

Governing Documents: Policies and Procedures



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Governing Documents: Policies and Procedures

6.1 Why are Policies and Procedures Important to Charities?

Section 230 of the *Income Tax Act* says that a charity must keep three kinds of books and records. These include:

- information to enable determination of whether there are grounds for revocation of its status under the Act (that is, its compliance with the Act);



In other words, you must be able to prove to CRA that your charity is doing what you claim.

- duplicates of donation receipts; and
- such other information to allow verification of donations for which a deduction or tax credit is available.

Within these three categories, it is up to you to decide which books and records to keep. As a general rule, it is better to keep more records than fewer.



Key info

A charity should keep **adequate books and records**,

- in either English or French
- at a Canadian address it has on file with CRA,

so that CRA can verify official donation receipts issued, as well as income and expenditures.

The *Income Tax Act* includes a long list of items in its definition of “books and records”, including **governing documents**. (See sections 3, 4, and 5 for more info on governing documents.)

What this means for you

You must keep a copy of your policies and procedures in a safe and easily-accessible place. Information follows on how to find your policies and procedures, and file a copy here in your Office in a Box.



From www.charitycentral.ca/site/?q=node/457

The usual books and records held and maintained by registered charities include

governing documents – a large category of documents, which includes **policies** and **procedures**.



From www.charitycentral.ca/site/?q=node/455



From www.charitycentral.ca/site/?q=node/456

Importance of Policies	Overview	Common Practices	Writing & Implementing	Examples	Tips	More Info	Your Documents
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6.2 Overview of Policies and Procedures

Decision making

When you make decisions in your organization at board meetings or annual or special general meetings, your existing constitution and governing statutes guide these decisions. Your decisions are also guided by the policies and decisions that your board or general membership has decided. The board usually makes policies by formal motions at meetings of the board or membership.



Refer to sections 3 & 4 for information on constitutional documents and governing statute.

What is a bylaw?

A bylaw provides the overall framework to govern the affairs of your organization. It does **not** deal with the day-to-day operations. Once bylaws are in place, policies and procedures can be developed.



Refer to section 3.2 for all information on by-laws

What is a policy?

A policy is an expression of the will of the board and usually does not change very often. A policy is neither a bylaw nor a part of your constitution. A policy is:

- a governing principle
- the internal governing rules of your organization
- a framework for carrying out work
- a way for the board to delegate authority while maintaining control, and
- a definition of what is to be done.



From http://culture.alberta.ca/bdp/bulletins/DevelopingPolicy-Print_09.pdf, p.2



Policies *answer* the questions “WHAT”?
What does your organization intend to do?



Adapted from [www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/rsv9182](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/rsv9182)

What is a procedure?

A procedure, which may change frequently, details methods by which these principles are implemented. A procedure is:

- step-by-step instructions that bring the policy to life.



Procedures ask the question “HOW”.

How should your organization carry out the work? How should your organization put the policies into action?

Policies and procedures are often combined in an integrated statement of policy and procedure. What would work best for your organization? You decide.

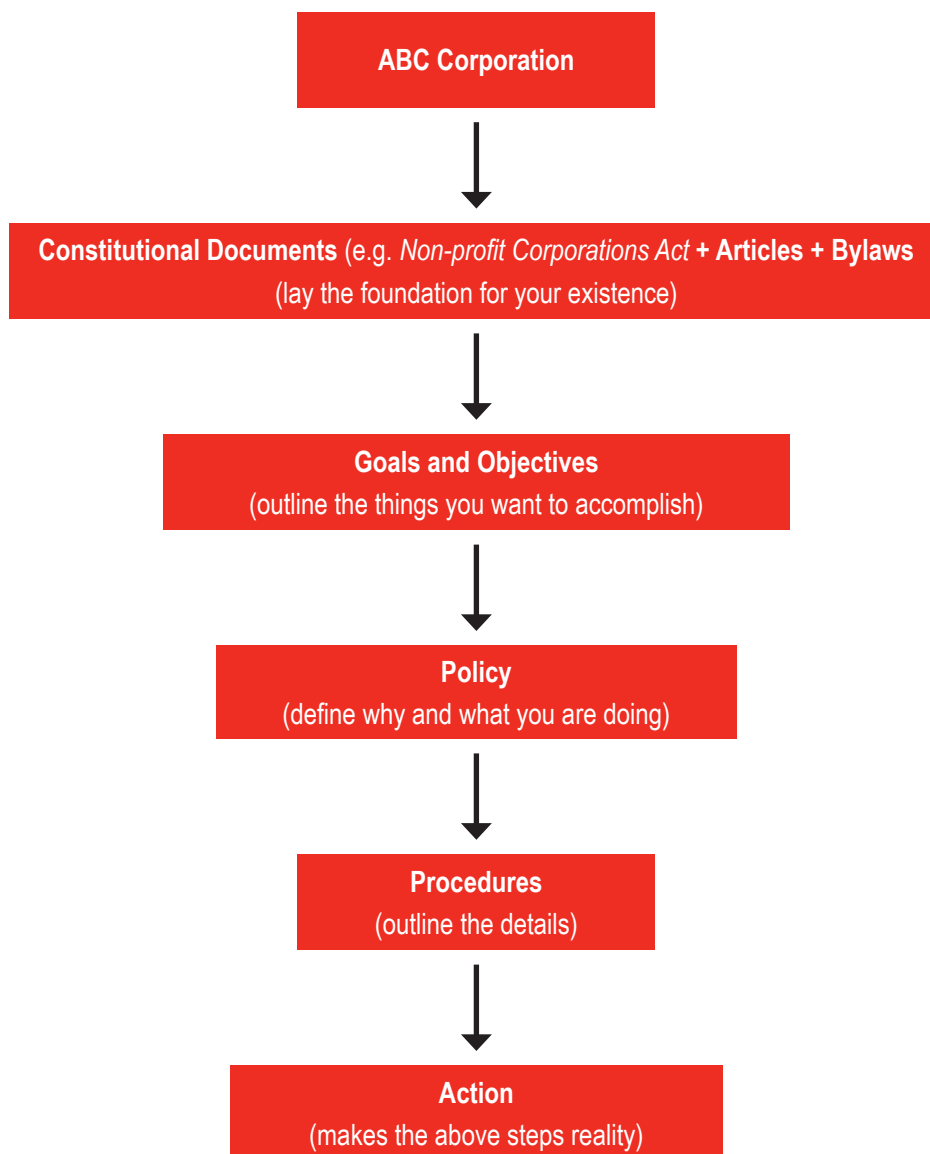


Adapted from
[www1.agric.](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/rsv9182)

