

## THE NAVAL ASSOCIATION OF CANADA GOVERNANCE REVIEW

At the Board of Directors meeting held in St. John's on 21 October 2017, it was agreed that a comprehensive governance review should be carried out as soon as possible. This was deemed to be a priority since a number of inconsistencies between our legal reference NAC By-Law No.1 and our Administration (also called Guidance) Manual was problematic; in addition, inconsistent information in the Manual itself had been noted. Since these documents provide the basis for our operations and activities, it was essential that the existing confusion be addressed. There are actually three key references to guide the NAC: the Canada Not-For-Profit Act, 2009 (CNCA); NAC By-Law No.1; and the Administration Manual. While the By-Law identifies key components of the Act, the Manual provides operational details such as terms of reference for committees and criteria for national awards. The ultimate goals of the review are to revise both the By-Law and the Administration Manual so that they are accurate, in agreement and helpful to the organization.

The Report on the Governance Review was completed on 22 January 2018 and the 15 page document distributed to all Directors and Branch Presidents for comment. The recommendations were discussed at the Board meeting held on 5 February 2018. Since the scheduling of the 2018 Annual General Meeting (AGM) needed to be addressed as number one priority, this was determined at that meeting. As a consequence of that discussion, the AGM 2018 will be held on 15 June 2018 by electronic means. There are two fundamental reasons for this decision. First, no Branch was willing to hold the AGM thus no location could be identified. Second, with the change of the fiscal year to the calendar year, the NAC had been non-compliant with the Act which requires the AGM to occur no more than six months after the close of the fiscal year. This was the first tangible outcome of the Governance Review.

A second significant governance decision pertaining to the size of the Board was made at the February meeting. The size of the National Board has been 16 Directors to date. However, the current research on effective not-for-profit boards indicates that the optimum size of an effective board is in the order of 9 to 11 members. As a consequence of this discussion, it was moved that the size of the NAC Board of Directors be reduced to 9 Directors effective for the 2019-2020 board year and ensuing years; and that the size of the Board be reduced through natural attrition to 10 Directors for the transition year 2018-2019. As a result of these decisions, there is therefore no need for nominations and elections at the 2018 AGM.

The Report clearly identified two types of revisions: one involved non-substantive clerical revisions for clarity which can be made to the Administration Manual; the other required decisions to be made and ultimately, revisions to the Manual and, more significantly, to the By-Law. The purpose of this brief article is to apprise all members of this background information so that the process and purpose of the review is understood. However, the most significant decisions were recorded in formal board resolutions passed at the Board meeting held on 9 April 2018. They are as follow:

1. That the normal term of director is three years; that a maximum of two three year terms are permitted; that eligibility for re-election to the board is permitted after a one year absence; that replacement of a director who leaves the board before their term is completed is for the

remainder of the original term of the departed director, however replacement is not required if a quorum exists.

2. That committees, chairs of committees and terms of reference must be approved by the board.
3. That the officers of the corporation be confirmed as President, Vice President, Treasurer, with the Secretary (Executive Director) and Immediate Past President, both as ex-officio and non-voting.
4. That immediately following the AGM, a board meeting is held to approve the appointment of the officers, the signing authorities for bank and investment accounts and the committee chairs for the year ahead.
5. That the Honorary appointments approved by the board are the Honorary National President and Honorary Counsel.
6. That the National appointments approved by the board are the National Archivist, Chair for History and Heritage and the Editor of STARSHELL; that the role of Webmaster be incorporated into the role of the Executive Director; that the role of AUSN Liaison be eliminated; that the role of Obituaries Editor remain a function of STARSHELL.
7. That reference to an Executive Committee be deleted from the Manual and not replaced until the need for an Executive Committee arises.
8. That the Chair and committee members of the NAC Endowment Fund be appointed and approved by the board as are all chairs and committee members and not by the members at an AGM which has been past practice; that membership be composed of four Trustees who cannot be Directors.
9. That the following Standing Committees of the Board are confirmed:
  - Nominating Committee
  - Naval Association of Canada Endowment Fund (NAC-EF) Committee
  - National Awards Selection Committee
  - Naval Affairs Committee (which includes the former Outreach Committee)
  - Membership Committee
  - Finance and Investment Committee
10. That the Council of Presidents is confirmed as an Advisory Committee to the Board.
11. That membership and terms of reference for each committee will be reviewed and revised in accordance with the recommendations in the Governance Review document.
12. That the Executive Director be authorized to make any and all amendments to the Administration Manual in relation to the foregoing motions subject to their approval; in addition, that he be authorized to make any required clerical edits to the Manual.
13. That ultimately, NAC reference and resource information be included in two separate manuals, namely the Governance Manual and the Finance Manual, and to facilitate ease of accessibility and updating, both Manuals be available electronically on the NAC website.

Over the next few months, the Administration Manual will be revised and the new separate Finance Manual will be created. In addition, By-Law No.1 will be revised. The Board has the authority to approve revisions initially but they would also be presented to the general membership at a future AGM for ratification. This will not occur at the AGM scheduled for 15 June 2018 due to time constraints.

I have attempted to provide you with a brief overview of the Governance Review and hope that you will see the positive progress we have made to date. There is still a lot of work to be done to reach the final product. I have only provided you with the highlights; there is a lot of nitty-gritty I have not shared. Should you have any questions or comments regarding the Governance Review or this short article, please contact me at [drmh@hay.net](mailto:drmh@hay.net) at anytime.

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