CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

Governance for Not-for-Profit Organizations:

QUESTIONS TO ASK – SECOND EDITION

Don Taylor, MBA, ICD.D

Governance for Not-for-Profit Organizations

Questions to Ask – Second Edition

Don Taylor, MBA, ICD.D

DISCLAIMER

This paper was prepared by the Chartered Professional Accountants of Canada (CPA Canada) as non-authoritative guidance.

CPA Canada and the authors do not accept any responsibility or liability that might occur directly or indirectly as a consequence of the use or application of or reliance on this material.

Preface

The Corporate Oversight and Governance Board of Chartered Professional Accountants of Canada (CPA Canada) has developed this second edition of this guide to help directors of not-for-profit organizations (NFPs) ensure that the NFPs that they serve are equipped with a good governance framework, with the end goal of creating NFPs that are productive and accountable and that deliver on their mission.

This guide aids NFPs in creating such a framework or refining an existing one by steering readers through a process of:

- understanding the legislative requirements and environment
- designing a governance framework
- implementing the framework
- ensuring the right board dynamics
- ongoing monitoring, learning and improvement

Throughout the guide, there are questions to ask to ensure an NFP's governance framework and supporting processes are effective and suited to the NFP's particular needs. Additional questions suited to the particular circumstances of an organization are also encouraged.

The Corporate Oversight and Governance Board acknowledges and thanks the members of the Not-for-Profit Committee for their invaluable advice, and the CPA Canada staff who provided support to this project. A special thank you is extended to the author, Don Taylor, for his assistance in writing this briefing.

Tom Peddie, FCPA, FCA
Chair, Corporate Oversight and Governance Board

Not-for-Profit Governance Committee
Bobbi-Jean White, CPA, CA Chair
Blair Dimock, MA
Deryck Williams, FCPA, FCA, CMC
Debbie Sevenpifer, CPA, CA, CHE, C.Dir.
James Temple, CSR-P
Linda Godel, LL.B.
Ron Stoesz, FCPA, FCMA, C.Dir.

Corporate Oversight and Governance Board
Tom Peddie, FCPA, FCA, Chair
Hugh Bolton, FCPA, FCA
John E. Caldwell, CPA, CA
Andrew Foley, J.D.
Carol Hansell, LL.B., MBA, F.ICD
Bill McFarland, FCPA, FCA
Kathleen O'Neill, FCPA, FCA, ICD.D
Hari Panday, FCPA, FCGA, ICD.D
Bob Strachan, FCPA, FCMA, C.Dir
John E. Walker, CPA, CA, LL.B.

Author
Don Taylor, MBA, ICD.D

CPA Canada Staff
Rayna Shienfield, J.D.
Principal, Corporate Oversight and Governance
Research, Guidance and Support

Gigi Dawe, LL.M.
Director, Corporate Oversight and Governance
Research, Guidance and Support

Table of Contents

Executive Summary

For not-for-profit organizations (NFPs), governance is increasingly in the spotlight. Stakeholders and the general public are demanding more transparency and accountability regarding the oversight of organizations of all kinds. The importance of a good governance framework became particularly clear with the COVID-19 pandemic, which created an existential crisis for many NFPs as many organizations were challenged to operate under completely different circumstances than ever before.

Despite this intensifying focus on governance, many NFP directors do not fully appreciate the extent of their oversight responsibility.

Under current legislation and common law, NFP directors have an overall responsibility for the organization and the strategy for achieving its legal purpose. Directors who neglect these responsibilities put the NFP's sustainability at risk.

On the other hand, directors who ensure their NFP is equipped with a good governance framework can ensure that the NFP is productive and accountable and that it delivers on its mission ethically and sustainably. This guide sets out a process to help NFP directors create such a framework or refine an existing one.

Understanding the legislative requirements and environment

A first step in developing NFP governance is to assess the current social, political, economic and regulatory environment in which the NFP operates. Social, political and economic forces will shape the mission and governance needs unique to each NFP.

As well, all incorporated NFPs in Canada operate under the *Canada Not-for-Profit Corporations Act* or similar provincial legislation. Implicit in these acts and related legislation is a generic governance framework with clear relationships:

- The board of directors is elected by the members of the NFP.
- As the senior oversight entity, the board appoints and oversees the chief executive officer/executive director (CEO/ED).
- Management hires employees, and organizes volunteers, to operate the organization.

Designing the governance framework

When considering the NFP's governance framework, directors should consider three questions:

1. What is the fundamental work of the board?
2. How will the board add value?
3. How will the effectiveness of the governance framework be evaluated?

Once the board has explored these questions, directors will be in a better position to start designing or refining the NFP's detailed governance framework. No single model suits all organizations. The framework should address:

- The board's independence from management
- The board's primary focus
- Board dynamics
- The primary tools for board work and board support requirements
- The relationship between the board and the CEO/ED.

Directors should look to the work of their board and current best practices in governance to help them develop the details of a governance framework most suited to their organization. Whatever framework is chosen, the separation of board and management roles is one of the most important features of a good organizational governance framework. The work of the board is to see that the organization's mission gets accomplished. Ideally, the work of the organization is the job of management.

Implementing the governance framework

Once the board has determined the overall design of its governance framework, the board will be ready to develop the documents to implement the framework. This work involves:

- creating or confirming the NFP's mission and purpose, with the purpose set out in the NFP's incorporating document
- reviewing the bylaws, which govern the responsibilities of members and the scope of board accountability
- reviewing board policies, which govern the work and responsibilities of directors
- reviewing organizational policies requiring board approval, which determine which management decisions should be vetted by the board due to their level of risk or reputational concerns

Getting the board dynamics right

Effective governance is as much about intentions and relationships as it is about governance structures and policies. The best-crafted governance framework can be undone by board factionalism, passive directors or sour board-management relationships. NFPs should ensure their governance framework is supported by policies and processes that encourage good board dynamics, including a strong board-CEO/ED relationship.

Equally important is a board committed to independence, continuous improvement and strong relationships, which requires the following elements:

- skilled, experienced directors with courage, integrity, collegiality and good judgment
- a board composition and leadership that, collectively, has sufficient diversity of experience and perspectives for board credibility and sound board oversight and decisions
- regular evaluation of the effectiveness of the board, board committees and individual directors
- a respectful, collaborative relationship with the organization's management, especially between the board chair and the CEO/ED.

Monitoring, learning and improvement

Once the framework is established, it should be reviewed regularly to ensure it is operating as intended and to identify areas of improvement.

In summary, an engaged board of directors working within a strong governance framework ensures the NFP has the level of oversight needed to meet regulatory requirements and fulfill its mission efficiently and effectively.

Introduction

For not-for-profit organizations (NFPs), governance is increasingly in the spotlight. Stakeholders and the general public are demanding more transparency and accountability regarding the oversight of organizations of all kinds. Interest is growing over how NFPs make use of public funds, whether from donors, government grants or tax benefits.

Despite this intensifying focus on governance, many NFP directors do not fully appreciate the extent of their oversight responsibility. Even though they are often volunteers, directors of NFPs have clear legislative and common-law obligations.

As a board, directors are obliged to:

- oversee all aspects of the NFP's management and operations
- make decisions in its best interest, taking into account the impact on members and/or other stakeholders

As individual directors, they are obliged to:

- exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances ("duty of care")
- act honestly and in good faith in the best interests of the organization ("fiduciary duty")

In short, directors have an overall responsibility for the organization and the strategy for achieving its legal purpose. They need to understand why the NFP exists, how it is legally structured, the interests of its stakeholders and how it manages the risks it faces.

Directors who neglect these responsibilities put the NFP's sustainability at risk. On the other hand, directors who ensure their NFP is equipped with a good governance framework can ensure that the NFP delivers on its mission, ethically and sustainably.

Developing an effective NFP governance framework

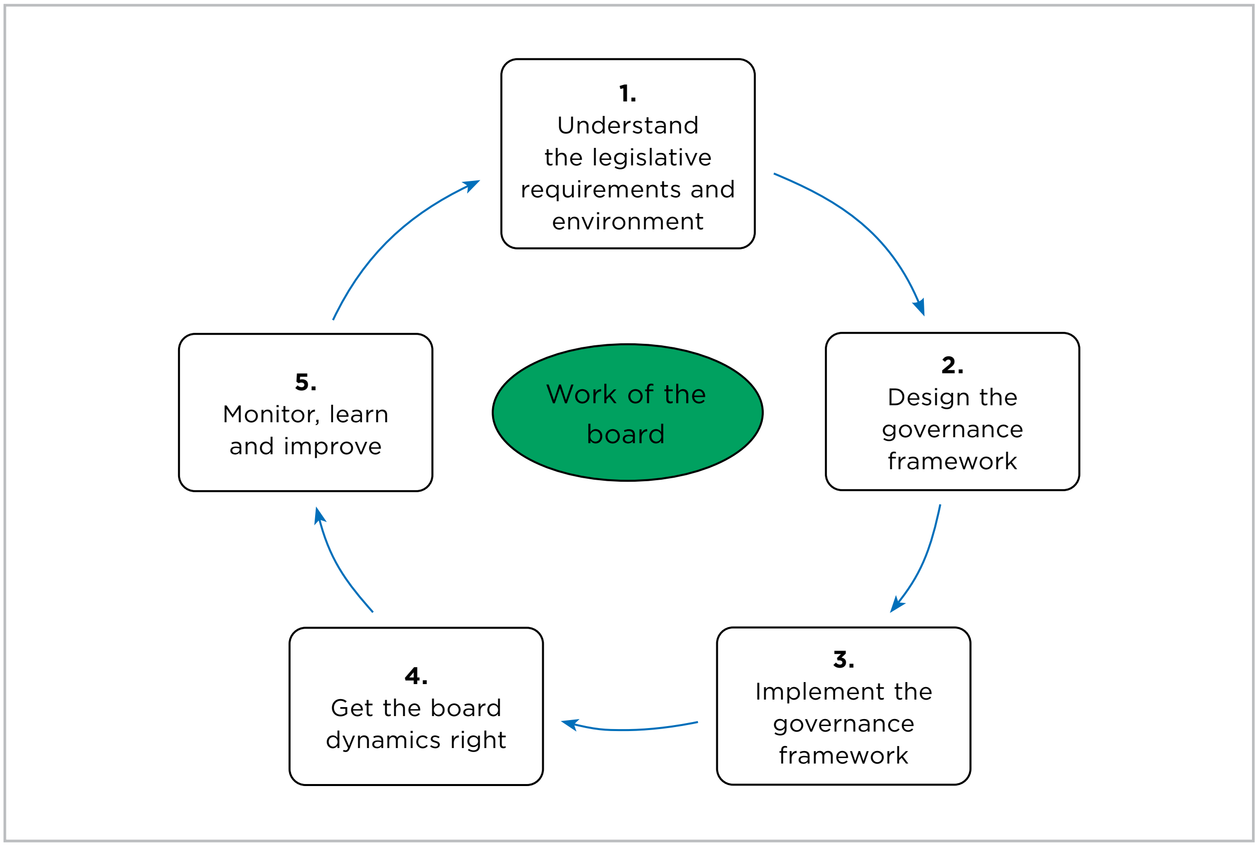
This guide sets out a process to help NFP directors create a new governance framework or refine an existing one. The framework will help the board organize itself to carry out its responsibilities, fulfill its accountability to its membership and others, and distinguish its work from that of management. We also set out questions for directors to ask to assure themselves that the NFP's governance framework and supporting processes are effective and suited to the NFP's particular needs. These questions appear in context at the end of each section, and they are collected in a complete list in Appendix 4.

A key message in this guide is that good governance should be anchored to relevant legislation and to the work of the board, rather than to a specific model. The reason for this is straightforward: If an NFP board adopts a governance model "off-the-shelf," the temptation may be to adopt the model verbatim. Doing so risks turning the focus toward making the NFP fit the model, with little attention of the NFP's practical needs. The questions in this document offer a starting point for initiating discussions among directors about how to tailor their NFP's governance framework to suit its circumstances and objectives.

Equally important to effective governance are board dynamics: how effectively directors work together and with the organization's management team and how disciplined the board is in operating within the spirit of its policies and the values of the organization.

The graphic below sets out the steps involved in creating or refining a framework for NFP governance. The graphic also shows how this guide is organized and the topics covered.

