

Kaslo Community Forest Board Governance Policy

Adopted at the Regular Board Meeting of May 9, 2018

Steve Anderson (Chair, VOK rep); Steve Fawcett (Secretary); Tara Clapp (Treasurer); Ross Lake (Vice-Chair); Marie-Ange Fournier-Beck, Chris Webster (RDCK rep), Stephen Neville (Directors); Jeff Reyden, Sabrina Mutterer (Management Team); Carol Brown (Bookkeeper). Absent: Robin Mercy (Director).

Contents

- Kaslo and District Community Forest Board Governance Policy 1
 - Introduction*3
 - Powers and Functions of Directors*.....3
 - Board Areas of Responsibility*4
 - General Legal Obligations of the Board of Directors4
 - Strategy Determination.....4
 - Policies and Procedures4
 - Selection of Management4
 - Monitoring and Acting4
 - Reporting and Communications.....5
- Board Terms of Reference 5
 - Guidance and Direction*.....5
 - Organizational Conduct*6
 - Oversight and Monitoring*.....6
 - Protect the Interests of the Organization*6
 - Financial Health*7
 - Community and Stakeholder Relations*.....7
- Board Governing Principles..... 7
- Responsibilities of Individual Directors on the Community Forest Board 8
 - General Responsibilities*8
 - Effective Conduct*9
 - Board Decision Making Process*9
- Key Responsibilities of the Board of Directors Executive Positions..... 10
 - The Chair will:*10
 - The Vice Chair will:*.....11
 - The Secretary will oversee the:*11
 - The Treasurer will oversee the:*.....11
- Conflict of Interest Policy 12
 - Policy Purpose.....12

| | |
|--|----|
| Conflict of Interest Defined | 12 |
| When a Conflict of Interest May Occur..... | 12 |
| Managing Conflict of Interest | 13 |
| Procedure When Conflict Arises | 13 |
| Board/Management Relationship | 14 |

Introduction

Governance of a community forest organization is the job of its board of directors. The board holds the ultimate legal and ethical responsibility for everything that goes on in the organization and has a leadership role to govern in the organization's best interests.

The purpose of a Board is to govern. The ultimate responsibility for making governance policy and for deciding what the organization is going to accomplish belongs to the Board. Consequently, it is the Board as a whole, and not individual directors, staff or volunteers that set direction and set policy. However, when the Board and Forest Manager are working as partners, the Forest Manager will play an influential role in shaping direction and governance policy.

A primary responsibility of the Board of directors (the "Board") is to foster the long-term success of the Kaslo and District Community Forest (KDCFS). The Board operates by delegating to management some of its authority, including spending authorizations, and by reserving certain powers to itself.

The Board has the responsibility to oversee the business of the KDCFS and to guide and direct management, which is responsible for the day-to-day conduct of business. In acting on its responsibilities, the Board also considers the legitimate interests which others such as members, the community, contractors and business organizations have in the KDCFS. In supervising the conduct of the business, the Board sets the guiding principles for the KDCFS and all aspects of the Society.

Powers and Functions of Directors

The board of directors of the Society are to provide the oversight, direction and control of the operations. Directors of the Society must, subject to the Societies Act of BC, the Limited Partnership Agreement and the constitution and bylaws of the Society, manage or supervise the management of the business and affairs of the KDCFS. It is within the board of directors' mandate to decide what course of action or inaction is best calculated to protect and advance the interests of the KDCFS.

The board may exercise active control over the business, operations and internal affairs of the KDCFS, and is entitled to exercise financial control and management of the funds of the KDCFS including the method of raising such funds.

Board Areas of Responsibility

General Legal Obligations of the Board of Directors

Directors on the Board have specific statutory duties and obligations under the societal, employment, environmental, and financial reporting law, and under the withholding provisions of taxation law. Directors are under a legal duty to the KDCFS to carry out the duties of their office:

- honestly and in good faith;
- in the best interests of the KDCFS); and,
- with the care, diligence, and skill of a reasonably prudent person

Strategy Determination

The Board has the responsibility:

1. To review, with management, the mission of the KDCFS, 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 has the responsibility:

1. To develop, approve and monitor compliance with all major policies which govern the KDCFS 's operations; and
2. To direct management to implement systems designed to ensure that the KDCFS operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.

