Edmonton John Howard Society

BOARD OF DIRECTORS DECISION RECORD
Agenda Item 5.3
June 4, 2024

Title: Governance Policy Manual Renewal

Recommendation:
The Governance Committee recommends that the Board approve Sections 1,2 and 3 of the Renewed Governance Policy Manual.

Background:

- At the March Board meeting the Board requested that the Governance Committee complete a renewal of EJHS's Governance Policy Manual.

- For the purpose of moving the Governance Policy Manual forward, the Governance Committee is recommending sections of the manual be approved by the Board.

- The renewed policy manual is based on similar community agencies and good governance practice.

- The Governance Committee spent two meetings reviewing and renewing sections 1, 2 and 3 and are prepared to recommend these sections for approval.

- The GC will continue its review of the remaining sections and bring back to the Board any final changes/additions for approval in September.

- Additional context includes:

- The attached draft Governance Policy Manual sections have been reviewed in the context of the agency's bylaws, our former policy manual and CARF standards.
- The policies are being refined and enhanced over time for better relevance and clearer functioning, including from a DEI lens and from an evolving community agency governance lens (some changes will be ongoing)
- The Finance Committee and Auditors are reviewing policies that are related to financial matters including policies 3.1: CEO Delegation of Authority; 3.2: Capital Assets; and 3.3: Signing Authority.
  - This review does not preclude the Board's approval of the attached policies related to financial matters and/or the Board can decide to defer these policies under after the financial review
  - If the Board does choose to approve these three policies as part of their approval of sections 1, 2 and 3 and should the FC or Auditor suggest material changes, these policies will be brought back to the Board in September
  - Note: there are other financial related policies in section 4, including an investment policy and these will be brought to the Board in September once the Governance Committee completes their review of sections 4 & 5
- A definitions section will be added once the manual is complete and the Table of Contents updated
- The risk management framework and any other governance related frameworks or processes will be reviewed and revised to be consistent with the new policies

Edmonton John Howard Society

Governance Policy Manual

TABLE OF CONTENTS

1.0 BOARD GUIDING PRINCIPLES & POLICIES

Last Update: May 2024

The EJHS Board of Directors operates with a core set of governing policies that document the Board's intent and expectations. Taken together, these policies create role and expectation clarity, and provide a structured approach for the Board and CEO to fulfill their individual and collective responsibilities.

1.1 AGENCY GOVERNANCE PRINCIPLES

The following principles form the leading practices of governance within EJHS.

Foundational Principle or Leading Governance Practice	Application to EJHS Board of Directors
Directors Act in a Fiduciary Role	Directors act in a fiduciary role on behalf of the agency. This means engaging in critical and constructive dialogue and asking thoughtful, purposeful questions. More importantly, practicing one's fiduciary duty means taking appropriate and timely action (within a defined role), to shape a thoughtful strategic plan that effectively addresses known and emerging risks and opportunities for the agency.
Role Clarity Enables Accountability	Effective boards operate with a common perspective on roles, relationships, and expectations among the participants in the governing system. The roles, accountabilities and authorities described in this Governance Policy Manual are used as the basis of Board and Director development and evaluation processes and practices.
The Board Adds Value by Asking Questions	Directors execute their responsibilities by asking critical questions and through constructive dialogue – curiosity and healthy skepticism is essential for the Board to fulfill its fiduciary obligations.
Effective Boards Speak with a Unified Voice	Directors work collectively and collaboratively and seek differing perspectives to arrive at decisions. Once the Board has arrived at a collective decision, it will speak with one voice (through the Chair) to the CEO.
The Board has One Employee	The Board provides direction to the CEO, who leads and is held accountable for the performance of the organization. While Directors interact with staff, particularly management staff, they must not offer unsolicited advice and direction that may confuse the boundaries between board stewardship and management authority.
An Effective Board-CEO Relationship is an Essential Condition for Success	The Board-CEO relationship is both employer/employee and an essential partnership. The relation between the Board and CEO should be challenging, yet supportive and positive. It should be at arm's length and objective and constructive versus adversarial.

Boards Will and Should Evolve	Regular evaluation, reflection and turnover is a must to ensure the Board is equipped to perform its role in an ever-evolving sector. The Board must act with a lens to the future and be prepared to adapt and change based on the current and emerging strategic environment. Term limits are in place to ensure turnover occurs.

