

Breaking Down the Responsibilities

Legal Compliance

- The organization must comply with all federal, state and local laws and regulations
 - Orientation
 - Annual review/briefing
 - Legal counsel
 - Bylaws

- Is there a need for a code of ethics?
 - Not just doing things right, but doing the right thing
 - Organization's values
 - Provides a code of conduct

- Conflicts of interest
 - Perceived, potential, material
 - Not all are illegal/often unavoidable
 - Written conflict of interest policy

- Whistleblower policy
 - Illegal or unethical practices
 - Sarbanes Oxley

- Document retention and destruction
 - Destruction during investigation vs. normal purging
 - Schedule of retention

- Protection of assets
 - The board is a steward of the organization's assets
 - Risk management
 - Assumed, eliminated, protected or delegated
 - Insurance/personal liability

Effective Governance

- The board is responsible for establishing and protecting the organization's mission, vision and strategic direction
 - Policy governance
 - Mission

- Vision
- Strategic direction (plan)
- Board meetings
 - Frequency
 - Notice – electronic
 - Meeting agendas
 - Board size and diversity/skills
- Board independence
 - Majority of members; not staff or family
 - “Duty of interest” requires the board to put the interest of the organization above personal interests
 - Nepotism policy
 - Board compensation policy
- Executive evaluation and compensation
 - The board selects, evaluates and fires, if necessary
 - Annual performance and compensation reviews
 - Compensation – reasonable but competitive
 - Succession planning
- Separation of executive, board and chair responsibilities
 - Policy governance
 - Job description for all
 - Segregation of duties – key element in internal controls
 - The board is to establish policy, the executive is to implement policy
- Board education and communication
 - Job description
 - Orientation
 - Development and education is an ongoing process
- Evaluation of board performance
 - Evaluation process
 - What are the rewards and consequences?
- Review of governing documents
 - Articles of incorporation
 - Bylaws
 - Any others

Financial Oversight

- The organization must keep and ensure accurate financial records. The board should review and inquire about financial performance and ensure an independent qualified financial review occurs on an annual basis
 - Review of monthly/quarterly financial statements
 - Education on reading financial statements
 - Independent audit
 - The auditor reports to the board, not to staff

- Budget, performance and investment (protection of assets)
 - The entire board approves the budget as the bearers of fiduciary responsibility
 - Policies surrounding financial practices
 - Policies on investment of funds
 - Risk tolerance
 - Loans to director/officers
 - Employee policy
 - Travel/expense policies
 - Non-business travel companions

- Responsible fundraising
 - Accuracy, truthfulness
 - Donor interest
 - Acknowledgement of tax deductibility