GRAPHIC OF STEPS INVOLVED IN CREATING OR REFINING AN NFP GOVERNANCE FRAMEWORK, HOW THIS GUIDE IS ORGANIZED, AND TOPICS COVERED

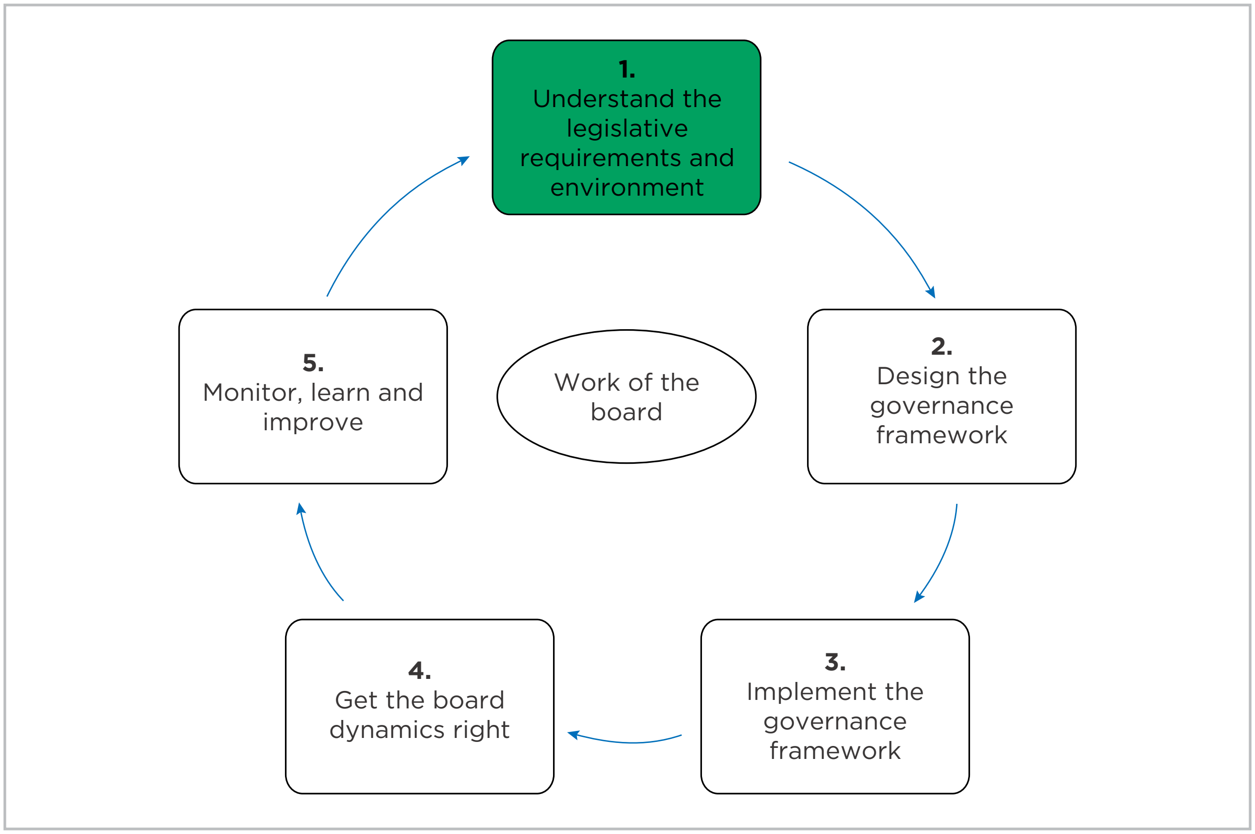


Which NFPs should use this guide?

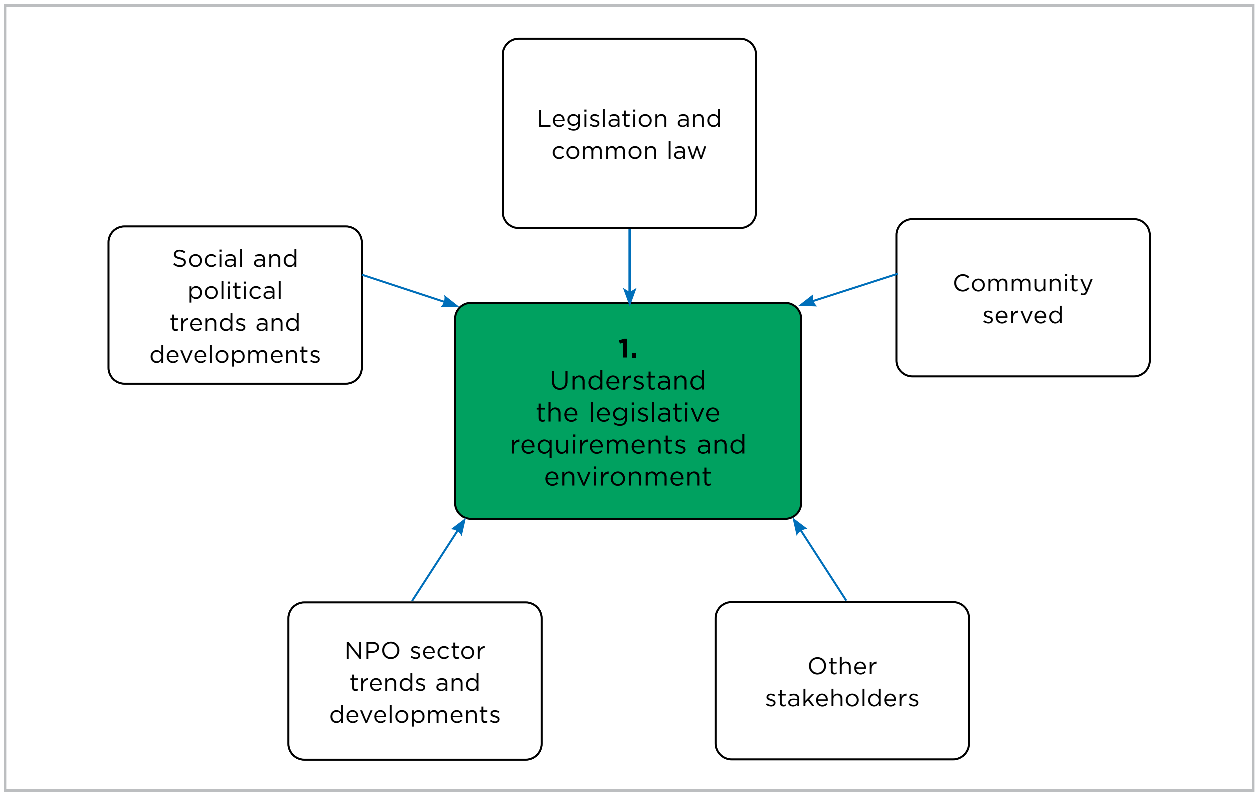
This guide is designed to assist NFP directors who are overseeing the creation or renewal of a governance framework, as well as to help NFP directors who are new to their role understand the structure and obligations of governance.

All NFPs can use the guide to assess what they can do to enhance their governance standards and practices and develop a governance framework suited to their circumstances.

1. Understanding the Legislative Framework and Environment



GRAPHIC ILLUSTRATING THE FACTORS THAT MAKE UP IN STEP 1, UNDERSTANDING THE LEGISLATIVE FRAMEWORK AND ENVIRONMENT



Generic governance framework for NFPs

The first step in developing NFP governance is to assess the current social, political, economic and regulatory environment in which the NFP operates. Social, political and economic forces will shape the mission and governance unique to each NFP.

Additionally, all incorporated NFPs in Canada operate under the *Canada Not-for-Profit Corporations Act* or similar provincial legislation. One of the board's duties is to ensure the NFP operates within those requirements. The board also should monitor and respond to changes to the governance requirements included in this legislation.

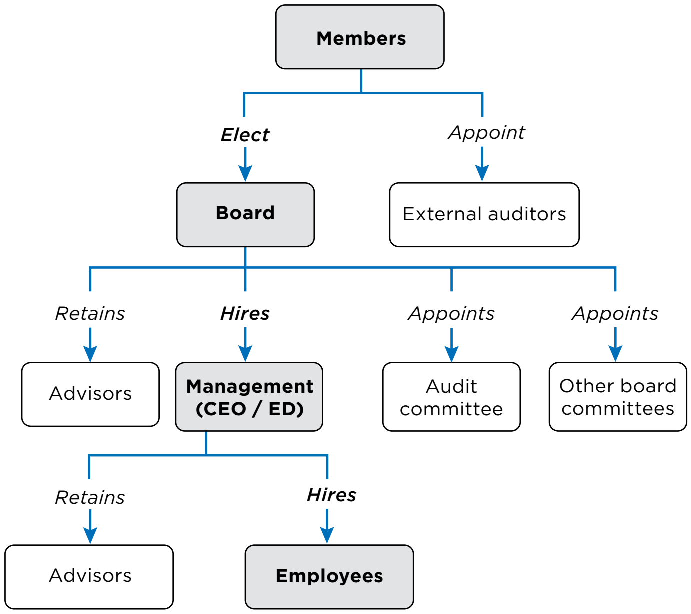
Implicit in the legislation is a generic governance framework with clear relationships:

- The board of directors is elected by the members of the NFP.[1]
- As the senior oversight entity, the board appoints the CEO/ED.
- Management hires employees to operate the organization.

This generic framework provides the basis for directors to develop a governance framework that meets the NFP's circumstances and priorities.

1 NPOs can generally be divided into two categories: mutual benefit and public benefit. Mutual benefit NPOs are accountable to their members in a direct way – their purpose is tied to benefiting members. In public benefit NPOs the members are more like supporters than beneficiaries of the NPO's activities – in these cases the directors need to demonstrate accountability to the NPO's "public" rather than to its members.

GRAPHIC OF GENERIC GOVERNANCE FRAMEWORK



Volunteers have various roles within the organization and may report to employees, management or the board.[2]

Fundamental governance principles

The legislation and common law related to governance embody two fundamental principles:

1. The **board** is responsible for all aspects of the organization, including overseeing its operations and holding management accountable for delivering on the mission of the organization. Boards are required to make decisions that are in the organization's best interests. In reaching a decision, the board must be able to demonstrate that it took into account the decision's impact on the NFP's members[3] and various other stakeholders.[4]

2. Each **individual director** on the board has a fiduciary duty to the organization, which encompasses two main duties:
   - *duty of care* – to act with the competence and diligence that a reasonably prudent person would exercise in comparable circumstances
   - *duty of loyalty* – to act honestly and in good faith in the best interests of the organization

2 While volunteers may have various roles within the organizations at varying levels, they must still adhere to the applicable Codes of Conduct

3 See footnote 1 for information on accountability of public benefit NPOs.

4 Courts will not second-guess a board's decision if directors discharged their fiduciary responsibilities in reaching the decision and the board has followed a sound decision-making process, which includes taking into account the decision's potential impact on various stakeholders.

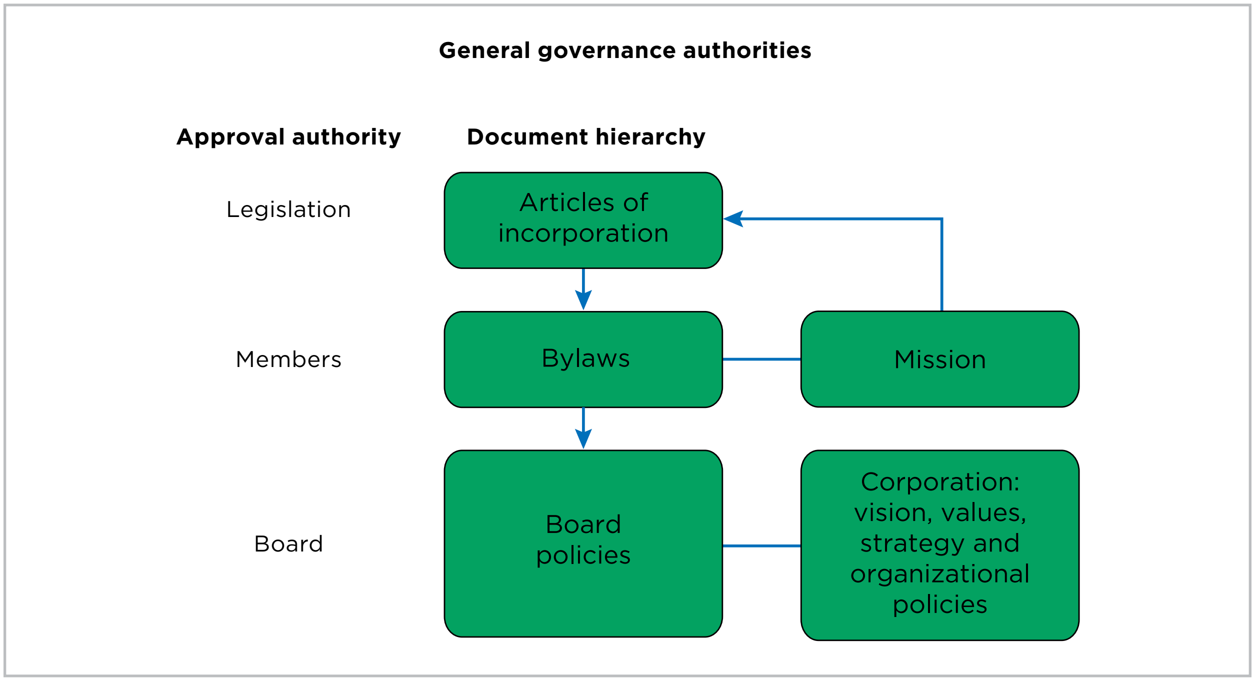
In this context, it is important to recognize that a director's *role* is as a part of the board but their *responsibility* is as an individual. A director cannot delegate this responsibility.

These principles imply that directors are entitled to request any information they require to fulfill their fiduciary and duty of care obligations. While the CEO/ED may find such requests intrusive, they need to be sensitive to the information gap directors face in meeting their responsibilities under these two principles: each member of the management team spends about 2,000 or more hours a year on the work of the organization, while a director typically spends a small fraction of that time.

Hierarchy of governance authority

The legislation establishes a hierarchy of authority for the NFP's governance. The documents within this hierarchy are as follows:

1. **the NFP's incorporating document**,[5] which sets out the NFP's purpose and the terms and conditions of incorporation; if the NFP is a charity and/or receives government funds, the articles of incorporation may also include provisions relevant to protecting the public trust and ensuring public monies are used for their intended purpose
2. **the NFP's bylaws**, which set out the outline for the governance of the NFP including the rights of members and the scope of the board's authority
3. **board policies**, which describe the board's governance framework: how it will exercise its authority, meet its responsibilities and manage its affairs



5 These were previously known as the "Charter" or "Letters Patent." Today, these could be "Articles of Incorporation," "Articles of Continuance" or "Letters Patent," depending on the jurisdiction.

