



Good Governance Framework
A Guide for Implementing the Canadian Code of Governance

September 23, 2021

Following the work of the 2019 Canadian High Performance Strategy action plan which identified the importance of a governance code for the sport system and building on the years of COC investment in governance as part of the NSO enhancement investment, the COC joined forces with the sport community including B2ten to support and accelerate this fundamental part of the Canadian sport system.

The [Canadian Code of Governance](#) (the Code) was introduced to the national sport community in November 2020 with consultation taking part through the first half of 2021. The Code establishes a standard and serves as reference of good practice for NSO governance.

This document is supplemental to the Code and has been developed to support its implementation. The document is designed to provide further understanding of good governance practices and additional context to the provisions of the Code. The framework is intended to illustrate how implementation will lead to improved organization decision making. This document also maps the Code to the Sport Canada Report Card on Governance.



Structure and Topics

Board Composition and Structure	Responsibilities and Accountability	Board Functions and Roles
Diversity	Committees	Strategy and Policy
Independence	Board-CEO Relationship	Oversight
Board Structure	Transparency	Risk Management

BOARD COMPOSITION AND STRUCTURE

DIVERSITY

Board decisions are made based on a diverse range of perspectives

Diversity among directors improves board decision-making by ensuring decisions are examined from a range of perspectives each with different insight. Diversity should be considered across demographic characteristics, skills sets, experience, and expertise.

Having a diverse group of directors also signifies an organization is committed to diversity at all levels of the organization and helps create pathways for increased participation from traditionally under-represented communities.

Outcome

The board and nominations committee actively recruits, and the membership elects competent and diverse directors. The boards are representative of the NSO's goals for diversity and inclusion initiatives.

Recommended Structures and Processes

No more than 60% of our Directors are of the same gender (B.5)	We have a policy in place to ensure diversity on our board (B.5)	We have structures and processes in place to ensure athlete voices are heard on our board (B.6)	On an annual basis, our board reviews our composition to ensure we have the necessary skills. This informs our director recruitment (B.7)		
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Relevant Clauses in the Code

B.5, B.6, B.7

The Sport Canada Report Card Says:

Evaluation Matrix 2.3.3 - Diversity and Representation

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
No evidence of Board of Directors composition provided	The Board of Directors or its committees is representative of athletes		The Board of Directors composition is representative of gender balance	Board of Directors have a sufficient blend of expertise, skills, and diversity necessary to effectively carry out their role	The Board of Directors composition reflects the diversity of thought, backgrounds, skills, experiences and expertise
			The Board of Directors composition reflects an appropriate geographical distribution to the organization's membership		

Evaluation Matrix 2.3.4 - Skills Matrix

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
No evidence of skills matrices exist	There is some evidence that skills matrices are considered as part of the Board of Directors	The skills matrix is managed on an informal basis	The skills matrix is regularly applied and reviewed on a consistent basis		The Board of Directors is competency based, relevant to the areas addressed by the skills matrix

BOARD COMPOSITION AND STRUCTURE

INDEPENDANCE

The board is designed to act in the best interest of the organization

Directors have a legal obligation to make decisions in the best interest of the organization. When directors have this responsibility across related organizations, directors can be placed in an unwinnable position as the best interests of one organization (i.e. NSO) might not be the best interests of the other organization (i.e. PSO). Independent directors (defined in B.3 of the code) are important for ensuring the board remains focused on its primary obligation, the organization as a whole.

Outcome

Members and stakeholders can be assured that board decision-making is based on the best interests of the NSO and not any related parties such as PTSOs, sponsors, or athletes.

Recommended Structures and Processes

Our nominating committee includes an assessment of director independence in its nominations report. (B.2)	We have and enforce a policy that ensures at least 40% of our directors are independent (B.2)	No member of our management or executive team is a voting board member (B.3)	We have and enforce a policy that our directors will not serve as an interim CEO. Former directors are not eligible to be CEO until 12 months after they have left the board (B.3)	We have and enforce a policy that ensures our chair is independent (B.9)	Our directors are not remunerated for their service on the board (B.14)
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Relevant Clauses in the COC Code

B.2, B.3, B.9, B.14

The Sport Canada Report Card Says:

Evaluation Matrix 2.4.1 - Independence

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
No evidence of Board of Directors independence provided	Board of Directors independence is not tracked in a consistent way, and is managed informally	No employee of the organization or its leadership serves as a Board of Director	Board of Directors are independent (as define as one having no fiduciary obligation to any body responsible for the sport at the international, national, or provincial level, receives no direct or indirect material benefit, and is free of conflict of interest)	Non-independent Board of Directors are managed through proactive policies intended to manage conflicts of interest as needed	Non-independent Board of Directors are managed through proactive policies intended to manage conflicts of interest validate at every board meeting
	The Board of Directors' chair is independent				

BOARD COMPOSITION AND STRUCTURE

BOARD STRUCTURE

The board structure facilitates decision-making and new thinking

Boards of directors are deliberative and decision-making bodies. When boards are too small, it can be difficult to have robust debate informed by a range of perspectives. Too large and it is difficult for all directors to have equal input, the process can leave some directors feeling excluded, and decision-making can take too much time. Additionally, predictable and regular turnover is important. New perspectives can help to provide effective oversight and produce innovation.

Outcome

The board makes clear decisions informed by robust discussion. Institutional knowledge is passed from long-serving directors to new directors to ensure a balance of historical and fresh perspectives.

Recommended Structures and Processes

We have between 7 and 11 directors. (B.1)	Our directors select the Chair or President (B.8)	Our by-laws stipulate term limits to help ensure we have regular turnover in our board while also allowing director to occupy meaningful roles in international federations (B.10)			
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Relevant Clauses in the COC Code

B.1, B.8, B.10

The Sport Canada Report Card Says:

Evaluation Matrix 2.3.1 - Size

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
		The Board of Directors is comprised of at least 3, but preferably 5 or more directors	Board of Directors are subject to a term and age limit, articulated through the Board's Terms of Reference	The size of the Board of Directors is appropriate given current objectives and workloads	The number of Board of Directors is based on the nature, size and complexity of the organization as well as its stage of development

RESPONSIBILITIES AND ACCOUNTABILITY

COMMITTEES

Committees are purposeful and complementary

Boards can achieve more by delegating some work to committees. These committees should focus on specific areas of particular interest or need. Committees should help make board meetings more productive. By having committees do background work, detailed analysis, and routine tasks, the board can focus on discussion and decision-making. Even though committees can alleviate some of the work of the board, directors must still examine the work of the committee and make informed decisions regarding any recommendations.

Outcome

Board decision-making is informed by the work of committees. The use of committees enhances and contributes to the work of the board and the organization. Directors understand what the role and purpose of each committee.

Recommended Structures and Processes

Our NSO has a finance and audit committee (C.1)	Our NSO has a governance and ethics committee (C.1)	Our NSO has a nominations committee. This committee's recommendations do not need to be approved by the board (C.1; C.3)	We regularly review our committee structure and establish or disband committees to ensure each committee helps the organization achieve its objectives (C.1)	Our board reviews and approves the terms of reference for all committees (C.2)	
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Relevant Clauses in the COC Code

C.1, C.2, C.3

The Sport Canada Report Card Says:

Evaluation Matrix 2.3.1 - Committee Structure

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
No evidence of committee structure provided	Committees are organized along functional lines	Committees at minimum, are outlined in the organization's by-laws and constitution	Committees are organized based on the organization's strategic plan	Committees are structured and reviewed necessary and appropriate so as to meet the needs of the organization	

Evaluation Matrix 2.3.3 - Approval and Renewal

					The Board of Directors has formed a nominations committee or equivalent including an approved terms of reference
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Evaluation Matrix 2.3.3 - Financial Accountability

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
		The Board of Directors has a Finance and Audit committee, or equivalent	The Finance and Audit committee (or equivalent) has an approved Terms of Reference in place		

RESPONSIBILITIES AND ACCOUNTABILITY

BOARD - CEO RELATIONSHIP

The board appoints and evaluates the CEO

Boards of directors will often hire an executive to oversee the delivery of an organization's operations. The most common titles for this position are CEO, Executive Director, and General Manager. The board and the CEO will work closely together with each relying on the other. The board should regularly review the performance of the CEO and facilitate opportunities for their development.