Selection of Management

The Board has the responsibility:

1. To appoint and replace the Forest Manager(s); to monitor and regularly evaluate his performance; to approve the Forest Managers ' compensation and to provide advice and counsel to the Forest Manager(s) in the execution of the Forest Managers ' duties;
2. To ensure that plans are made for management development and succession.

Monitoring and Acting

The Board has the responsibility:

1. To monitor the KDCFS's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances, ensuring that the annual budget incorporates the long term financial model (and the related long term capital plan should there be one), and control and management information systems.
2. To approve the budget and any expenditures that deviate materially from the approved budget.

3. To identify the principal risks of the KDCFS's business and take all reasonable steps to ensure the implementation of appropriate systems to manage these risks; and
4. To direct management to ensure that systems are in place for maintaining the integrity of and implementing the KDCFS's internal financial control and management information systems.

Reporting and Communications

The Board has the responsibility:

1. To ensure that the financial status and 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 KDCFS and as required under the KDCFS's legal governing documents.
3. To report annually to its members and the community on the Board's stewardship for the preceding year.
4. To ensure that the KDCFS has appropriate policies in place to enable the KDCFS to meaningfully and effectively communicate with its members and the community.

Board Terms of Reference

This section describes the responsibilities, authority of the board, and the authority they delegate to management. These statements are a central and essential component of an effective governance framework for any community forest organization and clarify the tasks or jobs that are the responsibility of the board of directors.

Guidance and Direction

- Guide and direct the affairs of the KDCFS in the best interests of the organization.
- Guide and direct the affairs of the KDCFS in a manner that is consistent with the organizational foundation statements (mission, vision, purpose, values) and standards of organizational conduct.
- Determine the KDCFS's overall strategic direction, business priorities, and policies.
- Review and monitor progress in achieving the goals and outcomes established in the strategic plans.
- Establish and implement policies and practices that enable the KDCFS to maintain general oversight of its management, administration, and operations.
- Delegate to the Forest Manager(s) all duties of management, administration, and operation of the KDCFS.
- Identify and address issues that are likely to have a material impact on KDCFS, the members, and the community stakeholders.
- Develop, in concert with management, annual and long-term strategic plans, goals, and desired results for the KDCFS.

- Engage in risk management practices when reviewing work plans and when making major decisions.

Organizational Conduct

- Identify conditions and constraints for how the work of the KDCFS will be carried out and establish policies to address them.
- Ensure the organizational code of ethics and conduct are followed by everyone in the KDCFS.
- Direct management to implement systems designed to ensure that the KDCFS operates at all times to the highest ethical and moral standards.
- Adhere to all identified Board rules.
- Adhere to the general legal obligations of incorporation of the KDCFS and to the statutory duties under employment, environmental, and financial reporting law, and under the withholding provisions of taxation law.

Oversight and Monitoring

- Ensure a collaborative partnership agreement with the Manager(s) is in place.
- Annually assess the performance of the Manager(s) regarding achievement of results, compliance with policies, regulations, laws, and other expectations established by the Board.
- Monitor the KDCFS's progress towards its goals and expected results or outcomes.
- Identify the principal risks to the KDCFS's business and take all reasonable steps to ensure the implementation of appropriate systems to manage these risks.
- Revise and alter the strategic direction of the KDCFS in light of changing circumstances.

Protect the Interests of the Organization

- Recruit and hire the Forest Manager(s) (the senior staff persons), monitor their performance, approve their compensation, provide advice and counsel to the execution of their duties, and replace, as required.
- Direct the democratic process within the KDCFS, including the election of Directors and director succession.
- Develop, approve, and monitor compliance with all major policies that govern the KDCFS's operations.
- Ensure timely reporting of any other developments that have a significant and material effect on the performance of the KDCFS and as required under the KDCFS's constating documents (legal documents such as articles of incorporation, partnership and shareholder agreements, constitution and bylaws).
- Document and report on the KDCFS's performance to the community and its stakeholders on an annual basis.
- Assess board performance annually.

