

Atira Women's Resource Society

BOARD GOVERNANCE REVIEW

FINAL REPORT



McLaughlin
& ASSOCIATES

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I. Executive Summary

This Governance Review was commissioned by Lawson Lundell LLP on behalf of their client Atira Womens' Resource Society (AWRS), at the request of a Governance Task Force of the Board of AWRS. The AWRS Board decided to undertake the Governance Review following a report prepared by Ernst & Young LLP (EY) in March 2023, identifying concerns around conflict management and operational protocols related to real estate purchases and other funding AWRS received from BC Housing. Following the release of the EY report, BC Housing commissioned an operational review of Atira. The Board proactively decided to undertake this Governance Review in parallel with the operational review, to realize its stated desire to move towards best in class governance standards.

McLaughlin & Associates was selected through an RFP process and commenced our examination of AWRS governance context and practices in July 2023. We collected our data through a review of board documentation; interviews with a cross section of AWRS and subsidiary board directors and former directors, sector leaders, funder representatives and other stakeholders. We also conducted a benchmarking scan of governance practices by comparable organizations in the affordable and supportive housing sector. In defining the standards against which to measure Atira's practices, we drew upon our in-depth understanding of best practices in governance through our work with dozens of non-profit social services agencies serving women, families, youth, seniors and immigrants, and offering affordable and low cost housing in BC.

We were privileged to be brought in and welcomed by a board and interim management team. Despite being in an intense and very consuming transitional state while undergoing their operational review and searching for a permanent CEO, board and management were more than willing to share their observations and insights on areas where the organization's governance was strong, and areas where it may have been lacking historically. At the outset of our review, a number of new governance practices had already been identified by the Task Force and were being introduced in parallel with our research; and others that surfaced during our review were adopted quickly where possible.

We observed a passionate, capable and hard-working board with a history of high engagement and drive, a strong community following, and deep pride in what the organization had been able to accomplish in advancing supportive housing and services for women on Vancouver's Downtown Eastside and beyond. While the majority of this Review focuses on gaps against best practices in governance, we do not wish to be dismissive of the track record of accomplishments and the immense work, passion and pride that has characterized the Board and organization through Atira's history. Many of these strengths carry forward to the current board culture and represent sustainable "DNA" on which the overlay of solid fiduciary practices and elevated governance standards will fortify Atira for sector leadership.

The report presents our key findings in each area of governance oversight and sets out 13 recommendations for the AWRS Board with three recommendations to implement by the end of 2023 and the others to be considered for implementation over the next two years, to bring AWRS to best practices in its governance framework, policies and practices. We believe Atira has an opportunity to set new standards for the sector, not only by modelling best-in-class governance practices, but potentially by leading and convening others in the supportive housing sector to do so. There would be a major benefit to the sector and real synergies if providers could collaborate to standardize the development of their core governance frameworks and materials. The AWRS Board may wish to seek government support to co-invest in this as a sector capacity-building initiative.

II. Context for Review

Introduction

1. Background

Atira Women's Resource Society (AWRS) is a not-for-profit organization based in Vancouver. It provides essential support and services for women and children who have experienced violence and abuse as well as women struggling with substance use and/or mental and spiritual wellness. AWRS is committed to helping survivors rebuild their lives and end violence against women.

AWRS's mission is to support and empower women and children who are experiencing or are survivors of violence. AWRS services are provided in the Downtown Eastside, Burnaby, Surrey and White Rock. The services are designed to help these individuals rebuild their lives, overcome trauma, and achieve independence and safety. AWRS offers housing including emergency shelters, second-stage housing, and affordable rental units, support groups and counselling, legal and advocacy support, community outreach and education programs and indigenous specific initiatives. AWRS relies on a combination of government funding, private donations, and grants to support their programs and services.

2. Purpose of the Review

In March 2023, the Office of the Comptroller General released a report by Ernst & Young LLP (EY) on the results and recommendations of a forensic investigation regarding the housing Provider selection process and BC Housing's then CEO. The report focused on a conflict of interest given the CEO was the spouse of the then CEO of Atira. EY identified concerns around conflict management and operational protocols related to real estate purchases and other funding AWRS received from BC Housing. In all, EY made 20 recommendations to modernize BC Housing's financial accounting capabilities and improve its project and fiscal tracking systems. Following the release of the EY report, BC Housing commissioned an operational review of Atira that is currently underway, being led by KPMG.

In parallel with the operational review the Atira Board decided to step up its governance approach to provide closer oversight as it addressed the emerging operational priorities. The Board set up a schedule of monthly meetings and created and empowered a Governance Task Force in May of 2023 to meet and make decisions as needed on behalf of the Board between board meetings.

The Task Force consisted of:

- Elva Kim, Board Chair
- Amy McCallion, Governance Chair
- Taha Rizwan, Finance/Audit Chair
- Miriam Sobrino, Director
- Catherine Roome, Interim CEO

The Task Force determined it would be in the best interest of the organization to undertake a third party board governance review to identify opportunities for enhanced governance to raise AWRS to best in class standards. In July 2023, the law firm Lawson Lundell LLP conducted an RFP on behalf of AWRS to identify a governance consultant to provide a review of the following key areas of the AWRS Board:

- the organization's corporate structure, board composition and tenure (including subsidiary boards and board committees),

- the Board-Management relationship, practices around reporting and materials used to brief the Board(s) on key issues, and
- other relevant aspects of governance bylaws policy and practices, framed against AWRS's mission, vision and values.

