

# Board Member Essentials

## RESOURCE

2016

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*Not-for-profit organizations are often on the forefront of leading important social and cultural change: from modeling new ways of engaging communities, to empowering vulnerable populations, to finding innovative ways to protect the environment. In view of a dynamic and robust not-for-profit landscape, change has become the default setting for many organizations.*

*But when it comes to executing change within their organizations, leaders may find that the difference between wanting change, and wanting to change can feel insurmountable.*

## WHAT QUESTIONS COULD I ASK BEFORE JOINING A BOARD?

### MISSION

- What is the organization's mission
- Who are its clients?
- What are the programs and how do they relate to the mission?
- Are the clients satisfied with the programs and services
- Does the organization have a strategic plan that is reviewed and evaluated regularly?

### BOARD OF DIRECTORS

- Do you hold current Directors & Officer's Liability Insurance and can I review the policy?
- How often and where does the board meet?
- How is the board structured?
- Are there descriptions of board member roles, and committee functions and responsibilities?
- Who are the other board members?
- Who are the board officers and how long have they held their positions?
- What is the term for board members?
- How much time will I be asked to commit on a monthly basis for board meetings, committee meetings, and special events?
- What is the recruitment process for new members?
- Do you have a board development plan in place?
- Why are you interested in me?
- Can I attend a board meeting before making a decision?

### BOARD MEMBER RESPONSIBILITIES

- Do you have a board manual?
- What orientation will I receive to the organization and to the responsibilities of board service?
- Does the organization provide opportunities for board development and education?
- What is the board's role in fundraising?
- Will I be expected to make a specific annual financial contribution?

- What role will I be expected to play in soliciting donors?

### **FINANCES**

- What is the current budget and can I review the current financial statements?
- Is the financial condition of the organization sound?
- What are the sources of the organization's funding?
- Is funding stable?
- Does the board discuss and approve the annual budget?
- How often do board members receive financial reports?

### **BOARD / STAFF RELATIONSHIP**

- Who is the executive director
- What is his/her background?
- Is the board satisfied with the performance of the executive?
- How do board members and the executive work together?
- How many paid staff members does the organization have?
- How many volunteers are involved in the organizations?
- What is the role of staff in decision making?
- When and how do board members interact with staff?

## PREVENTION CHECKLIST FOR BOARDS & DIRECTORS

Source: Volunteers & The Law

### BEFORE YOU BECOME A DIRECTOR

- Learn about the organization's goals, objectives and programs
- Inquire about the community and professional image of the organization
- Gather as much information about the organization as possible, including policies, finances and staff
- Read and understand the constitution and bylaws

### KNOW YOUR LEGAL LIABILITIES & DUTIES

- Know the legal liability of the board and your personal liability as a director. Understand the limits of indemnification and insurance
- Know your legal duties including:
  - Fiduciary duties, including
    - duty to preform with diligence, care and skill
    - duty to act with prudence
    - duty to avoid a conflict of interest
  - Duty to maintain the organization's legal status
  - Duty to employees, and
  - Duty to act within scope of authority
- Ensure the board has appropriate policies, such as a policy about board liability or a conflict of interest policy

### BE AN ACTIVE PARTICIPANT

- Attend all meetings of the board, or as many as possible
- Read minutes and reports in advance of meetings
- Promptly complete any tasks you agreed to do
- Make inquiries about the management and operation of the organization when necessary
- Insist that all committee meetings are reported at board meetings, either oral or in written form
- Obtain and read copies of minutes for meetings you miss
- If you disagree with decisions made in your absence, have your dissent recorded at the next meeting
- Keep a copy of all minutes and other important documents
- Ask questions until you are sure you understand a board decision

### TAKE CARE WHEN VOTING

- Fully understand an issue you and its consequences before voting on it
- Vote against spending money or incurring debts of you believe the organization will not be able to pay
- If you dissent to a motion, be sure it is recorded in the minutes
- If necessary, keep your own notes.

### KNOW YOUR DUTIES

This introduces general legal issues and some basic duties of directors. Directors will need further information about the specific liabilities and duties that arise from their organization's activities

**BE LOYAL TO THE ORGANIZATION**

- Always put the interests of the organization
- Don't gain personal advantage from your position
- Avoid and disclose all conflicts of interest

**ACT PRUDENTLY**

- Don't allow the organization to take unreasonable risks
- Be certain that the organization's records are audited by a reputable firm or chartered accountant
- Be certain that the organization will be able to pay for expenses it incurs or money it borrows
- Obtain outside expert advice when necessary - for example, lawyers, engineers, or accountants. If acting on it, get it recorded or submitted in writing
- Review CEO's performance and board's performance periodically
- Do not act illegally or let staff act illegally

**PROTECT THE ORGANIZATION'S LEGAL STATUS**

- Read the statute under which the organization is incorporated
- Ensure the organization fulfills all aspects of its nonprofit and tax exempt status
- Ensure legal obligations delegated to staff are completed
- For example:
  - membership lists are up-to-date
  - bank accounts and records are maintained
  - annual general meetings are held and obligations met, and the a report is filed

- special general meetings are held if requested by the members
- constitution and bylaws are up-to-date, and changes are filed

