

SECTION IV: BOARD AND STAFF ROLES & RESPONSIBILITIES

Summary

Generally, the board and its leadership govern the organization, including setting the organizational direction, ensuring the necessary resources, and providing oversight. The board is also accountable to the public and to the organization's constituency, and it hires/fires the organization's executive director or CEO.

The nonprofit's staff usually conducts operations. There are, however, many exceptions, and this can vary by organization. While there is usually broad agreement in many areas on the varying responsibilities of board chairs and chief executives, in other areas it is not so clear (*e.g.*, fundraising, board member help with operations in smaller nonprofits, etc.). These are the gray areas of organizational leadership—areas where confusion can exist about who should be doing what. For an organization to achieve its goals efficiently and with a minimum of friction between the staff and board, it is essential for the board chair and executive director or CEO to eliminate confusion by making everyone's working role crystal clear.

Overview and Best Practices

Board Leadership and Committees

Roles and Expectations for Board Members

Nonprofit board members have two basic responsibilities—support and governance—each requiring different skills and expertise. In the role of "supporter" board members raise money, bring contacts to the organization, and act as ambassadors to the community. Equally important, the "governance" role involves protection of the public interest, being a fiduciary, selecting the executive director or CEO and assessing his/her performance, ensuring compliance with legal and tax requirements, and evaluating the organization's work.

Appointments and Terms

Ultimately, it is up to every nonprofit to determine appropriate terms and term limits for board members as well as committee members. Recently, organizations have moved toward implementing term limits for a number of reasons:

- Term limits allow for board members to “recharge their batteries” and to expand the number of people involved in fundraising on behalf of the organization.
- Term limits allow for the removal of underperforming board members
- Term limits ensure that there is a constant element of board renewal with the addition of new talents and perspectives to the board, as well as greater diversity.

The same would be true for establishing terms and term limits for committees.

Roles and Expectations for Board Officers

The officers of a nonprofit are described in its bylaws, and are generally the chair, treasurer, secretary, and any vice chairs. These officers make up the core of the Executive Committee. In

many ways, the advice about making roles and responsibilities crystal clear for the executive director or CEO and the Board member is equally true of board officers. Ideally, there would be position descriptions for all board officers with considerable clarity around the roles and responsibilities for each.²² Board officers should take stock of their performance on an annual basis to determine whether or not they have met expectations.

To prepare future officers, it is worth looking at where board members are today and where they will need to be in the future as officers. This information can help determine what training, experience, and mentoring is needed. By considering a board member's past performance as a volunteer, work experience, fit with the organizational culture, and other members' acceptance of them as a potential leader, the best fit can be determined. In addition, current and future officers should be looked at for their willingness to carry out an organization's mission and to continue the organization's philosophy and culture.

Once future leaders are identified, a plan for each of them should be developed. Future leaders can be assigned mentors or coaches to help prepare them for future leadership roles on the board.²³

Composition, Charge, Limitations, and (Limited) use of Executive Committee

The current trend for nonprofit boards is to limit the role of the Executive Committee to fully engage all board members. Accepted best practices consist of giving the Executive Committee limited purposes, including reviewing the executive director or CEO, and handling emergencies. Generally speaking, organizations specify a limited role for the Executive Committee in their bylaws and ensure that the Executive Committee reports back to the board promptly.

Committee Organization and Structure, and Boards Operating as Committees of the Whole

The enormous responsibilities of a nonprofit board cannot be accomplished efficiently through board meetings in which everybody does everything. Committees are critical because they help make effective and efficient use of a board member's time. While there are no hard and fast rules for what committee a nonprofit board should have, some common and important ones are:

- Executive Committee
- Finance Committee
- Audit Committee
- Personnel Committee
- Program Committee
- Governance/Nominating Committee
- Development/Fundraising Committee
- Marketing/External Affairs Committee

²² For sample position descriptions, see "Section VI: Resources at the end of this section.

²³ For resources on officer succession planning visit

<http://www.shrm.org/communities/volunteerresources/pages/succplg.aspx#sthash.Kfc7ONBo.dpuf>.

