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Ten Basic Responsibilities of Nonprofit Boards

Presented by

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Not-for-profit Services Group

Individual Board Member Responsibilities

The first step
to effective Board service is to
reduce the many ambiguities
that inevitably accompany it.

First Five Assumptions

Five Assumptions

1. Although every organization is unique, there are fundamental responsibilities that hold true for almost every Board.
2. How Boards and Board members actually fulfill their responsibilities will vary depending on the organization's size, structure and history.
3. No model has proven itself viable in all circumstances. But, a body of knowledge has evolved that argues for certain structures, policies and practices that consistently work better than others.

Five Assumptions

4. All organizations undergo a metamorphosis that calls for periodic evaluation, fine-tuning, and sometimes, major overhaul of their governance structure. Organizational performance, like human performance is cyclical in effectiveness and needs renewal as it evolves over time.

Five Assumptions

5. Boards and Board members perform best when they exercise their responsibilities primarily by asking good, timely questions rather than by managing programs or implementing their own policies. The relationship between the Board and the staff tends to be strongest when expectations are mutual and responsibilities are clear.

Ten Basic Responsibilities of Nonprofit Boards

Ten Basic Responsibilities

1. Determine the organization's mission and purpose.
2. Select the chief executive.
3. Provide proper financial oversight.
4. Ensure adequate resources.
5. Ensure legal and ethical integrity and maintain accountability.

Ten Basic Responsibilities

6. Ensure effective organizational planning.
7. Recruit and orient new Board members and assess Board performance.
8. Enhance the organization's public standing.
9. Determine, monitor, and strengthen the organization's programs and services.
10. Support the chief executive and assess his or her performance.

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Determine Mission & Purpose

- ▶ It is the Board's responsibility to create and review a statement of mission and purpose that articulates the organization's goals, means, and primary constituents served.
- ▶ Commitment to the organization's mission should drive the Board's sense of public accountability.
- ▶ The mission and purpose should serve as a guide to organizational planning, Board and staff decision making, volunteer initiatives, and setting priorities among competing demands for scarce resources.

Ten Basic Responsibilities

1. Determine the organization's mission and purpose.
2. ***Select the chief executive.***
3. Provide proper financial oversight.
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Select the CEO

- ▶ Reach consensus on the CEO's responsibilities.
- ▶ Undertake a careful search to find the most qualified individual for the position.

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Provide Financial Oversight

- ▶ Assist in developing the annual budget
 - ❑ One of the Boards most significant policy decisions
 - ❑ Sets into motion programmatic, personnel and other priorities
- ▶ Ensure that proper controls are in place
 - ❑ Monitor the budget via periodic, timely financial reports
 - ❑ Cash management controls
 - ❑ Monitor the performance of the CFO

Ten Basic Responsibilities

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- 4. *Ensure adequate resources.***
5. Ensure legal and ethical integrity and maintain accountability.

Ensure Adequate Resources

- ▶ Provide adequate resources to fulfill the mission.
- ▶ Does not mean Board members should make large contributions.
- ▶ Accept responsibility for leading the fundraising task.

Ensure Adequate Resources

- ▶ Accept responsibility for leading the fundraising task
 - ❑ Influence resource providers
 - ❑ Cultivate interest in the organization among potential resource providers
 - ❑ Maintain relationship with resource providers after the donation

Ten Basic Responsibilities

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2. Select the chief executive.
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4. Ensure adequate resources
5. ***Ensure legal and ethical integrity and maintain accountability.***

Ensure Legal & Ethical Integrity

- ▶ The Board is ultimately responsible for ensuring adherence to legal standards and ethical norms.
- ▶ Fraud, embezzlement or other breaches of public trust have led to increased scrutiny.
- ▶ Go beyond what is minimally required to maintain accountability.

Ten Basic Responsibilities

6. ***Ensure effective organizational planning.***
7. Recruit and orient new Board members and assess Board performance.
8. Enhance the organization's public standing.
9. Determine, monitor, and strengthen the organization's programs and services.
10. Support the chief executive and assess his or her performance.

Ensure Effective Organizational Planning

- ▶ Actively participate in the overall planning process and assist in implementing and monitoring the plan's goals.
- ▶ Planning is the process of translating the mission into objectives and goals that can be measured and accomplished.
- ▶ Board role: asking good questions; expecting good answers; serving as a resource of personal and professional expertise.

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Recruit & Orient New Board Members

Assess Board Performance

- ▶ Articulate the requisites for candidates
 - ❑ Experience, skills, influence, demographic, etc. that define a balance Board composition
- ▶ Assess the Board's performance
 - ❑ Do this every 3 to 5 years
 - ❑ How well is the Board meeting its responsibilities

Assess the performance of individual Board members eligible for reelection or reappointment

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8. ***Enhance the organization's public standing.***
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Enhance Public Standing

- ▶ The Board should clearly articulate the organization's mission, accomplishments, and goals to the public and garner support from the community.
- ▶ The Board are the ambassadors, advocates and community representatives to government leaders, the media, current and potential funding sources, etc.

Enhance Public Standing

- ▶ Who should be the organization spokesperson?
 - ❑ It depends on the situation, but if an organization has an articulate Board leader, there are advantages to having this person serve in this function.

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Determine, Monitor, and Strengthen The Organization's Programs and Services

- ▶ Leave the organization in a better position than you found it.
- ▶ Fundamental responsibility is to the mission of the organization.
- ▶ Finances and fundraising are secondary to attention to the mission.

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Support the CEO & Assess Performance

- ▶ Provide the moral and professional support for the CEO to further the organization's goals.
- ▶ Provide constructive feedback.
- ▶ Develop mutually agreed upon goals and objectives.
- ▶ Provide a formal performance evaluation relative to the goals and objectives.

Individual Board Member Responsibilities

- ▶ Know the organization's mission, purpose, goals, policies, programs, services, strengths, and needs.
- ▶ Perform Board membership duties responsibly.
- ▶ Suggest possible Board nominees.
- ▶ Serve in leadership positions or undertake special assignments willingly and enthusiastically.
- ▶ Bring goodwill and a sense of humor to Board deliberations.

Individual Board Member Responsibilities

- ▶ Prepare for and participate in Board and committee meetings
- ▶ Ask timely and substantive questions and support the majority decision.
- ▶ Maintain confidentiality.
- ▶ Suggest agenda items when warranted.
- ▶ Counsel the CEO.
- ▶ Avoid asking for special favors.

Individual Board Member Responsibilities

- ▶ Serve the organization as a whole and avoid special interest groups or constituency.
- ▶ Avoid the appearance of a conflict of interest.
- ▶ Maintain independence and objectivity.
- ▶ Never accept or offer favors or gifts from anyone who does business with the organization.

Individual Board Member Responsibilities

- ▶ Exercise prudence in the control and transfer of funds.
- ▶ Read and understand the financial statements.
- ▶ Provide financial support according to your personal means.
- ▶ Assist in fundraising.

Thank you

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