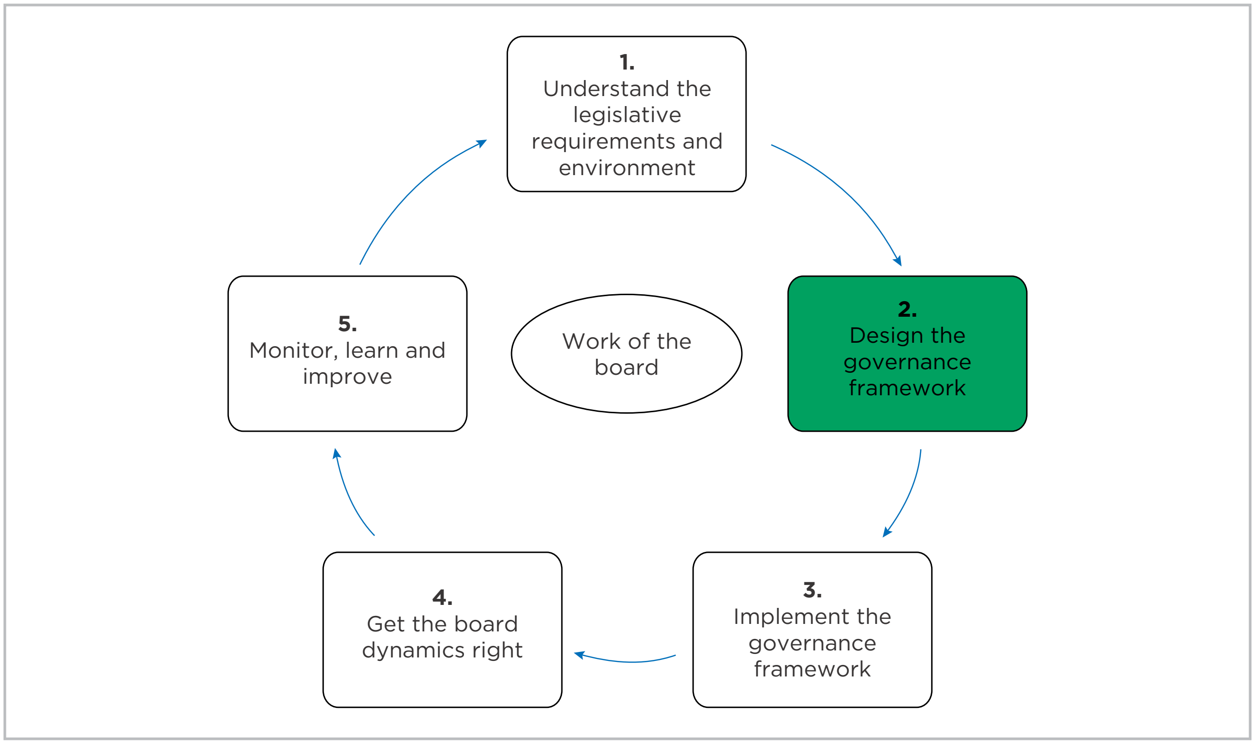
Directors should keep in mind that organizations providing funding to NFPs typically look closely at the NFP's governance. They often require NFPs to follow certain governance practices, which help to reassure the funding bodies that their monies are being well used for the purposes intended.[6]

Questions for directors to ask:

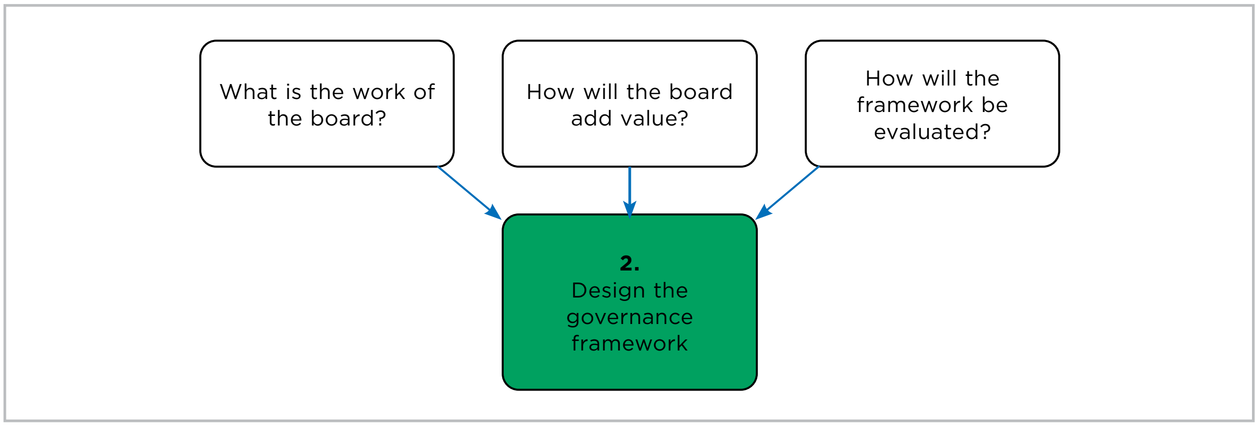
- *What mechanisms are in place to monitor external trends and developments that may affect the NFP's community, mission and services?*
- *What is the board's process for regularly reviewing its governance documents to ensure they are current with legislation and with the way the board does its work?*

6 NPO boards and directors are subject to other legislation and associated regulations, such as provincial and federal legislation for health and safety, as well as employment and income taxes.

2. Designing the Governance Framework



GRAPHIC ILLUSTRATING THE FACTORS THAT MAKE UP IN STEP 2, DESIGN THE GOVERNANCE FRAMEWORK



Getting ready

Governance is how a board of directors oversees the operations of an organization such as an NFP. Canadian NFPs use a variety of different governance models (see Appendix 1). There is no single governance model that is best suited to NFPs. Each has its own strengths and limitations. A board develops its governance framework to suit its work and circumstances, using an existing model (or models) only as a guide.

When considering their NFP's governance framework, directors should step back and consider three questions:

1. What is the fundamental work of the board?
2. How will the board add value?
3. How will the effectiveness of the governance framework be evaluated?

1. What is the fundamental work of the board?

The board is accountable for all aspects of the NFP. In choosing a governance framework, an NFP should focus its attention on the board's oversight work. That work consists of:

- approving the mission, vision, values and strategic directions
- monitoring organizational performance
- overseeing the financial affairs of the organization
- selecting, supervising, evaluating and compensating the CEO/ED
- assessing organizational risks and opportunities
- developing the board's governance framework and processes and managing board dynamics.

Appendix 3.2 provides a sample annual work plan for organizing an NFP board's regular activities.

> In carrying out its work, the board sets boundaries for the organization on ethics, direction and risk. The behaviour of the board and its decision-making (the "tone-at-the-top") strongly influence how the organization lives its values.

2. How will the board add value?

An effective board brings independent oversight underpinned by good judgment to guide the NFP to fulfill its mission within the terms of its articles of incorporation and its bylaws.

The board's oversight role involves consideration of the NFP's affairs along three timeframes:

- *Assessing the past* – What happened in the last year? Among other things, the board should review and evaluate the NFP's audited financial statements, service quality and quantity measures, and the health, retention and development of staff.
- *Assessing the present* – What is happening now? Is the NFP meeting its operating plan with regard to budget and service objectives and its milestones for key projects and initiatives? Does management handle crises well by promptly identifying and accommodating changes in planning assumptions and in its operating environment?
- *Assessing the future* – What is happening externally that could affect the NFP in the coming months and years? Shifts in government policy, emerging trends in labour markets, new client services, and stakeholder and demographic trends can influence the organization's continued relevance and sustainability. Part of the board's role is to recognize and analyze changes in the organization's environment to determine the medium- and long-term implications for its services (including to whom, where, how and when they are delivered), its finances, and its capacity and capabilities.

Boards should determine if their work is appropriately distributed among these timeframes. If the NFP's survival is under threat, the board should concentrate on pressing current matters. Otherwise, boards should spend at least as much time assessing the future as they do assessing the present. This helps ensure that the organization gains full benefit from the directors' collective insights and perspectives.

Future-oriented items should be regularly scheduled on board agendas so the board can understand the NFP's environment and emerging issues and consider scenarios for response. Doing so will strengthen the board's preparation and decision-making.

3. How will the effectiveness of the governance framework be evaluated?

When determining the optimal governance framework for an NFP, priority should be given to measures that will help ensure its effectiveness. Governance is effective when:

- It reflects current standards of good governance.
- Its policies and processes are consistent with the organization's level of complexity, maturity, resource availability and values.
- It is flexible enough to evolve in step with the organization.
- It creates and nurtures healthy board dynamics.
- It fosters a respectful, collaborative relationship between the board and the CEO/ED.

Three common governance models for NFPs

Once the board has explored the three questions above, directors will be in a better position to design or refine the NFP's detailed governance framework. No single model suits all organizations. To help directors consider their options, this chapter compares and contrasts the features of three governance models that separate the roles of board and management:[7]

1. traditional model
2. Carver Policy Governance® model (the "Carver model")
3. results-based model

The premise shared by these three models is that the organization formally reports to the board through the CEO/ED and the board oversees the organization through the CEO/ED. In short, the board can be seen as having one employee: the CEO/ED.

> The separation of board and management roles is one of the most important features of a good organizational governance framework. The work of the board is to see that the organization's mission gets accomplished. Directors should not do the organization's work. They typically lack the time and operating expertise of paid employees, who can do the work more efficiently. Further, doing or managing the day-to-day work undermines the independent checks and balances of the board's oversight role.

1. Traditional model – Hands-on board

This model offers a relatively informal, transitional framework for governance. Board and management roles are formally separate, although they may become blurred. For example, board committees often mirror organizational functions (e.g., finance, operations, public affairs) and individual directors often work jointly with management to advance organizational projects.

This model requires the board to have a deep understanding of an NFP's operations and gives management direct access both to operational expertise of directors and to their extra hands. However, the board can inadvertently undermine accountability and leadership effectiveness of the CEO/ED, for example, by acting as if staff other than the CEO/ED report to the board. Further, the short-term, inward focus on activities, outputs and processes can cause the board to neglect the long-term view, which may undermine an NFP's sustainability.

7 These models apply to NPOs that have staff, rather than to small organizations with no staff.

2. Carver model – Focus on policy to shape board work

This model offers a formal, structured and disciplined framework for governance. It relies heavily on board policies to guide the work of both board and management. Responsibility for policy is assigned to the board; responsibility for operations is assigned to management. In other words, the board's obligation is to see that the NFP achieves its intended ends, while the board delegates the responsibility for carrying out the acts to achieve the ends to management. Many of the NFP's organizational policies and decisions take the form of board policies entitled "Executive Limitations." The responsibility for ends focuses the board on the emerging external trends and issues that affect the NFP's ability to accomplish its mission and on the outcomes for communities served.

The Carver model's highly-formalized separation of policy and operational roles is often misinterpreted. Some believe that this separation means that the board is not entitled to operational information and, when the board seeks such information, management may feel that the board is meddling. Access to operational information is essential for the board's ability to provide effective oversight and to anticipate, recognize and mitigate risks to the organization.

Boards following this model should ensure that the emphasis on oversight through policy compliance does not diminish the importance of a board's judgment so that an NFP fully realizes the benefits available from experienced and competent directors.[8]

3. Results-based model – Focus on results to shape board work

A hybrid of the traditional and Carver models, this model offers a formal, structured and disciplined governance framework in which the board relies as much on its directors' judgment as it does on policy in doing its work. While the board's work under the Carver model centres on board policies, the results-based model focuses the board on the outcomes and deliverables of the organization and its component parts. Board and management roles are formally separate, with a focus on results or outcomes. As with the Carver model, board committees deal with the work of the board. Board decisions rely on an understanding of how the NFP does its work without intruding on management's operational domain ("noses in, fingers out").

> "Noses in" means the board and each director understand the organization's strategy and operations in sufficient detail to: one, understand its risks and potential opportunities; and two, oversee how management mitigates the risks and leverages the opportunities.
>
> "Fingers out" means that the board neither manages the organization nor does management's work.

8 For example in analyzing the Morden report into actions of police and Toronto Police Services Board during the 2010 G20 Summit in Toronto, Michael Kempa of the University of Ottawa concluded: "… the Board apparently considered that it was responsible and empowered to ask only the broadest policy questions, and not to proactively shape and hold police operations to the standards of best practice and the public interest." ("Civilian oversight bodies must pierce police silence," *The Globe and Mail*, July 6, 2012 at page A11.)

By paying more attention to board dynamics, the judgment of directors and the board's oversight of risk, the results-based model takes a more flexible approach to board decision-making. However, boards following this model can have a bias to action, which may give too little attention to process and cause the NFP to move too quickly for stakeholders' and members' comfort.

SUMMARY OF KEY FEATURES

Feature	Traditional model	Carver model	Results-based model
Board independence from management	Weak	Strong	Strong
Primary tools for board work	Ad hoc	Policies	Judgment within a policy framework
Board's primary focus	Operations	Policy compliance	Results and risk management
Board-CEO/ED relationship	Ad hoc	Formal	Formal
Board dynamics	Ad hoc	Informal	A high priority
Board support requirements	Low to medium	Medium to high	Medium to high
Types of entities that employ the model	Popular with NFPs that have limited resources and/or that are transitioning from an operational (hands-on) board since directors can fill gaps in required expertise	Well-known in the NFP sector and adopted by many boards	Though often characterized as a corporate or entrepreneurial model, is increasing in use by NFPs

Each of the three models can provide a practical governance framework for an NFP, provided the board is sensitive to the strengths and limitations of each. Directors should look to the work of their board and current best practices in governance to help them develop the details of a governance framework that most suits their organization.

Quick fixes for common governance issues

Reviewing and strengthening an NFP's governance can take a long time – up to a year or more in some cases. As this work proceeds, the board can take immediate steps to address common governance issues in the short term.

