

Alberta Agricultural Society

Board Members Handbook

Agricultural Societies Program
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Alberta

WHAT YOU NEED TO KNOW TO BE AN EFFECTIVE BOARD MEMBER

This handbook briefly described some of the information required by most directors of agricultural society boards. For new board members this should provide an outline of the information most frequently required to meet your responsibilities. Those board members with experience should review this handbook to ensure that all directors are acting with the same background knowledge and a common understanding of their role.

ORIENTATION

Every board should make attempts to provide an orientation for all new directors as quickly as possible following their election. This orientation session should take place a minimum of one month following the annual meeting. This session need not be long. The orientation could include reviewing the Act, the bylaws, the annual budget and last year's financial statement, list of coming events, policy and procedures, and this handbook. Make the orientation an annual event and make it enjoyable.

Questions on the agricultural society administration may be directed to:

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BOARD MANUAL

The following is an outline of information, which each agricultural society should provide all directors in an orientation session. A board manual assures you have well-informed directors. It provides a basis for a common understanding with which to plan programs, facilities and services. **Every board member should have a manual, which includes the following information about your agricultural society:**

- Name of the Agricultural Society and the date the society was chartered. Agricultural Societies are not-for-profit organizations registered under the ***Agricultural Societies Act in Alberta***.
- **Purpose or Mission Statement** of your agricultural society.
- Current bylaws.
- Names and phone numbers of all other directors.
- Most recent financial report and budget.
- Planned future activities and reports for previous year's activities.
- A calendar of important dates, regular and annual meeting, fair dates, board appreciation night, etc.
- Policy and Procedures Manual
(If your board is still developing this item, include the following information with the directors' manual):
 - ✓ Outline of board structure with responsibilities and committee designations.
 - ✓ Staff names and job descriptions
 - ✓ Operating policies of the board
 - ✓ Procedures for use of facilities (if applicable)
- Other Information if applicable would include:
 - ✓ Registration number for GST
 - ✓ Charitable number with Revenue Canada
 - ✓ Committee Terms of Reference
 - ✓ Operating agreements
 - ✓ Other government contacts.

Do not consider this list complete; add any information which would benefit all directors in their decision-making responsibility. Update the manual at each meeting and delete outdated information. This will simplify your annual revision. A revision should take place following the annual meeting, prior to new board members orientation. Orientation should take place annually, for new and old members. The Board of Directors Manual provides a sound basis for training new members of the board.

WHAT IS THE BOARD'S ROLE?

- Determining and understanding the role of the board is important for all concerned. The board will be ineffective if its members do not know what they are supposed to do.
- The main functions of a board are outlined in the following material. Use this as a basis of discussion for your board.

The Board Carries a Legal Authority

Authority is the right to decide what should be done. It provides the power and right to take **ACTION**.

The Board is the recognized legal authority for the agricultural society, as defined in the Agricultural Societies Act. The primary advantage of incorporating under the Agricultural Societies Act is that no member of the group is generally responsible for the debts, obligations, or any action of the organization. Decisions and actions taken by the board are made in the interests of all the agricultural society members. This is the case whether the board is weak or strong, inactive or active.

Insurance is the responsibility of the organization. Contact an agent familiar with liability insurance to ensure that adequate coverage is carried by the agricultural society to cover any risks associated with its operations and activities.

Management of Funds

All directors have the responsibility for the management of the funds of the agricultural society. The membership has elected directors to serve, and have put trust in the directors to fulfill this crucial role in the organization. The treasurer serves as the individual director responsible for carrying out the wishes of the board.

Board members must ensure:

- The agricultural society has sufficient funds for planned activities
- Ensure contracts are negotiated and authorized by the board.
- Ensure members are involved in raising money.
- Be aware of all funding arrangements, financial policies and expenditure patterns.

You, as a board member, have an obligation to know and understand these responsibilities.

Budget:

Managing funds includes developing the operating budget and monitoring expenditures. The board must also make sure that the budget does not stray from the agricultural society's stated goals and priorities. Usually, previous budgets or financial statements can serve as a guide.

A draft budget is prepared by the finance committee, presented to the board and then presented to the membership for final approval. It is important for board members to understand the budget and the reason dollars are allocated. Expenditures that do not get approved in the annual budget must be approved by motion at a meeting of the board.

The agricultural society may set out spending limits for officers on major purchases, within approved operating budget allocations. Expenditures over a predetermined dollar level may require board or member approval. The agricultural society may have policies that require a competitive bidding process, written quotes from 2-3 vendors and/or board approval.