1.2 THE VALUE & ROLE OF DIRECTORS

The Board's definition of its value shapes the role and responsibilities of Directors and the Board as a whole. The Board adds value by shaping and contributing to a strategy that the CEO and agency team operationalize and deliver. The following table describes the key responsibilities of the Board, as a collective body.

Role	Key Responsibilities
Strategy and Direction Setting	• Understand the overall strategic environment and the potential implications the environment has for short- and long-term strategies. • Undertake continuous environmental scanning and assessment to ensure the relevance of the agency's strategy. • Determine, analyze, and mitigate strategic risks to the strategy, and translate risks into overall strategic and policy direction. • Shape the strategic direction for the agency and lead and inspire the agency in its pursuit of that vision.
Advocacy and Community Activation	• Sponsor the agency strategy externally among stakeholders, donors, and funders (current and future); advocate on behalf of the agency to advance its vision, mission, and strategy. • Broker introductions and convene conversations that connect opportunities with actions and results.
Strategic Monitoring and Evaluation	• Set (with the CEO) performance targets and oversee financial and non-financial performance of the strategy; monitor the implementation of the agency's strategic plan, annual operating plan, and related risks. • Create an environment of individual and collective accountability; ensure accountability of the CEO for organizational performance. • Review and approve significant actions and transactions (per authority matrix).
Governance System Adaptation and Effectiveness	• Ensure the ongoing development and advancement of the governing system, consistent with the growth and maturation of the agency and its strategy. • Monitor governing system process and performance to ensure effectiveness and fulfilling its role and responsibilities. • Align governance practices and processes to the Board's overall intent.

1.3 DIRECTOR ROLES & RESPONSIBILITIES

Directors bring complementary expertise and input into the Board deliberations and enhance the agency's ability to shape and implement strategy.

<u>Fiduciary Responsibility</u>

The Board's fiduciary responsibilities informs all other duties and responsibilities. Broadly speaking, there are two types of fiduciary obligations owed by Directors.

A. Honesty and Good Faith (Duty of Loyalty)
Directors must act honestly and in good faith with a view towards the best interests of the agency. The key elements of this standard of behaviour are:

- a Director must act with a view to the best interests of the agency and not in their own self-interest. This also means a Director should not be acting in the best interests of a special interest group or constituency.
- a Director cannot take personal advantage of opportunities that come before them in the course of performing their Board duties.
- a Director must disclose to the Board any personal interests that he/she holds that may conflict with the interests of the agency.

B. Skillful Management
Directors must exercise the degree of care, diligence, and skill that a reasonably prudent person would exercise in similar circumstances. This means:

- Directors must be diligent in developing an understanding of the agency's structure and functions and the issues that may face the agency from time to time. The Board should retain professional advice as and when required.
- Directors must be proactive in the performance of their duties by:
    - Attending board and committee meetings; a Director who has not attended meetings must show diligence by examination of reports, discussions with other Directors, and otherwise being sufficiently familiar with the agency's activities so that they do not suffer as a result of non-attendance.
    - Participating in board decision-making in a meaningful way.
    - Being vigilant to ensure the agency is being responsibly managed and is complying with laws affecting the agency.
    - Contributing between meetings, when required.

Understand the Agency's Unique Context
Directors must operate with an understanding of contemporary community safety approaches and the complex and evolving economic, social, political context in which the agency operates. This requirement should be translated into the Board's annual development (learning) agenda, as well as Director's individual efforts to shape and understand the agency's strategy.

<u>Duties and Responsibilities</u>
As a member of the Board, each Director will fulfill its requirements and obligations, which include the following:

<u>Governance</u>

- To demonstrate an understanding of the difference between governing and managing, and not encroaching on management's area of responsibility.
- To become knowledgeable about agency business and its strategic and competitive landscape.
- To be willing to hold themselves and management accountable to commitments, responsibilities, and obligations.
- To demonstrate support for the values of the agency.
- To demonstrate an understanding of the agency's strategic direction.

