



## **A Legacy of Excellence:**

### **Best Practices Board Study Aboriginal Healing Foundation**

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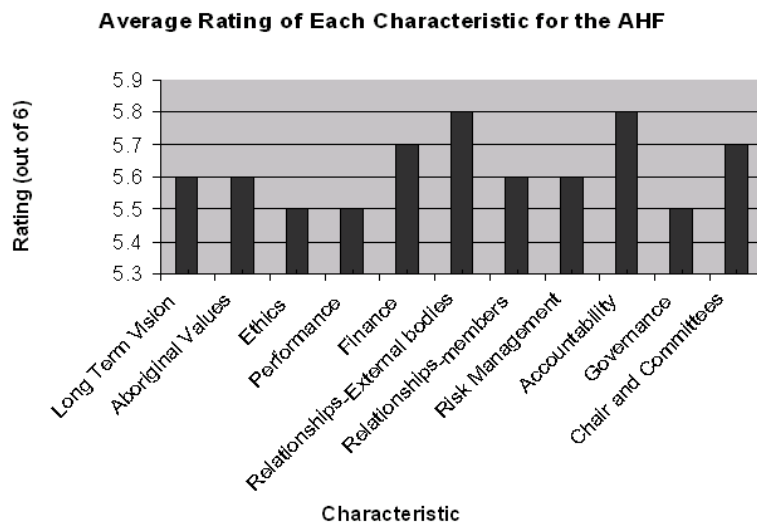
## Executive Summary

In collaboration with the AHF, the Institute On Governance (IOG) has undertaken a best practices case study of this Board with two goals in mind. First, we want to identify the key factors that have led the AHF Board to perform at its current high level to inform and inspire other boards, both Aboriginal and non-Aboriginal, to improve their performance. Second, this study may offer helpful suggestions for the current AHF Board regarding how its performance may be improved for the remainder of its existence.

The methodology for the study focused primarily on interviews with the Board members themselves, AHF senior staff as well as a few key stakeholders of the organization. In total we conducted some 16 in depth interviews. We supplemented these interviews with case studies, a rigorous review of relevant documents and a literature search.

Interviewees were asked to rank the ability of the AHF to successfully incorporate and follow each of 11 characteristics of high performing boards (characteristics identified by the IOG through its work over many years) both quantitatively and qualitatively: quantitatively, using a scale of one to six (1=strongly disagree, 2=disagree, 3=disagree somewhat, 4= agree somewhat, 5= agree, 6=strongly agree); and qualitatively, by asking interviewees to provide examples of how the Board had realized these characteristics in their ongoing board practices.

The data collected yielded impressive results. In every one of the 11 characteristics measured the AHF scored no less than 5.5. Two characteristics – external relations and accountability - get an astounding average mark of 5.8. And the overall average of the 11 characteristics is well over 5.6, a remarkable outcome, and one that the IOG has not seen before in our work with boards. The following chart provides information regarding the rating of each characteristic.



Of the many effective practices of the Board, the IOG believes that the following are particularly noteworthy. The AHF Board:

- mirrors the mission of the organization,
- guides a pan-Aboriginal organization that is very cohesive
- has facilitated excellent relationship building
- has achieved admirable transparency and accountability
- has effectively managed a half billion dollars

Documenting the particular characteristics that make the AHF stand out as an organization is useful to a point; but equally important is to understand the underlying factors which have contributed to that success. Since one of the goals of this paper is to help other organizations replicate the successes of the AHF it is helpful to analyze those causal factors that underpin much of the AHF innovation.

Through interviews and document review the IOG established five causal factors which have been instrumental in creating the factors for success. They are:

- the very strong working relationship between the Chair and the Executive Director.
- the high degree of continuity among the Board and staff.
- the fundamentally sound governance and management policies and practices in place at the AHF.
- the significant inclusion of clientele in the work of the organization.
- the scrupulous approach of the organization regarding nepotism and other ethical issues.

The IOG proposes only two modest recommendations:

- 1) The Board may benefit from more regular evaluations undertaken by an outside individual or organization. We agree with the observation of one interviewee that a formal evaluation of board performance should occur regularly, certainly more often than once in 10 years.
- 2) The Board might benefit from periodic assessments of its meetings and those of its committees. The IOG has developed a simple tool to conduct such assessments which could be used periodically to ensure that meetings are effective and productive

More important than the actual functioning of the Board, however, is the future of the organization. In almost every interview we conducted, participants lamented that such an effective, important body was in the process of winding down. The IOG has included in the report suggestions which may serve to help the organization find partnerships through which it can exist beyond its current end date of 2012. In brief, these include a potential partnership with the Truth and Reconciliation Commission or acting as a service provider for First Nation communities in distress.

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# Aboriginal Healing Foundation Best Practices Board Study

## Section I: Introduction

Over the past several decades there has been a proliferation of new, incorporated Aboriginal organizations headed by boards of Directors. Many of these boards have experienced difficulties in understanding their roles (as have many not for profit boards in the rest of Canada) and have not performed as well as they should have. Consequently, it is timely that there are concrete examples of Aboriginal boards that have functioned effectively and the reasons why they have done so.

One such high performing board now guides the Aboriginal Healing Foundation (AHF), an organization that has performed with great success over the past 10 years. In collaboration with the AHF, the Institute On Governance (IOG) has undertaken a best practices case study of this Board with two goals in mind. First, we want to identify the key factors that have led the AHF Board to perform at its current high level to inform and inspire other boards, both Aboriginal and non-Aboriginal, to improve their performance. Our emphasis will therefore be on factors that are replicable by others. Second, the IOG hopes that this study may offer helpful suggestions for the current AHF Board regarding how its performance may be improved for the remainder of its existence.

The methodology for the study focused primarily on interviews with the Board members themselves, AHF senior staff as well as a few key stakeholders of the organization. In total we conducted some 16 in depth interviews. In the interviews, we asked participants to rank the ability of the AHF to successfully incorporate and follow each of 11 characteristics of high performing boards that the IOG has identified through its work over many years. We did this both quantitatively and qualitatively: quantitatively, using a scale of one to six (1=strongly disagree, 2=disagree, 3=disagree somewhat, 4= agree somewhat, 5= agree, 6=strongly agree); and qualitatively, by asking interviewees to provide examples of how the Board had realized these characteristics in their ongoing board practices. The methodological approach also involved a document review, including all governance documents for the organizations as well as case studies of other high functioning Aboriginal boards.

The report is structured by the following four sections. In the second section, the report outlines the importance of board governance for effective organizations and provides an overview of the five governance principles used by the IOG to define good governance. An important element of this Section is to describe the relationship between the 11 characteristics of high performing boards and the IOG's five good governance principles. Section III provides an overview of the organization including how the AHF was established and the current governance structures for the organization. In the fourth section we explore each of the 11 characteristics in greater detail. The final section, Section V, concludes by outlining the areas of particular innovation and success of the organization, the attributive causal factors and our recommendations to strengthen current Board practices.

## Section II: The Importance of Board Governance for Aboriginal Peoples

As more and more Aboriginal organizations come to be directed by a board, the questions and issues surrounding board governance become increasingly important. Governance is the process whereby strategic goals are set, key relationships are maintained, the health of the organization is safe guarded and an account is rendered for organizational performance. In short, governance is the art of steering an organization. Board-directed Aboriginal organizations face all of the challenges found in non-Aboriginal organizations with one unique additional challenge; these boards must navigate an intercultural landscape and strive to incorporate the values of the people they serve in the midst of a dominant culture<sup>1</sup> in which they are a minority.

David Martin, an Australian scholar, highlights this tension for indigenous organizations operating within the dominant culture. In his view, it is nearly impossible to posit a singularly indigenous approach to governance in a contemporary setting, since so much of the discourse and action of governance for indigenous peoples has occurred through interaction with the dominant culture.<sup>2</sup> In the case of the Aboriginal Healing Foundation deliberate efforts have been made to honour and incorporate Aboriginal teachings and practices. However, the organization also follows many of the governance practices more often associated with a western notion of governance. Indeed, as Martin argues, this synthesis is a critical element for these organizations to be successful:

If more effective governance is a core component of an increased capacity for strategic engagement by indigenous people with the dominant society, then it must draw not only from the values and practices of indigenous people, but also from those of the general Australian society—and indeed from relevant international experience.<sup>3</sup>

In striving to be culturally appropriate, boards of Aboriginal organization cannot completely divorce themselves from Western notions of governance. In practical terms, such a ‘divorce’ is not possible, especially in situations where much of these organizations’ funding is derived from government contracts and grants. Government funding conditions will drive certain governance practices. Further, the board governance model has been in existence for a very long time and there are lessons to be learned from western experience. (We have included a short Appendix A that summarizes some of these lessons.) That said, reflection of Aboriginal values and principles in Western governance structures appears to be critical to the success of Aboriginal boards. For these boards to be truly representative of the people they are meant to serve, they must adopt practices and values in which those people can see themselves, and by extension their cultures, reflected.

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<sup>1</sup> David Martin uses this term to address the non-Aboriginal culture in which Aboriginal people often find themselves a minority in the midst of. See D.F. Martin, “Rethinking the Design of Indigenous Organizations: The need for strategic engagement,” *Contested Governance: Culture, power and institutions in Indigenous Australia*. CAPER Monograph no. 29 (2008)

<sup>2</sup> Ibid, 8

<sup>3</sup> Ibid, 9

The Aboriginal Healing Foundation is no different. As a government funded agency it is bound by the government’s notions of good governance. Yet, as an Aboriginal organization it must also find a way to incorporate the values and worldviews of Inuit, First Nations and Métis peoples in Canada. To that end, the organization, as this study will demonstrate, has been successful.

What are the core components of good governance? The next section will address these components in the context of Aboriginal organizations.

**The IOG’s Five Principles of Good Governance**

The IOG has compiled a list of five principles that it sees to be core characteristics of good governance. These five principles represent an ideal that no society has yet achieved but which all those interested in good governance should pursue. The following five principles help us understand not merely governance but *good* governance as it applies to an organization, community or society. The principles are:

- Legitimacy and Voice
- Direction
- Performance
- Accountability
- Fairness

The five principles of good governance are not original to the IOG but are based on nine “core characteristics” of good governance as articulated by the United Nations Development Program (UNDP). Box 1 illustrates the derivation of the IOG principles from the UNDP core characteristics of good governance.

<b>Box 1: Five Principles of Good Governance</b>	
<b>The IOG Good Governance Principles</b>	<b>The UNDP principles and related UNDP text on which they are based</b>
<b>1. Legitimacy and Voice</b>	<p><b>Participation</b> – All men and women should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their intention. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively.</p> <p><b>Consensus orientation</b> – Good governance mediates differing interests to reach a broad consensus on what is in the best interest of the group and, where possible, on policies and procedures.</p>
<b>2. Direction</b>	<p><b>Strategic vision</b> – Leaders and the public have a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development. There is also an understanding of the historical, cultural and social complexities in which that perspective is grounded.</p>



<b>3. Performance</b>	<p><b>Responsiveness</b> – Institutions and processes try to serve all stakeholders.</p> <p><b>Effectiveness and efficiency</b> – Processes and institutions produce results that meet needs while making the best use of resources.</p>
<b>4. Accountability</b>	<p><b>Accountability</b> – Decision-makers in government, the private sector and civil society organizations are accountable to the public, as well as to institutional stakeholders. This accountability differs depending on the organizations and whether the decision is internal or external.</p> <p><b>Transparency</b> – Transparency is built on the free flow of information. Processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them.</p>
<b>5. Fairness</b>	<p><b>Equity</b> – All men and women have opportunities to improve or maintain their wellbeing.</p> <p><b>Rule of Law</b> – Legal frameworks should be fair and enforce impartially, particularly the laws on human rights.</p>

As the above box illustrates these good governance principles are described at a high level of abstraction. How they translate in practice will depend on a number of factors: culture, technology and history to name a few. Thus for an Aboriginal organization or community appropriate accountability may look very different from that in a non-Aboriginal community. In governance, culture matters<sup>4</sup>.

