Develop a governance structure

Select five to seven individuals who are willing to form the board of directors of your organization. Find people that are very passionate about the cause, and if possible, have some experience in board bylaws, policies and governance.

The board of directors represents the membership of the organization. It is a working group that will:
- Conduct a name search and register the name of your organization
- Develop a constitution and bylaws for the society and get them registered
- Apply to the Canada Revenue Agency to become a registered charity for tax purposes

Board members – especially new board members – should take training related to their board model and its different roles.

Here are a few references to help with this step:
- Information about the Society Act from the Province of British Columbia
- Reinventing Your Board, John Carver. ISBN 0-7879-0911-4
- Advanced Strategic Planning, Aubrey Malphurs. ISBN 0-8010-9068-7
- The Imperfect Board Member, Jim Brown. ISBN 0-7879-8610-0
- Good Governance For Non-Profits, Fredric L. Laughlin/Robert C.Andringer. ISBN-0-8144-7452-7
- Roberts Rules Of Order, Newly Revised. ISBN 0-306-81354-8
- Primer For Directors of Not-For-Profit Corporations. Download from Industry Canada

First, the board needs to decide who the officers will be and what their responsibilities are. Suggested positions and responsibilities include:

Chairperson:
- Presides at every meeting of the general membership and of the board as described by the bylaws
- Maintains order at meetings and directs the course of proceedings
- Decides points of order, appoints committees, states motions
- Puts motions to vote
- Announces results
- Calls for reports

Vice Chairperson: In the absence of the Chairperson, the Vice Chairperson takes the chair according to the bylaws. The Vice Chairperson normally chairs the Nominating Committee – a committee responsible for recruiting new board members.

Secretary:
- Keeps accurate records of proceedings of meetings
- Has charge of papers and documents of the society
- Traditionally holds the official seal
- May have signing authority
- Maintains the membership roll
- Provides information from the records of the society
- Conducts correspondence
- Issues notices of meetings
- Prepares meeting agendas

Treasurer: Maintains financial records including books of account, renders financial statements when required, and otherwise complies with the requirements of the society. This role may also be combined to be Secretary/Treasurer.

Directors who are not officers: Carry the legal responsibility for the society along with the above officers.

Develop a governance structure

Decide which governance structure or board model your society will use. The governance structure chosen for an organization will determine:
- How policies and procedures are implemented
- How long-term planning is conducted
- The relationship between staff and the board
- The role and use of committees

The United Way's board development resource suggests boards look at these questions when deciding on a governance model:
- Which decisions does the board want to make and which does it want to delegate?
- How much involvement does the board want to have in the operations of the organization?
- How will the reporting relationship between the board and the staff be defined and communicated?

Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector states that organizations governed by a board should have:
- A board capable of providing objective oversight
- An independent nominating committee to ensure the appropriate succession of the board
- An audit committee, whose primary responsibility is to report whether the organization is in compliance with the laws, rules, regulations and contracts that govern it

Different governance structures. Governance structures can be put into two basic categories:
1. Policy boards develop policy and hire an executive director to implement it
2. Administrative boards take a more hands-on approach to managing the organization with the support of committees and staff

Comparison of board models

	Vision, planning and evaluation	Finances	Human resources	Organizational operations	Community relations
Policy Board (Management-Team Board): Commonly used in non-profit organizations. Several committees help carry out the activities of the organization, and the relationship between	Creates vision, mission Planning committee draws up a plan to be approved by board	Volunteer treasurer Finance committee Board reviews financial	ED reports to chair Communication between chair and ED	Extensive committee structure supported by staff to perform the work of the board	Marketing committee develops awareness of agency in community

the board and staff is one of a partnership.	Sets policies and ensures procedures are in place	statements May or may not be involved in fund raising		Board receives reports Decisions made by voting	Interprets and reflects community needs to organization
Policy Governance Board (Carver Board): A more formal structure. The board operates as a whole, using one voice and rarely works with committees. The executive director is given a clearly defined scope and role. The main focus is on policy development.	Creates vision Sets policies for ends (i.e. desired results) Limits means (i.e. procedures and practices)	Sets limits of CEO's financial decisions	ED = CEO Board speaks with one voice to CEO. CEO responsible to the board	No/limited committee structure. Committees are only used as needed, and are often charged with topics related to policy as opposed to operations Broad discussion leads to decisions by consensus Individual officer roles minimized CEO attends to all operations	Defines results that the organization is trying to achieve in the community
Working/Administrative Board: Directors take a more hands-on approach to administrative functions like public relations, managing finances, program planning and personnel. It's not uncommon for these boards to not have any staff	Board and staff create, plan and implement it Sets policies and general direction	Financial decision-making largely in board's hands More likely to include fundraising (than other models)	May not have senior staff person Board members often act as direct service volunteers	Committees support operation responsibilities Heavier board member workload	Staff and board represent the agency in the community
Collective (Cooperative or Coalition): Directors take a more hands-on	Shared value based on group. Involves	Board and staff work on financial	Staff, management and chairing	Operational functions shared	All members represent the agency

