

INTEGRALIntros

Intro to Governance

Principles of good governance for nonprofits and charities

May 14, 2025
1:00 - 2:00pm



IntegralOrg

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Mohkinsstis

Land Acknowledgement

Bearspaw First Nation **Siksika First Nation**

Piikani First Nation **Goodstoney First Nation**

Chiniki First Nation **Kainai First Nation**

Tsuut'ina First Nation

Métis Nation of Alberta, District 5 and 6

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Your Facilitator for

Introduction to Governance

INTEGRALIntros

Mike Grogan

IntegralOrg, President and CEO



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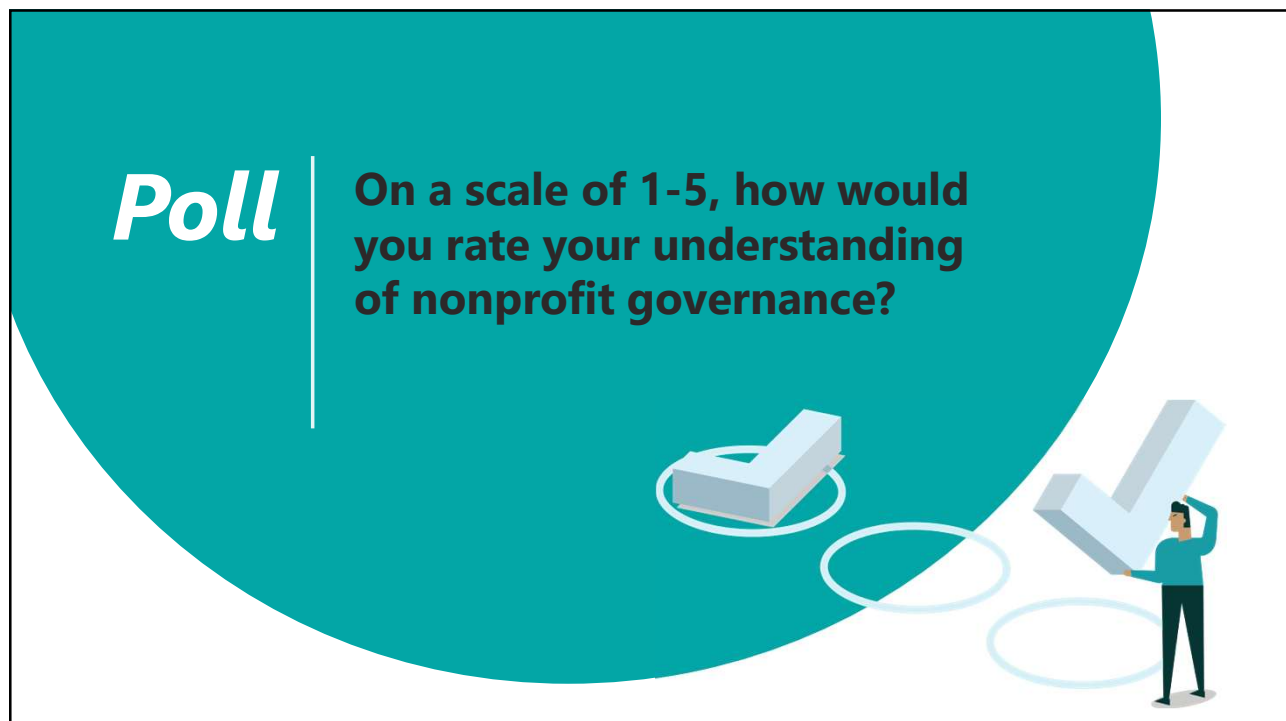
Overview

- Roles and responsibilities of individual board members and the board as a whole
- Partnership between the board and senior executive
- Governance tune ups
- Governance as leadership
- Resources and tools

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The board is responsible for all aspects of the organization, including overseeing its operations and holding management accountable for delivering on the mission of the organization.

Boards are required to make decisions that are in the organization's best interests.

CPAC, 2014

An illustration on the right side of the slide shows three business professionals standing on white clouds against a background of stylized blue and purple hills. Each person is holding a white briefcase and looking through a telescope. The clouds are connected by ladders, suggesting a path or process. The overall theme is strategic vision and oversight.

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Principles of Governance

Roles & Responsibilities

An illustration at the bottom of the slide shows four business professionals (two men and two women) sitting around a white table. They are all looking at laptops or documents, and there are speech bubbles above them, indicating a collaborative meeting or discussion. The background is a solid blue color.

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The Role of the Board

Focuses on the whole organization

Works together as a whole

Speaks with one voice

Approves policy and monitor's impact

Hires and supervises one employee

Avoids management and operations decisions



Source: Alberta Board Development Program, 2007

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Director Duties

Each individual director on the board has a fiduciary duty to the organization, which is comprised of two main duties:

Duty of care — to act with the competence and diligence that a reasonably prudent person with similar knowledge and expertise would exercise in comparable circumstances.

Duty of loyalty — to act honestly and in good faith in the best interests of the organization.