These principles are also not ‘water tight’. In many cases they overlap; and at times, they may appear to contradict one another. The principle of performance is sometimes at odds with the requirements of the accountability principle, for example. The direction principle sometimes conflicts with the goal of promoting voice for all community members. Taken together, the principles are meant to act as sign posts that guide an organization toward the realization of better and well-balanced governance. But the ‘devil is always in the detail’.

These five principles can be applied at many levels or in many ‘spaces’ – globally, at a nation state level, in a community, in organizations and even at the family level. In organizational ‘space’, the board of directors should be the critical governing body. In our work, both in the field and reviewing the burgeoning literature on board governance, we have identified 11 characteristics of high performing boards. Ten of these characteristics can be applied to any board while the eleventh – the ability of the board to incorporate Aboriginal values and world views - is unique to an Aboriginal context. Here are the 11 characteristics and their relationship to the IOG’s five good governance principles.

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<sup>4</sup> For an interesting discussion of Aboriginal traditions to governance and how these traditions both align with and differ from the five IOG principles, see Jodi Bruhn, “In Search of Common Ground: Reconciling the IOG Governance Principles and First Nations Traditions,” (Ottawa: Institute On Governance, 2009)

High performing Aboriginal boards will:

1. develop and maintain a longer term vision and a clear sense of direction (*Direction , Performance*);
2. incorporate Aboriginal values and worldviews in significant aspects of its work (*Legitimacy, Accountability, Fairness, Performance, Direction*)
3. ensure the prevalence of high ethical standards and understand their legal obligations (*Accountability, Fairness, Legitimacy and Voice*);
4. ensure effective performance through sound information (*Performance, Accountability*);
5. ensure the financial and organizational health (*Accountability, Direction, Performance*);
6. ensure sound relationships with key external bodies (*Accountability, Legitimacy and Voice*);
7. ensure sound relationships with members and clients and provide opportunities for them to influence key initiatives (*Accountability, Fairness, Legitimacy and Voice*);
8. manage risk effectively (*Direction, Performance, Accountability*);
9. maintain accountability (*Accountability and Fairness*);
10. ensure the soundness of governance systems (*Fairness, Direction, Performance, Accountability and Legitimacy and Voice*)
11. have an effective board Chair and Committee Chairs (*Direction, Accountability, Legitimacy and Voice, Performance*).

Before examining these characteristics in the AHF context, we need to take a step back and describe the AHF in some detail, starting with why it was established and its mandate.

### **Section III: Helping Aboriginal People Heal Themselves: A Brief History of the Aboriginal Healing Foundation**

In 1998, the Canadian Government developed *Gathering Strength – Canada’s Aboriginal Action Plan*. This plan was introduced following the government’s *Statement of Reconciliation* released on January 7<sup>th</sup>, 1998. Both the *Statement* and the *Plan* were elements of an overall strategy meant to engage with Aboriginal peoples in Canada to begin the process of reconciliation. At the forefront of this reconciliation initiative was the understanding that the legacy of residential schools must be addressed.

*Gathering Strength* featured a \$350 million fund, which was designated for healing projects. Discussions were held with survivors as well as descendants of survivors of the residential school system across Canada, members of the healing community and leading Aboriginal representative organizations about the best and most appropriate way to use the fund. Through these discussions the government decided to create the Aboriginal Healing Foundation, using the \$350 million fund to establish the organization. The Foundation was launched on March 31, 1998 with an eleven year mandate. During the course of the AHF’s mandate, the Foundation was expected to designate all of the money held in the fund and ensure the oversight and proper management of the community-based healing projects it supported. Although the initial mandate of the Foundation was such that the organization would close its doors March 31, 2009, through an additional \$125 million in funds from the government, the AHF will now be operational until 2012.

Since its inception, the Aboriginal Healing Foundation has been committed to supporting community-based, Aboriginal healing. The Foundation's mission is:

to encourage and support Aboriginal people in building and reinforcing sustainable healing processes that address the Legacy of Physical Abuse and Sexual Abuse in the Residential School system, including intergenerational impacts.<sup>5</sup>

The Foundation does this by providing resources for healing initiatives, by promoting awareness not only of the history of Residential Schools but also of healing issues and needs in Canada and by encouraging a supportive public environment.

In its work, the Foundation has the ultimate vision of creating communities

where those affected by the Legacy of Physical Abuse and Sexual Abuse experienced in Residential Schools have addressed the effects of unresolved trauma in meaningful terms, have broken the cycle of abuse, and have enhanced their capacity as individuals, families, communities and nations to sustain their well being and that of future generations.<sup>6</sup>

With this vision in mind, the Foundation has funded projects in several project theme areas; direct healing activities (59%), prevention and awareness activities (15%), training activities (7%), honouring history and building knowledge (9%), needs assessments (3%), conferences (2%) and project design and setup (2%)<sup>7</sup>. Although the funds from the Foundation will be distributed over the life of the organization, up until 2011,<sup>8</sup> all of the funds were committed in full by October 5, 2003.<sup>9</sup>

### ***The Healing Journey: Projects Funded***

Since its inception the Aboriginal Healing Foundation has used explicit criteria to determine projects eligible for funding support. Above all, projects funded by the AHF had to address the legacy of abuse suffered in residential schools, including the intergenerational affects of that legacy. Projects had to demonstrate the ways they would build and support links with other health, social service or community programs. Funded projects also had to highlight the mechanisms in place to ensure the project's accountability: accountability to all survivors, accountability to the community in which the project was running and accountability to the target group who the project was meant to serve. Finally, any approved project had to ensure consistency with the Canadian Charter of Rights and Freedoms as well as all other Canadian human rights laws.<sup>10</sup>

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<sup>5</sup> Aboriginal Healing Foundation Website, <http://www.ahf.ca/about-us/mission>

<sup>6</sup> Ibid

<sup>7</sup> Although the categories remain consistent from year to year, the percentage of money directed to each project category fluctuates slightly each year. These numbers are an average of the first five years of the AHF. They are taken from the Aboriginal Healing Foundation, "A Healing Journey Final Report: Summary Points", 24.

<sup>8</sup> The AHF will be operation until 2012, but the program funding will conclude in 2011.

<sup>9</sup> Ibid, 18. When additional funding was announced, the AHF decided to continue funding projects already established rather than issue a new call for proposals.

<sup>10</sup> AHF, 2007 Annual Report, 21

A random sampling of projects shows the diversity and creativity of projects undertaken through AHF grants. In the Atlantic, a suicide intervention program specifically working with Survivors and their families was implemented.<sup>11</sup> In BC, a program to provide counselling and support groups to Survivors and community members was established. This program also hosted workshops to raise consciousness in the community on topics like violence, grief and general awareness of the impact of residential school systems.<sup>12</sup> In Manitoba a funded project focused on healing through information by hosting presentations on topics including “Residential School Histories,” “Medicine Wheel and Traditional Spiritual Teachings” and “One on One Counselling.”<sup>13</sup> In the North, one community founded a project that focused on offering counselling which combined Western psychotherapy with Traditional therapy to Survivors and community members.<sup>14</sup> In Ontario, a funded project served Inuit people using holistic, culturally and linguistically specific healing services.<sup>15</sup>

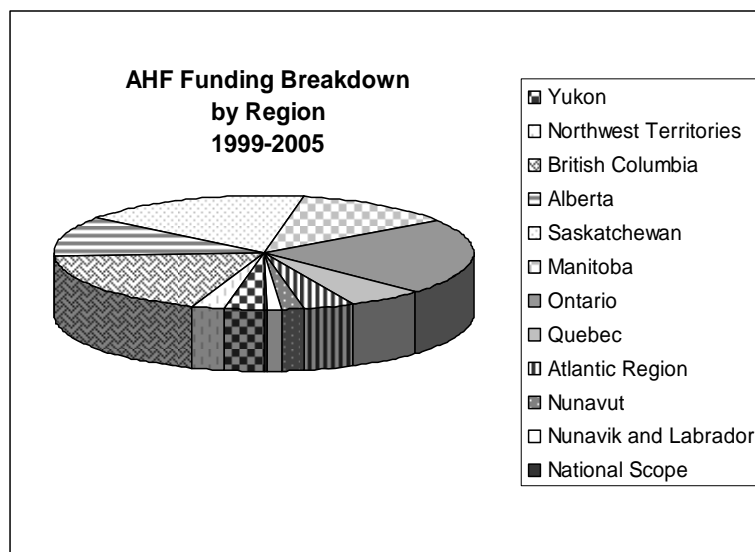
As well as the diversity in styles and types of projects funded, the Foundation has also worked to ensure geographic diversity. Residential schools were found in every province and territory with the exception of Prince Edward Island and New Brunswick (Newfoundland and Labrador became a Canadian province only in 1949). Even without schools in those provinces, some children from their communities went to residential schools. Further, residential school survivors are found in all provinces and territories, making it important that healing occur in communities across Canada. Table 1 and Figure 1 illustrate the breakdown of grants to each region.

#### Distribution of Grants: June 1999 – March 2005<sup>16</sup>

Table 1

Region	Number of Grants	Percentage of Total
Yukon	40	3.0
Northwest Territories	35	2.6
British Columbia	248	18.4
Alberta	152	11.3
Saskatchewan	238	17.7
Manitoba	168	12.5
Ontario	291	21.6
Quebec	81	6.0
Atlantic Region	52	3.9
Nunavut	23	1.7
Nunavik and Labrador	12	0.9
National Scope	6	0.4
<b>Total</b>	<b>1346</b>	<b>100.0</b>

Figure 1



<sup>11</sup> AHF, *Active Funding Grants: February 2008*, 13

<sup>12</sup> *Ibid*, 27.

<sup>13</sup> *Ibid*, 41.

<sup>14</sup> *Ibid*, 73

<sup>15</sup> *Ibid*, 21

<sup>16</sup> AHF, “A Healing Journey”, 24

Through its grants, the Foundation has supported 1346 projects in every single province and territory of Canada. Such expansive representation is no small feat. In fact, it was very deliberate. When the AHF saw a lack of proposals for projects in communities or regions, the Foundation went out to those communities to engage with and support them in their efforts to establish healing programs. Inclusion of this nature speaks to the guiding principles of the organization, and its desire to ensure support for all Aboriginal peoples affected by the Legacy of Residential Schools.

### ***The Healing Process: Research Projects***

In addition to the large number of community projects funded by the Foundation, the Aboriginal Healing Foundation has also become an excellent source of information and resources about residential schools and other contemporary Aboriginal issues. The goal of the research program has been: to provide information on issues that support healing; provide information to support program design, delivery and evaluation; further address the national healing legacy, and; help ensure a more informed, supportive public environment through greater awareness.<sup>17</sup>

Since opening its doors in 1998, the AHF has authored more than 25 publications, and co-authored several others. Publications have covered a range of topics including Aboriginal domestic violence, Aboriginal Elder abuse, studies on resiliency and many pieces on the impacts and legacy of the residential school system

### ***Governance Structures***

The Foundation is governed by a 17 member Board of Directors, who have the ultimate responsibility of deciding which proposals will be approved for funding.<sup>18</sup> Additionally, the Board oversees and supports the work of the Foundation's Executive Director. The Foundation has three internal departments which all report to the Executive Director: Assessment and Finance Operations, Communications, and Research.

The governance of the Foundation, and by extension the Board, is outlined in by-law No. 1, which designates the Board composition, qualifications and the powers of the Board.

#### Board Roles

The Board is responsible for managing the property, business and affairs of the Foundation. It is also charged with responsibility for policies and procedure (including investment policies) and with maintaining relationship with other political bodies. Finally, the Board has the ultimate decision making power in designating funds and approval for healing projects.<sup>19</sup>

The Board has also established several committees to help with the work of the Board. There are now eight: the Executive Committee, Legacy Healing Fund, Project Management Review Committee (PMRC), Research and Evaluation, Finance and Audit (including the Audit sub-

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<sup>17</sup> AHF, "2008 Annual Report", 36

<sup>18</sup> Ibid, 30

<sup>19</sup> Ibid.

committee), Sexual Harassment, Conflict of Interest and Terms of Reference, and the Communications Committee.

