

PURPOSE

The purpose of this section is to provide only an awareness of the basic responsibilities and functions expected of a governing board and its directors. The following is not intended to be a detailed procedures manual. In addition, it is not intended to provide legal or accounting advice to either the directors of the governing board or members at large of a non-profit corporation. Professional advisers should be consulted for expert, detailed advice.

For further information, also refer to *The Roles, Responsibilities and Functions of a Board – A Board Development Guide*, which is available on the Government of Manitoba website.

DUTIES OF THE GOVERNING BOARD

The governing boards of non-profit organizations are independently incorporated and therefore, are the legal entity and authority of the organization.

Directors of governing boards of non-profit corporations assume the responsibility for directing and managing the affairs of the organization. Governing directors represent the public's interest, ensuring that the organization they represent is following all the rules and regulations that govern it and that the organization is serving the public good.

Directors of governing boards hold positions of trust and must act honestly; in good faith; and must give undivided loyalty to the organization, setting aside self-interests. By becoming a director of the board, the individual commits to help run the organization effectively and efficiently to the best of his or her ability. Each director of the board has the obligation to preserve and further develop the organization's resources to ensure the future of services. As a result, it is imperative that each director of the board is fully aware of the board's responsibilities to fulfill individual obligations and the obligations of the board as a whole.

The board must focus on creating an integrated board that can handle the management and governance responsibilities of the agency. Board membership must consider the individual's ability to meet the board management responsibilities.

KEY RESPONSIBILITIES OF A GOVERNING BOARD

The governing board is responsible for:

- determining the organization's policy;
- approving the annual budget and ensuring adequate resources are in place;
- determining, monitoring and evaluating the goals and objectives of the organization; and
- authorizing and delegating responsibilities.

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The key responsibilities of the governing board include:

- 1. Mission and Vision
- 2. Constitution and By-Laws
- 3. Policy Management
- 4. Risk Management
- 5. Financial Management
- 6. Planning
- 7. Personnel Management
- 8. Public Relations
- 9. Governance and Program Evaluation

1. MISSION AND VISION

The governing board is responsible for reviewing, evaluating, revising and approving the mission and vision statements of the organization. The mission statement is the heart of the organization and should guide every decision that the board makes. The mission statement describes the needs the organization is attempting to meet, the individuals served and what is unique and distinctive about the organization in fulfilling its function. It should be specific enough that it provides focus while at the same time, it should reflect the “big picture”. The vision statement should draw a picture of what the community would look like once the organization reaches its mission.

The mission and vision statements should be reviewed annually to ensure that they continue to be understood and relevant and that they are consistent with the by-laws, corporation documents and policies of the organization.

2. CONSTITUTION AND BY-LAWS

Governing boards are responsible for ensuring that:

- the organization operates within its adopted constitution and by-laws;
- it acts on proposed revisions to the by-laws; and
- it recommends policies that determine the purpose, governing principles, functions and activities of the organization.

An organization is governed by its constitution and by-laws. The constitution establishes the name of the corporation, its location and objectives. The key by-laws follow the constitution. It is important that an organization seek legal counsel before finalizing its by-laws. The governing board should also review the by-laws annually. By-laws may be changed according to the rules for amendment which are part of the by-laws.

The following areas should be covered in the by-laws:

- a) Membership: The by-laws should specify who can be a member, terms of admission, members’ rights and obligations and how membership is terminated. If membership fees are required, the by-laws should state the procedure for the determination and payment of fee rates.