Financial Health

- Approve the annual budget and any expenditures that deviate materially from the approved budget.
- Ensure that budgets comply with organizational policies, and meet operational requirements, strategic goal priorities, and long-term financial obligations.
- Direct management to ensure that systems are in place for maintaining the integrity of and implementing the KDCFS's internal financial control and management information systems.
- Ensure that annual financial results are reported fairly and in accordance with generally accepted accounting principles.

Community and Stakeholder Relations

- Develop and implement a plan for enabling effective communication with members, the community, and other stakeholders on a regular and transparent basis.
- Ensure that KDCFS understands the interests of the members, community, and other stakeholders.
- Respond to or delegate responses, as appropriate, to inquiries, requests, or demands from the community, regulatory agencies, members, or other stakeholders.
- Report annually to the members, the community, and other stakeholders on the Board's stewardship for the preceding year.

Board Governing Principles

Governing principles are intended to assist the board in defining its role, its relationship with staff and how it will conduct itself as a governing body.

1. Recognition that the board exists to govern on behalf of the KDCFS membership who have delegated the power and authority to act on their behalf and in the best interests of all who make up the KDCFS and of the respective communities.
2. The KDCFS accepts a governance model where the primary purpose and role of the Board is to govern, not to manage.
3. The Board designates the Forest Manager(s) as the person(s) responsible for managing, administering and operating the KDCFS. In doing so it delegates to this position the power and authority necessary to execute the relevant duties and responsibilities.
4. The power and authority of the Board only exists when it acts as a whole. As individuals, Board members, including the Chairperson, exercises no power or authority in the KDCFS, and cannot act or speak for the board unless specifically delegated to do so by the Board.

5. The only decisions or positions of the Board are those made by the Board through the accepted decision making process, ensuring that the Board speaks only with a unified voice.
6. Board members commit to partnering with each other, and with the Forest Manager(s) to engage in actions and decisions that contribute to building and maintaining a healthy, effective and functioning Board and KDCFS.
7. Directors have a responsibility to set aside any potential conflict between their personal or individual business interests to support the well-being of the community forest corporation.
8. Through regular meetings, the Board will help ensure effective organizational planning and see that the corporation's resources are managed effectively and that the corporation meets the regulatory requirements that apply.
9. The Forest Manager(s) is (are) the only staff person(s) who report(s) to the Board, and is (are) the person(s) with whom the Board communicates and interacts within the operational context. The Board holds the Forest Manager(s) accountable for performance within the Board approved budget and on achievement of the strategic priorities.
10. Annual assessment and evaluation of KDCFS performance (both governing and management) is an essential requirement.
11. An up to date governance framework, including all necessary policies and dispute resolution mechanisms, is essential for the Board and the Forest Manager(s) to successfully fulfill their respective mandates.

Responsibilities of Individual Directors on the Community Forest Board

General Responsibilities

As a member of the Board, each director will:

1. Fulfill the legal requirements and obligations of a director, which includes an understanding of the statutory and fiduciary roles (A **fiduciary** is a legal or ethical relationship of trust between two or more parties. Typically, a **fiduciary** prudently takes care of money for another person.)
2. Use his or her ability, experience and influence constructively.
3. Understand and respect the difference between governing and managing, and not encroach on management's area of responsibility.
4. Identify and declare to the Board Chair, any potential or real conflict of interest areas and ensure that they are appropriately reviewed.

5. Participate in the review and approval of organization policies and strategy and in monitoring their implementation.
6. Participate in the performance evaluation of the Forest Manager(s) and of the organization.
7. Become generally knowledgeable of the business of the organization and its mandate.
8. Attend and participate fully in the meetings and committees of the KDCFS and prepare for each Board and committee meeting by reading the reports and background materials provided for the meeting.
9. Ensure adequate education on the understanding of basic financial reporting, in particular, the balance sheet and profit and loss statements.