To help guide the Board in their work, the AHF has developed several governance tools. Included in the Board Manual is the *Roles and Responsibilities: Board of Directors*. The AHF also has policies including 1) Code of Conduct and Conflict of Interest for members of the Board, 2) a Code of Ethics, 3) Roles and Responsibilities for the Chair and the Executive Director and 4) a Protocol for Respecting Elders.

### Board Composition

Board members are made up of a mix of professionals, Residential School survivors as well as other interested parties drawn from across the country. The Board of the Foundation is an Aboriginal board, made up of First Nations, Inuit and Métis peoples. Although not voting members, the AHF has incorporated Elders into the Board, who sit in an advisor capacity. There is a representative for Inuit, Métis as well as an Elder to represent Eastern First Nations and an Elder to represent Western First Nations. In 2006, the AHF adopted *Protocols and Procedures Respecting Elders* as one of their governance texts. This text outlines the roles and expectations for the Elders with respect to their selection, appointment and involvement with the Board.

Of the 17 members of the Board, there are two processes for establishing membership. Nine directors are appointed by national representative organizations or the government of Canada. The Assembly of First Nations (AFN) has the responsibility of appointing three members, the Métis National Council (MNC), Inuit Tapiriit Kanatami (ITK), the Congress of Aboriginal Peoples (CAP) and the Native Women's Association of Canada (NWAC) are all responsible for appointing one member and the Government of Canada appoints two members, with preference being given to Aboriginal candidates. This group of nine members is then responsible for electing eight additional members. The bylaw stipulates that five of these members shall be members of First Nations or First Nations persons, one shall be Métis, one shall be an Inuk and one position shall be held by either a Métis or an Inuk.

All directors serve two year terms, but can be re-elected for further appointments. In its Annual Reports, the Healing Foundation makes reference to the accountability of the Board; it is “morally accountable to Aboriginal people and legally accountable to the Government of Canada and to Aboriginal people.”<sup>20</sup> How it manages this dual accountability relationship is an important part of the AHF success story, to which we now turn.

## **Section IV: Characteristics of High Performing Boards**

The success of an organization is often inextricably linked to the success of its board, and rightfully so. The board has important roles to play in an organization, roles that shape an organization's overall vibrancy and effectiveness.

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<sup>20</sup> Ibid.

Based on the IOG's field experience in working many boards across Canada and abroad and with our familiarity with the relevant literature, we have developed the following 11 characteristics of high performing boards in an Aboriginal context along with some key indicators.

### **Characteristics of High Performing Aboriginal Boards**

1. They develop & maintain a longer term vision and clear sense of direction by having mission & vision statements; longer term plans; clear priorities; updating process.
2. They respect Aboriginal values and worldviews and apply these in the operations of the board and in the organization as a whole through, for example encouraging participation of Elders, youth; decision-making processes; staff policies; program design & delivery
3. They ensure the prevalence of high ethical standards and understand their legal obligations by:
  - Encouraging transparency & openness; adopting a written code of conduct; appointing & overseeing key managers; ensuring ethical treatment of staff
  - Being aware of and respecting duty of loyalty; duty of care; statutory obligations
4. They ensure effective performance through sound information by: focusing on results or outcomes (as opposed to activities); having a good sense of their information needs
5. They ensure the financial & organizational health by:
  - Focusing on long term sustainability (expenditures & revenues; asset management);
  - Exhibiting macro-level concern with the quality of management, staff morale etc.
6. They ensure sound relationships with key external bodies, including:
  - Funders, national Aboriginal organizations, regional and local Aboriginal bodies, universities, associations.
7. They ensure sound relationships with their members and clients and provide opportunities for them to influence key initiatives by:
  - Working with and respecting local Aboriginal bodies and Aboriginal clients
  - Ensuring high quality and timely services
8. They manage risk effectively by identifying, assessing, mitigating & monitoring critical developments with uncertain outcomes.
9. They are accountable through publicly available information (financial, results achieved etc.); audits & evaluations; outreach activities; public engagement practices; redress mechanisms; etc.
10. They ensure the soundness of the governance system by:
  - Evaluating the performance of the Executive Director
  - Having an effective relationship with staff and managing this relationship on an ongoing basis
  - Monitoring contemporary developments; evaluating their collective performance and that of individual board members; adopting an ethic of continuous improvement

- Having and respecting a comprehensive set of policies and/or bylaws
- Instituting sound board recruitment & training practices

11. They have effective chairs of the board and its committees, which:

- Have sound relationships with their executive directors and senior staff
- Manage meetings effectively
- Encourage a positive board culture based on members listening to and respecting one another and on creative resolution of conflict
- Ensure all board members are valued and participate to the best of their abilities

Ten of these characteristics apply to any board. But in dealing with any Aboriginal organization, including the Aboriginal Healing Foundation, another key characteristic arises. Because of the cultural nature of the Foundation and the work that it undertakes it is also essential that the Board respect and incorporate Aboriginal values and worldviews and apply these to the operation of the board and organization as a whole. This characteristic should be evident for all boards of Aboriginal organizations. As Mike DeGagné, the Executive Director of the Aboriginal Healing Foundation explains: “a principal means by which institutions develop legitimacy is by achieving a good match between institutions and the society’s culture.”<sup>21</sup> How the AHF has managed to do so is an important part of its success story.

In the following sections, we examine each of these 11 characteristic of high performing boards in the AHF context. The methodology (outlined in the Introduction) involved a review of the governance documents of the organization and interviews with the Board and senior staff at the AHF as well as with external stakeholders. The interviews asked participants to rate the characteristics in terms of how effective the AHF had been in realizing them and then offer examples to buttress their quantitative rating. Recall the six point scale that we used:

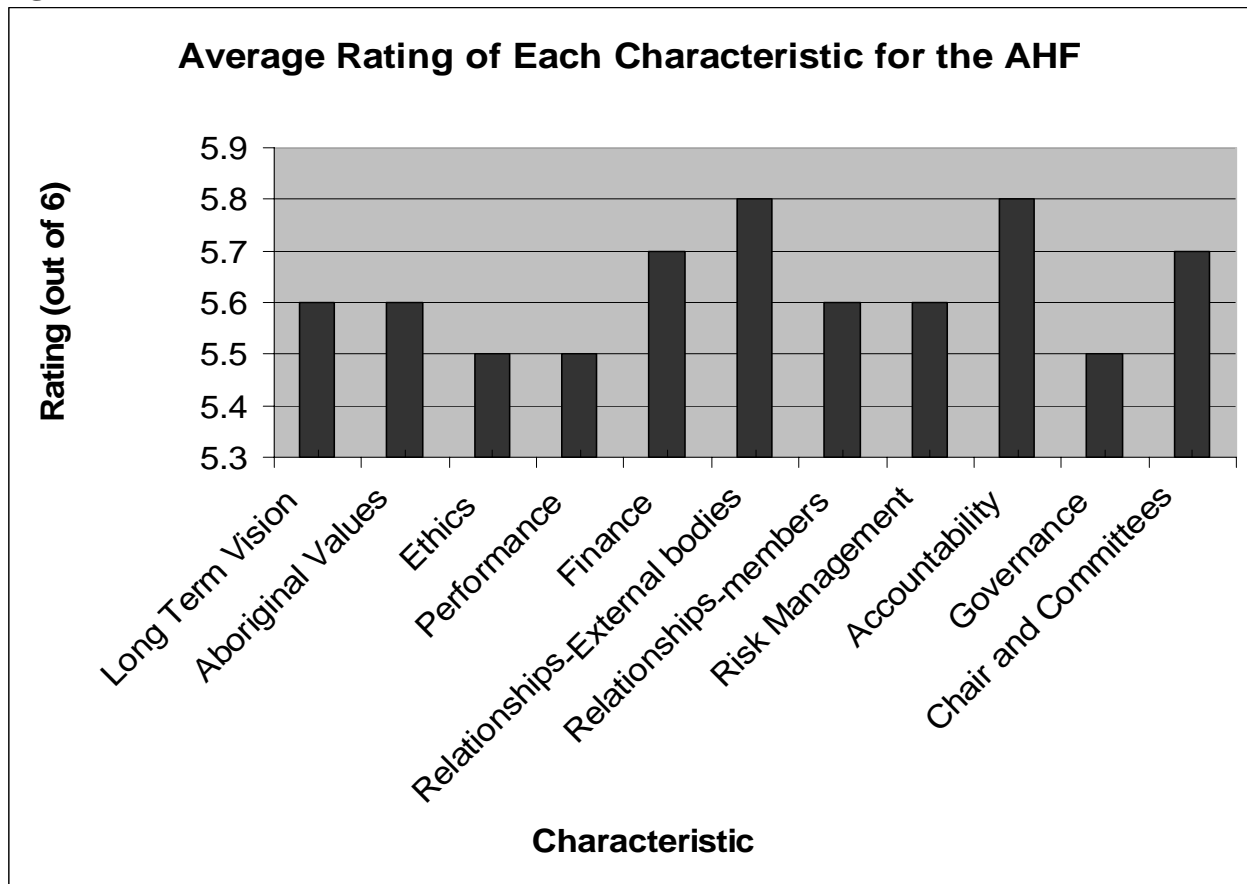
<b>RATING SCALE</b>					
<b>Strongly disagree</b>	<b>Disagree</b>	<b>Disagree somewhat</b>	<b>Agree somewhat</b>	<b>Agree</b>	<b>Strongly agree</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>

Figure 2 demonstrates the average rating of each characteristic that we obtained through our interviews. The overall results are nothing short of startling. No characteristic gets a rating of less than 5.5. Two characteristics – external relations and accountability - get an astounding average mark of 5.8. And the overall average of the 11 characteristics is well over 5.6, truly an impressive result, and one that we have not seen before in our work with boards.

<sup>21</sup> Mike DeGagné, “Administration in a National Aboriginal Organization: Impacts of Cultural Adaptation,” *Canadian Public Administration* 51:4, 671.



**Average Rating of Each Characteristic for the AHF**  
**Figure 2**



We look at each characteristic in turn.

### **1. Develop and Maintain a Longer Term Vision and Clear Sense of Direction**

The board of any organization is responsible for developing and maintaining the mission and vision of the organization. Since the mission and vision are the statements which often become the guideposts for planning future direction they represent important elements of any organization. Complementing the mission and vision statements should be a long term strategic plan. John Bryson sums up strategic planning as being about “where you are, where you want to be, and how to get there.”<sup>22</sup> In most board-directed organizations, it is the board that is responsible for answering those questions and developing a plan to achieve the desired results.

Strategic plans should identify and develop approaches to respond to the most pressing needs of the organization. This requires candid evaluation of critical issues facing the organization. It may also require that the mission and values of the organization be examined and potentially rewritten. The development of a long term vision also requires board examination of the concerns of internal and external stakeholders to ensure that decisions and strategies have broad support. The planning process should include the involvement of staff at all levels in the

<sup>22</sup> John Bryson, *Strategic Planning for Public and Nonprofit Organizations*. (San Francisco: Jossey-Bass, 2004), 30.

organization with emphasis placed most heavily on input from senior staff and management. Process may be as important as the end result. Finally, a strategic plan should be action oriented with procedures in place to ensure the plan is implemented. The plan should focus on what can be done to positively shape the future of the organization.<sup>23</sup>

While it is critical that strategic plans focus on the big picture of an organization, it is equally important that the plan not become divorced from day-to-day operations.<sup>24</sup> This is a potential pitfall due to the somewhat removed role of the board: although boards are one of the primary mechanisms through which strategic plans are created, they may not be as familiar with the daily operations of an organization.<sup>25</sup> A disconnect between the planning and the daily reality of the organization undermines the capacity of the plan to succeed. If the plan is unrealistic, staff support will suffer.

