A. OVERVIEW OF TOPICS

• Why “Governance”?  
• What Does “Governance” and “Good Governance” mean?  
• How To Achieve Good Governance?  

Note: For a more detailed discussion, see attached Appendix B. See also the book by Donald J. Bourgeois entitled “The Law of Charitable and Not-for-Profit Organizations, Third Edition”

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
     - Focus on ensuring accountability
     - 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 for finance and legal liability

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 for directors and officers

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
- Establishing an audit committee
- Establishing legal risk management procedures
- Establishing a legal risk management committee

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