Board Governance Training

By Dr. Courtney Hayward

Executive Director of WISCAP

Training Objectives

- Board roles and responsibilities
- Board relationship with the Executive Director
- Understanding Board Documents
- Importance of Board policies and their role in Board governance

Board duties

Question

- What do you think are 3 main duties of the board of directors for this organization?

Board Duties

Duty of Care

Duty of Loyalty

Duty of Obedience

Duty of Care

- Handle the business of the organization with the care an ordinary and prudent person would use.
  - Engagement
    - Participating in meetings
    - Understand the risks and be intentional
    - Think short and long term
    - Understanding of docs
    - Willingness to ask questions to learn and understand

Duty of Loyalty

- Act in the best interests of the organization, even if it means forfeiting an opportunity that would benefit you personally.
  - Don't profit at the expense of the org.
  - Conflict of interest is followed
  - Avoid even the appearance of impropriety
  - Recuse yourself when necessary

Duty of Obedience

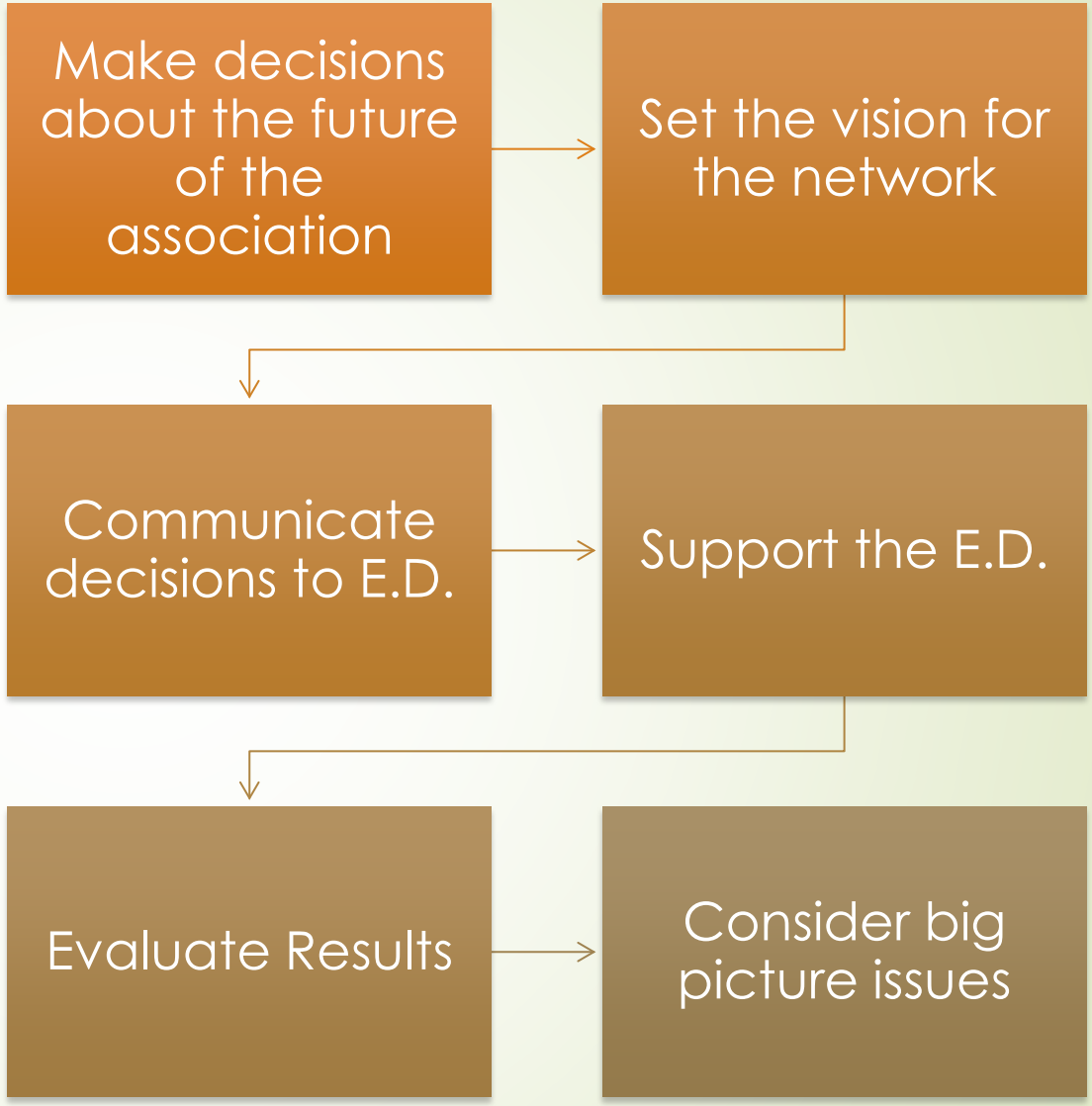
- Work to ensure the organization follows all applicable laws, complies with all reporting requirements and follows the organization's articles and bylaws.
  - Ensure org is working to fulfill mission and purpose
  - Follow the law

Board Role and responsibility

Board primary responsibility

- Make sure the association achieves its mission and make sure it remain financially secure.