- To contribute and add value to discussions regarding the agency's strategic direction by engaging in critical and constructive dialogue and asking thoughtful, purposeful questions.
- To participate in monitoring and evaluating the success of the CEO in achieving established goals and priorities.
- To participate actively as a member or chair of one or more board committees as required and become knowledgeable with the mandates of those committees.
- To participate in Board orientation and development programs developed by the agency from time to time.
- Annually complete a board survey and evaluation of the Board's performance.
- To maintain confidentiality of all information that is obtained as a Director.
- To understand conflict of interest issues and declare real or perceived conflicts; and disclose contracts or arrangements in which the Director has a vested interest.

Advocacy

- To be an effective ambassador and representative of the agency
- To provide leadership by increasing public understanding of the impact, role, and mission of the agency.

Financial & Legal

- Approve the annual audited financial statements.
- Approve the annual budget.
- Review and approve the agency's risk assessment and mitigation plans.
- Annually review insurance coverages.
- Remain apprised of legal issues or lawsuits involving the agency.

Contributing to Effective Group Behaviour: A Director's Responsibilities in Practice

In practice (at and between meetings), Directors should:

- Participate fully and frankly in Board deliberations and discussions; and contribute in a meaningful and knowledgeable manner.
- Be a team player - work effectively with fellow Directors; and be a positive and constructive force within the Board, while maintaining an independent mindset.
- Communicate persuasively and logically; voice concerns; listen; raise tough questions in a manner that encourages open discussion.
- Be willing to take a stand or express a view, even if it runs contrary to prevailing wisdom or the direction of the discussion, exercise independent judgment.
- Accept the decisions of the Board and "speak with one voice" once a decision of the Board has been made.
- Support and allow the Chair to speak for the Board.

1.4 ROLE OF THE BOARD CHAIR

Within the framework of the functions performed by the Board, the Board Chair plays a unique role. To support the overall effectiveness of the Board, the Chair operates as the "Chief Governing Officer" to foster a culture of leadership amongst members of the board. The Board

Chair guides and promotes strategic discussions and ultimately helps the Board conclude its decisions and direction. In carrying out this role, the Board Chair will work collaboratively with the CEO.

The following points describe the role, responsibilities, and authorities of the Board Chair:

- The Board Chair chairs all board meetings and the AGM.
- The Board Chair is entitled to attend all committee meetings as ex-officio and voting member of the committee.
- The Board Chair serves as the only official spokesperson of the Board to outside parties (e.g. media, elected officials, etc.) and is the only member of the Board authorized to delegate such responsibility.
- The Board Chair coordinates the activities of the Board and, working with the Board's Committees, acts as a liaison between the Board and management between Board meetings.
- The Board Chair ensures that the Board fulfills its governance responsibilities, complies with applicable laws and bylaws, conducts Board business effectively and efficiently, and is accountable for the Board's performance.
- Ensure that the Board's deliberations do not unnecessarily get involved in the day-to-day affairs of the business or operations of the agency.
- The Board Chair is responsible for recommending committee member and committee chair appointments to the Board.
- The Board Chair plans the agendas (working with the CEO and Committee Chairs) and oversees meetings of the Board to facilitate a candid and full discussion of all key matters that come before the Board.
- The Board Chair meets individually with each Board Member, at least annually, to discuss the outcomes of the board evaluation, interest in a board leadership position, future committee participation, etc.

1.5 ROLE OF THE VICE CHAIR

The primary function of the Vice Chair of the Board is to ensure that there is a designated board member to conduct the duties of the Chair from time to time should the Chair be unable or unwilling to perform those duties and, as such, to facilitate Board operations and deliberations.

1.6 ROLE OF COMMITTEE CHAIRS

Committee Chairs will:

- Provide leadership to and coordinate the activities of the Committee.
- Ensure that the Committee operates within its approved Terms of Reference and that the Board-approved annual work plan is delivered.
- Develop meeting agendas for each meeting with input from the Board Chair, CEO, and other members of the committee.
- Report to the Board on the Committee's progress against stated goals, objectives, expectations, and critical issues.
- Ensure that the Committee's deliberations do not unnecessarily get involved in the day-to-day affairs of the business or operations of the agency.
- Ensure the provision of accurate, timely and clear information at each Board meeting and ensure that a record is kept of all committee meetings and activities.
- Appropriately inform and involve the Board Chair on committee matters.

