20 Questions Directors of Not-for-Profit Organizations Should Ask about Strategy and Planning
Introduction

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Background

• The Canadian Institute of Chartered Accountants, through the Risk Management and Governance Board (RMGB), develops guidance materials for boards of directors and senior officers

• The *20 Questions* series addresses subjects important to directors by posing questions that directors may ask of management, advisors, or themselves

• A brief summary of current thinking and some recommended practices are provided for each question
Topics covered by the *20 Questions Series* include:

- Building a Board
- Codes of Conduct
- Crisis Management
- Directors’ and Officers’ Liability and Insurance
- Executive Compensation
- Succession Planning
- Governance Assessments
- Internal Audit
- Risk
- Strategy
Background (cont’d)

- In 2006, the RMGB commissioned the first document specifically designed for directors of not-for-profit organizations: *20 Questions Directors of Not-for-Profit Organizations Should Ask about Governance*
- The document was prepared under the guidance of a Task Force made up of leaders in the not-for-profit field
- The document deals with areas such as:
  - Understanding the roles and responsibilities of directors
  - Effectively managing board work and committees
  - Relationships between the board and the Executive Director and staff
  - Communicating with stakeholders
20 Questions
Directors of Not-for-profit Organizations Should Ask about Governance

Hugh Lindsay, FCA, CIP

CA The Canadian Institute of Chartered Accountants
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Director and Vice-Chair, The Writers' Trust of Canada
Upcoming Topics in the 20 Questions Series

• 20 Questions Directors of Not-for-Profit Organizations Should Ask about Risk
• 20 Questions Directors of Not-for-Profit Organizations Should Ask about their Fiduciary Duties
• 20 Questions Directors Should Ask about Directors and Officers Indemnification and Insurance

….coming fall 2008
Challenges particular to the Not-for-Profit arena:

- Recruitment and retention of board members
- Working with diverse stakeholders
- Obtaining funding and restrictions on use of funds
- Dealing with limited staff resources
- Reliance on volunteers
Most of the principles of good governance that apply in the corporate sector apply equally in the not-for-profit arena:

- Ensure board members understand their roles and responsibilities and are free from conflicts of interest
- Understand stakeholder needs and expectations and communicate with them regularly
- Have a strategic plan in place to help the organization achieve its mission and vision
- Practice good risk management
- Maintain fiscal accountability and transparency
- Regularly assess the performance of the organization, management, and the board
Strategic Planning for NPOs

• Vision – a clear explanation of what the organization aspires to accomplish
• Mission – mandated purpose, a description of what the organization does in order to achieve its vision
• Values – the statement of shared values may be in the form of beliefs, guidelines, or a code of conduct
• Stakeholders – must be identified, and relationships and expectations managed
Strategic Planning for NPOs

- Funding – a strategy must be developed to meet requirements of core activities, non-core program activities and project activities
- SWOT analysis – assessing internal strengths and weaknesses as well as external opportunities and threats
- Risk identification – determining the risks the organization faces
- Risk tolerance – determining how much risk the organization is willing / able to take
Strategic Planning for NPOs

• Review of assumptions – to ensure the accuracy of the strategy
• Performance measurement – determining how accomplishments will be measured
• Linking program activities to mission and vision
• Understanding the role of the board in strategic planning – this will depend on the size and staff resources of the organization
Board’s Role: Planning and Budgeting

Recognizing involvement varies according to organization size and culture, the Board needs to:

• Ensure development of an operating plan – how the organization will achieve its objectives
• Ensure that program changes are sufficiently supported by resources
• Determine the budget philosophy of the organization – assumptions and desired bottom-line outcomes
• Approve the operating plan and budget – the board’s pre-requisite information
Board’s Role: Planning and Budgeting (con’t)

• Budgeting for capital expenditures – purchasing equipment
• Monitoring compliance with the strategy, operational plan and budget – how the board can monitor results
• Review of strategy - learning from experience
More information

• For more information, or to order copies of documents, please visit our website at www.rmgb.ca

• Feel free to contact me directly:

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