

Board of Directors Quiz (8 Questions)
Bob Harris, CAE

1. The **strategic planning retreat** was a success. What's the *wrong way* to implement the new plan?
 - a. Consider it a to-do list for the executive director.
 - b. Align committees with projects and strategies in the new plan.
 - c. Appoint a "plan champion" who reports on progress to the board.
 - d. Determine performance measures and set timelines.

2. The board reads and abides the **governing documents**; which choice represents their hierarchal order from high to low?
 - a. Budget, Mission, Business Plan and Minutes
 - b. Policies, Bylaws, Strategic Plan and Financials
 - c. Mission, Articles of Incorporation, Bylaws and Policies
 - d. Procedures, HR Manual and Crisis Plan

3. What does not belong in the **board minutes**?
 - a. Starting and ending times.
 - b. Details describing why the proposal failed and an attached report.
 - c. Approval of the prior minutes.

4. The **IRS defines the board's role as governance** and the staff as implementing the decisions of the board. Which describes the "altitude" at which a visionary board should operate?
 - a. Board at 50,000' level, committees 25,000' and staff at 10,000'
 - b. Staff at 60,000' level, committees at 5,000' and board at 25,000'
 - c. Committees in the clouds, boards in the weeds.

5. **Committees** go by many names; which label does not apply to committees?
 - a. Standing Committee
 - b. Task Force or Ad Hoc
 - c. Quick Action Team
 - d. Strike-Force or Brain-Trust
 - e. The Do Nothings

6. At the board meeting the treasurer gives the **financial report**, what is the next step:

- a. No motion; move on to the next item on the agenda.
 - b. Motion to accept the financial report.
 - c. Motion to approve the financial report.
7. The IRS requires the board to report “**diversions**” annually. What could be included in a diversion of assets?
- a. Embezzlement and theft.
 - b. Misuse of the organization’s credit card by the chief elected officer.
 - c. Pocketing the golf funds.
 - d. \$6.9 million wire transfer to the CEO
 - e. All of the above.
8. Which does not afford **protection to the board of directors**?
- a. Directors and Officers Insurance (D & O)
 - b. Golf Hole in One Insurance
 - c. Volunteer Immunity
 - d. Indemnification
 - e. Incorporation of the Organization

Answer Key: #1 – a; #2 – c; #3 – b; #4 – a; #5 – e; #6 – b; #7 – d; #8 – b

Board Quiz - 8 Question Jan 2017

BOARD RESPONSIBILITIES

Serving on the Board of Directors is a rewarding and important responsibility. This guide informs leaders of the unique aspects associated with governing a volunteer, membership organization.

"The board governs the staff manages."

Governance - Volunteer leaders are responsible for the direction of the organization. The board governs, develops policy and sets a course. The main mission should frame all discussions -- avoid micromanagement. For board functions:

- Governance
- Policy & Program Development
- Visionary - Future Focus
- Fiduciary

Management - Staff and committees are responsible for administration of the organization. Staff partners with the board to advance goals and strategies, while taking care of the daily administrative needs unique to nonprofit organizations.

Unique Terminology

It is critical to refer to the legal corporate name of the organization. It does not imply an acronym, first name or initials (e.g., board, staff, etc.). Respect for the central mission is key for staff.

Example Organization is subordinate to the 501(c)(3) corporation. See the organization's bylaws and articles of incorporation for specific rules. (United Way is a 501(c)(3) organization with an affiliate, United Way of America.)

501(c)(3) designation also often is referred to as "nonprofit" or "charitable" status.

501(c)(3) designation refers to tax-exempt status. Voluntary leaders and professional staff are not.

Board Responsibilities

1. Determine and advance the organization's mission and purpose.
2. Elect the chief paid executive (not staff) as well as CPA and attorney.
3. Support the chief executive and assure performance in the organization (i.e., budget, goal achievement, etc.).
4. Conduct regular internal privacy, ethics, and compliance reviews (check, time, whatever, staff, etc.).
5. Determine and fundraise for the organization's needs.
6. Determine, monitor and enhance program and services.
7. Determine, monitor and enhance program and services.
8. Evaluate the organization.
9. Monitor legal and ethical integrity and maintain accountability.
10. Recruit and create new board members and assess board performance.

Good Governance

It is important to ensure that the board is strategic on all levels of director. See 501(c)(3) and 501(c)(6) and inquire about the policies of nonprofit organizations. Board are expected to maintain due accountability, independence and transparency with governing. Policy questions in 501(c)(3) and 501(c)(6) should be referred to the appropriate authority.

Legal Principles

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

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

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

Board Tools

Document available to leaders often in a Leadership Manual or Board packet:

- Statement of Purpose (Mission)
- Articles of Incorporation
- Bylaws
- Policy Manual
- Strategic Plan
- Financial Statement - Budget
- Monthly Minutes
- Organizational Chart
- IR/Forms
- Frequently Asked Questions

Trust all information with confidentiality.

IR/Forms

IR/Forms - "You won't have to do anything when you get on the board!"

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Note: Bob Harris, CAE provides free governance tips and templates at www.nonprofitcenter.com. The laminated Board Responsibilities Guide© is available to support leadership training and orientation for \$10 each for a minimum of ten plus S/H. Email quantity and street address to bob@rchcae.com.