

ROLES & RESPONSIBILITIES OF THE BOARD OF DIRECTORS

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The Board of Directors of a nonprofit organization has legal and financial responsibility for the conduct of the agency. In order to fulfill this responsibility, board members have two very important, and very different, roles to play – a governance role and a support role. As described below, it is obvious that board members cannot simply serve passively; rather, board service requires active participation of everyone serving on the board in order to have a strong, viable organization.

Governance Role

When governing the organization, the Board of Directors acts as one corporate entity with authority over the organization to ensure that the community's interests are fully represented. What this really means is that the group works as a team, not as individuals, to make sure the purpose of the agency is carried out in an effort to address a vital need in the community. To achieve this governance role, the board has three distinct duties to fulfill – setting direction, providing oversight and assuring resources.

A. **Establishing direction.** To avoid the “shotgun approach” of providing services, the board works to be very deliberate about fulfilling its mission, which is essentially a promise to provide a vital necessary benefit to the community it serves. This means the board determines and then continually safeguards the mission of the nonprofit. It also requires that the board establish strategic strategies and priorities that will steer the agency in the right direction to meet its mission. To do this, the board must:

- Create and periodically review the mission statement to make sure it continues to be relevant to the community being served;
- Establish policies tied to the mission that keep the organization healthy;
- Conduct a periodic board evaluation to assure the board is working to achieve the mission; and
- Develop and regularly review a strategic framework for the organization that includes measurable goals and strategies for how the agency works to achieve the mission.

B. **Providing oversight.** The board is responsible for monitoring the overall health and wellness of the organization, including achievement of activities. This entails several activities:

- Determining which programs and services are consistent with the organization's mission;
- Monitoring program performance and impact;

- Establishing fiscal policies and appropriate internal controls to safeguard assets from misuse;
- Approving the annual budget and carefully monitoring the financial reports;
- Hiring an auditor and reviewing the audit;
- Conducting periodic risk assessment; and
- Overseeing compliance with laws, regulations and contractual obligations.

C. **Assuring Adequate Resources.** The board of directors must also ensure that the agency is well-equipped to fulfill its mission, including adequate finances, capable staff, board development and respected reputation.

- **Capable Staff Leadership** – The Board must select, monitor, evaluate and (when necessary) terminate the Executive Director/Chief Executive Officer. The board assures that the chief executive is able to effectively manage the day-to-day operation of the organization by creating an environment that supports the success of the staff leadership.
- **Financial Resources** – the board must ensure that there are sufficient resources to remain financially viable by approving a fundraising strategy and then monitoring its effectiveness. This includes establishing policies relating to fund solicitation and individual board financial giving.
- **Board Development** – the board is responsible for assuring that there is a mechanism to continually build and maintain a strong and effective board of directors. Board development addresses diversity, ongoing education, the nomination process and all related governance structure requirements.
- **Positive Public Image** – A positive reputation influences organizational resources. The board works to enhance the public standing of the organization by effectively articulating the mission and accomplishments.

Support Role

Each board member also acts as an individual to support the organization by volunteering, raising money and providing advice as needed. Board members serve as volunteers in this capacity and have no authority over the organization when serving in a support role other than assuming accountability for their own actions. These support functions include:

- Individually soliciting support for the organization;
- Contributing to fundraising success;
- Recruiting new board members;
- Serving on committees;
- Acting as ambassadors to the community; and
- Advising staff in areas of expertise.

Standards of Conduct - Under the law, each individual board member must meet certain standards of conduct (Check your own state's laws to assure full compliance). These standards are described as duty of care, duty of loyalty and duty of obedience.

- A. Duty of Care – board members must demonstrate they have exercised “reasonable” care when making decisions on behalf of the organization. Reasonable is typically defined as what an ordinarily prudent person would exercise in a like position and under similar circumstances. Board members can demonstrate efforts to fulfill this duty by attending meetings, preparing prior to the meeting, participating during board meetings by providing input and making independent decisions.
- B. Duty of Loyalty – All board members must act in the best interests of the organization. Board members must never use information gained through their position for personal gain. Establishing a conflict of interest policy and appropriate supporting procedures help assure this standard is met.
- C. Duty of Good Faith/Obedience – The public trusts the board to use resources to fulfill the mission. Therefore, board members must always be faithful to the organization's mission whenever making decisions or acting on behalf of the agency.