
The Nesbitt Centre

Board Directors Handbook

May 2006

This document was created using the following resources:

Leading Your NGO – Corporate Governance - A Reference Guide for NGO Boards, Social Welfare Department of Hong Kong document; June 2002.

Strategic Planning for Non-Profit Organizations, Allison & Kaye, 2005;

Exploring Corporate Strategy, Johnson, Scholes and Whittington, 7th edition, 2005.

INTRODUCTION

The Nesbitt Centre is grateful and honoured to have you as a member of our Board of Directors. As a charitable non-governmental organization The Nesbitt Centre is committed to the long term care, welfare and well-being of individuals with special needs. Your participation on our Board will contribute to ensuring that some of the most vulnerable people within our community are able to live, work and play in an environment committed to treating them with dignity and respect and maximizing their personal potential. Your expertise and commitment as a volunteer on this Board adds strength to the social welfare system of Hong Kong and contributes to building a caring community.

The Nesbitt Centre Board of Directors is a publicly accountable body that is responsible to its stakeholders for ensuring effective management of public and private funds, donations and services provided by the centre and of staff in its employment. The accountability ranges from the way the Board conducts its affairs, the means by which it ensures the resources at its disposal are put to best use, to the way in which it informs its clients and stakeholders of its activities and achievements.

The Hong Kong Social Welfare Department strongly encourages all charitable organizations that they sub vent to have in place the appropriate structures and processes to direct and manage the organisation's operations and activities effectively. Ultimately, good governance results in the transparent operation of an effective, credible and viable organization.

It is the intent of this handbook to provide you, as a new Board member, with the Vision, Mission and Core Values of The Nesbitt Centre and to ensure that you understand your individual and the Board responsibilities and accountabilities in fulfillment of the organization's vision, mission and the expectations of the board in terms of corporate governance.

On behalf of the Board of Directors, the Staff and most importantly the clients of The Nesbitt Centre, thank you for becoming a part of this very unique and extraordinary organization.

VISION

“The Nesbitt Centre strives to enable each individual to achieve their maximum potential through diversified learning, integration within their community and friendship in an environment of dignity, respect and life-long support.”

MISSION

The Centre enables individuals with special needs the opportunity to maximize their own life potential. Individuals are encouraged, guided and supported to:

- take responsibility in the planning and management of their life activities,
- participate in a wide range of work, life, recreation and creative skill building programs
- access resources within the community
- achieve independence through supported work and residency opportunities

CORE VALUES

Mutual Respect

We respect every person as an individual and treat them with dignity and compassion

Freedom to Decide

We recognize, encourage and support our member’s freedom to make decisions

Life Long Learning

We capitalize on every learning moment in the learning journey of life

Community Integration

We leverage every opportunity to enhance community integration and acceptance

Personal Responsibility

We encourage members to take responsibility and understand the consequences of their decisions and actions

Independent Living

We commit to the mastery of life skills to enable independent living

Enabling Environment

We foster an environment of trust, acceptance and friendship

CORPORATE GOVERNANCE

The Nesbitt Centre Board of Directors exists to provide corporate governance through a set of principles and practices that assure its key stakeholders that the organization is being managed effectively and efficiently in pursuit of its vision and mission. It provides strategic guidance and effective monitoring of the management, it is the structure through which organizational objectives are set and progress to achieving these objectives is monitored and its chief responsibility is to ensure appropriate stewardship of the organisation's financial resources. The Board is also accountable to its stakeholders – clients, parents, donors, government funding bodies, staff and the community.

In order for the Board to be effective it is important that all members of the Board maintain a high level of independence from the management. The Board is responsible for ensuring that the systems and processes are in place to meet its accountability to the Director of Social Welfare under the subvention system, to obey the laws of Hong Kong and to deal fairly with all stakeholders' interests.

KEY ROLES FOR THE BOARD

- Contribute to, evaluate, approve and monitor core business objectives and operational plans developed by the management of the Nesbitt Centre aligned to the corporate strategy.
- Monitor agreed performance measures linked to the Nesbitt Centre strategies.
- Recruit, support, evaluate, reward (terminate if necessary) the Executive Director. Ensure that succession planning is in place for key management positions.
- Ensure stewardship frameworks are in place including policies on risk management, financial controls, internal controls, compliance and public reporting.
- Accept accountability and responsibility to stakeholders of the Nesbitt Centre.
- Ensure transparent communication to members, stakeholders and the public, make information available on request.
- Develop and document structures that ensure the Board understands its role, operates efficiently and effectively and avoids conflict of interest.
- Represent and enhance the reputation of the Nesbitt Centre in the community.