### **Case Study: Strategic Planning at the Gabriel Dumont Institute (GDI)**

The Gabriel Dumont Institute, based in Saskatoon, Saskatchewan, has been quite effective in their strategic planning. When the Institute began its strategic planning for the period of 2008-2011, it started with a much broader pool of participants than one would normally find. Initial planning stages included not only the Board and an Elder but also staff members, community representatives, political representatives and student representatives. A group of thirty people met for two days to discuss areas of interest and focus. Although uncommonly broad, this kind of inclusion ensures that the people GDI serves and represents as a cultural and educational institution are involved in helping shape its future vision. Having an Elder represented as well as members from the community and student body (who are primarily Métis) ensures that the planning arises from an Aboriginal perspective.

Following the initial session, the board and senior management of GDI met again to distil the results of the discussion and establish new goals for the strategic plan. Once it was completed, the plan was submitted to Métis regions, Métis locals and the Métis Nation of Saskatchewan Executive. All regions were consulted to ensure feedback. The GDI Board was then able to finalize the plan, which addressed areas of concern for GDI—including a need to increase awareness of the Institute and expand marketing of the organization. The ability of the organization to identify an area of need and then tailor strategic plans to address that area demonstrates its capacity to develop a long term vision and then guide the Institute toward that vision.

\* Information taken from Laura Mitchell and Jodi Bruhn, "Best Practices for Governance and Administration of Aboriginal Service Delivery Organizations" (Ottawa: Institute on Governance, 2009)

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<sup>23</sup> Bryson, 30-31.

<sup>24</sup> Courtney, *Strategic Management for Voluntary Nonprofit Organizations*, (New York: Routledge, 2002), 96.

<sup>25</sup> A study in nonprofit governance found that 87% of boards were actively involved in establishing organizational objectives and 93% were involved in creating the mission statement. See Lester M. Salamon and Stephanie L. Geller, "Nonprofit Governance and Accountability," *Communiqué No. 4*. Baltimore: John Hopkins University Centre for Civil Society Studies, 2005, 2.

## **Longer Term Vision and Clear Sense of Direction at the AHF**

Interview participants rated this characteristic 5.6 out of a possible 6.0.

Several participants referenced the corporate plan, which provides a five year, rolling overview of the organization's goals and strategic direction, as an essential element of the long term vision for the AHF. The corporate plan, according to interviewees, is both flexible and concrete: flexible in its capacity to address emergent issues for the Foundation - for example its role with respect to the Truth and Reconciliation Commission - but concrete enough to provide ongoing guidance. Several participants also spoke about how the Board regularly revisited the Mission and the Vision statements of the organization to ensure that they were both still relevant. One participant said that in the annual review of the strategic plan the organization always assessed the accomplishments relative to the mission and then asked the following questions in developing the forward-thinking plan: "Where have we been? Where are we now? Where do we want to go? How will we get there? How will we know when we have arrived?"

In discussions with Board members the role of the Elders in planning arose in several interviews. In practice, this meant that the Board often tried to plan not only for the immediate future and the subsequent ten years but also for the seventh generation. In this way, the Board was both forward thinking and respectful of a traditional value that resonated with the community the Foundation serves.

Another interviewee spoke about how the group always went back to the mission statement whenever there was vigorous discussion of any issue or proposed idea. This statement helped to focus the group and distil discussion. In particular the participant noted that such a focus helped the Board to regain their perspective; "the AHF is a funder, it is not the role of the Board to tell people at the grassroots level "how" to do things." By maintaining the mission and vision in the forefront of all Board discussion, the Board was better equipped to come to a consensus on contentious issues.

In addition to the mission statement and corporate plan, the Board relied heavily on its suite of policies to guide their actions. Whenever a new action was proposed it always referenced the related policy. By doing this the Board reinforced the value of its policies and ensured a certain consistency in its decisions and actions.

## ***2. Respect Aboriginal Values and Worldviews and Apply these to the Operation of the Board and Organization as a Whole***

To be effective, Aboriginal organizations must navigate an intercultural environment, respecting time-proven best practices of western board governance while incorporating Aboriginal values and worldviews. This is no easy task, especially in a national organization with a mandate that encompasses First Nation, Inuit and Metis peoples. Legitimacy, accountability, fairness, direction and performance – all of the principles of sound governance come into play here as an Aboriginal organization attempts to navigate these difficult shoals. How the AHF Board managed this challenge is a critical part of its success story.

## **Aboriginal Values and Worldview at the AHF**

Interview participants rated this characteristic as 5.6 out of 6.0

For organizations like the AHF, which represent Aboriginal peoples and work on issues which are both culturally significant and very sensitive, an ability to incorporate Aboriginal values into daily organization practice is vital. The AHF and the work it supports are, in a sense, the antithesis of the culturally assimilationist practices employed by the residential school systems. In combating this legacy, Aboriginal values, cultures and worldviews are an important part of the healing process.

The challenges facing a pan-Aboriginal organization in accommodating all of the cultural values of the people it serves came up in some interviews with the Board. One member felt that the practice of having Elders sit on the Board in an advisory capacity on behalf of Métis, Inuit and First Nations was an effective way to help address the diversity in Aboriginal cultures in Canada. And it is clear from our interviews that this practice has had a dramatic impact on the Board.

For example, one of the most interesting and unique ways that the Board has incorporated Aboriginal values in their meetings is through an activity suggested by an Elder, who asked that each Board meeting begin with an Aboriginal sharing circle. With a Board consisting of 17 members, the sharing circle is a substantial investment in time but it has proven to be an extraordinarily successful tool for creating Board cohesion. The practice is, in a sense, a realization of the notion of harmony, an important value shared by all Aboriginal groups. In the sharing circle every member of the Board is asked to talk about something from their personal life, whether positive or negative. Topics can be as diverse as the joy of greeting a new grandchild to the feeling of grief over the death of a close friend.

Over the years, the depth of sharing has increased and has helped each member of the Board to understand more clearly who the other people are at the table and what they are living through. More than one participant said that as a result the Board has “become a family.” As a testament to its importance for Board members, this sharing circle practice arose in almost every interview. It is worthwhile noting that several of the Board members have been at the table since the organization’s inception, a factor which speaks to the dedication and commitment these members have to the Foundation.

Such a practice can be understood as distinctly Aboriginal. In non-Aboriginal organizations such a degree of personal sharing at something like a board meeting would likely be considered inappropriate, especially when it occurs in such a formalized way. However, in the context of the AHF, this practice has resonated with the Board members. Many referenced it as critical, promoting deeper working relationships, greater cohesion among the members of the Board and increased respect around the table. Most interviewees described the AHF as their best board experience bar none. The result is a greater capacity of the board to perform its many roles.

Other policies and procedures integral to the Board have been developed with the intention of creating culturally sensitive and culturally representative practices. To ensure that this is the

case the AHF engaged Elders as well as people from the communities in which the Foundation works to provide input for these policies.

All of the Board meetings are opened and closed by an Elder who leads a prayer. In addition to the involvement of Elders, the Board has made it a point to have a youth representative sit on the Board to ensure that the youth perspective is also captured. (The original youth member is still on the board and that board has chosen not to replace her.) Because the focus of the organization is on the legacy of the Residential School system, the Board is also intentional about seeking members who are direct survivors of the schools. This is another way that the Board ensures that it is connected to the community it is meant to serve. One participant felt that the inclusion of such diversity in the ages and experiences was very important. The approach undertaken was a deliberate attempt to ensure the perspectives of the Board are holistic and attuned to the community served.

Incorporation of Aboriginal values does not stop at the Board level. When staff visits communities, they are encouraged to understand the values and customs in that region. Staff and Board have also responded to requests from communities that healing projects contain more of an Aboriginal approach to healing. Interviewees spoke about the work of the Board to find a balance between cultural projects (which they are not specifically mandated to fund) and appropriate healing projects. The Board has also engaged community members whenever possible to ensure their values and cultural perspectives are included; community members are consulted at regional gatherings where the Board Chair and the Executive Director are present. At these meetings participants are encouraged to provide input on funding criteria for projects as well as for the Code of Conduct used at the Board and in the organization.

Several participants also spoke about the consensus model used to make decisions. The idea behind this consensus model, as described by one interviewee, is that everyone has a voice and that voice should be respected and heard. If any Board member is uncomfortable with a discussion or decision happening at the Board table, the group does not move forward until everyone feels comfortable with the decision reached.

Finally, participants spoke about the feeling created at the AHF offices themselves. In an interview with a stakeholder of the organization, she spoke about the warm feeling at the offices and how “it is a place where Aboriginal people feel comfortable.” Everything from the art that decorates the office to the regular communal meals helps create an atmosphere that appears to resonate with Aboriginal people.

### ***3. Ensure the Prevalence of High Ethical Standards and Understand Their Legal Obligations***

Ethics are the principles of conduct governing an individual or group. That a board takes seriously its role of ensuring the prevalence of high ethical standards usually starts with the adoption of well defined policies about behaviours in a wide variety of situations. For most organizations, this is reflected in a code of conduct. Equally important as having such a code is ensuring that it is followed and enforced in situations where board members and staff exhibit behaviours that must be addressed. For this reason transparency is important: governance

documents like a code of conduct and other policies or procedures should be publically available so members, staff and clients are aware of board expectations.

High performing boards also understand their legal responsibilities. Common to all boards are a duty of loyalty and the duty of care. Duty of care speaks to the responsibility of individual board members to be active and well informed in their respective roles. At its core, the duty of care is about competence and diligence. Board members who effectively exercise the duty of care will come to meetings prepared, will participate in a constructive and meaningful way and will have the appropriate skills and experience. The duty of loyalty speaks to the need for board members to avoid situations in which there could be a conflict of interest, to avoid actions of impropriety and to keep the interests of the corporation as a whole at the forefront of their actions and decisions as a board member.

### **Ethical Standards and Legal Obligations at the AHF**

Interview participants rated this characteristic as a 5.5 out of a possible 6.0.

The record of the AHF speaks decisively to the ethics of the organization. Over its ten years of existence it has funded close to 1400 projects and has managed a half billion dollars in funds for projects. In all that time the AHF has had only one legal issue with a project, an issue that was resolved quickly. Further, the organization has never had an unqualified audit.

Such a record is impressive. As one interviewee stated “we know our legal obligations very carefully and our key positions are staffed by highly ethical people.” Another participant highlighted how seriously members took the duty of loyalty. When at the Board table, despite the fact that more than half the Board members are appointed by other organizations, the prevailing ethic is for decisions to be made with the best interests of the Foundation in mind.

The Board has its own Code of Conduct, which includes a Code of Ethics and a guideline for Conflict of Interest. The Board was also responsible for the development of the *Ethics Guidelines for Aboriginal Communities Doing Healing Work*. The Code of Conduct outlines general rules of conduct like practicing active listening and honouring all commitments made.<sup>26</sup> The Ethic Guidelines also provide detailed procedures for identifying and mitigating any potential conflict of interest for staff and a confidentiality policy for staff. A separate conflict of interest document is used for Board members.

In one interview, the participant spoke about how, in developing these documents, the Board had redefined the term ethics to embrace “Aboriginal ethics” and created a common language so that all members could identify with the notion of ethics proposed. Several participants spoke with pride about the Code of Ethics and how the document was well respected and well used at the Board table. The *Ethical Guidelines for Aboriginal Communities* incorporated narratives and stories to illustrate appropriate ethical practices, an approach that resonates with an Aboriginal tradition of using storytelling to illustrate a lesson.

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<sup>26</sup> Aboriginal Healing Foundation, *Code of Conduct for Directors, Staff and Others involved in the work of the Foundation*, 5.

It is also clear, as one interviewee pointed out, that the Code of Conduct and the Conflict of Interest policies do not sit on shelves at the AHF ‘collecting dust’. Both are used by the Board and taken seriously. In multiple interviews participants spoke about Board members being up-front about potential conflicts of interest and excusing themselves from decisions or actions which could precipitate that conflict. Very early on in the existence of the AHF a committee was established to look at the notion of conflict of interest and the ethical conduct of the Board itself.

