



Terms of reference (sample) – board of directors

SAMPLE

1. PURPOSE

The primary and major purpose of the Board is to govern the organization. Consequently, the ultimate responsibility for making governance policy and for deciding what the organization will seek to accomplish (what will be different for the clients, members, community because of the work done by the organization) belongs to the Board. It is the Board as a whole, and not individual directors, staff or volunteers that set direction and set policy. However, when the Board and Chief Executive are working as partners, the Chief Executive will play an influential role in shaping direction and governance policy.

The six essential elements of governing are:

- Providing guidance and direction
- Establishing standards of organizational conduct (the conditions constraints and limitations that guide the work of staff and volunteers)
- Providing oversight of all organizational performance
- Protecting the best interests of the organization
- Ensuring the financial sustainability of the organization
- Having knowledge of stakeholder expectations, needs, concerns, interests and wants

a) A primary responsibility of the Board of directors (the "Board") is to foster the long-term success of the organization consistent with the Board's responsibilities to those it serves.

b) The Board has the responsibility to oversee the conduct of the business of the organization and to guide and direct management, which is responsible for the day-to-day conduct of business. In performing its functions, the Board also considers the legitimate interests which others such as members, employees, business organizations have in the organization. In supervising the conduct of the business, the Board will set the standards of conduct for the organization and ensure the safety of its operations.

2. PROCEDURES AND ORGANIZATION

- a) The Board operates by delegating to management certain of its authorities, including spending authorizations, and by reserving certain powers to itself.
- b) The Board retains the responsibility for managing its own affairs including:
 - selecting the Chair, Vice-Chair and the Treasurer;
 - nominating candidates for election to the Board;
 - providing guidance to the Nominating Committee regarding the criteria they should consider in making their recommendations to the Board;
 - constituting committees of the Board.
- c) Subject to the By-laws of the organization the Board may constitute, seek the advice of, and, delegate duties and responsibilities to committees of the Board.

3. DUTIES AND RESPONSIBILITIES

Selection of Management

3.1. The Board has the responsibility:

- a) to appoint and replace the Chief Executive; to monitor his/her performance; to approve the Chief Executive's compensation and to provide advice and counsel to the Chief Executive in the execution of the Chief Executive's duties;
- b) to ensure that plans are made for management succession and development.

Monitoring and Acting

3.2. The Board has the responsibility:

- a) to monitor the organization's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances ensuring that the annual Budget incorporates the long term financial model and the concomitant long term capital plan, control and management information systems.
- b) to approve the budget and any expenditures that deviate materially from the approved budget.
- c) to identify the principle risks of the organization's business and take all reasonable steps to ensure the implementation of appropriate systems to manage these risks; and
- d) to direct management to ensure that systems are in place for maintaining the integrity of and implementing the organization's internal financial control and management information systems.

Strategy Determination

3.3. The Board has the responsibility:

- a) to review, with management, the mission of the organization, its objectives and goals, and the strategies by which it proposes to reach those goals; and,
- b) to review progress in achieving the goals established in the strategic plans.



Policies and Procedures

3.4. The Board has the responsibility:

a) to develop, approve and monitor compliance with all major policies which govern the organization's operations; and

b) to direct management to implement systems designed to ensure that the organization operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.

Compliance Reporting and Corporate Communications

3.5. The Board has the responsibility:

a) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;

b) to ensure timely reporting of any other developments that have a significant and material effect on the performance of the organization and as required under the terms of reference of the organization's charter.

c) to report annually to its members on the Board's stewardship for the preceding year; and

d) to ensure that the organization has in place a policy to enable the organization to communicate effectively with its members and or those it serves.

4. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

- 4.1. The organization is incorporated under the Societies Act of British Columbia.
- 4.2. Directors are under a fiduciary' duty to the organization to carry out the duties of their office:
 - a) honestly and in good faith;
 - b) in the best interests of the organization; and,
 - c) with the care, diligence, and skill of a reasonably prudent person.
- 4.3. Directors have specific statutory duties and obligations under employment, environmental, and financial reporting law as well as under the withholding provisions of taxation law.

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