[gov.ab.ca/\\$department/deptdocs.nsf/all/rsv9182](http://gov.ab.ca/$department/deptdocs.nsf/all/rsv9182)

Relationship between bylaws, policies, and procedures

Here's how your organizational pieces fit together.



Adapted from
[www1.agric.](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/rsv9182)

[gov.ab.ca/\\$department/deptdocs.nsf/all/rsv9182](http://gov.ab.ca/$department/deptdocs.nsf/all/rsv9182)

6.3 Writing Policies for Your Organization: Common Practices

The creation of good policies is key to any successful organization; policies will include guiding information for an organization such as yours.

If you require more information to assist you in writing sound policies for your organization, refer to the following listing. The information has been gathered from a variety of sources in order to give you a broad range of information from which to draw.

■ Where to start? Writing tips and formats

Information from the Government of Alberta's Department of Agriculture and Rural Development is written to assist agricultural societies in developing policy and procedures manuals. The information includes such topics as: what to include in a policy and sample policy templates that could be adapted to non-agricultural organizations.

The comprehensive information at this site can easily be adapted for other organizations. You will also find other resource materials from other agencies listed toward the end of the first page of the site.

[www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/rsv9182](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/rsv9182)

■ Development of essential policies: What to include

Information from the Board Development Program (BDP) is very comprehensive and is used extensively in the province of Alberta for boards of varying sizes, issues, and composition. It should prove useful for boards in Saskatchewan as well.

■ Consult the BDP bulletin on policy development at

www.culture.alberta.ca/bdp/bulletins/DevelopingPolicy-Print_09.pdf

In particular, see:

- pages 2-3 – information on an organization's framework policies
- pages 3-4 – information on self-governance policies
- page 4 – information on operational policies
- page 5 – information on advocacy policies

If you wish to contact the Board Development Agency in Alberta directly, contact information is:

Email: bdp@gov.ab.ca

Telephone: 780-427-2001;

Online: www.culture.alberta.ca/bdp

6.4 Tips for Writing and Implementing Policies and Procedures

The most common policies in organizations contain certain concepts and information. This list is not exhaustive, but you can use it as a starting point for your organization.

Framework policies clarify the organization's philosophy, mission, and vision, and outline the beneficiaries the organization will serve. They may include one or more of the following:

- Mandate
- Vision statement
- Mission statement
- Target statement
- Aim statements
- Objects

In a small charity, the most commonly used of these will be “mission statement” or “mandate.”



For a good discussion of mission, vision, and values, see www.help4nonprofits.com/NP_Bd_MissionVisionValues_Art.htm.



Adapted from
www.culture.alberta.ca/bdp/

bulletins/DevelopingPolicy-
Print_09.pdf



Group policies into categories that are

meaningful to your organization or develop each policy as it relates to your mission and goals

For organizations incorporated in Saskatchewan under The *Non-Profit Corporations Act*:

- The **framework policies** above would normally be included in the bylaws of a non-profit.



In Saskatchewan, bylaws can be amended by the Board of Directors. Changes must then be submitted to members at the next meeting and members can accept reject or modify the bylaws.

Importance of Policies	Over-view	Common Practices	Writing & Implementing	Examples	Tips	More Info	Your Documents
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Board self-governance policies state how the board will govern itself and the organization. These policies set out the principles, rules, governing style, roles, responsibilities, and functions of the membership, board, board members, and board committees. They may include:

- Policy-making
- Governing style
- Roles, responsibilities and functions
- Board members' code of conduct
- Board recruitment, orientation, training and evaluation
- Conflict and complaint resolution



Some organizations include the info from these board governance “policies” in their bylaws.

In a small charity, the most commonly used of these will be “role, responsibilities and functions,” “board members’ code of conduct,” and “conflict and complaint resolution”. See Section 6.5 for examples.



For more information on dealing with conflicts, see *Managing Conflicts: A Guide for Volunteer Boards* http://collegeofcontinuinged.dal.ca/Files/NP_ManagingConflict-AGuideforVolunteerBoards.pdf

For organizations incorporated in Saskatchewan under *The Non-Profit Corporations Act*:

- The **board self-governance policies** would normally be included in the **bylaws** of a non-profit.



In Saskatchewan, bylaws can be amended by the Board of Directors. Changes must then be submitted to members at the next meeting and members can accept reject or modify the bylaws.

Operational policies outline the board's directions for personnel, financial, and program functions. They direct the actions of the executive director (or board members who perform program functions), staff, and service volunteers. The number and complexity of operational policies depends on the size and complexity of the organization and its stage of development.

Operational policies may be prepared for each functional area of the organization:

■ **Finance and accounting**

- These policies state how the organization will manage and protect its assets. For example.
 - Financial planning (includes budgeting)
 - Investing
 - Budget access
 - Fundraising
 - Communications
 - Conflict of interest
- In a small charity, the most commonly used will be “financial planning” and “fundraising.” See Section 6.5 for an example.
- See the Financial Policies and Procedures fact sheet from the Ontario Ministry of Agriculture, Food and Rural Affairs at the end of Section 6.4 for an excellent discussion of common financial policies. It has been reprinted with permission.
www.omafr.gov.on.ca/english/rural/facts/01-047.htm



Refer to section 3.2 for all information

on bylaws.

