

Governance Resource Kit

Achieving Great Governance:



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Board Governance Assessment Tool

Governance Area	<i>Board is Doing Well</i>	<i>Board Needs to Do More Work</i>	<i>Board is Weak in this Area</i>	<i>Next Steps to Address any Weaknesses and Maximize Strengths</i>	<i>Board Lead/Timing</i>
FIDUCIARY managing finances and resources					
FIDUCIARY meeting our legal responsibilities					
FIDUCIARY setting and adhering to sound operational policies and practices					
FIDUCIARY effective supervision, oversight and support of the senior staff person (CEO or Executive Director)					
FIDUCIARY ensuring our buildings and facilities are in good repair now and in the future					

Governance Area	<i>Board is Doing Well</i>	<i>Board Needs to Do More Work</i>	<i>Board is Weak in this Area</i>	<i>Next Steps to Address any Weaknesses and Maximize Strengths</i>	<i>Board Lead/Timing</i>
FIDUCIARY measuring our organization's performance					
FIDUCIARY governance structures and bylaws are in place					
FIDUCIARY undertaking effective risk management, with the CEO/ED providing useful risk management analysis to the Board for consideration					

Governance Area	Board is Doing Well	Board Needs to Do More Work	Board is Weak in this Area	Next Steps to Address any Weaknesses and Maximize Strengths	Board Lead/Timing
STRATEGIC setting mission, vision and values					
STRATEGIC exhibiting awareness of our environment					
STRATEGIC participating in annual planning retreat					
STRATEGIC dedicating time and space for strategic discussions					
STRATEGIC establishing a formal strategic plan that guides operations					
STRATEGIC oversight of business or operational planning					
STRATEGIC receiving regular reports aligned to strategic priorities and reporting on annual business or operational plan					

Governance Area	Board is Doing Well	Board Needs to Do More Work	Board is Weak in this Area	Next Steps to Address any Weaknesses and Maximize Strengths	Board Lead/Timing
GENERATIVE listening and responding to community needs					
GENERATIVE creative about the way we do our work					
GENERATIVE encouraging diversity on Board					
GENERATIVE everyone participates in Board discussions and deliberation					
GENERATIVE establishing partnerships and collaboration for greater results					
GENERATIVE celebrating successes					
GENERATIVE supporting revenue generation and fundraising strategies					
GENERATIVE playing an active role as ambassadors in the community					

Governance Area	Board is Doing Well	Board Needs to Do More Work	Board is Weak in this Area	Next Steps to Address any Weaknesses and Maximize Strengths	Board Lead/Timing
SELF-GOVERNANCE STEPS knowing our Board model and adhere to it					
SELF-GOVERNANCE STEPS knowing our Board roles and responsibilities and the CEO/ED roles and responsibilities					
SELF-GOVERNANCE STEPS President and CEO/ED clearly understand their shared and distinct roles and responsibilities					
SELF-GOVERNANCE STEPS established and adhered to governance policies with job descriptions and terms of references					
SELF-GOVERNANCE STEPS established and adhered to code of conduct					
SELF-GOVERNANCE STEPS high degree of trust for each other, the President and CEO/ED					

Governance Area	Board is Doing Well	Board Needs to Do More Work	Board is Weak in this Area	Next Steps to Address any Weaknesses and Maximize Strengths	Board Lead/Timing
SELF-GOVERNANCE STEPS established recruitment and succession strategies					
SELF-GOVERNANCE STEPS effective processes for board orientation and training					
SELF-GOVERNANCE STEPS running effective meetings					
SELF-GOVERNANCE STEPS successful and clear deliberation and decision making processes					
SELF-GOVERNANCE STEPS strong teamwork and communication					
SELF-GOVERNANCE STEPS effective communication at the Board table and between meetings					
SELF-GOVERNANCE STEPS effective committees work and processes					

Governance Area	<i>Board is Doing Well</i>	<i>Board Needs to Do More Work</i>	<i>Board is Weak in this Area</i>	<i>Next Steps to Address any Weaknesses and Maximize Strengths</i>	<i>Board Lead/Timing</i>
SELF-GOVERNANCE STEPS continual improvement of the Board process itself					



Board Models

Prepared by Suzanne Gibson

Role of the Board of Directors

Spectrum of different Board models

Working or Administrative Board Model

Board does the work of the organization as well as governs it - it is operationally involved. Senior staff role is one of coordination and communication with staff and Board.

Policy Board (Traditional) Model

Board governs and oversees operations through committees but *delegates the management* functions to the Executive Director or Property Manager

Policy Governance (Carver) Model

The Board governs through policies that establish organizational aims (ends), governance approach, and management limitations that define the Board/Executive Director or Property Manager relationship.



