

The Board of Directors: Back to Basics

AIDS Committee of Ottawa

February 1, 2012

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What is a Board of Directors?

- A group of persons **elected** (chosen, appointed) to **govern** the affairs of an organization, corporation or other large institution.
- A group of people who are **legally** charged to govern an organization, corporation or other large institution.

A corporation, whether for-profit or not-for-profit, is legally required to have a governing Board of Directors.

The laws governing corporations require that a corporation ultimately is accountable to its owners (stockholders in the case of for-profits and the public or the organization's members with nonprofits). That accountability is accomplished by requiring that each corporation has a Board of Directors that represents the stockholders or the public/members.

The Role of the Board of Directors

- Establish the mission, vision, goals and policies of the organization and periodically review the agency's compliance with them
- Develop a long-range plan for the organization, usually in the form of a Strategic Plan
- Ensure the long term financial stability and strength of the organization

- Maintain the integrity, independence and ideals of the organization
- Hire, evaluate, support and develop an executive director to manage the operations of the organization
- Exercise management oversight of the executive director and the operations

- Accept fiduciary responsibility for the agency and assure the integrity of its financial reports and records
- Audit for compliance with internal policies and external requirements
- Review performance against goals

- While the role of all non-profit boards is to act as a public **steward** by governing the affairs of the organization, different boards carry out this role in a variety of ways.
- The style of governance often depends upon the size, type and needs of the organization, as well as the philosophy of the board.
- One governance model is not inherently better for all organizations than other models: each organization's unique situation is likely to lend itself to a particular style of board governance.

Types of Boards

The Board of Directors is the highest level of decision making and authority in a non-profit organization.

Collectives

Definition:

- a number of individuals working or acting together
- of, done by, or characteristic of individuals acting in cooperation

In this model, all responsibility is shared and there is no Executive Director. Decision-making is normally by consensus and no individual has power over another. “Board” members, staff, volunteers and participants are all considered equal and have equal responsibilities and power.

Collectives

- PROS AND CONS

Operational/Working Boards

- Concerns itself with the organization's operations as well as with planning, setting direction and determining and evaluating policies.
- Is involved in many of the practical, day-to-day activities of the organization such as bookkeeping, service delivery, writing grant applications, and so on.
- May or may not have staff to whom some responsibilities are delegated.
- Is common among small, grassroots and single-service not-for-profit organizations.

Operational/Working Boards

- PROS AND CONS

Consumer Boards

- Board members consist of people directly affected by the issue that the agency deals with (i.e. HIV)
- Consumer Boards can follow a governance model or be operational
- Sometimes, consumer boards will have limited seats for non-affected people who have specific skills (i.e. lawyers, HR experts)
- Usually non-affected people sit in an advisory capacity and often have no vote

Consumer Boards

- PROS AND CONS

Policy Board

- Tends to concern itself primarily with planning, determining the overall direction of the organization, and creating and evaluating major policies.

Is not so much involved in determining the day-to-day processes or means by which policies are implemented, as in the outcomes, results or ends to be achieved.

Delegates the responsibility of implementing policies and managing the organization's daily business to an Executive Director. The Executive Director may, in turn, have a staff of employees and volunteers that deliver the organization's programs or services.

Is common among medium and large sized not-for-profit organizations with a range of programs or services.

Policy Boards

- PROS AND CONS

Governance Boards

- A Governance Board provides leadership to an agency by developing a vision, plan and overarching policies and principles
- Usually communicates only to the Executive Director, who in turn relays information from the board to the staff
- Board does not get involved in daily activities of the agency