Effective Conduct

As a member of the Board, each director should establish an effective, independent and respected presence and a collegial relationship with other directors, through conduct that includes:

1. Not speaking or acting as an individual on behalf of the board unless specifically authorized to do so.
2. Not act as the representative of the interests of special groups or individuals over the best interests of the organization.
3. Participation in discussions of the Board in a manner that encourages the candid expression of each director's opinion
4. Avoidance of any conduct or language that would reasonably be seen as intending to block the full expression of another director's views.
5. Supporting and abiding by Board resolutions, in the meeting and out in the community.
6. Follow the guidelines or rules agreed on by the board regarding how it will govern and conduct itself.
7. Honour the board conduct, confidentiality and disclosure policies which applies to all board directors.

Board Decision Making Process

The KDCFS's decision making process is by quorum. A quorum is defined by the majority of the directors in office, unless the need to conduct business mandates a temporary change to this rule.

Key Responsibilities of the Board of Directors Executive Positions

The Chair will:

1. Ensure that the Board has full governance of the KDCFS 's business and affairs and that the Board is alert to its obligations to the KDCFS to the communities or sectors it serves, to management, and under the law.
2. Provide leadership to the Board; assist the Board in reviewing and monitoring the strategy, policy and directions of the KDCFS and the achievement of its objectives.
3. Encourage each director to contribute to discussions, particularly in areas which call upon that director's unique skills, experience, and background.
4. Facilitate discussions of the Board in a manner that encourages the candid expression of each director's opinion and discourages any conduct or language that would reasonably be seen as intending to block the full expression of another director's views.
5. Build consensus, develop teamwork and resolve conflict within the Board.
6. Co-ordinate the agenda, information packages and related events for Board meetings with the Forest Manager(s) and the Secretary.
7. Review minutes of Board meetings for accuracy and edit as appropriate.
8. Chair Board meetings, meetings of Members and the Annual General Meeting.
9. Ensure that Board and committee meetings are conducted in an efficient, effective and focused manner. Ensure that the Board receives adequate and regular updates from management on all issues important to the welfare and future of the Society.
10. Represent the Society with external organizations or government to promote specific organizational objectives.
11. Serve as spokesperson for the Society.
12. Serve as the official liaison person with the Forest Manager(s).
13. In coordination with the Forest Manager(s), ensure that the KDCFS 's management and, where applicable, the Board are appropriately represented at official functions and meetings.
14. Ensure that an Orientation for new directors and the new Chair is conducted in timely manner.
15. Ensure that a succession plan is in place
16. Act as a signing officer for cheques and other documents.
17. Assist the Board to the review of the following:
 - organizational goals and policies of the board
 - strategies and business plans developed by the Forest Manager(s)
 - management, capital and operating plans, financial statements and management reports
 - the allocation of resources
 - the annual performance evaluation of the Forest Manager(s)

The Vice Chair will:

1. Act in the absence of the Chair.
2. Learn the duties of the Chair and keep informed on key issues.
3. Work closely as consultant and advisor to the Chairperson.
4. Keep the Vice Chair informed on key issues.
5. Prepare to serve a future term as Chairperson
6. Chair at least one major committee.
7. Orient the new Vice-Chairperson.

The Secretary will oversee the:

1. electronic directories of the organization's constating documents and the Board's policy statements.
2. register of membership.
3. scheduling of Board meetings in partnership with Management.
4. scheduling, advertisement and member notifications of General Meetings.
5. quorum requirements at Board meetings.
6. minute keeping of meetings, including recording all motions and decisions, confirming their accuracy.
7. signing of official documents of the organization, including general Board correspondence and associated record keeping.
8. filing of the annual return, amendments to the bylaws and other incorporating documents with the Corporate Registry, or other authority.
9. keeping of the common seal of the organization.
10. chairing of Board meetings in the absence of the Chairperson and Vice-Chairperson, until the election of an alternate Chairperson.
11. orientation of the new Secretary.

The Treasurer will oversee the:

1. chairing of the Finance Committee (if applicable).
2. development of the annual budget in conference with the Forest Manager(s)
3. signing, with Manager(s) and bookkeeper, for cheques and other documents.
4. Orient the new Treasurer.

Conflict of Interest Policy

Policy Purpose

The Board expects of itself and its directors conduct that is ethical and that does not violate the integrity of itself or the organization.