Outcome

Capable and competent CEOs work without operational input by the board toward clear and objective standards of performance

Recommended Structures and Processes

We regularly work with our CEO to ensure the organization could continue in their absence (B.4)	When hiring a CEO, we search for the candidate who best matches the needs of our organization (B.12)	Our board is responsible for the performance management of the CEO. (B.12)	As directors, we don't liaise with staff outside of the CEO. Exceptions may be made for specific projects or committees where absolutely needed (B.13)		
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Relevant Clauses in the COC Code

B.4, B.12, B.13

The Sport Canada Report Card Says:

Evaluation Matrix 2.3.2- Leadership Management

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
No evidence of leadership management provided	The Board of Directors is responsible for appointing the most senior staff person in the organization	The Board of Directors has established clear roles and responsibilities for the most senior staff person in the organization and/or the organization's management	The most senior staff person in the organization's job description is reviewed and updated on an annual basis	The recruitment process for the most senior person in the organization is fair, transparent, and managed professionally	The most senior staff person in the organization has a detailed job description or terms of reference, annual performance objectives, and a performance review annually

Leadership Management

				Formal policies are in place to govern the relationship between the Board of Directors and most senior staff person in the organization	The Board of Directors clearly documents the separation of roles and responsibilities between the board and organization's leadership and has a process in place to manage the separation
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Data & Evaluation

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
	Performance reviews with the most senior staff person in the organization are held on an informal basis	The Board of Directors has an established performance management plan in place for the most senior staff person in the organization	The Board of Directors conducts annual performance reviews of the most senior staff person in the organization	Performance reviews of the most senior staff person are supported by the use of KPIs	The performance of the most senior staff person in the organization is regularly monitored and maintained through the use of ongoing KPI development and tracking

RESPONSIBILITIES AND ACCOUNTABILITY

TRANSPARENCY

Transparent governance helps promote accountability

Boards of directors are responsible for governing the organization on behalf of the members. Transparency is one way for boards to provide reassurance to members that there is a robust system in place to ensure an organization is being governed appropriately. By publicly disclosing governance policies, practices, and records, boards give members the information required to hold the board accountable. Transparency also informs members about their rights and responsibilities.

Outcome

Members understand the organization's governance framework and can make informed decisions regarding the performance of the board by having access to by-laws, policies, and records.

Recommended Structures and Processes

We report to our members about the diversity of our board and what we are doing to ensure or increase our diversity. (B.5)	We share the attendance record of each director to our members ahead of the AGM (B.16).	Our NSO website has up-to-date copies of our by-laws, policies, records and other documents as recommended (E.1, F.1)			
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Relevant Clauses in the COC Code

B.5, B.16, E.1, F.1

The Sport Canada Report Card Says:

Evaluation Matrix 2.3.1 - Governance Framework

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
No evidence of governance framework provided	Governance framework is not clearly addressed	A clear and appropriate governance structure is in place and documented through policy and the board's Terms of Reference			

Communication

				The Board of Directors, committee, and AGM minutes are publicly available and readily accessible on the organization's website	The Board of Directors, committee, and AGM minutes and by-laws are clearly communicated and shared widely to public
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Communication

				Articles of Incorporation and By-laws are available on the organization's website	
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Evaluation Matrix 2.4.2 - Approval & Renewal Communication

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
		<p>Audited financial statements are received and approved by the Board of Directors and released within 6 months of year-end</p>	<p>Audited Financial Statements are communicated publicly as part of annual reporting (AGM) and available on the organization's website</p>	<p>The most recent three years of audited financial statements, including Board of Directors approval, are available on the organization's website</p>	

BOARD FUNCTION AND ROLES

STRATEGY AND POLICY

The board understands and acts on their role as the strategic leader

One of the most critical functions of a board is setting the organization's strategic direction. The board will also develop policies which outline what the CEO and their staff may or may not do to achieve the stated goals. To do this, directors need to understand the difference between governance and operations. A comprehensive director induction and orientation along with a clearly outlined board mandate helps ensure directors know their role and prioritize strategic governance.

Outcome

The board provides effective leadership and direction to the CEO. Directors understand governance and act accordingly.

Recommended Structures and Processes

We have a multi-year strategic plan. (B.4)	Our board is responsible for approving the strategic plan. (B.4)	Directors on our board understand their roles and responsibilities. (B.11)	New directors receive an induction which is customized to the needs and circumstances of our NSO. (B.11)		
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Relevant Clauses in the COC Code

B.4, B.11

The Sport Canada Report Card Says:

Evaluation Matrix 2.3.2 - Role

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
No evidence of Board of Directors role provided	The Board of Directors' role is not clearly articulated through documentation, and appears ad hoc	There is some, although underdeveloped, documentation regarding the role and responsibilities of the Board of Directors	The obligations of the Board of Directors are appropriately documented and established through the Board of Directors' Terms of Reference	The Board of Directors has clearly outlined its role as it relates to overseeing progress in achieving the organization's strategic, operational, and financial plans	Policy making functions at the Board of Directors level include strategic policies defining organizational outcomes, the Board of Directors' own operating practices, the relationship between the Board of Directors and organization's leadership

Role

			Roles, responsibilities, and powers of the Board of Directors and organization's staff and leadership is clarified through policy	The Board of Directors mandate includes, at minimum, the requirement to develop a multi-year strategic plan, manage succession planning of the organization's leadership, and financial oversight	
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Role

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
			The Board of Directors mandate is reviewed regularly and updated as necessary		

Evaluation Matrix 2.5.1 - Strategic Planning

No evidence of strategic planning processes or documentation provided	A documented strategic plan exists. The strategic plan addresses the direction set for the organization		Outcomes associated with the organization's strategic plan are clearly identified for the next 5-8 years	Outcomes associated with the strategic plan are well articulated, clearly stated, and easily understood throughout the organization's Board of Directors, management, and staff	
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BOARD FUNCTION AND ROLES

OVERSIGHT

The board provides effective oversight of the organization

The board is responsible for monitoring the performance of the organization across all areas including financial performance, strategic performance, and the work of the board itself. This oversight is best done in a systematic and regular fashion to ensure any potential issues are identified early. The board cannot stop at issue identification. If problems are identified, the board is expected to take action and direct resources as required.

Outcome

Members and directors are assured that the organization is financially solvent and stable and on track to achieving its strategic goals. The NSO is continually improving its governance and performance. Recommended Structures and Processes

As a board, we review our performance every year (B.15)	The board is willing and able to seek professional advice when required (B.17)	We review our audited financial statements in within 90 days of year end (E.2)	We review our financial statements every quarter. (E.2)		
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Relevant Clauses in the COC Code

B.15, B.17, E.2,

The Sport Canada Report Card Says:

Evaluation Matrix 2.3.2 - Data and Evaluation

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
			The Board of Directors has conducted an evaluation of its own Board of Directors, their efficacy, and ability to meet their objectives	Each Board of Director takes part in an annual evaluation against individualized performance expectations	Board of Directors' evaluations are assessed by the chair to help inform board development and skill matrices

Evaluation Matrix 2.4.2 - Financial Accountability

			The financial position of the organization is reviewed on a regular basis		
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BOARD FUNCTION AND ROLES

RISK MANAGEMENT

The board monitors enterprise risk and takes action when required

Risk is the "effect of uncertainty on outcomes" (ISO:31000). Risk can provide great opportunities or can irrevocably damage an organization. Boards have the responsibility for understanding the organization's relationship to risk and how much risk it is willing to accept. A good risk-management framework informs board decision-making by ensuring the board is aware of key risks, protects the organization from harmful risk, and guides the work of staff and committees.

Outcome

Board decision-making is informed by an understanding of current and future risk. The organization is prepared to manage expected and damaging risk events. Directors and staff are protected by insurance.

Recommended Structures and Processes

Our board and CEO regularly identify potential risks (E.3, E.4)	At least once a year, we review our approach to risk management to ensure we're protected (E.3)	Our CEO regularly provides us with a written statement indicating the organization is compliant with our financial obligations (E.4)	We regular monitor the status of any potential legal action against the NSO (E.4)		
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Relevant Clauses in the COC Code

E.3, E.4

The Sport Canada Report Card Says:

Evaluation Matrix 2.5.2 (See whole matrix, summary)

Summary Statement

0 - No Evidence	1 - Insufficient	2 - Marginal	3 - Satisfactory	4 - Good	5 - Excellent
Organizations have not provided any evidence of risk management practices	Risks are managed in an informal way and the Board of Directors is updated verbally	A risk registry exists and risk management strategy is documented. The Board of Directors has access to the risk registry. Policies are managed on an ad hoc basis	Risks are monitored on a regular basis and integrated into the oversight role of the organization. A suite of policies covers a broad range of topical areas suitable to the organization's operating environment	The risk registry and risk management strategy is aligned to strategic, operational, and financial plans. Policies are developed strategically using a principled approach to strategy and operations	Risks are tracked, monitored, and updated regularly and supported with data where possible. Proactive risk mitigation strategies are in place. The board has a process in place to draft and approve new policies as needed and respond to changes in the organizational environment