Boards typically use the following questions when thinking about their committee structure:

- Is the committee a “standing committee,” meaning that it has a permanent set of tasks?
- Is the committee a task force with very specific tasks that can be accomplished within a specific time frame? (Note: Their tasks should be related to the strategic direction.)
- Is this an advisory group that provides advice and support to the organization and its board but has no legal or formal responsibilities?
- Is the committee a working group that supports the work of staff (*e.g.*, fundraising) and does the group sometimes report to staff? (Note: This is important because this can blur the line between governance and management.)

Staff/Board Partnership

Delegation of Authority to Management in Bylaws, Job Descriptions, and Policies

- BoardSource describes the board/staff partnership in the following way: “While respecting the division of labor, exceptional boards become allies with the chief executive in pursuit of the mission. They understand that they and the chief executive bring complementary ingredients to the governance partnership that, when combined, are greater than the sum of its parts.”²⁴

Executive Director/CEO and Key Employee Evaluations

One of the key responsibilities for nonprofit boards is to conduct an annual review of the executive director or CEO. Guidelines for an evaluation of the chief executive include committing to a process and timeframe and making this a constructive and regular exercise. The basis for an evaluation may include organizational goals, administration and budget, program activities, the chief executive’s relationship with the board, funders, government agencies, and the community, the relationship with staff, and other areas appropriate for particular organizations.

Some of the key questions impacting the evaluation process include:

- Who has the principal responsibility: the executive committee, board chair, personnel committee, or full board?
- Is there agreement with the board on the criteria for the evaluation?
- What is the time frame for the evaluation?
- Will staff, community, or clients be involved?
- How will the chief executive provide input for the evaluation?
- How will the evaluation be shared with the chief executive?
- Does the chief executive have an opportunity to respond to the evaluation?
- How will the outcome of the evaluation process be shared with the full board?
- Will the process be formal or informal?

²⁴ For more information on job descriptions, see “Section VI: Resources” at the end of this section.

Establishing and Maintaining Open Communication

There is no rule of thumb for establishing and maintaining open communication, but we do know that when this communication breaks down, problems arise. Most highly effective boards discuss how to structure regular communications in between board meetings (*e.g.*, periodic email updates, committee meetings, conference calls) and also ensure that the executive director or CEO is in frequent communication with the board chair. The board should set expectations around communications and the frequency of meetings/updates.

Hiring or Replacing an Executive Director or CEO

Based upon a national study, about one-third of nonprofit executive directors or CEOs are either fired or forced out by the board.²⁵ Clearly, hiring and replacing an executive can be done poorly or done well. The rule of thumb is to make the performance review process a central part of the work of the board and to ensure that the executive director or CEO gets support and feedback. If the board finds itself in a position where a new chief executive is needed or wanted, there are a number of resources that are available.

Increasingly, there are interim executives who can manage the organization during a transition while the board searches for a new long-term executive director or CEO. However, boards should be aware of the transition costs associated with a change in leadership and whether there may be some systemic issues (*e.g.*, the performance of the board, poor communications, unclear expectations) that are contributing to poor performance. These may be instances where coaching and facilitation support could be a first intervention before a change in leadership.

Sample Evaluation Processes and Tools

There are many reasons why a board should conduct regular, systematic assessments of the chief executive. First, the executive's position within the organization, with no peers and no direct supervisor, makes it difficult for him or her to obtain honest feedback that can be used as a basis for improving performance. Many executives welcome this feedback and complain that they can't get the board to let them know how they're doing. The assessment also provides an opportunity for the board to express formal appreciation for a job well done, which most executives will appreciate. Most important, the chief executive's performance affects the performance of the entire organization—one of the board's chief concerns.

The assessment process has three broad goals:

1. To clarify expectations between the board and the chief executive on roles, responsibilities, and job expectations
2. To provide insight into the board's perception of the executive's strengths, limitations, and overall performance
3. To foster the growth and development of both the chief executive and the organization

²⁵ See *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership* at https://www.compasspoint.org/sites/default/files/documents/194_daringtolead06final.pdf.