Refer to section 7 for all information on financial documents.



See Imagine Canada's Ethical Fundraising and Financial Accountability Code www.imaginecanada.ca/?q=en/node/21 It is a voluntary program open to Canadian charities.

■ Personnel

- These policies relate to the people who are not your board members. Your organization, if small, may not have need for many personnel policies.
- Routinely, examples of personnel policies may include:
 - Volunteers
 - Confidentiality
 - Communications
 - Codes of conduct
- In a small charity, the most commonly used of these may be in the area of “volunteers.”



See Volunteer Calgary's Policies and Procedures Manual for various examples
www.volunteeralberta.ab.ca/uploaded_files/documents/262_vc%20hr%20policy%20manual.pdf

■ Programs and services

- These policies clarify the ways that your organization carries out things outside of the boardroom.
- For example:
 - Community involvement
 - Complaints
 - Program descriptions – type, target, participants fees
 - Communications
 - Protocol for dealing with vulnerable populations
- In a small charity, the most commonly used of these may fall under “community involvement.”

Governance Policies

In recent years, there has been a trend toward adopting **governance policies**. These policies are a kind of adjunct to the bylaws: they provide further guidance to how governance will work.

One advantage of governance policies is that they are easier to amend than bylaws. Bylaws can usually only be altered by resolution at a formal meeting of the members of an organization. The board itself can usually alter governance policies, though there may be special provisions related to the number of board members who need to be present if amendments are made.

For organizations incorporated in Saskatchewan under *The Non-Profit Corporations Act*:

- **Governance policies** would normally be included in the **bylaws** of a non-profit.



In Saskatchewan, bylaws can be amended by the Board of Directors of a non-profit. Changes must then be submitted to members at the next meeting and members can accept reject or modify the bylaws.



From Institute
on Governance

<http://iog.ca/>

[boardgovernance/html/](http://iog.ca/boardgovernance/html/)

[byl_govpol.html](http://iog.ca/byl_govpol.html)



Refer to
Section
3.2 for all
information
on bylaws.

Governance policies might address such issues as:

- The role and structure of the board and committees
- Conflict of interest
- The roles of officers of the corporation
- Risk management
- Financial stewardship
- The role and authority of the CEO or executive director
- Recruitment, orientation of new board members
- Running board meetings
- Board evaluation

In a small charity, one the most commonly used of these would fall under “conflict of interest”. See Section 6.5 for an example.

Other Policies

Depending on your organization, other policies might relate, for example, to facilities and equipment, advocacy, and risk management.

- **Facility and equipment policies** on issues related to such things as
 - Complaints
 - Facilities – rental fees, hours of operation
 - Equipment – loans or lease



Depending on your organization, these could go under Operational Policies.

- **Advocacy policies** set out the organization's response to matters affecting its relationship to the community and society. They
 - establish how the organization will promote its mission to the public and how it will respond to controversial issues or sensitive matters
 - create public awareness of a problem the organization perceives to exist or support for the solution it is trying to bring about
 - may come from the membership through resolutions at the Annual General Meeting
 - can help to guide the work of the personnel involved in advocacy

Note: Registered charities are subject to special rules under subsections 149.1 (6.1) and 149.1 (6.2) of the *Income Tax Act* that specify the kinds and amounts of political activity they can engage in. See the CRA guidance on political activities at www.cra-arc.gc.ca/tx/chrts/plcy/cps/cps-022-eng.html for more details.

- **Risk management** policy statements could include:
 - child abuse protection
 - sexual abuse
 - sexual harassment
 - bullying
 - volunteer conduct and recruitment
 - privacy (with respect to employees and volunteers)
 - safety in the workplace
 - protocol for domestic and foreign volunteer projects

The **Ontario** Ministry of Agriculture, Foods and Rural Affairs has produced a **Factsheet** that may very useful to you, called Financial Policies and Procedures: Protecting Your Organization's Financial Assets. (© Queen's Printer for Ontario, 2001. Reproduced with permission.)

It is available online at www.omafr.gov.on.ca/english/rural/facts/01-047.htm



From www.culture.alberta.ca/bdp/bulletins/DevelopingPolicy-Print_09.pdf, p.5



From Carters' *Legal Risk Management Checklist for Not-for-Profit Organizations* www.carters.ca/pub/checklist/nonprofit.pdf

Importance of Policies	Over-view	Common Practices	Writing & Implementing	Examples	Tips	More Info	Your Documents
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**Ontario**Ministry of Agriculture,
Food and Rural Affairs**BD PG
POLICY**

FINANCIAL POLICIES AND PROCEDURES: PROTECTING YOUR ORGANIZATION'S FINANCIAL ASSETS

S. Budd

The responsibility for managing and protecting the assets of any non-profit organization rests on the shoulders of the board of directors. In many rural non-profit organizations these directors may be "just volunteers". Despite this, the board needs to approach their financial affairs from a very business-like perspective! This Factsheet reviews basic policies and procedures that organizations should have in place to protect their financial assets. It does not cover issues like bonding and insurance, which are also important parts of an organization's risk management strategy.

WHY DO WE NEED THEM?

"We don't worry about financial procedures – we trust our treasurer to look after the money!"

Some people may feel that implementing strict financial procedures is an insult to the integrity and honesty of their treasurer and others who manage the funds of the organization. In reality, procedures of this type are as much for the protection of these people as they are for the protection of the organization. Proper financial procedures help to take the entire burden off the shoulders of the treasurer and eliminate temptations for anyone involved in managing the assets of the organization.

SIGNING AUTHORITY

A standard safeguard in volunteer organizations is to require 2 authorized officers to sign all cheques. In many organizations 3 or 4 persons will be authorized to provide the 2 signatures so that if 1 person becomes ill or goes on an extended trip the organization always has at least 2 people to sign cheques.