Signing Authority:

Agricultural societies require two authorized signatures, out of three, on all cheques. This is a standard safeguard for non-profits and is ineffective if one officer signs a quantity of blank cheques in advance. While probably well intentioned, this person has abandoned their duty as an officer and director and has put the organizations funds at risk. All signing authorities should insist that all cheques are completely filled out before signing and should compare the cheque amount to the invoice.

It is well advised to make sure no 2 family members are signing cheques.

If the treasurer position is a paid position, it is a conflict of interest for the treasurer, or any other family member, to sign their own paycheque.

Financial Reporting:

The financial books or records of the agricultural society are the property of the agricultural society and not the treasurer or executive. They should be open for examination at any reasonable time by directors and members of the organization.

The agricultural society's financial statement regulation states that:

1. The financial statement referred to in section 22 of the Act must be a review engagement report or audit report prepared by a:
 - a. Certified General Accountant
 - b. Certified Management Accountant, or
 - c. Chartered Accountant.

An accountant will provide you with more information about their services but here is a brief description of an audit and a review.

- Audit – An “audit” includes the use of inspection, observation, enquiry, confirmation, computation, analysis and discussion to provide the highest level of assurance possible.
- Review – A “review” includes the use of enquiry, analysis and discussion of information supplied by an agricultural society to provide a moderate level of assurance.

The board of directors may choose to either have an audit or a review done. The agricultural society may want to implement a time factor for having an audit done, e.g. once every five years. A change in treasurers may also be an appropriate time for having an audit done and allow a new volunteer to start their position with a high level of assurance.

Committee Accounts:

Committees of an agricultural society may have separate bank accounts and some may have their own treasurer. The board of directors of the agricultural society should be aware of these accounts and authorize the use of them. These accounts should be operated under the same principles as those of the agricultural society, including the requirement for an independent financial review. Committees of agricultural societies are a part of the agricultural society in the eyes of the law; their money is the agricultural society's money.

The agricultural society board will determine committee accountability to the agricultural society but reports should be presented at least once a year. Committee accountability should be outlined in the Committee's “Terms of Reference”. Appendix 1

Hiring of Support Staff

Another important board responsibility is the hiring of staff. The board may hire support or maintenance staff. Suggestions from knowledgeable members can help the board to hire the right person.

A committee may be struck to develop job responsibilities for approval of the board and members. **A job description is a must.** The entire board must be involved in these crucial decisions and a membership meeting should be called to gain members' approval.

Note: A director should not benefit from their position. If a person is an employee of the board they should not hold a director's responsibilities.

Under the Agricultural Society By-laws, there is a clause stating "that no director should receive remuneration for their role as a director of the agricultural society." This does not affect reimbursement for expenses or honorariums offered as special recognition.

Policy Setting/Selecting Goals

An agricultural society will have established goals and objectives as outlined in their bylaws. These goals should become the basis for all activities and actions of the board. They should be established in broad terms and should be reviewed regularly. It is the duty of the board members to set out both the specific goals and the way those goals will be met.

The members of the agricultural society at an annual general meeting should approve a proposed activity plan. The board then seeks to carry out activities in a proper manner to meet those objectives, while the board committee chairpersons monitor activities to see that the agricultural society remains on course. A plan for achieving short and long term goals will be most beneficial to the board.

Managing/Delegation

While the board keeps the major authority in the agricultural society, it delegates that authority to various other members by developing committees. Committees who report to the board usually have one or more board members in their ranks. The policy and procedures manual of your agricultural society should clearly outline committee structure, responsibility and authority. The board role of overseeing the operations should not be mistaken for doing the work best designated to committees.

Committees should have a written agreement with the agricultural society that outlines roles, responsibilities, and authority.

Community Relations and Communication

It is important to keep the membership informed, on a regular basis, and to listen to them in order to represent the agricultural society. Communications within the agricultural society helps the membership to understand and support the board actions. The board is responsible to the members when establishing goals, policies, programs, services and facilities. Communication should involve listening as well as telling.

It is very important for a board to represent positively, the agricultural society within the community. Included in this community relation's function is the necessity of the board to communicate regularly with other community groups.

The spirit of interaction with individuals and community groups outside the organization can largely be affected by the image the board projects. An agricultural society cannot be visible unless it communicates the agricultural society's actions, concerns and visions effectively, not just to the membership but also to the whole community.

Evaluation

Regular review of the performance of the board is an essential function. It is also one of the most difficult tasks. The purpose of an evaluation is to assess the board's effectiveness in reaching their own goals. It should not be viewed as a negative experience but as a positive growing experience.

WORKING TOGETHER AS A BOARD

A board will not be effective unless each member has a clear sense of how to participate. This means having enough knowledge, initiative and analytical ability to say what you do know, to ask when you don't understand, and challenge when a decision doesn't seem right. It also means that board members have an obligation to seek out facts and to insist on proper decision of weighty subjects.