A risk of the traditional model: Blurring of directors' and management's roles

- Create separate agendas and minutes for board meetings: one set for operational matters and one set for board matters.
- Update or establish a board policy for directors' conflict of interest in developing management proposals (e.g., directors should declare conflicts and refrain from voting on management proposals that they helped develop).
- Dedicate board time for governance education and discussion of the board's effectiveness.
- In the medium term, devise a plan to develop the board by recruiting directors who bring different perspectives and expertise.
- As the experience and maturity of the management team allows, transition the work of the board and board committees away from operations and toward the work of the board.

A risk of the Carver model: Lack of attention to emerging issues and risk

- Assess whether an emphasis on policy compliance is taking precedence over good board judgment, resulting in slow responses to material changes in circumstances.
- Assess whether the board understands well enough how the NFP does its work so that it is able to recognize and translate external issues and trends into organizational risks and opportunities.
- Assess whether the board has enough operating information to ensure that financial and non-financial risks are anticipated and mitigated.
- Ask management to develop a set of robust performance indicators for the board to monitor.
- Ask management to provide alternatives to each proposal presented for board approval.

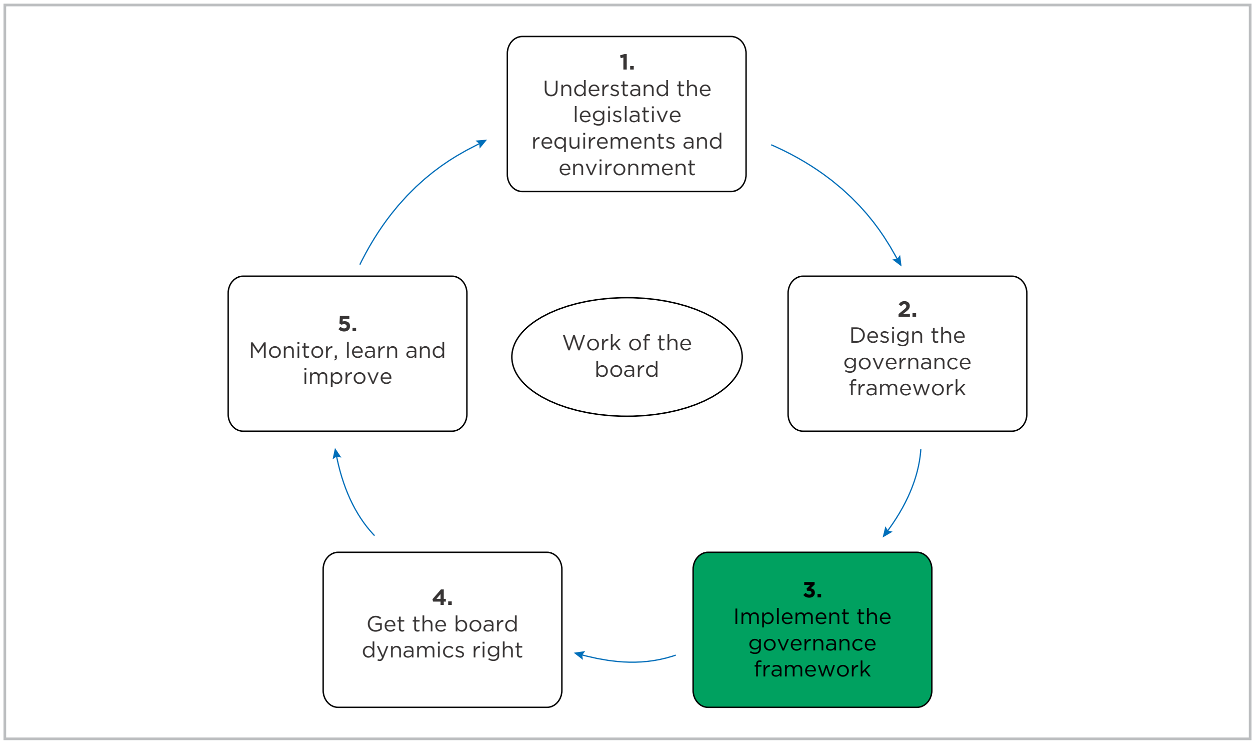
A risk of the results-based model: Bias toward quick action based on monitoring of operational results

- Ensure management develops the NFP's strategy in consultation with the board.
- Confirm that major new organizational and strategic initiatives are in line with the NFP's mission and capabilities.
- Monitor the organization's stress and consider whether the board is pushing the NFP too hard, given its capabilities and resources.
- Assess whether the NFP has the information systems and management experience to support the board in fact-based decision-making.

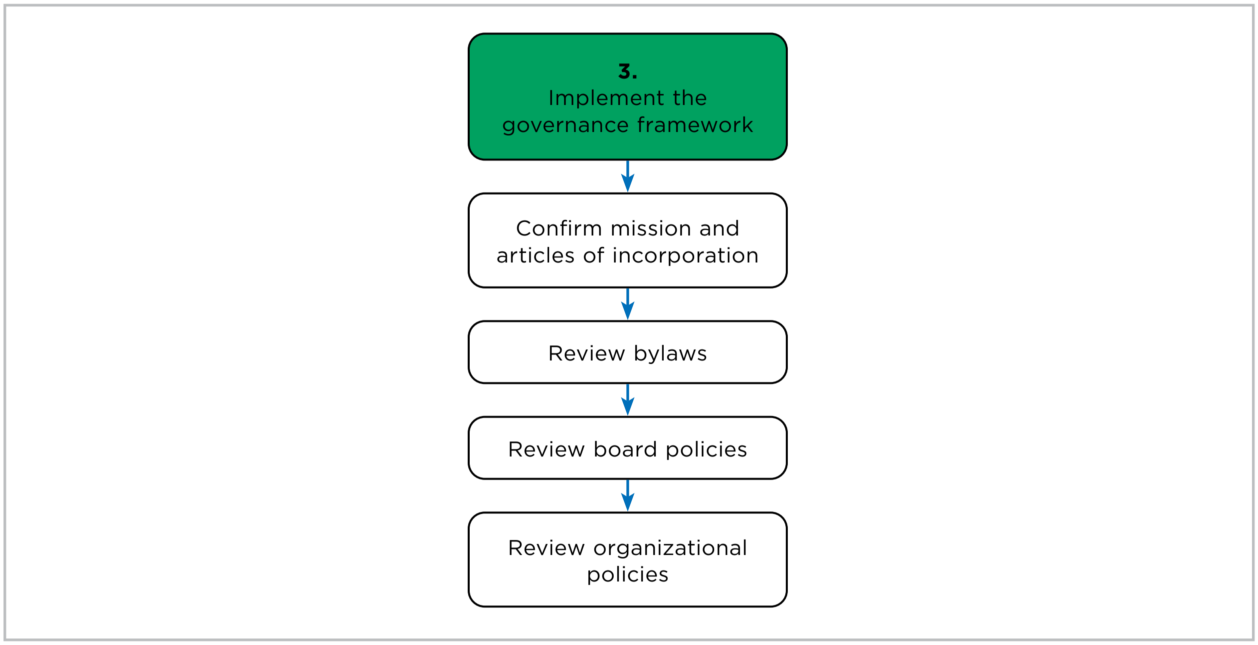
Questions for directors to ask

- *What is the board's role and how does it add value to the organization?*
- *Is the existing separation of roles and responsibilities between the board and management formally documented, commonly understood and respected in practice?*
- *What processes are in place to ensure that the board spends sufficient time focusing on emerging trends and anticipating the future needs of the community it serves?*
- *What processes are in place to ensure that management supplies sufficient operational information for the board to fully exercise its oversight duties?*

3. Implementing the Governance Framework



A FIGURE SHOWING THE STEPS INVOLVED IN STEP 3 – IMPLEMENT THE GOVERNANCE FRAMEWORK



Once the board has determined the overall design of its governance framework, it will be ready to implement the framework.

The process involves ensuring that the NFP's purpose or mission and articles of incorporation are aligned and that the articles and bylaws are consistent with current legislation governing the organization. The amount of work involved in this process depends on an NFP's level of governance maturity.

Key steps for implementing NFP governance

1. Create or confirm mission and articles of incorporation

All governance elements flow from the articles of incorporation. Before undertaking governance revisions, it is wise to ensure that the mission and articles of incorporation are relevant for the foreseeable future. The NFP's mission (i.e., its purpose) shapes the articles of incorporation. Some NFP articles may be 30, 40, or even 50 or more years old. The missions of these articles may no longer be relevant, for example, because the original community need no longer exists or the articles no longer reflect the NFP's current operations.

If the board concludes that the mission and articles should be revisited, it should discuss what changes are required with the NFP's members and other significant stakeholders. NFPs, and in particular registered charities, should consider obtaining facilitation and governance expertise to assist.

2. Review the bylaws

The NFP's bylaws govern:

- membership (types of members, rights of members, membership fees, how members are chosen), annual general membership meetings, voting rules, voting and voting processes (including voting electronically, by email, teleconference or by proxy) and revocation of membership
- board (role, appointment and removal)
- appointment of an external auditor
- dissolution of the organization and disposing of its assets.

Some NFPs have a single founding document created before the board was appointed, which includes legitimate bylaw content, as well as content that deals with policies for the board and management. Other NFPs have a separate founding document of board policies, which may also include organizational and even operating policies and processes. These documents probably made sense at the NFP's creation, as they were intended to get the organization up and running. But once the NFP has matured, it should revisit its founding document(s) to separate the bylaws, board policies (pertaining to the board) and organizational policies (pertaining to management).

3. Review board policies

Board policies deal with the work of the board and how the board organizes itself to do its work. Board policies should be easily understood, easily linked to the board's work and easily used. Board policies typically cover the following topics:

- scope of board responsibilities such as approving strategic directions, overseeing asset stewardship, financial sustainability and service quality, nurturing stakeholder relations, maintaining good governance practices, and supervising the CEO/ED
- board meetings (open and in-camera) and meeting protocols (including minutes)
- relationship between the board and management (CEO/ED)
- directors' duties, conduct, selection and appointment
- board structure, including committees and their mandates, leadership, size and composition
- board evaluation, development and renewal.

Appendix 2 sets out sample mandates for board committees.

There is debate about whether fundraising is an operational matter only, or whether it can be a legitimate role for the board or board committee. Some charities create a separate foundation with its own board for this purpose. See **Appendix 5.7** for a further discussion of a board's role in fundraising.

4. Review organizational policies requiring board approval

Organizational policies relate to those management decisions that involve significant risk for the organization, and/or are fundamental to the ethics and reputation of the organization. Their importance reaches a level that requires board oversight. In comparison, operational policies relate to the normal day-to-day activities of the organization, supervised by management.

Organizational policies can include some or all of the following:

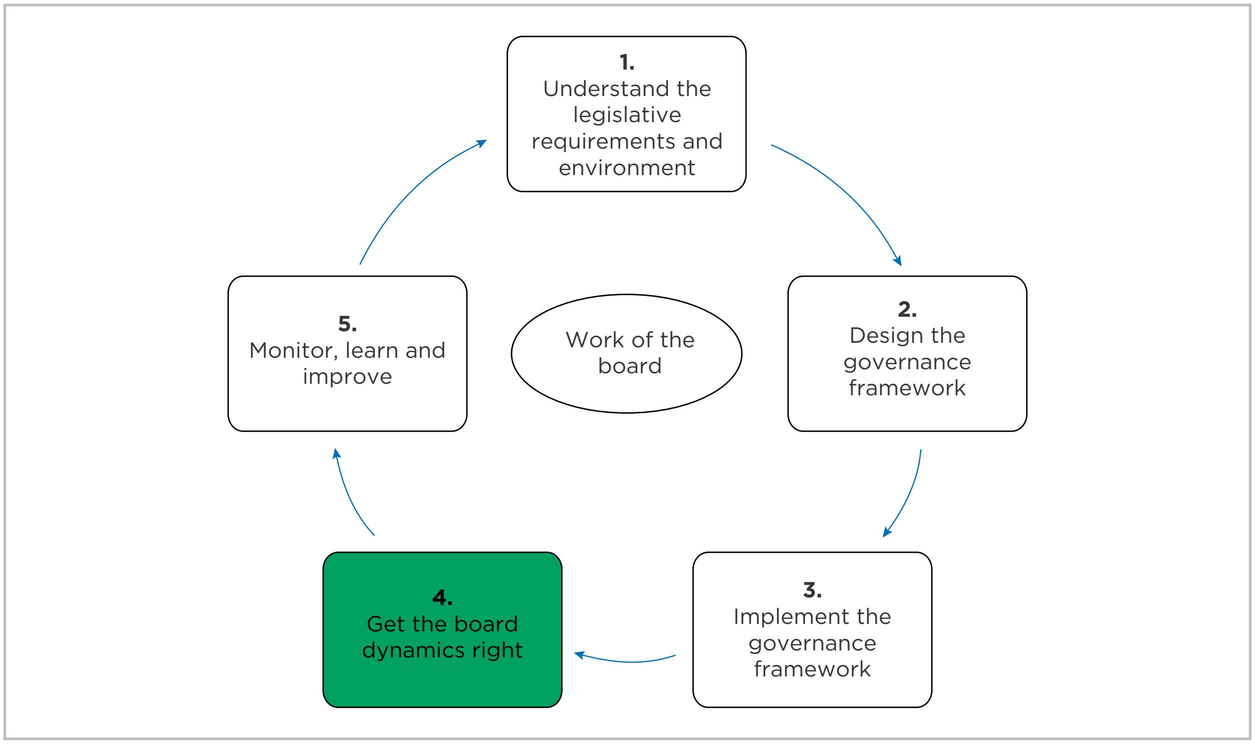
- process for developing and reviewing the mission, vision and values
- process for developing and monitoring key organizational plans such as the strategic plan, the annual operating plan and the risk management plan
- investment policy
- expenditures or investment commitments over a certain size
- key elements of risk and organizational health, such as procurement, signing authorities, compensation principles, diversity, safety and complaint resolution
- key performance indicators (or balanced scorecard) for items such as service quality, productivity improvement, workforce quality, information systems quality and financial performance.