The assessment should be a learning exercise. It is not meant to be a report card, to assign blame, or to be used strictly as a basis for setting compensation.²⁶

In other instances, the board will seek a 360 degree frame of reference and feedback from those who stand around the outside of the circle, as well as inside it: clients, the community, volunteers, donors, funders, and staff. While such a project might be seen as threatening or overly time-consuming, it's an infrequent project, done perhaps every five years, or when a fresh perspective is wanted.²⁷

Succession Planning

Executive succession planning is a structured process to ensure leadership continuity in key positions and to retain and develop knowledge and relationships for the future. The process ranges from identifying and developing specific candidates to fill the chief executive position to developing a talent pool with the capacity to be effective leaders in any number of key positions in an organization, including board and staff. Effective succession planning increases the likelihood that a nonprofit will have the strong leadership required to increase an organization's service capacity, program effectiveness, and long-term stability and sustainability. Succession planning can take on different forms and be completed for various situations.²⁸

Board and Staff Decision-Making Structure and Running Board Meetings

Membership Rights and Processes in Decision Making

Ultimately, an organization's bylaws define the particular membership rights and decision-making processes for each organization (*e.g.*, how decisions are made, how many members are required to constitute a quorum, etc.). As discussed previously, board members are charged with: program oversight; establishing budget guidelines and overseeing financial management; legal and moral oversight—*e.g.*, management of compliance, values, conflicts of interest, and accountability; risk management; and evaluation of the chief executive.

Board Meetings

Within well run organizations, the work of the board is done by committees between board meetings, and decisions are made at those meetings. For smaller organizations, this can be unrealistic and the work may be done by the board as a whole. The board must decide how many times a year to meet, whether members may attend by teleconference or must be present to vote on board decisions. Board members are decision makers and making good decisions means coming prepared to board meetings, sharing ideas and perspectives, listening to fellow members with respect and, finally, reaching a collective conclusion.

²⁶ For more information on board and staff compensation see "Section VI: Resources" at the end of this section.

²⁷ For executive evaluation resources, see "Section VI: Resources" at the end of this section.

²⁸ For succession planning tools, see "Section VI: Resources" at the end of this section.

Strategic Board Agendas, Consent Agenda, and Meeting Management

A key to high-performance board meetings is thoughtfully prepared agendas that provide time for meaningful discussion. The board chair and the chief executive should work together to set effective agendas, and committee chairs should submit high-impact issues for discussion. Best practice suggests that all board members should have a role to play, including time for strategic and generative issues and allotting time for board learning and relationship building. Creating an efficient meeting agenda is an issue with which many chairs struggle. Standard, repetitive items often eat up the agenda and not enough time is left to focus on serious deliberation.

Consent agendas are one way of liberating the allotted meeting time to concentrate on important issues requiring careful discussion. A consent agenda is a component of a meeting agenda that enables the board to group routine items and resolutions under one umbrella. As the name implies, there is a general agreement on the procedure. Issues in this consent package do not need any discussion before a vote. Unless a board member requests a removal of an item ahead of time, the entire package is voted on at once without any additional explanations or comments. Because no questions or comments are allowed on the content, this procedure saves time.

One last issue for board meetings concerns executive sessions. This is an opportunity for the full board to meet in private with and without the chief executive. There should be established rules regarding when and how the sessions will be used. Appropriate examples include investigating possible board member misconduct, planning major endeavors, such as a merger, or confidential issues.

Robert's Rules of Order

Many boards use Robert's Rules of Order because they provide common rules and procedures for deliberation and debate. They place the whole membership on the same footing and keep them speaking the same language. The conduct of all business is controlled by the general will of the whole membership—the right of the deliberate majority to decide. Robert's Rules provides for constructive and democratic meetings to help, not hinder, the business of the board. Under no circumstances should “undue strictness” be allowed to intimidate members or limit full participation.²⁹

Role of the Chair and Managing Group Decision-Making

The role of the board chair in working with the chief executive includes communicating openly and fairly, serving as a liaison between the board and the chief executive, taking the lead in and encouraging the board to support and evaluate the chief executive; discussing issues confronting the organization with the chief executive, and reviewing with the chief executive any issues of concern to the board.

²⁹ A “cheat sheet” of Robert’s Rules is available at http://diphi.web.unc.edu/files/2012/02/MSG-ROBERTS_RULES_CHEAT_SHEET.pdf.