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- b) Directors: The by-laws should specify the number of directors, how they are chosen, the length of the term (e.g., two years, three years), how they can be removed and how often they should meet. It is recommended that the size of the board be kept manageable in number (e.g., 8 to 10 members). The positions of treasurer and secretary should be described. The senior staff's role should be identified as that of an ex-officio, a non-voting member of the board. A statement to outline the qualifications for the position of director is recommended. (Note: Any individual who is 18 years of age or older and not bankrupt may be appointed as a director.)
- c) Fiscal Year: The by-laws should specify the fiscal year for the organization. Since the annual general meeting usually occurs shortly after the end of the fiscal year, the organization should choose a fiscal year which is convenient to its members. As well, adopting the same fiscal year end as the Province of Manitoba is required (i.e., March 31) in order to meet financial reporting requirements, unless waived in writing by the Province of Manitoba.
- d) Meetings: The by-laws should specify how and during which month the annual general meeting of members should take place. At least a 21-day notice of the general meeting is required under *The Corporations Act*. The by-laws should also specify the procedures for calling special and directors' meetings and the number of people required to form a quorum. A quorum is the minimum number of members that must be present to have a valid meeting. (Note: All members of the board of directors must be given notice of directors' meetings.) In addition, the by-laws should specify the number of meetings the Board members should hold in a fiscal year for the Board to perform its oversight responsibility effectively.
- e) Voting: The by-laws should specify how to deal with voting eligibility and procedures in case of tie-breaking. Unless the by-laws specify otherwise, voting is by a show of hands or a ballot. Also, the by-laws should specify whether proxies will be allowed. A proxy is a person appointed to vote for someone who is not present.
- f) Amendments: The by-laws should outline the steps by which they can be changed when it becomes necessary or desirable. Unless the by-laws state otherwise, the directors may amend any by-laws that regulate the business of the organization. The amendment must be passed by at least a majority vote of the members. Organizations often specify that a two-thirds vote is necessary in its by-laws.
- g) Record Keeping: The by-laws should provide for the recording and keeping of minutes. Minutes are records of the decisions made at meetings. The financial records of the organization should be available for the membership to inspect.

It is suggested that in addition to the above, the by-laws of the organization should include an indemnification provision, ensuring that a director is entitled to indemnification for all liabilities that arise from performing his/her duty. This provision would not apply if a director acts beyond

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the scope of this/her authority or for other wilfully negligent acts. Director liability insurance is also suggested.

3. POLICY MANAGEMENT

Policies provide legal protection for the board by demonstrating that the directors of the board have acted to carry out their legal responsibilities. Policies work to ensure compliance with legislation, regulations and funding contracts. While staff may assist in the development of policies, only the board has the legal authority to make and approve policy at legally constituted meetings.

Policies provide stability, lessen tension and provide a guide for both the board and staff. Through its policies the board exercises proactive leadership. Policies are rules and procedures so that when implemented, they accomplish the day to day running of the organization without constant board approval.

Key policy areas include:

- board procedures and operation (organizational structure and reporting relationships; and recruitment, orientation, evaluation, conflict of interest)
- risk management (commercial general liability and property insurance)
- financial controls (investment, reporting, budgeting, audits, procurement, tendering, accounts payable/receivable, payroll)
- personnel procedures (confidentiality, salary structure, hiring, evaluation)
- program development (planning, monitoring, evaluation)
- public relations (strategies, emergency procedures, confidentiality, delegation)
- fund-raising (types and methods, board/staff responsibilities, confidentiality)
- volunteers (orientation, confidentiality, monitoring, evaluation).
- Property management (annual inspections, sustainability, capital plan, risk management), where applicable.

Policy management involves both setting policy and ensuring that policies are followed. The development of a written policy manual is recommended. Such a manual will help ensure that policies set by the governing board will not be lost or forgotten when new board members are recruited or new staff are hired. The manual should be readily available for reference.

The board should:

- approve all policies,
- develop the policies in collaboration with staff,
- distribute the policies to everyone who is affected by them,
- consistently enforce the policies, and
- regularly review and update the policies to ensure that they are consistent with the by-laws, mission, and with the requirements of the articles of incorporation, contracts and legislation.

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4. RISK MANAGEMENTCorporate Responsibilities of the Board

Most non-profit organizations in Manitoba incorporate under *The Corporations Act*, which governs an organization's operations within Manitoba. Under *The Corporations Act*, the organization has a number of obligations to adhere to as follows:

- a) File Annual Return: Each year the corporation must file an annual return with the Companies Office, Department of Growth, Enterprise and Trade, along with a nominal filing fee. The corporation may be dissolved if annual returns are not filed by the deadline (deadline depends on month incorporated).

The annual return forms are sent to the organization at the end of March and must be filed by June 1st, along with the filing fee. The responsibility for completion and forwarding all forms rests solely with the directors of the board. Failure to comply with these regulations will result in the directors of the board losing their legal protection from personal liability.

- b) Hold an Annual General Meeting: The directors of the governing board and the general membership of the corporation should be notified at least 21 days before the date of a general meeting. The corporation must have at least one annual general meeting where:

- the members vote to confirm, reject or propose by-laws;
- the members elect new representatives to the board of directors;
- the past directors of the board present an approved annual audited financial statement and an auditor's report to the members; and
- an auditor is appointed.