Source: CPAC, 2014

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Director Duties

Within fiduciary responsibility: Duty to act in scope of authority

- **Legislation:** What are the requirements of the Act under which the organization was formed?
- **Objects:** Why was the organization formed?
- **Bylaws:** How will the organization be governed?
- **Policies:** What will the organization do?
- **Procedures:** How will policies be carried out?

Source: Board Governance Guidebook, 2011

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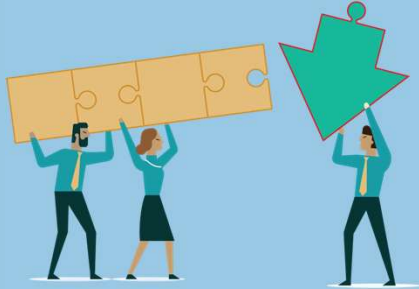
Effective Boards

- Understand and practice **good governance**
- Ensure the **long-term sustainability** of the organization
- Ensure the organization has strategic directions that will **further the mission and vision**
- **Hire, guide, direct, and evaluate** the senior executive*
- Ensure **policies** are set, kept up-to-date and are effective
- Attend to their own continuity through **recruiting and developing new board members**
- Are **ambassadors** for the organization

Source: Alberta Board Development Program, 2007

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Common Issues in Nonprofit Boards



- **Lack of clarity** regarding roles, responsibilities, and activities of the board and individual board members.
- **Challenges engaging and utilizing the skills and expertise** of board members in an appropriate manner.
- **Poor/fractured working relationships** between board members and/or the board and executive.
- **Recruitment and engagement** of board members.
- **Organizing the work of the board** – meetings, committees, TORs, etc.

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Poll

Our organization has...

- 1 No paid staff
- 2 A Senior Executive
- 3 Other?



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Principles of Governance

“Working” Board & “Governing” Board



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Levels of Authority / Activity

- **The Board of Directors** are accountable to the Members and are responsible for fiduciary, strategic and generative leadership.
- **The Senior Executive** is accountable to the Board of Directors and is responsible for operational oversight
- **Staff & Volunteers** are accountable (directly or indirectly to the Senior Executive and carry out the programmatic and administrative functions of the organization..



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When the Board Does it All



- When the organization has no staff, in addition to traditional governance responsibilities, the board of directors has operational responsibilities.
- Board members are responsible for not only setting organizational direction but also carrying it out.
- There can be challenges understanding and enacting the governance function which is collective and the operational functions which can be individual.

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Principles of Governance Board Staff Relations



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Let's Hear It

What do you think makes for a good board and staff relationship?

Answer with a short phrase in the chat box!



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Role of the Senior Executive



The Executive Director/CEO:

- Executes the strategies and manages the operations of the organization
- Builds and sustains relationships with external stakeholders
- Reports to the board regularly on financial, operational and strategic matters
- Prepares annual budgets and operational plans
- Supports the development of the board
- Requests consultation and support from board members in their individual areas of expertise

Source: Alberta Board Development Program, 2007

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The Role of the Board



- **Direction** – setting and refining the overall purpose, mission and direction of the organization
- **Oversight** – monitoring the activities, health and ethical behavior of the organization
- **Resources** – ensures that the organization is equipped to fulfill its purpose

Source: BoardSource, 2022

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The Role of the Senior Executive



- **Execution** – planning, directing, and implementing the activities that advance the organization's purpose.
- **Informing** – providing relevant and timely information to allow the board to make informed decisions.

Source: BoardSource, 2022

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Differences Between Board and Staff

Board

- Acts only as a group
- Continuous entity
- Elected/Appointed
- Voluntary
- Oriented toward the future
- Assigns authority
- Sets policy
- Lay person

Staff

- Acts individually
- Temporary - at will of the board
- Employed or contracted
- Paid
- Focused on daily operations*
- Receives authority
- Operates within policy
- Professional expertise

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The Challenge of Governance

Organizations are faced with two deeply problematic options in determining how they will govern:

- The board is sidelined in many strategic decisions, leaving the organization vulnerable to CEO transition or leadership challenges.
- Decisions are made by an ill-informed board. Nonprofit work increases the potential for negative impact on our society's most vulnerable and marginalized.



Source: Wallestad, SSIR, 2021

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Board and Senior Executive Responsibilities

The senior executive and board need a strong partnership in order to effectively lead an organization.

Confusion over individual responsibilities is a common reason this partnership becomes fractured.



Source: BoardSource, 2022

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Shared Leadership

Source: Bolend, 2011

Shared leadership is a leadership style that distributes leadership responsibility, such that people within a team and organization lead each other.



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What should the Senior Executive expect from the Board?

- To speak with one voice
- To attend the process and culture of developing an effective governing board
- To support management decisions
- To set clear and attainable performance expectations
- Honesty, openness, candor and respect



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What should Boards expect from the Senior Executive?

- To be kept informed of key information, events, and insights
- To be supported in their own board development
- To be treated as a collective of equals
- Honesty, openness, candor and respect
- To be supported and engaged in their collective decision making



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Principles of Governance

Governance Tune Ups



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Tuning Up a Few Governance Areas



- How well do our board **capacities** (people, processes, roles, time, etc.) serve the board?
- How meaningful and effective are the **connections** amongst the board, between board and the CEO and the community?
- How might we intentionally build the board **culture**? What are the common beliefs, expectations and norms we will operate by?