The board chair also leads board meetings after developing an agenda with the chief executive. The board chair facilitates the group decision-making process and understands how decisions are made based upon the organization's bylaws. The board chair works with the full board to appoint committee chairs and serves as ex officio member of committees, attending their meetings when possible.

The board chair also ensures that current job descriptions are in place for the chief executive and the board (officers, committee chairs, and members at large). In addition, the board chair helps the board maintain an effective board development committee, provides a thorough orientation for new board members, clarifies and maintains the board policy and oversight functions, keeps board members informed, and adheres to the doctrine of "no surprises." Other responsibilities including advocating for and helping to plan board retreats or special workshops, including periodic board self-study sessions of its responsibilities, membership, organization, and performance.

As a best practice, the board chair and chief executive should not be the same person. Likewise the board chair should not also be the treasurer and neither role should be performed by a paid employee. This helps to ensure separation of powers and accountability.

Minute Taking and Documenting Decisions and the Duty of Care

The duty of care describes the level of competence that is expected of a board member and is commonly expressed as the duty of care that an ordinarily prudent person would exercise in a like position and under similar circumstances. This means that a board member owes the duty to exercise reasonable care when he or she makes a decision as a steward of the organization.

Board decisions are recorded as part of the minutes of the organization and review of board minutes is a standard part of a nonprofit financial audit.³⁰

³⁰ Guidelines and a template for minutes are available at:
http://www.acc.com/chapterleaders/upload/MMinutes_guidelines.pdf.

SECTION IV: RESOURCES

Compensation Setting (Board and Staff)

The board of directors is responsible for hiring and establishing the compensation (salary and benefits) of the executive director or CEO by identifying compensation that is "reasonable and not excessive," but that also is attractive enough to retain the best possible talent to lead the organization. The recommended process for determining the appropriate compensation is to conduct a review of what similarly sized peer organizations, in the same geographic location, offer their senior leaders. Nonprofits filing IRS Form 990 must describe the process they use to approve executive compensation as part of the nonprofit's responses on the annual return, IRS Form 990, Section VI, Part B, line 15.

The IRS recommends that charitable nonprofits follow a three-step process to determine compensation is "reasonable and not excessive." The board should arrange for an "independent body" (which means that the person directly receiving the compensation should not be part of the review process) to conduct a "comparability review." However, staff such as the CEO or CFO may be involved in supporting such a salary review. Many nonprofits task a "compensation committee," or use their executive committee or another sub-group/task force of board members, for this purpose. Ideally, the comparison will include data from other nonprofits of a similar mission focus. The board/independent body that is conducting the review should document who was involved and the process used to conduct the review, as well as the disposition of the full board's decision to approve the executive director's compensation (minutes of a meeting are fine for this). The documentation should demonstrate that the board took the comparable data into consideration when it approved the compensation.

Executive Evaluation Resources

- The Enterprise Foundation: *Evaluating Your Executive Director*
http://www.uwasc.org/sites/uwasc.oneeach.org/files/Evaluationg%20Your%20CEO_0.pdf.
- A sample board compensation policy can be found at:
<https://www.nonprofitrisk.org/tools/hallmarks/tools/11compensation-review-policy.pdf>.
- A resource that boards can adapt to develop their own executive director assessment:
(<http://www.nonprofitsteward.org/wp-content/uploads/2013/01/Executive-Director-Evaluation.pdf>).

This assessment provides tools to lead the board and the executive through a thoughtful discussion about the chief executive's past performance and future aspirations. It is only through discussion of this type that nonprofit leaders can chart courses of action and make progress in fulfilling their organization's mission.

Sample Job Descriptions: Employee Contract/Letter

- This resource guide includes a sample job description for how one smaller-sized, growing, multi-site nonprofit organization configured the role of executive director:
<http://www.bridgespan.org/getattachment/f63055d2-b2a6-49a8-805c-b93f10c44c3a/Sample-Executive-Director-Job-Description-Small.aspx>.

Often, job descriptions can be built from job postings for similar positions, but a key ingredient to governing a successful nonprofit is a clear job description for the chief executive as well as an original offer letter or employment contract that specifies key responsibilities around partnering with the board as well as an annual performance review process.