**MEET DUTIES AS AN EMPLOYER**

- Be clear that the board has overall responsibility for employment practices of the organization
- Ensure the employment policies are in place and reviewed periodically, particularly termination policies
- Insist that there is a well-established personnel program with a competent person in charge of staff
- Be sure that payroll deductions for income tax, EI and CPP are being made and remitted
- Be sure that self-employed contract workers would not be considered employees under revenue Canada guidelines

**ACT WITHIN YOUR SCOPE OF AUTHORITY**

- Do not act on the board's behalf without prior approval
- Avoid obligations made in your own name
- Ensure that the organization and board's activities are within the scope of their mandates

**CHECK INSURANCE COVERAGE**

- Ensure that the appropriate insurance covering all activities is obtained and maintained
- Consider board insurance

## CHECKLIST FOR DIRECTORS' DECISION-MAKING

- What are the stated purposes of the corporation
- Does the matter before the Board advance the stated purpose
- Does the matter before the Board benefit a private individual?
- Where any promises made when the funds relating to the matter to be voted on were raised?
- Were any conditions placed on these funds?
- Do all the directors attend meetings?
- Are meetings held regularly?
- Do the directors have all the relevant facts?
- Is there any reason not to trust the information being furnished?
- Are taxes being paid?
- Is there a conflict of interest or self-dealing?
- Is the transaction fair to the Corporation?
- How would an ordinarily reasonable and prudent person decide the matter?
- Are there other laws that affect a particular situations?
- How accurate are the Corporation's records?
- Is the director acting honestly,, in good faith, and with total integrity?
- Is this transaction in the best interests of the Corporation?

## TEN QUICK WAYS TO IMPROVE BOARD MEETINGS

by Jan Masaoka

Source: Board Cafe

When we think about the board we are on, we usually think about the Board meetings - which says a lot about the importance of having good meetings. Make a New Year's resolution to implement one of the following ideas each month:

**1. Name tags for everyone, every meeting.**

It's embarrassing to have seen people at several meetings and wondered what their names are and later it's really hard to admit you don't know their names.

**2. Post an acronym chart.**

Make a poster of frequently used external and internal acronyms (such as CDBG for Community Development Block Grants or DV for domestic violence) and post it on the wall of every meeting. (If you distribute the list on paper it is soon lost.)

**3. Write an "anticipated action" for each agenda item.**

Examples: "Finance Committee report, brief questions and answers: no action needed." "Volunteer recruitment and philosophy: Anticipated Action: form committee of 3-4 board members." "Public Policy Committee: Anticipated Action: approve organizational statement to city council on zone changes."

**4. Make sure each person says at least one thing at every board meeting.**

This is the Chair's responsibility, but everyone should help. "Cecilia, you haven't spoken on this issue. I'm wondering what you're thinking about it?" "Matt, at the last meeting you made a good point about finances. Are there financial issues here that we aren't thinking about?"

**5. No one-way communication from staff.**

If you have a regular Executive Director's Report on the agenda, or if a staff member is giving you a briefing, be sure that such presentations need a response from the board. If not, put them in writing in the board packet and just ask if there are any questions.

**6. Don't include committee reports on the agenda just to make the committee feel worthwhile.**

If a committee has done work but doesn't need it discussed, put the committee report in the board packet. (In the meeting be sure to recognize the committee's good work and refer people to the written report.) Instead, schedule committee reports in the context of the main discussion. For example: if there is a discussion planned on attracting and retaining staff, reports from the Finance Committee and the Personnel Committee may be appropriate.

**7. Note to the board president and the executive director: what are the two most important matters facing the organization.**

For example: Economic downturn, changes to government funding, decreased preschool enrollment due to higher unemployment, a competitor organization, demographic changes in the county. Is one of these matters on every board agenda?

**8. Encourage “naive” questions, respectful dissent, authentic disagreements.**

Find a chance to be encouraging, at every meeting: “Sylvia, I’m glad you asked that ‘naive’ question. I didn’t know the answer either.” “Duane, I appreciate the fact that you disagreed with me in that last discussion. Even though you didn’t convince me, your comment helped make the discussion much more valuable.”

**9. Make sure the room is comfortable.**

Not too hot or cold or crowded. Offer beverages and something light to eat such as cookies or fruit.

**10. Adjourn on time, or agree to stay later.**

Twenty minutes before the scheduled end of the meeting, the Chair should ask whether the group wants to stay later: “If we continue this very interesting discussion, we will have to stay fifteen extra minutes to hear the recommendation on the executive director’s salary. Can everyone stay that long, or should we end this discussion and move to that one immediately?”

**BONUS: Every year or two, survey the board about meetings.**

Pass out a questionnaire for anonymous return to the board vice president or secretary, asking: “What do you like best about board meetings?” “Are you satisfied with the items that are usually on the agenda?” “How could the board president do more to encourage discussion at the meeting?” “Is the location or time of day difficult for you?”

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## RESOURCE

*Transforming  
Not-For-Profit  
Leadership*



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1183 Melville Street  
Vancouver , BC  
V6E 2X5

T: 604.875.9144

F: 604.875.0710

e: [info@thevantagepoint.ca](mailto:info@thevantagepoint.ca)  
[thevantagepoint.ca](http://thevantagepoint.ca)