Governance Boards

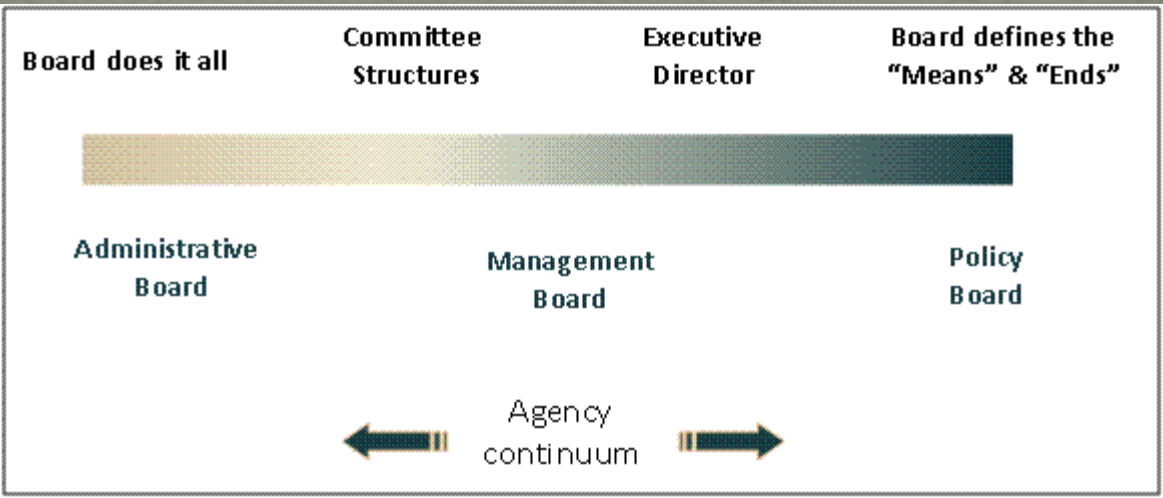
- PROS AND CONS

Policy Governance Board

- The originator and most influential proponent of the Policy Governance Board Model is John Carter.
- Role of Board is to establish guiding principles and policies and then to delegate responsibility for enacting them. They also monitor compliance and hold board and staff accountable for performance.
- Very clear expectations and accountability: ENDS and MEANS
- Relationship and trust between Board and ED is crucial

Policy Governance Board

- PROS AND CONS





Accountability Action communautaire
Anti-racism/Anti-oppression Justice Sociale
HIV/AIDS Responsabilisation
Community engagement Anti racism / anti oppression
Social Justice Promotion de la santé
Health promotion HIV/AIDS

The AIDS
Committee
of Ottawa
Honouring Our
Community
Memorial

Le Mémorial
"Honorons notre
communauté"
du Comité
du sida
d'Ottawa

Resources

- One Foot Forward: A GIPA Training Toolkit Module 4 Boards and Governance Canadian AIDS Society
- PLDI Level 3: Organizational Governance: Ontario AIDS Network
- Carter McNamara, MBA, PhD, Authenticity Consulting LLC: All About Boards of Directors (For Profit and Non Profit) Field Guide to Developing, Operating and Restoring Your Non profit Board, www.authenticityconsulting.com
- Nathan Garber & Associates: Governance and Planning Support for the Not-for-Profit Sector; Governance Models: What's Right for Your Board
- Hurwit & Associates, Legal counsel for philanthropy and the non profit sector www.hurwitassociates.com Outline of Board Roles and Responsibilities
- The Somali Family Care Network Capacity Building: Boards of Directors: Functions, Roles and Responsibilities
- *"Building Effective Approaches to Governance"* by Mel Gill, The Nonprofit Quarterly
- SCORE Counselors to America's Small Business Your Nonprofit Organization's Board of Directors
- Mentoring Canada: Fundamentals of Effective Board Involvement
- Voluntary Sector Services Branch, Alberta Culture and Community Spirit www.albertabdp.ca Board Development: Roles and Responsibilities of Not-for-Profit Boards
- Personal Interviews with:
Rick Kennedy, Executive Director, Ontario AIDS Network
Jay Koornstra, Executive Director, Bruce House
Tara Jewel, Coordinator and Trainer, PLDI, Ontario AIDS Network