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Practical Governance Issues: Making Accountability Work for Your Church or Charity (Power Point Presentation)

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Accountability – What Is It?

- **Accountable**, adj. 1 responsible; required to account for one's conduct. 2 explicable, understandable
- *Canadian Oxford Dictionary*, Don Mills: Oxford University Press, 1998
- **Accountable**. Subject to pay; responsible, liable. Where one indorsed a note "A.C. accountable," it was held that, under an obligation to account for or pay or deliver the whole or some part of it to some person
- *Black's Law Dictionary*, Revised 4th Edition, St. Paul: West Publishing Co., 1968

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Panel on Accountability and Governance in Voluntary Sector

- "Accountability" starts with the Board of Directors
- Role of the Board of Directors to carry out the appropriate analysis and to put in place the elements of effective stewardship
- Will be different for different organizations
- What is common is need for honesty, integrity, accountability and transparency

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Governance

- Combination of both overall processes and the structures that are used in directing and managing the organization's operations and activities
- Stewardship – the responsibility of the Board of Directors and involves the active oversight by the Board of the organization's governance
- Two conceptual approaches to Governance and Stewardship

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Administrative Governance Model

- Traditional approach
- Board makes most substantive decisions based on materials and discussion at Board meetings

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Policy Governance Model

- Board has “oversight” role rather than active role in managing affairs of the organization
- Approach relies more on development of operational policies implemented by staff and officers

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- Most organizations will – and should – operate on the basis of a mixture of the two models
- “Perfection” is not expected – rather intention is to minimize risks of things going wrong, identifying what may go wrong and preventing it, and addressing problems when things go wrong in a legal and ethical manner
- Being able to demonstrate that have done so to those who have a right or interest to require the Board to do so is part of what it means “to be accountable”

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Panel on Accountability and Governance identified several areas for Board:

- Mission and Strategic Planning
- Transparency and Communication
- Structure
- Board’s understanding of its own role
- Fiscal responsibility
- Oversight of human resources – employees and volunteers
- Assessment and control system
- Planning for succession and diversity

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- Series of Steps for a Board “to be accountable”
- Identify to whom the organization is accountable
 - members
 - funders
 - regulators
 - Canada Revenue Agency
 - Public Guardian and Trustee
 - Courts
 - employees
 - volunteers
 - suppliers
 - recipients of goods and services
 - public
 - “head office”

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- **Identify for what the Board “is accountable”**
 - charitable versus not-for-profit
 - management of the organization’s assets and liabilities
 - managing the affairs of the organization
 - statutory and regulatory requirements
 - delivering the goods and services in an efficient and effective manner
 - information and personal privacy
 - risk management

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What Are the Tools to Assist the Board and Directors to be Accountable?

- **Start with the basic documents – letters patent or constitution – what is the organization intended to do? Are we doing it? If so, how? If not, why not?**
- **By-Laws – are we complying with the by-laws?**

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What is the status of key policies?

- **Conflict of Interest Policy – do we have one? Is it followed?**
- **Code of Conduct – do we have one? Does it work?**
- **Risk Management Policy – do we have one? Does it work? When was it last reviewed?**
- **Investment Policy – do we have one? Are there any reports?**

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- **Personal Information and Privacy Policy – have we developed one? Who is responsible?**
- **Executive Director – do we have a performance plan? Has the ED been evaluated?**
- **Human Resources – do we have fair and equitable employment practices? Policies? Do we meet standards re occupational health and safety? Workplace harassment?**

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- Develop a “mission” or strategic plan – SWOT
 - what are the goals?
 - how are they to be measured and assessed – when are you successful?
- Business Plan – how are the goals to be achieved? What resources are necessary to do so?

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- Put in place communication tools for stakeholders – communications is an essential part of accountability
- Be transparent – decision-making should be transparent, i.e., what decision is made and why
- Structures – what committees are needed? Is there an audit committee? Does it function? Is there a nominating committee to ensure the organization’s needs are met and there is succession planning and diversity?

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- Fiscal responsibility
 - generally, most people view “fiscal responsibility” at the core of accountability
 - certainly the perspective in the second quotation from *Black’s*
 - while other matters also important, fiscal responsibility is critical

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- Tools for fiscal responsibility focus on budget and monitoring of the budget
- Audit Committee (or its functions) is essential to fiscal responsibility and the ability to demonstrate it, i.e. “to be accountable”
- Assessment and control systems
- Focus on financial or fiscal responsibility

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- Code of Conduct, Compliance Audits, Performance Appraisals
- Who does the performance appraisal of the Directors?
- Does the Board know who it needs on the Board to meet the goals? Is there succession planning? Diversity?

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Reporting on Good Governance

- Being able to report is important to accountability
- Elements of reporting include (Panel on Governance and Accountability):
 - description of organization's mission, programs and intended results
 - financial statements, as approved by the Board
 - description of fundraising activities including amount of revenues and amounts spent raising them

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- description of basic governance structures, including Board size and methods of selecting members
- disclosure of code of ethical fundraising to which the organization adheres
- description of the organization's approach to responding to complaints
- how to get further information directly from the organization

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- Additional expectations for larger organizations
 - nature of the mission, intended outcomes and strategic planning process
 - overview of policies for transparency, code of ethical conduct, complaint process, number of board meetings per year
 - description of governing structures, including whether an independent nominating committee and audit committee exist

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- summary of the methods of board stewardship
- evidence of fiscal responsibility, i.e., audited financial statements
- methods for board succession and diversity of representation, if applicable

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