

Governance Audit for



Prepared By

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Introduction

Effective governance is essential to ensure the Dance Nova Scotia is effective, accountable, sustainable and successful in achieving its vision, mission and strategic goals. Dance Nova Scotia engaged governance specialist Carla Anglehart to conduct a governance audit. The purpose of the audit was to examine board systems, practices, and tools, recommend enhancements aligned with governance best practices, and identify opportunities for board education.

Scope of the Audit

The audit included examination of documentation of DANS governance structure, policies, processes and tools including:

1. MOA and Bylaws
2. Board Composition Matrix
3. Ideal Board Composition Template
4. Board Orientation 2021 Fiduciary Overview
5. Board Member Job Description/Dance Nova Scotia's Responsibility to Board Members
6. Dance Nova Scotia Website: Board Members, Board Application, Committee Application, Membership
7. Board Committees
8. Board Meeting Schedule
9. Board Meeting Agendas and Meeting Minutes (3 sets)
10. Board Decision-making Criteria
11. AGM Annual Report 2021-2022

Observations and Recommendations

Governance in the not-for-profit sector has continued to evolve over the past two decades; Boards and individual Board members are called upon to continually increase their knowledge and standards of governance to ensure effectiveness, reduce risks and achieve results.

When an organization invests in an external resource to examine governance practices, a commitment to effective governance is evident. The following pages outline the consultant's observations and recommendations based on governance best practice. Best practices do not indicate a legal obligation, rather a commitment to continuous quality improvement on the journey to governance excellence. The consultant offers the recommendations in this order with a view to enhancing the foundation upon which to

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build and grow. It is important to note that each of these recommendations will require a commitment of time and energy, and in some cases additional resources. The Board is encouraged to select only one or two recommendations for focus in the coming year with a plan to address others in the following years.

Board Composition

Observations: The Bylaws state, “The Board shall consist of not more than fifteen members”. It’s interesting to note that much larger, more complex organizations provide effective governance with Boards of 8-12 members. The Bylaws are silent on representation and skill sets of the Board members. The current Dance Nova Scotia Board slate includes 13 members, all with their affiliation to dance noted. Diverse educational and professional backgrounds and perspectives serve to enrich board discussions, enhance decisions and elevate overall governance.

Recommendation:

1. Re-examine board size and composition.
 - a. Consider limiting the board size to 10-12.
 - b. Change board composition over time by adding diverse professional backgrounds to gain new and different skills sets and perspectives (i.e., financial, marketing, legal), and eliminate the current practice for all board members to require a dance background.
 - c. Maintain efforts for balanced representation (e.g., different types of dance, geographical, abilities, ethnicity, gender, age) The “Ideal Board Composition Template” is a good start in this direction.

Committee Structure

Observations: Committees allow a board to go “further faster”, by engaging a smaller, more focused group to provide leadership in a particular area. Committees must be led by experienced, capable committee chairs, and given clear mandates (terms of reference). Board committees should be doing Board work. Form should follow function – the starting point is the board’s governance charter (key stewardship responsibilities).

The current Board committee structure includes: Outreach, Education, Dance for Health, Sustainability, Nominating. With only a brief statement of purpose for each committee located in the AGM committee reports and no detailed terms of reference, it is difficult to determine whether these committees are focused on governance or operations. There was a committee document referencing a governance committee and a fundraising committee as well, though these were not referenced in the AGM committee reports. There was also a note indicating consideration for potential sub-

committees for specific areas of focus which may be operational in focus (i.e., dance schools, general membership, specific areas of the community or province).

Two important principles to consider for Board committees are a) focus on Board work and b) minimalism. Typical board committee structures include: Finance and Audit, Governance (Board recruitment, development, nominations), and Quality and Risk.

Recommendation:

2. Review/revise committee structure
 - a. Ensure committees are focused on board work versus operations;
 - b. Ensure each committee has clear terms-of-reference;
 - c. Develop clear work plans for each committee and reporting mechanisms.
 - d. Delegate the development and oversight of operational committees to the Executive Director or, decide if the Board is to be considered a “working board” and ensure clear boundaries are in place to distinguish when Board members are governing and when they are supporting operational objectives.

