



Board of Directors

Training and
Orientation Manual

EXAMPLE MANUAL
2021



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1 Introduction

As an individual, now elected as a member of the Board of Directors of ORG A, you have committed to the corporation, its mission, and its objectives, as identified in the letters patent. As a collective, the Board of Directors has specific roles and responsibilities, as will be highlighted in this manual.

The line between governance and operations is not often clear. The board of directors of an incorporated not-for-profit organization has an important fiduciary responsibility to the corporation. Individual board members, as elected directors of the corporation, are already committed to the mission of the organization, and are encouraged to understand this fiduciary responsibility. In addition, they are responsible for staying updated on the legal aspects of governing a corporation. This manual is designed to support elected board members in understanding the basic tenants of board governance, the legal responsibilities of a board of directors as well as the practical applications of these in governing a not-for-profit organization. This may be used as part of a larger, annual orientation for all new and returning directors.

When orienting a new board member, this manual is added to:

1. A list of current board members and their coordinates.
2. The current strategic plan.
3. The annual plan and budget for the year the new member is elected.
4. The most recent audited financial statements.
5. A copy of the minutes from the last six months of meetings of the board of directors.

New board members should also receive a list of acronyms often used at board meetings or that are part of the jargon commonly used by people working in the sector.

This manual is divided into five main sections: the first provides an overview of the organization including its mission, its history and its main programs and activities. The second section is on governance and includes an overview of the legal frameworks that guide the role of the board. This is followed by a section on bylaws and board operations. The manual ends with a discussion about how board members can add value to an organization but is preceded by a section on the different levels of operations and the board's role in each. The sections provide insight into the theoretical and legal aspects of governance, provide questions for boards to ask themselves to maintain good

governance practices and provide practical examples to allow board members to reflect on real situations to apply the theories.

Any questions related to the organization, or this manual should be addressed to the Executive Director of ORG A.

2 Mission

[INSERT ORG A'S MISSION HERE]

2.1 Vision

[INSERT ORG A'S VISION HERE]

2.2 Positioning Statement

[INSERT ORG A'S POSITIONING STATEMENT OR VALUES HERE]

2.3 Goals

[INSERT ORG A'S GOALS, AS IN LETTRES PATENTES HERE]

3 History

[INSERT A BRIEF DESCRIPTION OF ORG A'S HISTORY HERE]

4 Programs and Services

[INSERT ORG A'S PROGRAMS AND SERVICES HERE. THE OBJECTIVE IS TO PROVIDE AN OVERVIEW OF WHAT THE ORG DOES SO THAT BOARD MEMBERS CAN BECOME AMBASSADORS FOR THE ORG.]

5 An Overview on Governance

Elected board members are responsible for the governance of an organization. As with all elected officials who govern, there are laws and rules which they are required to uphold. However, governance, specifically good governance, though a collective responsibility of the board of directors, does require personal qualities of good faith, ethical behaviour, and the absence of conflicts of interest. This section will provide an overview of good governance, the legal aspects related to boards of not-for-profit corporations in Quebec as well as the board's responsibility towards the organization.

Good governance never depends upon laws, but upon the personal qualities of those who govern.

- Frank Herbert

5.1 What is good governance?

Members of ORG A cannot all be involved in making every decision in operating the corporation. To make decisions, they elect board members. This enables members to delegate certain decisions related to the strategic direction of the organization to the Board of Directors. The board then delegates certain aspects of the administration of the organization to senior management. At all levels, decisions are made ethically and with the best interest of the corporation and its members in mind.

Good governance includes the rules and practices by which the board of directors ensures accountability, fairness and transparency in its decision-making. These rules are defined in the law, in the bylaws of the corporation as well as in resolutions adopted by the board of directors. These rules, which espouse democratic values, allow the board to achieve the goals of the organization.

The characteristics of good governance include:

- Trust
- Respect
- Acting in good faith
- Being free of potential or perceived conflicts of interest

Good governance also entails communicating regularly with the members who elect board members. Often, this communication occurs at the annual general meeting of its members. In addition, the board of directors must:

- Apply the law governing not-for-profit organizations in Quebec.
- Abide by the letters patent of the organization, which include its mission and objects.
- Respect the bylaws and review them regularly.
- Develop policies and put in place structures to ensure appropriate oversight.
- Ensure a management team is in place to implement policies and manage effectively.
- Ensure the board, and all elected board members, understand their roles and responsibilities.
- Make the best use of the resources available.

In the case of not-for-profit organizations, like ORG A, making the best use of resources involves putting in place mechanisms for proper monitoring, reporting and being accountable to the members and funders. This is an integral part of a board’s fiduciary responsibility. This approach is part of the Carver model of governance, which will be discussed in greater detail in a subsequent section on board operations.

The notion of fiduciary responsibility stems from an organization being a legal entity, or a “legal person”, which cannot manage its own affairs. The management of its affairs is delegated to the board, which becomes the fiduciary.

Part of a board’s governance responsibility entails steering the organization toward the mission by ensuring that plans, decisions, and expenditures remain aligned with the purpose of the organization. The board is also responsible for guiding the strategic planning process to ensure it remains aligned with the mission is also within a board’s governance responsibility. This aspect will be explored in greater detail in a subsequent section of this manual.

Ensuring good governance enables a board of directors to respect its fiduciary responsibility towards the corporation.

