



**Introduction to Governance**  
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**Introductions & Opening  
Comments**



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## Ground Rule

For This Training Session AND all Committee Meetings Going Forward

### There are NO stupid questions!

- Board members are held to the standard of a 'reasonably prudent' person
- This means asking questions when you are uncertain of anything you are being asked to decide upon
- Do not assume others understand a topic better and don't have the same questions
- Board and Committees need to be diligent regardless of comfort with staff



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## Context: For-profit vs. Not-for-profit Perspective

### For-profit – Business/Tax Perspective

- Focus on generating profitability for shareholders
- Management will work towards growing revenues, improving margins, reducing costs, tax minimization strategies

### Not-for-profit – Purpose Perspective

- Focus on meeting the organization's mandate/serving its constituents efficiently
- Board and management should focus on stewardship of assets, managing risks and allocating resources towards meeting mission
- Consider risks that may jeopardize organization/negatively impact programs (may include cost minimization strategies)



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## General Responsibilities of Directors

### Basic Responsibility

- To “manage or supervise the management of the activities and affairs of the corporation” (ONCA)
- “To oversee the conduct of the business and to supervise management which is responsible for the day-to-day conduct of the business”
- Since board involvement is intermittent, responsibility is more supervisory (stewardship) than management
- However, with District Committees, you do have staff support, but take on somewhat of a hybrid role between oversight and management



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## General Responsibilities of Directors

### Fiduciary Duties

- Due of care, diligence and skill
  - Duty of care – “to act honestly and in good faith with a view to the best interests of the corporation” (ONCA)
  - “Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances” (ONCA)
- Your primary obligation is to the corporation, not to individual members, the membership collectively, funders or others
  - Conflict between what members want and what the organization needs?



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## Delegation of Authority

Directors may delegate certain responsibilities to others within the organization, generally ultimate responsibility still rests with Board/Committee

- Management
  - Board – strategic/policy; Management – operational/policy implementation
  - Management has latitude to put strategies into place, but also responsibility to provide detailed budgets, workplans and ongoing reporting to Board
  - Board as one unit – individual directors do not generally have individual authority
- Officers
  - Specific roles for President, Vice-President, Treasurer and Secretary



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## Delegation of Authority

- Other Regular / Standing Committees
  - Governance
  - Finance
  - Executive
  - etc.
- Special / Ad-Hoc Committees - to address particular issue
- Must exercise due care in selecting competent individuals for the above roles – **the board can *delegate*, but not *abdicate* its responsibility**



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## Director Liability

### The scary part....

- Increased focus on transparency and accountability and increased scrutiny of boards
  - Up to a point, this is a positive development
- Employee-related liabilities
  - May be liable for up to six months wages payable to employees and twelve months' vacation pay
  - Liability to taxing authorities for taxes to be withheld (Income Tax Act, Employment Insurance Act, Excise Tax Act)
  - Liability to provide a safe workplace – may result in personal fines to directors/officers



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## Director Liability

### ... but there's hope!

- Director protection / Due diligence
  - Defences – reasonable diligence and good faith (ONCA)
  - Reliance on professional advice
- Indemnification and insurance
  - Indemnification of directors by corporation
  - Directors & officers insurance can effectively cover off *financial* liabilities
  - While these protections are important, they are not fail safe... still have to exercise diligence and good judgement



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# Specific Board Responsibilities

## Understanding organization's purpose & Governance

### Understanding organization's purpose and represent best interest of organization

- Activities / resources of the association should align with its mission, and strategic direction

### Governance

- Adopting, amending or repealing by-laws
- Determining rules for how board conducts itself, provides stewardship, addresses risk, oversees operations



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# Specific Board Responsibilities

## Strategy and Planning & Risk Management and Oversight

### Strategy and Planning

- Responsible for setting strategic direction of organization based on input from staff/management and other stakeholders (e.g. members/funders/government)

### Risk Management and Oversight

- Risk types: Financial, infrastructural, reputational, strategic, market/competitive, legislative, operational, human resource, IT, etc.
- Various risk management tools are available to assess the likelihood and severity of risks, in order to guide decision-making
- Identify and assess 'big picture'/organizational risks and oversee plan to mitigate, eliminate or accept risks



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## Specific Board Responsibilities

