Terms of Reference – Board of Directors

Purpose

The primary and major purpose of the Board of Directors (BoD) is to govern the organization. Consequently, the ultimate responsibility for making governance policy and for deciding what the organization will seek to accomplish belongs to the BoD. It is the BoD as a whole – not individual directors or the Chief Executive Officer (CEO) – that sets direction and sets policy. However, when the BoD and CEO are working as partners, the CEO will play an influential role in helping to shape direction and policy.

The six essential elements of governing are:

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

A primary responsibility of the Board of Directors is to foster the long-term success of the organization consistent with the BoD’s responsibilities to those it serves.

The BoD is responsible for overseeing 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 BoD also considers the legitimate interests of others, including members, employees, contractors and business organizations. In supervising the conduct of the business, the BoD will set the standards of conduct for the organization and ensure the safety of its operations.

**Procedures and Organization**

The Board of Directors operates by delegating to management certain of its authorities, including spending authorizations, and by reserving certain powers to itself.

The BoD retains the responsibility for managing its own affairs, including selecting the Chair, Vice-Chair and Chair-Elect; nominating candidates for election to the BoD; providing guidance to the Governance/Nominating Committee regarding the criteria they should consider in making their recommendations to the BoD; and constituting committees of the BoD.

Subject to the by-laws of the organization, the BoD may constitute, seek the advice of and delegate duties and responsibilities to committees of the BoD.

**Duties and Responsibilities**

Selection of Management

The Board of Directors has the responsibility:

1. To appoint and replace the Chief Executive Officer; to monitor their performance; to approve the CEO’s compensation and advise them in the execution of their duties; and
2. To ensure that plans are made for management succession and development.

Monitoring and Acting

The Board of Directors has the responsibility:

1. To monitor the organization’s progress towards its goals and adjust its direction through management based on changing circumstances. This includes ensuring the annual budget reflects the long-term financial model, capital plan and control systems;
2. To approve the budget and any expenditures that deviate materially from the approved budget;
3. To identify the principal risks of the organization’s business and take all reasonable steps to ensure the implementation of appropriate systems to manage them; and
4. To direct management to ensure systems are in place to maintain the integrity and effectiveness of the organization’s internal financial controls and management information systems.

Strategy Determination

The Board of Directors has the responsibility:

1. 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
2. To review progress in achieving the goals established in the strategic plans.

Policies and Procedures

The Board of Directors has the responsibility:

1. To develop, approve and monitor compliance with all BoD policies governing the organization’s operations;
2. To direct management to implement systems ensuring the organization operates within applicable laws and regulations, and to the highest ethical and moral standards.

Compliance Reporting and Communications

The Board of Directors has the responsibility:

1. To ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
2. 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 constitution;
3. To report annually to its members on the BoD’s stewardship for the preceding year; and
4. To ensure that the organization has in place a policy to enable the organization to communicate effectively with all those it serves.

General Legal Obligations of the Board of Directors

The Board of Directors must comply with the Act under which the organization is incorporated and other applicable laws and regulations.

Directors are under a fiduciary duty to the organization to carry out the duties of their office. Specifically, to act:

* Honestly and in good faith;
* In the best interests of the organization; and
* With the care, diligence and skill expected of a reasonably prudent person.

Directors have specific statutory duties and obligations under employment, environmental and financial reporting law, as well as under the withholding provisions of taxation law.