



## **Three Minutes for Governance Script Budget Approval**

### **Governance Review – Three Minutes for Governance**

The purpose of the Three Minutes for Governance videos is to produce educational commentary videos to assist the membership in their understanding BC Hockey Governance topics in simple, layman's terms. Many of the subjects have been raised by members in the governance review process.

This "Three Minutes for Governance" video pertains to Budget Approval

### **Slide #1 Budget approval – Membership or Board?**

The question of who approves the BC Hockey budget, the Membership or the Board, is one that requires explanation based on our present practice. It has been standard that the BC Hockey membership approves the budget at the BC Hockey AGM. In reality when we checked with other hockey organizations it is odd that this practice continues. Few if any other Branches operate in this fashion.

### **Slide #2**

To explain, the following needs to be considered,

- a) The requirements of the Societies Act
- b) Membership involvement in the process and how to keep it transparent
- c) Who is best prepared to make these decisions?  
AND
- d) Timing

### **Slide #3 Requirements**

- a) There is no question that our requirement under the Societies Act is that;
  - 1) The amount of the annual membership dues must be approved at a general meeting.
  - 2) The Board is responsible to present the financial statements and auditor's report to the membership.

### **Slide #4 Member Needs**

- b) BC Hockey would like to continue to satisfy the needs of the membership by protecting the process whereby members have the ability to view and understand the budget with the opportunity to comment to the Board.

Again there is no question that the circulation and review of financial statements and auditors report by the membership is mandatory.

### **Slide #5 Board Preparedness**

- c) In an organization the size of BC Hockey the membership will not have the required knowledge of the detailed financial requirements necessary to make prudent budgetary decisions. The Board is the most knowledgeable about the entire operation and has an obligation to act as an oversight for the whole organization.



As an example, The Board, with the assistance of the Finance Committee and staff would best understand non-membership generated financial items like; grant availability and obligations, operational details for user pay programs, and marketing initiatives.

#### **Slide #6 Timing**

- d) The other peculiar thing is that the Board, for the last number of years, has approved an interim budget. This was necessary because the AGM in June is held almost 3 months into the new fiscal year which begins April 1 and the organization requires approval to conduct business in the first quarter. Under the new structure the Board could easily approve a new budget in time for the start of the fiscal year.

#### **Slide #7 The Process**

It is proposed that the following would be appropriate in the new design:

- 1) A draft budget built by staff in cooperation with committees is presented to the Board in January
- 2) The Board approves the budget February 1
- 3) The budget is then circulated to the membership in February
- 4) Circulation of financial statements prior to the AGM, review of the audited statement and budget at the Annual General Meeting take place in the same fashion as is currently done
- 5) At each AGM in June, members consider fees for the next fiscal year (and beyond).