

TIP SHEET

Governance - Museum Board Basics (2015)



What is governance?

Governance is the framework of policies and practices used by a board of directors to ensure accountability, fairness, and transparency in the museum's relationship with its stakeholders and community.

What is governing?

Governing is what a board of director does to establish and monitor the direction of the museum in the long-term.

What is a not-for-profit corporation?

Many, but not all, Saskatchewan museums are incorporated not-for-profit organizations.

The provincial *The Non-profit Corporations Act, 1995* sets out the rules for the incorporation and registration of non-profit organizations in Saskatchewan. The Act provides the ability to incorporate, but it is not mandatory to do so. The process of incorporation creates a corporation, which is distinct legal being separate from the individuals involved in the organization's activities. There are some advantages to incorporation, for example, a corporation can hold title to land, enter into contracts, and may be eligible to apply for grants. However, with incorporation come responsibilities, such as the requirement to have a board of directors, to hold an annual general meeting, and to keep corporate records (such as minutes of meetings).

What is a board of directors and what does it do?

A board of directors of a not-for-profit incorporated museum is a group of volunteer individuals that as a whole is responsible for overseeing the management the museum and is accountable for its activities. A board must work together as a group to make the necessary decisions to carry out the purpose and goals of the organization. Boards may be called a "Board of Directors", "Board of Trustees", "Board of Governors" or a "Council".

“The size of the museum, the scope of its activities, and the available resources will determine what model of board governance is best.”

Although all boards of incorporated not-for-profit museums have the same responsibility to govern, not all operate the same way. "Managing" or "operating boards" are typically found in smaller museums where there is no or few staff. Board members provide essential volunteer labour to help support the management or operation of the museum on a day- to-day basis in addition to their governance responsibilities. Larger museums may have a "governance" or "policy board" where the board members focus their involvement on the governance activities and the day-to-day operation is done by staff and other volunteers.

When is a board of directors not a governing board?

Some museums are not incorporated as a stand-alone not-for-profit entity. Such museums may be operated as part of a municipality, university, agency, society or other larger body.

These museums may have an advisory board, museum committee, or other group of volunteers providing advice and guidance.

Such advisory bodies, even if called a board, do not have the responsibilities that are imposed on governing boards under the law.

What is a director?

A director is a person who is elected or appointed to a governing board of an organization. Directors of non-profit organizations are volunteers. But the terminology used varies a lot. Other terms for directors are “board members”, “trustees” or “councillors”. The term “director” is used in *The Non-profit Corporations Act* in Saskatchewan. Whatever the terminology used by an incorporated not-for-profit museum, the legal duties imposed on its members of the board still apply.

What is an officer?

An officer fulfills certain corporate roles and functions on the board such as the duties of a “chair”, “treasurer” or “secretary”. The specific titles, roles and responsibilities of officers are defined in the organization’s articles of incorporation and bylaws.

What is the role of a director?

Regardless of the size or type of organization, the role of the director is the same: directors of a not-for-profit organization are responsible for governing the affairs of the organization on behalf of its members.

However, an individual director cannot act as if he or she is a board of one person. It is by working together at board meetings that directors have the authority to make decisions for the museum by passing motions, provide direction to staff or other volunteers, and plan for the museum’s future.

What are the legal duties of a director?

When one accepts a position on a museum board as a director, one assumes a position of ‘trust’. By doing so, a director agrees to work collectively with other members of the board, act honestly and in good faith, use their skills and knowledge to the best of their ability, and to serve with the best interests of the museum in mind.

As a member of the board, directors accept the following legal duties and obligations:

Directors have a Fiduciary Duty

Directors have a duty to act in the best interest of the corporation and show loyalty, honesty and good faith.

In practice this means:

- Manage and oversee the affairs of the museum by:
- Ensuring the museum sets and carries out goals;
- Setting long-term objectives in accordance with these goals;

- Ensuring financing stability;
- Assessing how well the museum is doing in relation to its mission, priorities and budget;
- Establishing policies and procedures.
- Engage with the community. It's everyone's museum!

Directors have a Duty of Diligence

Directors have a duty to exercise reasonable care, diligence and skill within the best of their ability.

In practice this means:

- Make thoughtful informed decisions based on individual level of expertise;
- Assess and manage risk;
- Be honest, fair and transparent;
- Be informed about the activities of the corporation.

Directors have a Duty of Loyalty

Directors have a duty to act in the best interests of the museum and to not use one's position as a director for personal gain.

In practice this means:

- Avoid conflict of interest; and
- Keep the organization's confidential information private.

Duty of Obedience

Directors have a duty to act within the scope of the mission and governing policies of the organization and within the scope of other laws, rules, and regulations that apply to the organization.

In practice this means:

- Know and follow the governing documents (such as the articles of incorporation and bylaws)
- Develop and follow the museum's mission, vision, values, plans and policies
- Have a written agenda for meetings and keep accurate minutes of the meeting and decisions
- Spend the time in board meetings on decision making and planning for the future and not reporting on the past
- Obey the law

Summary

To be an effective board member:

- Know your job
- Show up to meetings
- Come prepared for meetings
- Ask questions and make decisions
- Accept and support the decisions of the board even if you don't agree
- Act in the best interest of the museum, not yourself
- Attend and participate in the museum's programs and events
- Help the Chair keep board discussions on topic and meetings on time
- Remember that individual directors have no power to direct staff or make decisions for the museum, that's the job of the board.

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