BOARD RESPONSIBILITIES

The Nesbitt Centre Board has the following responsibilities:

- Legal responsibility for governance.
- Board members must act in good faith and with diligence and integrity.
- Oversight for the Nesbitt Centre and direction to management.
 - The Board does not manage but sets the parameters for management, expectations for outcomes and reporting requirements to effectively monitor operations of the centre.
- Recruit new Board members

Individual Board members must abide by the following principles of conduct:

Duty of Care

Board members must attend meetings and be prepared to make informed decisions through reading provided materials and seeking further clarification if required. Board members must carry out their duties in a reasonable and responsible manner.

Duty of Loyalty

Board members must make decisions in the best interests of the Nesbitt Centre only, not for any groups you may represent or for personal gain in any way.

Duty of Obedience

Board Members must be faithful to the Nesbitt Centre vision and mission and must not act in any way that is inconsistent with the central goals of the Centre.

STRATEGIC OVERSIGHT AND MANAGEMENT

The Board delegates the management of the Nesbitt Centre to the Executive Director. They must ensure that he/she has sufficient authority to manage the Centre on behalf of the Board. The Executive Director is responsible for operational planning, strategy, policy, and budget development which require formal review and endorsement by the Board.

The Board provides oversight and guidance through ensuring that a process is in place to review, approve and/or revise if necessary the operational plans presented by the Executive Director.

A decision making grid is found in Appendix 1 to clarify decision making authority and responsibility between the staff and the Board.

MANAGING THE BOARD

As a member of the Board of Directors you hold a position of trust for the Nesbitt Centre clients and the people and organizations which provide funding. Therefore, the members of the Board must manage themselves at all times in the best interests of stakeholders.

The Board has documented effective processes to carry out its governance and stewardship functions related to the following:

- a) Accountability
- b) Financial Control
- c) Compliance
- d) Policy and procedures
- e) Public Reporting
- f) Risk management

Role of Chairperson of the Board

The Chairperson has the most important role on the Board and assumes several key responsibilities to ensure the smooth and effective functioning of the Board. The time requirements for the Chairperson will be greater than any other member of the Board. The Chairperson has the following specific responsibilities.

- Approve Agenda for the Board business
- Act as Chairperson for all Board meetings
- Provide leadership in all Board actions to ensure that it complies with the principles of good corporate governance and includes but are not limited to: strategic planning with systematic evaluation and review, maintaining fiscal responsibility, Management and Board evaluation

Board Member Commitment

The responsibilities of each Board member extend beyond the commitment and belief that the Nesbitt Centre provides a valuable service to its clients. As a Board member your responsibilities include the following.

- a) Understand the role and mission of the Nesbitt Centre
- b) Allocate time to attend all Board meetings
- c) Review and be attentive to Board related information
- d) Participate in Board “sponsored” events
- e) Work collaboratively with other Board members to provide effective leadership to the Nesbitt Centre management and staff
- f) Be fully accountable to all stakeholders
- g) Accept responsibilities and act in the best interests of the Board and the Nesbitt Centre.
- h) Participate in an annual performance assessment of the Board’s work.

Recruiting Board Members

Recruiting new members to the Board is an important responsibility of the Board not the management of TNC. The Board must ensure that the right mix of skills and experience is present to fulfill its role of strategic guidance and oversight. The following suggestions can assist in effective recruitment of Board members:

- permanent Board nomination committee whose role is to seek new members as required
- formal duty statement for Board members including role and commitments (time, meetings, committees, events, legal responsibilities., etc). This is useful for outlining role and expected performance as well as Board member evaluation
- induction process and package
- term of engagement as identified in by-laws

Meetings and Record Keeping

- Board business is conducted through formally constituted meetings—whether full meetings or committees. All meetings are fully documented to include:
 - o agenda

- necessary supporting documents for decision making circulated to Board members in advance of meetings
- minutes of decisions made to be endorsed at subsequent meeting
- Documented rules for decision making including attendance requirements, quorum and voting and management of conflict of interest are documented and clear to all members
- Committees established by the Board have defined and endorsed role, clear membership, delegated authority from the Board with respect to financial and other decision making

TNC Management Responsibility to Support the Board

TNC management has the responsibility to support the Board in its corporate governance so members are able to provide appropriate strategic leadership and direction. TNC management will:

- provide clear and concise documentation prior to Board meetings
- be concise and precise in verbal presentations including all facts required for Board deliberation and decision making
- draw critical issues to the attention of the Board
- provide comprehensible financial and performance reports to the Board as agreed

Board Member Code of Conduct

For the protection of the interests of the Nesbitt Centre and its stakeholders and to ensure the highest standards of good governance by the Board of Directors it is imperative that you understand and agree to abide by the following Code of Conduct.