The review was also to include an examination of how the organization makes decisions, particularly on real estate matters, and how it deals with potential conflicts of interest.

3. Scope and Process

In August 2023 Lawson Lundell retained our firm, McLaughlin & Associates, to undertake this Governance Review.

The agreed-to objectives of the review were as follows:

- Compare AWRS governance structure, policies and procedures with best governance practices for non-profit housing providers and other comparable organizations;
- Identify gaps and make recommendations to enhance, tighten and elevate AWRS's governance standards (strategy and financial oversight; board composition; board and management decision-making; risk governance and oversight)
- Recommend immediate priorities for the December 2023 AGM; and future phases to move towards best in class governance standards
- Include Consultant's Observations about governance performance in sector as a whole.

We undertook the following approach to deliver on the objectives:

- **Documentation Review:** We conducted a documentation review to fully explore the Board's governance policies, processes and practices over the last 3-5 years to understand processes and trends. Documentation included the Board bylaws; policies/terms of reference/board manual; strategic plan; board agendas and minutes, board packages and other relevant board materials.
- **Consultation Interviews:** We conducted consultation interviews with a range of stakeholders including board members, former board members, staff, BC Housing representatives and other AWRS stakeholders (as identified by the Task Force) to fully understand concerns and perspectives on key aspects of AWRS's governance structure, processes and implementation of procedures including decision-making on real estate transactions.
- **Attend and Observe Board and Committee Meetings:** Kathy McLaughlin attended and observed AWRS Board and committee meetings as well as other Atira boards' meetings to inform the overall recommendations.
- **External Benchmarking:** We did external benchmark research with comparable social services, housing societies and other advocacy groups to learn about their governance structures, board decision-making processes, and other key elements, to understand current practices and identify best practices for societies in the sector.
- **Board Progress Reports:** In collaboration with Lawson Lundell and the Task Force, we provided regular progress updates, feedback and timely recommendations to the Board for implementation.

4. Participants

The Task Force, in consultation with us, identified the potential interviewees who were invited by AWRS's Governance Chair to participate by setting up a private virtual or telephone interview with us. We

booked 17 confidential interviews with one or more representatives from the following stakeholder organizations:

- AWRS Board Members (current and past)
- Subsidiary Board Members – Atira Development Society (ADS), Atira’s Women’s Arts Society (AWAS), Atira Property Management Inc. (APMI)
- BC Housing
- Leaders of other non-profit societies and associations
- Municipalities’ Staff
- AWRS Executive
- Bank representative
- Legal counsel

The interviews focused on participants’ perceptions, in most cases formed over the past 3 -5 years, of AWRS’s strengths, board governance gaps, fiduciary duties, and participants’ suggested priorities for the Board to address governance gaps. The interviewers had the flexibility to modify or add to the areas of inquiry as not all participants had knowledge to respond to all questions.

5. Limitations

Our Governance Review looks backwards at board practices during the 3-5 years prior to the EY Review. Our historical lens was limited to the data we were able to collect from subjective observers and the documentation that was available for our review. Many of those involved in the Board’s activities prior to our review had left the organization. While we did include former and current, tenured directors in our interviews, each had different interpretations, memory and knowledge of historical practices. The former CEO declined to be interviewed, and for privacy and legal reasons former staff were not interviewed. With regard to board documentation, Atira furnished most of what we itemized but there were some apparent gaps in record keeping and/or storage.

We therefore worked with incomplete corporate records and subjective corporate memory to arrive at our assessment of AWRS’s prior governance practices.

It is also important to note that during the period of our review the organization was in a state of transition with an active Governance Task Force, an interim CEO and executive team, a series of director resignations, onboarding of new directors, the hiring of new corporate secretarial support, and a recruitment process for a new CEO. A number of new governance practices had already been identified by the Task Force and were being introduced “real time” in parallel with our research. Others surfaced through our review and were implemented immediately. As a result, the findings in the following section are a snapshot of the AWRS Board at a point in time but are not a description of AWRS “today”. In our analysis we itemize governance improvements that have been implemented or are in progress as of this writing; and in the last section we set out 13 recommendations for the near term and medium term, to elevate Atira’s governance to best in class: a destination towards which it is already well on its way.

III. Review Findings and Recommendations

In the section that follows, unless otherwise stated, references to the Board and CEO refer to the former CEO and the Board as it was constituted up until May 2023. *Historical Gaps* refer to the AWRS practice prior to July 2023, *Gaps Addressed* refer to positive changes that have already taken place or are underway, and *Recommendations* are recommendations to be added to the Board Governance Committee workplan starting in 2024.

Board Strengths

Through our interviews and review of past minutes and board packages it was clear that there was an extremely high level of engagement and drive within the historical board, a strong community following, and deep pride in what the organization had been able to accomplish in advancing supportive housing and services for women on the Downtown Eastside and beyond. While the balance of this Review focuses on gaps against best practices in governance, we do not want to be dismissive of the track record of accomplishments and the immense work, passion and pride that characterized the prior board era.

Some of the historical strengths of the AWRS Board described by those interviewed included:

- Deep commitment to the mission of the organization
- Board support and encouragement of a CEO who led tremendous growth
- Mutual respect and collaborative approach
- Nimble, creative, get-it-done culture
- Individually and collectively directors were – and are - strong advocates for women in most dire of situations
- Drive to pitch in and get the work done; a working board in many key areas complementing hardworking staff
- Diversity of board composition in terms of background, skills and experience; including grassroots knowledge of circumstances; lived experience
- History keepers
- Good legal and real estate representation on the Board

Many of these strengths carry forward to the current board culture and represent sustainable “DNA” on which the overlay of solid fiduciary practices and elevated governance standards will fortify Atira for sector leadership.