Succession Planning Tools

- This resource helps boards to think about: emergency succession planning—a process that is in place in the event the executive suddenly departs either permanently or for an extended period of time (*i.e.*, longer than three months); departure-defined succession planning—a process that is in place for a future planned retirement or permanent departure of the executive; and strategic leader development—a process that promotes ongoing leadership development for talent within the organization.
<https://www.kansascityfed.org/publicat/community/Nonprofit-Executive-Succession-Planning-Toolkit.pdf>.
- A more detailed description of these legal responsibilities can be found at:
<http://www.bridgespan.org/getattachment/8b6c934d-21bd-4961-9705-e7a5e4012283/Legal-Responsibilities-Nonprofit-Boards.aspx>.

Board Leadership and Committee Sample Position Descriptions³¹

BOARD OF DIRECTORS POSITION DESCRIPTION Guidelines on General Expectations and Responsibilities

SUMMARY: As a member of the Board of Directors, you assume responsibility for ensuring that the organization fulfills its mission to...

Specifically, Board members are expected to do the following:

- Support and uphold the mission and values and goals of _____
- Actively participate in defining and implementing the organization's strategic vision and plans for the future
- Contribute an average of 6 hours monthly
- Attend bi-monthly board meetings
- Actively participate in at least one board committee
- Support fundraising efforts
- Make a financial gift of personal significance
- Be familiar with the organization's bylaws, personnel policies, and other key policies guiding governance and operational practices
- Understand and respect board-staff boundaries
- Participate in the annual evaluation of the executive director
- Assist in identifying prospective board members

In general board member responsibilities are expected to fulfill their legal and fiduciary responsibilities by completing the following:

SERVICE:

- To prepare for, and attend in their entirety, board meetings
- To serve in leadership positions and committee assignments willingly and enthusiastically when asked
- To bring a sense of humor to the board's deliberations
- To apply obedience to the law of the governance documents, a duty of care and loyalty to the organization

POLICY AND PLANNING:

- To participate in the development and establishment of policies through which the work of the organization is accomplished
- To suggest policy-related agenda items for meetings and ask timely and substantive questions, while supporting the majority decision on matters decided by the board

³¹ New York Council of Nonprofits. *Board Development Resource Packet*. 2015.
http://www.nyc.gov/html/mocs/downloads/pdf/nonprofit_help/05_NYCON%20Board%20Resource%20Packet.pdf.

- To help ensure effective organizational planning by reviewing, critiquing and approving annual budgets and work plans, as well as long-range plans
- To identify changing consumer, constituency and stakeholder interest and build stakeholder investment

FINANCES:

- To ensure the organization's long-term financial stability and integrity
- To adopt an annual budget that is financially responsible
- To ensure that periodic audits of the organization's finances are conducted and otherwise assist the Board to fulfill its fiduciary responsibility

DEVELOPMENT:

- To make every effort to ensure that the organization has the resources to meet current and long-term financial solvency
- To make a financial gift to the organization that is personally significant
- To understand and support the organization's fund development efforts, even if you are not expected to ask for funds yourself
- To use every opportunity to heighten the profile of the organization in the community and to its members/constituents

INTEGRITY:

- To maintain independence and objectivity and serve with a sense of ethics and personal integrity
- To fully disclose, at the earliest opportunity, information that may result in a perceived or actual conflict of interest; or information of fact that would have significance in board decision-making
- To exercise the powers invested for the good of all members of the organization, or of the entity you represent, rather than for personal benefit
- To respect the confidentiality of sensitive information known due to board service
- To respect the diversity of opinions as expressed or acted upon by the board, its committees and membership, and formally register dissent as appropriate
- To promote collaboration, cooperation, and partnership among the board, staff, and members

SELF-ASSESSMENT:

- To participate in the board's periodic assessment of its own performance and recommend improvement in such areas as composition, organization, tenure, retention, and responsibilities.