In addition to this committee, one interviewee spoke about, in the few instances where Board members had behaved in a way that was on the “border” of unethical behaviour, the willingness of the Chair to intervene and ensure that behaviour was addressed before it became a problem. Another interviewee spoke about how, when necessary, the organization would take steps to replace Board members who were in violation of the Code of Conduct or the Code of Ethics. The organization was also vigilant about preventing situations where any of the staff or the Board could be accused of nepotism and worked to ensure that no staff member was related to members of Board. Further, it is an unwritten rule that staff will not hire relatives to work at the Foundation, even for summer jobs.

Almost every participant interviewed judged that Board members had a clear understanding of what their role was. In part this was attributed to training that many of the long-term Board members had attended when the Foundation first started. Others stated that the orientation offered by the Board Chair and the Executive Director was very helpful for members who had joined the Board after the training session. That Board members understand their role is a good starting point for ensuring respect for the duty of care and the duty of loyalty.

As well as understanding their role, members were also aware of their skills and limitations. One interviewee was very clear about the willingness of the Board to bring in external consultants or experts to help it deal with situations in which they required more support. The Board is also cautious about the need to maintain and use the policies that have been developed for the organization over time. An interviewee highlighted how, whenever any motion is passed, the policy that supports or informs the motion is always referenced.

Finally, every interviewee recognized this important feature of the AHF: the leadership of both the Board and staff placed a high value on ethical behaviour and practices of the organization. Interviewees made countless references to the ethical practices of the Chair, the Executive Director and the Chief Operating Officer. Policies are one thing. But a high performing board needs ethical people in key positions to ensure they are respected.

#### ***4. Ensure Effective Performance through Sound Information***

Performance is one of the IOG’s five pillars essential for good governance. For a board to ensure sound performance they must have good information on which to base their planning and decision making. This requires that the board have a strong working relationship with the Executive Director, who is the primary conduit for information transfer between the board and the staff of the organization. Performance also requires that competent staff, who enjoy the trust and confidence of the board.

Letts, Ryan and Grossman discuss performance extensively in their work *High Performance Nonprofit Organizations: managing upstream for greater impact*. They argue that performance cannot and should not be reduced to a single program's output, as is often done. Rather, the overall ability of the organization to replicate success in multiple programs and the general capacity of the organization as a whole should be the metric used to measure performance.<sup>27</sup> For organizations like the AHF, who often are in the position of supporting rather than running projects or programs, this is an especially relevant perspective.

For a board to achieve good performance within an organization its focus should be on outcomes, not on activities. While the activities of an organization are important, activities are not ends in themselves; if an activity is repeatedly undertaken without achieving the desired outcome, that activity should be evaluated, modified or dropped.

### **Case Study: Performance at a Northern Manitoba First Nation Health Authority**

Reporting yearly to the First Nation government, the Board of a Health Authority in northern Manitoba is committed to and diligent about ensuring high levels of performance and delivering quality health services to its constituents. During a planning session with the IOG, members of the Authority's Board and senior staff were able to reflect on how the Board worked to monitor and direct the overall performance of the Health Authority. Decisions made at the Board level were timely and well-informed, based on relevant, sound information obtained through the organization's directors and committees assigned to specific tasks or areas.

The board also has worked proactively to ensure better health care for its clients by identifying gaps in care due to jurisdictional issues. After determining that these gaps could be remedied only by the creation of a joint health authority serving both the First Nation and the neighbouring municipality, the board and senior staff members again sought sound information. To help navigate the transition to a new, jointly governed authority, the board authorized a senior staff member to organize a workshop on effective change management. Change management of this kind could both reassure staff and board members of the existing authority and increase confidence that a high quality of health care could be maintained through the transition to the new one.

\* Information collected through project work done by the Institute on Governance in 2008

### **Performance at the AHF**

Interview participants rated this characteristic as 5.5 out of a possible 6.0.

According to our interviewees, the AHF is an outcomes-focused organization with the Board using a results-based framework to track the success of projects. In addition the Board relies heavily on committees to ensure high levels of performance. Committees have proven to be very effective and meet several times a year through teleconferences to track projects. In addition, committees will meet prior to the full Board meeting. During the full Board meetings individual

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<sup>27</sup> Christine Letts, William Ryan and Allen Grossman, *High Performance Nonprofit Organizations: Managing Upstream for Greater Impact* (New York: John Wiley & Sons, Inc, 1999) 16-18.



committees will present their work and decisions for full Board approval. Such a structure allows for more focused deliberation at the committee level; the reporting back to the full Board ensures all of the members are aware of what is going on within the organization without the requirement of extensive background preparation or lengthy deliberation. In sum, the structure allows for high quality performance in a reduced amount of time, while still maintaining the awareness of activities among all Board members.

Not only is the AHF committed to seeing outcomes in the projects it funds, but the Board has also taken the step of ensuring the AHF itself is active in the healing process. One of the most tangible aspects of this has been the research produced and distributed by the AHF.

The Foundation has endeavoured to create a legacy of work that speaks to survivors and about the experience of survivors. Such tangible affirmation of these experiences as well as research which looks to support healing have been a key aspect of the research agenda. The AHF has become a centre for information about contemporary Aboriginal issues as well as the history and legacy of residential schools. Their research has been highly praised by people within and outside of the organization.

But the Foundation's research has also had positive affects on improving its own performance. For example, one interview participant spoke about Foundation-directed research which suggested that many Aboriginal people were more interested in undertaking healing with the support of an Elder rather than through professional therapists. The AHF used this information to make programming decisions which better reflected the needs of the clients they served.

Involved discussion at the Board table was identified by one interviewee as another successful aspect of the effective performance of the Foundation. The interviewee recognized that unlike other boards he has sat on where a motion would be raised, seconded and carried by a show of hands, all decisions made at the AHF Board table were the result of input from every Board member, if necessary. If any member was uncomfortable with a proposed action or proposed decision the discussion would continue until all of the Board were reconciled with the decision. One interviewee said of the process that "there was never pressure to make a decision in haste or without the appropriate information."

In a majority of the interviews, interviewees stressed that the Board was effective because it clearly understood its role in the organization. It was not there to micro-manage staff. That said, Board members are obliged to have a full understanding of the AHF and the projects receiving funding at any given time. Similarly, Board members also have a good understanding of what their interaction and relationship with staff should be. Several Board members highlighted the trust they felt in the competency and capacity of the staff. Since much of the information used to make decisions at the Board or committee level is funnelled through staff, a trusting relationship is paramount.

The Executive Director was also praised for his ability to lead and inspire his staff and for his ability to effectively communicate information about the AHF to the Board. The relationship between the Board and the Executive Director at the AHF exemplifies the kind of relationship that precipitates a healthy working environment where goals are met. Further, because of the

openness and strong relationships between all of the parties, problems have been brought to the Board by the Executive Director, rather than hidden from them. In this way, the Board has been effectively engaged to support the organization. We will return to a more fulsome discussion of the relationship of the Executive Director to the Chair and the Board in general later in this report (characteristic 10).

In terms of managing performance of the organization, and by extension the projects funded through the AHF, the Board tracks progress and outcomes through the use of performance indicators. When the Board defined what they wanted to happen through comprehensive strategic planning, they also identified the types of indicators which would help them know when a task or goal had been accomplished. Because success indicators were clearly identified the AHF Board was able to effectively monitor performance. Through such practices the goal of the Board is to address any problems in projects early on and ensure that projects stay on task.

After acknowledging the challenges of collecting performance indicators, one interviewee thought that this was one area the Board could improve on.

Because the AHF makes outcomes *not* activities the bottom line in measuring performance, projects receiving funding are more apt to have autonomy over their processes and programs. Using this approach means that organizations receiving funding are free to use a wide variety of approaches in achieving their ultimate goal of healing. The Board is in place to support those processes, not amend them. For example, the Board, and the AHF more generally, have respected communities who have chosen to work through churches to pursue healing activities. An interviewee stated the Board wanted to “support whatever was identified [by communities] as a source of their strength.” Another interviewee echoed that comment, highlighting the freedom programs had to combine traditional Aboriginal healing methods with more mainstream methods. Several interviewees said that the AHF made sure to engage with the community about the kinds of program desired by community members and clients. Following such engagement the Board planned funding accordingly.

## **5. Ensure the Financial and Organizational Health**

Ensuring the ongoing financial health of the organization is a central role of any board. As Thomas Wolf suggests, the board must “establish fiscal policies that protect the organization from either intentional or unintentional misuse of funds.”<sup>28</sup> Often financial management is handled by a committee typically staffed with people who have both financial expertise and an ability to translate complex financial data into meaningful information for other board members who may not have the same level of financial knowledge. Depending on the complexity of financial data for an organization, the board may also choose to bring in external financial experts from financial management firms.

Organizational health is also important for organizations since it affects staff morale and retention. The Canadian Healthy Workplace Council defines organizational health or “healthy workplaces” through three elements: health and lifestyle practices; workplace culture and

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<sup>28</sup> Thomas Wolf, *Managing a Nonprofit Organization in the Twenty-First Century*, (New York: Fireside, 1999), 223

supportive environment; and physical environment and occupational health and safety.<sup>29</sup> Organizational health benefits for staff like ongoing training and development are becoming increasingly important for attracting and retaining staff. According to the Canadian Health Workplace Council,

[r]esearch consistently demonstrates that healthy employees are absent less often, have higher morale, are more productive, and have lower healthcare costs - resulting in a better bottom line for the business and a higher level of customer satisfaction. Moreover, the effects of the workplace environment are felt throughout society, on our families, our businesses and our healthcare system.<sup>30</sup>

### **Financial and Organizational Health at the AHF**

Interview participants rated this characteristic as 5.7 out of a possible 6.0

The AHF has a finance committee, which has been identified by Board members in interviews as central to the process of financial management. Five Board members sit on the committee and are responsible for monitoring AHF budgets. The committee also receives support from senior staff who have a financial background and are widely recognized as very skilled in this role.

Unlike many other Aboriginal organizations, the AHF was established through a one time funding grant. Managing these funds has therefore posed unique challenges. In general, the Board has pursued a conservative investment strategy and keeps tight control on financial expenditures. The Board also gets reports from the financial management firm responsible for managing the AHF's fund quarterly. One interviewee noted that this was more frequent than the other Boards he sat on, but felt that it has increased the financial capacity of the people at the Board table and allowed them to be well aware of the financial health of the organization. Multiple interview participants stated that the Board kept very close tabs on the organization's financial health and were well informed about both the investment strategy and the expenditures in projects.

Additionally, the Board continues to work collectively to address projects that have gone astray. If projects are struggling the Board will meet, in person or via teleconference, to discuss the problem and strategize about potential solutions. Following the initial meeting one member of the Board will be appointed to be the lead in supporting the project. This kind of prudent financial management and support for projects at risk of misusing funds illustrates the commitment of the Board to securing and maintaining the organizations financial health.

Regional gatherings have provided another opportunity for members of the Board to meet with communities and project staff to discuss financial issues. Sharing its approach to making funding decisions on projects and getting feedback from community members about the process are two of the many benefits emanating from these meetings. As one Board member so aptly stated, regional gatherings are "about telling and listening."

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<sup>29</sup> Canada's Healthy Workplace Month, <http://www.healthyworkplacemonth.ca/about> accessed May 13, 2009

<sup>30</sup> Canada's Healthy Workplace Month, <http://www.healthyworkplacemonth.ca/council> accessed May 13, 2009.

The Board has also been very cognizant about ensuring there is no conflict of interest, particularly around the signing of checks. Processes and policies in place to prevent those conflicts have been diligently followed.

One interviewee identified the willingness of the AHF Board to allocate sufficient funds for administrative expenses including salaries as another significant aspect of the organizations success. Designating resources to ensure that staff are supported and well taken care of is not only fitting for an organization dedicated to healing, but it also helps ensure staff are qualified, engaged and loyal and furthermore, that they have the capacity in place to do their work. Letts, Ryan and Grossman suggest that a lack of support at the board for funding organizational capacity is one of the key challenges facing non-profit organizations;<sup>31</sup> this is certainly not the case at the AHF. The Board and the senior leadership at the AHF recognize that the nature of the work of the Foundation can be stressful and they work to ensure that staff have all of the resources at their disposal to stay healthy; this includes good benefits and ‘perks’ like a fitness plan.