1. As a Nesbitt Centre Board member you will under no circumstances:
 - a. use the Board position for personal gain
 - b. operate against the interests of the Nesbitt Centre in self-interest
 - c. avoid governance obligations and responsibilities through mis/non-management as a result of inattention, negligence or incompetence

2. As a Nesbitt Centre Board member you will:
 - a. identify any connections you have with groups or individuals doing business with TNC
 - b. abstain from discussion and voting if there is an actual or potential conflict of interest
 - c. ensure that staff members with an actual or potential conflict of interest are not substantively involved in decision making affecting such transactions
 - d. comply with the Board policy on Conflict of Interest
 - e. take seriously their responsibilities to the Board and the Nesbitt Centre

Key Characteristics, Qualities and Expectations of Board Members

1. Strategic Leadership

Commitment to a clear vision and mission backed up by strategic planning and programme evaluation to ensure that programmes and services are delivered to meet the fundamental purpose of the Board.

- Formally agree state and publish vision and mission of The Nesbitt Centre.
- Annually review mission to determine relevance and assess whether strategies to support it and programmes to deliver it are still required
- Partner with management to prepare annual operational and two to three year strategic plans ensuring that programs and services are consistent with mission

2. Programme and Services Evaluation

- Commit to a schedule and process for systematic programme and strategy effectiveness evaluation, monitoring and review
- Establish clear targets and indicators requiring regular reporting of progress against them

3. Financial Responsibilities

Understand fully the current and projected financial position and practice sound financial oversight complying with legal and regulatory requirements.

- Approve annual budget that reflects TNC priorities based on realistic assumptions and ensure the centre operates within the budget.
- Monitor and control expenditures through appropriate accounting procedures. Review and approve up-to-date financial statements at each Board meeting
- Formally ratify quarterly financial reports.
- Assume stewardship of TNC assets and liabilities.
- Approve annual reports and financial statements.
- Engage external auditors to review accuracy of financial reports.
- Provide process for management to report suspected financial impropriety or misuse of TNC resources.
- Develop and commit to written policies related to
 - Internal control procedures
 - Purchasing practices
 - Investment of assets
 - Reserve funds

4. Staff Leadership Responsibilities

The Nesbitt Centre is a legal employer and the Executive Director will manage the responsibilities, actions and well-being of staff and volunteers according to the Employment Ordinance on behalf of the Board. The Board must ensure an effective management team as a key governance role.

The Board is responsible for and commits to:

- Select the Executive Director
- Document and monitor appropriate delegation of power and authority to the management to facilitate efficiency of operation
- Evaluate of management particularly the Executive Director
- Set and reviewing remuneration for management
- Succession planning for management
- Approve and review written policies and procedures for human resource management including recruitment, performance appraisal, training, and work rules for all staff

5. Ethics and Communication

The Nesbitt Centre Board holds a burden of trust to deliver programmes and services to vulnerable members of the community on behalf of its stakeholders. Impeccable corporate governance substantiates this trust. It is incumbent on the Board to ensure that members, government and donors are dealt with openly, honestly and responsibly.

The Board's responsibilities are:

- Creation and maintenance of an ethical culture, establishing corporate values and guarding the integrity of TNC
- Protecting the reputation of TNC, acting as ambassadors and building relationships within the community
- Accepting social responsibility towards the broader community
- Providing reports and feedback to stakeholders honestly and openly and enabling direct communication with clients and major funders

The Board and its members agree to:

- Operate transparently and make appropriate information available upon request
- Adhere to a value statement that drives expected behaviour
- Maintain a code of ethical conduct
- Implement and monitor effective complaint and grievance procedures
- Respect and abide by policies and processes for communicating and receiving feedback
- Contribute to the collective memory of TNC by ensuring that appropriate minutes and documents are filed

6. Measuring Board effectiveness and evaluating performance is the responsibility of all Board members (see BOD Evaluation)

- Support chairperson in evaluating Board effectiveness
- Commit to effective mechanism to test Board performance
- Keep current Board member role statements
- Be honest and open regarding areas for improvement of :
 - collective performance
 - individual performance
 - non-performing Board members