Source: Hilard, 2023

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Principles of Governance

Governance as Leadership



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Governance as Leadership



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Fiduciary Governance



- Fiduciary Governance focuses on **taking care of organizational assets**, including overseeing audits, budgets, risk management, and executive performance.
- In this mode of governing, the lines between the board and staff are **clearly defined**.
- Fiduciary Governance is necessary and essential, but **limits the involvement and engagement of the board**.
- Boards that function only in a Fiduciary Governance mode can **keep organizations from stretching and growing**.

Source: Chait, Ryan, and Taylor, 2005

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Strategic Governance



- Strategic Governance **deepens the engagement of the board** to matters of the organization's mission and purpose.
- The board's focus is on the **directions and concepts of strategy**, not the details of the plan.
- Strategic Governance shifts the lines between the board and CEO to one of **partnership**.
- The level of communication and information from internal and external sources increases as the **board requires deeper knowledge and understanding of issues**.

Source: Chait, Ryan, and Taylor, 2005

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Generative Governance



- Generative Governance moves the role of the board into one of **sense-maker**, allowing for deeper insights into both problems and opportunities.
- This is an inclusive, creative, and thought-provoking style through which **questions and issues are reframed to allow new insights to emerge** and be shared.
- Key to this mode of governance is for the board and staff to **make time for the thinking and dialogue required to discern what knowledge, information, and data truly mean** for the organization.

Source: Chait, Ryan, and Taylor, 2005

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Go-to Governance Resources for Nonprofits

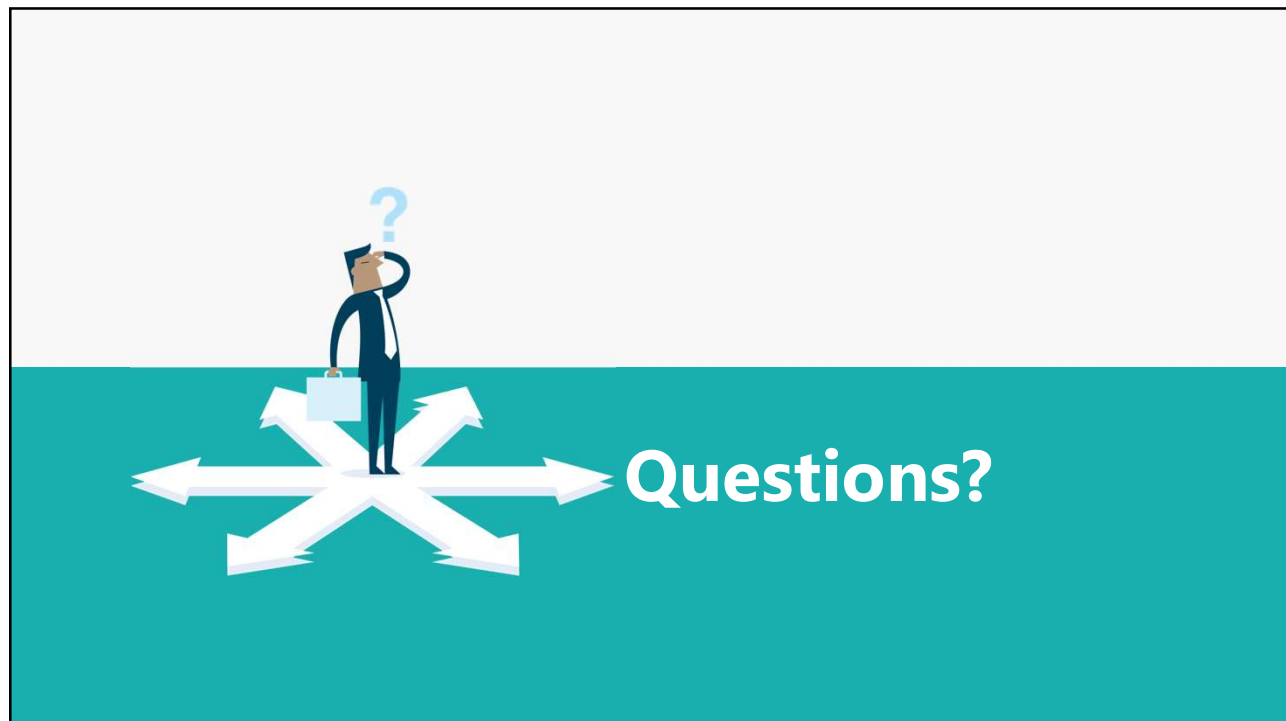
Imagine Canada Standards Program Handbook: The Governance section contains shared standards for charities and nonprofits in board leadership, board oversight, and governance policies and processes.

The Board Development Program: Alberta-based resources for nonprofit governance.

Chartered Professional Accountants of Canada: A wide range of high quality and up-to-date resources on nonprofit finance, governance, and human resources.

BoardSource: Provides leaders with an extensive range of tools, resources, and research data to increase board effectiveness and strengthen organizational impact.

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or

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