Types of Boards

A Working or Administrative Board

- The Board does the work of the organization as well as governs it. This is typical of a Board in the founding stage where the group must rely on Board members and volunteers to achieve its aims – or in smaller organizations.
 - involved in governance, management and operations
 - provides policy and general direction as well as helps in practical ways: building maintenance, organizing events, drafting documents, preparing budgets, etc.
 - Board members often volunteer in the administration of the organization and make operational decisions.
 - responsibilities: planning, finance, human resources, organization operations, community relations.



Types of Boards

A Policy Board (Traditional)

- the Board governs and oversees operations through committees but *delegates the management* functions to the Executive Director.
- committees are used to process information for the Board and sometimes to do the work of the Board.
- the Executive Director is responsible for operations and management and has a primary reporting relationship to the Board through the Chairperson.
- committees rely on the support of staff and review staff recommendations and provide community feedback which goes back to the Board for consideration.
 - most common structure for this model is a hierarchy.
 - Board has a Chairperson, active Executive Committee, and a number of committees.
 - Executive Committee is often empowered to do the work of the Board between Board meetings.
 - Chairperson and ED act as key liaisons between staff and Board.



Types of Boards

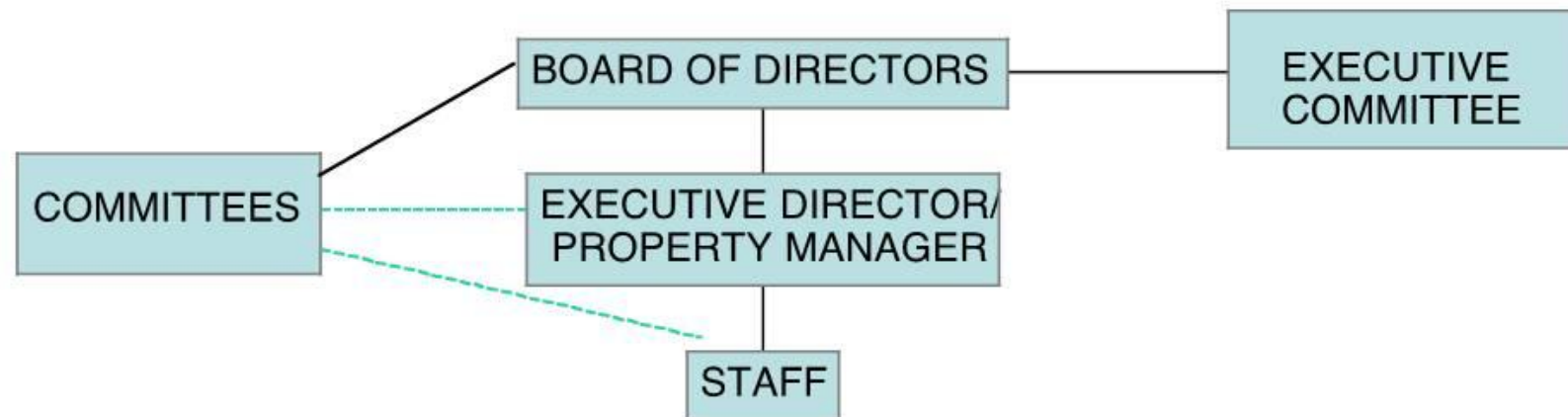
A Policy Board (Traditional)

- the Board sets policies and procedures.
- Planning Committee draws up plans for Board.
- Volunteer Treasurer, Finance Committee, Board reviews financial statements.
- extensive committee structure supported by staff to do work of the Board.
- board receives reports.
- decisions made by voting.
- effective for larger housing organizations with a range of programs and services where a skilled E.D./Manager is in place. Board members must have an interest in setting policy and willing to take a leading role on Board committees.
- challenge is that Boards may wander into operations and day-to-day management and micromanage the ED and staff.



Types of Boards

A Policy Board (Traditional)





Types of Boards

A Policy Governance Board (Carver Model)

- The Board governs through policies that establish organizational aims (ends), governance approach, and management limitations that define the Board/Executive Director relationship.
- The Executive Director has broad freedom to determine the means (operations) that will be achieved to accomplish the aims. The E.D. reports to the full Board. Committees are not used but task teams may be struck to assist the Board.
 - provides a hierarchical structure and method of proscribing limits on the Executive Director responsibilities.
 - focus is on mission, direction and general policy development.
 - determine ends to be achieved and means to the ends.
 - staff attend to all operations.
 - determines Board/Executive relationships and defines Board process.
 - individual officers' roles are minimized and there is a clear delineation of roles between Board, E.D., and staff.
 - broad discussion leads to decisions by consensus.



