Revenue Agency)
<http://www.cra-arc.gc.ca/E/pub/tg/rc4409/rc4409-e.html>

Board Development Information Bulletins
<http://culture.alberta.ca/bdp/bulletins.aspx>

Voluntary Sector Publications (Insurance etc.)
<http://www.culture.alberta.ca/voluntarysector/publications.aspx>

Service Alberta – Corporate Registries
http://www.servicealberta.ca/Corporate_Registries.cfm
Corporate Link is Corporate Registry's automated telephone information service. The link provides information via Corporate Link Codes on Alberta and extra-provincially registered corporations, trade names, partnerships, limited partnerships, and non-profit organizations. Telephone number: 780-427-2311 Edmonton, Alberta, Canada (AB RITE line 310-0000)

Resource Centre for Voluntary Organizations <http://www.rcvo.org/>

Thank You

Policies and Procedures

And
Why you need them

Adapted from Gov't. of Ontario Board Development presentation

Introduction

As demands for accountability and transparency in volunteer organizations increase, it is more important than ever that not-for-profit organizations develop policies and procedures that demonstrate they are acting with due diligence, as required.

They are an effective tool for the future

Why an Organization Needs Policies

Policies are written statement that tell people what to do.

Policies:

- provide continuity by ensuring consistency in the life of the organization
- define the organization's values and goals
- provide principles for members, staff and volunteers so that everyone understands responsibilities and limitations

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- act as a framework for decision making and to guide actions
- provide boundaries by clarifying communication lines and ensuring accountability
- are a mechanism where the board can delegate authority and maintain control
- document decisions so they can be easily recalled

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- demonstrate that the organization is actively managing its risk. It is best to plan before something occurs and to prevent it from happening again
- reduce upheaval when people change or leave the organization
- provide valuable orientation and training for volunteers, members and staff
- demonstrate credibility to the public and members

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Procedures

When a policy is identified, procedures are written to describe how it will be applied or implemented.

Procedures are a set of written instructions that describe the recommended steps for a particular policy.

Procedures describe the how, when and by whom.

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Procedures:

- explain how to apply the rules and regulations
- identify the activities to support the policy
- define the course of action arising from policy decisions
- outline details for implementing the policy
- describe the consequences that will arise from non-compliance

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Developing Policies and Procedures

Not as tough as you might expect, if you know what your Society does and what are its' existing practices and procedures.

Do not go out and purchase canned Policies and Procedures unless your Board or a Committee is willing to work their way through each one and alter them to fit your organization. You are simply creating more problems than when you had none.

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How to Start:

- Appoint a special committee to concentrate on the drafting of a policies and procedures manual.
- They can seek input from the people who will be expected to follow the policies and consult with the Board as needed.
- They can look at samples and templates to see what things look like.

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Before you draft anything:

- Gather the documents and information about how things are done currently. This includes constitution, bylaws, any legislation that affects the organization, existing contacts and obligations, and current information and motions from past minutes.
- Define the organization's mission with a clear statement of why it exists.

(This one might stall the process if there is no clear mission or one hasn't been developed)

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- Governance structure – assess how the Board, committees, volunteers and staff work together and interact. This helps determine the policies that are needed.
- Define who does what. It helps clarify who is responsible and what is needed.
- Define issues and challenges. This helps prioritize the policies that need to be developed.

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- Create a standard format – check out the internet for templates and choose one you can live with.
- Put everything you have already collected into a binder and establish a sorting system
- Identify Policy Categories such as Organizational, Administrative, Financial Management, Property and Facilities, Human Resources

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- Include indexes to help find information.
Create a master index if more than one binder is used.
- Consider how to number the information.
Each policy needs to have a unique identifier and to be assigned a category
This can simply be numerical or very intricate.

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Develop a Template

- Set appropriate margins to ensure consistency and easy reading. For documents placed in binders, make the left-hand margin wider.
- The page layout should include the policy statement, procedures related to it and any references to legislation, constitution, other policies and procedures.
- Select an easy-to-read font, for example Arial or Times New Roman, in 11 or 12 pt. size.
- Make titles larger and bolded. They do not need to be the same font as the text.