A board member must be a full partner with the board chairperson and work with the rest of the board so that the board functions as a unit, to ensure the best possible service to the community. This does not mean that full agreement can be achieved on every issue, but once a decision is made, it should mean that there has been a full debate where every member's opinion has been received and considered. A director must reinforce majority decisions outside the boardroom, even if the decisions are not his/her personal views.

Sometimes, in extraordinary circumstances, a conscientious board member may find it impossible to work in a full partnership with the chair and the rest of the board. Such instances must be resolved through compromise or even through resignation from the board. It is important, when such clashes exist, to think of the good of the society and the community rather than to try to dominate the board.

The role for a board member depends more upon attitudes and approaches than on specific modes of behaviour. You can assist your agricultural society by working to ensure that board meetings are effective. This requires a combination of organizational skills and positive attitudes.

You, as a board member, can be an intelligent advisor. Like all effective advisors, you must draw on your own background and experience. You must also be thoroughly familiar with the situation on which you are commenting. As a board member, you want to help the agricultural society meet the needs of the community and agriculture with sensitivity and good judgment. Your responsibility is to see that this is achieved through fair, practical and ethical means.

The following list gives some ideas on the types of skills and abilities required in most agricultural society board members. All of us have the potential to improve these skills and share our abilities to help the board function. Review this list and make a note of skills that you need to improve or use more frequently in your board director role.

Skills of an Effective Board Member

- Attends meetings regularly
- Is willing to serve on committees
- Speaks up during the meeting not after the decision
- Keeps comments relevant
- Asks for the opinion of others
- Is open to community and staff feedback
- Understands how to compromise
- Give praise when due
- Accepts the majority vote in motions
- Reads background material and minutes.
- Organizes thoughts before presenting them
- Doesn't dominate the discussion
- Listens when others speak
- Keeps confidentiality of discussions
- Receives and gives constructive criticism
- Understands how to negotiate
- Is prepared to make decisions
- Keeps agricultural society members informed
- Speaks as one voice outside the boardroom

Conflict of Interest and Code of Conduct

At times, directors may find themselves dealing with a situation in which their private interests may interfere with their ability to act in an official board capacity. Such situations may involve the individual directly or indirectly through a family member, business partner or involvement with a corporation.

Board members are encouraged to disclose any conflict of interest situation to the board chair at the earliest opportunity and in any case prior to participation in any board discussions or receipt of confidential information regarding an applicant which may give rise to a conflict of interest. The chair, or majority vote, shall rule on whether a conflict of interest situation is present.

The following are considered to be actual or apparent conflicts of interest, they are to be avoided:

- 1) Using or appearing to use, or revealing without proper authorization to persons outside the organization, for personal gain, any information acquired during the course of an individual's duties that is not generally available to the public.
- 2) Using or permitting others to use, the organization's volunteers, employees, property, equipment, materials, or time for personal gain.
- 3) According preferential treatment beyond the common courtesies usually associated with accepted business practice and prerogatives of office to friends, relatives, or to organizations in which the individual or relatives and friends have an interest, financial or otherwise.
- 4) Using the organization's name or one's position with the organization in such a way as to lend weight or prestige to sponsorship or endorsement, without proper authorization, of a product or service of another company.

The following are considered to have the potential of being in conflict or appearing to be in conflict. They are to be disclosed and are subject to review and advice by the board of directors or the board chair.

- 1) Investments in a supplier or customer or in any other company, partnership, association or commercial entity that has a significant present or prospective business relationship with the organization.
- 2) Contracts, agreements or undertakings between the individual and a supplier, customer or any other company, partnership or commercial entity that has a significant present or prospective business relationship with the organization.
- 3) Seeking or accepting from the aforesaid, directly or indirectly, loans (except from financial institutions at rates available to the public), services, payments, commissions, entertainment or gifts.
- 4) Serving as a director, officer, employee, member or consultant of the aforesaid or of any other organization if such service could either place on an individual demands inconsistent with their duties, call into question their capacity to perform those duties in an objective manner, or cause job performance to suffer.
- 5) Acquisition of real estate or other forms of property of present or prospective interest to the organization.

RECOGNITION AND APPRECIATION: A KEY BOARD FUNCTION

We all need praise. It is human reaction to function better and to feel greater satisfaction when one's efforts are seen and valued.

Probably no single lapse of procedure occurs more frequently than failure to express appreciation of work well done. This may be because people who are busy usually do not take the time to recognize one another's efforts or achievements. As for the community, it can take the agricultural society for granted. All too often, if recognition comes at all, it is because of some extraordinary action that brings positive publicity to the board or agricultural society. Appreciation is rarely given to those who are busily working at day-to-day tasks.

