

Centre of Excellence in Non-Profit Governance

RESOURCES TO SUPPORT MINIMUM GOVERNANCE STANDARDS FOR GRANTS APPLICANTS

It is the intention of the Foundation that charities applying for grants will need to have 8 out of 13 of the governance practices listed below to be eligible to apply. However, if a minimum of 8 practices are not currently in place, a **charity is allowed to apply once** and the charity is directed to appropriate resources and support to address gaps. The highlighted items marked with an asterisk * are compulsory items for subsequent applications.

| GOVERNANCE STANDARD | WHY THIS IS IMPORTANT | RESOURCES, TIPS AND TOOLS |
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| *The board approves the annual budget | Board has ultimate fiduciary responsibility to the members, CRA and other governing/legislative bodies. | A process can be put in place for budget to be reviewed and approved by board within plus or minus 2 months of the fiscal year-end |
| The board reviews actual to budget at least twice a year | Board has ultimate fiduciary responsibility to the members. Periodic reviews keeps board informed of progress to date. | A process is implemented for budget-to-actual to be reviewed by board twice a year. May also want to include in report the identification of variances of 10%-15% and, where there is a potential negative impact on the budget's bottom line, an explanation and identification on plans to mitigate the impact on the budget. |
| *The board meets a minimum of 3 times annually | Board has ultimate fiduciary responsibility to the members, CRA and other governing/legislative bodies. | Regular meetings are a key tool to ensuring board meets their fiduciary and oversight responsibilities. |
| Board policies are reviewed at least every 4 years | Legislation, staffing, governance and/or programming change may impact board policies. Important to determine that policies are still relevant. | Document can be created that is an index, in table format, which lists each policy and is organized thematically (i.e. finance, governance, program, etc.). The table includes date of the last review, the frequency of review (some policies may need to be reviewed annually) and the date of the next review. This responsibility for updating and managing the review process is assigned to a board officer in partnership with the senior staff member. This resource is about governing documents and writing policies vs. procedures. |
| | | http://www.charitycentral.ca/office/AB-EN/Section6-AB-EN.pdf |

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| *There a policy that clearly outlines the roles and responsibilities of board and officers | <p>Clearly defined roles and responsibilities are critical to good governance and to ensuring that board members understand the difference between their role as directors and the role of staff.</p> | <p>http://sectorsource.ca/managing-organization/board-governance/roles-requirements</p> |
| There are fixed terms for board members | <p>There have been instances of negative consequences of boards that get stuck in their ways, resist changes that could benefit the institutions they govern, and drive away new members because of a power structure that keeps the "old guard" in place with little opportunity for newcomers to play a meaningful role.</p> | <p>Governance is a process that boards should constantly improve upon. For those boards that do not have term limits, we recommend that boards take the time every couple of years to discuss the issue with an open mind, weighing the pros and cons, and either reinforce the decision to not have limits or to adopt them.</p> |
| A strategic plan been developed in the last 4 years | <p>Focuses the energy, resources, and time of everyone in the organization in the same direction.</p> | <p>http://www.imaginecanada.ca/blog/strategic-planning-best-laid-strategic-plans-needn%E2%80%99t-go-astray</p> <p>The Foundation does provide grants towards the cost of developing a strategic plan.</p> |
| The board annually reviews progress on achieving strategic plan goals and adjusts plan to reflect progress and new opportunities | <p>The board annually reviews progress on achieving strategic plan goals and adjusts plan to reflect progress and new opportunities</p> | <p>The board annually reviews progress on achieving strategic plan goals and adjusts plan to reflect progress and new opportunities</p> |
| *The ED/CEO performance is reviewed annually | <p>The performance appraisal gives both the board and the executive director the opportunity to review the executive director's agreed upon goals and outcomes for the past year and to set goals and objectives for the coming year. It provides a mechanism for discussing opportunities for improving performance and achieving the organization's goals and objectives.</p> | <p>https://charityvillage.com/Content.aspx?topic=assessing_the_executive_directors_performance#.VpVX0vkrLIV</p> |

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| The board evaluation is undertaken annually | Ensures that the board has the knowledge, skills and ability to govern. Can contribute significantly to performance improvement at 3 levels: organizational, board and individual directors | http://sectorsource.ca/resource/file/board-self-evaluation-questionnaire-tool-improving-governance-practices-non-profit |
| There is an interim succession plan in place or being developed in the unexpected changeover in organization leadership | While you can't plan for a disaster, sudden illness or other emergency, it is important to put in place contingency plans that will help your organization continue to operate. It can be used to build strong leadership and help your organization survive the daily changes in the marketplace. | https://charityvillage.com/Content.aspx?topic=tools_for_nonprofit_leaders-succession_planning_in_the_not_for_profit_world&last=161#.Vo7FjN9ljml |
| There is a conflict of interest policy | Charitable organizations are frequently subject to intense public scrutiny, especially where they appear to have inappropriately benefited their officers, directors or trustees. A conflict of interest policy helps avoid the appearance or actuality of private benefit to individuals who are in a position of substantial authority. | http://hrcouncil.ca/hr-toolkit/conflict-of-interest.cfm |
| There is a reserve policy | A reserve policy addresses the need for working capital and to meet unexpected spending requirements perhaps because income has fallen short, plans or been delayed or project costs have gone over budget. Capital reserves are important for organizations that own property and facilities. | http://www.nidos.org.uk/sites/default/files/Reserves_Policy.pdf |