Governance Accountability and Competency Gap Analysis

In this section, we have summarized our findings in the form of a gap analysis in the core areas of board accountability and competency. These categories are those that are often assessed in an annual board evaluation. Each core area begins with a brief description of governance best practices in the area. This information is followed by a summary of how the AWRS Board was functioning against these standards, the gaps, prior to July 2023 and then provides the changes and improvements that have been implemented already and ends with the recommendation for inclusion in the Board governance workplan for 2024 and beyond.

1. Strategic Oversight

Best Practice

Oversight of strategy, planning and performance is one of the most important functions for all boards. Best practice is for the Board to set, approve and monitor the strategic plan and performance, including a thorough discussion of the advantages and disadvantages of possible strategic directions. The process includes challenging assumptions and identifying risks for each option. The strategic plan is connected to the organization’s risk appetite and sets out goals, objectives, timelines and performance indicators that are clear and specific enough to allow for effective monitoring and reporting of performance to Society members, funders and stakeholders. The board monitors strategic progress throughout the year and

dedicates time on the Board agenda for forward-looking discourse on strategic challenges and future options.

Historical Gaps

The board did not initiate, require, or engage with the CEO in strategic planning, forecasting or scenario planning. Virtually all board discussions were rear-view or short term in nature. Growth was opportunistic and entirely led by the CEO. While the expansion was in line with the mission, it was not planned or strategized with the Board. As a result, the Society grew beyond its ability to scale and got involved in many projects without clarity on their financial viability.

Gaps already addressed

When the interim CEO was hired, the Board discussed with her the desire to implement a strategic planning process. Given the short-term duration of the interim CEO it was concluded that it would be more pragmatic to have the permanent CEO initiate the strategic plan process and in the short term address the immediate items of risk.

Recommendations for 2024 and beyond

We recommend that the Board approve and adopt a strategic planning process that institutionalizes the development and maintenance of a multi-year plan as a shared accountability between the Board and the CEO.

2. Risk Oversight

Best Practice

Effective risk oversight requires that the Board set the organization's direction, define and approve the risk appetite and tolerance levels, review the enterprise risk management framework, regularly review risk registers and mitigation plans from management, ensures that risk controls are effective, and that all directors receive, and understand, clear reporting on performance and risks including external comparative data.

Historical Gaps

Directors rarely scrutinized management's decisions and activities through a risk lens. It appears that very few directors had board level experience in risk oversight. Very preliminary work had been done on a Risk Register for AWRS but had not yet been brought to the Board for input and review.

Gaps already addressed

The interim CEO and Management team have made risk, occupational health and safety a key focus. The Board has had a Risk Workshop with the CEO and has developed a Risk Tolerance Statement. In addition, the Board has an Enterprise Risk Placemat which identifies different categories of risk, both internal and external. The risks are tracked monthly, and an update is provided at the Board's quarterly meetings. As a result of the Board and management reviewing risks and the overall building portfolio, AWRS decided in late August to cancel their operating contract with BC Housing regarding the Patricia Hotel as the risk to their employees and the organization was too high to continue.

Recommendations for 2024 and beyond

We recommend that the Board define its commitment to risk governance in its terms of reference (as part of a revised Board Manual) and approve and adopt a risk oversight process defining board and

management accountabilities for enterprise risk management as a regular activity in the annual Board calendar.

3. Financial Oversight

Best Practice

The Board is accountable to ensure the organization has a capital plan; a liquidity plan; an investment and lending policy; capital and operating budgets; and written policies that define the Board's role in monitoring financial limits, decisions, use of assets, controls and performance. While specific financial oversight responsibilities are delegated to the Finance and Audit Committee, effective Board-level financial oversight requires that every director be certain that the budget and operational resources are allocated to enable progress on the strategic plan; there are adequate financial controls in place to ensure appropriate use of funds; the required financial policies, accounting and reporting processes are in place and are followed; the Board and management have the information necessary to make critical decisions and maintain fiscal sustainability; and that sufficient board education is undertaken to promote financial literacy and ensure informed financial decision making.

Historical Gaps

The board approved budgets and reviewed quarterly reports; but it was not always done on a timely basis and budgets did not appear to be tied to a strategic long-range plan. The board relied on the Executive Director of Finance, the Director of Finance, the CEO and the Chair of the Finance Committee to undertake scrutiny of financials. In turn, the Chair of the Finance Committee "relied on the audit" for assurance that the organization had sound financial practices.

There was a lack of board policy, clarity and discipline on what level of financial commitment required Board approval and on requirements for delegation of authority. The CEO was not required by the Board to bring decisions back to the Board for approval before accepting contracts, funds or commitments. There was no evidence of the Board requesting business cases in order to approve commitments, acceptance of funding, disbursements, etc.

Gaps already addressed

In recent years the addition of a CPA and a financial executive on the Board and the reformation of a Finance Committee with a regular quarterly calendar has increased the level and quality of inquiry into the organization's financial performance.