This procedure is ineffective if 1 of the officers signs a quantity of blank checks in advance. While probably well intentioned, this person has abdicated their duty as an officer and director and has put the organization's funds at risk. Signing officers and the entire board should always insist on all cheques being completely filled in before anyone signs. Officers with signing authority may also want to verify the cheques against the corresponding invoices before signing.

REGULAR REPORTING

The board should specify a regular schedule of financial reporting and the level of detail that they require in those reports. At a minimum, financial reports should indicate the current cash position of the organization, the inflows and outflows for the reporting period and any outstanding expenses or receipts. Provide copies of the report to all board members. It is the duty of the directors to ensure that they review and understand the financial reports provided.

The financial books or records of the organization are the property of the organization and not the treasurer. They should be open for examination at any reasonable time by directors of the organization.

ANNUAL BUDGETS AND SPENDING LIMITS

Spending authority for the signing officers is normally provided in the annual budget of the organization. In most organizations, the board of directors delegates authority to the signing officers for day to day purchases outlined in the budget. This means that the treasurer does not have to wait for approval at a board meeting every time a new pencil needs to be purchased (provided that pencils/office supplies are included in the budget).

Expenditures not included in the budget should be approved by motion at a meeting of the board.

The organization may set out spending limits for the officers on major purchases. Expenditures over a predetermined dollar level may require board approval. A sample board policy could state that "any purchases over \$500 require approval by motion at a board meeting".

For larger expenditures or for capital expenditures, the organization may have a policy that requires a competitive bidding process. Written quotes from 2 or 3 vendors would be obtained and presented to the board before a purchase was approved.

CASH TRANSACTIONS

Some activities of organizations may be most easily handled with cash. Sometimes this may result in large amounts of cash being handled at one time. Some simple procedures can limit the possibility of theft or any accusations of theft.

- Have cash receipts counted and recorded as soon as possible from the time that they were received.
- Always ensure that there are at least 2 people present when cash is being handled.
- Once cash has been counted, lock it up in a location that can only be accessed by authorized individuals.
- Make bank deposits regularly to avoid having significant amounts of cash on hand.
- In cases where cash is being distributed, request receipts or have the individuals receiving the cash sign a form stating that they have received it.

CHEQUES

Cheques provide an easy to follow paper trail for organizations. One risk with cheques is the possibility of forgery. While this risk may be relatively small, the increasing popularity of automated teller machines (ATM's) and the accompanying trend toward less personal banking can make it more tempting for some individuals to attempt to pass forged cheques. The following actions can help reduce this risk.

- Keep all blank cheques in a secure and preferably locked location.
- Keep signed cancelled cheques that are returned from the bank in a secure and preferably locked location.

CREDIT AND DEBIT CARDS

Credit and debit cards are convenient and widely accepted and many organizations have decided that it is appropriate for their staff or officers to be issued a card for the organization. If this is the case, then the officers should meet with officials from their financial institution to discuss the options that can be put in place. These may include daily transaction limits and limits to specific classes of vendors. The persons who carry the cards need to have very clear guidelines around the use of these cards.

Organization credit cards should never be used for personal items even if the individual pays their share of the balance as soon as the statement comes due.

COMMITTEE/DIVISION ACCOUNTS

Committees or divisions of an organization may have separate bank accounts and some may even have their own treasurer. The board of directors of the parent organization should be aware of these kinds of accounts and authorize the use of them. These accounts should be operated under the same principles as those of the parent organization, including any requirement for an annual independent

financial review. Committees and divisions of incorporated organizations are a part of the corporation in the eyes of the law. Their money is the corporation's money. They enjoy the benefits of incorporation but they also share the accompanying responsibilities and accountability. This includes the responsibility to report to the board of directors and the membership an accurate account of the finances. The board will determine the frequency of this reporting, but reports should be presented at least once a year and should be made through the treasurer of the parent organization.

INDEPENDENT FINANCIAL REVIEWS

Every organization should have their financial statements examined by an independent, objective and qualified person once a year. A financial review completed by a professional in the field will provide the organization with a credible opinion about the accuracy of the financial statements, how fairly the statements reflect the financial situation of the organization and the degree to which the organization has complied with generally accepted accounting principles. Any concerns about the financial health of the organization or the financial practices of the organization will be brought to the attention of the membership. This type of review provides the board with assurance that the assets of the organization are being managed properly and that the financial records and supporting documents are accurate and complete.

Organizations should review the legislation under which they are incorporated as well as their own constitution and bylaws for information about the type of financial review required. Organizations that have status as a registered charity may require a higher level of assurance. Granting institutions may also stipulate the level of financial review required before they will agree to provide funding.

The word "audit" is commonly used. An audit is precisely defined by the accounting profession and provides a very high level of assurance for an organization. Other services are available from accounting professionals, providing varying levels of assurance for the organization. These varying levels of assurance involve varying levels of work by the accounting firm. The price of these services will normally increase with the level of assurance provided.

An accountant can provide you with more information about their various services but here is a brief overview of some commonly provided services.

- **Audit** — An "audit" includes the use of inspection, observation, enquiry, confirmation, computation, analysis and discussion to provide the highest level of assurance possible.
- **Review** — A "review" includes the use of enquiry, analysis and discussion of information supplied by the organization to provide a moderate level of assurance. A

review is less rigorous than an audit and does not provide the same level of assurance.

- **Compilation** — In a “compilation”, the accounting firm compiles financial statements for the organization from the books and records of the organization. The organization knows that the statements are accurate based on the information provided but have no assurance that the records have been verified as accurate. The term “Notice to Reader” is also used for this third level of assurance. In some cases a “Notice to Reader” may go beyond a compilation and provide a somewhat higher level of assurance.

USE OF VOLUNTEERS FOR FINANCIAL REVIEW

Small volunteer organizations may find the cost of accounting services to be expensive in comparison to their operating budgets. For groups that find themselves questioning the affordability of a professional examination of their financial records there are other options. In all cases, the board and the membership of the organization must be aware of and approve of the level of assurance that is being provided.

