



AN ETHICS AND ACCOUNTABILITY CODE
FOR THE NONPROFIT SECTOR

Board and Executive Partnership

The Standards for Excellence Institute
1500 Union Avenue Suite 2500
Baltimore, MD 21211
Phone: 410-727-1726

www.standardsforexcellence.org

PREAMBLE

America's nonprofit sector serves the public interest and plays an essential role in our society and economy. Hard at work strengthening communities across the nation, nonprofits enrich our lives in a variety of ways by creating a broad array of benefits to society in fields such as charitable, religious, scientific, economic, health, cultural, civil rights, environment, and education.

Public investment and confidence drive the success of nonprofit organizations. Individuals, corporations, foundations, and federal, state, and local governments add value to the services that nonprofits provide by investing time, resources, and funds.

The Standards for Excellence Institute aims to raise the level of accountability, transparency, and effectiveness of all nonprofit organizations to foster excellence and inspire trust. The Standards for Excellence code (Standards or code) provides a framework and step-by-step guidelines to achieve a well-managed and responsibly-governed organization.

The code builds upon the legal foundations of nonprofit management, governance, and operations to embrace fundamental values such as honesty, integrity, fairness, respect, trust, compassion, responsibility, and transparency. The code consists of six Guiding Principles in 27 topic areas with specific performance benchmarks that characterize effective, ethical, and accountable organizations. The Institute helps the nonprofit sector operate in accordance with the Standards for Excellence code by providing educational resources, assistance, and a voluntary accreditation process.

The Standards for Excellence Institute encourages all nonprofit organizations to adopt the Guiding Principles of the Standards for Excellence code. By implementing the performance benchmarks in the code, nonprofit organizations will meet the highest ethical standards for effective service in the public interest.

STANDARDS FOR EXCELLENCE - GUIDING PRINCIPLES

I. MISSION, STRATEGY and EVALUATION

Guiding Principle: Nonprofits are founded for the public good and operate to accomplish a stated purpose through specific program activities. A nonprofit should have a well-defined mission, and its programs should effectively and efficiently work toward achieving that mission. Nonprofits have an obligation to ensure program effectiveness and to devote the resources of the organization to achieving its stated purpose.

II. LEADERSHIP: BOARD, STAFF, and VOLUNTEERS

Guiding Principle: Nonprofits depend upon effective leadership to successfully enact their missions and programs. Effective leadership consists of a partnership between the board and management, each of which plays an essential role. Understanding and negotiating these shared and complex elements of leadership is essential to the organization's success. A nonprofit's employees and volunteers are fundamental to its ability to achieve its mission.

Board members are in a position of trust to ensure that resources are used to carry out the mission of the organization. An organization's board leadership should consist of volunteers who are committed to the mission and who demonstrate an understanding of the community served. An effective nonprofit board should determine the mission of the organization, establish management policies and procedures, assure that adequate human and financial resources are available, and actively monitor the organization's allocation of resources to effectively and efficiently fulfill its mission.

Nonprofits should also have executive leadership which carries out the day-to-day operations of the organization, ensures financial and organizational sustainability, and provides adequate information to the board of directors. An organization's human resource policies should address both paid employees and volunteers and should be fair, establish clear expectations, and provide meaningful and effective performance evaluation.

III. LEGAL COMPLIANCE and ETHICS

Guiding Principle: Nonprofits enjoy the public's trust, and, therefore, must comply with a diverse array of legal and regulatory requirements. Organizations should conduct periodic reviews to address regulatory and fiduciary concerns. One of a leadership's fundamental responsibilities is to ensure that the organization governs and operates in an ethical and legal manner. Fostering exemplary conduct is one of the most effective means of developing internal and external trust as well as preventing misconduct. Moreover, to honor the trust that the public has given

them, nonprofits have an obligation to go beyond legal requirements and embrace the highest ethical practices. Nonprofit board, staff, and volunteers must act in the best interest of the organization, rather than in furtherance of personal interests or the interests of third parties. A nonprofit should have policies in place, and should routinely and systematically implement those policies, to prevent actual, potential, or perceived conflicts of interest. Ethics and compliance reinforce each other.

IV. FINANCE AND OPERATIONS

Guiding Principle: Nonprofits should have sound financial and operational systems in place and should ensure that accurate records are kept. The organization's financial and nonfinancial resources must be used in furtherance of tax-exempt purposes. Organizations should conduct periodic reviews to address accuracy and transparency of financial and operational reporting, and safeguards to protect the integrity of the reporting systems.

V. RESOURCE DEVELOPMENT

Guiding Principle: The responsibility for resource development is shared by the board and staff. Nonprofit organizations depend on an array of sources of financial support. An organization's resource development program should be maintained on a foundation of truthfulness and responsible stewardship. Its resource development policies should be consistent with its mission, compatible with its organizational capacity, and respectful of the interests of donors, prospective donors, and others providing resources to the organization.

VI. PUBLIC AWARENESS, ENGAGEMENT, and ADVOCACY

Guiding Principle: Nonprofits should represent the interests of the people they serve through public education and public policy advocacy, as well as by encouraging board members, staff, volunteers, and stakeholders to participate in the public affairs of the community. When appropriate to advance the organization's mission, nonprofits should engage in promoting public participation in community affairs and elections. As such, they should communicate in an effective manner to educate, inform, and engage the public.