Policy Governance Model





Board and Organizational Life Cycles



Credit: Board Match, Altruvest

**Sample Board of Directors and Executive Director/PM's
Roles and Responsibilities
Based on a Traditional Policy Board Model**
Date

Executive Director/PMs Role

- Hired by and is accountable to the Board.
- Reports directly to the Chairperson of the Board.
- Responsible for administering the Society on behalf of the Board.
- Accountable for the overall management, administration and operations of ABC organization.
- Identifies key program, management, operational and financial issues and provides strategies and recommendations to meet these challenges.
- Ensures establishment, maintenance and coordination of strong communication with all the organization's stakeholders and constituents.
- Is delegated by the Directors the full authority to manage and direct business and Society affairs (except for the legal role of the Board and Board governance) while complying with all Society policies, limitations and approved budgets.
- Is delegated to employ and discharge agents and employees of the organization according to human resources policies and relevant executive limitations.

Detailed responsibilities are outlined in the Executive Director/PM's job description.

Roles & Responsibility

Policy Development and Issues Management

Board	Executive Director/PM
<ol style="list-style-type: none"> 1. Develops and approves all policies for the Society. 2. Reviews and amends policies. 3. Develops and approves public positions on issues related to the Society's mission and vision. 4. The Chairperson, Executive Director/CEO, and, where designated, specific Board members will act as spokespeople for the Society on policy and issue-based positions. 	<ol style="list-style-type: none"> 1. Acts as a resource person to the Board in policy development. 2. Implements and ensures adherence to policies at an operational level. 3. Monitors and recommends policy changes to the Board. 4. Identifies and recommends public positions on key issues related to the Society's mission and vision. 5. Communicates policies and Society's positions to the membership. 6. Alerts the Chairperson to all media and public requests for policy and issue positions.

Vision, Mission Statement and Strategic Goals

Board	Executive Director/PM
<ol style="list-style-type: none"> 1. Creates the vision, mission and strategic goals/plans. 2. Reviews the direction of the organization to ensure consistency with the mission and Society objectives. 3. Establishes related policies. 4. Monitors outcomes against vision, mission and strategic directions. 5. Drives a cyclical 3-year strategic planning process. 	<ol style="list-style-type: none"> 1. Helps to establish, set, implement and report on vision, mission statement and strategic directions. 2. Facilitates the implementation of ABC's 3-year strategic plan. 3. Supports the Board in the development of organizational policies. 4. Complies with and implements policies and provides recommendations to the Board regarding policy changes. 5. Sets annual operational objectives and work plans that are aligned to the Society's strategic direction and mission. 6. Reports achievements in this area to the Board on a regular basis.

Program Development and Implementation

Board	Executive Director/PM
<ol style="list-style-type: none"> 1. Reviews and approves program and operational planning and development. 2. Provides oversight to programs 3. Monitors and evaluates the services and Society's operations regularly. 	<ol style="list-style-type: none"> 1. Manages the operations, implementation and evaluation of all Society programs and services. 2. Ensures effective and efficient administrative management of ABC charity and its programs. 3. Develops, manages and oversees needs assessments and planning processes to define program priorities. 4. Acts as a resource person to the Board in the oversight of program planning and evaluation. 5. Develops, manages and evaluates services undertaken with partners. 6. Participates in community consultations, community education and broader coalition work. 7. Develops, implements and evaluates outreach initiatives, marketing plans and communication strategies.

Governance (Board Issues)

Board	Executive Director/PM
<ol style="list-style-type: none"> 1. Establishes Board job descriptions. 2. Defines the role of the Board and staff. 3. Develops governance policies to guide the Society (ethics, termination, code of conduct, conflict of interest, etc.) 4. Develops and reviews by-laws for approval by membership. 5. Sets annual Board goals and conducts annual Board evaluation. 6. Undertakes Board development training as required and appropriate. 7. Ensures Board succession planning for future Board members through the development and implementation of a strategic recruitment, nominations, and training program. 8. Reviews and selects professional liability insurance coverage. 9. Oversees and implements AGM strategy and agenda development. 	<ol style="list-style-type: none"> 1. Acts as a staff resource person to the Board of Directors. 2. Reports regularly to the Board on the work and outcomes of the Society and makes recommendations to guide the Society's priorities. 3. Secures professional liability insurance coverage for Board. 4. Provides support to the planning of the AGM.