The gap in policies described above and overall financial rigour are currently being addressed on the operational side by the interim CFO and CEO. For example, in May 2023, the Task Force quickly implemented a Financial Approvals Policy that required any financial transaction of \$50k or greater to require Task Force approval. Since this policy has been in place, a more fulsome Expenditures Authorization and Signing Authority Policy has been approved and implemented.

Recommendations for 2024 and beyond

The board would benefit from adding designated financial professionals and upskilling the overall financial acumen on the Board to meet best standards in this area. It is also recommended that timely review, acceptance and approval of the budget, the quarterly financials, forecasts and variance analyses and the year-end financial reports be institutionalized in the Board Calendar.

4. Governance and Fiduciary Oversight

Best Practice

NFP Boards are responsible for managing their own affairs, including planning their composition, selecting their chair, recruiting board members, appointing committees and overall accountability for governance policies and standards, board operations, legal and regulatory compliance, board reporting, and current and future board effectiveness. Most often there is a Governance Committee to support the Board in updating its skills and experience matrix to plan for upcoming vacancies, recruiting to ensure continuity, diversity of board composition, and addition of skills that align with the strategic plan; and establishing a board culture and tone that aligns with the mission and values and operates according to a code of conduct, ethics and compliance with fiduciary obligations. The best NFP boards assess their effectiveness and invest in their own education, skills development and knowledge of good governance.

Historical Gaps

Historically, the AWRS Board was recruited by the CEO for their social justice values, knowledge of the Downtown Eastside, expertise in homelessness, housing, shelters and services for women in need. Most directors we interviewed had virtually no governance training or experience on other boards. At various times more experienced directors who joined the Board attempted to advance board policies and governance standards but met with resistance from the CEO who insisted that “the work” was more important.

Specific gaps in governance oversight included:

- **Board Composition and Renewal:** At various times the Board was missing the corporate/business financial and legal experience needed to hold a strong CEO accountable. While AWRS has appropriate board terms and term limits, the practice has been to re-engage directors after a one year hiatus. This type of longevity by a few of the directors shows admirable dedication and loyalty, and also provides for continuity in resident memory, but is no longer viewed as an advisable governance practice as it does not allow for board renewal with fresh thinking, breadth of experience and expertise, and external perspectives.
- **Independence:** Many current and former directors and observers described the AWRS board as “CEO-led”, and several used the term Founder’s Syndrome to describe the CEO’s resistance to challenges or pushback by the Board. Many past directors acknowledged that they operated on “faith and trust” when it came to oversight matters and did not ask strategic questions or challenge the CEO’s decisions and direction. Breaches in policies and procedures were overlooked if they actually came to light. The CEO set the Board agenda, recruited and onboarded the directors, led board meetings, ran the business, and advised the Board what had occurred after the fact. There was a culture of deference to the CEO. The board rarely had in-camera meetings or when they did the CEO also attended. ‘The work’ took precedent in board meetings over fiduciary accountabilities, governance and oversight or basics like receiving and reviewing board packages ahead of meetings.
- **Fiduciary obligations:** Directors were not asked to re-sign the Code of Conduct annually (including Conflict of Interest and Confidentiality policies), though these were signed as part of the paperwork when a director was brought in and were referenced in the existing Board Manual.
 - **Conflict of Interest:** there was no evidence of the Board examining its risk or stating its position regarding several apparent conflict of interests. The purpose of this review is not to assess whether these conflicts were real or perceived; the issue is that the Board

did not document its position and set out clear requirements of the CEO and management when it encountered potential conflicts.

- **Due diligence:** former board members stated that they were “generally confident” that the CEO and management were doing the right things and operations processes were sound because of the number of audits done by other parties, including the audit firm. The Board did not initiate spot-checks on operational processes. There was general trust and confidence in the CEO, though many directors were aware she moved fast, and “cut corners” to get the work done.
- **Board operations:** meetings were described as ‘free form’, rushed, with 90% of the content consisting of the CEO talking. Agendas were boilerplate and board materials were often late or incomplete. Meetings often ran very long. We did not see evidence of a board calendar of duties, work plan, or regularity of board duties.
- **Board role:** several directors, notably those on the Atira Development Society subsidiary board, appear to have been heavily engaged in operational work including real estate transactions and property development. In general, it seems that some directors who were functional specialists, including accountants and lawyers, were at times more actively involved in operational matters than would be optimal for a governance board.
- **Board Evaluation:** according to the Board Manual, board evaluations were to be conducted annually. If they were done, they appear to have been done verbally or informally as we were unable to view historical reports or minutes citing the results of the evaluations. It is not apparent that the Board ever conducted reviews of individual directors/peer evaluations.
- **Record-keeping:** results of our documentation review are in the following section. In terms of governance oversight, the Board did not take adequate accountability for the completeness, storage and ease of retrieval of its records. It is apparent that the functions of board secretary were assigned to the CEO’s Executive Assistant, and no director held accountability on behalf of the Board. Corporate records were not easily located and did not appear to have been stored in a secure location.

Gaps already addressed

A comprehensive Atira Women’s Resource Society Code of Conduct and Ethics (“the Code”) including a conflict of interest policy, and confidentiality policy was revised, signed and approved as a policy (August 1, 2023) by the Board for all employees, volunteers, contractors and directors. The interim CHRO (Chief Human Resource Officer) ensured the Code was communicated and understood by all employees, volunteers and subsidiaries.

The operational involvement of directors on the Atira Development Society subsidiary board related to real estate transactions and property development will be addressed through the planned hiring of a Director of Development.