5.1.1 Asking the Right Questions

Board members are encouraged to review their governance practices regularly. The following questions may help guide a board in assessing its governance practices.

| |
|---|
| Assessing my board’s governing practices |
|---|

| |
|---|
| 1. Do all the directors on my board understand their fiduciary responsibility? |
|---|

| |
|--|
| 2. Does my board define the strategic direction of the organization? |
| 3. Does my board report to its members regularly? |
| 4. Does my board act in good faith with regards to all the matters of the organization? |
| 5. Do all the directors on my board understand the mission of the organization? |
| 6. Has my board put in place mechanisms to monitor the performance of the board to evaluate its work as a governing body? |
| 7. Is there a high level of trust between members of the board of directors and members of the management staff? |

In addition, individual board members can assess their own contributions to governance by asking the following questions.

| Assessing my own contributions to governance |
|--|
| 1. Do I understand my fiduciary responsibility? |
| 2. Am I committed to the organization’s mission? |
| 3. Do I ask the right questions, and do I do my due diligence to make sure my decisions are made in good faith? |
| 4. Do I regularly attend board meetings? |
| 5. Do I personally demonstrate the characteristics of good governance? |

5.1.2 An Activity on Good Governance

As a board, read each of the situations below and decide if it describes good governance.

SITUATION #1

At the last annual general meeting, a young nurse was elected to the board of ORG A. The nurse arrives to the first board meeting without reading the minutes of the last meeting and without seeing the agenda. The nurse declares that the organization should offer a taxi service to the seniors and tells the executive director to purchase a minivan. The other board members say nothing because the young nurse seems to understand the needs of seniors in the area.

SITUATION #2

The president calls a meeting of the board and sends an agenda and two reports to the directors of the board two weeks before the meeting. Everyone who receives the email reads the reports and attends the meeting two weeks later. At the meeting, the

president asks the executive director to present information about the reports. After the presentation, the president makes a motion delegating the executive director to implement one of the recommendations in the report to provide more one on one stimulation to seniors at the activity center.

5.2 Legal Status

As a not-for-profit corporation, ORG A is registered under Part III of the Quebec Companies Act and is a “legal person”. This type of corporation, or, as a not-for-profit is often called an organization, has stakeholders, which are usually referred to as members. The organization has certain tax benefits, can apply for funding to pursue its mission, and has the responsibility to manage the funds received.

Though elected board members must act in the best interest of the organization, they may also take into consideration the interests of its members.

Members, who elect directors to whom they delegate certain powers, maintain specific powers. These include:

- Electing directors;
- Selecting auditors;
- Amend bylaws pertaining to the number of board members and the letters patent of the organization.

According to the law, board members, which may be directors or officers, may not use their powers for their own benefit.

The law provides clarification on certain terms used throughout this manual.

Members: all stakeholders of an organization as defined in the rules or bylaws of the legal person.

Board of Directors: is composed of members who have been elected during a general assembly and delegated with certain powers to administer the affairs of the legal person. These powers include the power to amend bylaws, to delegate certain administrative powers to officers and to adopt resolutions to administer the legal person.

Officers: are members of the board of directors who have specific roles. These can include the president, vice-president, treasurer, secretary, and executive director.

Ex-officio: is a member of the board who does not have a vote. This status is often attributed to the executive director who is an important officer who contributes to board discussions but cannot vote, unless otherwise indicated in the organization's bylaws.

These members are not personally responsible for the debts of the legal person. This applies to members elected as directors, as long as they act with loyalty, honesty, due diligence and good faith. The board of directors of the legal person may purchase liability insurance to protect its members from legal action. The details of the collective responsibility of the board and the individual responsibilities of directors are identified in a subsequent section.

According to Part III of the Companies Act:

Corporations may not delegate their powers to any committee other than an executive committee.

An executive committee can only be created when the board of directors is composed of more than six directors and a bylaw to this effect is adopted by 2/3 of the members present at a special meeting.

Overall administration of the organization is the legal responsibility of the board of directors. Operational matters and management may be delegated.

The board of directors cannot delegate powers related to adopting, modifying or canceling bylaws, nor can they delegate powers related to filling vacancies on the board. They may, however designate a committee of the board to reflect on these powers.

When a director signs a contract on behalf of the corporation, or delegates the signature to an executive director, only the corporation is bound, not the director, when this is done in good faith.

The board of directors is legally required to keep a minute book with resolutions. Once approved, resolutions, which are noted in the minutes, should be signed by the president and/or secretary to be included in the minute book.

Any summons must be signed by any director, manager, or authorized officer.

The board of directors must ensure the register is updated with names and addresses of directors, as they are entitled to communicate for the corporation.

The board of directors has the power to purchase or lease assets or property, enter into partnerships and other arrangements, apply for grants, invest and borrow money.

The members of the not-for-profit may not receive any financial gain from the organization.

The board of directors' powers are limited to the objects and mission listed in its letters patent.

In Quebec, there are other laws that apply to all companies, including not-for-profit organizations. These include language laws, registration and licensing laws, taxation laws, labor laws and consumer protection laws. Ensuring the organization keeps up to date on changes to these laws and how they may impact the organization is often a responsibility delegated to the executive director.

5.2.1 The Board's Collective Responsibility

The board of directors has a responsibility as a collective. With this responsibility comes certain authorities and powers. However, individually, directors have virtually no power.

The board of directors cannot be composed of less than three members. The legal elements identified in the Companies Act refer to directors' collective responsibilities and liabilities. This collective action is adopted through resolutions, which are recorded in the minutes of the corporation.

The board of directors must refer to their bylaws for guidance on their powers and responsibilities. In the absence of information in their bylaws and in the laws governing companies, the board may pass resolutions and adopt policies to guide their actions.

As a collective, in addition to the elements clearly identified in the law, the board must:

- Oversee the executive director and evaluate annually.
- Develop and implement policies.
- Develop a strategic plan and ensure its implementation.
- Must adopt an explicit resolution, which includes the scope, duration and reporting requirements back to the board, when delegating matters of business to committees or others.