Work at this step needs to be done carefully to respect the separation of board and management responsibilities, excluding purely operational decisions and policies, and avoiding inadvertently damaging board-management relations. The number of organizational policies depends on the NFP's complexity, size and risk tolerance. Organizational policies also may be needed regarding matters that the board needs to formally communicate to major funders as a condition of continued funding.

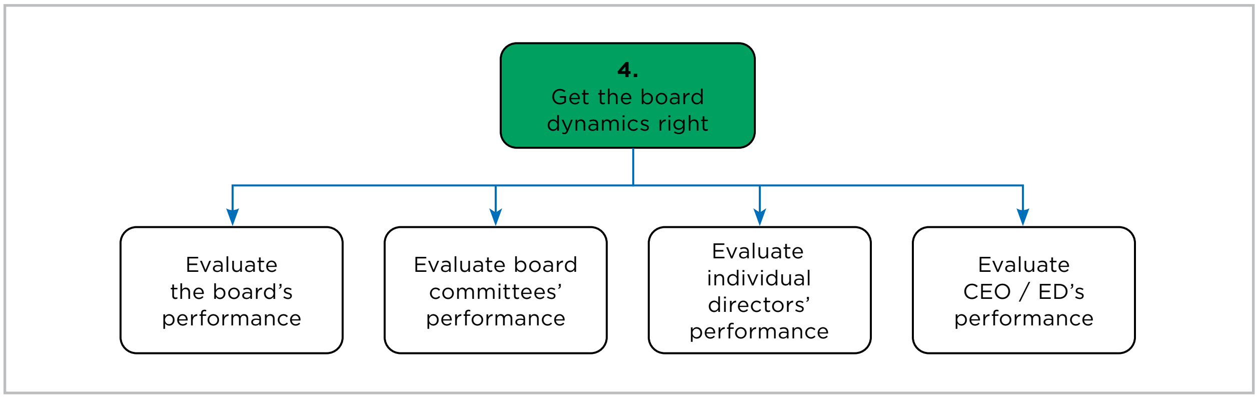
Questions for directors to ask

- *Are the NFP's mission and articles of incorporation current? How does the board ensure that they continue to be relevant for the foreseeable future?*
- *Does the NFP's founding document(s) separate the bylaws, board policies and organizational policies?*
- *Do the NFP's board policies encompass the full scope of the work of the board and how the board organizes itself to do that work?*
- *Are you satisfied that the NFP's organizational policies are appropriate to its complexity, size and risk tolerance? Do they respect the separation of board and management duties?*

4. Getting the Board Dynamics Right



A FIGURE SHOWING THE DIFFERENT COMPONENTS INVOLVED IN STEP 4 – GET THE BOARD DYNAMICS RIGHT



Assessing board dynamics

Effective governance is as much about intentions and relationships as it is about governance structures and policies and a coherent strategic plan.

The best-crafted governance framework and strategic plan can be undone by board factionalism, passive directors or sour board-management relationships. Further, unless the board has the discipline to use the framework and underlying policies as intended, the NFP will have the appearance of good governance but not the substance. For these reasons, NFPs should ensure their governance framework is supported by policies and processes that encourage good board dynamics, including a strong board-CEO/ED relationship.

Equally important to healthy board dynamics is a board committed to independence, continuous improvement and strong relationships, which requires the following elements:

- skilled, experienced directors with courage, integrity, collegiality and good judgment
- a board composition and leadership that, collectively, has sufficient diversity of experience and perspectives for board credibility and sound board oversight and decisions
- regular evaluation of the effectiveness of the board, board committees and individual directors
- a respectful, collaborative relationship with the organization's management, especially between the board chair and the CEO/ED

Desired attributes of directors

In addition to expertise and experience, a strong director should have:

- the courage to ask tough questions, propose solutions, refuse to rubberstamp proposals or recommendations, and support difficult board decisions
- the integrity to do the right thing openly and honestly
- the collegiality to work respectfully and diplomatically with board colleagues and management
- the good judgment to seek different points of view, to take time to deliberate before reaching conclusions, to contribute context to discussion, to seek realistic rather than perfect solutions, and to provide useful insights to management.[9]

9 For a more detailed discussion of key attributes of effective directors, see William A. Dimma, "Governance Q&A," *The Journal of the Institute of Corporate Directors*, Issue 150, June 2010; and Issue 151, September 2010.

Evaluating the board's effectiveness

An effective board regularly evaluates what is working well and what needs improvement for the board, its committees and individual directors. Evaluations help the board strengthen its effectiveness in managing risk and improve its decision-making and board dynamics. The evaluation process gives a voice to all directors, thereby strengthening their engagement and contribution. An evaluation is a non-threatening way to uncover issues that might otherwise go unstated.

> The funders of an organization, the community it serves, and other stakeholders (see **Appendix 5.9**) expect that the organization's directors, collectively, bring to their deliberations an independence of thought, a broad diversity of expertise and experience (professional and life), and reflect the community the organization serves. Accordingly, organizations are expected to take a structured approach to director recruitment and orientation, and board development and renewal.[10]

Evaluating the board

Boards should evaluate themselves annually. Well-resourced boards may opt to use outside professionals to conduct the evaluation but all boards can accomplish a lot by doing their own evaluation, provided it is done confidentially (e.g., using online survey tools). **Appendix 3 .1** features an example of a basic annual board effectiveness survey.

> Two things are key for deriving value from an evaluation:
>
> 1. The survey responses must be confidential, and preferably anonymous, to encourage frank feedback. To that end, a good survey tool includes both rating scales and open-ended questions to help identify both areas of consensus and serious differences in perspectives.
> 2. The full board should promptly discuss the evaluation results and identify two or three priority issues for immediate action. Building an effective board is an ongoing task, so it is better to focus the board's energies on resolving two or three of the most pressing issues each year. This concentrates board energies and increases the likelihood of improvement.

The board – not management – is in charge of the evaluation and follow-up action plan. The board chair (and governance committee chair or vice chair) should lead the survey process, with administrative support from management.

10 For an in-depth discussion of board recruitment, orientation, development and renewal, see ***20 Questions Directors of Not-For-Profit Organizations Should Ask About Recruiting, Developing, Assessing and Renewing Directors***

Evaluating board committees

Board committees serve the board. Annual evaluation of board committees helps ensure they are contributing value for the board and are effective in their deliberations. A committee self-evaluation, led by the committee chair, can be done at little cost. Committee members could be asked to answer the following four questions (or some variation of them), in writing:

- What is working well for the committee?
- What needs improvement?
- What should be the committee's work priorities for the upcoming year?
- What additional education or information would benefit the committee?

The committee would then use the aggregate results to decide on follow-up actions.

Evaluating individual directors

By evaluating directors individually, boards can help them improve their contributions to the work of the board. A director's contribution includes the quality and quantity of their participation in board meetings. Directors can also contribute by serving on board committees or in board leadership positions.

A simple and non-intrusive approach to director evaluation is for each director to do a self-assessment privately by answering a few questions, such as:

- Is this the right board for me?
- Am I making a meaningful contribution?
- What would I like to do to improve my contribution?
- What additional support do I need to improve my contribution?
- What board committees would I be interested in sitting on, and when?
- What board leadership role interests me, and when would I feel ready to assume it?

More preferably, the board chair may meet with each director individually, using these questions as a basis for the discussion. The key to this approach is diplomacy, confidentiality and a genuine intent of helping directors improve their contributions.

Many NFP boards do not formally evaluate individual directors, largely because doing so is perceived as awkward and hugely time-consuming for the (volunteer) board chair. As a result, many individual directors remain in the dark as to their effectiveness and contribution.

Opting out of director evaluation entirely is unwise. At a minimum, the chair should meet with individual directors who are not pulling their weight on the board or are otherwise detracting from its effectiveness. These meetings should take place when a performance pattern becomes clear, rather than on an annual cycle. To save face for all concerned and lessen the workload of the chair, the immediate past chair of the board may handle the meeting.

Additionally, without one-on-one meetings with directors, board leaders remain in the dark about individual director aspirations to serve on other board committees or their aspirations for leadership positions on the board or its committees.

One way to get this information is for the board's governance committee to gather the information at the same time as it gathers the information for the annual assessment of the board's mix of competency and skills. Appendix 3.3 sets out an example of a format for collecting information for the assessment.

Director attendance at board and committee meetings is important to the quality of board dynamics and committee effectiveness. Poor attendance weakens director effectiveness, promotes uneven distribution of board work among directors, weakens board dynamics and effectiveness, and creates quorum problems for board and board committee meetings. The board should set a clear expectation of 100% attendance at board and committee meetings, barring extenuating circumstances

Building a healthy relationship with the CEO/ED

The board-CEO/ED relationship is the most important one in the NFP. The CEO/ED translates the board's directions into action and provides the board with most of its information about how the organization is performing. Consequently, a healthy productive relationship between the board and the CEO/ED – and especially between the board chair and the CEO/ED – is essential to the board's effectiveness and the NFP's success.

Directors should ensure that the CEO/ED is appropriately empowered. If the CEO/ED is not sufficiently empowered to manage the organization, in policy and in practice, unproductive tension between the board

A healthy board-CEO/ED relationship requires a shared understanding of the respective roles and responsibilities of the board and management. Boards should consider a joint education session with management, so that both directors and management have clarity on their respective roles and expectations. Doing so fosters candour, trust and respectful behaviour on the part both of the directors and of the management and staff. It also provides an opportunity for the board to articulate the "tone at the top" it expects and clarify the context for board information requirements.

and CEO/ED will likely develop. On the other hand, an overly empowered CEO/ED can also harm board-management relations and make it more difficult for the board to provide effective oversight.

A healthy board-CEO/ED relationship depends on cordial, frank and respectful two-way communication. One way to foster this communication is to have in place an up-to-date, succinct (one-or two-page) description of the CEO/ED's role and responsibilities, including:

- a short overview statement of the scope of the CEO/ED role (e.g., reports to the board chair, responsible for all of the NFP's operations, builds and nurtures healthy external relations)
- a description of all main responsibilities, preferably expressed in high-level terms of expected outcomes
- a description of qualifications including experience, education and expected behaviours, striving for realism and avoiding excessive expectations and detail.

The CEO/ED's job description should be reviewed and updated periodically. It also should be reviewed when there is a change in CEO/ED or in the NFP's direction. For example, the skills and priorities required of a CEO/ED who leads a stable organization differ from those required for an organization embarking on an aggressive growth path. The CEO/ED's job description should change in step with any broader strategic changes of the NFP.

A second element vital to effective two-way communication between the board and CEO/ED is a well-designed, disciplined, timely performance effectiveness (or performance management) process.

The process typically starts with the setting of annual outcomes-based goals for the CEO/ED that are tied to the organization's strategic plan. The CEO/ED's goals should include organizational goals (quantitative and qualitative) and development goals for improving the CEO/ED's effectiveness. The CEO/ED is then evaluated annually on their success in achieving those objectives.

> This process leads to a written set of goals and a written evaluation of the CEO/ED's success in meeting them. However, the discussions about CEO/ED performance among directors and between the chair and CEO/ED are where the real communication and clarification of expectations occur. In fact, these could be the most important conversations held within the organization. (see **Appendix 5.3**)

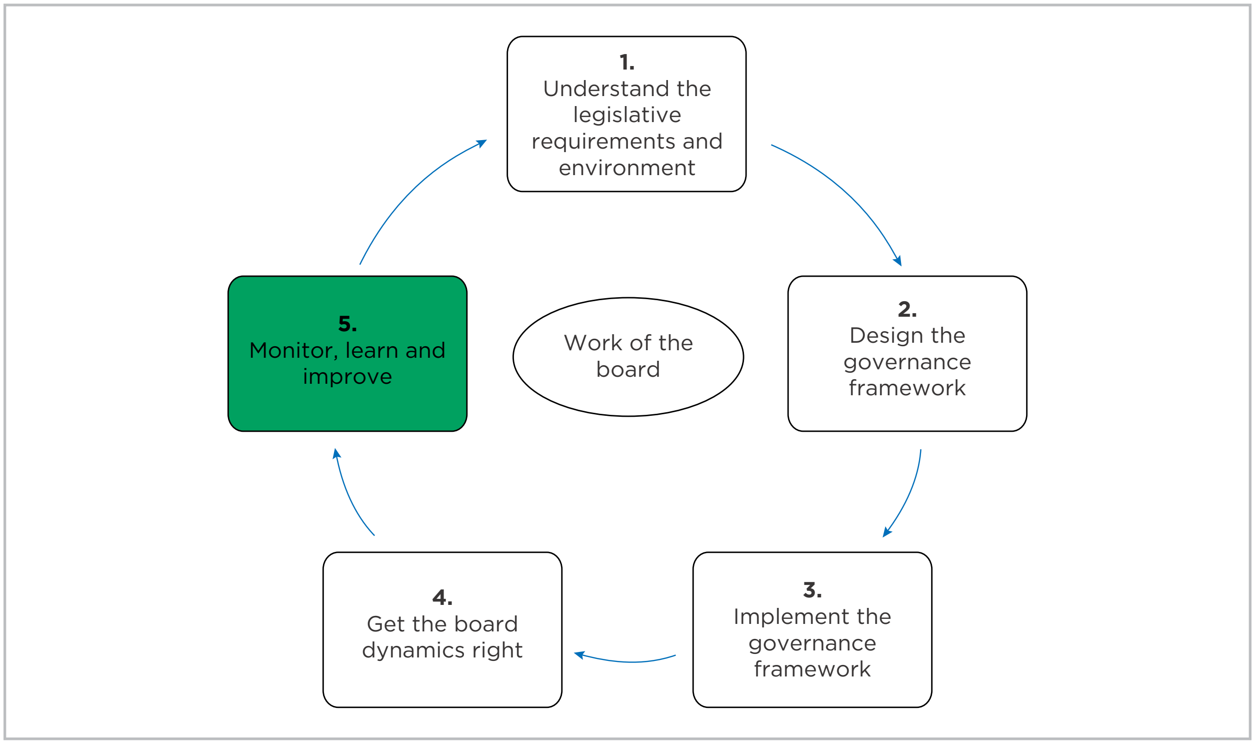
The CEO/ED performance effectiveness process requires an investment of time by the board and especially the chair. However, the process does not have to be overly complex or time-consuming. The cost of this investment is recouped many times over by more effective communication between the CEO/ED and the board, by a more engaged board, by increased success of the organization in achieving its mission, and by more satisfied stakeholders.