approach to administrative functions. These boards have like-minded people that support a specific goal. Staff and directors operate together as a single entity. There is not usually an executive director and often there is no voting as everyone works within a consensus model.	not only service provided, but way of providing it and the manner in which board work is conducted Shared responsibility among the board and staff for setting policy	matters as a team	functions are often shared Little or no management hierarchy	Decisions by consensus	in the community

Create bylaws and develop policies

Bylaws. An incorporated organization **must** have bylaws that comply with the requirements of incorporation legislation. The bylaws are literally the laws that enable organizations to carry out their activities effectively and efficiently. Boards that do not review their bylaws may sometimes find themselves working against them, therefore putting the organization at risk. Bylaws can only be amended by a board of directors, and changes must be approved by the general membership (however this is defined).

An organization that is not incorporated may refer to its governing documents as a constitution rather than bylaws. A constitution provides an overview of the organization's purpose, mission and objectives.

The standard framework for bylaws is generic and should include:
- The organization's purpose
- A description of the membership
- A description of the board composition and governance structure
- Location of head office
- Terms of office for board members
- Number of meetings held by the board, including Annual General Meetings
- Special meetings and in-camera meetings
- The number and a brief description of any standing committees and the process for appointing a committee chairperson
- Description, title and responsibilities of Executive Directors (if applicable)
- The election and voting process
- Details about quorum
- Filling board vacancies
- Removal of directors
- Senior staff positions
- Making amendments to bylaws
- Required reports and legal filings
- Charitable status
- Details about fiscal year
- Bank accounts, financial obligations, funders
- Conflict of interest
- Disbanding the organization and disbursement of funds and capital assets

Policies and procedures. Policy tells an organization what to do, and the procedure says how to do it. Each policy should have a procedure.

Once a template for policies is created, it becomes easier to develop new policies as they arise. The governance model of an organization will dictate how policies and procedures are developed. The board will develop, monitor and amend policies as well as ensure that decisions and actions comply with policies and follow proper procedures. The executive director will usually create procedures.

Regular review and revision of policies is good practice and is often conducted by a committee for board discussion and approval.

Establish committees

The number and type of committees an organization has is often related to the governance structure it operates under. A policy-governance model tends to carry out work as a whole and has very few committees. Other types of boards may have several committees charged with carrying out the work of the organization.

There are generally three types of committees:

Standing committees have specific areas of concern that they monitor, report on and provide advice about to the board on an ongoing basis. Examples of standing committees are:
- Executive Committee
- Personnel Committee
- Finance Committee
- Nominating Committee
- Fundraising Committee

A recent trend in non-profit organizations is having a Governance Committee. Sometimes this encompasses or replaces the Nominating Committee and its duties, including reviewing bylaws, planning board development, and monitoring the board's governance structure.

Standing committees are more common within boards with an administrative/policy model and usually include one or more board members on the committee, along with staff support. While policy-governance boards rarely have standing committees, they often still have a nominating committee responsible for recruiting new board members.

Ad hoc committees are formed by boards for time-limited, specific purposes. When the purpose or goal of the committee has been accomplished, the committee disbands. One example would be a committee brought together to organize a conference or fundraising event.

Advisory committees are often put in place to deal with specific, time-limited issues. They may be charged with researching, investigating or monitoring an issue and then providing informed advice to the board. Organizations that receive funding to carry out research and development projects often have advisory committees attached to the project, sometimes at the insistence of the funder. Advisory committees may be established to bring together experts who can provide particular advice on specific matters of interest to the Executive Director or board.

Boards sometimes make the mistake of establishing committees that may not be needed or keeping committees going after they have outlived their need. Before establishing a committee, determine whether the work may be better done by the board as a whole, by staff or by an

individual board member. Similarly, boards should evaluate the work of standing committees on a regular basis to ensure the committee still has a purpose and is working effectively.

To function effectively, committees need:
- A clear role and purpose
- Terms of reference
- A chairperson
- An appropriate number of members suited to the role of the committee
- A mechanism to report back to the board
- A way to evaluate their work