COLLECTIVELY, THE BOARD OF DIRECTORS MUST:

- Ensure they abide by the letters patent and bylaws.
- Administer the affairs in all things and, allow for ED to act in its name to enter lawfully into contracts
- Create bylaws, not contrary to the law, on:
 - a. Number of directors and their terms
 - b. Appointments, functions, removal, remuneration
 - c. Calling of meetings, quorum, and procedures at meetings
 - d. Present all new bylaws to be adopted at the next annual meeting
 - e. Announce 10 days prior to an annual general meeting (AGM) of its members either by registered mail or in the newspaper and at the meeting should members:
 - i. Adopt the audited financial records
 - ii. Appoint auditors for following year
 - iii. Chairperson shall preside at general meetings
 - iv. Adopt changes to bylaws
 - v. Vote for new directors to sit on the board
- Keep books that contain:
 - a. Letters patent and bylaws
 - b. Names of board members, with addresses and dates served, and update these annually on the *Registre des entreprises*
 - c. Financial records
 - d. Minutes of meeting and votes taken (resolutions), certified by president, chairperson or secretary

The consequences of any breaches in responsibility are varied. For example, the courts may cancel letters patent if there is any printing or publishing of documents containing any blasphemous or seditious matter or if any director or member utters such words at a public meeting or if the legal person aids or abets an unlawful assembly or riot. In addition, an inspector, from the *Registre des entreprises*, may be asked to audit the books, as described in the law. In such cases, if a corporation refuses to have the books in order or provides false information in those books it will be liable for a fine of \$100 for each untrue item or for every refusal. In addition, each individual director is liable for a fine of \$20 per day if such misinformation or neglect continues.

The board of directors may wish to present a resolution, at a special or general meeting, to appoint an inspector and report back to the board, to ensure everything is in order.

5.2.2 The Responsibilities of Individual Board Members

As individual directors on a board, members have very few powers. However, every director, officer or employee has an individual responsibility and may face consequences when these responsibilities are ignored.

Individually, board members are responsible for understanding the organization and asking questions to remain informed and fulfil their fiduciary responsibility. In addition, individual directors may be liable for certain legal action taken by employees in civil courts, under the labour act and the consumer protection act. They may also be liable for paying employees up to six months' salary due, under certain provisions of the labour act. They may be liable in other situations, unless they act with due diligence, ensuring they have taken all precautions to prevent any offences.

In addition, individual directors must:

- Respect the confidential nature of information acquired while serving as a director.
- Always put the organization's interest first.
- Attend board meetings regularly and prepare appropriately.
- Declare any potential, real or perceived conflicts of interest.
- Speak positively about the organization and promote it to the public.
- Participate in fundraising activities and other general activities of the organization.

If directors or officers use property or information belonging to the organization for personal reasons without authorization, they may be required to give the organization all profits and benefits obtained as a result of this information or property and they may have to pay the corporation compensation.

5.2.3 Conflict of Interest

In order to avoid conflicts of interest, a board of directors should develop a code of ethics. This task may also be delegated. In addition, directors and officers must sign an annual declaration of conflict of interest form.

Should a director be in a conflict of interest, the conflict must be noted in the minutes. The director or officer involved in the conflict must not participate in the discussions or the decision related to the conflict. It will be up to the board to decide if the board wishes to move forward on a file where there may be a real or perceived conflict of interest.

Directors must immediately declare any situation that is a real or perceived conflict of interest.

5.2.4 Asking the Right Questions

Board members are encouraged to review their legal knowledge regularly. The following questions may help guide a board in assessing its legal knowledge.

| Assessing my board's legal knowledge |
|--|
| 1. Have we delegated our powers with clear reporting expectations? |
| 2. Does our board need an executive committee? |
| 3. Does our board need to designate tasks to other types of committees? |
| 4. Do we record all our minutes and resolutions? |
| 5. Are all the minutes and resolutions signed by an appropriate officer? |
| 6. Is our corporate information updated on the <i>Registre des entreprises</i>? |
| 7. Have we held an annual general meeting this year? |
| 8. Does our board have liability insurance to protect us collectively and individually when decisions are made in good faith? |

Board members can assess their level of understanding of the legal aspects of organizations by asking themselves the following questions.

| Assessing my understanding of my responsibilities |
|---|
| 1. Do I understand my role as an elected director? |
| 2. Am I in a situation that may potentially be in conflict with my role on the board? |
| 3. Are all the decisions I take in the best interest of the corporation? |
| 4. Are all the minutes and resolutions signed by an appropriate officer? |
| 5. Would I be comfortable calling out another director who appears to be in a situation of conflict of interest? |
| 6. What type of board committee would be most suited to my strengths? |

5.2.5 An Activity on the Applying the Corporations Act

As a board, identify whether the following statements are true or false.

| Is the statement true or false? | T | F |
|--|---|---|
| 1. A member of an organization is like a stakeholder in a corporation. | | |
| 2. I can decide to buy a building for the organization. | | |
| 3. I have the power to fire the executive director. | | |
| 4. The board of directors can adopt a resolution to hire a company to write a conflict of interest policy. | | |
| 5. The board of directors must hold an annual general assembly. | | |
| 6. If I act in good faith, I am covered by the board's liability insurance. | | |
| 7. I can hire my friend to provide the audited financial statements to be presented to the members for adoption. | | |

6 Bylaws and Operations

Though there are laws governing the overall administration and operations of not-for-profit organizations, boards must create their own bylaws to clarify elements not specified in the law.

6.1 Bylaws

Bylaws are usually created when an organization is created. Once adopted by the general assembly, they become the rules by which the organization is governed. It is generally considered good practice to review bylaws annually.

When changes to bylaws are required, the board of directors must assess the type of change, as this will determine the type of action required to legally change the bylaw. There are three situations possible: changes requiring the approval of two thirds of the members, those requiring a special meeting and those that may be made without general member approval.

6.1.1 Major Bylaw Changes

The law requires certain changes to be made by a vote of two thirds majority of members. These changes are related to the *raison d'être* of the organization, the reason it was created and the way it is governed and includes changes to its mission, to its objects in the letters of incorporation or the number of board members.

