Governance Open Mic Night
Notes, October 21st, 2015

What is good governance?
- "Noses in, fingers out"
    - Looks different depending on the situation and size of organizations
        - Ex: in "start-up" mode may be more hands on
        - Ex: in developed organizations "why are we doing a gala?"
        - Operational, Strategic, Generative, etc
    - Advice and Guidance
    - Responsible for the strategic direction of the organization
    - Passion
    - Support
    - Networking
    - Describes roles – fiduciary, generative, strategic
    - Should not be taking places of staff
    - Ideally, oversight
    - "Sober second look"

What is the role of the board? Who decides what they should be doing?
- Often, the issue is just that no one asks this question
- Organizations may be desperate just to have people, but really they need to be asking "what does the organization need", more reflection to think about what type of board it should be
- Boards need to check-in more often on "how are we doing?"

What about funding? Is there a defined expectation of fundraising?
- If a small nonprofit, tough luck, you HAVE to do it
- May mean establishing a committee if not everyone is willing to be a board member (can have board members on it, but also members from outside who want only the one commitment)

Financial Experience - Comment from your perspective of an accountant (Christa)
- It's not reasonable to expect everyone to have a high level of financial literacy (some people will be experts in other areas, or can ask great generative questions when you're looking at the bigger picture), but hopefully at least one person (and usually the treasurer) will have this knowledge
- Should be reporting on an annual/monthly basis so that trends and monitoring can occur between the times the audits occur
- Ongoing review/monitoring that resources available are staying on track is important
- Oversight is key….ask questions when you don't understand
- Often, others believe they aren't accountable as soon as there is a professional, but this can be a real problem.
- Perhaps offer a financial literacy session – this could be a great basis for the entire board

Short of having a financial literacy seminar, what has worked well in not just pumping out a balance sheet, income summary, etc., but presenting in a way that the board can understand some of the detail and ask questions/help the accountant/treasurer?

- Management can prepare a smaller version, for instance a balance sheet with actual explanations (explaining why things are higher or lower compared to previous year)
- Explain in words/diagrams over numbers – "numbers scare a lot of people"
- The numbers do tell a story, it's about explaining that story
- Showing which numbers should be focused on (key issues brought to the table)
- Dashboard can be a good tool – ticket sales, fundraising objectives, rentals, etc
- Snapshots – what are the key things that we always need to be paying attention to
- Send things out in advance and really give people enough time, but also develop the expectation that everyone needs to have seen it
- Having the person who prepared the reports there (if not the treasurer)
- Context within the quarter or the year or in relation to a plan

What are the steps to formalize the board? (We've moved from advisory cluster to an official board…now what? Do we insure them? Do we pay them? How do we handle the "humans"?)

- Incorporate as a charity (or nonprofit)
- Set by-laws
- Legislation gives a framework for a lot of these things (it's on the internet!)
- Generally speaking: members elect the board, then find managers and staff
- You are not necessarily required to insure board members, but for most organizations who are exposed to anything, it could be a good investment and necessary (it can also deter members if you do not have insurance)

Remunerations:

- Nonprofits can pay there board members; charities can NOT (however, it is unusually for nonprofits to be paid)
- Your family and companies should also not receive remuneration
- Once you hire, employment law kicks in, although how you pay is discretionary…
- Then you have to decide…staff, contractor, volunteer, etc
- A donation is a non reciprocal thing, you shouldn't get benefit (sponsorship is not a donation)
- Thank you letters can be good practice

How do we quantify donation in kind?

- You cannot issue a receipt for services
- Often nonprofits won't record these items, but fair value is important

- If someone didn't donate it, then you would have had to purchase, then you can also record an expense (so they offset)
- Gala ex: things are donated, different
- You could give a business receipt (even a thank you letter) for their own records

Transitioning to employees (from independent contractors, to staff) - best practices:
- The internet and other organizations can be a place to start, but the best advice is to have the discussion
- A lawyer will have an initial conversation without charge – then ask how much employment contracts would cost – they are important
- The last thing you want are employment grievances
- If you have a lawyer on your board, they are cautioned to take on this type of role, but they will help you with decisions about contracts, etc
- If CRA thinks your contractors are actually employees, the organization may be required to "back pay" their employee portions (and if the organization can't pay, then the board can be liable)
- Payroll forms as well

Liability for board members
- Needs to be insurance at any middle to large size organizations for sure…a few hundred thousand dollars a year is very important
- Some places (ARCO or Volunteer Canada for instance) will give you rebates on liability insurance
- Also have to be careful that board members don't just brush off "I have insurance" that can easily not cover everything….
- Making sure you've done your due diligence is key
- You can be personally liable with respect to employees (unpaid wages, source deductions, etc.)

Resources for Board Members/Boards/Governance:
- Accounting sector
- Muttart Foundation (Alberta)
  - Codes of good practice
  - What's the difference between bylaw/policy
  - Questionnaires for when you're interviewing your next chair or member
- Imagine Canada
- Creative Trust.ca
- Canada Helps
  - Webinars
- Volunteer Ottawa (offers workshops)
- ONPN
- Take a mentor for coffee/a drink – sharing resources is important

Governance/Board Self-Assessment:
Doctor

- What symptoms are you experience
- What's going on here: diagnosis: why?
- Treatment plan
- Non intrusive/open way to figure out what's going on

What do you do when things aren't doing well? For instance, what about when people go rogue?

- Role of the chair – needs to be picking up on this
    - Make sure everyone's voice is heard
    - Make sure everyone sits in different spots
- In camera for a few minutes before and after
    - No staff, or only ED
    - Off the record, more honest sometimes

Yvonne Harrison's board self-assessment tool:
http://www.albany.edu/rockefeller/rock_images/faculty/harrison/MURRAY%20HARRISON%20GUIDELINES%20FOR%20REVIEWING%20BOARD%20PERFORMANCE%20FINAL%20UPLOAD.pdf

How to get board thinking/generative thinking going in critical development stages?

- Consent agenda can help free up some time
- Retreats