

G03 – CALA Policy Governance Manual  
Revision 6.1 – July 18, 2011





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## PREFACE

CALA is a not-for-profit association that instills public confidence in laboratory test results by providing internationally recognized accreditation, proficiency testing and training.

CALA was established in 1989 to help Canadian analytical laboratories conform to internationally accepted standards of competence and proficiency. It did this by developing an accreditation program based on assessment of a laboratory's quality management system, coupled with evaluation of analytical capability determined through proficiency testing (PT).

Between 1994 and 2004, CALA operated in a partnership with the Standards Council of Canada (SCC), in which CALA undertook all site assessments and evaluation of competency, conducted the PT program, and recommended to the SCC whether or not a laboratory should be accredited.

At the CALA Annual General Meeting in 2004, the members elected to not continue the partnership with the SCC after December 2004, and to become an accreditation body in its own right, with full international recognition.

One result of this decision, due to the major change that resulted to CALA's organization and operations, was to revitalize the way the Board functioned and to refine the interaction between the Board and the CALA staff. At its meeting in November 2005, after a workshop that explained how the new process would look and function, the Board voted unanimously to adopt the concept of Policy Governance as its form of management.

In October 2010, the Board reviewed the performance of the governance model over the past five years and unanimously agreed to amend the model to better serve the operating environment and size of the organization.

This document will continue to evolve over time. In the hierarchy of Board documents, it is the third most important after the Letters Patent and the By-Laws.

# CALA ENDS POLICIES

## **E-1 Global Ends Policy**

CALA accredited laboratories are recognized as meeting world-class levels of scientific and management excellence.

## **E-2a Laboratory Benefits include**

CALA accredited laboratories demonstrate world-class excellence based on their compliance with international standards and competence through maintaining accreditation and successful participation in a proficiency-testing program and as a result may obtain a license to use the CALA mark at no fee.

These laboratories demonstrate their competency by:

1. meeting or exceeding their customers' requirements for analytical testing, including applicable government and regulatory specifications;
2. producing data that is recognized internationally as reliable, accurate and defensible.
3. having skills and abilities based on effective training and voluntary participation in delivering the assessment program; and
4. having the required information with which to do their work efficiently and effectively through access to CALA's member accessible resources.

## **E-2b Users of Laboratory Data Benefit**

Users of laboratory data have confidence in and prefer CALA accredited laboratory data because they:

1. are aware of the competence and proficiency of CALA-accredited laboratories;
2. recognize what CALA accreditation means;
3. are able to understand the results

## **E-2c Legislation Favours Accredited Laboratories**

CALA members' views, needs, and interests are made known to:

1. all levels of decision makers in Canada;
2. the creators of international standards and associated guides and policies.

## **E-2d Resource Allocation**

Emphasis for resource allocation will always be on End 2a, benefits to laboratories.

## EXECUTIVE LIMITATIONS POLICIES

### EL-1 Global Executive Constraint

The President & CEO (hereinafter referred to in this document as the CEO), shall not cause or allow any practice, activity, decision or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted not-for-profit business and professional ethics and practices.

### EL-2a Treatment of Members/Customers

For interactions with CALA members/customers, or prospective members/customers, the CEO shall not cause or allow conditions, procedures, decisions, or maintain facilities that:

1. are unsafe, undignified, unnecessarily intrusive, or that fail to provide appropriate confidentiality or privacy;
2. collect or elicit unnecessary information that is not relevant to ISO/IEC 17025 or similar accreditations, proficiency testing or training.;
3. use information processing methods (collection, transmission, storage), that fail to protect against improper access to the material collected;
4. fail to review technology on a regular basis and provide to the membership the best and most financially viable technology to service the needs of the membership in submitting and accessing data and information.
5. fail to provide services that are member/customer-centered;
6. fail to provide opportunities for, or advise members/customers of the appeal policies/process; and fail to provide a response to concerns/questions or complaints given to the CEO, management and staff in a timely manner.