When these types of changes are required, the board begins by adopting a resolution. This resolution and these changes do not take effect until they are discussed and adopted at a special general meeting and finally adopted by two thirds of the members during a general meeting. These two meetings can occur on the same day. These changes may only take effect when they have been updated in the registry.

In Quebec, there are limits to the changes that can be made by members of a corporation. For example, no board of directors can be composed of less than three members. Additionally, the maximum term for board members is two years. However, a director’s mandate may be renewed as many times as is permitted in the organization’s bylaws.

6.1.2 Important Changes to Bylaws

In most situations, the board may adopt a simple resolution during a board meeting to change a bylaw and the changes take effect immediately. This change must be brought to a general assembly to be adopted by the majority by resolution. There is no special assembly required. If it is not adopted by the majority, then it simply stops being in effect.

One example of such a change would be the date of the annual general assembly. The board of directors may adopt a resolution to change the date. The new date takes effect immediately. The resolution is brought forth at the next annual general meeting for adoption by the majority of members.

6.1.3 Changes Only Affecting the Directors, Officers and Employees

Changes that only impact the officers or employees do not need to be ratified by the members. For example, if the board of directors wishes to include a bylaw on the role of officers, they may adopt a resolution to include the new bylaw. The change takes effect immediately and does not need to be approved by the general assembly. It remains good practice to communicate this change to the members.

6.1.4 Asking the Right Questions

Board members are encouraged to review their knowledge related to bylaws regularly. The following questions may help guide a board in assessing its knowledge of bylaws.

| Assessing my board’s bylaw knowledge |
|---|
| 1. Have we reviewed our bylaws this year? |
| 2. Do our bylaws reflect our mission and values? |

| |
|--|
| Assessing my board’s bylaw knowledge |
| 3. Will our bylaws enable us to move forward as a board and as an organization? |
| 4. Which of our bylaw changes should we present at our AGM? |

Board members can assess their level of understanding of the legal aspects of organizations by asking themselves the following questions.

| |
|---|
| Assessing my knowledge of bylaws |
| 1. Have I recently reviewed the organizations bylaws? Do I understand them all? |
| 2. Have I read and understood the documents presented for adoption of a new bylaw? |
| 3. Are the changes to the bylaws I am voting on in the best interest of the corporation? |

6.1.5 An Activity on the Changing Bylaws

As a board, identify how many votes are needed to change the following bylaws:

| How many member votes are needed to adopt/change the following bylaws, after they have been adopted by a board resolution? | 0 | 51% | 66% |
|---|----------|------------|------------|
| 1. Delegate more powers to the Executive Director | | | |
| 2. Allow the president to sign a contract with a funder | | | |
| 3. Change the number of directors on the board | | | |
| 4. Extend the term of the president | | | |
| 5. Change the address of the head office | | | |
| 6. Change the mission of the organization | | | |
| 7. Remunerate the directors on the board | | | |

6.2 Operations and Board Meeting Procedures

Most not-for-profits in Quebec adopt the Carver Model of governance and use Robert’s Rules for meetings. The information provided in this section is summarized from these as well as elements identified in the law regarding delegation of power.

6.2.1 Operations: Board of Directors

There are different types of boards. In Quebec, most not-for-profit organizations adhere to the Carver Model of governance, as opposed to other models. For example, some models require directors on the board to manage the affairs of the organization; these are known as management boards. While other are advisory boards and do not make decisions, but only provide advice. The Carver model enables boards to govern the organization by maintaining oversight and delegating certain powers.

ORG A appears to have adopted a Carver governance model as there is no indication of the board being an advisory one, nor a management one. Though the bylaws do not explicitly state the board of directors' responsibility to administer the affairs of the organization, this responsibility is in the law governing not-for-profits in Quebec. The bylaws clearly identify the executive director of the organization as an ex-officio officer who may propose motions but has no voting rights.

As such, the board of directors is responsible for overseeing operations at a high, strategic level, in four spheres: vision, policy, performance and governance.

When discussing the operations, in the Carver model, the board of directors are limited to the high level, "big picture" vision discussions. These include questions about where the organization is headed and how the board of directors can ensure the corporation has the resources to achieve the vision. The focus on high level operations is in line with directors' governance duties. As most elected officials, directors are concerned with overall governance, laws, bylaws and ensuring the people to whom daily management has been delegated have what they need to help the board of directors achieve its vision and objectives.

Similarly, the board of directors may implement policies to help move the organization forward. Policies serve as guides for management and ensure the vision of the board is carried out in a manner agreeing with the overall mission and philosophy of the organization.

As a relatively young organization, ORG A has yet to develop all the policies other organizations have that will help guide the management team. The board, upon consultation with the management team, must decide on which policies it should prioritize, how it wishes to develop them and how it will monitor their application.

Monitoring is one of the board's responsibilities. This monitoring may include monitoring the achievement of objectives set in the annual plan or the expected results highlighted in funding applications. In addition, the board should administer annual evaluations of the executive director, of the committees it delegates and of itself. To

ensure appropriate monitoring, the board of directors must clearly define its performance expectations, delegate them clearly and then implement methods to check to see if these clear expectations are being met.

This final responsibility requires the board of directors to reflect on the governance of the organization and evaluate itself on a regular basis. Was it able to ensure the vision of the organization was attained? Did it work together as a harmonious entity to enable the advancement of the mission? Did it do everything in its power to ensure all its directors had the information they needed to make informed decisions? This responsibility will be explored in greater detail in the final section on adding value.

6.2.2 Meetings and Order

ORG A's bylaws clearly identify Robert's Rules of order to be used during meetings of the board of directors. There are also guidelines for the roles officers play during meetings. In fact, section 7 of the bylaws (available in Appendix 1) outline specific responsibilities of the president, the vice-president, the secretary and the treasurer.