Committees operate with support from the CEO and key members of the agency's team.

1.7 BOARD & CEO ROLE DIFFERENTIATION

In addition to the general supervision and direction of the operations of the agency, the Board delegates to the CEO its authority to:

- Carry out the agency's plans and programs on behalf of the Board.
- Establish policies and procedures for the agency's management and operation.
- Make all decisions, take all actions, and develop all activities that are consistent with legislation, the Board's policies, and the strategic and operational plans of the agency.

The Board retains the authority to:

- Fulfill its governance role.
- Review, revise, and approve the agency's strategic plan, including its purpose, promise, strategic imperatives, and values.
- Define the CEO's role, appoint the CEO and evaluate the CEO's performance in that role.
- Establish and revise Board policies and processes.
- Review and approve the annual operating budget.

This delegation of authority is further established in the Delegation of Authority Policy.

1.8 BOARD COMMITTEES

The Board operates with the following standing committees:

1. Finance
2. Audit
3. Governance
4. Executive

Committees operate under the following principles:

- Board committees exist to conduct the work of the Board. Board committees are established to help the Board in fulfilling its responsibilities to provide governance and oversight of the Foundation. As such, all activities of the committees are under the purview of the Board.
- Each committee should operate with a Terms of Reference and annual work plan outlining and defining the committee mandate and key deliverables. Committee Terms of Reference and work plans should be validated by the Board to ensure alignment and completeness. Committee Terms of Reference are typically developed with the input from and support of management to ensure the greatest degree of alignment.
- Board committees do not speak, act, or make decisions for the Board, except when formally given such authority for specific and time-limited purposes.
- Committee meetings may include an in-camera discussion.
- The CEO attends committee meetings.
- The CEO may assign staff to support Board committees.
- The CEO and staff members are not members of Board committees. Thus, they are not entitled to vote, nor are they included in determining quorum.
- Board committees cannot exercise authority over staff.

- Consistent with the principle that the board has one employee, the role of staff on a Board committee is to provide information and perspective to the committee. If a Board committee has concerns with a staff member's performance, the Committee Chair consults with the Board Chair, who then addresses the issue with the CEO.
- Committees are populated by Board Members. The Board Chair is responsible for recommending (for Board approval) committee chair and committee member assignments.

2.0 FUNCTIONING OF THE BOARD

Last updated: May 2024

2.1 BOARD SIZE, RECRUITMENT & ELECTION

The Board may have up to 12 Board Members.

Nominees for Board membership are recommended to the Board by the Governance Committee. The Governance Committee has a comprehensive skills matrix questionnaire that they will use to identify competencies sought in new members. A posting for nominations, outlining areas of need on the Board will be advertised. Following an analysis of applicants, the Chair and Vice Chair, (or Chair and Governance Chair) will seek a meeting with the applicant to conduct a preliminary screening, including a review of the skills matrix. Following a successful meeting, the Governance Committee Chair will make a recommendation to the Governance Committee. If the candidate is successful, they will be recommended by the Governance Committee to the Board. The CEO will act as an advisor and provide insight and consultation on Board recruitment.

2.2 TERM OF APPOINTMENT

Board Members are elected at the AGM for a three-year term and may serve two terms for a total of six years.

To ensure the position of Past Chair is never vacant, the Board may vote to have the Past Chair remain in that position for an additional term beyond their six years in office.

To ensure Board continuity, a Board Member may be elected for an additional term at the discretion of the Board.

2.3 BOARD MEMBERS LEAVING OFFICE & REMOVAL OF BOARD MEMBERS

Any Board Member or Officer may be removed from their role by a two-thirds (2/3) majority vote of the Board at a duly constituted meeting.

The office of any Board Member shall be vacated in the event the Board Member:

- Is incapable of carrying out their responsibilities by virtue of physical or mental impairment
- Presents a reputational risk to the agency by virtue of actions, comments or activities that would be seen as harmful to the agency and its purpose

- Is removed from office by resolution of the Board
- In the event the Board Member ceases to be ordinarily resident in Alberta, or to meet any of the qualifications or other eligibility requirements set out in the bylaws
- Provides the agency written notice of resignation

2.4 NUMBER & SCHEDULE OF MEETINGS

The Board (generally delegated to the Chair and CEO) establishes the number and schedule of Board meetings annually, generally in alternate months from September through June. The Board Chair will provide ten (10) days notice of such meetings unless the Board's discussion and decision is required on a more urgent basis to support key operations. In such a case, the Board Chair will provide as much notice as reasonably possible.

