

## **GHRC Committee Report**

### **Alice Wong, Committee Chair**

February 26, 2020

#### **PURPOSE**

To report on the January 30, 2020 meeting of the Governance, Human Resources and Compensation Committee (GHRCC), including business progressed in relation to membership, human resources (HR) and corporate governance.

#### **HIGHLIGHTS**

**HR Update:** The GHRCC received a Management update on people and workforce management, evaluation and succession, and benefits. It discussed organizational change management, including meaningful employee involvement in the CNA strategy and business planning process and the resulting positive impact on employee morale, and benefits administration, including the status of the 2020 benefits broker review and plans related to employee benefits education sessions.

**CNA Corporate Governance Practices Review:** The GHRCC reviewed the findings and recommended actions arising from Management's review of the association's corporate governance practices, which included reporting on CNA compliance with federal legislation pertaining to not-for profit business associations (summarized in Appendix 1). It discussed the nature and scope of the reported governance and compliance deficiencies, steps taken by Management to address priority gaps, and actions underway and/or planned to minimize legal risk to the organization and its directors, and to elevate the quality of governance at the CNA.

The GHRCC supports the proposed actions and has asked Management to triage them based on risk.

**Draft 2020 Board and Committee Work Plan:** All board committees have reviewed the 2020 draft work plan, which includes responsibilities set out in committee terms of reference and other governing documents. The work plan, attached as Appendix 2, is a living document that will be included in each board and committee meeting posting.

**Membership:** The GHRCC reviewed and accepted organizations that applied for membership in the Corporation for executive committee recommendation and board approval. Please refer to agenda item 2.2 (GHRCC report on membership applications).

#### **APPENDICES**

Appendix 1 - CNA Corporate Governance Practices Review - Overview of Key Finds

Appendix 2 - Draft 2020 Board and Committee Work Plan



**CNA Corporate Governance Practices Review  
Summary of Finding**

**SCOPE**

The corporate secretary conducted a review of the CNA’s corporate governance practices in the fourth quarter of 2019. The scope of the review, key findings and recommended actions are summarized below.

Area of Review	Description
Governance documents	Identify the existence and location of key governance documents.
Reporting and record keeping obligations - Canada Not-for profit Corporations (NFP) Act	Review compliance with reporting and record keeping obligations under the NFP Act. These include: filing annual returns, reporting changes regarding directors, keeping articles up-to-date and sending copies of by-laws; and records to be kept for all articles of the corporation and by-laws; minutes of meetings and resolutions; and registers for debt obligations (if any debt obligations are issued by the corporation), directors, officers and members.
Duty to comply - NFP Act	Review general compliance with duties of directors and officers set out in the NFP Act (i.e., every director and officer of the CNA has a duty to comply with the NFP Act and regulations; and its articles and by-laws).
Legal and internal compliance	Review by-law for compliance with the NFP Act, and internal governance practices (e.g., actions to be taken and procedures to be followed with respect to director responsibilities, election and terms, nomination and election procedures, committees, officers and members).
Secretarial processes	Review practices, procedures and processes related to board agenda development, minutes, management information to the board, postings, action items etc.

**KEY FINDINGS**

- Low organizational awareness of governance structures and processes.
- No inventory of, or central repository, for key governance documents.
- Corporate records are incomplete and not properly maintained/accessible.
- Non-compliance with statutory obligations, by-law requirements and internal policies in certain areas, including:
  - vacation of office and appointment of directors or officers when vacancies arise
  - nomination and election procedures
  - limits on authority in relation to establishing programs

- corporate records and filings
- conflict of interest declarations, acknowledgement and disclosure
- membership acceptance by resolution of the board.

## **ACTIONS/RECOMMENDATIONS**

Actions being taken and/or planned by Management to reduce compliance risk and to elevate the quality of governance at the CNA include:

- Develop an inventory of key governance, organizational and legal documents to be maintained in a secure and central location.
- Establish and follow processes and procedures to ensure that the organization acts in accordance with governing documents (e.g., compliance reporting and filing checklists).
- Develop a delegation of authority policy that sets out the nature and extent of the authority formally delegated from the board to committees and the CEO.
- Amend governance/board policies as needed (i.e., review content and effectiveness) and standardize their form to include a revision history.
- Build and maintain processes and procedures to demonstrate that directors are exercising care, diligence and skill. These include:
  - Structuring board and committee work plans to include ongoing and annual board duties and build in quarterly compliance reporting.
  - Establishing standardized templates for board/committee agendas and reports with structured content.
  - Preparing minutes that reflect the deliberations of the board and the process of the board in its decision making, including recording dissent and declarations of conflicts of interest.
- Continue to build organizational awareness of governance obligations and established board and committee procedures.

