Governance Fundamentals

October 19, 2026, 2:15-3:15

PMI Culture Value: Make It Easy

Duncan Gallant
Region Mentor,
Region 3

Kitty Heite
Chapter Operations Analyst,
Regions 4&6, PMI

Project Management Institute

Disclaimer

- The views and opinions expressed in the following presentation are those of the individual presenter/s.
- When used, slides are protected under the copyright laws of the United States of America and other countries. Used by permission. All rights reserved. Project Management Institute and PMI are registered trademarks. All other trademarks are the property of their respective owners.
- This presentation is for registered attendees of North America LIM 2026.

Agenda

Governance Hierarchy

- Charter Agreement
- Charter Renewal
- Bylaws
- State, federal reporting requirements

Board Duties

Policy Manual for PMI Chapters

Your Chapter Policies and Procedures

Resources/Questions & Answers

Learning Objectives

At the conclusion of this session, attendees will be able to:

- Understand the governance structure of PMI Chapters in North America
- Understand the responsibilities of board members.
- Know where to find the resources they need to uphold these standards.

Who We Are

Duncan Gallant
Region Mentor R3
9 years at PMI



Kitty Heite
Chapter Operations Analyst R4&R6
6 years at PMI



Important Disclaimer

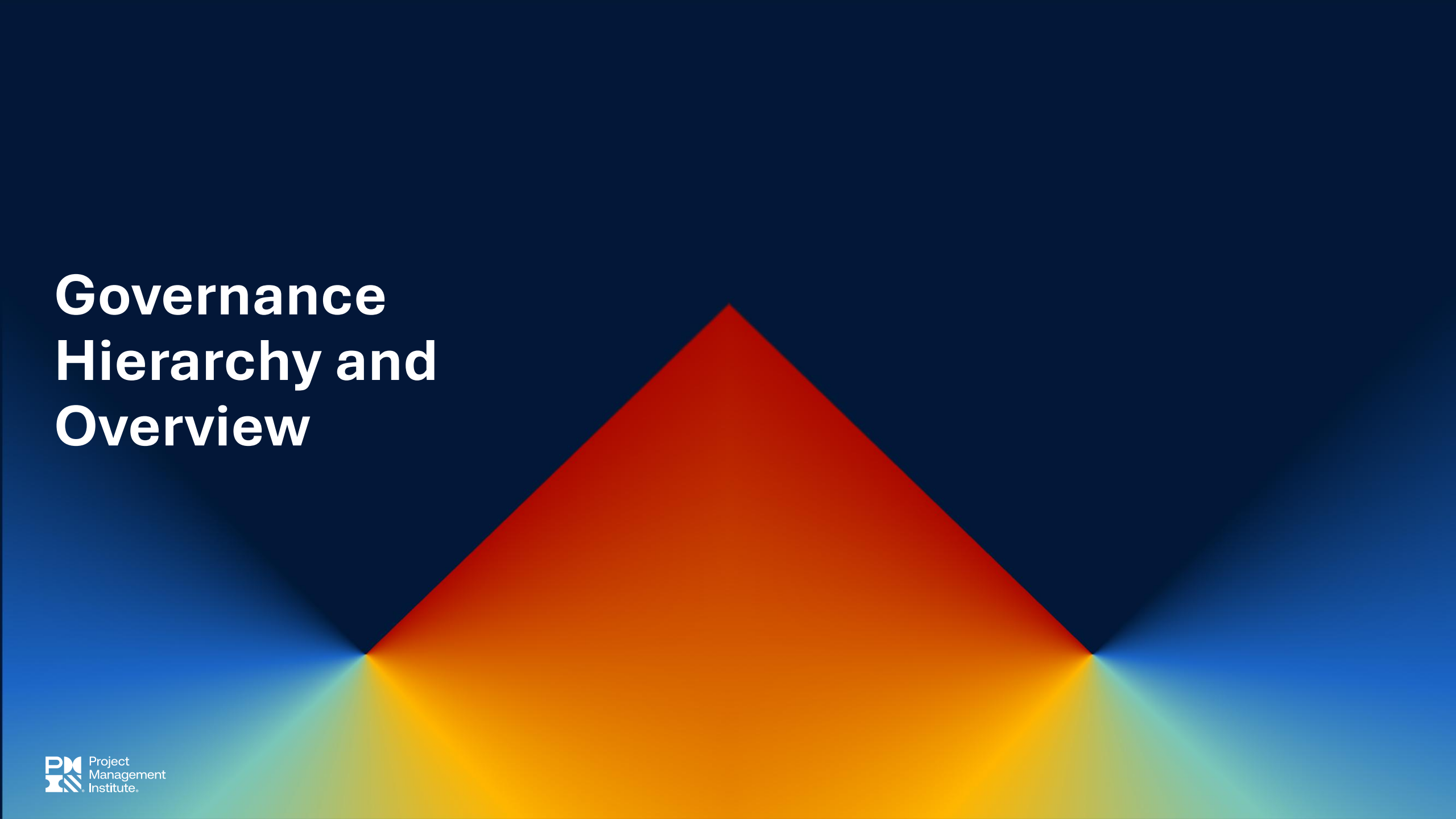
Important Notice: This presentation is provided for informational purposes only and does not constitute legal, tax, regulatory, or professional advice.