Some accounting professionals and firms may be willing to provide free or discounted services for non-profits in their communities. Is this a possibility in your community? Take a look at your membership list and see if there are any members who are practicing or retired accounting professionals. These people may be willing to contribute their time and talents. Do not use someone who is currently on the board as this can present a conflict of interest situation for the individual and the organization.

Some organizations will locate other volunteers who do not have credentials in the field of accounting but who have other relevant experiences (e.g. a bookkeeper, an experienced treasurer of another organization). This type of volunteer review is no replacement for the services of a professional accountant but it is certainly better than doing nothing and can provide small organizations with a modest level of assurance. If your organization decides to use volunteers, it is advisable to have 2 individuals working together.

As with any volunteer task, it is important to provide the individuals recruited with a clear job description that outlines the tasks to be completed. What records do you want them to examine and in what detail? What type of report is the organization expecting? When must the task be completed?

What level of financial review is right for us?

Recruit the highest level of financial expertise that your organization can afford and that can be justified based on the complexity of the organization's business. Discuss your situation and the options with a professional accountant and

find out what the costs would be. Ensure that the board and the membership are aware of and comfortable with the level of assurance that is currently being provided. Review this every year! The more money that is passing through an organization's hands, the higher the risk and the greater the need for a high level of assurance.

RETENTION OF RECORDS

Organizations should have policies in place that clearly state the length of time that financial records of the organization must be kept. This will apply both to physical written records (ledgers, cheques, receipts, etc.) and to electronic records if the treasurer is using a computer program to manage the finances of the organization. Seven years is a commonly accepted length of time but choose the length of time for your organization based on the business of the organization.

WRITTEN POLICIES

Volunteer organizations normally experience a regular turnover of directors and officers. A written “Policies and Procedures” document is a useful guide for both new and experienced directors and will be especially helpful in years where a large percentage of the board is new. This document can also be used to clearly communicate with the membership if there are ever questions about how the board is dealing with the financial affairs of the organization.

PEACE OF MIND

Developing financial procedures can seem like a lot of work to prevent something that may never happen but view these procedures as a form of insurance for your organization. Remember that “It's too late to close the barn door after the horse has run away” or after some of the organizations assets have walked away! The missing funds may be just the tip of the iceberg, in terms of costs to the organization, when compared with time spent by the officers and directors, the emotional wear and tear on people most closely involved and the potential loss of credibility in the eyes of the community.

Take some time at your next board meeting to review the financial safeguards that your organization has in place!

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Meeting Today's Challenges, OMAFRA Workshop Manual, B. Carson, 1990

Strengthening Leadership Workbook Series, N. Draper, Family Space Quinte, 1997

The Not-for-profit Administrator newsletter, Cowperthwaite Mehta Chartered Accountants, <http://187gerrard.com>

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6.5 Examples of Common Policies

Create your own policies, using and adapting the samples provided. **The samples provided are suggestions only**, and can vary depending on your own organization's needs. Adoption of these samples by a board without discussion and revision is not recommended.

It is advisable to file a copy of your organization's policies in the folder at the end of this section (Section 6.8).



A template version of these documents also exists in Appendix B (Resources).

Example of Board Self-Governance Policy

Name of Organization:	Policy Section:	Date:	Rev.Date:
ABC Corporation	Board Self-Governance	July 10, 2004	Nov 5, 2009
	Policy Subject: Role of the board	Page: 1 of 1	
Policy Statement			
<p>The role of the Board of Directors is to provide leadership and oversight of the activities of the association. In both areas it will strive to represent the interests of members and the broader community.</p> <p>The work of the board requires a balance of asking big questions, exploring possibilities, engaging in real dialogue, solving problems and offering direction.</p>			
Procedures			
<p>1.0 In providing leadership the Board will actively consult with others inside and outside the organization and, in providing oversight, it will ensure broad organizational accountability, transparency and active and meaningful external communications.</p> <p>2.0 In providing leadership the Board will work with the Executive Director in engaging external stakeholders in looking towards the future, reviewing the organization’s mission and objectives, identifying the outcomes the organization is seeking and the strategies it will use to achieve them.</p> <p>In providing oversight the Board will rely on assessing organizational performance in relation to goals and adherence to budget. The board will insure, through the creation of policies, that the Corporation adheres to sound financial management, personnel and service practices. The board will rely on the systematic review of organizational activities through the implementation of policies, rather than by examining or advising on day-to-day decisions.</p> <p>3.0 The Board will take responsibility for its own management, continuity and renewal. It will insure effective board meeting practices, appropriate director conduct, ongoing board education, and continuing attention to the recruitment of new members.</p>			
Approved by: Motion recorded in minutes of Nov 5, 2009			
Recorded by: Jane Jones			
Review: Annually			



A good example: Volunteer Calgary's

Manual www.volunteeralberta.ab.ca/uploaded_files/documents/262_vc%20hr%20policy%20manual.pdf



Adapted from *Non-Profit Sector Leadership Program*, Dalhousie University, http://collegeofcontinuingeducation.ca/Files/NP_Role_of_Board08.pdf