At its inception, the mandate of the AHF was only 10 years. This meant that staff had limited opportunity for career advancement and no long term sense of job security. Multiple Board members credited the leadership of the Executive Director for the AHF’s organizational health. One positioned him as a “healthy leader who walked the walk,” and as someone able to elevate the morale of staff. Several members of the Board were also credited with recognizing and affirming the hard work of the staff which helps build staff morale.

Interviewees also highlighted the sexual harassment and code of ethics committees as important for the organizational health. The committees have been used to resolve immediately any issues that have arisen. One interviewee noted that early on in the life of the organization there had been issues with sexual harassment but they were addressed and since then the organization has not had any difficulties. The interviewee concluded by highlighting how important it was that an organization which focuses on healing be able to handle these kinds of issues effectively.

## **6. Ensure Sound Relationships with Key External Bodies**

There is considerable agreement in the literature on governance for non-profit organizations that identifies the importance of networks for those organizations. Positive outcomes from good relationships with external bodies include “enhanced learning, more efficient use of resources, increased capacity to plan for and address complex problems, greater competitiveness, and better services for clients and customers.”<sup>32</sup> Crutchfield and Grant in their book *Forces for Good* identify networks as one of the six most important things that an organization can focus on to be successful. They identify a strategy of leveraging, of acting as “catalysts that work within” in order to change entire systems:

The most effective of these groups employ a strategy of leverage, using government, business, and public, and other nonprofits as forces for good,

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<sup>31</sup> Letts, Ryan and Grossman, *High Performance Nonprofit Organizations*, 133-4

<sup>32</sup> Keith Provan and Patrick Kenis, “Models of Network Governance: Structure, Management, and Effectiveness” in *Journal of Public Administration Research and Theory* 18 (2007), 229.

helping them deliver even greater social change than they could possibly achieve alone.<sup>33</sup>

Successful organizations are not only internally well run, they also find ways to work “with and through” other organizations to maximize their impact through networks.<sup>34</sup> Networks of this nature are sometimes classified as goal-driven.<sup>35</sup> They exist to pursue a defined outcome or goal that would be impossible for any organization to achieve individually.<sup>36</sup> Organizations in these networks focus not solely on building their own strength and capacity, but on maximizing the ability of the network as a whole (and therefore of the individual organizations) to bring about change.

### **Case Study: External Relationship Building at the Aboriginal Human Resources Council (AHRC)**

The Aboriginal Human Resources Council, an organization with the mandate of helping Aboriginal people participate fully in the Canadian economy, has done a good job of building and maintaining external relationships. A lot of that success has to do with the governance structures at the board level, which were developed to accommodate both policy direction and political networking. The organization's board structure is two-tiered. A traditional board still works on behalf of the organization to direct policy and to work with and support the CEO and the president. In addition to the more traditional Board there is also a Champion's council, a group of people responsible for cultivating external relationships with individuals in government, industry and among influential Aboriginal organizations. The Champions are themselves influential in both the Aboriginal and non-Aboriginal worlds. Such a structure integrates important political and stakeholder networks into the body of the organization, then uses those networks to continue building the reputation and capacity of the organization.

\*Information taken from Aboriginal Human Resources Canada website. <http://www.aboriginalhr.ca/en/about/leadership>. Accessed Jan 28, 2009.

### **External Relationships at the AHF**

Interview participants rated this characteristic as 5.8 out of a possible 6.0.

The leadership of the AHF, both the Chair and the Executive Director, has been effective in creating an organization with an enviable reputation. This has been instrumental in helping the organization cultivate relationships with external bodies. Because the AHF has built such a strong reputation for quality work, other organizations see the benefit in closely aligning with them.

<sup>33</sup> Leslie Crutchfield and Heather McLeod Grant, *Forces for Good: The Six Practices of High-Impact Nonprofits* (San Francisco: Jossey-Bass, 2008), 5-6.

<sup>34</sup> *Ibid*, 107.

<sup>35</sup> Provan, “Models of Network Governance,” 231.

<sup>36</sup> *Ibid*.

Many interviewees attributed a lot of the successful relationship building that occurred at the Board level to the Chair directly. Having a Chair with such an illustrious history, who is so deeply skilled at connecting with people, has certainly been helpful in bringing the AHF to forefront of many Aboriginal organizations. As an integral part of that relationship building the Chair meets annually with all of the National Aboriginal Organizations (NAOs) for an accountability session.

But relationship building is not only the work of the Chair. The AHF Board has also worked to build relationships with regionally based advocacy and service organizations. As part of their board role, Board members are expected to accept regional speaking engagements to represent the AHF across the country with various stakeholder groups. Regional gatherings have also been hosted by the AHF in many communities with the deliberate intent of building relationships with communities and regional organizations. These gatherings were referenced by many interviewees as essential to creating positive relationships with external bodies. Through these and other initiatives the AHF have made concerted efforts to keep NAOs and other stakeholder groups well informed of its activities and to provide an opportunity for suggestions on how to improve its performance.

The AHF's research activities have also helped it build strong external relationships. The organization has been well positioned to develop relationships with universities, NAOs and regional bodies. The Foundation has even developed relationships with several churches, something that was mentioned by several interview participants, particularly the capacity of the Foundation to work with the churches that ran the residential schools.

The structure of the Board also helps encourage engagement with National Aboriginal Organizations. Having all of the large representative organizations for First Nations, Métis and Inuit peoples make appointments to the Board helps to solidify the links between the groups. In general, the AHF has brought to the Board table a diverse group of people who have their own well established networks. One interviewee stated that "the AHF has the political maturity to be able to maintain and cultivate those relationships." Another interviewee highlighted the very open relationship between the Executive Director and the Government as an essential part of the good relationship between the two. In fact, the AHF has been deliberate about reporting its results to government officials so that the government can see a direct correlation between the work of the Foundation, particularly its results, and the funding provided to the AHF through the original grant.

## ***7. Ensure Sound Relationships with Members and Clients and Provide Opportunities for Them to Influence Key Initiatives***

In the same way the literature on non-profit organizations suggests relationships with external bodies are important for an organizations success so too are its relationships with members and clients. Service delivery organizations especially must be accountable to the people that they serve. The AHF counts among its clients and members First Nations, Métis and Inuit peoples from across the country. To be an effective and respected institution, any organization must have channels through which it communicates with clients and allows them the opportunity to provide input.

## **Effective Relationships with Members and Clients at the AHF**

Interview participants rated this characteristic as 5.6 out of a possible 6.0.

One of the most innovative ways the AHF has engaged with its clients and members is through regional gatherings. We have described earlier how these gatherings provided opportunities for the AHF to “tell and listen”. More recently the AHF has used these gatherings for a different purpose: to garner wisdom from client groups on particular issues and document this wisdom in the form of a poster for distribution across the country.

The AHF has done this by hosting a forum as a part of the regional gathering to which all clients and members would be invited. Prior to the forum groups would be asked to think about a particular issue and come to the meeting with their best ideas on the subject. At the gathering, under the guidance of a facilitator, the group would work to produce a collective document, typically a poster, outlining the collective wisdom gathered from projects that had been shared at the session. This approach has two advantages. First it provides opportunities to share best practices throughout Canada. And second, it lays the foundation for creating networks in regions of organizations or groups that could connect around their common project goals.

The way that the AHF Board has been so active in connecting with communities is also innovative. All of the Board members have positioned themselves to be regional conduits back to the organizations headquarters. Board members speak at regional engagements and channel any feedback they get back to the Board. One interviewee noted how in the early years the regional gatherings were sometimes “stormy”, with communities unhappy about funding decisions or projects that had been turned down. However, the AHF was able to connect with communities that had not received funding and help them to write proposals. Actions like this, as well as the ongoing transparency and having an “open door policy”, have resulted in a remarkable turn around with communities and regional groups. One interviewee highlighted a report that gave the organization a 98% approval rating from communities.

Listening is as much a part of this process as is speaking. In multiple interviews, Board members talked about the need to really listen and hear what was being said at the community level. One participant highlighted the advice of one of the Elders to the Board: “listen with your ears and hear with your heart.” Board members make it a priority that everyone be respectfully listened to - in the communities and at the Board table.

The structure of the AHF has also helped it to build strong relationships with members and clients. The organization has always worked to be grassroots driven and not a top down structure. At every step of the process, attempts have been made to include survivors. The criterion for funding projects was structured in such a way that it gave advantage to survivor-oriented projects. At every opportunity the organization made use of field staff to communicate criteria and the decision making rationale of the AHF with communities.

The AHF has also been deliberate in employing communication strategies that are accessible and “speak to people where they are at.” Because so much of Aboriginal culture is centred on oral traditions, the AHF has made an effort to use oral communication strategies. This is one reason why the regional gatherings have been so important, and have been specifically phrased as

dialogues or conversations. These gatherings are about connecting with communities not just speaking to them.

## **8. Manage Risk Effectively**

Managing risk effectively means identifying, assessing, mitigating and monitoring any situation or process that has the capacity to develop into a critical incident. One aspect of risk management is financial. Especially with Foundations, how money is spent internally, managed in investments and designated for projects is key to good risk management.

For organizations like the AHF, which deal with sensitive issues, risk management needs to occur on a number of levels. Not only does risk management mean careful and prudent financial management, it also means assessing the risks that might exist in programs which may bring up painful and traumatic experiences for participants.

### **Risk Management at the AHF**

Interview participants rated this characteristic as 5.6 out of a possible 6.0.

Perhaps one of the most important risk mitigation factors was the Board philosophy that the AHF “does not fund need, it funds capacity.” While this often meant making tough decisions in cases where there was need but not capacity it also meant that funding was directed to organizations that had the most capacity to effectively implement and run programs. In effect, this policy has helped to ensure the successful use of a half billion dollars in funding. In a few isolated cases where the need for projects in a community was so great that it could not be ignored, despite the lack of capacity, the AHF contracted highly capable “mentoring” organizations to help direct projects, thereby ensuring the presence of a body with the capacity to direct the project.

Interviewees also identified board training as an essential factor in risk mitigation, especially with respect to financial management. The handling of money and the appropriate engagement of experts along the way were identified as instrumental to the organization’s success in several interviews. As a funding body, finances have always been a central concern for the organization. The Board has been committed to risk mitigation while still meeting the mission of the organization. For example, in the North, where risk management was more of an issue but programs were certainly required, the organization hired personnel to be on the ground in the communities to manage risk locally.

The Board has also tried to be strategic in its approach to risk management, including the adoption of a risk management policy. Whenever the full Board meets the group goes through projects closely and attempts to anticipate any problems which may arise. There is time set aside specifically to discuss programs and projects which are at risk or are having issue with their funds. Following such discussions the Board then establishes plans for possible scenarios and outcomes. The Board and senior staff have also used on-site reviews as a way of tracking project successes and ensuring ongoing risk mitigation.

The organization has identified managing expectations in communities as another factor in risk management. When the AHF was founded, expectations were high in communities. Some interviewees pointed out that for some survivor organizations there was a sense that money



would solve all of their problems. Instead the AHF approached things on a small scale, tackling issues “one on one.” The organization had plans in place for when projects were winding down, to help manage both risk and expectations in these situations.

Several Board members also identified relations with media and appropriate media relations training as important elements for successful risk management. The organization wants to minimize misrepresentation in media and believes that media training is a way to equip Board members with the tools to be effective media spokespeople. Early on, according to one Board member, attempts were made in some communities to embarrass the AHF, often using media tactics. However, the Executive Director and Chair were able to handle the media and ensure that the organization was appropriately represented.

The strong relationship and open communication between the AHF and the Government of Canada, the primary funder of the organization, was also a risk management strategy that has proved effective. It was important to the AHF that the funder be kept well abreast of all activities of the organization. Such open and accountable communication helped to build a trusting relationship with the government.