The information presented is intended to provide general guidance regarding nonprofit governance, compliance, and reporting requirements. Laws, regulations, filing obligations, and reporting requirements vary by country, province, state, territory, and local jurisdiction, **and may change over time**.

Each chapter's Board of Directors is responsible for understanding and complying with the legal and regulatory requirements applicable to its jurisdiction. Directors are expected to seek independent legal, tax, accounting, or other professional advice as necessary to ensure compliance with all applicable laws and regulations.

Neither PMI, the presenter, nor the authors of this material assume responsibility for actions taken based on the information contained in this presentation.

Governance Hierarchy and Overview



Project Management Institute.

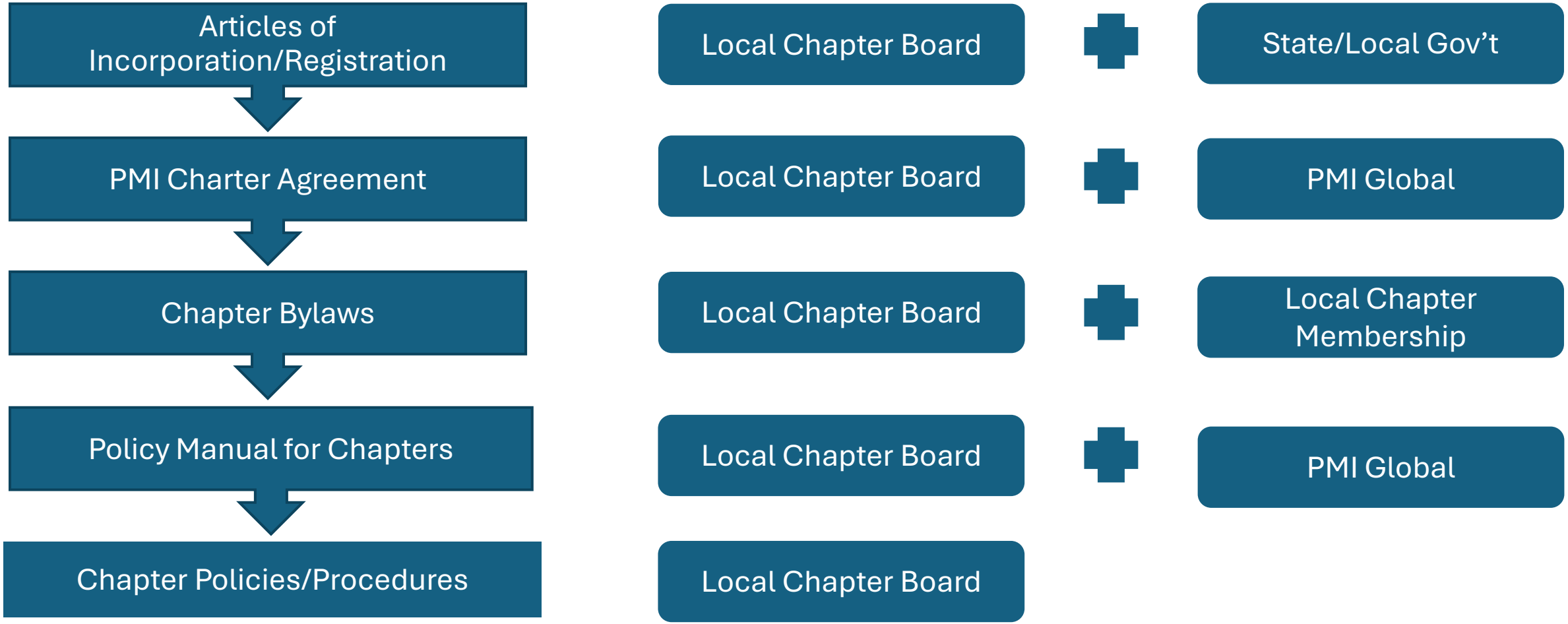
What is a chapter, legally?

- Legally chapters are **distinct organizations**, incorporated locally, that share a not-for-profit status with PMI Global.
- In the US: Chapters are a 501©6, which is a Membership Association - not a charitable foundation.
- In Canada: Chapters are usually created as not-for-profit (non-profit) incorporated bodies under the laws of their respective province.
- The relationship between PMI Global and local chapters is guided by the Charter Agreement.

Chapters are responsible for maintaining their legal incorporation status and we may not be able to help with that in some cases.

Hierarchy of Documents

Outlining relationships and responsibilities



Where can you find these documents?