The board has a responsibility for compliance with the Societies Act and Bylaws under which it was created. This accountability supersedes any responsibility to staff and to conflicting loyalties to family, friends, business associates, advocacy or interest groups and membership on other boards or organizations.

Conflict of interest is a breach of an obligation to the organization that has the effect or intention of advancing one's own interest or the interest of others in a way detrimental to the interests or potentially harmful to the integrity or fundamental mission of the organization. Conflicts of interest and the appearance of conflicts of interest must be avoided. Board members and staff are responsible for seeking guidance from the appropriate source before embarking on activities, which might be questionable.

In the "Director Accountability Agreement" board members declare any possible conflicts of interest, real or perceived, with respect to their fiduciary responsibility according to the KDCFS's constating documents.

Conflict of Interest Defined

1. Where, as a result of a decision of a Director at a Board meeting that person stands to gain financially (either directly or indirectly).
2. Where a Director's private affairs or financial interests are in on-going conflict with his/her duties and responsibilities as a Director.
3. Where a Director's actions compromise, or undermine the trust which the public and Board members place in the organization or may be viewed as corrupt.
4. Where a Director does something that could impair his or her ability to act in the organization's best interests in the future.
5. Accepting gifts or money in return for favours, or accepting gifts that may make it look like they are acting in return for favours.
6. Giving other people confidential information about the organization.

When a Conflict of Interest May Occur

1. Conflict of interest occurs when a director participates in discussion or a decision about a matter, which may benefit that director directly or indirectly.
2. A director is in a conflict of interest when there exists a personal interest that could influence his or her decisions and impair his/her ability to act in (name of organization)'s best interest.

3. A director must not use their positions to obtain for themselves, family members or close associates employment within the Society.
4. A conflict of interest also exists when the interest of a friend, a family member, a business associate, an employer or other person with whom the director is associated or owes an obligation, or an entity in which the director holds a significant interest, could impair the director's ability to act in the KDCFS's best interest.
5. Conflict of interest includes a perceived conflict of interest. A director has a perceived conflict of interest when a reasonable person could perceive that the director might make or influence a Board decision in the director's personal interest or in the interest of a person or entity described above.

Managing Conflict of Interest

1. Should a board member be considered for employment, s/he must temporarily withdraw from board deliberation, voting and access to applicable board information.
2. If a director thinks he/she has a conflict of interest it is their obligation to inform the other directors of the potential conflict. Directors are obligated to be aware of any real or perceived conflict of interest they might have with respect to any matters relating to the organization and to declare this conflict to the board.
3. Directors who have knowledge of another director's conflict of interest (real or perceived) have an obligation to bring this to the attention of the director in question. If the director in question does not declare their conflict, then the director with the knowledge of the conflict is obligated to alert the board to the potential conflict of interest.
4. The board may acknowledge a conflict of interest of one of its directors and act to allow the conflict if it acknowledges the conflict and deems it to be acceptable.

Procedure When Conflict Arises

1. Individual directors and staff members present will voluntarily disclose any possible conflicts of interest annually through the submission of a Disclosure Statement.
2. Should a dispute over the existence of conflict of interest arise, the Board will settle the dispute. The Board's decision will be final.
3. A conflicted person will, when requested by the Board to do so, leave the room and will not participate in any discussion of the topic at any time.
4. The temporary absence of a conflicted director will not affect the meeting's quorum.
5. Notwithstanding any of the above, a person who leaves the meeting for conflict of interest reasons may be recalled by the Chair to answer questions of fact when his or her knowledge of the matter will assist the Board or Committee.
6. Declarations and subsequent absences will be noted in the minutes of the meeting.
7. A person deemed to be conflicted will refrain, at all times, from attempting to exert any influence on the issue.

Board/Management Relationship

1. Directors respect that the board's job is to govern and management's job is to manage. Directors don't become involved in the management and operations of the organization other than through board policy or direction. This means that if a director is concerned about any aspect of the organization's operation, the matter is not raised directly with the Forest Manager(s) or other staff. The concern is instead directed to the Chair with a request that it be addressed on the board agenda.
2. Directors may work with the Manager(s) at the Manager's request or on committees set up by the Manager(s). It is important to remember that in this context a director is a volunteer, not a member of the board.