2.5 CALLING OF SPECIAL BOARD MEETINGS

Special Meetings of EJHS may be called by the Chair or, in their absence, the Vice Chair. A Special Meeting of EJHS shall also be called following receipt at EJHS office of a written request by a Board Member clearly stating what business is to be considered at the Special Meeting. Notice of any Special Meeting shall be at least ten (10) days prior to the date of the meeting, stating the time, date, location and purpose of the meeting. The posted notice shall include the text of any Special Resolution to be considered at the meeting.

As required, the Chair of the Board and CEO may convene Board Meetings in addition to regularly scheduled meetings.These meetings typically focus on topics and decisions that require more in-depth discussion.

2.6 DISTRIBUTION OF MATERIALS

The agenda and background material important for the Board's understanding, discussion and decision making at regular and special meetings is distributed sufficiently in advance (generally seven days) to provide a reasonable opportunity for review, except when such material is too sensitive to be put in writing, or when materials are not available at the time of package distribution.

Unless otherwise required, all material is shared electronically. EJHS maintains an electronic database to archive and store all meeting material.

2.7 VOTING & QUORUM (BOARD & STANDING COMMITTEES)

Board motions shall be decided by a majority vote of Board Members in attendance, given by a show of hands or by anyother means which clearly indicates the affirmative vote, negative vote, or abstention from voting of each Board Member present. If a resolution results in an equal number of votes, the resolution will be deemed a negative vote (not passed) and the Board will bring forward additional information at the next scheduled or special meeting to reconsider the resolution at hand.

A quorum shall consist of fifty percent (50%) of Board Members present. Each voting Board Member shall have the right to exercise one vote. A resolution may be passed, or action taken on any matter, only where a duly constituted meeting has been called and a quorum is present at the time the resolution is put forward. If a quorum is not present, the meeting may proceed; however, any action or resolution shall be deferred to the next meeting where a quorum is present.

2.8 IN-CAMERA SESSIONS

The Board and standing committees will have, as a standing agenda item, an in camera private session during each meeting.

The CEO and agency staff are generally excused from in camera sessions, although the Board may invite the CEO or relevant guests as needed. The Chair presides at each of these independent sessions and is expected to report to the CEO any matters discussed by the Board during the in-camera session.

The minutes and any documents distributed during an in-camera meeting are not made public and are not attached to regular Board meeting packages. The minutes are only available to those present in the meeting. If a decision is made during the in-camera session, that decision should be recorded in the Board minutes as a formal record, as required by law. Minutes are generally taken by the Chair.
Matters that are commonly discussed in camera include:

- Board issues such as internal problems and factions
- Board objectives and performance
- Board and management succession planning
- The CEO's performance, compensation, and employment status
- Matters of a legal nature

No formal resolutions shall be made in-camera; resolutions are only effective when brought forward and recorded in the Board minutes.

2.9 ACCESS TO MANAGEMENT & ADVISORS

The requirement to engage any external resources and/or agency management (with the exception of the approved auditors) to assist in Board decision making or understanding, will be at the discretion of the Chair.

2.10 CONFLICT OF INTEREST

The EJHS policy on conflict of interest encourages the highest ethical standards and ensures that Board Members, staff and volunteers do not receive benefits by virtue of their position.

Ethical expectations regarding conflict of interest include:

- To ensure the credibility and high standards of EJHS are not compromised
- To explain when a conflict of interest exists in support of individuals and the organization taking appropriate action (mitigation plan in place).

A conflict of interest exists when:

- One has a private interest sufficient to influence or appear to influence the objective exercise of one’s responsibilities as a Board Member, staff or volunteer;
- One’s private interests, or those of one’s family (spouse, adult independent partners or others living in one’s home) are “at variance” or “in conflict” or appear to be at variance or in conflict with one’s duties and responsibilities as a Board Member, staff, or volunteer; and/or;
- One gains or appears to gain an advantage (for ones-self or others) by virtue of one’s role as a Board Member, staff, or volunteer.