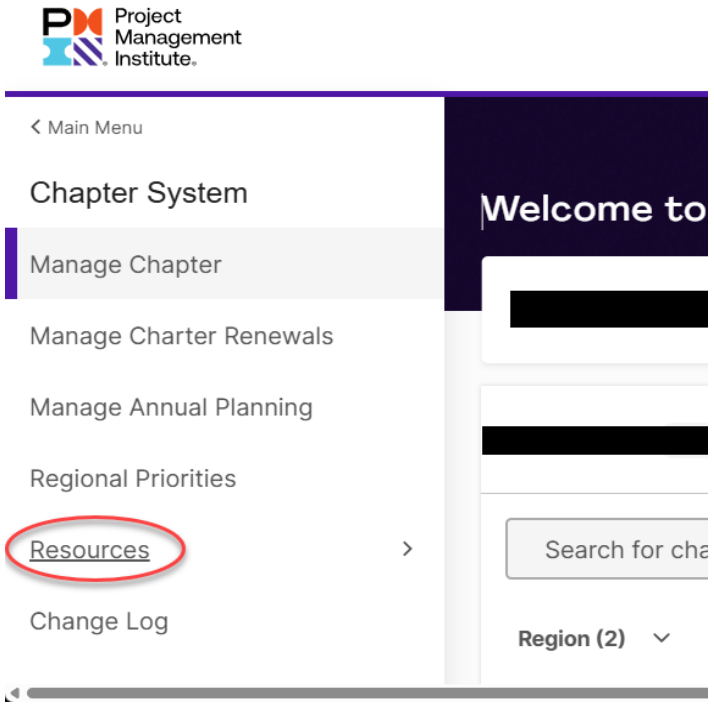
Chapter Maintained Documents

- Local Chapter Policies / Procedures
- Incorporation Documents
- Chapter Bylaws
- Charter Agreement

PMI - Chapter System

- Charter Agreement
- Bylaws
- Policy Manual for Chapters

-> chapters.pmi.org (use PMI log-in)
-> Navigate to Business Records
-> Download the relevant records



Compliance Requirements - US

- Chapters should monitor state and local compliance requirements because rules for nonprofits can differ from one jurisdiction to another.

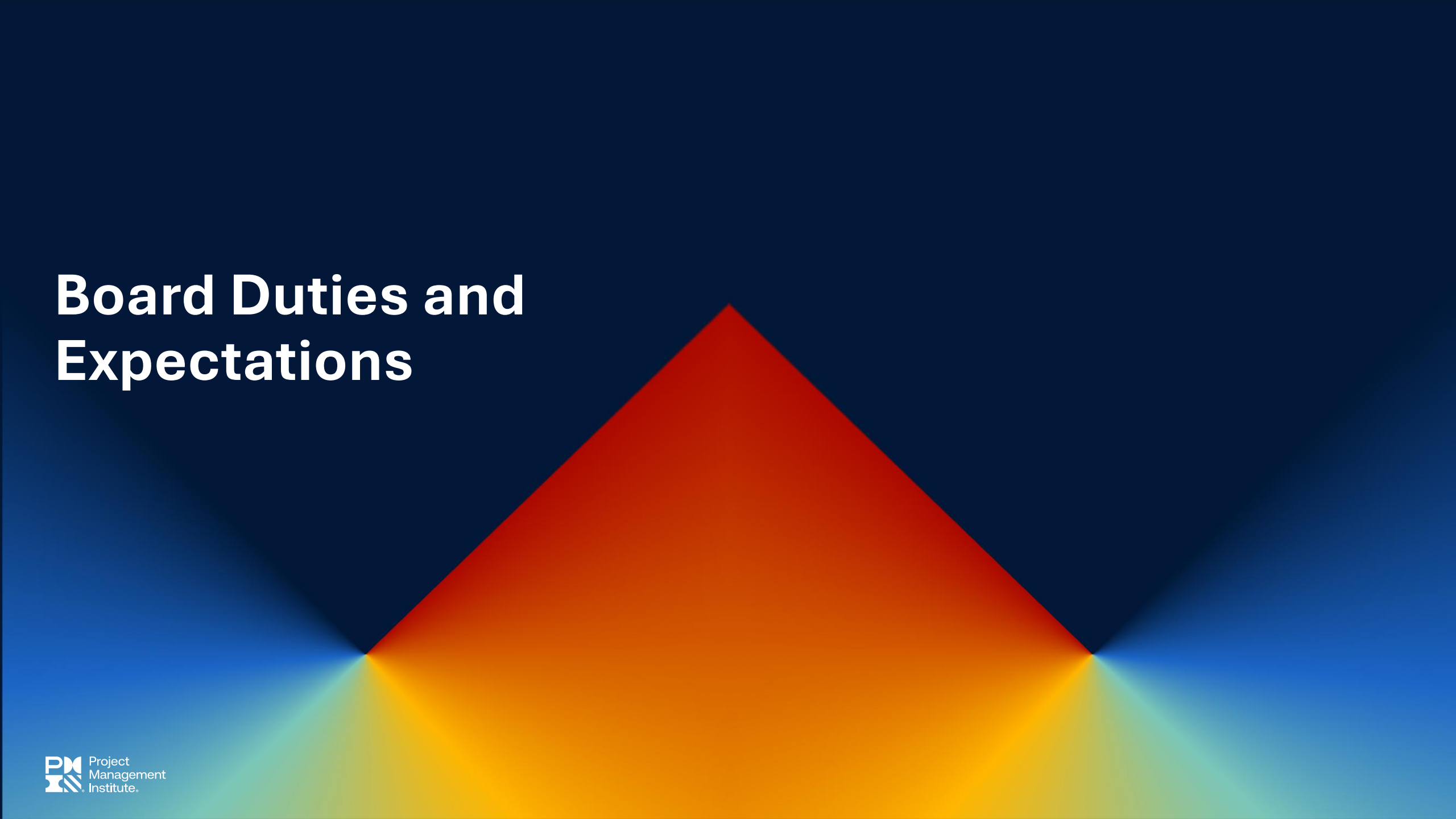
- **United States:** Most nonprofits interact with:
  - The State Attorney General (AG), who often oversees charitable organizations, fundraising activities, and charitable registrations.
  - The Secretary of State (SOS), who typically handles corporate filings such as incorporation, annual reports, and organizational records.
  - At the federal level, non-profits report to and maintain their tax-exempt status with the Internal Revenue Service (IRS).