The CEO/ED position description and performance management process inform the board's decisions on CEO/ED compensation, the third key element to effective board communication with the CEO/ED. Stakeholders, especially major funders (government and other), are sensitive to CEO/ED and other senior management compensation levels as they relate to comparable organizations (external equity) and to internal equity. Therefore, charged with attracting and retaining accomplished executives, a board should ensure its CEO/ED compensation decisions are effective, defensible, equitable and demonstrably reasonable. (see **Appendix 5.4**)

Questions for directors to ask

- *What size of board is appropriate, given current objectives and workloads?*
- *Does the collective membership and leadership of the board and board committees reflect the diversity and inclusiveness necessary for effective board oversight and decision-making?*
- *Is the board's process for recruiting and selecting directors effective? How does the board ensure that director recruitment is based on a set of specific board-level competencies, including diversity and sector-specific expertise?*
- *What processes are in place to ensure that the board regularly evaluates what is working well and what needs improvement for the board, board committees and individual directors?*
- *In doing its work, how does the board ensure that it sets the appropriate "tone-at-the-top" for the organization's ethics and values?*
- *Is the CEO/ED appropriately empowered? How does the board measure and manage the CEO/ED's performance in a timely manner?*
- *Is the CEO/ED's compensation package and level effective and defensible?*
- *What steps could be taken to improve the quality of board dynamics?*

5. Monitoring, Learning and Improvement: A Continuous Cycle



In summary, the journey to upgrading governance can be a daunting one for small and medium-sized NFPs faced with a limited supply of time, funds and information systems.

To keep the process manageable and on track, consider the following:

- *Be realistic about what is doable*, given the organization's level of governance maturity and available resources.
- S*eek outside governance resources*. They provide excellent value for money, and free up board and management time to attend to the business of the organization. Diverse organizations, such as CPA Canada, local United Ways, Imagine Canada, Alberta's Muttart Foundation and others offer free or low-cost governance resources such as tools, advice and training. In addition, organizations such as CPA Canada,

the Institute of Corporate Directors (ICD) and The Directors College – for little or no charge – support director recruiting efforts of NFPs by circulating vacancy postings to accredited directors on their registries.

- *Keep things as simple as possible*. It is better to have a simple framework that is implemented well than to have a complex framework that promises much but delivers little or, even worse, gets ignored or abandoned altogether. Directors can support good governance with simple tools and processes.
- *Involve the entire board and senior management team* to build an appreciation of what good governance entails and create ongoing support for it.

Once the framework is established, the board should review it regularly to ensure it is operating as intended and identify areas of improvement. When a significant change is required, they should revise the relevant board or organizational policy immediately. Otherwise, a good rule of thumb is to review every board and organizational policy at least every three years from the policy's most recent revision.

An engaged board of directors working within a strong governance framework ensures that the NFP has the level of oversight needed to meet regulatory requirements and fulfill its mission efficiently and effectively.

Appendix 1: Governance Models in the Canadian NFP Sector

Mel Gill's *A Director's Guide to Good Governance* is the definitive classification and analysis of Canadian governance models for NFPs, and a highly practical guide to the basics of good governance. The table below, adapted from Gill, summarizes ten of these models, with reference to other similar models where appropriate. The models in the shaded rows below are discussed in Chapter 2.

A TABLE SUMMARIZING TEN GOVERNANCE MODELS FOR NFPS

Board Types/Models	Board Focus	Typical NFP
Operational (*Gill*). Similar to Executive (*Willson/George*) and Founding (*Duca*)	**Doing day-to-day work of organization** with limited governance.	Either start-up or very small organization; few or no staff.
Collective (*Gill*)	**Operations** plus collective stakeholder decision-making.	Emerging, single cause, or very small, no or few paid staff.
Management (Gill). Similar to Sustaining (Duca)	**Management** of operations and **governance**. Board work aligned with operational functions.	Generally small, with some staff.
Representative (*Gill*). Similar to Representative (*Bradshaw/Hayday/ Armstrong*)	Balance constituent interests with organization's interests: ranges from **governance** to a **mix of policy governance, management and operational functions.**	Publicly elected bodies (e.g., school boards), federations, or associations, with a paid CEO/ED. May or may not be well-staffed.
Traditional (*Gill*). Similar to Traditional – Structural (*Banff*)	**Governance and oversee operations** through CEO/ ED. Extensive use of standing and ad hoc board committees, aligned with management functions. Often have an executive committee of the board.	Well-established. May or may not be well staffed.

Board Types/Models	Board Focus	Typical NFP
Carver's Policy Governance (*Gill; Willson/George; Banff; Bradshaw/Hayday/ Armstrong*)	**Governance:** Establish Policies and monitor CEO/ED on compliance with policies (Set the "ends" and "executive limitations" – leave the "means" to CEO/ED).	Popular with well-established, well-staffed, often larger NFP organizations.
Results-Based (*Gill*). Similar to Cortex (*Banff*), Entrepreneurial (*Bradshaw/ Hayday/Armstrong*), Learning (*Willson/George*), and Corporate (*Duca*)	**(Oversight) Governance:** Set organization's direction/ goals, and monitor progress and risks to their achievement. Board committees aligned with board responsibilities.	Well-established and well staffed. Not as common in NFP sector as Carver Model.
Fundraising (*Gill; Banff*)	**Fundraising;** Investment and disbursement of funds**.**	Sole purpose is fundraising. Limited staff.
Advisory (*Gill*)	**Advice and contacts.** No governance or operational responsibilities. Handpicked by CEO/ED for her/his guidance.	NFPs, such as United Way wanting input from specific community groups or constituencies.
Emergent Cellular (*Bradshaw/Hayday/ Armstrong*)	**Monitor environment,** challenge assumptions and **act as catalyst for change.** Diffused decision-making responsibility.	Rare in practice. Some advocacy organizations may use.

Appendix 2: Sample Mandates for Board Committees

Board committees help the board carry out its oversight role. They conduct the in-depth analyses, monitoring and review that the board as a whole cannot do as efficiently or effectively. Board committees serve the board and their work is aligned with the board's work. However, board committees do not have decision-making authority.

A board may appoint as many committees as it feels necessary. Care should be taken to limit their number as having too many committees hampers board effectiveness. Committees should be small in size and chaired by a director.

Sample mandates of two committees are shown below. NFPs and NFP boards that are too small to have a committee (such as a governance committee) could use the content of these mandates to guide diligent board consideration of these topics.

Sample mandate – Governance committee

The governance committee, consisting of at least *[NFP to insert number]* directors, assists the board to create and maintain a healthy governance culture that reflects current governance standards and good practices. In particular, the committee:

1. recommends to the board a plan for ongoing board education and development, and leads the orientation of newly elected directors
2. leads director recruitment and succession planning for the board and board committees
3. reviews each of the corporation's bylaws and board policies every three years and recommends changes as required
4. leads an annual evaluation process to assess board, committee, director effectiveness and director engagement
5. monitors compliance of the corporation with the NFP's bylaws and board policies
6. facilitates development of a set of performance indicators and processes that assist the board to monitor the organization's performance and to manage risk
7. leads the development of the CEO/ED's annual performance plan and evaluation, and related compensation recommendations
8. leads the board's annual planning retreat, including developing the agenda and content, and post-retreat follow-up

9. recommends to the board, annually, a work plan of deliverables for each board committee
10. reports quarterly (or more frequently if required) to the board on the committee's work

Sample mandate – Finance and audit committee[11]

The finance and audit committee, consisting of at least *[NFP to insert number]* directors and chaired by a director with an accounting designation, assists the board to ensure that the organization operates in a financially prudent manner: first with appropriate controls and checks and balances to safeguard assets and, second, with processes to identify and mitigate financial risks.

The committee, in its finance role:

1. reviews the annual business plan processes and assumptions, and recommends the annual business plan to the board
2. monitors the financial and business plan performance and recommends to the board actions to address variances
3. reports on management's compliance with statutory filings
4. reviews and recommends an information management and information technology strategy, and monitors management's progress in implementing the strategy
5. recommends to the board the organization's facilities plan, and reports to the board on progress in implementing the plan
6. recommends appointment of the Bank of Record, and sets appointment terms and conditions
7. recommends banking arrangements, including lines of credit and long-term debt
8. reviews management's risk assessment framework and planning to ensure continuity of operations, protection of assets and adequacy of insurance coverage
9. recommends performance indicators and processes that assist the board to measure and monitor the organization's financial performance and related risk
10. recommends investment policies and monitors compliance and performance
11. recommends to the board, annually, a committee work plan [see (19) below]
12. reports quarterly (or more frequently if required) to the board on the committee's work

11 Ideally, the finance committee should be separate from the audit committee. In practice, the two often are combined into one committee, usually because directors with the expertise required for each committee sit on both. If using a combined committee, it is important to have separate agendas and meeting minutes for the committee's finance and audit work.

The committee, in its audit role:

13. oversees internal and external audit processes with respect to the accuracy of financial reporting, and the quality and integrity of internal accounting and control systems and processes
14. recommends appointment of the external auditor, and appointment terms and conditions; approves the auditor's engagement letter
15. sets the auditor's scope of work, and oversees performance of the audit
16. oversees implementation of the auditor's recommendations
17. reviews the audited financial statements and the auditor's report, and makes recommendations to the board
18. makes recommendations to the board to ensure auditor independence
19. recommends to the board, annually, a committee work plan [see (11) above]
20. reports quarterly (or more frequently if required) to the board on the committee's work

Appendix 3: Tools for Effective Board Dynamics

3.1 Example – NFP annual board effectiveness survey[12]

Please answer the following questions based on this rating scale: Strongly agree (5) Agree (4) Somewhat agree (3) Somewhat disagree (2) Disagree (1) Disagree strongly (0) Don't know (DK)

Questions	5	4	3	2	1	0	DK
1. The organization fulfills its mission well *(service outcomes quality and volume).*							
2. The organization uses its resources effectively *(good value for the money spent).*							
3. The board regularly assesses organizational risks and opportunities.							
4. The board complies with requirements outlined in key elements of its governance framework *(bylaws, policies, code of conduct, conflict of interest, values).*							
5. The board's annual workplan is effective in managing the board's work.							
6. Board committees provide useful support to the board *(they surface relevant issues and opportunities for board consideration, their reports to the board are succinct and focused).*							
7. Collectively, directors have the appropriate experience and skills required to effectively carry out their responsibilities.							

12 Modified from Gill, 2005.

Questions	5	4	3	2	1	0	DK
8. Board composition reflects the diversity of the community the organization serves.							
9. The board's capacity to govern effectively is not impaired by conflicts among directors.							
10. The board uses sound decision-making processes *(e.g., focused on board responsibilities, factual information, efficient use of time, items not frequently revisited, diverse points of view welcomed, decisions not "rubber-stamped).*							
11. Board meetings are effectively conducted *(all directors engaged, sufficient information provided in advance, directors' questions and comments respected and responded to meaningfully).*							
12. The board has an effective succession plan for its leadership positions.							
13. Orientation and board development adequately prepare directors to fulfill their governance responsibilities.							
14. The board has a productive working relationship with the CEO/ED *(e.g., good communication, mutual respect, clear accountability).*							
15. The board does a good job of evaluating the performance of the CEO/ED *(measuring results against objectives).*							
16. The board has a formal CEO/ED succession plan.							
17. I feel engaged in the activities and responsibilities of our board.							
18. I feel that I have been able to make a meaningful contribution.							
19. I feel I am fulfilling my role and duty as a director.							
20. Overall, I enjoy my volunteer experience as a director.							

Suggestions and comments:
What suggestions do you have for improving the engagement of our directors?
What suggestions do you have to improve our board meetings?
Do you have any other suggestions for improving the effectiveness of our board?

Hints:

1. In analyzing survey results, simple averages can be misleading. Also look at the spread of ratings for each item. A narrow spread indicates a high degree of consensus. A wide spread indicates a lack of consensus, due to either confusion over the wording of the item or a significant difference of opinion.
2. On year-to-year comparison of survey results, ignore small variations in an average (e.g., of less than 0.5). However, over multi-year comparisons, averages that are trending in the wrong direction can indicate a developing problem, even though any particular year-to-year difference may be small.

3.2 Example – Annual work plan for an NFP board

The example below is based on quarterly board meetings and a fiscal year commencing on April 1.

Regular board meeting frequency varies widely across the NFP sector, from semi-annually to quarterly to monthly (or near monthly). Factors that influence the frequency of board meetings include complexity of the NFP's work, maturity of the board, the NFP and its management team, and force of habit. Unless an organization is a start-up or in survival mode, a board should be able to accomplish its work with well-planned and well-organized quarterly meetings, an annual meeting and a board retreat.