Duties and Responsibilities

- Board Members shall serve on the Board without remuneration

- Board Members shall declare outside directorships, partnerships, employment and other business involvement and investments that may affect the performance of duties or independent decision making on appointment with updates as required as changes occur
- Board Members shall avoid receipt of benefits or favors, gifts or entertainment that may influence the performance of duties
- Board Members shall avoid promoting their personal or professional interests due to their connection with the EJHS
- Board Members must make a timely and full disclosure in any situation where they have or could be perceived to have a conflict of interest

Implementation

- If a Board Member, staff, or volunteer discloses an actual or potential conflict of interest, the person shall either verbally declare such conflict, or document in writing the facts and circumstances to the Board Chair and/or the Chair of the Governance Committee.
- The Board Member must abstain from all discussion or votes in respect of the matter until the Chairs (Board and/or Governance Committee) determine to the contrary.
- The Chair(s) may review the information and provide the person with an opportunity to explain the situation under consideration.
- The Chairs shall provide recommendations to the Board on further follow up action. These may include:
  - Requiring the Board Member to remove themselves from the entity or situation creating the conflict of interest.
  - Recommending that the Board Member, staff, or volunteer resign from EJHS.

3.0 BOARD - CEO RELATIONSHIP & DELEGATIONS

Last Updated: May 2024

3.1 CEO DELEGATION OF AUTHORITY POLICY

This policy provides guidance for delegation of the Board's authority to the CEO and is intended to support the following practices:

- All expenditure, commitments, agreements, and contracts entered on behalf of EJHS are approved at the appropriate level
- Effective role differentiation between the Board and CEO
- The Board is enabled to perform its strategic, fiduciary and oversight roles and delegates operational matters to the CEO
- The CEO leads the implementation of the Board-approved EJHS strategic plan and is accountable for the outcomes
- Accountability is enabled by clearly defined decision authority, outcomes expectations, and reporting

All matters not specifically reserved for the Board and necessary for the day-to-day operations and management of EJHS (including the delivery of the strategic plan) are delegated to the President & CEO, who may sub-delegate this authority.

Signing Authority

- Cheque signing authority is delegated to the CEO, provided the expense is included in the annual budget and/or strategic plan. See Policy 3.3 (Signing Authority and Financial Delegation policies)
- Signing of contracts, agreements or other such arrangements is delegated to the CEO. The agreed Risk Assessment Framework must be applied before a contract or agreement is signed
- The Chair of the Board retains signing authority for key expenses such as travel, and professional development related expenses for the President & CEO

Interpretation and Implementation Guidance

- In the event of an interpretation challenge, the policy should be interpreted in a way that delegates operational matters to the President & CEO
- Exceedance of budget expenditures should be assessed on a holistic basis (i.e. not on an itemized basis)

Risk Assessment Process

- Outside of matters specifically reserved for the Board, the CEO is authorized to make any and all decisions and is required to do an analysis of risk before committing EJHS to an expense, contract, agreement, partnership, or other commitment
- Risk analyses that exceed a given risk score must be brought to the attention of the Board Chair for consultation on how to proceed. In these instances, the CEO must provide a synopsis of risk related to the decision. The Chair may determine the need for Board discussion or may provide direction on how to proceed
- The Board's role in these circumstances is to assess and enhance the CEO's interpretation of the risk, not to direct the decision or choices about how risks are mitigated/managed
- It is the responsibility of the CEO and their delegate(s) to make spending decisions within the budgetary limits approved by the Board and keep the Board apprised of any risks, potential harm, or non-compliance
- The CEO's risk assessment should consider the following dimensions of risk:

    - **Newness/Novelty:** Commitments that reflect an escalation in complexity (relative to other contracts), and which the organization may require a depth of competency or capacity to effectively understand or deliver on the commitment, or anticipate risks related to the commitment
    - **Potential for Reputational Harm:** Commitments that present significant and known reputational risks, given the nature of the agreement or parties to the contract
    - **Contract Term:** Multi-year contracts and/or if the contract will be formed within the last year of the CEO's employment contract
    - **Compliance with Legislation:** Commitments that exist in a legislative "gray zone". Contracts that are not compliant with legislation should not be considered or entered into

3.2 CAPITAL ASSETS POLICY

EJHS is committed to ensuring that all fixed assets are managed in accordance with current best practice and safeguarded with appropriate identification, recording, and verification of existence and costs. Assets which are capitalized are referred to as fixed assets and represent tangible property and equipment with a useful life of more than a year that meet or exceed the organization’s capitalization threshold. An organization’s capitalization threshold is the dollar amount at which a long-lived asset (useful life of greater than one year) is treated as a fixed asset rather than as an expense.