Compliance Requirements - Canada

- Chapters should monitor state and local compliance requirements because rules for nonprofits can differ from one jurisdiction to another.

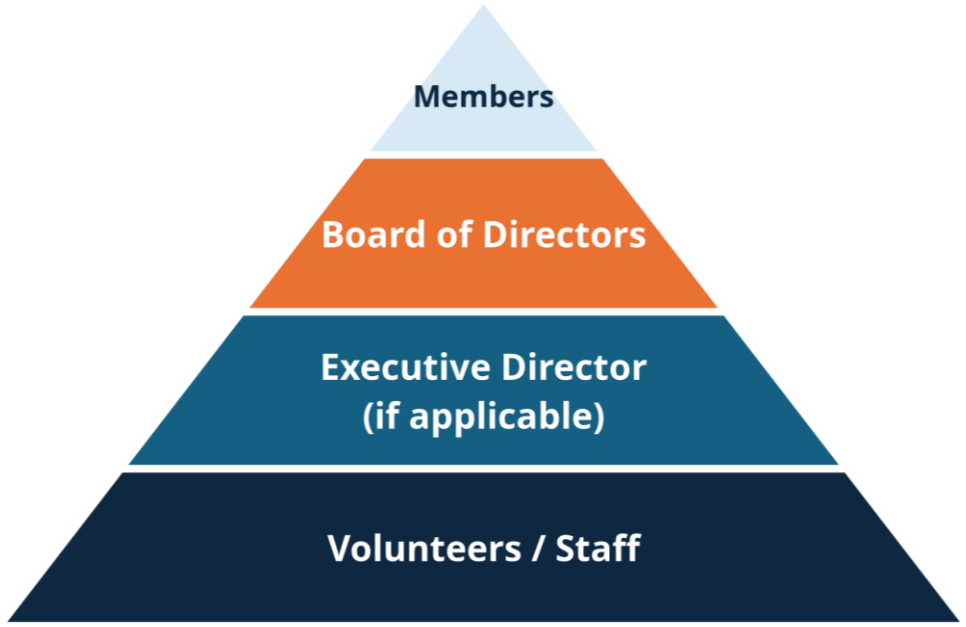
- **Canada:** Chapters normally interact with:
  - Chapters are required to complete an annual return to the province where they are incorporated. This is normally a short form and simple process.
  - Chapters are also required to complete an annual federal tax return with the Government of Canada. This is normally done at the end of each year after your financial statements are prepared by the bookkeeper or accountant.

Board Duties and Expectations



Project Management Institute.

Who Does What in a Chapter



Members
Elect the board, vote at the annual general meeting, approve bylaw changes.

Board of Directors
Set direction, approve budgets and policies, monitor performance and risk. Acts as a group, by resolution.

Executive Director, volunteers and staff
Deliver programs, events and operations within the authority the board delegates.

Two hats on a working board
At the board table, wear your director hat: oversee and decide. In your portfolio, wear your volunteer hat: deliver and report back.

Basic Rights of Members

In most jurisdictions, members are the individuals who are benefiting from the organization. Often, members also volunteer to perform other roles, such as officer or director roles within the organization.

Members have specific rights related to the organization's operation by legislation, the incorporating documents and by-laws, including:

- Right to attend members' meetings (i.e. Annual General Meetings (AGMs);
- Right to vote at the meeting; and
- Right to nominate, elect or appoint any of its members as directors for conducting the business (as per the by-laws).

Members vs. Board Members (Directors)

