



Board Mandate & Charter

The Board of any corporation – public, private, commercial, or Not-for-Profit (NFP) – is the ultimate authority, elected by its shareholders (or members) to provide oversight and direction on the management of the company. The Board does not manage the day-to-day business of the corporation, but it must ensure that the corporation is being managed properly.

The Board hires the CEO and delegates all operational matters to the CEO and the Senior Management Team (SMT). Strategic matters are those that have large impact over the long term; operational matters are all others. By delegating to others, the Board discharges and commissions to others what it cannot do “day to day”. Delegation does not absolve responsibility and accountability over material matters.

In summary terms

- i. The Board has overall responsibility (for performance) and accountability (to its shareholders or members) for all aspects of the corporation. The Board is the controlling mind and authority.
- ii. The Board hires the CEO. While the CEO is the employee of the corporation, the Board monitors performance and compensation.
- iii. While the CEO develops a strategic plan, it must be done in concert with the Board as the Board has responsibility for strategic direction. The Board must review that Plan at least annually to ensure that it is still appropriate.
- iv. The Board delegates all operations issues to the CEO and SMT. The CEO controls and directs all day to day activity within the corporation.
- v. The CEO files a flight plan – a Corporate Plan – that includes a budget and a work program, that follows the strategic direction in the Strategic Plan. The Board approves (or disapproves) that Corporate Plan.
- vi. The Board then monitors performance to that agreed to Plan.

The Board is a steward of all resources – capital plant, financial, HR, and IT – and as such has ultimate accountability and responsibility for them.

The principal role of governance is to ensure that management – CEO and SMT - is doing the right things right. The board participates fully in strategy setting and provides oversight, insight and foresight over: corporate performance including especially financial performance, and compliance to the strategic direction. The Board can set a “course and speed” for the corporation.

The Board does that by

- i. Hiring a competent CEO and ensuring that the CEO hires a competent SMT.
- ii. Reviewing corporate performance on a regular basis
- iii. Developing Board policies to guide all Board activity and setting up the structure and committees
- iv. Ensuring that management – CEO and SMT – have corporate policies for all other operations.
- v. Having the Board work in partnership with the CEO and SMT to adhere strictly to those policies as well as best business practices.

Each team member – Board, CEO, and SMT – has a fiduciary responsibility as well as a duty of care. Fiduciary duty means acting honestly, in good faith, with a view to the best interests of the corporation. In general, it is prudent to assume that a director’s duty of care is to act as any reasonable person with similar skills and experience would in similar circumstances. A director’s duty of care involves being duly diligent, including preparing for and attending meetings, asking appropriate questions, and engaging experts when appropriate so that informed decisions can be made. The overall expectation is not for a



perfect decision, only a reasonable one. Duty of care is a similar to “due diligence”: trust but verify. That may require healthy skepticism, selectively.

Board Concept of Operations

The concept of operations is defined by the corporate by-laws, board policies as well as best governance practices.

- Every year, following the AGM, the Governance Committee proposes committee chairs along with members for the committees.
- The Board elects the Chair and the Board Committees. Ad hoc committees can be struck for specific issues or projects.
- Each Committee reviews its mandate and charter. From this a work plan is developed to address all responsibilities. The Board approves this work.
- Each Committee meets and reviews issues making recommendations to the Board
- The Board meeting schedule includes time of significant topics such as the strategic plan
- The Board approves – after a full discussion – Committee recommendations

The only decision-making authority within the Board is the Board itself. Any Chair, any Committee of the Board, can only make recommendations for a Board decision. As such all Board work is a team effort. Board members who have specific domain expertise should share their views with Board members who do not have that expertise. While every Board member has the same duty of care those with specific expertise must apply it.

The Chair of the Board is elected, often annually, by Board members. That Chair is the first among equals and has no operational authority to interfere in the day-to-day management of the business without the specific authorization of the Board of Directors as a whole. Decisions can only be made by Board (not the Chair or Committee Chair; they only recommend).

Since succession – Board Chair as well as Committee Chairs and members - within the organization and within the Board are essential elements to good governance that function is normally assigned to a Governance Committee the Chair of which is selected either by the board as a whole or by the Committee if so provided by the bylaws.

The Board charter outlines the committees ensuring full coverage – oversight, insight and foresight - over all material matters.

Most, if not all board work is done through committees: some are regular ones (standing), some may be ad-hoc, and some advisory. The determination of Committee membership and appointment of Committee Chairs, typically assigned to the Governance Committee to develop a proposal, is the purview of the Board.

Each Committee, exercising its duty of care responsibility, should do a comprehensive review of the matters assigned within its mandate and charter. It then develops recommendations for Board consideration. If there is dissent in the Committee, the dissenters can present a minority report for Board consideration. The Board, when considering a Committee recommendation should confirm that due process was followed, that the work was done, and that the decision is sound. The Board should not redo the Committee work.