- c) Change of Directors or Registered Office: The corporation must file two copies of the following with the Companies Office to advise of changes:

- Notice of Change of Directors within 15 days of the change; and
- Notice of Change of Registered Office when the books and records of the corporation are moved to a new location.

Remember that there must be at least three directors of the board at all times.

- d) Amendments to the By-laws: The corporation must file an Article of Amendment when amendments to by-laws have been adopted by the general membership at an annual general meeting.

- e) Minute Book: The corporation must have a minute book containing the following:

- the Articles of Incorporation;
- the by-laws, resolutions and amendments of the corporation;

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- the originating minutes of the corporation;
- the minutes of all meetings; and
- a list of all members of the board of directors, with addresses, occupations and dates of service.

f) Membership List: The corporation should maintain an up-to-date membership list which is reviewed at the annual general meeting. Members may be accepted by recording the acceptance in the minutes of meetings. Members have the right to examine the membership list at the registered office of the corporation during usual business hours.

g) Personnel Management: The corporation must abide by legislation relevant to the employment of staff. Such legislation includes: *The Human Rights Act, The Employment Standards Code, The Workers Compensation Act, The Workplace Health and Safety Act, The Health and Post Secondary Education Tax Act and The Income Tax Act*. Other matters to consider are Canada Pension and Employment Insurance.

Insurance Requirements

All organizations that are in receipt of funds from Manitoba and deliver services on behalf of the Department of Families, are required to provide evidence of the organization’s insurance coverage. Upon request, the organization is required to send in a certificate of insurance to the department. Required coverage includes:

- a) Commercial general liability insurance covering all activities of the organization with a minimum limit of coverage of \$2,000,000.00 per occurrence. The Government of Manitoba, its officers, employees and agents are to be added as Additional Insureds with respect to service provided for Manitoba.
- b) Certificates of professional liability insurance or letters confirming professional liability coverage through membership in a professional association or by a separate professional liability insurance policy, with a minimum limit of \$1,000,000.00 per occurrence or claim, for all professional staff, including licenced practitioners, registered nurses and/or physicians, who are working in their professional capacity within the services funded by the department.
- c) Where the department is participating in capital funding, applicable property insurance for full replacement cost on an “all risks” property policy and the financial interest of Manitoba shall be shown on the policy. The policy shall also contain a Waiver of Subrogation clause in favour of Manitoba.
- d) Comprehensive dishonesty, disappearance and destruction coverage to a minimum limit of \$25,000.
- e) Compliance with The Workers Compensation Act with respect to all of the organization’s employees and volunteers.

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The purchase of directors and officers liability coverage is not a departmental requirement and is considered to be up to the discretion of the governing board.

5. FINANCIAL MANAGEMENT

The governing board is legally accountable for the sound financial management and administration of the organization's finances. This includes approving the annual budget; monitoring the organization's financial status in relation to the budget; ensuring proper financial procedures; and ensuring that an audit is conducted annually. Each director of the board is legally obligated to exercise judgement that a reasonable prudent individual would exercise with his or her own funds. The key components of financial management include:

The Budget

The governing board has the ultimate responsibility to establish, approve, monitor and review the organization's budget. Responsibilities may be delegated, for example to the finance committee who would coordinate and review the budget, and to the senior staff who would be involved with budget preparation and ongoing monitoring.

The organization's budget is its financial plan for one year, that is, the projected expenses and income or revenue based on realistic expectations. Income or revenue may include government funds, grants, donations or funds from fund-raising activities. Revenues may be restricted to the purpose specified by the funding source or unrestricted without limitations (e.g., membership fees, donations). An example of restricted revenue is funding provided by the Department of Families to external agencies.

Expenses are determined by projecting the costs of the organization's activities and day-to-day operations for the year ahead. Reviewing the previous year's actual costs and revenues is helpful in developing the organization's budget. When absolutely necessary, budgets may be modified. This may involve changes to the organization's activities and commitments or the setting of priorities for the year ahead in order to maintain a balanced budget.