## **9. Maintain Accountability**

An organization that demonstrates sound accountability is one that has publically available financial information as well as information about program outcomes; that regularly undertakes audits and evaluations; that engages with the public; that meets regularly with its funders and key stakeholder groups; that is transparent about its decision-making processes; and that has redress mechanisms or other processes in place to accommodate any complaints.

### **Accountability at the AHF**

Interview participants rated this characteristic as 5.8 out of a possible 6.0.

Almost all of the interviewees, in discussions around accountability, reflected on the importance of this element for the AHF. As a body responsible for funding projects across Canada with a sizeable fund the management of finances, and the necessary transparency and accountability which should accompany such management, was a strong point of focus for members of the Board.

One interviewee described the AHF as “hyper accountable.” In his view, accountability was a main source of pride on the Board and this was echoed by other interview participants. The organization has undertaken voluntary audits in response to government statements that organizations funded by government need to be more accountable. The audits primarily reinforced what the Board already knew: that the organization already had good accountability practices in place.

Transparency was also mentioned in several interviews with Board members. One Board member said of the AHF that it was “more transparent than a window” and that transparency was “critical when you are giving out money.” Board members generally felt that the AHF had done a good job of demonstrating to communities a willingness to be fair and impartial when funding projects, largely through its commitment to being open about the decision making processes used

around the Board table. The funding protocol for projects is well established and independent assessors are used to make decisions. That information is conveyed to communities and representative organization to help those groups understand the processes used to guide decision making. The AHF also makes extensive use of its website, both to showcase the kinds of projects that the Foundation has funded and to make the research produced by the AHF widely available. The organization shares information through public engagement and regional gatherings as well.

The AHF has demonstrated sound accountability through public engagement. The regional gatherings are an excellent example of this approach. AHF representatives will attend meetings whenever their presence is requested, both nationally and internationally. When community issues are brought up, either at these gatherings or in other situations, there are mechanisms in place to address them.

Internally, the organization works to achieve the same kind of accountability. Board meeting minutes are turned around in a two week period. The Board and staff work hard to ensure that the Annual Report is tabled in-house for June every year. The Board also follows all the standards and guidelines for reporting issued by the Auditor General (see Appendix C for a brief summary). The organization is vigilant about accountability with respect to avoiding conflict of interest at the Board table. If any Board member has a relative working on a project, the Board member will excuse himself or herself from any decision making having to do with that project.

In sum, the organization has a highly credible track record of accountability. The Auditor General report on Foundations<sup>37</sup> gave the AHF a glowing review, reinforcing the sentiment echoed in interviews.

## **10. Ensure the Soundness of the Governance System**

A board's role in ensuring the soundness of its governance systems is quite extensive. For one thing, the board is responsible for evaluating the Executive Director. Although the reporting relationship is typically one in which the Executive Director reports to and receives feedback from the Chair, the position is evaluated through input from all board members. Subsequently, it is important that the board have positive and effective relationships with the Executive Director and senior staff with whom they work with more regularly. One expert on boards, Cyril Houle, describes the relationship as follows:

The normal day-to-day relationship between the board and the executive is that of a responsible partnership....Like all intimate human bonds, this one is filled with points of possible tension and difficulty. Just as nobody can write a prescription that would make all marriages happy, so no one can suggest a formula for a universally successful board-executive partnership. While it is true that, in most cases, the board is both legally and actually the dominant partner, the arbitrary exercise of power over its executive by a board should be considered a last resort, a signal that something has gone very much awry.<sup>38</sup>

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<sup>37</sup> Auditor General of Canada, "Chapter 4 – Accountability of Foundations" in 2005 February Status Report of the Auditor General of Canada. <http://www.oag-bvg.gc.ca/internet/docs/20050204ce.pdf>

<sup>38</sup> Cyril Houle, "Governing Boards: Their Nature and Nurture", (Jossey-Bass, San Francisco, 1989).

Houle elaborates on this notion of a “responsible partnership” as follows:

Both the board and the executive will be helped in their relationship with one another if each of them understands the need for the other to be capable and powerful. Curiously enough, some people have the idea that the board-executive system is merely a safeguard against the weakness of one or the other of the two parties. They argue: if you have a strong board, you don't need a strong executive, and if you have a strong executive, you don't need a strong board. This 'seesaw' principle may be true for short periods of time, but in the long run it is fatal to sound operation. Analysis of the leading institutions in society suggests that an institution flourishes only when it is conducted by both an effective board and an effective executive - and when both are able to work together.<sup>39</sup>

Further, the likelihood of tension and conflict being part of the relationship and the subsequent need to work at the relationship is also part of nonprofit writing:

The board-executive relationship, since it is necessarily so close, can never be completely free of sources of tension. The result, at least occasionally, may range from irritation to open conflict...The only sensible rule in any particular situation is to mark out as clearly as possible the particular responsibilities to the board and of the executive....A shadowy zone of accommodation will still remain. Just as a husband and wife, a parent and a child, or two business partners must learn to adjust to one another, so must the board and the executive. When the sparks begin to fly within the zone of accommodation, the point of tension should be faced and, if possible, eased before it and its consequences have grown too great.<sup>40</sup>

The board is also responsible for its own evaluation. It is important that a board set aside time to evaluate their collective performance and reflect on areas which require greater attention or improvement. In some cases, although rarer, the board will also undertake evaluation of individual board members. Additionally, the board is responsible for designing and employing sound, transparent board recruitment processes as well as ongoing training initiatives. Strong recruiting and training help to ensure the effectiveness of the board. However, such practices cannot replace evaluations.

Finally, it is the responsibility of the board to ensure that there are a comprehensive set of policies and bylaws which are used to help guide the work of the board. At the AHF, the policies are well maintained and used regularly to help the Board make decisions. With the help of such policies, especially the Code of Conduct and the Code of Ethics as well as the training the Board has received, all of the members are well aware of their roles and responsibilities. Such awareness is key to having an effective board.

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P. 96

<sup>39</sup> *ibid* P. 96

<sup>40</sup> *ibid* P. 97

### **Case Study: Governance Structures at the Labrador Friendship Centre (LFC)**

The Labrador Friendship Centre (LFC) marks a best practice in the sphere of board governance and sound governance structures. The LFC has existed for thirty-five years. Starting from an organization of two people, it now has a staff of approximately fifty, up to one hundred volunteers and accumulated assets in excess of ten million dollars. The ten to fifteen programs and services offered by the LFC include: a family centre, seniors program, an arts and crafts shop and a youth career development centre. The Friendship Centre serves about 15,000 Aboriginal people throughout the region of Labrador.

The governance structure, and in turn the overall organizational structure at the LFC, is quite formal. The roles and responsibilities of the staff, the committees, and the board are well defined and generally adhered to. The LFC's constitution governs the board, including what standing committees should exist. The constitution is a strong living document, which is amended if the need arises. The strong presences of governance documents in the day to day work of the Board (and larger organization) helps the organization maintain a structure that both fits its purpose but can still evolve over time. The policy manual of the LFC includes job descriptions for the entire staff – a measure that helps direct the board on the areas for which it is and is not responsible. A flow chart establishing decision-making processes has also been developed. Mr. Oliver, the LFC Executive Director, is aware of the fear that such structures will become overly formalized, which could inhibit effectiveness. However, ensuring that formal structures with a degree of flexibility exist is the basis for a well functioning, accountable organization. The regular review of such documents and their living nature helps to ensure they remain relevant and effective.

\* Information taken from John Graham and Mackenzie Kinmond, "Friendship Centre Movement Best Practices in Governance and Management" (Ottawa: Institute on Governance, 2008)

### **Sound Governance at the AHF**

Interview participants rated this characteristic as 5.5 out of a possible 6.0.

In multiple interviews, participants spoke about how Board members did not micro manage. Members are aware of when and how they should be involved with the organization and trust in staff to do the work they are responsible for. All new Board members go through an orientation session so they too are informed about their role in the organization.

Many of the interview participants recognized the sound relationship between the Chair and the Executive Director as essential to the governance of the organization. Their capacity to work together over such a long period of time has proven to be a major organizational asset. The Chair, according to interviewees, is very trusting of the Executive Director, allowing him the space to develop the organization and his staff as he saw fit. Specifically the Board does not become involved in staff hiring. However, equally important has been the capacity of the Executive Director to accept the guidance of the Chair, and by extension the Board, and be forthright with them about the issues at play in the organization at any given time. In short, the relationship is a "responsible partnership" as described above.

Several interviewees also talked about the role the Chair played in ensuring the integrity of the Board. On the rare occasions when there may be potential issues with a Board member the Chair is quick to address the issue. The organization has no room for misrepresentation and works to ensure the governance structures of the organization are respected at all times. Consequently, the appointment and election process for Board members are well documented in the bylaws and are followed. Further, the expectations for the Board are clear and codified in policy, as are the processes for disciplining a Board member should such action become necessary. Written policies exist to guide Board Members and to support the Chair in cases where disciplinary action may be required.

One Board member, when asked about the governance structure, reflected on how the organization ‘walked the talk’, in that “healing pervades the organization.” This practise was reflected in the sharing circle that opened all of the Board meetings. It allowed the group to feel closer to one another, more familial and in turn more excited about coming to Board meetings. Many people attributed the relationships around the Board table as an important part of the governance success of the organization. One interviewee summed it up when he said that the Board was effective because they felt like a family and “when people are comfortable and relaxed they tend to contribute more to a teamwork environment.” The sharing circle has increased tolerance and respect among Board members.

Another way the organization has encouraged healing among the Board is through the availability of a modest amount of funds which Board members have used to seek grief counselling after personal loss, to take cultural training and pursue other personal development activities that help them be more effective in their work. In this way the functioning of the Board reflects its healing mission.

This characteristic of the AHF did not receive the relatively higher marks of other characteristics because of several factors: first this study was the first review of overall Board performance in 10 years, too long a period according to some interviewees. Second, another believed that evaluating Board meetings on occasion would be a useful practice to develop.

### ***11. Have an Effective Board Chair and Committee Chairs***

Any high functioning board will attribute much of their collective success to the role of the Chair of the board. An effective Chair is someone who will build and maintain sound relationships with the Executive Director and other senior staff at the organization as well as the board members more generally. The Chair will play a large role in shaping the board culture by listening to members, ensuring an ethos of respect, working toward creative conflict resolution and counselling individual board members on how to improve their performance. Managing meetings provides the Chair with the opportunity to create many of these positive aspects of board culture. To summarize the discussion of issues in such a way as to tease out a consensus from what otherwise appears to be a confusing mishmash of opinions and views is another critical attribute of a successful chair.

A key litmus test for any board chair is whether board members look forward to board and committee meetings. If they don’t, then the Chair is not likely doing his or her job effectively.

In several interviews with participants, interviewees highlighted the positive feelings they had toward board meetings.

Committee Chairs have similar responsibilities when sitting on their individual committees. They must manage the committee meetings, ensure that everyone on the committee has the chance to participate and help resolve any conflicts which may arise through discussion so that the work of the committee can continue.

### **Effective Chair and Committees at the AHF**

Interview participants rated this characteristic as 5.7 out of a possible 6.0.

At the AHF the Board has created eight committees to help them manage Board work and ensure that all of the tasks for which the Board is accountable have appropriate oversight. We have noted earlier in this report that from the perspective of our interviewees this committee structure has worked very well.

One interview participant reflected that the committees were structured in a way to best maximize the strengths of the Board and to reflect the diversity of the communities served by the AHF. Not only did the committee structure try to address all three Aboriginal groups, Métis, First Nations, Inuit, it also tried to ensure that issues like gender were addressed through the committee structure. One interviewee said that it “was a model that worked” and was “one of the best models [he] had ever seen”; the participant felt it could be transferred to any community based Aboriginal Board with success.

The Chair received exceptionally high marks from all of those interviewed. Integrating cultural respect into the Board model is one of his strengths as is his invaluable corporate memory. The interviewees described him as “fair and flexible”, “very aware and understanding” and “very effective at steering the Board toward consensus.” Consensus was noted as particularly challenging because of the ‘pan-Aboriginal’ nature of the Board. One participant captured the Chair’s strength in building consensus when she said he has a “gentle way of pulling chaos into consensus.”