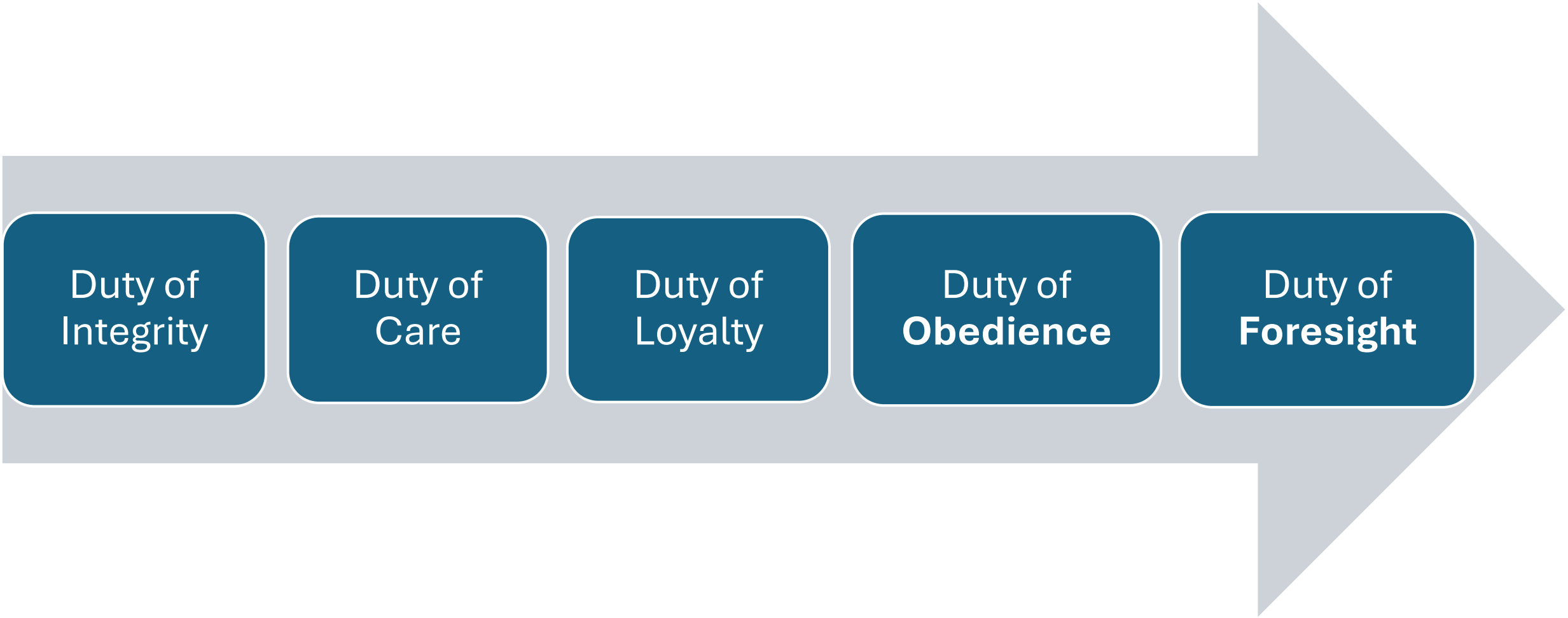
- In most jurisdictions, **Board Members** are legally referred to as a **Directors**. Some chapters may use the word "director" for volunteer positions not legally on the Board, but there is a legal difference in responsibilities of a legal Director and a volunteer leader.
- Normally, in legislation executive members such as the President, Treasurer, and Secretary roles are referred to as **Officers**.
- Unlike regular **Members**, Directors and Officer have greater legal responsibilities, and must act in accordance with their fiduciary duty and duty of care; **Members** are only subject to the expectations and polices for members under PMI.

Basic Rights of Board Members

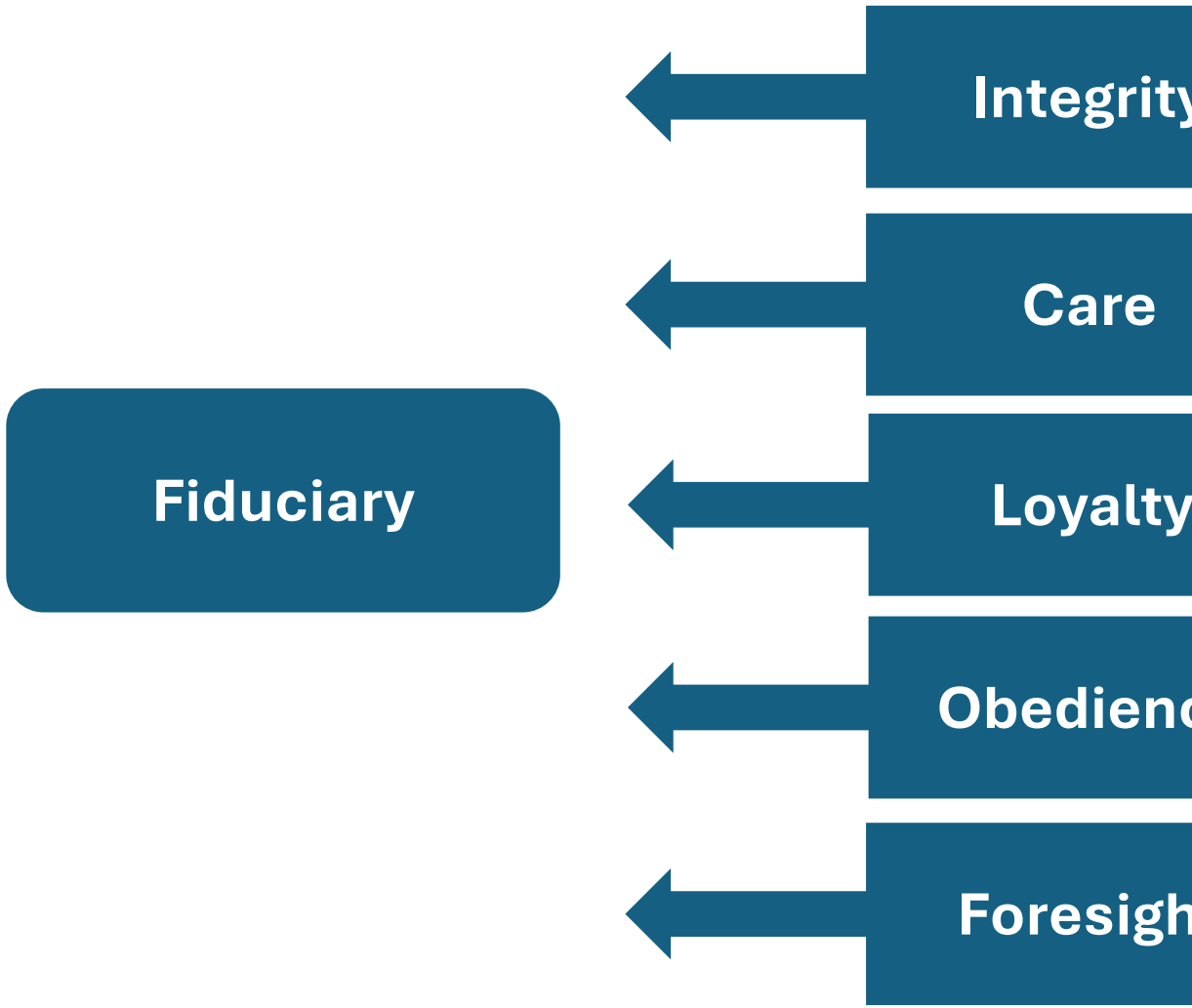
In most jurisdictions, Board members are entitled to:

