



Board Mandate & Charter

The Board of any corporation – public, private, commercial or Not-for-Profit (NFP) – is the ultimate authority, appointed 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 company, but it must ensure that the company 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) for all aspects of the organisation. The Board is the controlling mind and authority.
- ii. The Board hires the CEO. That CEO is the employee of the Board.
- iii. The Board delegates all operations issues to the CEO and SMT. The CEO controls and directs all day to day activity within the corporation.
- iv. The CEO files a flight plan – a Corporate Plan – that includes a budget and a work program. The Board approves (or disapproves) that plan.
- v. The Board then monitors performance to that agreed to Pan.

The Board is a steward of all resources – capital plant, financial, HR, and IT – and as such has 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 and especially financial performance. 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. 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.



Board Concept of Operations

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

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 must guide 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 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 are the purview of the Board.

Each Committee, exercising its duty of care responsibility, must do a comprehensive review of the matter assigned within its mandate and charter. It then develops a recommendation for Board approval. 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.