### EL-2b Laboratory Accreditation Program

The CEO shall not fail:

1. to provide a laboratory accreditation program that conforms to the latest version of ISO/IEC 17011.
2. to ensure fees are competitive within the marketplace for similar programs.
3. to pursue alternative programs outside of ISO/IEC 17025, and shall not fail to obtain approval of the Board of Directors prior to implementation.

### EL-2c Proficiency Testing Program

The CEO shall not fail:

1. to provide a Proficiency Testing (PT) program that is accredited to the latest version of ISO/IEC 17043 ~~and/or ILAC Guide 13.~~
2. to ensure fees are competitive within the marketplace for similar programs.

### **EL-2d Treatment of Employees / Volunteers**

With respect to the treatment of Employees/volunteers the CEO shall not:

1. cause or allow conditions that are unfair, undignified, unsafe, unclear, unfairly discriminatory or fail to acquaint employees with their rights under this policy;
2. operate without written rules/policies that clarify expectations, working conditions, or provide for effective handling of grievances;
3. discriminate against any employees/volunteers for non-disruptive, respectful expression of dissent;
4. prevent employees/volunteers from grieving directly to the Board when internal grievance procedures have been exhausted and the employee alleges either that Board policy has been violated to his/her detriment, or that Board policy does not adequately protect his/her human rights;
5. fail to provide reasonable opportunities for growth and advancement or to promote an environment that values the contribution of employees and maintains a positive morale.

### **EL-2e Financial Planning and Budgeting**

Financial planning for any fiscal year, or part thereof, shall not deviate materially from the Board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a multi-year plan.

The CEO shall not:

1. operate without a board approved budget, detailed enough to enable credible projection of revenues and expenses, separation of capital and operational items, cash flow and disclosure of planning assumptions and the setting of fees;
2. plan for more expenditures than projected revenues in any two-year cycle, unless so directed by the Board;
3. reduce the current assets at any time below amounts established by the Board or allow cash to drop below a safety reserve level specified by the Board;
4. fail to develop for Board review and approval at the fourth quarter board meeting a rolling five-year strategic plan, which shall take into account changes in CALA's business environment, and shall be adjusted accordingly on an annual basis;
5. fail to get annual Board approval of the association's long-term financial plan;
6. become over-reliant on one source of funding.

### **EL-2f Financial Condition and Activities**

With respect to the present or future financial condition of the organization, the CEO shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from the approved plan, which is in itself based on Board priorities established in Ends policies.

The CEO shall not:

1. fail to prepare financial statements quarterly;
2. indebt the organization in an amount greater than can be repaid by

- certain, otherwise unencumbered revenues within sixty days;
3. make any unbudgeted use of long-term reserves or use any restricted funds for non-designated purposes or fail to safeguard unused restricted funding;
  4. allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed or fail to settle payroll and debts in a timely manner or fail to aggressively pursue receivables after a reasonable grace period;
  5. acquire real property;

### **EL-2g Spokesperson**

The CEO, as chief spokesperson for the organization, shall not make any public statements inconsistent with the members' interests or the Ends of the organization.

### **EL-2h Emergency CEO Succession**

To protect the Board from sudden loss of CEO services, the CEO shall not fail:

1. to have at least one other management-level employee familiar with day-to-day office processes, Association Ends, and the activities intended to achieve these. This employee should be in a position to assume the CEO's duties in the case of an emergency.
2. to have a CEO's replacement dossier in place to give the Board in the case of a planned departure.

### **EL-2i Asset Protection**

The CEO shall not:

1. allow the Association's assets to be unprotected, inadequately maintained, or unnecessarily risked.
2. fail to insure the Association against theft, fire and casualty losses to at least 80 percent of replacement value and against liability losses to the organization or its Board members, employees or volunteers when acting on behalf of the organization;
3. make any purchases or investments of any association funds that are not in full compliance with the purchasing/investment guidelines established and maintained by the Finance Committee and the CFO of the organization;

### **EL-2j Business Continuity**

The CEO shall not operate without an approved and costed business continuity plan that is reviewed and updated annually.