- Access to resources/ files (as necessary to support duties)
- Notice of meetings
- Attend meetings
- Vote
- Review / approve minutes
- Introduce new business or raise concerns

Legal Duties and Expectations for Board Members



Fiduciary Duties of the Board of Directors



- Standard business practices must be followed in an ethical and honest manner
- PMI Code of Ethics and Professional Conduct

- Duty to be informed
- Duty to exercise reasonable skill and diligence
- Maintain confidentiality

- Director upholds interests of PMI and the chapter
- Put PMI and chapter's interests ahead of your own
- Avoid (perceived) conflicts of interests

- Obey and support any policy of the association
- "One Voice"
- Obey and follow local regulations

- Make future-informed decisions in the present
- Identify emerging issues that matter to your association – drivers of change
- Identify new opportunities to create member value

Director Duties: What the Law Requires

Duty of Care

US: Duty of Care
Canada: Duty of care, diligence and skill

- Be informed: read materials, attend, ask questions
- Act as a reasonably prudent person would
- Rely in good faith on reports and expert advice

Duty of Loyalty

US: Duty of Loyalty
Canada: Fiduciary duty (honesty and good faith)

- Act in the best interests of the chapter
- Put the chapter ahead of personal interests
- Disclose and manage conflicts of interest
- Keep board information confidential

Duty of Obedience

US: Duty of Obedience
Canada: Duty to comply with the Act, articles and bylaws

- Follow the law, your articles and bylaws
- Honour the Charter Agreement and PMI policies
- Stay true to the chapter's mission
- Support board decisions with one voice

Your duties are owed to the chapter, the corporation you serve. The chapter honours its commitments to PMI through the Charter Agreement.

Source: Ontario ONCA, Peoples and BCE (Lexology)

Beyond the Law: What PMI Expects of Leaders

Integrity

- Follow standard business practices in an ethical, honest way
- Model the PMI Code of Ethics and Professional Conduct
- Be transparent with members about decisions and finances

Foresight

- Make future-informed decisions in the present
- Identify emerging issues and drivers of change for your members
- Look for new opportunities to create member value
- Develop future leaders and plan for succession

The legal duties keep the chapter safe. Integrity and foresight build member trust and keep the chapter relevant.

Board Roles at a Glance

- **Strategy** direction, positioning, policies, risk
- **Execution** planning, budgets, resourcing
- **Performance** monitoring vs strategy/plans
- **Fiduciary** and compliance to responsibilities
- **Accountability** to stakeholders (Members, PMI)
- **Sustainability/Stewardship** of chapter and volunteer leaders by developing future leaders and funding

Conflicts of Interest: Disclose, Record, Step Out

Common chapter scenarios

Interested director contract
A director's training company bids to deliver the chapter's PMP exam prep course.

Personal benefit
A director receives a free conference pass or paid speaking slot not offered to other volunteers.

Chapter opportunity
A sponsor approaches the chapter, and a director steers the deal to their own employer.

What to do

1. **Disclose**
   Declare the nature and extent of the interest, in writing or at the meeting.
2. **Record**
   Have the disclosure entered in the minutes.
3. **Step out**
   Leave the discussion and do not vote.
4. **Decide**
   The remaining directors decide on the merits and document why.

Ask every director to complete an annual conflict-of-interest declaration.