Board responsibilities



Board responsibilities Continue

- Every voice for 1 voice
- Needs to be multiple means for board members to provide input
- Loudest voice can't be only voices heard
- Decide what happens and check to see if those things have happened

Board responsibilities Continue

- Focus on the long term
  - Where the network/Association is going
  - What does it want to achieve
  - Who it expects to serve

What are NOT board responsibilities

- Hiring, firing, and management of staff
- Vender Selection
- Daily management of the organization
- Implementation of Policies
- Financial Transactions
- HR issues not related to ED (with some exceptions)

Executive Director Duties

1

Carry out the vision of the association as set forth by board

2

Hire, train, and manage staff

3

Determine the "How" of the decisions of the board

Handout

Board vs Executive Director

Board



Executive Director



Board Docs



4 types of Board documents



ARTICLES OF INCORPORATION



BYLAWS



FINANCIAL DOCUMENTS



BOARD POLICIES

Articles of Incorporation

- **Foundational legal document** to officially establish a nonprofit corporation.
  - Outlines purpose, name, and registered agent

Bylaws

- Establishes board guidelines for the way the organization is run
- Defines the board's authority in very broad terms
- Guides the work of the board
- Define board structure
- Define operational procedures

Bylaws continue

- Address Conflict of Interest
- Guide membership and voting
- Ensure Accountability and Transparency
- Define officer roles and responsibilities
- Meeting Procedures
- Amending process

Board Policies

Board Policies are

- The framework the board uses to guide decision making
- A written statement of values and expectations which guide current and future decisions
- Used to direct activities of the association and ED
- Clearly stated directives from the board to the ED

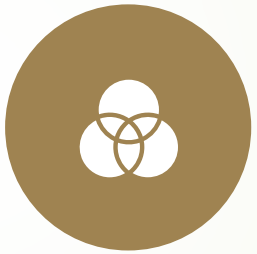
Board policies Key Characteristics

- Value Driven
- Provide guidance
- Framework for decisions
- Legal and regulatory compliance
- Accountability

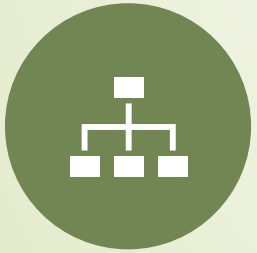
4 groups of board policies



1. Describe the mission and aim of the organization



2. Results & Boundary policy



3. Board and management relations policies



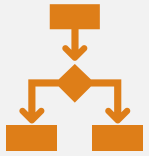
4. Board's role in supporting the network

Mission and Purpose policies

A concise declaration of the organization's core purpose and values.

Guides decision-making and strategic planning.

Mission, vision, and values statement



The mission is why your organization exists, who you serve, and what you aspire to accomplish.



The vision inspires action - It stimulates operational goals and aligns the work in service of those goals.



Values guide the work and individual behaviors and are closely held.

Results and Boundaries policies



Results = what the association will do



Boundaries – which decisions will be made by the board and which by the ED

Results Policies could include:



Increase number of grants for the association



Balanced budget each year



Submission of reports to board 1 week in advance of all meetings

Board Results - LEAD

Link	Link to mission of community action
Enact	Enact policies
Assure	Assure performance
Dream	Dream the future

Boundary Policies



Describe which decisions or activities the board wants to do vs the ones the ED is responsible for