It is common to use Robert's Rules of Order, or parliamentary procedures, to ensure meetings are conducted in an orderly fashion and resolutions are adopted in a democratic way.

Generally, the president calls the meeting to order and announces there is quorum so the meeting may begin. Then, the meeting agenda is presented for adoption. A number of other items require a "mover", a "second" and for the motion to be passed. For a motion to be passed, any board member can ask for a vote, otherwise, the president will declare the resolution has been approved. At any point, any board member may abstain from voting. Abstaining simply means the director does not wish to vote yes or no on the motion presented. An abstention is noted in the minutes.

When a director is in a situation of conflict of interest, it may be noted in the minutes that the director abstains from voting on the motion presented given the conflict. In most situations, it is preferred that the director in a situation of conflict simply leave the meeting when the motion is discussed and presented.

According to Robert's Rules of Order, most motions require a majority vote to be passed. Exceptionally, motions related to limiting a debate, extending a debate or closing a debate require a 2/3 majority of the board of directors. This often applies to contentious or controversial issues. This highlights the issue of "speaking with one voice".

The board of directors is meant to speak with one voice. Ideally, all decisions would be made by consensus. However, consensus is difficult to achieve and often requires more

time than a board of directors has the luxury to afford. As such, when decisions are made, regardless of the dissent expressed before the resolution was adopted, all board members must agree to speak as though they agree with the decision. It is critical no one individual director undermine any decision made by the board in public or with the staff of the organization.

Once a discussion has concluded, any director may state “I move to...” and verbalize the motion to be voted upon. A motion may only move to a vote after it has been seconded by another director. Then the president asks if there are any questions. If there are none, the motion is voted upon. Some directors may vote yes, others may vote no, and some may abstain. If a majority of the members present voted yes, then the motion is carried, and the resolution is adopted by the board of directors. Once the resolution is adopted, all directors speak with one voice, as though they were all in agreement with the resolution from the start.

Any resolution that is adopted outside of a regular meeting and signed by all board members is equivalent to a resolution duly adopted at a meeting.

6.2.3 Asking the Right Questions

Board members are encouraged to review their own operations regularly. The following questions may help guide a board in assessing its knowledge of operations.

| Assessing my board’s operations |
|---|
| 1. Does the president use Robert’s Rule of Order to preside a meeting? |
| 2. Do all board members have an equal voice around any debate? |
| 3. Are debates conducted respectfully? |
| 4. Once a resolution is adopted, do all board members speak with one voice on the issue? |

Individual board members can assess their level of understanding of board operations by asking themselves the following questions.

| Assessing my knowledge of how my board operates |
|---|
| 1. Do I know how Robert’s Rules of Order apply to my board? |
| 2. Do I feel comfortable expressing my dissent on a topic being debated? |
| 3. Do I feel comfortable abstaining when I do not wish to vote? |
| 4. Am I able to speak with one voice when the vote did not go my way? |

6.2.1 An Activity on Meeting Procedures

As a board, read the situation below then answer the questions.

MAKE BELIEVE SITUATION BASED ON REAL EXPERIENCES

It was the Board of Directors meeting held in MORG Ah. Traditionally, this is the meeting when the Executive Director (ED) presents the proposed budget for the new fiscal year, for adoption. Of course, we, as a board of directors, have the fiduciary responsibility to ensure funds received are spent appropriately. Normally, the ED sends us all the documents at least one week ahead of the meeting. I appreciate that approach, as it allows me to review the documents and formulate questions to ask. This enables me to have a good understanding of the issues and make informed decisions. However, the ED only sent the budget last night. I have not had a chance to review the budget or formulate intelligent questions.

At the meeting, the ED provided an excellent overview of the budget. After the presentation, the president said, "Is anyone prepared to make a motion to adopt the budget for fiscal year 2020-2021, as presented by the ED?"

Patty raised her hand and stated, "I move to adopt the 2020-2021 budget as presented."

John immediately raised his hand and said, "I second the motion."

"Does anyone have any questions?" asked the president.

No one else had any questions. I had many but was not ready to ask them there and then. The president proceeded to ask if there were any abstentions. I immediately raised my hand and said, "I abstain." Everyone looked over at me with what seemed to me to be judgmental eyes.

"Anyone else? Shall we vote? All in favour of adopting the resolution to approve the budget proposed, please raise your hand," continued the president.

All the other six board members raised their hand.

"The 2020-2021 budget has been approved by a majority vote. Let the minutes reflect one abstention. The next item on the agenda is the approval of the purchase of a new activity center."

QUESTIONS TO REFLECT ON:

1. Should the budget have been approved?
2. Did the narrator need to explain the abstention?

3. How does this scenario make you feel as a board member?
4. Discuss how this scenario would impact future board meetings?

6.3 The Executive Director as Ex-Officio

All powers related to the administration of the organization can be delegated to a specific individual. This delegation of management powers is often indicated in the bylaws, as this person is also an ex-officio (no voting power) officer on the board of directors. This person becomes the only employee of the board.

6.3.1 Monitoring

In not-for-profit organizations, this person is often called the executive director (ED). Regardless of what this person is named (general manager-GM, chief executive officer-CEO, director general-DG), this person becomes the officer who has the responsibility of managing the organization and reporting back to the board. When delegating its powers, the board remains responsible for ensuring it delegates to people who are competent, who continue to carry out the organization's mission, treat staff fairly and in accordance with the law. In delegating to one individual, the board of directors must clearly state its

expectations and pay special attention to the principles of "sound delegation".

In the Carver model, when authority is delegated to the executive director and the board of directors remains accountable for overall administration of the affairs of the organization, then success is possible. The board of directors will provide ED with all the support and resources needed to succeed. This form of delegation makes the board of directors look good because it has ensured the organization will continue to fulfil its mission and its members will continue to

have their needs met.