Source: Ontario ONCA s. 41

Personal Liability: Where Directors Are Exposed

Where liability can arise

- Unremitted payroll deductions (Canada: ITA s. 227.1; US: IRS Trust Fund Recovery Penalty)
- Unremitted GST/HST (Canada: ETA s. 323), for up to two years after leaving the board
- Unpaid employee wages, in some jurisdictions
- Breach of fiduciary duty or acting outside your authority
- Other laws: privacy, employment, health and safety

How to protect yourself

- Attend, read, ask questions and get advice when needed
- Record your dissent in the minutes if you disagree
- Confirm the chapter has D&O insurance and know its exclusions
- Check that your bylaws include indemnification for directors
- Verify remittances and filings yourself; don't assume

Most protection comes from acting in good faith and with reasonable care, and from being able to show it.

Source: CRA Directors' Liability (IC89-2), Excise Tax Act s. 323, 26 U.S.C. 6672, Volunteer Protection Act

Governance Red Flags

You don’t need to manage every task, but you do need to escalate anything that threatens compliance, finances, reputation, member trust or continuity.

Financial

- Missing or unexplained financial reports
- Unauthorized spending, contracts or commitments

Compliance

- Missing or late tax or regulatory filings
- Missing annual report or charter renewal items
- Missing records to support board decisions

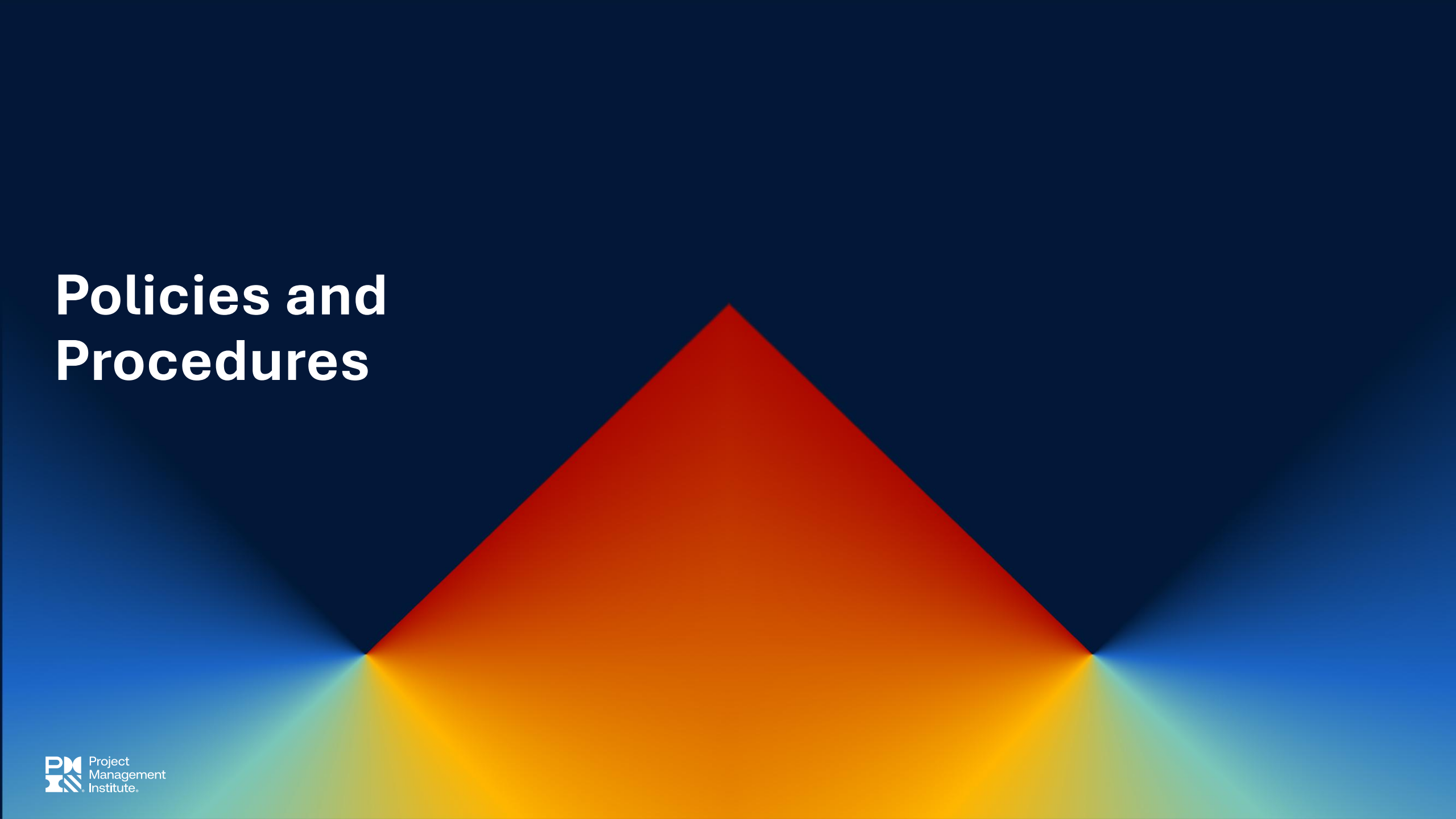
People and conduct

- Unresolved or undisclosed conflicts of interest
- Harassment, discrimination, retaliation or confidentiality breaches
- No successor or transition plan for a critical role

Data, technology and events

- Member data, privacy, system access or AI-use concerns
- Event, technology or financial risk that could affect members or reputation

Policies and Procedures



Project Management Institute.