Sample Position Description: Board President

The President of the Corporation is the chairperson for the board of directors who:

- Serves as the chief volunteer officer of the organization
- Is the only person authorized to speak for the board except for the executive director, other than in specifically authorized materials
- Ensures that the board behaves consistently with legal and contractual obligations and the bylaws
- Provides leadership to the board of directors, who set policy and to whom the executive director is accountable
- Acts as a liaison between the board and executive director
- Chairs meetings of the board with all the commonly accepted powers of the position
- Encourages board participation in strategic planning
- Appoints directors to committees and chairpersons of committees in consultation with the executive director
- Delegates responsibility to other board members such as committee chairs
- Serves ex-officio as member of all governance committees and attends their meetings when possible
- Discusses issues confronting the organization with the executive director
- Reviews with the executive director any issues of concern to the board
- Monitors financial planning and financial reports
- Helps guide and mediate board actions with respect to organizational priorities and governance concerns
- Participates in the evaluation of the performance of the executive director and informally evaluates the effectiveness of board members
- Recognizes good performance of board members
- Recognizes performance of the executive director, evaluates the board's effectiveness (objectivity in making decisions, willingness to take action, and influence to carry out the mission.)
- Evaluates the board informally by observing what is happening in the organization, assessing the committee chairs, monitoring relations with other organizations, sounding out public opinion
- Self-evaluates his/her own performance and shares with Executive Committee
- Addresses performance and/or conflict of interest problems with board directors
- Accepts other appropriate board leadership duties, as directed by the board

Desirable Qualifications:

- Vision – broad, overall image of the agency's operations
- Generalist approach to the organization
- Impartial attitude
- Caring nature
- Strong leadership skills
- Ability to facilitate
- Working knowledge of Robert's Rules of Order

Sample Position Description: Board Vice-President

- Shall have all of the powers and functions of the president in the absence of the chief volunteer officer
- Be a “President-Elect” and shall succeed the chairperson of the board when appropriate
- Shall have signatory authority for cash transactions or other official agency reports
- Perform other appropriate duties as requested by the board or chairperson of the board
- Sometimes helps to support committee functioning and leadership

Sample Position Description: Secretary

- Perform or oversee documentation for activities of the board
- Assure that all documentation of corporate activities is managed in an appropriate manner
- Have custody of all records and reports of the corporation
- Perform or delegate to staff and assure the following:
 - Creating and mailing agendas for all meetings of the board
 - Keeping and reporting of complete and accurate minutes of all meetings of the board and all unanimous written consents executed by board members
 - Knowing and advising the board on Robert’s Rules of Order
- Serves on the Executive Committee
- Perform such other duties as pertain to the office or as may be prescribed by the board
- Ensure that all board candidates and board members submit conflict of interest disclosure forms and disseminate them to either the president or the chair of the Audit Committee

Desirable Qualifications:

- Good communication skills, especially written
- Experience with minutes (ability to participate in a meeting and record at the same time)
- Strong filing and organizational skills
- Notary

Sample Position Description: Treasurer

- Oversee all financial activities of the corporation and, as an independent board member, act as the chairperson of the Finance Committee that reviews all financial matters
- Assure that all financial matters are managed in an appropriate manner
- Oversee management custody of all funds and securities of the corporation
- Perform or delegate to staff the preparation of the following:
 - Maintaining full and accurate accounts of receipts and disbursements in the corporate books (Records of financial transactions shall be retained for eight years from the date of transaction)
 - Depositing all money and other valuables in the name and to the credit of the corporation in such depositories as may be designated by the board
 - Disbursing the funds of the Corporation as may be ordered or authorized by board and preserve proper vouchers for such disbursements

- Rendering to the chairperson and the board at the regular meetings of the board, or whenever they require it, an account of his/her transactions as treasurer and of the financial condition of the Corporation
- Rendering a full financial report at the annual meeting of the board
- Being furnished by all corporate officers and agents at his/her request with such reports and statements as s/he may require regarding the financial transactions of the corporation
- Acting with the Finance Committee, see that a true and accurate accounting of the financial transactions of the corporation is made, that reports of such transactions are presented to the board, and that all expenditures are made to the best possible advantage
- Performing other duties as are given to him/her by these Bylaws or as from time to time are assigned to him/her by the board or chairperson
- Serves on the Executive Committee and all other finance-related committees as determined appropriate

Desirable Qualifications:

- Accounting and financial management knowledge
- Skill in assessing financial position
- Ability to separate the overall financial picture from detail-oriented day-to-day operational issues and to focus on the overall financial picture