### **EL-2k Compensation and Benefits**

Compensation reviews for all executive and non-executive staff are to be performed as deemed necessary by the Board, based on the employment and business environment. Within this framework,

The CEO shall not:

1. cause or allow jeopardy to fiscal integrity or public image with

respect to employment and/or compensation/benefits to employees, consultants, contract workers and volunteers acting on behalf of CALA.

2. fail to provide the Board with compensation strategies for employees or change his or her own compensation/benefits, or establish compensation/ benefits proposals for employees that deviate materially from the geographic or professional market for the skills employed without Board approval;

#### **EL-2I Communication and Support to the Board**

The CEO shall not permit the Board as a whole to be uninformed of any changes that could negatively impact the ends policies, relevant trends, material external or internal organizational changes or unsupported for fully informed Board choices by:

1. neglecting to submit required monitoring reports and consent agenda items in a concise, timely, accurate and understandable fashion;
2. failing to advise the Board if, in the CEO's opinion, the Board is not in compliance with its own policies;
3. failing to provide a mechanism for official Board, officer or committee communications;

## GOVERNANCE PROCESS FOR THE BOARD

### GP-1 Global Governance Commitment

The Board of Directors, on behalf of the owners of CALA, will ensure that the association achieves value-added results at a competitive cost, while avoiding unacceptable actions and/or situations.

### GP-2a Governing Style

The Board will:

- govern the association by emphasizing:
  1. outward vision versus internal preoccupation;
  2. diversity in viewpoints;
  3. strategic leadership versus administrative detail;
  4. clear distinction of Board and CEO roles;
  5. collective versus individual decisions;
  6. the future versus the past or present, and
  7. pro-activity versus reactivity.
  
- take full responsibility for enforcing excellence in governing by:
  1. protecting and maintaining the integrity of the organization and its programs;
  2. being a policy initiator versus reacting to employee initiatives;
  3. using individual Board member expertise and continual Board development to enhance the Board's collective ability;
  4. allowing no excuses for not fulfilling Board commitments;
  5. self-monitoring its own processes and performance at each meeting.
  
- direct, control, and advise the organization through:
  1. establishment of broad written policies reflecting it's values/perspectives about Ends to be achieved and Means to be avoided;
  2. policies focused on long-term external effects versus the administrative means used to attain the effects;

## **GP-2b Board Composition**

As specified in the association's By-laws, the Board of Directors will consist of a maximum of 15 voting directors as follows:

1. Five (5) elected directors shall be mainly associated with the "not-for-profit" sector and five (5) elected directors shall be mainly associated with the "for-profit" sector. In addition to the foregoing, elected directors must be from each of the association's geographic regions as follows: one member from Pacific/Yukon (BC & Yukon); one member from Prairie/Northern (Alberta, Saskatchewan, Manitoba, NWT & Nunavut); two members from Ontario/Quebec; and one member from Atlantic Canada (Nfld. & Labrador, NS, NB & PEI).
2. Up to five (5) additional directors may be appointed by the Board and a maximum of two of these appointed directors, may be non-members of CALA.
3. As per the Non For Profit Act, there shall be no more than one third of the Board seats occupied by appointed directors.
4. Refer to the By-Laws for additional information.

## **GP-2c Board Job Description**

The Board of Directors represents the owners (members) of CALA in determining and demanding appropriate organizational performance and this responsibility cannot be delegated.

A Job Description is provided to each Board Member. To summarize, the Board will:

1. foster and grow the association's linkages with its owners through active recruitment, retention and feedback activities by Board Members;
2. produce written governing policies and advise the CEO of any assumptions made that, at the broadest levels, describe:
  - a. Organizational Ends (what good for whom, at what cost)
  - b. A governance process (How to design, implement and monitor its tasks)
  - c. Executive Limitations that establish boundaries for executive decisions and activities
  - d. The Board/ CEO Linkage to describe delegation of powers, monitoring performance, roles, authorities and accountabilities.
3. make operational decisions related but not limited to:
  - a. fees,
  - b. appeals
  - c. compliance with ISO/IEC 17011
  - d. CEO compensation
  - e. approval of long-term financial plan
4. review/revise the strategic plan submitted annually by the CEO and adjust budget and planning accordingly.