For the Board Director elections and appointments at the AGM on December 3, 2023, an updated Director recruitment process resulted in individuals who will round out the needed skills on the Board. We observe now that the new board is comprised of individuals who bring both diversity and the skills required for governance oversight. And through our recommendation of a consistent annual nominations process, the Board should be able to keep its focus on the dual objectives of diversity and required board skills.

Recommendations for 2024 and beyond

During the 2024 board year, we recommend the Governance Committee review the corporate structure including the subsidiary boards to determine if some of the subsidiary boards can be transferred to committees, advisory committees or task forces of the AWRS board. This is already underway.

We recommend the Governance Committee document and institutionalize an updated Board Manual. We have provided a draft Table of Contents for the Manual along with a workplan for updating policies, processes and practices. We recommend that the Board conduct a self-assessment at the end of each board year to monitor its progress in closing these gaps.

We recommend that the Board institute mandatory annual board training/re-orientation to be held at the beginning of each board year for all directors. A workshop has been scheduled in the first quarter of 2024 for all members of the newly constituted Board.

To recognize the long-standing Board Directors for their commitment to the Society and maintain ties with these long-time advocates, we recommend establishing the role of honorary advisor.

5. People and Culture Oversight

Best Practice

NFP boards are responsible for overseeing the effectiveness of people strategies and the quality of the organizational culture as a safe and engaging workplace. Boards that model effective oversight in this area ensure that: there is a regular, objective process for assessing CEO performance and setting annual CEO performance objectives; there is a succession planning process and succession plans are in place for the CEO and key executive roles, and the Board has sufficient interaction with key staff to support succession planning strategies; and that the Board regularly receives reporting and analysis on key HR performance indicators to measure recruitment and retention, employee engagement, personal safety, cultural safety and well-being.

Historical Gaps

- **CEO Performance:** the CEO evaluation was “biennial” (meaning taking place once every two years) according to the draft Board Manual and was referred to by some former directors as “light”. There is no evidence of CEO goals, KPIs or performance criteria tied to financial or organizational performance targets.
- **Succession Planning:** the Board did not have a process or policy for CEO succession planning. A rudimentary emergency CEO succession policy was prepared by the CEO but does not appear to have been approved by the Board, and when required to be used it was found to be inadequate. The Board also did not appear to have a discipline of reviewing management succession plans with the CEO for next-level leaders.

HR metrics: it is not apparent that the Board was regularly reviewing metrics such as employee turnover, engagement scores, open positions, cost to hire or other important HR metrics that enable a board to oversee organizational culture, safety and wellbeing. It is not apparent that next level staff were invited to board meetings nor encouraged to build relationships with the Board. The Board did not appear to interact with staff through social activities or other means of assessing the wellbeing of employees.

Gaps already addressed

An interim CHRO was hired in early June and reports regularly to the Board on HR metrics. With the support of the Task Force, the CHRO immediately undertook a strategic analysis of People and Culture and moved ahead on a needed restructuring.

The interim CEO has instituted regular attendance by management team members at board meetings.

The Board is conducting a search process for a permanent CEO and has developed a position description, performance metrics and performance review process as part of the terms of reference for the new CEO.

Recommendations for 2024 and beyond

We recommend the Governance Committee document and institutionalize an updated Board Manual. We have provided a draft Table of Contents for the Manual along with a workplan for updating policies, processes and practices to address the gaps in this section.

We recommend the Board initiate annual 360 Degree feedback reviews of the CEO, which is a best practice in the social services and other NFP sectors.

Board Documentation Review

Our documentation review explored the Board's governance policies, processes and practices over the last 3-5 years. The review included AWRS Constitution and bylaws, annual reports, policies/terms of reference/Board manual; Board and Committee agendas and minutes, Board packages and other relevant Board materials that were requested and available.

Summarized below are the documents we reviewed, including their purpose followed by what was existing at the time of the review. The last column, Addressing the Gap, provides information on what is currently underway to resolve the gap with recommendations for the Governance Committee workplan in 2024 and beyond.

Documents	Observations/Findings at time of the review	Addressing the Gap
Core fiduciary policies: Code of Conduct, Conflict of Interest, Confidentiality and Communication documents	Not reviewed and signed annually by all directors	Revisions to the documents were completed and approved by the Board in late October. AWRS board and subsidiary board members have copies that are to be signed at onboarding for new Directors and annually thereafter.
Bylaws A society is required to have bylaws that comply with the Societies Act. The bylaws contain rules for governing the society, including provisions for membership, directors and general meetings and any	Existing bylaws to be modernized	The bylaws have been reviewed by the Society's legal counsel and updates were approved and adopted at the AGM in December.

