Good Governance in Meeting the Duties of Directors of Charities and Not-For-Profits
(Power Point Presentation)
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A. OVERVIEW OF TOPICS

• Why “Governance”? 

• What Does “Governance” and “Good Governance” mean? 

• How To Achieve Good Governance?

B. WHY “GOVERNANCE”? 

• Is there life after Enron and Worldcom? 

• Tougher corporate governance laws 

• Accountability requires good governance
C. WHAT DOES “GOVERNANCE” AND “GOOD GOVERNANCE” MEAN?

- Governance is not the same as Good Governance
- “Governance” in the voluntary sector is:
  - “the processes and structures that an organization uses to direct and manage its general operations and program activities”
- Good Governance
  - Achieving desired results and achieving them in the right way

- The United Nations - a list of characteristics of good governance:
  - Participation in decision making and reaching broad consensus on what is in the best interest of the organization
  - Accountability and transparency
  - Responsive, effective and efficient performance
  - Equity and sound rule of law
  - Strategic planning
– Elements of “Good Governance”:
  
  - Vision - envisioning the future
  - Direction - setting goals
  - Resources - securing resources
  - Monitoring - reviewing periodically
  - Accountability - ensuring efficient use of resources and reporting progress

D. HOW TO ACHIEVE GOOD GOVERNANCE?

  - Responsibility of Directors
    - Directors have a duty to manage the charity
    - Duties of directors
• Due Diligence Is the Key
  – In order to achieve good governance, the directors must exercise due diligence
  – Directors must understand:
    • Objects and activities of the charity
    • Statutes, regulations and policies under which the charity operates
    • Regulators who have jurisdiction over the charity
    • Financial position of the charity

• Eight Areas That Are Key to Effective Governance:
  – Mission and strategic planning
  – Transparent and communication
  – Organizational structures
  – Board’s role
  – Fiscal responsibility
  – Human resources
  – Assessment and control systems
  – Succession and diversity of the board
1. Mission and Strategic Planning
   • Carrying out the mission of the charity
   • Mission statement and organizational goals must be consistent with the law, e.g.,
     – Letters patent
     – Constitution
     – By-laws
     – Trust deed
     – Other restrictions
   • Periodic review

2. Transparency and Communication
   • Communicating to members, stakeholders and the public
   • The board should:
     – Establish policies for communication and feedback
     – Establish code of ethics for the board
     – Establish complaint and grievance procedure
     – Meet regularly
- Keep proper minutes and corporate records
- Respond appropriately to requests for information
- Develop a privacy policy

3. Organizational Structures
   - Developing appropriate structures for the organization
   - Basic organizational structure documents include:
     - Letters patent
     - Constitution of the charity
     - By-laws of the charity
     - Trust deed
   - Proper and legal procedures for directors and members meetings
   - Audit committee
4. Board’s Role
   • Understanding of the board’s role
   • Understanding the duties of directors
   • Developing a board governance policy
   • Developing a code of conduct for board members
   • Developing a conflict of interest policy

5. Fiscal Responsibility
   • Maintaining fiscal responsibility by the board
   • Establishing a budget; monitoring and controlling expenditure; maintaining proper accounting books and records
   • Proper issuance of charitable donation receipts
   • Preparing and auditing financial statements
   • Proper management and protection of the assets of the charity
6. Human Resources
- Effective management team to oversee human resources
- With respect to employees:
  - Ensuring compliance with employment legislation and workplace safety regulations
  - Establishing policies and procedures
- With respect to volunteers:
  - Screening volunteers
  - Establishing policies for recruitment and oversight

7. Implementing Assessment and Control Systems
- Establishing a code of ethical conduct
- Establishing a framework of internal regulation
- Establishing periodic review and audit procedures
8. Planning for Succession and Diversity of the Board
   - Orientation of new directors and diversity of the board
   - Continuous education of directors
   - Periodic internal review and audit

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