Board Roles and Responsibilities

Observations: The board is responsible for setting direction, establishing major policies (as stated in the Bylaws) and monitoring the organization’s progress towards its goals. The Executive Director and his teams’ work should be focused on implementation. It is the Executive Director’s responsibility to take the broad direction and policies established by the board and to translate them into operational work plans that are managed and monitored.

The duties of board members listed in the “board members responsibilities” document only address a few of the Board’s key stewardship responsibilities. A review of meeting minutes suggest that a portion of Board and Committee time is spent on operational issues versus governance. Lack of shared understanding amongst Board members of the difference between governance and management can lead to responsibilities not being fulfilled, duplication of effort, micromanagement and tensions. While there is no evidence of micromanagement or tensions based on the audit, the potential exists if the complimentary yet distinct roles and responsibilities of the Board and the Executive Director are not explicitly documented.

A Board Charter is an important governance document that outlines the key stewardship responsibilities of the Board. It helps the Board, Executive Director,

employees and other stakeholders to understand the role of the Board. It also informs the macro agenda (the annual work plan for the Board and the committees of the Board), and informs governance information requirements.

Recommendation:

3. Develop a board charter to describe the key stewardship responsibilities of the board.
 - a. Using the charter as a guide, establish an annual Board education calendar to ensure all areas of stewardship are addressed and foster a shared understanding of and respect for the distinct yet complementary responsibilities of the Board and the Executive Director.
 - b. Develop a macro agenda (annual workplan for the board) to ensure all responsibilities in the charter are fulfilled each year.

Board Policies

Observations: The Board does not have a set of governance policies to proactively provide direction to the Executive Director (e.g., Executive Limitations and Strategic Goals), and provide clarity to the Board (e.g., Board code of conduct, board evaluation, conflict resolution).

Recommendation:

4. Develop and annually monitor compliance with governance policies including:
 - a. Executive Limitations;
 - b. Ends/Strategic Outcomes (strategic goals);
 - c. Board/Executive Director Relationship (includes communication norms, Executive Director performance feedback)
 - d. Board Process (including charge to the Chair and committees and Board self-evaluation).

Risk Oversight

Observations: Dance Nova Scotia has risk systems in place, such as the annual financial audit and this governance audit. As the governing Board is ultimately accountable for the organization, it is critical that Board members understand their risk oversight role, and ensure through the Executive Director that effective risk management systems and practices are in place (e.g., Emergency ED Succession Plan, Business Continuity Plan etc.). Many Boards today are choosing Enterprise Risk Management Frameworks for their organization. It would be prudent for the Board to engage in activities to increase their understanding of the key risks facing Dance Nova

Scotia (financial and non-financial) as well as potential risk management frameworks and systems to eliminate or mitigate those risks.

Recommendation:

5. Ensure through the Executive Director a comprehensive risk framework is developed/maintained, and that mitigation strategies are in place for risks that are assessed to be serious, critical or catastrophic.
 - a. Include “The Board’s Role in Risk Oversight” in board education.
 - b. Establish a risk monitoring schedule (integrated into the Macro Agenda).

Governance Enhancement Plan

Observations: Boards model commitment to continuous improvement when they assess and strengthen their own performance. A variety of systems that provide the Board with feedback about their performance are available, such as:

- Annual Board self-evaluation
- Meeting evaluation
- Individual Board Member Self-evaluation
- Peer Evaluation
- Feedback to the Chair/Committee Chairs
- Governance Audit

The feedback from these systems is used to set improvement goals for the upcoming year.

Recommendation:

6. Annually, conduct Board self-evaluation using a variety of systems (above).
 - a. Annually, establish a governance enhancement plan and a governance education schedule, based on board evaluation results.

Next Steps

Congratulations for engaging in an external review of your governance practices. You have a solid foundation upon which to build. Aligning with evidence-informed practices such as those suggested herein, have the potential to reduce risk, enhance the quality of governance, support organizational success and accountability, and foster stronger relationships between the board, the Executive Director and your stakeholders. As the Board works together to examine the recommendations and develop your governance enhancement plan, select only one or two areas for focus. Once you are satisfied with the enhancements, you will be well positioned to continue along your journey to governance excellence!

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