Financial Controls and Procedures

The governing board must ensure that policies and procedures are in place to direct the corporation's financial activities. Funds must be received, recorded, deposited and spent in an acceptable manner. Examples of financial controls and procedures include:

- a) More than one person should be involved in the control procedure for all expenditures. Control procedures may pertain to the purchase of supplies and equipment, the payment of wages and expense accounts, per diem allowances or car allowances.
- b) Signing Policy: Usually the treasurer and executive director are appointed as signing officers with the president or the vice-president appointed in the event that one of the two

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signing authorities is absent.

- c) **Petty Cash:** Petty cash funds are established to handle small expenses where payment by cheque is impractical. Rules governing petty cash funds are as follows:
- establish limits for small expenditures (e.g., from \$5.00 to \$20.00) with amounts greater than the established limit to be paid by cheque;
 - specify the type of expense eligible for purchase from petty cash (e.g., postage, office supplies); and
 - appoint a custodian for petty cash (cannot be the treasurer who provides petty cash).
- d) **Bonding:** Bonding insurance, which is available from commercial companies, protects the organization in the event that an employee/volunteer commits a dishonest or fraudulent act.

Financial Recording System

Financial record keeping or accounting refers to the recording of all financial transactions in order to control, monitor and analyse the organization's income and expenses. Such record keeping protects the interests of funding sources, the organization and the individuals in receipt of services.

A financial record keeping system assists the organization with cash management. As a result, the organization can forecast the cash that it will receive and disburse, and the income and revenue shortfall it might expect over a specified period. Record keeping involves:

- a) **Accrual-based Accounting** is the recommended method for a bookkeeping system. It provides an accurate picture of the organization's financial status and helps the board make informed financial decisions. Under this system, financial transactions are recorded when expense are incurred or when income or revenue is generated or realized.
- b) **Opening a Bank Account** to make deposits and issue cheques is recommended. A current account is better for control purposes and helpful for the auditing process. A banking resolution form should list the authorized signing officers of the organization.
- c) **Financial Transaction Journals:** record all financial transactions as follows:
- a cash receipts journal – records all cash and cheques received by the organization;
 - a cash disbursement journal – records cash and cheques disbursed by the organization;
 - a general journal – records all non-cash transactions, i.e., receivables and payables; and
 - a general ledger – the financial information from the three journals as noted above is transferred to a general ledger. The general ledger should be organized by account headings that correspond to all of the accounts in the organization's chart of accounts.
- d) **Reconciliation of Bank Statements and Journals:** At the end of each month, the reconciliation of bank statements and petty cash to journals uncovers any errors, omissions

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or problems.

Financial Reporting

The treasurer presents the statement of receipts and disbursements and the balance sheet to the other directors of the board to show the organization's financial status during the reporting period. Financial reporting enables the board to understand the organization's financial well-being, analyse financial activity and to make effective decisions.

The two main financial statements are as follows:

- a) Statement of Receipts and Disbursements: is also referred to as an income statement, profit and loss statement or operating statement. It provides a summary of funds spent (expenses) and the income received (revenue) over a specific period (e.g., monthly). The same categories should be used as in the organization's budget format. The final line on each statement should be the excess (or a deficit) of revenues over expenditures.

- b) The Balance Sheet: provides a statement of the financial position of the organization. That is, what would be left over if the organization converted all its assets into cash and used the cash to pay off all its liabilities. The balance sheet lists the organization's assets (everything it owns) and the organization's liabilities (everything that it owes) and its net worth (equity). In a non-profit corporation, organization equity shows the organization's financial net worth by subtracting all its financial obligations from its cash and non-cash assets. A balance sheet should be completed monthly

The Audit

All organizations in receipt of funds from Manitoba are required to submit audited financial statements annually. These audits are to be completed by an independent, certified, external accountant (e.g., Chartered Accountant, Chartered General Accountant, chartered management Accountant).

The audit is an examination of all the books and records of an organization to ensure that:

- the financial statements are a fair representation of the facts; and
- the organization has followed generally accepted practices for reporting and recording.

An audit may result in recommendations for improvements in the organization's financial controls and procedures, record keeping and/or financial reporting. These recommendations would be in the form of a Management Letter from the auditor to the organization. Management Letters must be submitted to the Province of Manitoba with the audited financial statements.

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6. PLANNING

A major responsibility of a board is to provide direction for the future of the organization. The organization’s direction is summarized in the mission statement which identifies the organization’s overall vision and purpose. Mission statements are used as a basis to develop a long-range plan for the organization and to evaluate whether the existing plans, programs and policies meet the purpose of the organization.

