

## Board Governance

**Definition:** All registered charitable organizations and nonprofits registered as corporations are required by law to have a Board of Directors or trustees. The nonprofit board is legally responsible for the 'governance' of the organization.

### What is a Board of Directors?

A Board of Directors is a group of people legally charged with the responsibility to govern, or oversee, a corporation, whether for-profit or non-profit. In a non-profit corporation, the Board is responsible to the stakeholders, particularly the local communities which the non-profit serves. The non-profit is owned by the public.

### What does board governance include?

How an organization makes decisions is critical to its effectiveness. A strong board and governance structure can help an organization weather critical crisis. Board governance can include all of the following and varies significantly depending on the organization:

- Focus on accountability and liability
- Liability insurance policy for board members
- Conflict of interest, disclosure and all other policy development
- Roles and responsibilities of board of directors
- Roles and responsibilities of staff and volunteers<sup>1</sup>

### Are there different kinds of boards?

There are several types of boards. Some are quite informal and loosely structured and others are very formal and highly structured. How a board chooses to organize itself will greatly influence how members work together to govern the organization and how staff might interact with them. There is no one 'perfect' board design for all types of non-profits.

- Working Governing Board – also referred to as Administrative Governing Board
  - Board members attend to the top level strategic matters and at the same time attend to the day to day matters of the organization
  - Usually arises when the organization is just getting started and cannot afford staff or prefers to operate completely on a volunteer basis
  - Nature is usually rather flexible and informal
  - Board members and staff work together
- Policy Governing Board
  - Often viewed as a structure for more 'mature' organizations
  - Board members attend primarily to strategic matters while staff attend to day to day matters

Governance may be defined as the exercise of authority, direction and control of an organization in order to ensure that its purpose is achieved.

It refers to who is in charge of what; who makes decisions about what; who sets performance indicators, monitors progress and evaluates results; and who is accountable to whom for what.

### Good governance involves:

- Vision, values and vigilance
- Participation
- Destination, direction and decisions
- Transparency
- Resources
- Monitoring performance
- Accountability

<sup>1</sup> Paraphrased from *Governing for Results – A Director's Guide to Good Governance* by Mel D. Gill

## Governance Documents

There are four key types of documents that Boards use to organize themselves and carry out their operations.

## Articles

*This governing document specifies the name, purpose or mission of the organization, place of business, primary officers, etc...*

## By-Laws

*These are the Board's overall specifications of how the Board and organization will be configured and operated. By-Laws often specify the number of members, length of the terms, officer positions, how votes will be conducted, etc...*

## Board Resolutions

*Key decision made by a Board and recorded in order to bring attention to a major decision.*

## Board Policies & Procedures

*Board policies are guidelines for how the Board members want to work together. Topics include conflicts of interest, confidentiality, check signing and ethical practices.*

- The definitive characteristic of a policy board is the presence of a variety of Board committees and an Executive Director or Chief Executive Officer who reports to the board
- Policy Governance® Board
  - Designed to ensure that Board members always operate in a fashion that maintains strong, strategic focus for the organization
  - Focus on policies that determine the 'ends' for the organization to achieve and leaves the 'means' up to the staff to decide
  - Set limits within which the Executive Director or Chief Executive Officer operates
  - Policy Governance is a registered trademark of Carver Governance Design, Inc.
- Collective Board
  - Really like a team effort
  - Board members and staff share equal responsibility in deciding strategic matters and carrying them out as well

There are other structures as well: church boards tend to organize and operate according to the regulations of its particular church law. School Boards often resemble policy boards but not always.

## Resources

### Articles of Interest

A-Z of Board Governance

Board Source: Building Effective Non-Profit Boards

<http://www.volunteerbc.bc.ca/tools/governance.html>

Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector

Panel on Accountability and Governance in the Voluntary Sector

<http://www.vsr-trsb.net/pagvs/Book.pdf>

Board Basics: A Primer for Community Development Organizations

The Enterprise Foundation

[http://www.enterprisecommunity.org/resources/tutorials/housing\\_development/documents/board\\_basics\\_manual\\_1.pdf](http://www.enterprisecommunity.org/resources/tutorials/housing_development/documents/board_basics_manual_1.pdf)

### Books or CDs

Governing for Results: A Director's Guide to Good Governance

Mel D Gill 2005

Board Member Special Edition: The Non-Profit Survival Guide

Board Source

Field Guide to Developing and Operating Your Nonprofit Board of Directors

Carter McNamara 2002