The effect of the failure to show appreciation takes many forms including resentment, depression, health problems, absenteeism, work badly done or not done at all, lateness, work-to-rule mentality, a critical or complaining attitude, even resistance of the agricultural society. All of these things are signs of low morale and low morale affects the agricultural society's service, making the community a loser.

Fortunately, these problems can be prevented or resolved. For example:

1. Offer a verbal 'thank you' for contribution to the ongoing work of the board and agricultural society
2. Send written acknowledgement of continuous efforts on behalf of the board and agricultural society
3. Host a social gathering to acknowledge the collective efforts of board members – as formal as dinner or informal as coffee and dessert.
4. Flowers or a card are a thoughtful gesture appreciated by nearly everyone.
5. Certificates, small gifts or publicity statements convey a sense of appreciation and recognition
6. Symbolic gifts can be tokens of acknowledgement of well-delivered service.
7. Offer volunteers, staff or board development programs from time to time to show recognition of the desire to learn.
8. Recognize special needs. Gifts of supplies or equipment to help the cost-strapped committee operate more smoothly or comfortably convey a message of interest and concern. Such gifts need not be costly. Often small, inexpensive items are the ones not purchased.
9. Rotate or share opportunities to attend seminars, courses, conferences, etc., to allow all people from the board, membership and staff to eventually participate in special events.

Thanks must be generated and rewards created from within an organization. They don't have to be elaborate or expensive. They can be light-hearted or serious, frivolous or practical; verbal or tangible. The point is that it is important to all levels of the organization that they be offered.

Don't forget to openly thank other organizations and groups that offer support and cooperation to the agricultural society. A simply "we couldn't have done it without you" note will do wonders to encourage projects and services.

HOW DO YOU LEAVE A BOARD?

It is important that all board members be appointed for a specific and limited term of office. One way to do this is with a 1/3 annual turn-over of board positions. This method ensures that new blood is always being introduced but, at the same time, with a carry-over of experienced members. Even if periods of board service are not specified, members may consider graciously stepping down after two or three years. Such a system also usually means that more people are receptive to board service since there is no long-term commitment.

Individual board members may need to let go of the feeling of ownership that develops after a long term commitment to the agricultural society. A board director can become focused into only one way of looking at things. Without realizing this, directors can shut out newcomers with fresh ideas.

A rotation of directors provides opportunity for increasing the connections in the community and responsiveness to needs. The greater the community involvement, the less chance that the rest of the community may come to take the service for granted.

Boredom with an accompanying decrease in participation may set in when one becomes too familiar with the process. Personality conflicts on the board can become entrenched. Any frustrations that exist will probably increase.

As a board member, you should not come to see your position as a never-ending right. Other people in the community must be given the opportunity to exercise their responsibility and to put their ideas and energies to work. Since constant member-renewal is necessary to keep up with changing needs and ideas, it is important for you to move on to new challenges and make room for other. Be open to assisting your replacement if the need arises. Don't overlook the fact that as an experienced board member, you are a valuable resource even after you retire or resign from your position.

All board directors are responsible for the perpetuation of the agricultural society. This involves reviewing all policies so that rejuvenation for both the board and the individual directors is part of the procedure.

FOR MORE INFORMATION, CONTACT:

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Appendix #1

*“Food, Beverage and Entertainment Committee”
ABC Conference
TERMS OF REFERENCE (May, 2007)*

General Purpose:

Provide food, beverage and entertainment requirements for 300 people.

Key Duties and Responsibilities:

- Make arrangements with the catering services for all meals.
- Locate sponsors for coffee breaks, highlighting local ethnic foods.
- Make arrangements for 2 evenings of entertainment.

Committee Composition:

Three to five volunteer members, excluding chairs.

Remuneration:

All persons working on the conference shall be volunteers who will not receive funds for personal expenses, such as travel and meals to attend meetings, or an honorarium for serving on the committee.

Meetings:

Regular meetings will be held in person or by conference calls.

Resources:

Operating Budget:

- Food - \$20,000 (varies with conference numbers)
- Entertainment - \$1,000
- Buses - \$2,500
- Decorations - \$300.

Authority and Accountability:

The food, beverage, and entertainment committee shall approve all numbers for meals, confirm contracts for food service and entertainment receive and review billings for food and entertainment, and communicate all decisions made by the sub-committee to the steering committee.

- Seek approval from the steering committee for expenditures that exceed the amounts established in the budget.
- Provide a written report to all steering committee meetings.

Timeline:

June -Theme has been selected for conference
September 01 - Quotes for catering have been
September 15 - Confirm outline of evening activities
October 10 -Provide Write-ups for printed program
January 30 - Secure numbers for conference with caterers