Board meeting	Topic	Action
Q1 (April)	• Fundraising plan	Approve
	• Board development	Develop improvement plan based on board effectiveness survey
	• Director nominations	Approve
	• CEO performance	Conduct annual review and set goals for current year
	• Board committee recommendations	Approve
	• Annual accountability report to funder(s)	Approve
Annual meeting (June) *this is a members' meeting, not a directors meeting	• Audited financial statements	Approve
	• Annual general meeting	Agenda and motions
		Elect board
		Elect leaders for board and board committees
	• Board development	Conduct new director orientation
Q2 (July)	• Board annual work plan	Approve
	• Key performance indicators	Review
	• Financial statements	Review
	• Board committee work plans	Approve
	• Board and organizational policies	Review and revise as necessary

Board meeting	Topic	Action
Q3 (October)	• Key performance indicators	Review
	• Financial statements	Review
Board retreat (November)	• External scan	Discuss sector and stakeholder issues and opportunities
	• Strategic plan	Review and approve
	• Board development	Board and management team meeting
Q4 (January)	• Key performance indicators	Review
	• Financial statements	Review
	• Investment performance	Review
	• Investment mandate	Confirm
	• Annual operating plan and budget	Approve

3.3 Example – NFP board competencies template

A TEMPLATE OF A BOARD COMPETENCY MATRIX

				Expertise / Experience												Community perspective						
Board directors	Date appointed to board	Years remaining - Current term	Credentials	Governance	Strategic planning	Fundraising	Executive leadership	Financial management	Marketing / Communication	Advocacy / Gov't relations	Legal	Human resources	Information technology	Quality / Risk management	Community development	Diversity	Youth	Male	Female	Geographic - Region 1	Geographic - Region 2	Service user
Director 1			B.A.	4	3	4	1	3	1	2	1	1	1	2	4	√		√		√		
Director 2			M.Ed., LL.B.	2	4	2	2	2	3	3	5	4	1	2	1				√	√		
Director 3			B.A., ICD.D.	5	5	2	4	2	1	3	1	1	1	2	2				√			√
Director 4			MBA, CPA, CA	3	4	1	3	5	3	1	1	1	1	3	1				√		√	
Director 5			Eng. Tech.	2	2	1	2	1	2	3	1	1	4	3	2	√	√	√		√		
Director 6			MBA	4	5	1	2	3	2	1	1	1	5	4	1	√		√			√	
Director 7			B.Jour	3	2	2	1	3	4	3	1	1	3	1	2			√		√		
Director 8			CPA, CMA	2	2	4	5	5	1	1	1	4	1	1	4			√				
Director 9			B.Sc.	2	2	5	3	2	4	2	1	1	2	1	5		√		√		√	
Director 10			BSW, C. Dir.	5	4	1	1	1	1	4	1	1	1	2	4			√			√	
Vacant																						
Vacant																						
			Distribution	32	33	23	24	27	22	23	14	16	20	21	26	3	2	6	4	4	4	1
Candidates																						
Candidate 1			LL.B.	3	2	1	1	2	1	3	5	4	1	2	4	√			√		√	
Candidate 2			B.Sc., LL.B.	2	4	3	4	1	1	1	5	2	2	4	1				√		√	
Candidate 3			Service User	1	3	5	3	1	2	4	1	1	2	3	2				√		√	√
Candidate 4			Service User	4	1	2	2	3	2	3	1	3	3	1	5	√		√		√		√

Each director's level of expertise / experience is assessed on a five-point scale where:

1 = none and 5 = substantial expertise / experience.

Caution: In addition to this competency framework tool for board recruiting and development, it is equally important that the organization assess and select potential directors for their courage, integrity, good judgment, collegiality (as noted earlier on page 25) and demonstrated passion for the organization's mission and mandate.

3.4 Example – Questionnaire: Getting feedback on CEO/ED's performance from direct reports

A rounded perspective on the CEO/ED's annual performance should include confidential feedback from direct reports. The questionnaire below offers a simple format for doing so.

Questionnaire – CEO/ED annual performance evaluation: Feedback from direct reports
Over the last 12 months: • What do you feel were [CEO/ED's] key accomplishments? • What, if any, of your expectations for [CEO/ED] did they not meet? • What advice would you give [CEO/ED] to enhance their effectiveness this coming year? • Any other comments or suggestions?

Appendix 4: List of Questions for Directors to Ask

Understanding the legislative requirements and environment

- What mechanisms are in place to monitor external trends and developments that may affect the NFP's community, mission and services?
- What is the board's process for regularly reviewing its governance documents to ensure they are current with legislation and with the way the board does its work?

Designing the governance framework

- Is the organization clear on the outcomes it exists to achieve?
- What is the board's role and how does it add value to the NFP?
- Is the existing separation of roles and responsibilities between the board and management formally documented, commonly understood and respected in practice?
- What processes are in place to ensure that the board spends sufficient time focusing on emerging trends and anticipating the future needs of the community it serves?
- What processes are in place to ensure that management supplies sufficient operational information for the board to fully exercise its oversight duties?

Implementing the governance framework

- Does the NFP's founding document(s) separate the bylaws, board policies and organizational policies?
- Do the NFP's board policies encompass the full scope of the work of the board and how the board organizes itself to do that work?
- Are you satisfied that the NFP's organizational policies are appropriate to the NFP's complexity, size and risk tolerance? Do they respect the separation of board and management duties?

Getting the board dynamics right

- What size of board is appropriate, given current objectives and workloads?
- Does the collective composition and leadership of the board and board committees reflect the diversity and inclusiveness necessary for effective board oversight and decision-making?

- Is the board's director recruitment and selection process effective? How does the board ensure that director recruitment is based on a set of specific board-level competencies, including diversity and sector-specific expertise?
- What processes are in place to ensure that the board regularly evaluates what is working well and what needs improvement for the board, board committees and individual directors?
- In doing its work, how does the board ensure that it sets the appropriate "tone-at-the-top" for the organization's ethics and values?
- Is the CEO/ED appropriately empowered? How does the board measure and manage the CEO/ED's performance in a timely manner?
- Is the CEO/ED's compensation package and level effective and defensible?
- What steps could be taken to improve the quality of board dynamics?

Appendix 5: Emerging Board Issues and Selected Key Elements of Board Responsibilities

5.1 Emerging issues

Several new issues with increased opportunities and risk now confront NFP boards. Taking advantage of the opportunities and maintaining an organization's reputation and the trust of its stakeholders (including its employees and volunteers) requires a board to be much more diligent in:

- setting the "tone at the top"
- overseeing the organization's culture
- being more attuned to evolving social norms and technology

Boards will need to be agile and highly engaged. In rare instances, boards may have to move beyond a "noses in, fingers out" practice.

Emerging issues include:

- **Cyber security.** Cyber-attacks impose never-before-experienced risks on all organizations. The operating environment today is an increasingly complex and integrated world of information and its related systems and technology. While such integration brings great benefits, it also brings increased risks of compromised information privacy and information systems integrity.[13] Mitigating those risks is costly. NFP organizations heavily dependent on third-party information technology systems bear a greater burden and cost of risk mitigation.
- **Evolving social norms and expectations.** The world has become more impatient with inappropriate behaviour by individuals and by organizations. For example, the concept of workplace health has expanded to include physical and mental health; and workplace

13 For more information, see ***20 Questions Directors Should Ask About Cybersecurity***.

safety now includes all types of harassment. Not only are legal penalties becoming more severe for both individuals and organizations, but behaviour – both present and past (sometimes several years in the past) – is also being scrutinized.

The impact on the workplace of and how organizations handle the legalization of cannabis (and in the future, possibly other drugs) is an additional issue that the board will need to be cognizant of.

- **Alternate payment systems.** In the not-too-distant future, organizations may require systems to handle Bitcoin and other types of crypto currencies, although the benefits and risks of the new payment systems are not yet well understood. Boards should keep an eye on how these new currencies evolve.
- **Social media.** Although social media is a fact of life, not an emerging issue, the speed with which it operates – and its risk of distorting information – demands board attention, especially in crisis situations.
- **Sustainability.** Organizations now are being judged on, and held accountable for, their environmental sustainability practices, including whether they are delivering services in an ethical and equitable way and whether they follow good governance practices (for example, executive pay levels). NFPs can expect to be more closely scrutinized on these factors by their funders and by their communities.
- **Leveraging resources.** As NFP organizational performance measurement evolves from tracking activities to measuring outcomes and impacts, pressure on already scarce NFP resources is increasing, as are expectations for a more collaborative and integrated approach to addressing system-wide social issues.[14]
- **Data analytics.** There is an expectation that organizations are able to show impact, and data is now more critical than anecdotal reports in providing concrete evidence of the organization's impact.

Boards should keep a "watching brief" on emerging issues, and their implications, through briefings from management or experts in these areas. For example, boards could have an Emerging Issues item on their annual retreat agenda and/or include a board education item (e.g., a "generative" discussion) in a regular board agenda.

5.2 Strategic planning

Strategic planning is central to an organization's success and to its board's effectiveness. Effective strategic planning serves two functions: 1) The process of developing the strategic plan educates the board and management on the environment within which the organization operates: the possible options, the related risks and opportunities, the

14 For more information on collaboration, see *Board Oversight of Not-for-Profit Collaboration: Questions for Directors to Ask*.

assumptions necessary and the stakeholders – who they are, their experience with, and expectations of, the organization; 2) The process culminates in a documented strategic plan that is consistent with the organization's stated vision, mission and values. It describes what the organization desires to achieve over some multi-year time horizon (typically three years) – the outcomes or impacts.[15] Despite such planning, it is increasingly common for detailed strategic planning objectives to be irrelevant, even by the second year of a three-year strategic plan, as a result of the rapidly changing external environment.

The strategic plan itself shapes the work of the board, as well as the organization's annual operating plan initiatives and objectives, and the performance objectives that the board sets with the CEO/ED.

As a consequence, development of the strategic plan should be a collaborative effort between the board and management. In addition, the board should ensure that:

- The process includes canvassing external stakeholders for their perceptions and expectations of the organization. This information provides the board with guidance in setting annual performance expectations for the CEO/ED.
- A summary of the strategic plan is shared with all key stakeholders, including employees.

The information and knowledge generated through the strategic planning process enables the board and management to be less surprised by, and more agile in responding to, any subsequent changes in the organization's operating environment.

The challenge for NFPs is twofold: (1) the difficulty in getting meaningful measures of near-term outcomes and longer-term impacts; and (2) the tendency of many government funded programs that NFPs deliver to focus on activities (for example, deliver financial literacy training to 200 disadvantaged youth in a given neighbourhood), rather than focusing on outcomes (200 youth improve their financial literacy skills to Grade 10 levels).

15 For more information, see ***Overseeing Strategy: A Framework for Boards of Directors***.

5.3 Features of a CEO performance effectiveness process

A CEO/ED performance effectiveness process is essential for a healthy board-CEO/ED relationship and a productive CEO/ED. Performance effectiveness requires setting relevant, observable annual performance objectives, or goals, for the CEO/ED, and year-end assessment of the extent to which the objectives have been achieved. An effective process should include the following features:

Performance objectives:

- They are timely – as near as possible to (ideally, prior to) the beginning of the fiscal year.
- They are linked clearly to the organization's strategy.
- They are mutually agreed-on between the board (through the board chair) and the CEO/ED
- They are relevant, clear, observable, quantitative and qualitative *outcomes* – not activities.
- They are manageable for the board and organization, and consistent with the board's experience in doing performance management. (For example, if the process is new for the board, start out with a simple process.)
- The number of objectives corresponds to the complexity of the organization's work (Perhaps four to eight for complex and/or experienced NPOs; otherwise, three to five may be sufficient.). Generally, the performance plan includes three types of objectives:
  - quantitative – e.g., service volumes and quality, financial targets and staff engagement scores
  - qualitative and objective – e.g., completion of specific high cost / high impact (and high risk) organizational initiatives, or key milestones if multi-year
  - qualitative and subjective – e.g., stakeholder relations, support to the board, CEO/ED professional development

  Each objective may have several measures to assess its achievement.
- It is good practice for the CEO/ED to share the objectives with the senior management team

Performance evaluation:

- Allow the board to apply good judgment and prudent interpretation. The aim is a good assessment of the overall performance, using a variety of lenses. Although scoring scales are often used, this is not an arithmetic exercise.
- Hold a formal mid-year check-in by the board chair with the CEO/ED to assess progress – such as whether planned milestones are being achieved – and to revise the objectives if there is a material change in external events (using a written CEO/ED self-evaluation).

- Ensure that the evaluation is timely, for example, through an end-of-year formal performance evaluation done shortly after the organization's year-end.
- Hard data from financial statements and key performance indicators, or balanced scorecard indicators, is supplemented with qualitative and rating information gathered – on a confidential basis – from all directors and the CEO/ED's direct reports (see Appendix 3.4) and melded with a written CEO/ED self-evaluation. (Using this approach enables the board to get a well-rounded picture of the CEO/ED's performance.)

  The board chair or vice chair – or the governance committee chair, if the board has one – should manage the evaluation process and present the final evaluation to the CEO/ED both in a face-to-face meeting and in writing. However, the board as a whole agrees on the feedback to be provided to the CEO/ED.

5.4 CEO/ED compensation

Major stakeholders, especially major funders (government and other), are sensitive to CEO/ED and other senior management compensation levels as they relate to comparable organizations (external equity) and to internal equity. A board, in turn, is charged with attracting and retaining accomplished executives and should ensure that its CEO/ED compensation decisions are equitable, reasonable and effective.