Human Resources—Executive Director/CEO

Board (through the Executive Committee)	Executive Director/PM
<ol style="list-style-type: none"> 1. Develops Executive Director/CEO job description. 2. Develops and implements the protocol for recruiting, hiring, and terminating the Executive Director/CEO. 3. Evaluates the Executive Director/CEO's performance against predetermined goals. 4. Provides direction and guidance to the Executive Director/CEO. 5. Develops and ensures Society adherence to human resource policies/procedures according to the Employment Standards Act and the Board's fiduciary responsibilities. 6. Develops and approves a succession plan for the Executive Director/CEO. 	<ol style="list-style-type: none"> 1. Implements the human resource policies. 2. Alerts Board to personnel issues. 3. Recommends, implements and ensures a succession plan for the Executive Director/CEO position. 4. Participates in annual performance review and goal setting. 5. Commits to undertake professional development initiatives.

Human Resources—Other Staff

Board	Executive Director/PM
<ol style="list-style-type: none"> 1. Approves Executive Director/CEO's recommendations for recruiting, hiring, evaluations and terminations. 2. Supports the hiring process for Society staff, as required by the Executive Director/CEO. 3. Approves long-term human resource strategies and models. 4. Develops and ensures Society adherence to human resource policies/procedures according to the Employment Standards Act and the Board's fiduciary responsibilities. 5. Steps in to handle grievances at the appropriate level according to the Society's grievance policy. 	<ol style="list-style-type: none"> 1. Develops short and long-term human resource strategies and models that adequately staff the Society. 2. Develops job descriptions for staff. 3. Recruits, hires, supervises, evaluates and terminates staff. 4. Terminates Society employees only with the prior approval of the Executive Committee. 5. Ensures staff team succession. 6. Handles all staff concerns and facilitates conflict resolution according to the grievance policy.

Financial Management and Sustainability

Board	Executive Director/PM
<ol style="list-style-type: none"> 1. Determines policies, guidelines and parameters for fund development. 2. Approves funding that is consistent with the vision, mission and strategic directions of the Society. 3. Approves and signs all funder applications. 4. Advocates to funders on behalf of the Society jointly with the Executive Director/CEO. 5. Approves annual fundraising goals and plans. 6. Undertakes to fundraise on behalf of the Society. 7. Establishes a standing finance committee. 8. The Finance Committee establishes and reviews financial policies, controls and procedures that meet fiscal and legal requirements. 9. The Board approves policies, determines revenue requirements and monitors the annual financial position to date. 10. The Board approves the annual budget. 11. The Treasurer and Finance Committee review finances on a monthly basis. 12. The Board of Directors review financial statements on a quarterly basis. 	<ol style="list-style-type: none"> 1. Identifies and sources potential funding opportunities. 2. Represents the Society and cultivates relationships with funders and donors. 3. Advocates to funders on behalf of the Society with support from the Board of Directors. 4. Develops annual fundraising goals and plans. 5. Implements revenue generating plans and secures organizational fundraising targets. 6. Serves on the Finance Committee. 7. Develops the annual budget. 8. Implements financial policies, controls and procedures. 9. Prepares monthly and quarterly financial statements, cash flow projections, and variance reports. 10. Manages the day-to-day finances. 11. Forecasts and projects the Society's financial picture. 12. Defines and plans for the financial requirements and needs of the Society. 13. Brings issues and recommendations related to sustainability and finances to the Board for consideration.

Community Relations

Board	Executive Director/PM
<ol style="list-style-type: none"> 1. Represents the Society, its vision, mission statement and goals. 2. Promotes the Society to all stakeholders. 3. Speaks with one voice. 4. Informs members and community stakeholders of opportunities for involvement. 5. Approves all messaging regarding the Society's position on issues along with all media strategies. 6. The Chairperson, Executive Director/CEO and, where designated, specific Board members to act as spokespeople for the Society. 	<ol style="list-style-type: none"> 1. Promotes the Society to all stakeholders. 2. Speaks with the voice of the Board. 3. Represents the organization, its vision, mission statement and goals. 4. Informs members and community stakeholders of opportunities for involvement. 5. Manages all operations related to community relations including funder relations. 6. Implements media strategies and campaigns. 7. Acts as the "face" of the Society and liaises with the Chairperson to identify spokespeople, as appropriate. 8. As approved by the Board, plays an educational and change agent role in the community to ensure awareness and responses to local service issues and needs.

Standing Committees

Board	Executive Director/PM
<ol style="list-style-type: none"> 1. Establishes standing committees and approves all terms of references. 2. Standing committees to report to the Board of Directors. 3. Reviews and approves recommendations, new programs and initiatives. 4. Monitors and evaluates ongoing committee issues and needs. 5. Reviews the committee structure regularly to ensure cohesion and efficiency at the Society. 	<ol style="list-style-type: none"> 1. Acts as a staff resource person and ensures adequate staff resources for committees, as appropriate.

Membership Development

Board	Executive Director/PM
<ol style="list-style-type: none"> 1. Defines the role of members in Society programs and services, as also defined by the bylaws. 2. Approves membership policies as well as recruitment and development strategies. 	<ol style="list-style-type: none"> 1. Provides operational support in the development of a membership recruitment and development strategy. 2. Recruits and orients new members, as appropriate.