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Style

- Be direct, use active verbs and the present tense. For example: “The Board reviews the policy” rather than “The policy will be reviewed by the Board.”
- Use position titles not an individual’s name.
- Use capitals for proper nouns with consistency i.e. position names.
- Write in plain, clear language in correct grammar.
- Be concise and make sure it is understandable.

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- Use abbreviations only after the first reference has been written out in full with its acronym in brackets.
- Format numbers consistently.
- When drafting procedures provide clear, step by step instructions that specify the actions required.
- Be consistent in representing the organization’s values and vision.

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Approvals

The Board is responsible for reviewing and accepting the draft manual.

Review/Revisions

- Policies and procedures are not static. Develop guidelines to review them regularly.
- If a policy or procedure is not applicable then delete, update or combine.

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Education and Distribution

- A key component of policies and procedures is making sure people know they exist and how they guide the organization.
- Address how members and volunteers learn about the policies and all updates – particularly in areas that affect them, their programs and their activities.
- Keep the policies and procedures manual current, replacing versions as new ones are developed

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Archiving

- It is important to keep a copy of all versions of the policies.
- Develop a procedure outlining who is responsible and how the versions will be maintained.
- Archived copies help explain why something was done in a certain way, it is part of your history.

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Sample Indexes

- **Governance Policies**
- History
- Contact information for board/employees
- Articles of incorporation/letters patent
- Constitution/bylaws
- Mission, vision and values
- Objectives
- Operating structure
- Roles and responsibilities for offices
- Committee structure and roles
- Strategic plan

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Administrative Policies

- Membership
- Access to information
- Record retention/archives
- Conflict of interest
- Communications
- Insurance – third party, bonding, directors and officers
- Meetings – voting, cancellation
- Board/employee relations

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Financial Policies

- Accounting methods – reporting
- Assets – inventory, value, disposal
- Audit – level of scrutiny, who, appointment at annual meeting
- Banking – chartered bank/credit union, types of accounts, services required, signing officers, who can deposit, receipt of bank statements
- Budget preparation and management

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- Legal requirements – Goods and Services Tax (GST) deductions and remittance, security and retention of financial records
- Expenses – receipts, mileage, meal and parking reimbursement, submitting expenses
- Cash management – cash, reserve fund
- Fund development – recorded, types of activities accepted, receipts, charitable considerations
- Investment – surplus funds, low risk investments, board approval, use of revenue

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- Cheque control and safeguard – storage, used in numerical order, void cheques in file, two signatures, expenses paid by cheque, receipts for purchased items, limit of cheque amount without approval
- Contracts – tendering at specific level, board approval, signing authority, file copy storage, changes to contract
- Credit – authorized amount, credit card, acceptable use, payment with receipts, only for organization business

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- **Human Resource Policies**

- Positions
- Members and volunteers
- Recruitment of member and volunteers – who is responsible
- Orientation and training of volunteers – who, when, how
- Recognition – volunteer descriptions, in what manner, how often

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- **Board of directors**

- recruitment of directors – nominating committee
- elections
- orientation and training
- management – meeting attendance, committee work, participation at events
- evaluation and recognition of directors
- dismissal of a director
- Board meetings – who can attend
- Dismissal members and volunteers
- Resignation and replacement of directors

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Facilities and Property Policies

- Building – use, rentals, access, maintenance, keys, off season
- Equipment – tables, chairs etc.
- Computer – access, safeguards, storage, record retention
- Property – use, rental, maintenance
- Insurance – type of coverage, review schedule

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While developing policies and procedures for volunteer organizations is not easy, having transparent and defensible policies and procedures are an excellent guide to help organizations make good decisions.

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Resources

- Sample Policies community.net.nz
- <https://managementhelp.org/misc/Contents-Board-Manual.pdf>
- Policy Pro free trial
- <http://www.nonprofitexpert.com/sample-nonprofit-board-policies-and-procedures/>
- http://www.clearviewcc.ca/files/AndringaNPOBPMTemplatev3_22.pdf

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- Information for presentation used with permission

Questions

Thank you for attending