## **Compliance Update**

The corporate secretary confirms that the CNA has complied with mandatory reporting obligations under the NFP Act as at December 31, 2019.

Further actions are needed to achieve full compliance with the NFP Act's record keeping requirements in relation to registers for members, directors and officers.

As at January 23, 2020, the majority of directors have completed and signed the annual acknowledgement and disclosure form included in the *CNA Board of Directors - Conflict of Interest Policy*. A few forms are outstanding but are expected to be completed in February, 2020. To date, no conflicts of interest have been declared/disclosed by directors.

## Board and Standing Committee 2020 Work Plan

Topic/Item	Committee	Q1			Q2			Q3			Q4			When Performed		
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annually	Every 3 years	As Required
<b>1. Strategic Planning</b>	Oversight of strategic planning process and the implementation and effectiveness of the strategic plan															
1.1 Review and approve 2020 priorities	Executive	○	○●											✓		
1.2 Review and approve CNA refurbishment strategy and business plan	Executive	✱	✱		○		●								✓	✓
1.3 Review strategic financial plans	Exe. & Fin.				○		●								✓	✓
1.4 Review targets and progress against priorities and business plan <sup>1</sup>	Executive	○	○●		○●		○●			○●			○●	✓		
<b>2. Financial Oversight</b>	Oversight of financial matters, including financial reporting and disclosures															
2.1 Quarterly financial results and forecast	Finance	○	●		○		●			○●			○●	✓		
2.2 Operating budget for Q3 and Q4, 2020	Finance				○		●									✓
2.3 Operating and capital budget for fiscal year ending December 31	Finance									○			○●	✓		
2.4 Annual audited financial statements	Finance	○	● <sup>2</sup>											✓		
2.5 Selection and appointment of public accountant to hold office, including fixing compensation of auditor	Finance	○			○		●⊙							✓		✓
2.6 Review financial policies, procedures and internal accounting controls	Finance	○	○●		○					○			○●		●	✓
2.7 Review property management and insurance coverage	Finance												○	✓		
2.8 Review portfolio performance	Finance				○					○			○	✓		✓

<sup>1</sup> Achieved, in part, via CNA president's report and program updates.

<sup>2</sup> Approval must be evidenced by the manual signature of one or more directors or a facsimile of the signatures reproduced in the statements (NFP Act, s. 178(1)).

Topic/Item	Committee	Q1			Q2			Q3			Q4			When Performed		
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annually	Every 3 years	As Required
2.9 Review performance with investment managers	Finance												○	✓		
<b>3. Governance and Compliance Oversight</b>	Oversight of CNA's corporate governance framework and compliance with governing documents															
3.1 Review articles of incorporation and by-law	GHRC				○		●								✓	
3.2 Review governance policies and procedures	GHRC				○					○			◎◎	✓		✓
3.3 Review board and committee work plans	GHRC/All	○	◎◎											✓		
3.4 Review committee terms of reference	GHRC/All									○			◎◎			
3.5 Director nomination and election	GHRC				○	○	◎							✓		✓
3.6 Select and appoint board officers and committee members	N/A						●								✓	✓
3.7 Evaluate and review the performance of the board, its committees, the chair and individual directors	GHRC									○			◎◎	✓		
3.8 Review and monitor compliance with statutory filings, reporting and internal governance policies	GHRC	○	◎◎											✓		
3.9 Review directors' and officers' liability coverage	GHRC									○			◎◎		✓	
<b>4. Compensation, Evaluation and Succession</b>	Oversight of CNA policies and procedures related to appointment, compensation, performance evaluation and succession planning of CEO and other designated officers.															
4.1 Review succession planning processes for the board, CEO and other senior executives	GHRC									○			◎◎	✓		✓
4.2 Review performance expectations, corporate goals and objectives for CEO	GHRC				○									✓		✓
<b>5. People Management</b>	Oversight of CNA policies, procedures and practices related to people management (HR policies, procedures and practices).															

Topic/Item	Committee	Q1			Q2			Q3			Q4			When Performed		
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annually	Every 3 years	As Required
5.1 Review HR policies, procedure and practices, including succession planning	GHRC									○			●●	✓		
5.2 Monitor compliance with HR policies and procedures	GHRC												●●	✓		
5.3 Review and approve annual parameters for CNA staff compensation	GHRC												●●	✓		
<b>6. Membership</b>	Oversight of the process whereby organizations who have applied for CNA membership are accepted by resolution of the board.															
6.1 Review membership structure (categories and criteria) and the contributions and dues (if any) to be fixed by resolution of the board	GHRC & Exe.				○		●●									✓
6.2 Review and accept applications for CNA membership	GHRC & Exe.	○	●●		○		●●			●●			●●			✓