Conflict

Is conflict usually because…

Conflict is inevitable in life- c’est la vie

Someone (not me) is… unprofessional

Chapter governance and policies aren’t being followed (or don’t exist)

Most chapter conflict is prevented by clear policies that are actually followed.

What Goes into Chapter Policies

Financial controls
Signing authority, dual approval, budgets, reimbursements

Conflict of interest
Annual declarations, disclosure and recusal steps

Code of conduct
Expected behaviour, anti-harassment, complaint handling

Privacy and data
Who can access member data, retention, breach response

Records retention
Minutes, financials, contracts, filings: where and how long

Elections and nominations
Eligibility, timelines, filling vacancies

Volunteer management
Onboarding, recognition, offboarding, removing system access

Succession and transition
Handover documents, shadowing, transferring accounts

Technology and AI use
Approved tools, member data in AI tools, disclosure of AI content

Start with the Policy Manual for PMI Chapters. Your policies add local detail but cannot conflict with it or with your bylaws. Work with your region mentor, chapter staff and other chapter leaders to craft a policy manual that works for you.

Example Annual Governance Calendar



Jan–Feb

Close the books and prepare financial statements. Orient new leaders.

31 March

PMI charter renewal due in the Component System.

Charter Renewal won't be approved without the Annual Plan.

15 May

US: IRS Form 990, 990-EZ or 990-N due.

30 June

Canada: CRA T2 (and T1044 if required) due.

Varies

State or provincial annual return. Check your registry's due date.

Q3–Q4

Nominations, elections, annual general meeting.

NA region is encouraging chapters to do annual planning in Q4 when possible.

All year

Monthly financial reports to the board | Annual conflict-of-interest declarations | Remit payroll deductions and sales tax on time | Keep leader records current in the Component System

Source: PMI Charter Renewal Policy, IRS Form 990-N, CRA T2 deadlines

Table Exercise: What Would You Do?

The scenario

It's late April. Your VP Finance hasn't shared bank statements or financial reports for four months and isn't returning messages.

Your IRS Form 990 (US) or CRA T2 (Canada) is due in a few weeks, and a sponsor has asked for proof that your chapter is in good standing.

Discuss at your table

1. Which director duties are in play?
2. Which red flags do you see?
3. What should the board do in the next 7 days?
4. What policy would have prevented this?

5 minutes at tables, 2 minutes to share

Resources

PMI

- Policy Manual for PMI Chapters
- Charter Renewal Policy
- Leadership Central
- Chapter Leader Orientation (required)
- Your Region Mentor and Chapter Operations Analyst

United States

- IRS Publication 557: Tax-Exempt Status
- IRS Form 990-N (e-Postcard)
- IRS automatic revocation FAQ
- Your Secretary of State and Attorney General

Canada

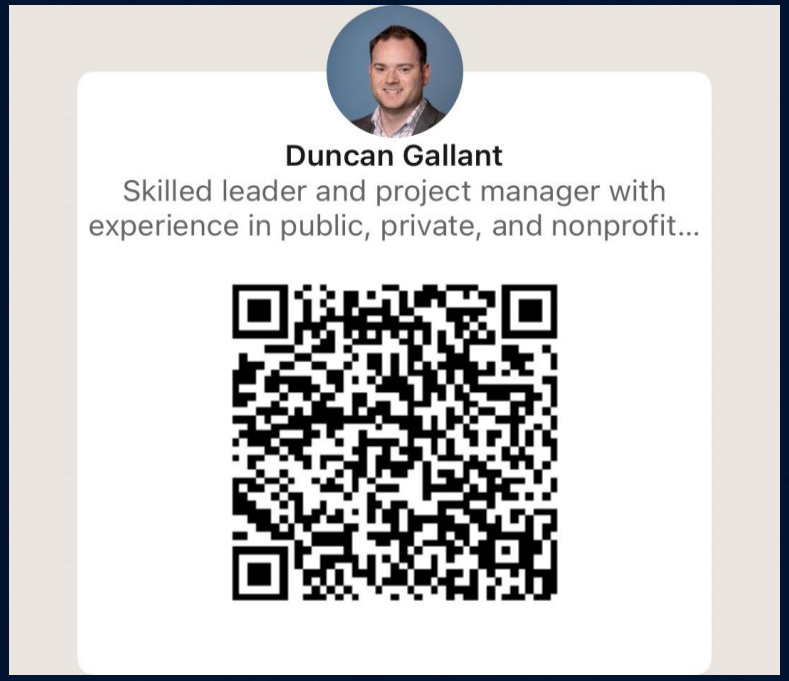
- CRA: T2 filing deadlines
- CRA: T1044 NPO return
- CRA: GST/HST for non-profits
- Corporations Canada filings
- Your provincial registry and NFP Act

Key Takeaways

- Your chapter is its own legal entity. Know your filings and deadlines.
- Your duties are owed to the chapter: be informed, loyal and compliant.
- Disclose conflicts and record dissent. It protects you and the chapter.
- Clear, followed policies prevent most conflict.
- You are not alone: PMI Staff, your Region Mentors and professional advisors can help.

Thank you!

Let’s continue the conversation!



Project Management Institute.