

BOARD RESPONSIBILITIES

Serving on the Board is important. Most volunteer leaders *excel* at their positions in business or government; this guide informs volunteers of the *unique aspects of serving on a nonprofit board*.

*"The board leads...
... the staff manages."*

Governance: Volunteer leaders are responsible for the direction of the organization and the industry, profession or constituents that it represents. The board acts and thinks strategically, setting goals and strategies for the future. Leaders should avoid micromanagement of the organization, maintaining *focus* on mission and vision.

Management: Paid staff and subcontractors are responsible for the administration of the organization. Staff act as partners to the board, advancing the goals and strategies, while taking care of the daily administrative needs unique to nonprofit organizations.

Special Terminology

Not-for-Profit refers to the legal corporate status of the organization.

Nonprofit is used as a synonym and casual reference to Not-for-Profit

Exempt Organization is a reference to the IRS designation exempting the organization from paying most federal income tax (with exception of Unrelated Business Income Tax "UBIT.") Exempt most often does not mean "exempt from paying sales tax."

IRS 501(c)(3) tax-exempt designation most often refers to organizations with a religious, charitable, scientific or educational purpose.

IRS 501(c)(6) tax-exempt designation refers to trade associations, business leagues and professional societies.



Board Responsibilities

1. Determine the organization's mission and purposes.
2. Select the chief paid executive (*not the staff*.)
3. Support the chief executive and assess performance periodically – usually measured against the strategic plan.
4. Ensure effective organizational planning.
5. Ensure adequate resources (funds, time, volunteers, staff, technology, etc.)
6. Manage resources effectively.
7. Determine, monitor, and strengthen the organization's programs and services.
8. Promote the organization's image.
9. Ensure legal and ethical integrity and maintain accountability.
10. Recruit and orient new board members and assess board performance.

(Adapted from Ten Basic Responsibilities of Nonprofit Boards www.BoardSource.org.)

Facing the Future

To achieve goals the leadership must consider external influences.

1. Leadership's Role, Effectiveness
2. Value, Return on Investment
3. Responsiveness
4. Technology Usage
5. Change Loops, Challenges
6. Revenue Sources
7. Generational Issues, Diversity
8. Workforce
9. Outsourcing, Subcontracting
10. Governance Models
11. Competition and Alliances
12. Consolidation and Mergers
13. Globalization
14. Image, Branding

(Adapted from Facing the Future, www.ASAEnet.org.)

Volunteer Immunity and Insurance

State and federal governments have afforded certain protection to volunteer leaders. While the volunteer may have some protection, the organization is still open for legal suits. Immunity often differs for

501(c)(3) and 501(c)(6) organizations. Insurance coverages add further protection for volunteers and the organization.

Directors and Officers (D&O) Liability may cover legal defense for employment, copyright, and antitrust claims, for instance.

General Liability insurance covers property damages and injuries relating to the organization.

Fidelity Bonds cover losses resulting from fraudulent or dishonest acts committed by an employee.

Meeting Cancellation covers the loss of revenue due to a cancellation, curtailment, postponement because of weather, strikes, etc.

(Contact legal and insurance counselors for assistance.)

Board Legal Duties

Duty of Care requires leaders to use reasonable care and good judgement in making their decisions on behalf of the interests of the organization.

Duty of Loyalty requires leaders to be faithful to the organization, avoiding conflicts of interest.

Duty of Obedience requires leaders to comply with governing documents (i.e. bylaws, articles of inc., policies, etc.)

Board Tools

The operating documents of the organization are available to volunteer leaders. Here are a few of the documents you'll want to have in your possession for careful review.

- Bylaws
- Articles of Incorporation
- Financial Statement (recent)
- Minutes (recent)
- Policy Manual
- Strategic Plan

Treat all documents with *confidentiality* to protect goals, budgets and intellectual property. (*"Knowledge is power."*)

Rules of Order

Rules of order insure the meeting will stay on agenda and on time.

Agenda is used to insure that important business is covered.

Motions are proposals for action, beginning with the words, "I move we"

A **Second** is required for the motion to be discussed.

Amendments may be made to most motions if they improve the intent or clarify the original motion.

Tabling lays the motion aside.

Calling the Question refers to ending the discussion and voting on the motion.

Minutes protect the organization by recording the time and location of the meeting, participants, and the outcome of the motions. They are not a place to record conversations, assignments, reports, etc. (Minutes are intended to protect; reports and discussions can incriminate the organization.)

Voting is the official action after discussion to adopt, kill or table the motion.

Quorum is a majority of directors or the required number as set in the bylaws, to conduct business.

Committees

"(1) Committees recommend, (2) boards approve, (3) staff implement."

"Committees are the proving ground of leadership development."

Organizations are making significant changes in committee structure, including elimination of all but essential standing committees. Consider appointing only committees that align with the major goals in the strategic plan.

Committee terminology:

Standing - identified in the bylaws, appointed annually.

Ad Hoc - formed for specific or immediate needs.

Task Forces - appointed for a specific purpose, disbanded upon completion.
Knowledge Networks and Special Interest Groups (SIGs) - focus on a subset of interests; relatively unstructured; emphasis on communications among the subset.
Virtual Committees - groups meeting on-line through a forum or bulletin board.
Shared Committees - made up of members of various organizations. Expands the input and resources for the committee.
Resource Pool - volunteers offer specific skills that can be drawn from as committees identify skills-sets needed for projects.

Volunteer Common Sense

- Respect the chairman or chairwoman.
- Bring a calendar to meetings.
- Wear a watch; arrive on time.
- Read the materials in advance-prepare for meetings.
- Bring needed files, paper and pen.
- Adhere to the agenda.
- Listen more than you speak.
- Speak when you have an essential point to make.
- Respect the rules of order.
- Leave personal and political agendas at the door.
- *Actions of the board belong to the board - support them publicly, don't bad-mouth any action or any person.*

Strategic Planning

Strategic governance focuses the board on mission and goals. The plan serves as a "roadmap" for volunteers and staff. The board should "think past their tenure and beyond their experience" for the benefit of the organization.

Planning generally goes from broad (environment) to narrow (accountability). Common terms:

Environmental Scan - conducted to determine external and internal influences on the organization, as well as strengths, weaknesses, opportunities and threats (*SWOT*).

Mission - statement review to focus on whom the organization serves and with what products and services.

Goals - state the broad aims of the organization, within the mission. They should be limited to only a few so as not to tax all resources.

Strategies - fit under the goals as ways to achieve those aims. What courses must be taken to successfully accomplish the goals?

Action Steps - fit within the strategies and identify the measurable actions to achieve the strategies and goals.

Plan Champion - the person (staff and/or volunteer) who keeps focus on the plan.

Integration - the final look at how the action steps fit into the committees, budget and resources.

Board Risks

The best method for governing without risk is to be aware of the traps. In addition to the common risks identified, the board should be briefed on fiduciary responsibility, contracts, insurance, IRS requirements, ethics apparent authority, antitrust, etc.

Public Records requests for the organization's annual federal tax return (Form 990, 990-EZ) must be made available for the last three years. Significant fines occur for noncompliance.

Antitrust violations occur when two or more persons from the same industry or profession gather and discuss suppliers, processes, prices or operations. Remove yourself from any conversation that would change how business is conducted because of a joint-agreement among competitors.

Apparent Authority arises when a board chair, though not granting actual authority, permits a committee or chapter to behave as if it had authority. Authority rests with the chairman and may not be assumed by any other agent of the organization.

Financial Audits should be used annually to protect board and staff.

The #1 lie in an association: "You won't really have to do anything when you get on the board!"

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