### Financial Reporting and Performance Management

- Can be largely delegated to Finance Committee, but ultimate responsibility rests with the Board
- Individuals cannot absolve selves of responsibility because there are others on the board with financial expertise ('reasonably prudent person' concept)
- Approval of annual financial statements cannot be delegated under most legislation
- Various measures of concern:
  - Actual results vs. budget / Actual results vs. prior year
  - Sufficiency of equity / reserves for sustainability/ contingencies, growth, new programs, capital acquisitions...
  - Performance of investments
  - Many, many others



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## Specific Board Responsibilities

### Human Resources & Public Relations

#### Human Resources

- No staffing responsibilities except in relation to Registrar
- Big picture risks & budgets for HR
- All other staffing responsibilities belong to Registrar

#### Public Relations

- Directors are a public face of the organization in the community
- Changing expectations for conduct of directors - what may have been acceptable in the past, probably isn't any more
- Higher level of scrutiny - effect of social media and the proliferation of information



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# Specific Board Responsibilities

Board Recruitment, Development and Assessment & Other Responsibilities/Issues

## Board Recruitment, Development and Assessment

- Evaluation of existing board performance and assessment of needs for future board members

## Other Responsibilities/Issues

- Understand role and responsibilities (and time commitment) and commit to full and active participation
- Social media - blurred lines between personal communication and organizational responsibility



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# Role of Committee Chair

- Manage committee work plan for the year
  - Ensure regular/recurring matters are scheduled for future meetings
  - Ensure emerging/one-off issues are dealt with on a timely basis
- Work with primary staff contact to set agenda for meetings
- Chair meetings
  - Ensure all voices at the table are heard - and no one member is dominating
    - May need to draw out opinions of less vocal members
  - Ensure all topics on agenda are covered in sufficient depth - BUT also ensure agenda is covered in a reasonable time
    - May need to cut some discussions off if committee is 'spinning its wheels' or no additional value is coming from the conversation
- Regular communication with primary staff contact between meetings
- Assess contributions of fellow members and (sometimes) to deal with issues
- Spokesperson for the organization (may be delegated or shared with management)



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## Role of Committee Member

- Prepare for every meeting
  - Review documentation in advance and come to meetings prepared to discuss questions and concerns
- Speak up!
  - A board/committee is only as good as the voices raised at meetings
  - Decisions made by boards/committees are generally better with more input and diverse opinions
- Be *reasonably prudent* - if you don't know... ask!
- Represent the voices of those who elected you to the committee
- Act in the best interest of the organization - ALWAYS!
- Support decisions made by the board/committee



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## Running Effective Meetings

### Purpose of Committee Meetings

- Allow the committee to fulfill its duties and responsibilities
- Set strategy, manage risk and exercise oversight
- Ensure strategic direction of the organization is being followed
- Conduct the business of the organization at a strategic level (note: committees often also work at an operational level)
- Make important strategic/organization-level decisions
- Provide producer input to the organization
- Serve as a sounding board to staff



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# Running Effective Meetings

## Parliamentary Procedure / Robert's Rules of Order

- Robert's Rules of Order is the best known set of rules that dictate how boards conduct business
  - Designed to maintain order, promote equal input and consideration of all perspectives and ensure orderly decision making
  - Generally an agenda will include a call to order, approval of the agenda, review of minutes, reports of management and committees, business carried forward, new business, announcements and adjournment
- While the full rules of order are beyond the scope of this presentation, discussing some of the terminology is important:
  - Quorum - a minimum number of directors required at a meeting to allow the board to make decisions
  - Motion - a proposal to bring a subject forward for consideration
  - Second - support of a motion raised as worthy of consideration - required to put the matter before the board



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# Running Effective Meetings

## Parliamentary Procedure / Robert's Rules of Order (cont'd)

- Amendment - a proposal to change a motion on the table in some way - usually not a major change - e.g. "I propose to amend the motion to include ..."
- General practice is to have a motion raised and seconded, followed by discussion on the matter, prior to the chair calling a vote
- Vote may be verbal, by show of hands, recorded vote or anonymous vote
- Less common, but still useful terms...
  - Tabling/postponing a motion - a decision to postpone a decision
  - Subsidiary Motion - a motion raised to modify how a main motion is handled - to be voted on before the main motion - e.g. to require a recorded vote
  - Privileged Motion - a motion to bring up urgent items about special matters unrelated to current business on the table
  - Incidental Motion - a motion to question/determine procedure related to other motions - must be considered before the other motion - e.g. to request an in-camera discussion prior to the vote on the other motion