Documents	Observations/Findings at time of the review	Addressing the Gap
<p>restrictions regarding the activities or powers of the Society.</p>		
<p>Board Manual This governance manual is a resource that enables the Society’s board to govern in a manner that is strategic, effective and efficient in accordance with good governance standards and the organization’s Constitutional Purposes and Bylaws. The Manual serves for the benefit and guidance of the Directors, the CEO and such other staff or consultants as may be needed to support the functioning or operation of the Board.</p>	<p>Past boards made efforts to develop a comprehensive governance manual. An incomplete draft manual was available as of Dec. 2022</p>	<p>The manual updating has begun by the Governance Committee and the Corporate Secretary.</p> <p>The accountability for maintaining a current board governance manual should be institutionalized as a core accountability in the terms of reference for the Board and Governance Committee, specifying that it be reviewed, updated and approved at least annually and used as the cornerstone for annual board orientation.</p>
<p>Board Calendar The board calendar reflects the fiscal year of the Society. It represents the key activities that fall under each of the board committees and the overall responsibilities of the Board.</p>	<p>Calendar is missing monthly milestones, committee deliverables, and core recurring work of the Board for each meeting.</p>	<p>Develop a fulsome calendar that is included in the Board manual.</p>
<p>Agendas and Minutes Best practice is the use of a consent agenda which groups routine business and reports into one agenda item to save board time for board discussion on more important items.</p> <p>The minutes of meetings record the motions, decisions and key discussions from the meeting in connection with the agenda.</p>	<p>Historical agendas and minutes did not clearly document motions, resolutions, board direction and action items. Agendas were boilerplate and invited one-way information flow from management. Often minutes were “filled in” with new information months after the meeting. Approval of minutes was inconsistent.</p>	<p>A new corporate secretary to the Board has been hired.</p> <p>The consent agenda is in use and regular minutes are being completed.</p>
<p>Committee Terms of Reference Terms of reference establish the purpose and composition of the committee and detail the responsibilities and accountability of the committee.</p>	<p>The Society’s committee terms of reference were not complete, still in draft form, or missing committee calendars and work plans, the discipline of annual review; and templates for committee reports to the Board.</p>	<p>The Governance Committee should develop a plan for the optimal committee structure.</p> <p>Following the confirmation of the members on each committee, develop terms of</p>

Documents	Observations/Findings at time of the review	Addressing the Gap
		reference along with a work plan for review and approval by the Board in the first quarter of 2024.
Financial policies The purpose of financial policies is to document, outline and clarify the roles, responsibilities, and authority that are necessary for making responsible financial decisions for the Society.	Board financial pre-authorization and approval policies that set out the scope of authority and limitations on the CEO and management were missing or inconsistently applied.	Starting in May 2023, all financial commitments were brought to the task force for approval. As relevant policies and procedures have been put in place such as the Internal Authorization on Financial Disbursement policy, the day-to-day approval limits for the CFO and interim CEO have been increased. Once all financial policies are in place the established limits for the CEO and CFO will be in keeping with an organization of this size.
Board processes Board processes describe how key responsibilities of the Board are to be activated and implemented and provide for consistency as board directors and leadership change.	Documentation missing; process not applied, or creation of a process for that year	These processes will be updated or developed as part of the manual update.
Corporate record-keeping A Society is required to safely keep records of key society documents, minutes and special resolutions in electronic form or a specified location for inspection for up to 10 years.	Documents were stored in several places including various chairs' own files, and with a former EA. Society member list was missing and not kept up to date. Outdated bylaws version was posted on the website.	The Society has implemented an electronic record-keeping system and has begun the process of storing historical records. They have also engaged their legal firm to hold key society documents.

Benchmarking Review

The purpose of our benchmarking research was to identify organizations comparable to Atira in the supportive and affordable housing sector, primarily funded by BC Housing, who are demonstrating best practices in governance performance. We reviewed the resources available on more than a dozen websites of non-profit organizations providing supportive or affordable housing. We also gathered insight on overall governance practices in the sector during our stakeholder interviews with Atira's legal representative, several current and former ED's of supportive and affordable housing and advocacy organizations, the head of the BC Non-Profit Housing Authority, and the CEO and an Executive Director of BC Housing.

There are hundreds of non-profits delivering social housing in BC. The majority are small organizations with one or two buildings. We focused on the larger organizations providing multiple buildings and support services for the purpose of our benchmark summary.

We were able to identify a limited number of organizations in the affordable and supportive housing sector who demonstrate best practices in their governance approach. The majority of these do so in part to comply with accreditation programs which are required by their primary funders -- the Ministry of Children and Family Development, The Ministry of Social Development and the Health Authorities. The accreditation bodies include Accreditation Canada, the Council on Accreditation (COA), Imagine Canada, and CARF (Commission on Accreditation of Rehabilitation Facilities), most of which require compliance with a governance checklist as part of the rigorous process to qualify for accreditation.

Stand-out organizations demonstrating best-in-class governance standards among housing providers in BC, all of which are accredited, include:

- Elizabeth Fry Society of Vancouver – COA, Imagine Canada accredited
- Family Services of Greater Vancouver – COA, Imagine Canada accredited
- Fair Haven Homes Society – Accreditation Canada accredited with Exemplary Standing
- YWCA – Imagine Canada, CARF accredited

Other housing providers who are perceived by those we interviewed to have sound governance practices include Brightside Community Homes Foundation, PHS, RainCity Housing and Coast Mental Health. However, we were unable to view their governance documentation to verify this.

It was mentioned in several interviews and became apparent through our scan of the sector, that organizations providing supportive housing are more likely to operate in crisis mode with higher operational demands per tenant/resident, and as a result are not as likely to dedicate time and funding to focus on board governance, nor to undertake costly accreditation processes.

At the time of this review, BC Housing had no requirement for accreditation on the part of the affordable and supportive housing agencies it funds, nor had it historically reviewed their governance standards. However, observers mentioned that in its current review of its process and policies with respect to operational reviews, BC Housing may be looking to include governance as part of these reviews, including the possibility of a less detailed review for those who are accredited. Included in this conversation is the recognized need to increase oversight where this is higher risk, i.e. those societies with the largest portfolios and budgets across the province.

