In performing its oversight role over all material activity, while monitoring performance of the corporation and guiding it, the rigor of its oversight and monitoring role is shaped by a series of practices and guidelines, some of which are as follows.

i. Setting tone at the top
ii. Performing duty of care
iii. Nose in, fingers out
iv. Board orientation
v. Team work
vi. Group think
vii. Communications with SLT and CEO
viii. Measuring board effectiveness

The rigour of the board oversight and monitoring role will depend on what is needed, as well as the experience of fellow board members

............setting tone at the top

The term – setting the tone – originally used in accounting and audit, defines the commitment to ethical and honest behaviour. The term has a broader meaning now defining how business is to be conducted. Leadership – management and board – has responsibility for setting standards of behaviour and adherence to internal controls and must act accordingly. This also implies that the board has responsibility for the culture – behaviour and values - within the corporation

The notion is that leadership – management and the board – sets the example, as well as overall factors shaping the culture, that in turn trickles down and pervades all activity throughout the corporation. That implies, if not demands, not only ethical behaviour to a high standard rather than a minimal standard but also to adherence to internal controls and best practices. "Do as I do, not just as I say".

............performing duty of care

Every board director must make his/her own decision independent of others. For it to be an informed decision, the standard is not for a perfect decision but a reasonable one that is defensible. Every director must "*exercise care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances*". Moreover, a director must try to ensure not only that they are well informed but that, if necessary, they can prove that they were well informed (called a business judgment rule). If a person's actions do not meet this standard of care, then the acts are considered negligent, and any damages resulting may be claimed in a lawsuit for negligence.

No director should be negligent in performing that duty, nor allow others to make that decision for him/her. Moreover, if that director is absent for a board decision made while absent, he/she may still be held liable if no effort was made to still exercise that duty of care or to be fully informed.

As board member competencies vary, an experienced board member – in governance and subject matter – may be held to a higher standard. That places a higher obligation on directors with expertise on the subject for discussion to also guide others in that discussion.

In making an informed decision, a director is entitled to ask for all relevant information and should not be stymied or muzzled. The board may also ask for expert advice by hiring consultants with specific expertise.

Exercising duty of care can vary depending on the information presented as well as the competency of the board member. The process is similar to doing due diligence. A board director must decide what information to trust and rely on, and what needs further discovery in making a judgment. That should not be belaboured, nor treated frivolously.

...........nose in, fingers out

Each board member must walk a fine line between interfering in day to day operational decisions and questions on overall performance. No one likes a back-seat driver either. However, each board member has an obligation to review and comment on corporate performance and plans.

That oversight process may require healthy scepticism while challenging the information presented. Care must be taken so that this does not seem confrontational or prosecutorial, nor to meddle. Trust but verify is an alternate approach.

Only the board can direct the CEO and SMT. Typically, that is done by the Chair on behalf of the board.

...........board orientation

A board member has responsibility for the entire period of being on the board – not just from the first to the last board meeting. It is incumbent to have all board members be as productive as quickly as possible: to know the corporation, its constituents, and stakeholders as well as the issues. Equally board members should get to know each other as well as their respective competencies as they rely on each other. The board should consider sharing resumes to enable that.

This is increasingly important where there is rotation of board members following an election. Appendix A shows a sample outline of a board orientation program that should take half a day to possibly a full day.

...........team work

As well as knowing the file following board orientation, much emphasis should be placed on having board members work together. That implies that they know each other's respective competencies and can work productively together, collaborating throughout collegially.

The board should practice critical collaboration (a portmanteau of critical thinking and collaboration). With five generations now in the workplace, one that grows in diversity, views on any subject may vary with experience and background, especially as applied to risk management. A diverse board that is equally experienced, should be able to anticipate risks much better. That means getting the dynamics of the board right; attention must be paid to this.

...........group think

Group think – going along to get along – is possibly the single most important barrier to board effectiveness. There is psychological safety in simply going along with the majority or what is proposed by management. Board members should not self-censor any comments fearing that they will be seen as not being a team player, nor fear showing vulnerability at admitting not knowing everything, nor assume that others know much more.

A full analysis of any situation should explore options, as options lead to better decision making and help avoid the "easy" and group think. Such options should be explored looking at all aspects: advantages, disadvantages, full costs, as well as risks.

Group think can also be avoided or mitigated by appointing a board member as a "devil's advocate" to develop a contrarian position. Developing a "negative or alternate hypothesis" can be helpful to a full analysis.

............communications with SMT and CEO

The relationship between the board, the CEO and the SMT is critical. It should always be constructive; neither party should be a deadweight or a drag on corporate effectiveness.

The protocol is that communications – comments and questions - outside a board meeting, should be conducted through the Chair, to allow the CEO and SMT focus on operational matters day to day. If submitting a question to the CEO, copying the Chair on all such correspondence, the expectation is only to get a reply at a Board meeting. It is fair to give advance notice of questions and comments to be posed at a board meeting.

Board members place high trust in the CEO and SMT. There is much "default to truth" – the assumption that what is presented is unbiased and factual. Board members should not automatically defer to others but must make their own decisions.

*............m**easuring board effectiveness***

Every board should take stock of its own effectiveness to measure how it works as a team exercising both fiduciary responsibility as well as duty of care. Rigorous and unbiased self assessments are always difficult to do.

Well funded corporations can hire independent consultants to conduct an analysis, to probe and examine how decisions are made, along with the interaction of board members. Other boards typically rely on questionnaires to board members.

Appendix A- Sample Board orientation

Learning Objective

- As an onboarding exercise allow each new board member to get up to speed
- Develop a common understanding among all board members on governance

Topic
1. Introducing the team 1.1. Board member introductions 1.2. CEO/SMT introductions 2. Introducing the Corporation 2.1. History 2.2. Mission and vision 2.3. Highlights of the Strategic Plan 2.4. Highlights of Corporate Plan (annual) 2.5. Organizational Chart 2.6. Financial statements 3. Governance 3.1. NFP board governance 3.2. Bylaws 3.3. Board Policies & Charter 4. SWOT workshop