Planning is an essential part of organizational management and is a framework for collective action. Planning can help to get the board, staff and volunteers to:

- focus their efforts in the same direction;
- determine options for the future
- concentrate on what is most important to the organization;
- make the best use of limited resources and time; and
- utilize skills to their fullest potential.

Whether reviewing the organization’s mission, specific programs or the overall operation of the organization, the planning process answers three basic questions:

- **Where are we now?:** This questions examines what is positive and what needs improvements in the organization. That is, what are the organization’s strengths and the opportunities and resources available to the organization? What are the previous year’s accomplishments and lack of accomplishments? What are the organization’s weaknesses and the issues and limitations faced by the organization (e.g., financial, legal)?
- **Where do we want to go?:** Given where the organization is now, feasible and realistic goals should be set for the future. This question results in setting goals and objective for the long-tem (i.e., two to give years) and for the short-term (i.e., one year) to achieve the organization’s purpose. Both long-term and short-term goals and objectives should be developed in all the major areas of the organization’s operation (e.g., programs, financial, personnel, board development).
- **How are we going to get there?:** This question results in identifying activities, tasks, responsibilities, time lines and the resources needed to accomplish the organization’s goals and objectives. This question identifies what is to happen when and who is to do it while allowing some latitude for the persons responsible with respect to how tasks are completed.

Planning should occur annually and should include the directors of the board and staff. Additional information should be gathered from all relevant sources to assist with the planning process. This may include the general membership, individuals with a mental disability and their families, community members and the government as appropriate.

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If a plan is to be successful, it must change as circumstances change and involve input from those directly affected by or responsible for implementing the plan. As a result, the plan should be monitored, reviewed regularly and updated when necessary. This can be accomplished by reporting on the progress of each area at each board meeting and by conducting annual review.

7. PERSONNEL MANAGEMENT

The governing board is responsible for setting personnel policy for both paid and volunteer staff, including directors of the board. Although a board delegates the day-to-day responsibility for staff and program volunteers to an executive director, the board is responsible for providing clear direction on personnel management. This direction is best achieved by the development of a personnel policy document.

The Department of Families requires satisfactory Criminal Record Checks and clear Adult Abuse Registry checks for paid staff and volunteers who will be working directly with individuals with a mental disability. Any persons hired to provide day services supports and/or transportation services must also have a clear Child Abuse Registry check.

Refer to the Residential Care Licensing – Criminal Record Check and Adult Abuse Registry Check Policy for Residential Care, and to the Community Living disABILITY Services – Criminal Record Check, Child Abuse Registry Check and Adult Abuse Registry Check Policy for Day Services and Transportation for more information on the required checks for personnel.

Staff

Policies related to senior staff should clarify the division of roles, responsibilities and authority of the senior staff in relation to the governing board. Policies and procedures for paid staff should include but are not limited to the following:

- job titles and job descriptions including qualifications required for positions;
- conditions and terms of employment (e.g., hours of work, salary, benefits, holidays, leave from work);
- recruitment, orientation and probation;
- staff development and performance reviews;
- resignation and retirements;
- disciplinary procedures and dismissal;
- reporting of incidents and grievance procedures;
- workplace safety and health; and
- confidentiality and conflict of interest guidelines.

Volunteers

Policies and procedures for volunteers should include but are not limited to the following:

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- roles and responsibilities of the governing board and duties of the directors of the board, committees and program volunteers;
- skills, knowledge and qualifications desired for positions;
- recruitment and selection;
- training and evaluation;
- confidentiality and conflict of interest guidelines; and
- terms of general membership.

8. PUBLIC RELATIONS

Promoting a positive public image within the community is another key responsibility of the governing board. This includes reporting on the organization's programs and services and its future plans.

Continual promotion of the organization is important in order to accomplish the following tasks;

- to keep the community (e.g., community at large, government) informed and supportive;
- to ensure that individuals who need the organization's services are aware of the agency; and
- to ensure success in fund-raising activities.

The organization should establish a written policy ensuring that confidential personnel information of the individuals that they serve, is protected with respect to all public relations and fund-raising activities.

9. GOVERNANCE AND PROGRAM EVALUATION

The governing board is responsible for evaluating the organization's programs and services to determine if they are being effectively delivered and serving the overall mission of the organization.