Refer to the specific job descriptions for additional information.

**GP-2d Agenda Planning**

To accomplish its role with a governance style consistent with Board policies, the Board will follow an agenda that annually examines Ends policies and that continually improves Board performance through Board education and enriched input and deliberation.

**GP-2e Chair's Role**

The Chair's role is to serve as Chair of the Board:

1. ensure the integrity of the Board process and that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization,
2. ensure that Board meeting discussion is limited only to issues that, according to Board policy, clearly belong to the Board to decide.
3. represent the Board as authorized to outside interests using any reasonable interpretation of Board policies.
4. assist in the development of the Vice-Chair and keep the Vice-Chair informed of key activities.
5. appoint from the Board, an interim President & CEO if the Past Chair is unavailable outside of short term emergencies (EL-2h).

The Chair of the Board has no authority to supervise or direct the CEO and therefore shall not make revisions to policies created by the Board within Ends and Executive Limitations policy areas.

**GP-2f Vice-Chair's Role**

The Vice-Chair of the Board shall be vested with all the powers and shall perform all the duties of the Chair in the absence of the Chair. The Vice-Chair generally fills the Nominating Committee Chair role, although another member of the Committee can fill this role as agreed to by the Committee members

**GP-2g Past-Chair's Role**

The Past-Chair generally fills an advisory role on the Board and may sit on Committees in that capacity.

**GP-2h The Secretary's Role**

The role of the Secretary is to ensure the integrity of the Boards documents through direct oversight. The Secretaries responsibilities in undertaking this include :

1. acting as clerk at all Board meetings
2. ensuring that all Board documents are accurate and correct, including but not limited to;
  - a. documents of incorporation
  - b. by-laws
  - c. board minutes, attendance records and post office and email addresses for all Board Members
  - d. governance policies
  - e. monitoring reports
  - f. etc.,

3. maintaining a complete record of all Board proceedings and decisions;
4. the distribution, collection and counting of ballots for Board Member elections
5. giving all notices required to be given according to the By-Law.

#### **GP-2i Treasurer's Role**

The role of the Treasurer is to produce Board assurance of organizational performance against Board-specified Executive Limitations (financial) policies and in so doing shall present a long-term financial plan and audited financial statements to the members of the Association at the Annual General Meeting.

#### **GP-2j Provision of Advice to the CEO**

The CEO shall expect a timely response from the Officers (Chair, Vice-Chair, Treasurer, Secretary, and Past-Chair) for advice on the interpretation of these policies, or any matter where the CEO is unclear as to the meaning, intent, or application of a policy. The CEO fully appreciates that the Officers are not empowered to change a policy and that only the Board can change a policy.

The CEO is however not restricted to only soliciting advice from the Officers in this regard and may request advice from all Board Members or any other source in carrying out the duties of the CEO. This action will not relieve the CEO from the accountability for decisions and adhering to any reasonable interpretation of the policies.

#### **GP-2k Board Committee Structure**

The Board may create and charge committees where it deems them to be required, regardless of whether Board Members actually sit on them.

Unless otherwise stated, a committee ceases to exist as soon as its task is completed. Timely reporting to the Board shall only be by written submissions circulated in advance of each Board Meeting with appropriate verbal comment by the committee chair if necessary.

They will be assigned to reinforce the work of the Board and never to interfere with delegations from Board to the CEO or to speak or act for the Board except where specifically authorized to do so. These committees assist the Board to do its job by preparing future policy alternatives and implications for subsequent Board deliberations.

They are not to help, advise or exercise any authority over the employees, or the CEO. It does not however apply to committees formed under the authority of the CEO.

Standing Board committees are:

1. Finance Committee
2. Compensation Committee
3. Nominating Committee

Terms of Reference further define the work of each committee.