Clearly defines how much authority the board delegates to the ED

Board and Executive Director Relationship policies



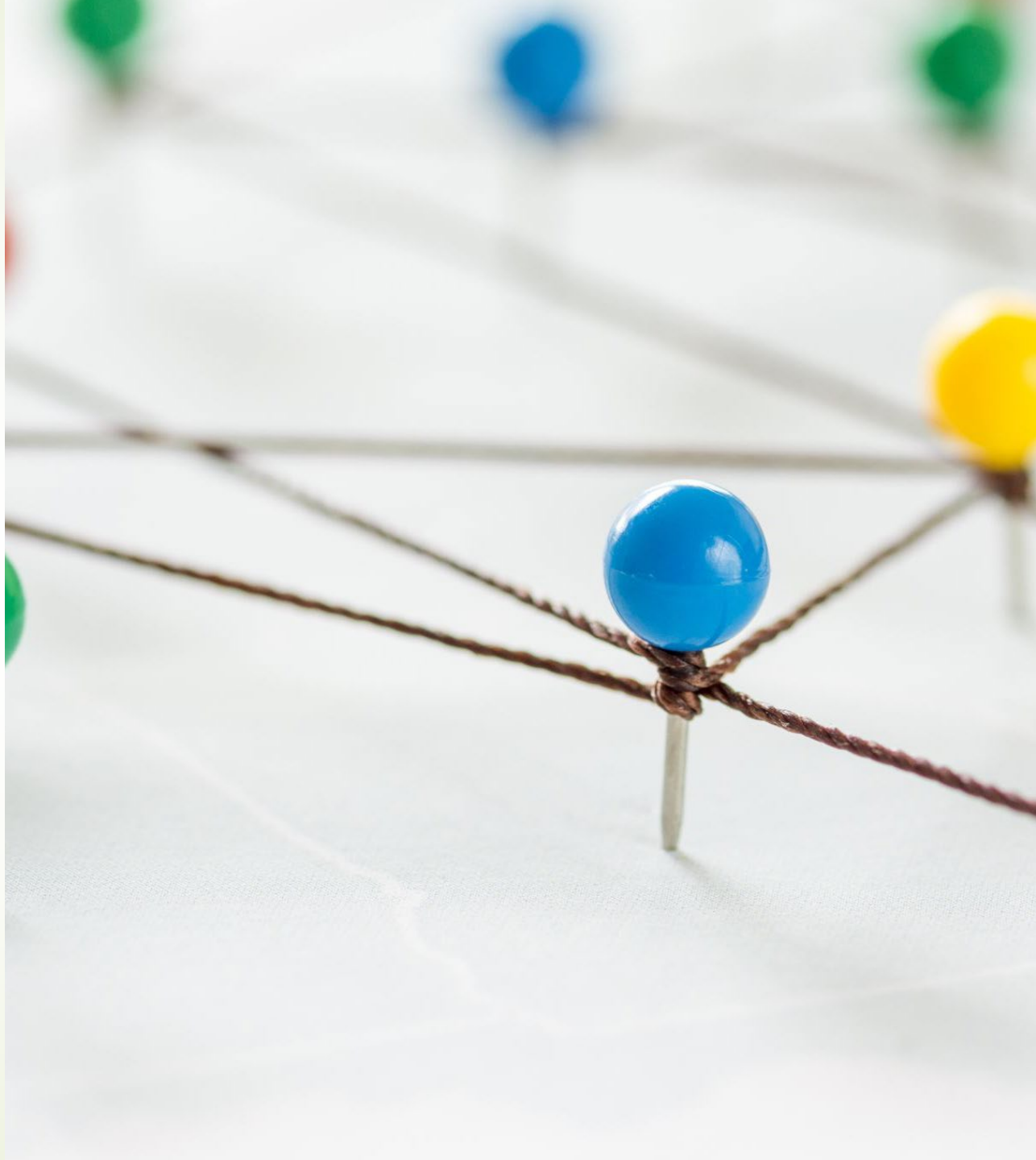
Board and ED is relations policies

- A unique working environment
  - Most people report to one boss
  - ED reports to multiple bosses
  - Can be challenging for ED to figure out the most “important” voice on the board
  - Policies mitigates these challenges by making board the speak in one voice

Board and ED relations policies

- Describes how the board delegates authority to the ED
  - Policies clearly define which duties are the board vs which ones are the ED
- Describe step board needs to take when there is conflict between board and ED

Board polices about supporting network



Board's roll in supporting the network

- Policies about how you govern yourselves
- Policies to address conflict among members
- Policies on how to make changes within the network
- Essentially the policy on board Code of conduct

Finance policies and documents

Personnel and Finances policy

Guides processes and procedures related to the handling of the association's resources

WISCAP has robust manual

Two types of Financial documents

Personnel and Finances policy

Financial statements

Financial Statements

The provide details on the financial position of the organization

Allows for the board to make strategic decisions about the direction of the organization

Board members and finance

Most board members don't have in-depth knowledge of finances

Understanding finances can be challenging

Big part of the board's work

Effective board members ask for, and understand the finance info so they can make decisions

Board members and finances

Managing the organization's day-to- day finances is the responsibility of the ED.

Board has ultimate responsibility for overseeing the financial affairs of the organization.

Board has fiduciary duty - **a legal responsibility to act in the best interest of the association**

Key financial terms



Restricted funds: funds for a specific purpose



Unrestricted funds: funds to be used at nonprofits discretion



Temporarily restricted funds: funds that are restricted by time or purpose which can be lifted after conditions are met



Grants: Financial awards by government, foundations or other orgs

Key financial terms continue

- Statement of Financial Position: A snapshot of what the organization owns and owes at a given point in time—similar to a balance sheet.
- Statement of Activities: A report showing revenue and expenses over a period, detailing how funds were received and spent.
- Pass-through funds: Funds received by an organization that must be spent on behalf of, or passed through to a secondary recipient
- Budget: a financial plan of how the resources will be spent and a predictor of expenses and income for the coming year
  - Useful for planning and eval.

Things to remember about finances

- Don’t get too bogged down with the details
- Ask question to get clarity on what you don’t understand
- Need to understand overall picture

Conclusion: Things to remember

Never put the financial position of the association at risk

Don't deviate materially from the budget

Policies are necessary to guide decision making

Board vs Executive Director

Board



Executive Director





Question?