ABC Organization of Canada (ABC)

Board of Directors Code of Conduct and Confidentiality Agreement

Respect for confidentiality is the cornerstone of trust and confidence as well as a legislated obligation for Board members of the ABC Organization of Canada (ABCFC). Board members must at all times respect the confidentiality of the Foundation's work and operations.

All matters dealt with by the ABC Board during in-camera meetings and matters related to personnel must be held in strictest confidence. Confidentiality means Directors may not relate such matters to anyone including immediate family members. The duty of confidentiality continues indefinitely after a Director has left the Board.

Board members shall agree to the following Code of Conduct and Confidentiality Agreement upon joining the Board of Directors.

I, _____, a director of the *ABC Organization of Canada*, declare that, in carrying out my duties as a director, I will:

1. Support the objectives of the Foundation and serve the overall best interests of the Foundation rather than any particular constituency.
2. Demonstrate good faith, prudent judgment, honesty, transparency and openness in my activities on behalf of the Foundation.
3. Ensure that the financial affairs of the Corporation are conducted in a responsible and transparent manner with due regard for their fiduciary responsibilities and public trusteeship.
4. Conform to the By-law and policies approved by the Board, in particular this Code of Conduct/Confidentiality Agreement and the Foundation's Conflict of Interest policy.
5. Publicly demonstrates acceptance, respect and support for decisions legitimately taken in transaction of the Foundation's business
6. Exercise the powers of my office and fulfill my responsibilities in good faith and in the best interests of the Foundation.
7. Exercise these responsibilities, at all times, with due diligence, care and skill in a reasonable and prudent manner.
8. Keep confidential all information that I learn about personnel and any other matters specifically determined by board motion to be matters of confidence including matters dealt with during in-camera meetings of the Board.
9. Conduct myself in a spirit of collegiality and respect for the collective decisions of the Board and subordinate my personal interests to the best interests of the Corporation.
10. Avoid real or perceived conflicts of interest.

11. Immediately declare any personal conflict of interest that may come to my attention.
12. Immediately resign my position as director of the Corporation in the event that I, or my colleagues on the Board, have concluded that I have breached my 'Oath of Office.'

Signature:

Date:

Board Retreat
Friday, May 6th and Saturday, May 7th, 2022
Sample Agenda: With Allocated Time, Objectives and Supporting Materials per Meeting Segment

Retreat Goals:

1. To review and reaffirm ABC Organization to Independence's mission, vision and guiding principles.
2. To participate in Board governance training and to discuss strategies for continual improvement to enhance the Board's governance process moving forward.
3. To generate a shared and unified vision for ABC's future for the next 3 to 5 years.
4. To identify and discuss barriers and obstacles facing ABC's ability to realize its vision.
5. To review, create and commit to key strategic directions to guide ABC's next 3 years of operations, ensuring cohesion, success and impact.
6. To create a sense of teamwork, collaboration and commitment among Board members for the 3-year vision and for a strengthened Board governance process moving forward.

Friday, May 6th from 10:00 a.m. to 5:00 p.m.

<i>Time Allotted</i>	Item	Lead Person	Objectives	Associated Documents/Visuals
10:00 to 10:10 a.m. (10 min.)	Opening of the Meeting <ul style="list-style-type: none"> • Welcome and Chair's Remarks • Goals of the Retreat • Introduction of Facilitator 	Chairperson	<ul style="list-style-type: none"> • To set the context for the retreat and review goals for our 2 days together. <p><i>No decision required.</i></p>	<ul style="list-style-type: none"> • Goals posted on PowerPoint presentation developed by Facilitator.
10:10 to 10:15 a.m. (5 min.)	Guiding Principles for the Retreat <ul style="list-style-type: none"> • Review guiding principles for the retreat to confirm how the group wishes to work together 	Facilitator	<ul style="list-style-type: none"> • To set guiding principles and ground rules for ways of work for the two-day retreat. <p><i>Agreement on ground rules required.</i></p>	<ul style="list-style-type: none"> • Retreat guiding principles attached in document 1.0.