Example of Board Self-Governance Policy

Name of Organization:	Policy Section: Board Self-Governance	Date: June 1, 2006	Rev.Date: Nov 5, 2009
ABC Corporation	Policy Subject: Board members' code of conduct	Page: 1 of 1	
Policy Statement			
The Board is committed to effective decision-making and, once a decision has been made, speaking with one voice			
Procedures			
Board members will:			
1.0 Keep member and community interests in mind when expressing a view point			
2.0 Endeavour to speak from one's knowledge and experience			
3.0 Use the powers of the office to carry out the duties of the office honestly, in good faith and in the best interests of the Corporation			
4.0 Respect and support the Corporation's:			
4.1 Memorandum of Association and By-Laws;			
4.2 Policies adopted and approved by the Board of Directors; and			
4.3 Decisions taken by resolution of the membership.			
5.0 Express oneself at board meetings (even if one's view differs from that of other board members) and encourage and make it comfortable for others to do so			
6.0 Refrain from "politicking" outside of board meetings			
7.0 On important issues, encourage consensus decisions as well as ones that seek collaborative rather than compromise solutions			
7.1 Support majority decisions even if one's view is a minority one			
8.0 Not disclose or discuss differences of opinion on the board outside of board meetings, especially with staff, volunteers or clients			
9.0 Keep confidential all information that is learned about clients, personnel and any other matter specifically determined by the board to be matters of confidence including matters dealt with in-camera meetings of the board. Confidentiality means Directors may not relate such matters to anyone including immediate family members. The duty of confidentiality continues indefinitely after a Director has left the board			
10.0 Refrain from speaking for the organization unless authorized to do so			
11.0 Disclose one's involvement with other organizations, businesses or individuals where such a relationship might be viewed as a conflict of interest (see Conflict of Interest Policy)			
Approved by: Motion recorded in minutes of Nov 5, 2009			
Recorded by: Jane Jones			
Review: Annually			

Importance of Policies	Over-view	Common Practices	Writing & Implementing	Examples	Tips	More Info	Your Documents
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Example of Board Self-Governance Policy

Name of Organization: ABC Corporations	Policy Section: Board Self-Governance	Date: June 1, 2006	Rev.Date: Nov 5, 2009
	Policy Subject: Conflict and Complaint Resolution	Page: 1 of 1	
Policy Statement			
<p>The Corporation is committed to creating and maintaining an organizational environment characterized by constructive, productive and supportive working relationships. These are ones that are open to contrasting styles of understanding and acting and different points of view and that recognize that human interactions are complex, often difficult, and that we all can contribute to their success and breakdown.</p> <p>All persons involved with the Corporation have an obligation to communicate openly and respectfully with one another and to provide reasons for particular decisions or actions. When disagreements arise, greater understanding by all is needed. The presence of conflict, if dealt with effectively, offers an opportunity for individual and organizational learning including the identification of policies and practices which need to be improved.</p> <p>Conflict situations should be addressed at the earliest possible opportunity as unresolved conflict can lead to a stressful, and in the worst cases, a poisoned, work environment.</p> <p>In the event that any person or group is experiencing a work-related conflict or has a complaint about the actions of another person, the following guidelines will apply.</p>			
Procedures			
<p>1.0 Communicate directly with the person or persons whose actions are the cause of the complaint. People should reasonably expect to know if their behaviour or their decision is a problem for another person or group.</p> <p>2.0 If the circumstances are such that the person with a complaint is unable or unwilling to communicate directly with the persons or persons whose actions are the cause of their complaint, either for fear of it going badly, or of reprisal, the help of others should be sought in resolving the conflict.</p> <p>3.0 Complaints and conflicts that cannot be resolved by those directly involved will be dealt with by the executive director and, if not resolved at this level, or the executive director's actions are the cause of the problem, by the Board.² The executive director or the board may seek outside or independent assistance in resolving the conflict.</p> <p>4.0 Communication of the complaint or conflict shall first be made verbally. If this does not lead to a resolution that is satisfactory to the complainant, the nature of the complaint should be communicated in writing to the Executive Director or Chair of the Board. Such communication should be no more than one page and be descriptive in outlining the events that gave rise to the complaint or conflict.</p> <p>5.0 Persons involved in helping resolve the conflict can play a facilitation or mediation role where the goal is to help the parties restore a positive working relationship in the future, or a decision-making/ arbitration role where they investigate what happened and make a determination of who is responsible for the situation and what the consequences for the parties should be. The choice of these two approaches should be offered to the parties. If a mediated approach fails to resolve the matter, an arbitrated approach can be undertaken.</p>			



Adapted from
Non-Profit Sector
Leadership

Program, Dalhousie

University, [http://](http://collegeofcontinuinged.dal.ca/Files/NP_Role_of_Board08.pdf)

[collegeofcontinuinged.](http://collegeofcontinuinged.dal.ca/Files/NP_Role_of_Board08.pdf)

[dal.ca/Files/NP_Role_of_](http://collegeofcontinuinged.dal.ca/Files/NP_Role_of_Board08.pdf)

[Board08.pdf](http://collegeofcontinuinged.dal.ca/Files/NP_Role_of_Board08.pdf)

Importance of Policies	Over-view	Common Practices	Writing & Implementing	Examples	Tips	More Info	Your Documents
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6.0 The parties will refrain from drawing others into the process as a way of garnering support or getting attention. This can escalate the problem and can be damaging to the organization.
7.0 Complaints and conflicts shall be dealt with in a confidential manner. Meetings to resolve a complaint shall be open only to the parties and those attempting to resolve the complaint. The parties may have an advocate or supporter present. Meetings may be with the parties individually, together or both. In the interest of openness, no minutes or written record of what is said in these meetings shall be recorded although, if the parties agree, the outcome of the meetings or a resulting agreement may be documented. ³
8.0 Where the board is involved in a conflict resolution role, communication with it should be directly with the Chair not with the whole board. It is the chair's duty to inform the entire board of the existence of the conflict but a committee of the board may be struck in order to help resolve the matter.
9.0 The parties, and those helping to resolve the conflict, should avoid communicating the details of a complaint, making or responding to allegations or giving advice by e-mail. Face-to-face communication, as difficult as it is, should be relied upon. E-mail messages can be used for arranging meeting meetings or communicating details of the resolution process. It should also be noted that:
10. The Executive Director or Chair of the Board have an obligation to act immediately in addressing a complaint if the physical and mental health and safety of any of the parties is perceived to be at risk. In doing so one of the parties may be granted a temporary leave of absence with pay until the issue has been satisfactorily resolved or up to two weeks, whichever is shorter. ⁴
11. If threats to persons are made, or the Executive Director or Chair of the Board perceives a possible danger to a party or to other employees, including the possibility of one party being a danger to themselves, external professional assistance must be sought immediately.
Approved by: Motion recorded in minutes of Nov 5, 2009
Recorded by: Jane Jones
Review: Annually