Capital Assets are comprised of property and equipment for which there are benefits to EJHS extending over one or more years.

Capitalization Threshold

Only assets with an individual or accumulated cost of $2,500 or greater will be capitalized, with the exception of specific higher thresholds for software and improvements/renovations.

Repair vs Betterment

A cost incurred in the maintenance of an asset is considered a repair and should be expensed. For example, costs incurred to restore an asset to its normal operating condition are considered a repair. A cost incurred to increase the service potential of an existing capital asset is considered betterment and should be capitalized. For example, costs incurred to extend the useful life or to enhance the capabilities of an asset is considered betterment.

Capital Asset Categories

Major Equipment

Any equipment in excess of $2,500 with a useful life greater than one year is capitalized. Equipment less than $2,500 is expensed in the year of acquisition.

Software

All software in excess of $2,500 with a useful life greater than one year is capitalized. Any software less than $2,500, or that has a useful life less than one year, is expensed in the year of acquisition. All costs incurred to prepare the software for its intended use will be capitalized. Once the software is capable of operating in the manner intended by management, capitalization of these costs will cease. Any subsequent expenditures shall be expensed when incurred, unless the expenditure extends the future economic benefit of the asset and meets the criteria or capitalization, in which case it would be capitalized.

Disposal or Sale of Capital Assets

The net book value of capital assets will be removed from the general ledger when the asset is disposed or sold. The difference between the proceeds and the net book value will be recorded as a gain or loss on disposal.

Amortization

The amortization period should be consistent with the estimated life of the asset and in accordance with CICA Guidelines.

3.3 SIGNING AUTHORITY POLICY

EJHS is committed to responsible stewardship of its funds by conducting all business affairs in a consistent and transparent manner. Signing authority is an essential component of sound management and a key internal control mechanism that assists employees in achieving priorities and objectives within appropriate authority levels. The purpose of this policy is to establish the principles that govern EJHS's signing authorities and to outline the process by which the authority to act and to make decisions is delegated.

Budget and Plan Approvals
The Board is responsible for approving the annual budget in a timely manner which provides the CEO with a mandate for executing all operating and capital expenditures included as part of the strategic and operational plans.

Role of the CEO
The role of the CEO is to broadly manage all day-to-day affairs and activities of the agency within the Board-endorsed strategic, policy, risk, people, and financial frameworks. General management responsibilities of the CEO include:

- Ensuring that the agency's policies, practices, and decisions are undertaken in a manner that is prudent, equitable and consistent with commonly accepted business practices and professional ethics;
- Ensuring that the agency's assets are protected, adequately maintained, and not placed at unnecessary risk;
- Ensuring that Board approved priorities are reflected in the allocation of resources; and
- Ensuring legislative compliance, and if required, reporting high risk matters or areas of concern to the Board.

Authority Limits
The Schedule of Signing Officer Authority Limits below is intended to provide managers with clear guidelines on their expenditure limits in relation to executing activities within the responsibility of their job functions.

- All limits are valid against the approved operating budget for the current fiscal year.
- Authority is granted to positions, not individuals, and is restricted to within the scope of the role's accountabilities and responsibilities. By accepting delegated authority, the employee is assuming all related budgetary responsibilities and limitations.

Schedule of Signing Officer Authority Limits: Level 2-4 Applies to employees of EJHS

Maximum $ Limit		
Position	Approval to Authorize Expenses (within budget)	Approval to Authorize Expenses (excluded budget)
Level 1: Board of Directors (Chair, Vice Chair, Treasurer)	Unlimited	Items greater than $25,000
Level 2: CEO	Unlimited	Up to $25,000 accumulative to 10% of budget
Level 3: Director, Finance; Director, Programs; Director, Client Experience	$10,000	$2,000

Level 4: Managers	$2,000	$1,000

Banking, Debt and Related Matters:

Bank Designated Signatories
- Chair, Board of Directors
- Treasurer, Board of Directors
- Chief Executive Officer
- Director, Finance
- Director, Programs
- Director, Client Experience

Two designated signatories will be required to approve all bank withdrawals/cheques and banking documents. All payments are reviewed by two signing officers prior to payment. The CEO or one member of the Board with signing authority shall sign all funding agreements. The CEO or Treasurer signs donation receipts.

