

Board Resource



A Policy Board

This is the traditional model that is familiar to many organizations. A partnership is developed between the board President and the Executive Director in order to lead and manage the organization. A series of committees do the work of the board and these are often supported by senior staff. A policy board is not involved with day-to-day client contact, staff supervision, facility management or handling of cash.

Board Responsibilities:

The board is responsible in five key areas to:

1. Establish and implement the organization's mission, vision and direction; responsible for:
 - Vision and values
 - Mission and philosophy, including setting the rate of progress for achievement of mission
 - Strategic planning
 - Programs and services
 - Evaluation
2. Ensure the financial health of the organization; responsible for:
 - Ensuring there are adequate financial resources for the work of the organization.
3. Ensure the organization has sufficient and appropriate human resources; responsible for:
 - The working conditions in the organization.
 - Hiring, giving direction to, and evaluating senior staff person.
 - Ensuring the capability, suitability and vitality of its membership.
 - Ensuring the existence of a Nomination Committee.
4. Direct organizational operations; responsible for:
 - Ensuring that the organization and its directors are in compliance with requirements.
 - Ensuring that the board works effectively.
 - Overseeing organizational structure and agency administration.
 - Providing continuity for the governance and management of the organization's affairs.
5. Ensure effective community relations by:
 - Confirming the organization's identity within the community.
 - Responding to changing needs/pressures in the community.
 - Finding new ways to meet needs.
 - Using marketing and public relations.



Legal Responsibilities:

Volunteer directors of not-for-profit organizations have an obligation to three segments:

- The corporation and its members.
- The government.
- Those with whom the organization interacts.

Board members are expected to:

- Act in good faith and in the best interests of the organization.
- Never participate in discussions or decision-making about a matter from which they, or someone close to them, may benefit.
- Keep all information confidential.
- Use the level of skill that may reasonably be expected of someone with their experience and expertise.
- Consider all information available to them before making a decision.

Minimizing Risk of Personal Liability

In effect, the courts have said that it is no longer possible to be a passive director. Lack of knowledge or passive participation will not absolve a director of legal responsibility.

However, ordinary caution, honesty and knowledge of how the organization conducts its business allow volunteer board members to direct the organization faithfully and with the best interests of the agency in mind, and to avoid the risk of breach of confidentiality, conflict of interest and personal liability.

Directors of community-based not-for-profit organizations assume a degree of personal risk. A board member's responsibilities to the organization and its membership, to government and to those with whom the organization interacts carry the potential for liability.

The best way to minimize the risk of liability is to:

- Learn about and understand the obligations and legal responsibilities of being a board member.
- Consider adhering to guidelines for minimizing risk of personal liability.
- Be familiar with, or ensure you have, reliable advice as to the organization's obligations in the areas of:
 - taxation
 - employment
 - specific legislation related to the work the organization does and the clients they serve (for example child care agencies require special licensing and must meet certain standards of care).
- Understand the need for appropriate property and liability insurance.
- Understand the organization's by-laws and policies and procedures.
- Determine how the organization deals with managing risk.



Guidelines for Minimizing the Risks of Personal Liability

Individual Responsibility

- Attend board meetings whenever you are reasonably able to do so.
- Read the minutes of board meetings.
- Ask that all reports be written and circulated or given verbally at board meetings.
- Be familiar with your organization's purpose, objectives, goals and programs.
- Satisfy yourself that the organization is fulfilling the requirements of its bylaws and those of Canada Customs and Revenue Agency.
- Ensure the organization's affairs are being managed in a manner consistent with its mission and mandate as stated in the constitution.
- Be certain that you are a member of the organization as outlined in the bylaws.
- Avoid any conflict of interest or any appearance of personal gain.

Corporate Responsibility

- Ensure legal agreements and contracts are complete with responsibilities of both parties spelled out, and that the terms are followed.
- Have adequate insurance that is reviewed annually.
- Establish a relationship for legal services, to provide advice in policy development and problem situations.

Financial Responsibility

- Follow appropriate and established financial procedures.
- Become familiar with your organization's finances, including the budget and budget process.
- Know who is authorized to sign cheques and for what amount.
- Be sure your organization's books are audited on an annual basis by a reputable firm of chartered public accountants.

Responsibility for Organizational Policies

- Be certain that policies are written in a clear and unambiguous manner and are acted on.
- Insist that there are clear, adequate policies in place for:
 - Personnel/human resources management including job descriptions and annual staff evaluations.
 - Board operation
 - Client Service
 - Financial management
 - The agency (i.e. purpose/philosophy)
- Insist that nomination and membership procedures set out in the bylaws are followed.
- Be sure your organization has a policy on volunteer responsibility, authority and eligibility.
- Question all matters concerning policy and practice.

Responsibility for Public Profile

- Discover how the organization is viewed in the community.
- Scrutinize and monitor any publications put out by the organization.