- ¹ This policy blends a formal grievance procedure that one might find in a unionized setting and a more general approach to conflict resolution. This policy is also not strictly an operational policy that falls to the executive director to implement; the board has role to play too.
- ² This policy, despite its length, is oriented to smaller organization. Larger organizations with departments or working groups would want supervisors involved in conflict resolution at levels “lower” than that of the executive director.
- ³ Confidentiality in dispute resolution processes is generally thought to be a good practice. A good case can be made for having some documentation, at least of the fact that a conflict resolution meeting took place and that a resolution was found or not, to put in personnel files. Indeed, in a situation where it is determined that the conflict is tied to the executive director failure to follow or implement board policy, the fact of incident ought to be documented in order to be employed as a piece of evidence in the evaluation of the executive director.
- ⁴ The leave with pay idea here is just an example.

Importance of Policies	Overview	Common Practices	Writing & Implementing	Examples	Tips	More Info	Your Documents
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Example of Finance/Accounting Policy

Name of Organization:	Policy Section: Finance/ Accounting	Date: Dec, 3, 2006	Rev.Date: Nov 5, 2009
ABC Corporation	Policy Subject: Fundraising	Page: 1 of 2	
Policy Statement			
ABC Corporation will undertake a variety of fundraising efforts to support its facility, programs, and special events. Fundraising activities will comply with all relevant laws			
Procedures			
1.0 All fundraising activities will be approved by the Board of Directors.			
2.0 Committees wanting to fundraise must present a budget for the activity to the budget committee for approval.			
3.0 All fundraising done must clearly state it is for the ABC Corporation.			
4.0 All money raised will be placed in the ABC Corporation bank account. Cash deposits must always be counted and recorded; deposit information must be signed by at least two members.			
Approved by: Motion recorded in minutes of Dec. 3, 2006			
Recorded by: Jane Jones			
Review: Annually			



Adapted from
*Developing a
Policies and
Procedures Manual*
[www1.agric.gov.
ab.ca/\\$department/
deptdocs.nsf/all/rsv9182](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/rsv9182)



Example of Governance Policy

Name of Organization: ABC Corporation	Policy Section: Governance	Date: May 10, 2009	Rev.Date: n/a
	Policy Subject: Conflict of interest	Page: 1 of 1	
Policy Statement <p>Members of the Board of Directors shall act at all times in the best interests of the ABC Corporation rather than particular interests or constituencies. This means setting aside personal self interest and performing their duties in transacting the affairs of the Corporation in such a manner that promotes public confidence and trust in the integrity, objectivity and impartiality of the Board and the Corporation.</p> <p>Members of the Board shall serve without remuneration. No director shall directly or indirectly receive any profit from his/her position as such, provided that directors may be paid reasonable expenses incurred in the performance of their duties. The pecuniary interests of immediate family members or close personal or business associates of a director are considered to also be the pecuniary interests of the director.</p> <p>Definition of Conflict of Interest:</p> <ul style="list-style-type: none"> • Board members are considered to be in a “conflict of interest” whenever they themselves, or members of their family, business partners or close personal associates, may personally benefit either directly or indirectly, financially or otherwise, from their position on the Board. • A conflict of interest may be “real”, “potential” or “perceived”; the same duty to disclose applies to each. • Full disclosure, in itself, does not remove a conflict of interest. 			
Procedures <p>1.0 A board member shall make written or verbal disclosure of a conflict of interest situation, whether actual, potential or perceived to the Chair of the Board of Directors.</p> <p>1.1 Upon receipt of a disclosure, the Chair shall bring the matter before the Board at the Board’s earliest convenience. The Board shall determine what, if any, action should be taken by the Board, in order to deal with the matter.</p> <p>1.2 If there is any question or doubt about the existence of a real or perceived conflict, the Board will determine by vote if a conflict exists. The person potentially in conflict shall be absent from the discussion and vote with regard to the existence of the conflict.</p> <p>1.3 The disclosure and decision as to whether a conflict exists shall be duly recorded in the minutes of the meeting. The time the person left and returned to the meeting shall also be recorded.</p> <p>1.4 At the subsequent discussion of the issue where the conflict arises and one or more board members are absent due to a conflict, the Board may or may not seek the perspective of any absent board members on the issue.</p>			
Approved by: Motion recorded in minutes of May 10, 2009			
Recorded by: Jane Jones			
Review: Annually			

Templates for Policies and Procedures: simple format

Name of Organization:	Policy Section:	Date:	Rev.Date:
	Policy Subject:	Page:	
Policy Statement			
Procedures			
1.0			
1.1			
1.2			
2.0			
2.1			
3.0			
4.0			
5.0			
Approved by: Motion recorded in minutes of (date)			
Recorded by: Name (position)			
Review: Annually (for example)			


Adapted from
Institute on
Governance

www.iog.ca/publications/sample_policies.pdf, p.25

A template
version
of these

documents also exists in
Appendix B (Resources).

Guidelines for Template:

Section: refers to heading in main index

Subject: the topic considered

Page: page number including the total pages in section

Date: approval date of the information by the Board of Directors

Footer: at bottom of each page, a line that denotes what the document is and the organization to which it belongs.