If an organization has both an executive committee and an executive director, the responsibilities of each must be clearly defined, either in the bylaws or by resolution.

PRINCIPLES OF SOUND DELEGATION:

1. Trust
2. Clear goals and objectives at the start of the delegation
3. Monitoring
4. Clear policies
5. Minimal interference
6. Tolerance of mistakes
7. Celebrate achievement of goals

As mentioned, an executive director is an officer of the organization, but usually does not have voting power. The bylaws usually highlight the powers delegated to this person. However, resolutions may be adopted to clarify the powers given to the executive director. For example, some funders require a board of directors to adopt an annual resolution authorizing the ED to sign contracts on behalf of the organization. In other organizations, the resolution specifying the ED's powers is signed when the ED is hired and renewed annually after each the annual evaluation.

The ED is responsible for the general day-to-day administration of the organizations' affairs, including planning, organizing, directing, supervising the human, financial, physical and information resources in accordance with sound management practices. The ED must also follow up on decisions made by the Board of Directors. The ED must report to the board of directors on the management and implementation of the board's decisions. In fact, the board may use the ED's written report as the monitoring tool to ensure oversight.

The ED is also responsible, on behalf of the board, for knowing all laws applicable to managing employees. This includes withholding income tax on pay, applying for appropriate permits and other tenants of the Labour Act, tenants of the Consumer Protection Act and the Professional Code, where applicable.

In this model, the ED is responsible for all employees, while the board is only responsible for the ED. Formal communications between the board and the staff are conducted through the ED. The board are responsible for the annual evaluation of their only employee. The board as a collective, is the employer. No one board member has authority over the ED. Any questions related to the ED's behaviour should lead the board to conduct an investigation. Otherwise, the board of directors must demonstrate good governance by trusting their employee, clearly stating expectations and putting in place appropriate tools to monitor their employee's and the organization's performance.

6.3.2 Policies

One tool many boards use to ensure appropriate governance and operations is clear policies. Policies promote organizational values and present the reasoning that guides actions. They are not a procedural guide for actions but may lead the ED to develop certain procedures to ensure their proper application. The board is responsible for approving policies and ensuring they are implemented by the organization.

ORG A's board has adopted several policies to support the operations of the organization. The board may consider reflecting on its existing policies and review them approximately every three years. The board may choose to delegate the task to the ED,

to a committee or hire a consultant to work closely with the ED to develop or update policies and then present them to the board for adoption.

Though not strictly related to the Carver model, it is recommended to begin with a code of ethics, or conflict of interest policy, then a policy on human resources management, which must, by law, include a harassment policy, and one on financial management. The board of directors may choose to develop and implement other policies as they see fit. All policies should be reviewed and updated approximately every three years. It is important for the ED to keep the board informed on changes in labour laws, which may require the implementation of new policies by specific dates.

6.3.3 Asking the Right Questions

Board members are required to assess the performance of the ED regularly and ensure appropriate monitoring mechanisms are in place. The following questions may help guide a board in this self-assessment.

| Board Self-Assessment Questions |
|--|
| 1. Have we provided the ED with clear expectations? |
| 2. Do we have an effective method of monitoring performance? |
| 3. Do we evaluate the executive director annually? |
| 4. Do we need to develop new policies? |
| 5. Do we invite the ED to provide a written report before each board meeting? |
| 6. Does the board give direction to the staff of the organization? |

Individual board members can assess their level of understanding of board operations by asking themselves the following questions.

| Assessing myself as a board member |
|---|
| 1. Do I consider myself to be the ED’s boss? |
| 2. Have I read the policies that are in place? |
| 3. Do I like to check on the ED when there is no board meeting? |
| 4. Do I trust that the ED is the best person to manage the affairs that the board has delegated? |

6.3.4 An Activity on Delegating to the ED

Read the following resolution adopted by the board of directors of Corp M, then identify, in the table below, who is responsible for the action listed.

Whereas the Board of Directors of Corp M wishes to hire a new Executive Director;

Whereas the Board of Directors delegated the hiring process to an external firm, HR FIRM INC;

Whereas HR FIRM INC recommended Mr. Duncan Experienced for the position of Executive Director of Corp M;

Whereas the Board of Directors wishes to offer a four-year renewable employment contract to Mr. Experienced as Executive Director of Corp M to implement the objectives set in the strategic plan and act as an ex-officio officer of its Board of Directors;

Whereas Mr. Experienced employment contract would take effect on February 27, 2021 and would be renewed annually for up to five years, following a positive annual performance evaluation;

Therefore be it resolved that the Board of Directors of Corp M engages the services of Mr. Experienced as its new Executive Director;

Be it further resolved that the Board of Directors confers all powers associated with the position of Executive Director to Mr. Experienced, as per the policy on delegation of powers to the ED, including the management of the organization;

Be it finally resolved that the Board of Directors authorizes Mr. Experienced to sign funding agreements and contracts valued at less than \$25,000 on behalf of the organizations.

This resolution was duly moved, seconded and approved unanimously by the Board of Directors during a regular meeting held on January 31, 2021.

Signed by the president

Signed by the secretary

| Who's job is it? | Board | ED |
|---|-------|----|
| 1. Hire an executive director | | |
| 2. Sign a contract for funding from Canadian Heritage for \$100,000 | | |
| 3. Hire an operations manager | | |
| 4. Evaluate the executive director | | |
| 5. Vote on future resolutions | | |

| Who's job is it? | Board | ED |
|---|-------|----|
| 6. Purchase a photocopier for \$2,000 | | |
| 7. Sign an agreement with <i>Emploi Québec</i> for a training program valued at \$14,000 | | |
| 8. Evaluate the operations manager | | |
| 9. Decide on the operations manager's salary based on the remuneration policy | | |
| 10. Submit the invoice for payment to the HR FIRM INC | | |
| 11. Design a project in line with the organization's mission | | |
| 12. Request an update on the attainment of objectives of the strategic plan | | |
| 13. Request a loan from the bank to cover payroll for two months (approximately \$50,000) | | |
| 14. Sign a lease for a new activity center | | |

7 Strategies, Programs and Services

Whether the board of directors is reflecting on strategies, providing support to the ED in programming or trying to find funding to provide more services, they must ensure these activities remain aligned with the mission of the organization and the objects set in the letters patent.