Sample Annual Calendar of Board Activities

January	<ul style="list-style-type: none"> • New budget year • Audit preparation starts • Review quarterly financial and managers' reports*
February	<ul style="list-style-type: none"> • Board evaluation of previous year's goals • Preparation of report of outstanding issues for new Board
March	<ul style="list-style-type: none"> • Audit • Draft audited financial statement and annual project data report to Board for approval • Annual Information Return approved by the Board • Annual report to members prepared and approved by the Board • Approve new calendar of Board activities
April	<ul style="list-style-type: none"> • Annual General Meeting of members • Approval of audited financial statements by the members • Election of directors • First meeting of the new Board to elect officers and appoint signing officers • Set date for Board training • Update from retiring Board on outstanding issues • Review quarterly financial and managers' reports
May	<ul style="list-style-type: none"> • Day-long Board training session • Goal-planning session • Plan a social function for the summer
June	<ul style="list-style-type: none"> • Approve budget preparation process
July	<ul style="list-style-type: none"> • Budget preparation continues • Review routine and preventative maintenance plan/projects for the next fiscal year • Appoint evaluation team for Property Manager • Review quarterly reports

Sample Annual Calendar of Board Activities

August	<ul style="list-style-type: none">• Draft budget to the Board for approval• Capital plan for next fiscal year to Board for approval• Receive report and recommendations of the Property Manager's evaluation committee
September	<ul style="list-style-type: none">• Final budget approval by the Board, including market rents• Appoint by-law and policy review committee (if necessary)• Review the status of this year's goals• Notice of first rent increases to tenants with January 1 anniversaries
October	<ul style="list-style-type: none">• Review quarterly reports
November	
December	<ul style="list-style-type: none">• Fiscal year end

* Quarterly Reports include Income & Expense Statement, Balance Sheet, Investments Report, Coordinator's/President's Report

ABC Charity

Sample Annual Risk Assessment Process

1. Background

Defining Risk

- Risk is anything that affects an organization's ability to meet its objectives and preserve its reputation.
- For organizations, risk can be broken down into a number of categories. For this assessment, risk has been categorized as follows: Financial, Operational, Legal/Regulatory/Compliance, Strategic, Governance and Reputational.
- Risks are often interrelated and one risk can evolve into multiple categories. e.g. reputational risk (bad publicity) may lead to financial risk (loss of funding), or large scale fraud can evolve into a financial, reputational, and strategic risk.

Risk Management

- Risk management includes the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.
- Defining risk tolerance and managing risks can assist an organization in meeting its objectives and thriving.
- Risk management usually involves everyone in the organization including the board, Executive Director/CEO, staff and volunteers. Many activities involve risk management including drafting policies/procedures, setting programming, and financial and other reporting.
- The board usually has overall responsibility for risk management and it delegates through policy and approval to the ED/CEO and staff most of the detailed aspects of identifying, assessing and managing the risks that the organization faces.

Risk Assessment Process

- Risk assessment is one of many activities to assist in risk management.
- The purpose of the risk assessment is to promote a discussion around the risks facing the organization and identify top risks that require action (usually developing controls or contingency planning to mitigate the risk).
- An annual risk assessment can assist the board in understanding the risk strengths and weaknesses of the organization, and assist in setting overall priorities, work effort and overall risk tolerance.

Recommended Risk Management Steps to Be Taken by the Board and ED/PM

- Establish and conduct an annual risk assessment process, aimed at identifying the top 5 risks to the organizations and establishing associated action plans if required.
- Establishing a risk register to track significant organizational risks (in addition to the top 5) that require attention over time.
- Discuss whether it is necessary to establish a risk tolerance policy (e.g. defines risk, defines risk management roles and responsibilities, describes how we manage risk).
- Discuss whether it is possible and advisable to strike a working committee of the board with the ED/CEO to review and work through key sections of the Legal Risk Management Checklist.

2. Risk Assessment Process

a. Conduct the Risk Assessment (Should take about 2 hours)

- Discuss each risk category and subcategory, identifying key risks where they exist.
- Discuss and come to a consensus on the Top 5 risks to the organization.

b. Establish Action Plans and Track Post-Assessment (Board and ED/PM to determine how best to do)

- Develop actions plans and timelines against each of the top 5 risks.
- For other risks of significance from the discussion, track them in a risk register and work with ED/CEO to address them over time.

c. Guidance

Discussing and assessing risk is not a science. A number of factors can be considered including past events, current issues, known gaps and even gut feel.

The following tools can assist in assessment:

Risk Scale

1. High Impact, High Likelihood – Immediate Action required and extensive control activity essential.
2. High Impact, Low Likelihood – Manage and monitor, consider contingency planning
3. Low Impact, High Likelihood – Management effort worthwhile
4. Low Impact, Low Likelihood – Accept but monitor

Key questions to ask when assessing risks:

- Could this risk affect the organization's ability to meet its objectives?
- How likely is the risk to occur?
- How serious might it be?
- Should or can something be done to reduce the risk?
- How can we be prepared to respond to problems?

