

Checklist for Directors

Source: Donald Bourgeois, *Charities and Not-for-Profit Administration and Governance Handbook*, 2d ed (Markham: LexisNexis Canada Inc., 2009)

Directors should endeavour to fulfill the following:

- always act with a view to the best interests of the organization;
- understand and comply fully (in spirit and letter) with the conflict of interest policy;
- be informed about the organization's mandate, its constating documents (letters patent, trust deed, memorandum of association, by-laws) and its incorporating statute if incorporated;
- discuss matters that are before the board fully and with frankness and candidness;
- actively avoid conflicts of interest and, where a conflict arises, disclose the conflict and do not participate in the decision;
- exercise due diligence, care and skill in carrying out responsibilities as officer or director;
- fulfill fiduciary duties of good faith, honesty and loyalty;
- get independent or outside advice where it is required to ensure that decisions are well informed;
- ensure effective internal monitoring and reporting systems are in place, including for financial matters but also in areas where there is high risk or regulatory requirements;
- attend meetings and, if not available, ensure he or she is informed about the issues and decisions through minutes and agenda items and any required follow-up;
- keep abreast of the organization's activities and how those activities fit within the mandate and its strategic plan and annual plan;
- ensure that the resources are available or become available to implement decisions;
- monitor compliance with statutes and regulations, especially those that regulate directly the fields in which the organization operates (e.g., day care);
- never forget that the role of the director is to manage the affairs of the organization;
- obtain confirmation that source deductions (taxes, EI, CPP and other pension benefits) have been remitted and that any taxes collected on behalf of governments are remitted;
- prepare adequately for all board and committee meetings;
- question whether the matters being discussed are within the mandate of the organization and the decision is authorized by the by-laws;
- state any concerns or objects clearly and ensure they are recorded in the minutes, especially if there is a reason to believe there may be a contravention of the law or there is a risk of liability;
- test treatment of assets against the standards of what a reasonably prudent person would do in comparable circumstances if he or she were dealing with his or her own assets – which may be a high standard than what individuals actually do with their own assets; and
- examine his or her own performance objectively and determine if he or she meets his or her expectations of what a good director does or ought to do.

Nobody is perfect, but this cannot excuse a director from making an honest and good faith effort to meet his or her legal and moral obligations. Evidence of good faith goes a long way to satisfy a court and regulators.