7.1 Levels of Operations and the Board's Role

As highlighted in this entire manual, the board of director's play an important role in ensuring the vision of the organization is aligned with all operations. The board's role is to strategically advance this vision. As such, it is customary for the board of directors to play an active role in the strategic planning process of the organization.

If the vision or mission changed during the strategic planning process, this must be brought to the members during a special meeting and then adopted by a 2/3 majority vote during a subsequent general assembly.

If the vision and mission did not change, then the strategic plan should be translated into an annual plan. Traditionally, a strategic plan provides a global strategy for an organization's activities over the course of two to five years. Then, these annual plans

can be developed by the ED and management team and presented to the board for adoption. Alternatively, they can be done in collaboration with the board of directors, who will ensure the strategic vision is maintained throughout, while the management team ensures the operational elements are well presented. Either way, the annual plan proposed should be adopted by a resolution of the board of directors.

When the annual plan is adopted, it is wise to adopt an annual budget to ensure there are sufficient resources to implement the plan. Traditionally, the ED works with the Director of Finance to prepare the budget to present to the board of directors for approval. However, if the board of directors has delegated a finance committee or a treasurer, then they can work with the ED to develop an annual budget for approval.

The ED should be encouraged to provide a quarterly update on the annual plan and the annual budget. Should plans or expenditures differ significantly from the original plan, the ED may request a resolution from the board for the development of new programs or to apply for new funding opportunities. It is important for the board of directors to have a clear written policy outlining its expectations regarding an ED's purchasing, or contract signing limit.

Each year, the approved budget must be submitted to the auditors who will proceed with the audit and produce the audited financial statements. Traditionally, all honoraria expenses must be approved by a resolution of the board before these are presented to the auditors. The audited statements must be presented to the board and adopted by resolution. The board of directors do not need to work directly with the auditors as they have delegated financial management of the affairs of the organization to the ED. However, the board of directors should demonstrate due diligence in reviewing the audited financial statements and asking appropriate questions to the ED.

7.2 Procedures

Once strategic plans are developed, annual plans and budgets approved and policies approved by the board, then the ED can determine the need for specific procedures to be implemented within the organization.

The implementation of procedures falls under the responsibilities of the ED. For example, if the board of directors recently adopted a human resources policy, then the ED may choose to develop a procedure outlining the types of information to be found in a job posting and how these job postings are distributed in the community.

Similarly, once the annual plan is approved, the ED may decide on how to breakdown the plan and delegate certain programs and services to the staff best suited for the task. In addition, the ED would decide on how to evaluate each of the projects and assess staff performance. The ED may decide to apply similar procedures to volunteers.

7.2.1 Asking the Right Questions

Board members are required to maintain high level oversight over the organization. The following questions may help guide a board in assessing their capacity to maintain a strategic approach to governance.

| Board Self-Assessment on Levels of Operations |
|---|
| 1. Does the board maintain a “big picture” approach when thinking of programming? |
| 2. Does the board review its strategic plan every five years? |
| 3. Does the board have a clear policy on how much an ED can spend without prior authorization, if the expense has not been approved in an annual plan or budget? |
| 4. Does the board leave the daily management of the organization to the ED and ask pertinent questions at board meetings? |

Individual board members can assess their understanding by asking themselves the following questions.

| My Self-Assessment on Levels of Operations |
|---|
| 1. Have I read and understood the organization’s strategic plan? |
| 2. Have I ensured that the actions in the strategic plan align with the organization’s overall mission and vision? |
| 3. When I ask the ED questions, do they pertain to the “big picture” of the organization or to the details of day-to-day management? |
| 4. Do I volunteer my time whenever possible to support programs and services offered at the organization? |

7.2.2 An Activity on understanding different levels of operations

| Who’s job is it? | Board | ED |
|--|--------------|-----------|
| 1. Participate in creating the strategic plan | | |
| 2. Approve the strategic plan | | |
| 3. Draft the annual plan | | |
| 4. Approve the annual plan | | |

| Who's job is it? | Board | ED |
|--|--------------|-----------|
| 5. Implement the annual plan | | |
| 6. Evaluate the strategic plan | | |
| 7. Evaluate the annual plan | | |
| 8. Select the auditors | | |
| 9. Work with the auditors to answer all questions related to the finances | | |
| 10. Prepare a list of honoraria paid to be adopted by resolution | | |
| 11. Decide what type of project manager to hire | | |
| 12. Prepare an interview questionnaire to interview new program managers | | |

8 Adding Value

As an elected member of the board of directors, you have an important value to add to the organization. Traditionally, board members add value by adding fundraising opportunities. In some places, board members are even required to donate to the organization annually. However, in this section, the value added by board members does not pertain to financial value.

The value a board member can add is related to their personal attributes and depends on each person's commitment to supporting the organization's mission, the specific competencies and skills each brings to the table and a member's capacity to be part of a collective decision-making process.

In Quebec, the tenants of results-based management guide public organizations. Though ORG A is not a public organization, per se, it receives funding from public ministries and entities and is thus required to report back on the use of these public monies. As such, the tenants of results-based management apply, and it is up to each elected member to govern in accordance with the following and to the best of their abilities.

- Administer in accordance with the provisions of the law governing members.
- Have a clear vision of the future.
- Understand the potential needs of the members served by ORG A and how the organization can meet those needs.