Examples of Major Risks

- Loss of a major source of funding
- Reductions in the market value of investments and the income from them
- Inadequate responses to emergencies
- Failure of a project or strategic initiative
- Fraud
- Excessive increases in the cost of human or other resources
- Volunteer or employee misconduct
- Loss or theft of information

3. Risk Categories for Discussion and Assessment

Financial Risk

The risk of fraud, financial failure and decisions based on inadequate or inaccurate information.

- **Proper accounting** - Accuracy and currency of financial records and reporting
- **Limits** - Appropriate authority and approval procedures in place.
- **Fraud** - Vulnerability to internal/external fraudulent activities or misuse of funds
- **Financial Challenges** - possibility of running a deficit, contingency planning/reserves
- **Funding** – stability of funding, ability to raise funds, unexpected loss of funding, limitations on use of funding.

- **Investments** – Concentration, suitability, approvals & limits, reporting, existence of investment policy
- **Taxation** – payment of applicable taxes, compliance with tax legislation re filings/payment
- **Insurance** – appropriate insurance coverage in place (types of coverage, amount of coverage, cost) e.g. general liability, property, directors & officers, umbrella coverage, bonding

Operational Risk

The risk of loss or impeded service/program delivery resulting from inadequate or failed processes, people or systems, or from external events.

- **Programs and Services**
 - Ability to deliver programs and services
 - Programs and services in line with mission, values and strategy of the organization
 - Programs and services relevant to clients
 - Appropriate number and mix of programs and services
 - Any special issues for residential program
 - Clients served appropriately and in compliance with laws/regs, code of conduct
- **Real Estate** - building upgrades, environmental assessments, municipal zoning issues/work orders, property taxes, budget to cover known expenses, reserve for future/unknown expenses
- **Technology/Information Technology** – uses of technology, systems failure, outdated technology, information security, equipment issues.
- **Physical Premises** – Physical security issues, equipment issues.
- **Branding, Media and National Relationships** – Brand/marketing guidance and policies, media policy, negative press, relationship with other organizations.
- **Human Resources**
 - Employee/union relations
 - Health and safety issues
 - Human rights, anti-discrimination and harassment – policies in place, investigation/grievance procedures, reporting.
 - Staff training and engagement
 - Payroll, deductions or other issues
 - Volunteer program
 - Hiring and termination practices/policies
 - Conflicts of Interest
 - Staffing costs
 - Misconduct by or against employees or volunteers
- **Crisis Management/Business Continuity/Contingency Planning**
 - Is there a crisis management policy/plan?
 - Does the plan address key circumstances including:

- Death, injury or absence of key individual
- Loss of use of facilities or equipment
- Disrupted or diminished operations
- Loss of crucial information/data
- Intense media scrutiny

Legal/Regulatory/Compliance

The risk of adverse outcomes due to non-compliance to laws, rules, regulations, obligatory practices, standards or other legal requirements.

- **Applicable Legislation** - Awareness of, in compliance with, reporting (Employment Standards, Human Rights, Health and Safety, Occupational Health and Safety, Employee and Client Privacy, Charities Act, Income Tax Act).
- **Litigation** – current litigation/grievance, potential for litigation/grievances, reporting, limits on retaining/instructing counsel, reporting requirements (insurance, board etc).
- **Key Legal Documents** - Existence/location and regular review (e.g. letters patent, by-laws, corporate records, corporate filings/registrations, deeds, mortgages, agreements, contracts, insurance policies)
- **Government Relations** – Pending policy changes, funding, lobbying.

Strategic Risk

The risk arising from improper or ineffective strategies or lack of responsiveness to changes in the environment.

- Strategic Plan – establishing and updated strategic plan, executing against the strategic plan, reporting.
- Strategic Partnerships – reviewing existing strategic partnerships, possibility of future strategic partnerships.

Governance Risk

The risk of ineffective oversight and poor decision-making.

- Lines of authority between board and executive staff clearly defined
- Board Operations - Composition of board, committees of board, meeting frequency, minutes and other documentation
- Policies and Procedures – appropriate policies/procedures in place, regular review, approvals, methods for reporting/measuring policy adherence.
- Information/Reporting to Board

Reputational Risk

The risk that negative stakeholder impressions regarding the organization's practices, actions or inactions may cause a decline in the organization's programs and services, ability to raise funds, brand and/or goodwill in the community.

ABC Charity
Succession Policy for the Board of Directors
Approved: May xx, 2022

Board Succession Planning at ABC Charity

Succession planning for a Board of Directors ensures the organization's governing body remains effective by ensuring that director positions are filled and the expertise and competencies needed to lead the organization are in place.

Succession planning involves systematically recruiting, developing and retaining directors and officers with the relevant skills, experience and attributes required to govern the agency.

ABC Charity's Board of Directors is committed to systematically identifying and training qualified new Board members to succeed the Board's departing members. It also prepares its existing Board members for leadership positions on the Board. As such, Board succession applies not just to Board membership, but also committee membership, board and committee chairs, and officer positions.

