



COMMUNITY
FOUNDATIONS
OF CANADA

CFC TIPS & TOOLS for Community Foundations

Number 3

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ACCOUNTABILITY.... More than good accounting practices!

Community foundations are registered charities and public foundations, and as such, hold a public trust. It is the duty of the Board to oversee the conduct of the community foundation's affairs. The Board has a moral, legal and fiduciary responsibility to its donors, volunteers, staff and the community at large.

“Transparency” and “accountability” are two buzz words of Board involvement. Simply put, transparency allows those outside of the organization to see what is going on. It provides a window to the processes and procedures. Transparency suggests that the Board operations should be open and visible to interested parties and those decisions and actions should be reported to stakeholders. Accountability demands that someone be responsible. The Board members need to understand where their responsibilities, duties and obligations lie. They need a clear picture of the scope and limit of their authority. Below is a list of eight key tasks that a charitable organization’s Board of Directors should be responsible for:

1. Ensure the Board understands its responsibilities and avoids conflicts of interest
2. Undertake strategic planning aimed at carrying out the mission
3. Be transparent, communicating to members, stakeholders, and the public
4. Develop appropriate structures: a capable Board; an independent nominating committee and an audit committee
5. Maintain fiscal responsibility
6. Ensure that an effective management team is in place and providing oversight of human resources
7. Implement assessment and control systems
8. Plan for the succession and diversity of the Board



So... what are some of the things you can do to help accomplish these tasks?

- Develop a clear mission statement and use it to direct your work
- Hold regular planning sessions to set goals, define the desired outcomes and monitor the progress of the plan
- Develop position descriptions for Board members
- Establish orientation for your Board
- Develop and approve a code of ethical behavior for Board members, volunteers and staff
- Approve and enforce a conflict of interest policy
- Develop clear policies to ensure transparency and communication
- Hold regular Board meetings and promote full participation by all Board members
- Keep good minutes
- Produce an annual report and distribute it widely
- Approve a budget that reflects priorities, based on realistic assumptions
- Monitor and control expenditures
- Ensure investment accountability
- Establish an Audit Committee who:

Report whether the organization is in compliance with the laws, rules, regulations and contracts that govern it

Review and ensure that the management, information and control systems are organized and implemented to carry out these rules and regulations

Supervise external financial reporting

Ensure that you have operational and administrative systems including:

Financial management systems and tax reporting systems

Process for handling donations

Grantmaking procedures and systems

Records and filing systems



Personnel management systems

Administrative support systems for the Board

Resources to check out:

CFC's new **Community Foundation Regulatory Checklist** is a great way to keep track of everything to do with the recording and reporting requirements for a foundation. Understanding the myriad of tax and regulatory rules to operate a community foundation is complex. Keeping on top of the obligations under Canada's Income Tax Act is critical but can be a challenge for staff, Board members and other officials of a community foundation. This checklist provides an easy visual to the obligations necessary for operations, tax, finance, and governance matters. Electronic links to key resource material and legislation is included for easy referencing. The checklist can be found here:

<http://communityfoundations.ca/resources/community-foundation-regulatory-checklist>

Other resources:

Key Policies for Canadian Community Foundations:

https://www.dropbox.com/s/ffv16lvttyyggvt2/FDNDEV_KeyPolicies_CFs.pdf?dl=0

Grassroots Governance: Governance and the Nonprofit Sector:

http://www.cga-ontario.org/assets/file/publication_grassroots_governance.pdf