As a result of these factors, we found that agencies comparable to Atira have common issues regarding their governance standards. Summarized below are the challenges identified through the benchmarking research for the larger organizations providing supportive housing.

Key Findings

Rapid Growth in the Sector and Limited Funding

- There has been rapid growth in the need for supportive housing requiring fast response time which has limited organizations' ability to grow and scale their systems and policies systematically.
- Government funding continues to be insufficient to meet the existing and growing needs of the sector. These organizations are operating with strained budgets and delayed approval/budget review bureaucracy that is increasing the risk borne by the organizations. Organizations are

being challenged to be fiscally responsible and are increasing their debt or using fundraising dollars to pay for operational costs.

- Organizations often operate in crisis mode. They are hemmed in by regulations, law and contracts but must meet mandates and requirements of their allocated funds to operate with increasing demands and costs.
- BC Housing as the main provider of funding for social housing has also experienced rapid growth and has been unable to scale its systems and procedures to be responsive to the time-sensitive needs of these organizations. BC Housing is currently undergoing process changes with the Government which is negatively affecting their response time to organizations.
- Historically, the process between BC Housing and organizations was based on trust/individual relationships versus a qualified rigorous process.

Leadership and Accountability

- Most organizations have the basic governance practices in place, with dedicated volunteer boards who, like Atira's directors, are passionate about helping those in need. Most EDs do the heavy lifting on governance administration; and many recognize that their governance standards could improve but lack the resources to address this.
- As noted above, unlike other organizations that receive government funding, there is no requirement for formal accreditation which includes external evaluation of board governance in the social housing sector. As there hasn't been a funder requirement for accreditation and it can be a costly procedure, few organizations are accredited. Historically, BC Housing has conducted operational reviews, but it did not include a governance oversight review. In our interviews BC Housing mentioned it is in the process of enhancing its own governance practices but does not currently examine the governance performance of the housing providers it funds.
- Very few boards in the sector engage in annual CEO performance reviews, management succession planning or leadership development to build capacity in next level leaders – this is a key risk for the sector as a whole as many EDs are close to retirement age.

Inconsistent Applications of Board Policies and Procedures

- There is a mix in how well documented these organizations' governance policies and materials are. Often these organizations are over-extended or simply focused on the operational requirements and needs of their services and are unable to commit the time to create or maintain their terms of reference, board manuals and policies.
- Where documentation exists, some volunteer boards do not have functional governance committees or the discipline to be self-monitoring to comply with their policies.
- Challenges seem to occur when there are no clear boundaries and documented guidance on board roles and responsibilities and CEO responsibilities, and boards venture into operational matters rather than attending to governance oversight.
- Funding received does not include funding for administrative support which impacts the organizations' ability to respond to growth and maintain proper documentation, procedures and policies.

Board composition

- Most boards in the sector strive for diversity in their composition in order to be truly reflective of the community they serve, including diversity of age, ability, ethnicity, gender, economic circumstances and other forms of lived experience. By prioritizing these attributes and under-

prioritizing core oversight skillsets across governance, finance, audit, risk and strategy, many boards do themselves a disservice by not ensuring they are comprised of individuals who bring both needed diversity and the skillsets required for oversight.

- These organizations also operate with limited and restricted funds which makes it challenging for a volunteer board to have ongoing governance training.
- This may result in board members struggling to fulfill their responsibilities properly and/or not being aware when they are not meeting their fiduciary obligations.

Many of the governance gaps we identified at Atira are clearly common to the sector as a whole. There is an opportunity to elevate governance practices across the supportive housing organizations to higher common standards.

IV. Summary of Recommendations for Atira

Emerging from this review, we have summarized below the key recommendations identified in order of priority for the AWRS Board. Three priorities have been recently implemented and the remaining 10 are put forward for consideration, with suggested phases for implementation.

Recommendations- Phase One: Completed by December 2023

1. **Fill immediate board openings:** Directors were recruited to fill the available seats on the AWRS and subsidiary boards for election at the 2023 AGM, including a significant number of governance-literate directors. We recommended that the AWRS board be brought as close as possible to the maximum number (13); that several of these new directors be experienced board chairs/governance-literate leaders; and a sufficient number be recruited to each of the active subsidiary boards to ensure quorum.
2. **Bylaws update:** we provided our guidance to Atira's legal counsel on important changes to the bylaws that were approved at the December AGM; other refinements to modernize and streamline the bylaws are recommended for Phase Two.
3. **Committee reset:** immediately following the AGM, the Board began to reconstitute its committees, making full use of the skillsets of newly recruited directors. We recommend that each newly constituted committee review its current terms of reference relative to the gaps identified in this report, and report back to the Board with their recommended changes to the terms of reference.

Recommendations- Phase Two: January 2024 to the following AGM

First Quarter:

4. **Revise core terms of reference:** in tandem with the committees' review of their terms of reference, we recommend the Governance Committee conduct a review/revision of the core terms of reference for the Board, individual directors, chair and vice chair, prepare a complete board calendar and work plan. These documents should be submitted to the Board for approval in the first quarter and used as the cornerstone in onboarding new directors to the desired board standards.