Program evaluations are an essential component to planning. Evaluations should focus on the results of the programs and services, rather than on the process. The evaluation should examine whether the objectives of the programs are appropriate and how well the organization is accomplishing those objectives in relation to its plan.

The governing board should also evaluate its performance in order to review its strengths, weaknesses, skills, problems and successes, in relation to the mission, and the goals and objectives of the organization as set out in the annual plan.

DUTIES OF A DIRECTOR OF A GOVERNING BOARD

Assuming the directorship of a non-profit organization is a serious commitment. It is imperative that all directors of governing boards understand and review their duties and obligations in order to effectively serve their organization and to avoid personal liability.

The purpose of this section is to provide a brief summary of the duties of a director of a

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governing board of a non-profit organization. It is not intended to provide legal advice.

Professional advisors should be consulted for more detailed information and advice. The information referred to in this section related to the Duties of the Director is found in: Krieger, S. 1989. *Duties and Responsibilities of Directors of Non-Profit Corporations*. Toronto, Ontario: Canadian Society of Association Executives.

1. MANAGERIAL DUTY

The governing board has sole responsibility for the management of an incorporated non-profit organization. Generally this includes the duty to supervise management staff, provide guidance and policy development, and acquire an adequate knowledge of the business and function of the organization. It is the obligation of the directors of the board to ensure that the organization is following all the rules and regulations that govern it.

2. FIDUCIARY DUTY

A fiduciary is any person who maintains a position of trust. Each director of a governing board of a non-profit corporation assumes a position of trust when they become a director of a governing board. The fiduciary duty of a director of the board is an obligation to act honestly, in good faith and in the best interest of the organization, and to be loyal.

- **Honesty** – This is an obligation placed on the director of a board to disclose the entire truth and to avoid fraudulent transactions in matters pertaining to their position on the board (i.e., misuse of the organization’s funds).
- **Good Faith** – The director of an organization must pursue the best interest of the organization and good faith must be demonstrated in attaining this end. This means that the director of the board may not pursue any improper purpose when acting on behalf of the organization.
- **Loyalty and Conflict of Interest** – A director of a board must give undivided loyalty to the organization, which means that directors agree to subordinate all personal interests to those of the organization. This duty demands that there be no conflict between one’s duty to the organization and self-interest.
 - **Conflict of Interest:**
When there appears to be an actual or apparent conflict of interest, the director of a board must disclose information to the board, they must abstain from voting on the related issue, and these actions should be recorded in the minutes of the meeting.

3. DUTY OF CARE

The duty of care imposed on a director of a board is a minimum standard of care in the performance of their activities on behalf of the organization. The standard test of care is, “what a reasonably prudent person would do under the same circumstances.

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While directors of governing boards are responsible for the effective management of the organization, it is within their right to delegate some of that responsibility. However, the duty of care extends to delegation of responsibility. Personal liability may result if delegated activities are inadequately supervised (i.e., allowing large amounts of cash to be left for long periods in a non-interest bearing account rather than being invested might violate duty of care).

4. DUTY OF DILIGENCE

The duty of diligence means that a director of a governing board must become acquainted with all aspects of the organization including the transaction of business, organizational policies and the delegation of tasks. While elected directors are not legally bound to attend board meetings, they do have a duty to stay informed of all events that occur at meetings. Not attending board meetings may be interpreted as a failure to exercise the proper degree of diligence.

Directors of governing boards must scrutinize reports and issues with extreme care. Directors must not be passive, as they have an obligation to ask questions when they are unsure about certain transactions. Under the law, directors of governing boards are considered to have voted positively for whatever action is taken, unless they register dissent to such action.

5. DUTY OF SKILL

Directors of governing boards are not expected to exercise skills that are beyond their level of competence. However, if a director does possess specific expertise, he/she is required to use it in the interest of the organization's affairs (i.e., a lawyer who is also a director of a board is required to provide competent legal advice to the board).

6. DUTY OF PRUDENCE

Directors of governing boards are expected to act prudently. A prudent person exercises sound and practical judgement and is cautious and discreet in conduct, anticipating the probable consequences of any course of action that the organization might take.

7. DUTY OF CONTINUING

A director of a governing board cannot avoid liability by resigning. A director is responsible for acts already done or neglected while he/she was in office.

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