Banking Signatories
The authorized Bank Designated Signatories for EJHS are subject to the approval limits listed below:
- Up to $25,000 - CEO and one of: Director, Finance; Director, Programs; Director, Client Experience
- Over $25,001 – any two of: CEO; Chair, Board of Directors, Treasurer, Board of Directors

The Manager, Finance shall advise EJHS's banking institutions when there is a change in Designated Signatories, and any subsequent additions or deletions of individuals so appointed in those positions. Should the Manager, Finance be unavailable, the CEO, Director of Finance or member of the Board with signing authority may act as a substitute.

Borrowing & Debt Arrangements
Adhering to EJHS By-law, Article 43 approval by the Board of Directors is required prior to entering into a borrowing or debt arrangement.

Opening/Closing Bank Accounts
The combined approval of the CEO and one other Designated Signatory is required to open or close bank accounts.

Transfers Between Accounts
The combined approval of the CEO and one other Designated Signatory is required to transfer funds between accounts including any investments.

Responsibilities
Compliance:
The approval of commitments and transactions outlined in this policy must always be made by the parties that have been designated the responsibility for final approval.

Temporary Delegation of Authority:
Temporary authority may be delegated whenever an individual with approval authority is expected to be out of the office for a prolonged period. Assignment of temporary authority must be approved by two signing officers in written or electronic format that clearly depicts the identity of the signing officer and date of the approval.

Violation of Policy
Employees & Board Members should be aware that conduct that violates this policy is always considered outside the scope of their position. Violating this policy could significantly damage EJHS and expose it to unintended legal and/or commercial liabilities. Individuals who violate this policy are subject to appropriate disciplinary action, including possible termination of employment (for staff) or removal from the Board. A series of reasonably related transactions shall be considered as a single transaction for purposes of determining approval and authority levels required by this policy. It is therefore a violation of this policy to divide a commitment or transaction into two or more parts to evade a limit of authority.

The Board is responsible for reviewing this policy every three years, or as required, and recommending amendments, deletions, or additions to be considered by the Board.

3.4 CEO EVALUATION POLICY

The Board is responsible for the recruitment, orientation, performance and evaluation of its CEO.

This policy aligns with EJHS Personnel policy 4.0 (Annual Performance Appraisals) and the Executive Governance policy 3.2 (Review of the CEO Leadership Performance). The CARF International Accreditation Standards have also been referenced and these guidelines are in line with the recommended Governance 1.B section.

A CEO Evaluation will be completed annually by the Board of Directors. The Board may opt to conduct more or less extensive evaluation in alternating years. The CEO will have the opportunity to respond to the evaluation.

The CEO's evaluation must be completed by the board annually by June 30. The Governance Committee will oversee the CEO evaluation.

The Governance Committee, with support from the Board Chair and administrative support from the Executive Assistant, is responsible for:

- Uploading the survey template to an online survey application
- Sending an email to all Board members and tracking responses
- Collecting all responses and compiling a final report
- Sending the report to the Board Chair for final review

The Board Chair is responsible for:
- Arranging a time to meet with the CEO to review the results
- Reviewing the results and discussing potential performance compensation with the CEO
- Providing the overall results of the review to the rest of the Board

- Holding an in-camera session with the Board to bring forward performance compensation recommendations for approval and to finalize with the Board.
- Advising the CEO on performance compensation decisions made by the Board.
- Providing a final copy of the completed review for the CEO’s HR file

At the start of the new performance year (July) the CEO is responsible for:

- Providing the Board with key organizational/operation goals and any individual goals for the performance year.
- Providing the Board with a copy of the most recent strategic plan.

For greater clarity, the Board will develop and maintain (review annually) a CEO Evaluation Framework. See Appendix B for the must current version of the framework.