- Govern with a view to constantly improve yourself, the strategic plan and the organization.
- Reflect on your own governance practices and accept criticism and errors.
- Satisfy members.
- Consider the ED as a true partner.
- Invest in the continuous training of board members and the ED and invest in ongoing training in the budget for the staff.
- Adopt consistent reward and recognition mechanisms when expected results are achieved.

Each elected board member can add value by bringing the following to each board meeting:

- Know-how to express opinions and ideas clearly
- Willingness and capacity to listen to others’ opinions and ideas
- Capacity to ask questions that help move the discussion forward
- Be flexible
- Be reliable
- Be prepared
- Be unified in the final decision taken by the collective
- Trust that each one of the other elected members and ex-officio members are acting in good faith and doing their due diligence
- Always espouse ethical behaviour
- Be honest and loyal to the organization

8.1 Asking the Right Questions

Asking the right questions at board meetings enables individual directors to add value to the discussions, demonstrating the trust to the ED and demonstrating their desire to support the ED in achieving the objectives of the organization.

The following tables provides examples of ways to rephrase questions, which may contribute to adding value at board meetings.

| Regular Question | Better Question |
|--|---|
| Do you have enough people and time to complete achieve this objective? | What resources do you need to achieve your objectives? |
| Identify three things that are wrong with your plan. | Is there anything that may prevent you from rolling out your project as planned? |

| Regular Question | Better Question |
|--|--|
| Do you think your activity will succeed? | Under what circumstances will your activity succeed? |
| Why did you let your project fail? | In hindsight, what lessons did you learn from your project? |

Additionally, it is highly recommended for the board to take a few minutes at the end of each board meeting to reflect on how the meeting went and if any improvements are needed for subsequent meetings to run more smoothly.

8.1.1 Asking the Right Questions

The following questions may help guide a board assessing its own performance to determine if it, as a whole, adds value to the organization.

| Board Self-Assessment Questions |
|--|
| 1. As a board, are we concerned with the wellbeing of our members and address this concern in our vision, planning and questions asked? |
| 2. As a board, do we ensure our discussions and decisions are ethical? |
| 3. As a board, do we ensure the organization and its ED have sufficient resources to accomplish the mission we have assigned? |
| 4. As a board, do we monitor the overall efficiency and efficacy of the organization? |
| 5. As a board, do we always try to improve our governance and our overall functioning? |

The following questions may help guide each individual board member in assessing his or her own performance to determine if he or she adds value to the governance of the organization.

| Individual Board Member Self-Assessment Questions |
|---|
| 1. Do I have all the information I need? |
| 2. What information do I need and where do I need to find it? |
| 3. What are the issues to consider in trying to make the best decision possible? |

| Individual Board Member Self-Assessment Questions |
|--|
| 4. Are the questions I ask helping move the discussion forward in a positive manner? |
| 5. Have I contributed to co-constructing the best decision for the organization and for the members we serve? |
| 6. Do I listen effectively to the information being presented and to the opinions of others on the board? |

APPENDICES

9 A 1: ORG A Bylaws

[INSERT ORG A'S BLYLAWS HERE]

SECTION 7 - OFFICERS

7.1 President

- a) Is the official spokesperson for ORG A.
- b) Responsible for setting the meeting dates, times, location and Agendas.
- c) Shall preside over all Board of Directors' meetings and the Annual General Meeting.
- d) Ensures that all meetings are run in accordance with *Roberts Rules of Order*.
- e) Maintains order and decorum at all meetings.
- f) Signs all contracts on behalf of ORG A once approved by the Board of Directors.
- g) Is an *ex-officio* member of all ORG A committees.

7.2 Vice-President

In the absence or incapacity of the President, the Vice-President will exercise the powers and perform the duties of the President in consultation with them when possible.

7.3 Secretary

- a) Shall prepare in consultation with the President all Notices of Meetings.
- b) Shall send out all Proposed Agendas, Draft Minutes and necessary documents to Board Members seven (7) days prior to each Board meeting and the AGM.
- c) Shall maintain the Minutes Book located on ORG A premises.
- d) Shall maintain the Motions Books located in ORG A's offices.
- e) Shall maintain digital records of all Minutes, Motions and correspondence of the Board of Directors.
- f) Shall send copies of all Minutes, Motions and any other materials requested by the auditors each year.
- g) Shall perform any other duties arising from ORG A Board decisions.

7.4 Treasurer

- a) Shall have access to all accounts and financial information relating to ORG A.
- b) Shall oversee and report on all bookkeeping activities and financial transactions.
- c) Shall be one of the signatories along with the President and another Board member, decided by resolution of the Board of Directors, on all bank accounts and financial institution accounts.
- d) Shall review all grant and funding applications before they are submitted to the Board of Directors for approval.
- e) Shall oversee and report on Projected Annual Budget at the AGM.

- f) Shall present the Audited Financial Statements should the auditor not be available at the AGM.
- g) Shall report to the Board at each meeting on the financial status of ORG A.

10 A 2: List of Board Members 2021

[INSERT LIST OF ORG A'S CURRENT BOARD MEMBERS HERE]

11 A 3: Minutes from the Last Six Months

[INSERT LIST OF ORG A'S MINUTES FROM THE LAST SIX MONTHS HERE OR ENSURE THEY ARE ACCESSIBLE ON THE BOARD'S PORTAL IN THE CASE OF A PAPERLESS ORG]

12 A 4: Dates for upcoming Meetings

[INSERT LIST OF ORG A'S UPCOMING MEETINGS HERE]

13 A 5: Current Year's Plan and Budget

[INSERT ORG A'S ANNUAL PLAN AND ADOPTED BUDGET HERE]

14 A 6: A Copy of Last Year's Annual Report

[INSERT A COPY OF ORG A'S LAST ANNUAL REPORT HERE]

15 A 7: A Copy of Last Year's Financial Statements

[INSERT A COPY OF ORG A'S FINANCIAL STATEMENTS HERE]