Balance of 2024:

5. **Review board structure:** during the 2024 board year, we recommend that the Governance Committee review the corporate structure including the subsidiary boards (ADS, AWAS, APMI) and determine if some of these boards can be transferred to subcommittees or task forces or advisory committees. The objective would be to cut down on the amount of formal board structure and consolidate governance and management effort. There is an incredible amount of extra work that

currently goes into preparing separate financial statements, hosting separate committee meetings, board meetings and AGMs, that could be compressed if these boards could be merged under one governance structure overseeing operational business units. The higher level independent expertise provided by subject matter experts (such as those currently on the ADS board) could potentially be replaced with agile working groups, task forces or advisory groups that can meet as required to progress the designated work. Such ad hoc groups would have terms of reference with a defined purpose, start and end date and specific reporting accountabilities to the Board. There may be retiring, tenured directors whose valued expertise can continue to be deployed as members of these ad hoc groups.

6. **Develop optimal committee structure:** following the Board structural review, we recommend the Governance Committee develop a plan for the optimal committee structure. Potential considerations:
 - a. Under the guidance of the Governance Committee, maintaining an active nominations subcommittee year round
 - b. Introducing a People and Culture subcommittee of Governance or a full board committee, with oversight of health and safety, engagement and wellbeing of staff
 - c. Expanding the mandate of the Finance and Audit Committee (FAC) to include oversight of risk, towards potentially adding a separate Risk Committee. The FAC should also be accountable for updating and ensuring compliance with Board pre-authorization and approval policies setting out scope of authority and limitations on CEO and management.
 - d. Considering the need for a Quality, Safety and Compliance oversight committee similar to those in place in accredited service providers.
7. **Comprehensive Revision of Board Manual:** we recommend members of the Governance Committee be dedicated to work with the Corporate Secretary and potentially external resources to create an updated Board Manual setting out terms of reference, board policies, procedures and processes for the Board's adherence. We have provided a draft Table of Contents for the Manual along with a workplan for updating policies, processes and practices, and recommend it be completed in the second quarter, for Board approval and adoption, in tandem with a board governance workshop (see 8. Annual Board Governance Training, below). Consider posting the Board Manual on the website for transparency.
8. **Annual Board Governance Training:** we recommend the Board institute mandatory annual board training/re-orientation, in the form of a recurrent governance workshop for all continuing and new directors together with management, to align on governance policies, practices, the annual calendar, roles and responsibilities.
9. **Recruitment:** we recommend a consistent annual nominations process commencing early in the board year, as noted above ideally undertaken by a designated subcommittee, whose role is to update the board skills and experience matrix, plan for vacancies and renewal by maintaining an "evergreen" pipeline to ensure succession. We recommend the Board work towards an optimal size of 9-12 over time. For the balance of 2024 the Board should fill upcoming retirements and skills gaps with experienced directors who ideally bring board leadership skills (experience as chair, committee chairs, treasurer, subsidiary chairs).
10. **Systematic Documentation:** complete the compilation of historical documentation on the new Diligent portal.
11. **Initiate accreditation process:** we recommend that a small task force of board members be assigned to work with the CEO and management to identify the best fit accreditation process and scope out the work and resources required to meet those standards. This work would benefit from collaboration with the CEOs of the larger providers in the sector to ensure common standards and

potentially to advocate for government funding to address the significant cost of addressing this gap for the sector as a whole.

Recommendations – Phase Three: 2025 – 2026 Board Year (AGM to AGM)

12. **Complete accreditation process:** a target date within the 2025 board year should be set for completion of the accreditation process.
13. **Complete bylaws review:** we recommend that the bylaws be modernized and streamlined, but the Board structural review should be completed before that work is undertaken.

V. Observations for the Sector

Our analysis of the context and governance gaps for Atira led us to some observations about the sector as a whole, for the Board's consideration in its advocacy work for the delivery of supportive housing for society's most vulnerable populations.

- Government oversight has been weak in this sector relative to other sectors that are funded by government to provide housing, support and services to those in need. Seniors, people with disabilities, immigrants in need of affordable housing, and other segments of society are served by providers whose ministries impose more stringent requirements on them, to maintain their funding eligibility. It is ironic that women in crisis and those with the direst need for shelter and basic housing, safety and protection against gendered violence, are under-protected in the current government approach.
- Atira has an opportunity to set new standards for the sector by modelling best-in-class governance practices. At the same time, there is a common need and opportunity for Atira to lead and convene an initiative with others in the supportive housing sector to combine forces on levelling up their governance standards. There is no reason why each provider should "reinvent the wheel" when 75% of the appropriate documentation, policy, procedure and structure can be standardized through collaboration on the development of the core governance materials, and potentially approaching government for funding to accomplish this.
- There is a similar opportunity for Atira to lead discussions on the adoption of a common accreditation process even before it might be mandated by BC Housing. Getting out in front of potential more stringent requirements by the funder will enable Atira to identify the optimal standards body and scope out the work and impacts before potentially being required to do so to meet future funding needs.

VI. Acknowledgments

We extend our sincere gratitude to all those who contributed their time and insights to the successful completion of this Governance Review report. The dedication and commitment of individuals across the organization, as well as external stakeholders, played a crucial role in informing the insights and recommendations presented here. The Board of Directors, the Task Force members, the Corporate Secretary and interim CEO all worked diligently to provide the necessary data and context for this report. External stakeholders and leaders in the supportive housing sector provided valuable insights and benchmarks for comparison; and BC Housing, other government representatives and funders were forthcoming in their observations and counsel.

We have emerged from the review process confident that the AWRS Board of Directors is putting in place the necessary measures to progress towards its stated objective of modelling best-in-class governance standards with a culture of transparency, accountability, and continuous improvement.