The responsibility for Board succession planning related to recruitment belongs to ABC Charity's Nominations Committee, in consultation with the Executive Committee. Board activities related to training and development are the responsibility of the Governance Committee. At large, the Board of Directors approves all strategies and recommendations related to Board recruitment, development and succession.

Board Recruitment

The Nominations Committee makes recommendations to the Board regarding candidates for the Board.

The Nominations Committee must ensure that Board recruitment is undertaken in accordance with the law and with provisions outlined in the organizational bylaws including:

- The number of Directors is 9 members.
- Five Directors of the Board constitute a quorum.
- No members shall serve longer than two consecutive terms of three years each.

Annually, ABC Charity members elect the Directors at the Annual General Meeting. The Nominations Committee prepares a slate of candidates for the annual election process.

During the year, when Board vacancies occur and if there is a quorum on the Board, the Directors can appoint a qualified person for the rest of the term of the former Director. If there is no quorum, the remaining Directors must call a members' meeting to fill the vacancies. At that meeting, the members elect Directors to serve the rest of the terms of the former Directors.

When undertaking an annual recruitment process (related to preparing a slate of candidates for the AGM or making mid-year appointments), the Nominations Committee is required to:

- Define upcoming vacancies by noting when directors and officers are due to stand down – based on their terms of office or when they are unable to fulfill their term. Current directors are asked to reconfirm their commitment annually in May of each year, as part of this process. The Nominating Committee will maintain a chart that includes the Board members' names, their length of service, expiration of their current term, as well as committee and officer positions held.
- Note when relevant and critical skills are lost at the Board table. An in depth skills matrix (see attached in the Appendix) helps to identify the skills that current board members have as well as those departing which will need to be replaced.
- Assess recruitment and succession with a three-year outlook.
- Develop a recruitment plan to find new directors that commences in May of each year in preparation for the Annual General Meeting in September. This plan will incorporate the 3-year outlook and perspective, as noted above. The succinct plan must answer the following key questions:
 - What are the skills, talents and attributes that our organization requires at the Board level at this time? Factors to be considered include: strategic priorities and goals, representation and diversity, required expertise and competencies, etc.
 - How can we find and attract high quality people with these skills, talents and attributes to our Board? Tangible recruitment strategies and tactics will be recommended.
 - How can we retain our leaders in Board and major leadership positions?
- Undertake a thoughtful recruitment process that interviews and recommends diverse candidates with appropriate expertise.
- Be aware of the possibility of unexpected departures from the Board and have a plan in place to fill key positions quickly should it become necessary.

Board Development and Training

The Board of Directors is committed to providing opportunities to prepare and train directors so that they can effectively assume their leadership position.

As such, the Governance Committee is responsible for implementing a Board development/education plan that starts with an annual orientation process for new

directors in November of each year. At this time, an up-to-date Board Manual will be provided to all directors and the Board model used by the Board will be reviewed collectively.

At the second meeting of the Board following the AGM, the Governance Committee will work with the Board to identify collective training and development needs. These needs will be met through scheduled training and support throughout the year at Board meetings and possible retreats and will be documented in the annual Board calendar.

In June of each year, the Board will conduct a board self-evaluation and will act on its results to continually improve its governance process. The Governance Committee is responsible for the Board evaluation process. See the Board Manual for details and for a copy of the survey.

Succession for Officer Positions and Committee Chairs

The positions of committee chairs, officers and the Board chair are to be filled by existing board members, except in rare circumstances. As such, ABC Charity is committed to planning far enough ahead to ensure that there are talented and skilled Board members identified who are prepared to succeed directors who are leaving key executive or leadership positions.

The Nominations Committee, in consultation with the Executive Committee is responsible for ensuring that succession planning has been undertaken to ensure that officer positions and committee chair positions are effectively filled. Bylaw regulations governing this work include:

- ABC Charity's required officer positions include: the President, the Vice-President, the Secretary and the Treasurer. No person is permitted to hold the same office for longer than 3 years or until the expiry of their term.
- If the Board deems it in the best interest of the Board, then an officer can be re-elected for one more year.
- The Board of Directors shall elect the officers of ABC Charity to the Executive Committee from its members at the first Board meeting following the Annual General Meeting.

Generally, all Directors are expected to actively participate as a member on one Committee of the Board. ABC Charity is committed to a ladder succession plan in which directors proceed through officer positions towards the chair position, or chair significant board committees prior to assuming the role of the Board chair.

Ultimately, the Board of ABC Charity is committed to ensuring it is composed of community members who are aligned to the organization's mission and values and who will govern the organization's affairs with integrity, due diligence and the required professional skills.