Essential tools for effective board oversight of an organization's compensation include:

- an up-to-date CEO/ED job description for the organization
- an executive compensation policy: compensation principles (e.g., Where does executive pay fall within the market of comparable organizations? Is there pay for performance?), compensation components (e.g., base pay, bonuses, pension and other benefits), and when cost-of-living and other adjustments are made
- access to external market surveys of executive compensation paid by other comparable organizations, looking at base compensation, performance bonuses and benefit levels
  - If the organization belongs to an association, the association may have information on compensation practices within the sector
- CEO/ED compensation tied directly to the organization's strategic plan (see Section 5.2) via an annual CEO/ED performance effectiveness plan – and a rigorous process (see Section 5.3)

5.5 Successful board meetings

A board meeting can be successful only if it is *effective* – focused on board-relevant topics and fact-based board decision-making – and *efficient* – not wasteful of directors' and management's time. Accomplishing this requires a board chair adept at planning and facilitating meetings. The latter duty should include: ensuring that all directors have an opportunity to contribute to the discussion; keeping the discussions on topic; managing the agenda timetable; and ensuring deliberations are frank, respectful and courteous.

Other important conditions for success include the following:

- Directors come prepared for board meetings:
  - The board should receive management's information package – often referred to as the "**board package**" sufficiently (preferably a week) in advance of board meetings containing board-appropriate content:
    - It should be void of operational minutiae and presented in a suitable communication format. For example, slide decks prepared for management decisions are ill-suited for board packages, in large part because the content contains much operational detail not relevant to board deliberations.
    - The board package includes an agenda – which should be jointly prepared by the board chair and CEO/ED, labelled with a clearly stated purpose for each agenda item. For example, "for decision," "for information," "for review and guidance to management." Each agenda item should include the time allotted to it.
    - The agenda may, but need not, include a "consent agenda." A consent agenda is intended to improve board meeting efficiency by combining several routine board items (not requiring board discussion) which can be approved by one, instead of several, motions (see sidebar). Generally speaking, smaller organizations seldom require a consent agenda.

      The board decides what to include in a consent agenda. Usually these are items provided to the board for information and not requiring board discussion, such as routine management

> The quality of the decision support provided to the board by management is critical for effective board decisions. It is the board's responsibility to inform management (via the board chair or governance committee chair) of the information quantity, quality and format it requires.

> When considering whether or not to use a consent agenda, the board should keep in mind two limitations:
>
> 1. the appropriateness of including significant board-level items
> 2. the time-saving value of setting this agenda; should a director or directors wish to discuss an item in the consent agenda, this requires a board motion and vote to pull the item in question out of the consent agenda and add it to the regular agenda – thereby losing some of that time-saving value

reports and other information related to or affecting the organization (e.g., news stories, upcoming legislation changes or proposed changes etc.). Items meriting board deliberation should not be included in consent agendas – for example, board minutes, since they are the official record of board deliberations.

— Directors know the behaviours and obligations expected of them in preparing for, and participating in, board meetings.

The board should also consider circulating draft board minutes within a week of the meeting.

- Action items and accountability for following up should be highlighted.
- Minutes should be succinct: a summary, not verbatim, account of the key points discussed and decisions taken under each agenda item.

Alternatively, the board should consider circulating within a week of the meeting a list of action items decided on during the meeting, including who is accountable for each action item. This helps ensure prompt follow-up on the action items.

5.6 Board oversight of risk

Risk oversight is one of the most difficult challenges for not-for-profit organizations, and especially under-resourced small and medium-sized organizations. Organizational risks take many forms: strategic risk (dramatic changes in the organization's operating environment, such as withdrawal of key government funding); loss of key personnel; service disruption due to labour unrest, climate disruption or failure of communication or IT functions; cultural and reputational risk, such as sexual harassment allegations; serious data privacy breaches, and more generally cyber-attacks and missed opportunities to enhance service, reduce costs or form alliances and partnerships.

Effective board oversight of organizational risk should include:

- Ensuring that the board directors collectively:
  - — Have sufficient diversity of experience and expertise (see **Appendix 3.3**).
  - — Have a solid understanding of the organization's services and operating model, and regularly scan the external operating environment.
- Ensuring that:
  - — The organization's strategic plan has taken strategic risk into account (the organization's risk appetite).

- The organization has a developed a risk / heat map which is updated annually.[16] Management reviews the risk map with the board each year, focusing on management's progress in improving its ability to mitigate the risks.
- The organization has a whistleblower policy and process.
- The organization has a business continuity plan, including communications accountability (internal and external) and the board's role. The organization is trained on the business continuity plan (such as using mock run-throughs of elements of the plan); and all employees are trained on best practices for countering cyberattacks.
- Management uses internal and external benchmarks to gauge the quality and quantity of the organization's services and the efficiencies and security of its systems and operations.
- Management regularly reports to the board on the organization's progress in meeting critical contractual obligations (for example, service contracts with government funders) and on key organizational culture or health issues (for example, employee engagement surveys, staff turnover rates, health and safety indicators and, if unionized, grievance trends, etc.)

5.7 Workplace health and safety

Health and safety is a board accountability, not "just an HR function." Board and director accountability for health and safety has become more complex: The definition now includes harassment, mental health and expanded coverage – in addition to paid employees, health and safety protections include independent contractors, interns and volunteers. Regulatory and criminal penalties have become more severe.

Workplace health and safety failures can have onerous consequences: mental or physical injury; loss of trust, reputation and goodwill of employees, volunteers and external stakeholders; and involvement of the media.

Good board practice should include:

- ensuring workplace health and safety is integral to the culture and values of the organization and board, including appropriate policies, and effective processes and practices (such as safety practices, diversity and inclusion):
  - setting the "tone at the top"
  - sensitivity to stakeholder expectations
  - accountability of all management levels for workplace health and safety

16 See *A Framework for Board Oversight of Enterprise Risk*.

- ensuring a trusted whistleblower policy is in place, understood by employees and volunteers
- monitoring accountability – including using comparative external data (such as from the Association of Workplace Compensation Boards of Canada)
- requiring regular workplace health and safety audits of the organization by an accredited internal or external auditor, as appropriate
- ensuring the organization has a tested “critical incident response plan” with a clearly defined board role
- and, if the organization operates internationally, ensuring volunteers and their on-site supervisors are trained and fully informed (in everyday language) of the risks they face in their assignment

Individual directors can protect themselves by:

- being knowledgeable about health and safety legislation that applies to the organization
- visiting the organization’s work site(s)
- being sensitive to stakeholder expectations
- acting reasonably and lawfully, with honesty and good faith
- understanding the organization’s director and officer liability insurance coverage

5.8 Crisis management

Crises are harmful events that happen unexpectedly to an organization, where the stakes are high and time is of the essence for the organization to contain and mitigate harm or potential harm.

For example, the 2020 COVID-19 pandemic created a triple existential crisis for not-for-profit organizations: normal fundraising (both the process and amount) was severely crippled; pandemic containment protocols (such as personal distancing) disrupted normal service delivery practice; and demand for many services increased dramatically.

Often, the crisis jeopardizes the organization’s reputation and trust with its stakeholders and, in extreme cases, its survival. A crisis can range from a serious on-the-job injury to an employee, to an accusation of wrongdoing against the organization or individuals within the organization. Or, it can be an action by another entity that threatens the immediate viability of the organization: A major funder withdraws significant funding on short notice, or a cyberattack causes a serious data privacy breach or cripples the organization’s operating systems.

Effective board oversight in these situations should include ensuring that:

- The organization has a crisis management plan, which includes a crisis management team, guidance for communications to and by the board and with employees, the external stakeholders and the general public. Decision-making in a crisis needs to be fluid, so a crisis management plan and team crosses normal hierarchical relationships. The plan should be checked and double-checked for clarity and kept up to date. A board may wish to get external advice in developing the plan. It may wish to go further and, in advance of any crisis, consider arranging with external specialists who can assist should a crisis hit. The plan should be linked to, but separate from, the organization's business continuity plan, as the latter will be more detailed and prescriptive.
- Board leadership is immediately available for consultation with management and for communication with other directors, to receive insights from those directors on what they are seeing and hearing from their networks.
- The organization is being transparent, objective and principled in handling the crisis and any possible unintended consequences.

5.9 The board's role in fundraising

Broadly speaking, an NFP has two types of fundraising: one, funds to self-finance a portion of its operations; and two, payments from governments to deliver specific services or programs.

In the case of fundraising to self-finance a portion of operations, the fundraising environment has evolved:

- Although individual donations are an important source of funds, private foundations account for much of the recent growth in donated funds.
- Corporate and private foundation giving has become more niche (or specific cause) focused.
- Small and medium-sized NFPs should keep in mind that fundraising events (as opposed to fundraising campaigns) require great organizational effort for a limited or low financial return. (However, they may be a useful vehicle for building community awareness and interest in, and support for, the organization.)
- Continuing donor support requires that the organization:
  - steward its donors
  - treat its donors as partners to the extent possible and permissible
  - be loud in donor recognition

In the case of raising funds from government or other agencies to fund delivery-specific services, the environment also has evolved:

- increased funder expectations for demonstrated accountability, with a transition from being activity-focused to outcomes and/or impact-focused
- increased encouragement to collaborate with other organizations to address specific issues or to reduce redundancy in the system

Continued support from government requires that the organization:

- Strengthen its information systems.
- Treat its funder relationship as a partnership.
- Maintain trust between the organization and the funder – monitor government relations signals.

Board accountability in either case should include:

- ensuring that all directors have a passion for the organization's cause, balanced with clear-eyed objectivity[17]
- ensuring diligent stewardship of the funds raised are accounted for and used as intended
- being sensitive to the risk of being too reliant on a few donors or government funders
- knowing the needs, preferences and expectations of your organization's stakeholder base; promoting your organization's services; and facilitating communication channels, as appropriate
- demanding data privacy and transparency if a data breach occurs; this applies to the organization's internal systems and to any third-party organizations contracted to manage fundraising on the organization's behalf or provide other services
- ensuring appropriate director / officer and organizational liability insurance is in place
- ensuring fundraising costs don't distort acceptable cost / revenue ratios

If a charity decides to set up a separate foundation to handle fundraising:

- Be clear on the relationship between the foundation board and the "operations" board.
- Explicitly nurture the foundation board.
- Understand the legal and taxation implications.

17 See Michael M. Kaiser, *Leading Roles: 50 Questions Every Arts Board Should Ask*, (Lebanon, NH: University Press of New England, 2010).

Where to Find More Information

CPA Canada Publications on Not-for-Profit Governanace

Available at www.cpacanada.ca/nfpgovernance

Other References

Governance models

Macnamara, D & Banff Executive Leadership Inc. (April/May 2005). Models of Corporate/ Board Governance. *Leadership Acumen, 21*.

Bradshaw, P., Hayday, B. & Armstrong, R. (2007). Non-profit Governance Models: Problems and Prospects. *The Innovation Journal: The Public Sector Innovation Journal, 12(3)*.

Carver, J. (2006). *Boards That Make a Difference; New Design for Leadership in Nonprofit and Public Organizations*. San Francisco: Jossey-Boss.

Carver, J. Carver, M. (2012). *Carver's Policy Governance® Model in Nonprofit Organizations*.

Christopher Wilson & Associates. (2009). *Youth Services Bureau: Models for Not-For-Profit Governance. Ottawa*.

Duca, D. (1996). *Non-profit Boards: Roles, Responsibilities and Performance*. New York: John Wiley & Sons, Inc.

Gill, M.D. (2005). *Governing For Results: A Director's Guide to Good Governance*. Victoria: Trafford.

Governance guidance

The Muttart Foundation & Alberta Culture and Community Spirit. (2008). Board Development: *Board Building – Recruiting and Developing Effective Board Members for Not-for-Profit Organizations*. Edmonton

Imagine Canada Standards Program.

Mollenhauer, L. (2010). *Benchmarks of Excellence for the Nonprofit Sector*. Toronto.

Deloitte Centre for Corporate Governance. (2013). *The Effective Not-for-Profit Board – A value-driving force*.

Board dynamics

Mina, E. (2009). *101 Boardroom Problems (and how to solve them)*. Toronto: Amacom.

Brown, J. (2006). *The Imperfect Board Member*. San Francisco: Jossey-Boss.

Evans, G. (2010). *Corporate Governance Culture*. *Poznan University Economics Review, 10(2)*.

Stoesz, E. (2007). *Doing Good Even Better: How to Be an Effective Board Member of a Non-profit Organization*. Intercourse, PA: Good Books.

Kaiser, Michael M. (2010) *Leading Roles: 50 Questions Every Arts Board Should Ask*. Waltham, MA: Brandeis University Press.

About the Author

Don Taylor, MBA, ICD.D

Don Taylor has served on not-for-profit boards of local, regional and provincial organizations in the association, arts, healthcare, fundraising and children's services sectors. His board experience includes leadership of board governance and compensation committees, and board policy development, including design and implementation of CEO performance effectiveness policy.

Don also understands board governance from management's perspective, having reported to boards during his 10 years as a business economist and more than 20 years as a human resources executive – in a wide range of sectors: telecommunications, government, commercial R&D, healthcare and child welfare.

He is a member of the Institute of Corporate Directors and of the Institute's Ontario (Greater Toronto Area) Chapter Executive Team. Don also volunteers with CESO, assisting First Nations organizations.

Don is a graduate of the University of Regina (BA Honours Economics), and Western University (MBA). He holds an ICD.D designation from the Institute of Corporate Directors.

CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

277 WELLINGTON STREET WEST
TORONTO, ON CANADA M5V 3H2
T. 416 977.3222 F. 416 977.8585
WWW.CPACANADA.CA