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# Running Effective Meetings

## Tips for Meetings and Decision Making & Virtual Meetings

### Tips for Effective Meetings and Decision Making

- All voices heard as much as possible – don't be a wall-flower, but don't dominate either
- Stay on topic - consider matters in the order shown in the agenda
  - If a matter isn't on the agenda, amend the agenda to add under new business

### Tips for Virtual Meetings

- Cameras on!
- Use the tool's features – e.g. raise hand feature for votes, share screen for important documents, breakout rooms for 'in-camera' or sidebar discussions, etc.
- May need to split agenda due to limited ability to focus – 2 or 3 hours maximum
- Hybrid (some virtual/some in-person) can work, but it's not easy...
- Ensure you have someone present who knows the software inside-out



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## Meeting minutes

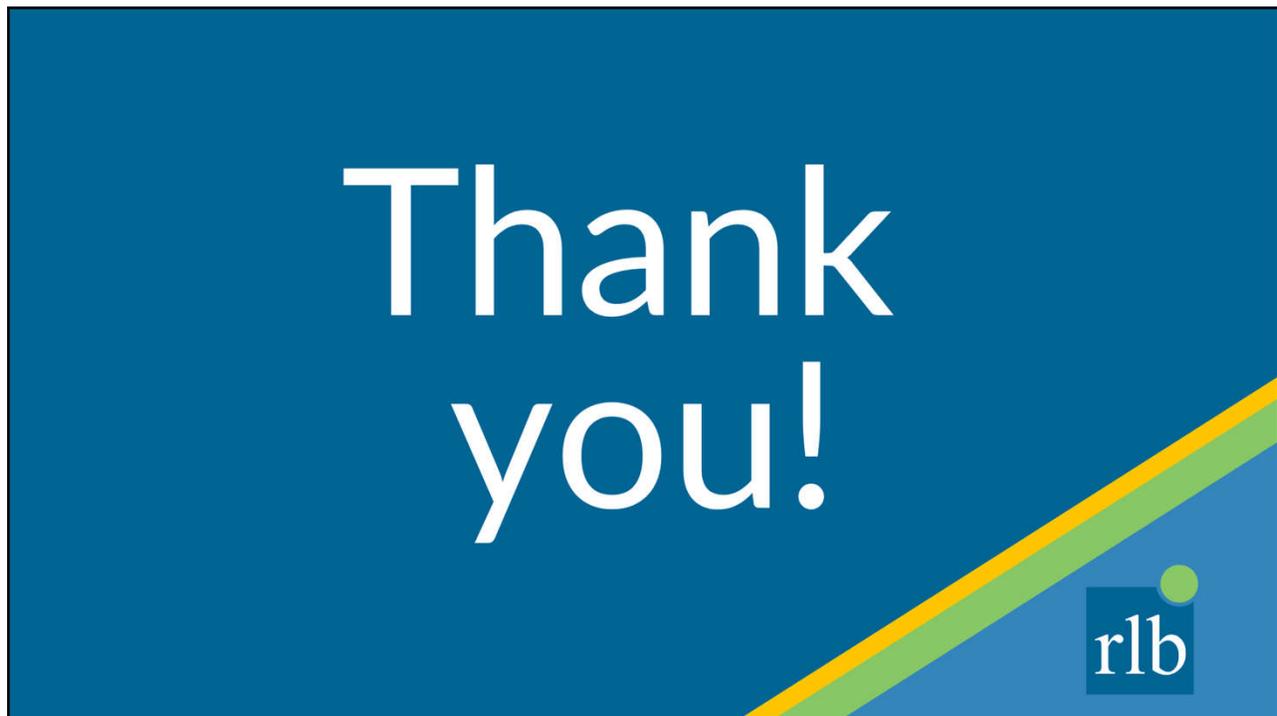
- Minutes are an important tool to demonstrate that the committee is fulfilling its duties and meeting its responsibilities
- Should be reasonably detailed to describe not just the decisions made by the committee, but also various alternatives that were considered, risks involved, and significant factors which went into the decision to select one alternative over another
- Particularly important for decisions which could be especially contentious
- Closed/in-camera session minutes should be kept – may need an alternate method to record and store those meeting minutes depending on who is participating in that session
- District Chair's role is to bring policy issues to the membership through resolutions or to raise important issues to their director
- Resolutions need to be passed by motion at the district level – requiring a motion (mover), second and majority vote



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