### **GP-2l Board Members' Code of Conduct**

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Board Members must exhibit loyalty to the interests of the membership. This accountability supersedes a conflicting loyalty to advocacy or interest groups, and membership on other Boards or staffs or other loyalty. It also supersedes the personal interests of any Board member acting as a beneficiary of the organization's services.

Board members must avoid conflict of interest with respect to their fiduciary responsibility and must adhere to the Code of Ethics and the By-laws of the association.

### **GP-2m Cost of Governance**

The Board will invest in its governance capacity. Accordingly, the Board will invest in and be accountable for an annual budget that shall include costs for:

1. The development of skills, methods, and supports sufficient to assure governing with excellence.
2. Training and retraining to orient new Board members or candidates for Board membership, as well as to maintain and increase existing Board member skills and understanding.
- ~~3.~~ Outside monitoring assistance.
4. Outreach mechanisms will be used as needed to ensure the Board's ability to listen to member/owner viewpoints and values.
5. Travel and related expenses

# BOARD-STAFF RELATIONSHIP

## **BSR-1 Global Board-Staff Relationship**

The Board's sole official connection to the operational organization will be through the CEO. The CALA executive assistant can be called upon to supply common documents and updates for Board materials. The CEO must notify the Board of his/her replacement should he/she is unavailable.

## **BSR-2a Unity of Control**

The CEO is only bound to act on officially passed motions of the Board and through written policies that prescribe the organizational Ends to be achieved (what results, for what recipients and at what cost), and describe organizational situations and actions to be avoided (Executive Limitations).

## **BSR-2b Accountability of the CEO**

All authority and accountability for staff, is considered the authority and accountability of the CEO.

Accordingly:

1. The Board will never give instructions to or evaluate either formally or informally persons who report directly or indirectly to the CEO;
2. The Board will view CEO performance as identical to organizational performance, so that organizational accomplishment of Board stated Ends and avoidance of Board proscribed means will be viewed as successful CEO performance as per BSR-2d.

## **BSR-2c Monitoring CEO Performance**

Systematic and rigorous monitoring of the CEO's performance will be undertaken solely against the organizational Ends and within the organizational operation boundaries (Executive Limitations), both of which are established in Board policies.

Accordingly:

1. Annual objectives specific to the Ends may be established by the Board. These objectives may be tied to specific projects within the Ends and will be allocated percentages depending on the intensity, complexity and importance of the objective. All objectives will be associated with an Ends policy.
2. Monitoring is to be as automatic as possible and is used to determine the degree to which Board policies are being met, using a minimum of Board time;
3. All policies that instruct the CEO will be monitored by one of four (4) methods chosen by the Board and can be monitored by any method at any time.

	<b>Policy</b>	<b>Frequency</b> (Times per year)	<b>Method</b> (See below)
EL 1:	Global Executive Constraint	as per EL-1/EL-2l	BDI
EL 2a:	Treatment of Members/Customers	KPI 3 X	KPIR/ BDI
EL 2b:	Laboratory Accreditation Program	KPI 3 X	KPIR
EL 2c:	Proficiency Testing Program	KPI 3 X	KPIR
EL 2d:	Treatment of Employees/Volunteers	1X	IR/BDI
EL 2e:	Financial planning and budgeting	4 <sup>th</sup> Q BM and as needed	IR
EL 2f:	Financial conditions and activities	3X	IR
EL 2g:	Spokesperson	as per EL-2g/EL-2l	BDI
EL 2h:	Emergency CEO Succession	1X (or as needed)	IR
EL 2i:	Asset protection	as per EL-2i/EL-2l	IR
EL 2j:	Business Continuity	as per EL-2j/EL-2l	IR
EL 2k:	Compensation & Benefits	1X-2 <sup>nd</sup> -Q	IR
EL 2l:	Communication and support to Board	KPI 3 X	KPIR
ENDS	All levels	1X	IR
	<b>Methods:</b>		
	KPIR = KPI Report		
	IR = Internal CEO report		
	ER = External report		
	BDI = Board direct inspection		