

# **CHAPTER B**

**ROLES AND RESPONSIBILITIES**

**OF**

**ORGANIZATION DIRECTORS**

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## **The Board of Directors**

The constitution and bylaws of most organizations define the distribution of powers between the membership and the officers. Because it is impossible for all members to be involved in everyday administration of the organization, the membership will meet at an annual meeting and elect a board of directors to conduct the affairs of the organization between general meetings of the membership.

Often, an executive committee or executive officers will also be elected and empowered to conduct the day-to-day business.

## **Role of the Board**

The role of the board should be set down in the organization by-laws. So too must the policies and procedures be established and documented. These will differ between organizations, but it is important that all board members be informed of their expected roles and responsibilities at the beginning of their term.

A board manual, distributed to each board member, provides a single source of information on objectives of the organization and is a useful tool for the continuing education of board members. Items should include:

- **organization mandate and bylaws**
- **job descriptions of the Police Co-Ordinator, Civilian Co-Ordinator and all salaried employees. (See Chapter I)**
- **strategic plan (See Waterloo Regional Crime Stoppers Strategic Plan , appendix 8)**
- **list of directors, addresses and phone numbers**
- **operating policies of the board**
- **annual financial statement**
- **minutes of meetings**

- **committee assignments lists with committee responsibilities**

An orientation program based on the manual contents is important for new board members. In addition, assigning new members to committees, and ensuring that there are opportunities for them to ask questions and absorb the organization process, builds their commitment to their role as directors.

## **RESPONSIBILITIES OF THE BOARD**

### **1. Trusteeship**

The most important responsibility of the board is trusteeship. The directors are responsible for the organization's programs, image and assets. They have a duty to manage the organization honestly, in good faith, and in the best interest of the organization while using the care and diligence of a reasonably prudent person.

### **2. Financial Management**

The directors are responsible for spending money on programs that represent the organization's priorities of need. They are trustees, responsible for funds which the organization raises, accepts and disperses. Simply put, the board member is obligated to exercise judgement that a reasonably prudent individual would exercise in regard to his or her own funds. Adequate financial controls which protect the assets and limit the liabilities (e.g. procedures for authorizing expenditures and borrowing, budget controls, etc.) are required.

### **3. Program Planning Implementation and Evaluation**

The director must ensure that the board sets goals, defines obligations, and develops plans to reach these goals. The goals should reflect the needs of the organization and its community and be translated into the budget or utilization of resources at the disposal of the organization. Activities carried out on behalf of the organization should be consistent with its established goals.

Methods of evaluating the effectiveness of programs on the basis of effectiveness per unit of input are necessary for accountability purposes.

### **4. Communication**

No organization can exist with the board acting alone. Communication within the organization, both written and verbal, enables the membership to understand and support the board actions. However, it is a two-way street since the board must "keep in touch" with members, especially when establishing goals and planning programs.

Interaction with individuals and groups outside the organization's membership, including potential members, community leaders, other organizations, and various business and government bodies, is very important. The spirit of this interaction can be largely affected

by the image projected.

The organization's image is developed through communicating the organization's actions, concerns and vision effectively, not just to the membership, but also to the community.

## **Legal Status and Liability**

Incorporation is a legal process whereby an organization is recognized as a corporate individual, having many of the same legal rights and obligations as a person. An incorporated organization may enter into contracts, own land in its own name, and sue and be sued in courts.

The primary advantage of incorporating an organization is limited liability, which means that no member of the group is generally responsible for the debts, other obligations, or any action of the organization. However, the organization and its officers could still be prosecuted for contravening or failing to observe the provisions of its statute of incorporation.

The issue of director and member liability is very complex and is in a state of flux. The purpose of this document is to provide a general overview of the subject. For specific situations, the program should seek legal advice.

## **Implications of Incorporation**

Not all liability with respect to finances is removed from the individual directors. Under Canadian law, directors can be liable for all financial obligations to the organization's employees. Individual Directors Insurance is available and should be considered by each program.

Certain procedures are more rigid for corporate bodies. For example, formal notice is required for meetings; an annual general meeting must be held where audited accounts are presented; a membership list must be kept; and members are allowed proper access to records. Corporate returns must also be filed with the government each year. In addition, there is a cost of incorporating including the registration fee and charges for a name search.

## **Protecting the Assets - Insurance for Organizations**

It is the responsibility of the board to protect valuable assets of the organization by obtaining insurance. Buildings and equipment should be appraised and insured at or near replacement value. Individuals handling money, such as the treasurer, should be bonded by an insurance policy.

Liability insurance should also be considered to protect the assets of the organization against any negligent conduct. Comprehensive General Liability policy would protect the "insured" in the event of injuries sustained by a third party.

In unincorporated organizations, without the protection of an organization's general liability policy, volunteers and board members run the risk of being liable to pay damages in the event of being found negligent in the eyes of the court. Even if a volunteer or board member had a liability policy under home owners' insurance, it may not provide protection way from the home. Personal policies should be scrutinized for this concern.

### **Checklist for Directors of Effective Boards**

- 1) Be sure you are aware of your responsibilities before agreeing to sit on the board
- 2) Be familiar with the organization by-laws/operation procedures and corporate charter
- 3) Ensure that the by-laws of the organization, policies and procedures, and charter are up to date.
- 4) Ensure that clear minutes of all meetings are kept.
- 5) Keep informed on all activities of the organization, its board and its committees.
- 6) Attend meetings regularly and exercise your right to express your viewpoint.
- 7) Resign from the board if you cannot do the job.
- 8) Speak up early if there is a potential conflict of interest.
- 9) Make sure that all staff are trained properly and there are clear job descriptions.
- 10) Ensure that there are correct procedures in place for disbursement or receipt of funds, and that insurance is acquired to cover risk.
- 11) Ensure that the organization's programs are regularly evaluated.