With respect to conflict resolution, one interviewee felt that the Board was very good at creative conflict resolution and that the team “always came out of meetings laughing.” She also felt that the use of committees to address conflict resolution was sometimes more effective than at the full Board table.

## Section V: Summary and Conclusions

In this final section of this study we highlight some of the most impressive best practices of the AHF Board, discuss causal factors that have led to its success and conclude with a number of recommendations.

### Noteworthy Best Practices

Compared to many boards that the IOG has assessed over many years, few if any have scored as impressively over the eleven characteristics as has the AHF Board. The overall average rating of between 5.6 and 5.7 is striking; further, the Board appears to have no glaring weaknesses. Equally noteworthy are a number of practices that are innovative and worthy of emulation. The following paragraphs examine these in greater detail.

#### *The AHF Board Mirrors the Mission*

The AHF Board “walks the talk.” By recognizing that many of the Board members need opportunities to heal and adopting practices for them to do so, the operation of the Board reflects its healing mission. Perhaps the most striking practice is the sharing circle, which opens all Board meetings, and is a powerful tool for members to connect, share and help one another in their individual healing journeys. Further, the Board has a modest fund to permit its Board members, if they so choose, to embark on healing initiatives of their own. Such practices speak to the desire of the Board to create a place for healing themselves, thus mirroring its overall mandate of acting as a catalyst for healing in communities.

#### *The AHF Board Guides a Pan-Aboriginal Organization that is Very Cohesive*

One of the major challenges facing pan-Aboriginal organizations is finding a way to reconcile the needs and accommodate the diverse interests (and the sometimes competing political agendas) of First Nations peoples, the Métis and the Inuit. In contrast to boards of many other pan-Aboriginal organizations, the AHF Board has found a way to do just that. The practice of having Elders from each group sit at the Board table as well as ensuring that each national representative organization has the opportunity to appoint a member to the Board has been helpful. The way the organization has approached funding of projects, ensuring not only regional diversity but also diversity of recipient groups has also built cohesion within the organization and broad-based community support. Having the Chair and Executive Director embark on accountability sessions with each of the national organizations has also been conducive to positive relationships with these key political bodies. Finally, the Board has remained vigilant about ensuring that a duty of loyalty to the organization supersedes any inclination on the part of Board members to advance narrower interests.

#### *The AHF Board has Facilitated Excellent Relationship Building*

The Board, with the support of senior staff, have done an excellent job of building relationships both with National and Regional representative organizations as well as member and client groups. Not only have the Chair and the Executive Director been diligent about meeting regularly with representative organizations to provide updates about the organization but the AHF has also been innovative in its approach to connecting with people at the grassroots level. The regional gatherings used to get information out to communities and gather information have

been very successful, as have been the use of collaborative focus groups to establish networks in regions.

#### *The AHF Board has Achieved Admirable Transparency and Accountability*

The Board has made accountability and transparency a priority since the inception of the Foundation. The website is a testament to that openness. All of the governance documents are available on the site, as are all the annual reports, all of the evaluations of the organization, and information about every funded project since the organization was founded. Additionally, the Board has been diligent about going out to the community to meet clients, answer questions and share information about the Foundation. Finally, the Board has managed the relationship with its funder, the federal government in admirable fashion.

#### *The AHF Board has Effectively Managed a Half Billion Dollars*

It is no small feat that the organization has successfully managed \$500 million dollars with virtually no financial management problems. This is all the more impressive given the considerable potential for projects to falter and subsequently misuse funds. The effective and long-standing use of a Finance Committee by the Board, the hiring of competent staff, the ethic of funding capacity and not need, the use of ‘on the ground’ personnel to monitor problematic projects – all of these factors and others have led to this enviable financial record, a record topped off by a solid string of unqualified audits.

### **The Causal Factors**

Documenting the particular characteristics that make the AHF stand out as an organization is useful to a point; but equally important is to understand the underlying factors which have contributed to that success. Since one of the goals of this paper is to help other organizations replicate the successes of the AHF it is helpful to analyze those causal factors that underpin much of the AHF innovation.

Through interviews and document review the IOG established five causal factors which have been instrumental in creating the factors for success. They are:

- The very strong working relationship between the Chair and the Executive Director.
- The high degree of continuity among the Board and staff.
- The fundamental governance and management practices in place at the AHF.
- The inclusion of clientele in the work of the organization.
- The scrupulous approach of the organization regarding nepotism and other ethical issues.

The relationship between the Chair and the Executive Director is an important one that is emphasized in the literature on non-profit organizations. In the case of the AHF, the two have both been with the organization since its inception and in that time have worked together to build a national organization that is well regarded in many circles. In many of our interviews the Chair and the Executive Director were credited with establishing the culture and tone of the organization, with providing sound leadership and ensuring that the Board and the staff of the organization respectively have worked toward the realization of the mission. The continuity of



the Chair and the Executive Director with the organization is also true for many of the Board members. Most have served on the Board for a considerable period of time, some since the founding of the AHF in 1998.

While it is tempting to attribute the success to the *individuals* in those roles (and it would be entirely fair to do so) it is important to understand the *characteristics* or *skills* that underlie their success. Our interviewees described them as ethical, charismatic and committed people. Neither has tolerated behaviour which could undermine the work or the vision of the organization and that commitment has built the reputation of the organization into what it is today. Both have a keen sense of community and are highly skilled at relationship building at the Board table, among staff, in the community and with other National organizations. These relationships have been key to the organization's success. Finally, both are effective, inspiring leaders.

In terms of fundamental governance policies, the organization has all of these in place. Even more important is the fact that the Board makes a point of using them to guide day to day work of the organization and revisits them regularly to ensure they still reflect the overarching goals of the Foundation. The AHF has been diligent about governance and appears to have married some of the best practices that 'western' experience has to offer with critical Aboriginal values and worldviews.

Also key to the AHF's success has been the inclusion of clientele in many aspects of its operations. The grassroots approach of the organization through regional gatherings and continual public engagement has helped to ensure that the AHF remains true to its mission – that of acting as a catalyst for healing in communities. Further, the way that it has funded projects has also been very inclusive. The AHF has made considerable efforts to ensure funding support for projects in every region in Canada as well as in First Nations, Métis and Inuit communities.

Finally, the diligence exercised by the organization with respect to ensuring high ethical conduct is admirable. In terms of preventing nepotism, for example, the organization has ensured that Board and staff are not related in any way. Further, the Board has gone to great lengths to avoid any potential conflicts of interest by having individual Board members excuse themselves from discussions or decisions made regarding projects or programs which are staffed by people to whom a member is related. Such an approach highlights the stringent ethical standards which run throughout the organization and reinforces the commitment within the organization to accountable, transparent behaviour.

## **Recommendations**

It is rare that the IOG, after completing a governance review of a board, has little in the way of substantive suggestions for improvement. But such is the case with this study. We have only two modest recommendations, both around the self-evaluation role of a board, one of the few weaknesses we noted.

- The Board may benefit from more regular evaluations undertaken by an outside individual or organization. We agree with the observation of one interviewee that a formal evaluation of board performance should occur regularly, certainly more often than once in 10 years.

- The Board might benefit from periodic assessments of its meetings and those of its committees. The IOG has developed a simple tool to conduct such assessments, a tool which takes less than 5 minutes to fill out (see Appendix B). This tool could be used periodically to ensure that meetings are effective and productive.

More important than the actual functioning of the Board, however, is the future of the organization. In almost every interview we conducted, participants lamented that such an effective, important body was in the process of winding down. Here we have two suggestions.

Several participants, aware of the potential for a strong relationship between the AHF and the Truth and Reconciliation Commission (TRC), believed that there was a vital role for the Foundation to play in the coming years. The Foundation has already been a valuable resource for the TRC and could continue to be so. For example, it could design and execute an engagement strategy for improving awareness of non-Aboriginal Canadians about the residential school issue. Or it might be contracted to become the Commission's research arm. And no doubt there are other services that the Foundation might be able to provide the Commission.

Another possibility is to provide services to communities under considerable distress. The federal government and in particular Indian and Northern Affairs, is turning to third parties like CESO and regional First Nation organizations to help communities that might otherwise be placed under third party management. One estimate is that some 15% of First Nation communities are facing severe difficulties in providing basic services to their members, often because of poor governance. This might be another avenue to explore, one that would build on the considerable experience of the organization.

## Appendix A: Problems to Avoid in Not for Profit Governance

1. **The Dominant Executive Director** – Some characteristics are the Executive Director (ED) keeping vital information from the board; the ED sets the board agenda; the ED does business by intrigue – that is working in private with certain board members to bring forward resolutions and carry the day with the board.
2. **The Dominant Board** – The ED is reduced to little more than a clerk; the board micro-manages all staff work. Usually a dominant board cannot get anyone capable of acting as a real partner with it and therefore the ED position is characterized by high turnover.
3. **The Divided Board** – the board is sharply divided on an issue or policy. The difficulty is more acute when the chair or the ED is a member of one of the factions.
4. **Cronyism or Antagonism** – problems arise when some on the board believe that some of their members have a special relationship with the ED such that their concerns get special attention. A board acts as a collective enterprise and one member has no authority to speak for it. When this rule appears to be violated then emotions run high.
5. **The dual executive** – Many organizations, particularly large and complex ones have a division of work utilizing a dual executive - for example, a hospital with an administrator and head of medical staff. This situation is ripe for rivalry if the relationship between the two executives is not good.

### Other Potential Problem Areas

- Managing a special relationship that exists between a member of the board and a member of staff through kinship, previous friendship, outside connections, or close collaboration on past agency. What is critical here is to maintain the integrity of the relationship between the ED and the board. Thus, no board member should give instructions to any member of staff except at the will of the board and through the ED. Further, no staff member should circumvent the ED by going to a board member with a complaint or by pleading with a board member for special consideration for some aspect of the program. Another important principle is any such relationship should be openly disclosed.
- Having a board member that also serves as a volunteer or even as a paid employee. Houle treats this problem as follows: “Sophisticated people can readily work out an accommodation between the two very different kinds of responsibility; after all, much of life consists of balancing conflicting challenges. But people who seek for simple certainties may find it hard – at least initially – to serve simultaneously as broad overseers of an institution and as servants in one part of its program. All kinds of difficulties, great and small, can arise, of which perhaps the most worrisome is the discovery by the trustee of some serious hidden problem within the institution.”<sup>41</sup>

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<sup>41</sup>Cyril Houle, op. cit. P. 114

- Developing separate hierarchies of support staff for the board. When boards develop separate hierarchies of support staff members who are not accountable to the ED, “...trouble looms on the horizon”. This becomes especially problematic when this staff provides independent information and judgments to the board (i.e. their role is not just clerical) or when the chair devotes a major amount of paid or unpaid time to the board.



## Appendix C: The Office of the Auditor General Accountability Framework for Foundations<sup>42</sup>

Element	Description
<b>To ensure accountability to Parliament</b>	
<b>Reporting to Parliament and the public</b>	
Corporate plans	Plans include objectives, strategies to be pursued, and expected accomplishments should be made public and tabled in Parliament. Provisions for an initial corporate plan and an update at least every three years would be reasonable. The significant results expected from the relevant foundation should be situated within the department's overall plans and priorities in its Report on Plans and Priorities.
Annual performance reporting, including audited financial statements	Timely, appropriate, and credible information on the extent to which the foundation has accomplished its federal policy objectives, and at what cost, should be reported to the ministers responsible, Parliament, and the public in an annual report or a departmental performance report, as appropriate. The significant results achieved by the foundation should be situated within the departments overall results, reported in its Departmental Performance Report.
Evaluation results	The findings from independent evaluations should be tabled in Parliament.

<sup>42</sup> OAG, "Chapter 4 - Appendix C Our accountability for foundations" in Report of the Auditor General of Canada – February 2005, 28

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