Adapted from
Developing
Policies and

Procedures for Volunteer
Organizations: Factsheet
p.4 www.omafr.gov.on.ca/english/rural/facts/08-063.pdf

Importance of Policies	Over-view	Common Practices	Writing & Implementing	Examples	Tips	More Info	Your Documents
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Templates for Policies and Procedures: more detailed format

Policy and Procedure			
Chapter:	Human Resources (for example)	PP Number:	HR 2.07 (for example)
Section:	Employment (for example)	Date issued:	
Subject:	EMPLOYEE ORIENTATION (for example)	Effective date:	
Issue to:	All Manual Holders	Page:	1 of 2
Recorded by:		Replaces:	
Issued by:		Dated:	
<p>1. Policy Name</p> <p>1.01</p> <p>2. Purpose</p> <p>2.01</p> <p>3. Scope</p> <p>3.01</p> <p>4. Responsibility</p> <p>4.01</p> <p>5. Definitions</p> <p>5.01</p> <p>6. Related Policies and Procedures</p> <p>6.01</p> <p>7. Procedure</p> <p>7.01</p>			


Adapted from
*Building an
Effective Policy*

and Procedure Manual:
Whitepaper, p.18.

A template
version
of these

documents also exists in
Appendix B (Resources).

6.6 Tips for Keeping Your Policies in Order

- When the board approves policy, this should be recorded in the board minutes, publicized as appropriate, and the policy integrated into the policy manual.
- Each policy should include a date for automatic review.
- Write one policy per page. This makes it easier to do updates.
- It's important to list policy and procedures separately from the minutes for quick access. A separate handbook is easy to update and is an excellent way to orient new members.

Keep it up to date

- Designate one person responsible for keeping the policies and procedures current. It may be a role for the secretary or other board or committee member. The master copy should be kept in the Office in a Box.
Update as new policy is approved or a change occurs. All policy and procedures manual holders should receive updates.



It may be useful to include and reference the policies and procedures adopted during a year in the organization's annual report.

Evaluate

- Policies and procedures are not static. Review policy regularly, at least every two years. Some things look good on paper but prove ineffective in practice. Since policy is not written in stone it can be changed by the board. Stagger review dates so everything isn't reviewed at once. Get input from a committee at their event evaluation meeting. A good check is to ask the question, "Does the policy work?"

Review and revise

- If a policy or procedure is not working for your organization then delete, update, or combine.

Archive

- It is important to keep a copy of all versions of the policies. Develop a procedure outlining who is responsible and how the versions will be maintained.



Adapted from

[http://culture.](http://culture.alberta.ca/bdp/)

[alberta.ca/bdp/](http://culture.alberta.ca/bdp/)

[bulletins/DevelopingPolicy-](#)

[Print_09.pdf](#)



From

[www1.agric.](http://www1.agric.gov.ab.ca/)

[gov.ab.ca/](http://www1.agric.gov.ab.ca/)

[\\$department/deptdocs.nsf/](#)

[all/rsv9182](#)



Refer to

Section 2.3

for more

information on minutes.

Refer to Section

2 for your general

administrative calendar.

Refer to Section

2.3 for your general

administrative calendar.

You may wish to enter a

recurring date to renew

policy at least every two

years.

Importance of Policies	Over-view	Common Practices	Writing & Implementing	Examples	Tips	More Info	Your Documents
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6.7 Where to Find More Information on Policies and Procedures

Board Development Program Resources (Government of Alberta)

<http://culture.alberta.ca/bdp/resources.aspx>

Board Development Program Workbook:

Financial Responsibilities of Not-for-Profit Boards (Rev. ed. 2008). Alberta Culture and Community Spirit & The Muttart Foundation.

http://culture.alberta.ca/bdp/workbooks/Financial_Responsibilities09.pdf

Building an Effective Policy and Procedure Manual: Whitepaper (2006). Colin Braithwaite. First Reference Inc. Available for purchase;

see: www.firstreference.com/purchase_guides.asp

Bylaws and Policies. Institute on Governance.

<http://iog.ca/boardgovernance/html/byl.html>

Core Operations: Conflict and Complaint Resolution (2007). Dalhousie University Non-Profit Sector Leadership Program.

http://collegeofcontinuinged.dal.ca/Files/NP_Conflict_Resolution_Policy.pdf

Developing a Policy and Procedures Manual (June 2008). Fern Richardson & Stacey Tames. Alberta Agriculture and Rural Development.

[www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/rsv9182](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/rsv9182)

Developing Policies and Procedures for Volunteer Organizations: Factsheet (2008). D. Edwards. Ontario Ministry of Agriculture, Food and Rural Affairs.

www.omafra.gov.on.ca/english/rural/facts/08-063.pdf

Employee, Volunteer and Student Orientation and Human Resources Policy and Procedure Manual (February 2006). Volunteer Calgary.

www.volunteeralberta.ab.ca/uploaded_files/documents/262_vc%20hr%20policy%20manual.pdf

Financial Policies and Procedures: Protecting Your Organization's Financial Assets: Factsheet (2001). Stuart Budd. Ontario Ministry of Agriculture, Food and Rural Affairs.

www.omafra.gov.on.ca/english/rural/facts/01-047.htm

Governance Process: Role of the Board (2008). Dalhousie University Non-Profit Sector Leadership Program.


http://collegeofcontinuinged.dal.ca/Files/NP_Role_of_Board08.pdf

Legal Risk Management Checklist for Non-for-Profit Organizations (October 2009). Terrance S. Carter and Jacqueline M. Demczur. Carters Professional Corporation.

www.carters.ca/pub/checklst/nonprofit.pdf

Sample Governance Policies (2002). Mel Gill. Institute on Governance.

www.iog.ca/publications/sample_policies.pdf

 Refer to the Glossary for specific content terms, such as policy, procedure, and bylaw.

Importance of Policies	Over-view	Common Practices	Writing & Implementing	Examples	Tips	More Info	Your Documents
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6.8 A Place to File Your Organization's Policies and Procedures

Books and Records: Length of Retention

Type of record	Description	Retention period
All documents and by-laws governing a registered charity	All documents and by-laws governing a registered charity NOTE: This includes policies and procedures	<ul style="list-style-type: none">• as long as the charity is registered• two years after the date on which the registration of the charity is revoked

(From Charity Central: www.charitycentral.ca/site/docs/FastFacts_BandR_Length_final.pdf)