ABOUT THE STANDARDS FOR EXCELLENCE INSTITUTE

The Standards for Excellence Institute is a national initiative established to promote the highest standards of ethics and accountability in nonprofit governance, management, and operations, and to facilitate adherence to those standards by all nonprofit organizations. The Institute uses as a vehicle the Standards for Excellence program, a system of nonprofit sector industry self-regulation originated by the Maryland Association of Nonprofit Organizations and currently replicated by licensed partners in Alabama, Delaware, the District of Columbia, Ohio, Oklahoma, Memphis, Pennsylvania, and Virginia. The program is also being offered to chapters of The Arc nationwide through The Arc of the United States, to the American Nurses Association, to the Sacred Sector program of the Center for Public Justice, to Catholic nonprofit organizations nationwide through the National Leadership Roundtable on Church Management, and through the Markkula Center for Applied Ethics at the Santa Clara University.

The centerpiece of the Institute's program is the Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector. The Institute also makes available to member organizations a comprehensive system of educational tools to enable individual nonprofit organizations to improve their governance and management practices. Standards for Excellence accreditation is available to individual organizations through a rigorous peer review process in selected locations and nationwide through the Standards for Excellence Institute.

For more information about joining the Standards for Excellence Institute or to obtain additional copies of the booklet or educational resource packets, visit our website at www.standardsforexcellence.org.

BOARD AND EXECUTIVE PARTNERSHIP

As the *Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector* states:

The board should appoint the chief executive, set the executive's compensation, and annually evaluate the executive's performance. In cases where a designated committee performs one of these responsibilities, the decision should be ratified by the full board.

The board is responsible for supporting the functions of the executive, granting sufficient authority, and helping to ensure his or her success in managing the organization.

The executive is responsible for the day-to-day management and operations of the organization. The executive should be committed to the mission of the organization and have the skills necessary to manage the paid and volunteer talent, and financial resources of the organization.

The executive should support the board's policy and oversight function by providing accurate and timely information and resources to the board.

Topical Table of Contents

Introduction

Defining Roles: Management and Governance

- Sorting Out Board and Staff Roles and Responsibilities

- Understanding the Line between Management and Governance

- More than Roles and Responsibilities: Trust

Chief Executive Officer/Executive Director

- Hiring the Chief Executive Officer/Executive Director

- Executive Roles and Responsibilities

- Determining Chief Executive Compensation

- Evaluating the Chief Executive

- Chief Executive Termination/Removal

Setting Policies

Selected Resources for Board and Executive Partnerships

Attachments

- Attachment A: Leadership Roles in Management and Governance

- Attachment B: Board Calendars

- Attachment C: Sample Board Calendar Featuring Required Elements of the Standards for Excellence code (Standards for Excellence Board Room Quick Tip)

- Attachment D: Executive Director/CEO Job Description

- Attachment E: Executive Director/CEO Evaluation Process

- Attachment F: Board Chair Job Description

- Attachment G: Working Board (Standards for Excellence Board Room Quick Tip)

Introduction

Nonprofit organizations use many different terms to describe their chief staff person. For the purposes of this *Standards for Excellence*[®] educational resource packet, we will use the term Chief Executive Officer (CEO), President/CEO, Executive, and Executive Director (ED)

interchangeably. Nonprofits should refer to their bylaws, employment contracts, and position descriptions for the term established for use in their own organization. We address which title to utilize in the section on Executive Roles and Responsibilities.

For a nonprofit to function effectively, it is important to have a strong and respectful partnership between the board and the CEO. According to *The Board Paradox* by Rick Moyers, many CEOs rate their boards relatively highly in general terms, but when asked to rate competencies around specific governance responsibilities, boards do not perform as well.¹ Strong relationships take work, and they require flexibility, accountability systems, mutual understanding, and clear expectations.

Defining Roles: Management and Governance

Misunderstandings often stem from the fine line between management and governance. While board work generally falls into the category of *governance* and the work of the chief executive falls generally into the category of *management*, there are some areas and responsibilities that may blur these lines. Indeed, we would argue that there are times when the two parties should be working in cooperative partnership on a number of important occasions. The board and chief executive's level of involvement in management versus governance can change depending on the life cycle and current state of a nonprofit organization. To describe this in a more simplistic way, we may want to state that the board sets the policy and the Executive Director enforces or implements the policy (or supervises those who enforce and implement). An example of this practice may include the board passing a new policy on gift acceptance and the staff members working in the development department under the direction of the Executive Director taking the necessary steps and developing the required processes to carry out the gift acceptance policy.

Here is one working definition:

"Governance" is the strategic task of setting the organisation's [organization's] goals, direction, limitations and accountability frameworks. "Management" is the allocation of resources and overseeing the day-to-day operations of the organization [organization].

One way to think about this is that Governance determines the "What?" - what the (organization) [organization] does and what it should become in the future. Management determines the "How?" - how the organization [organization] will reach those goals and aspirations."

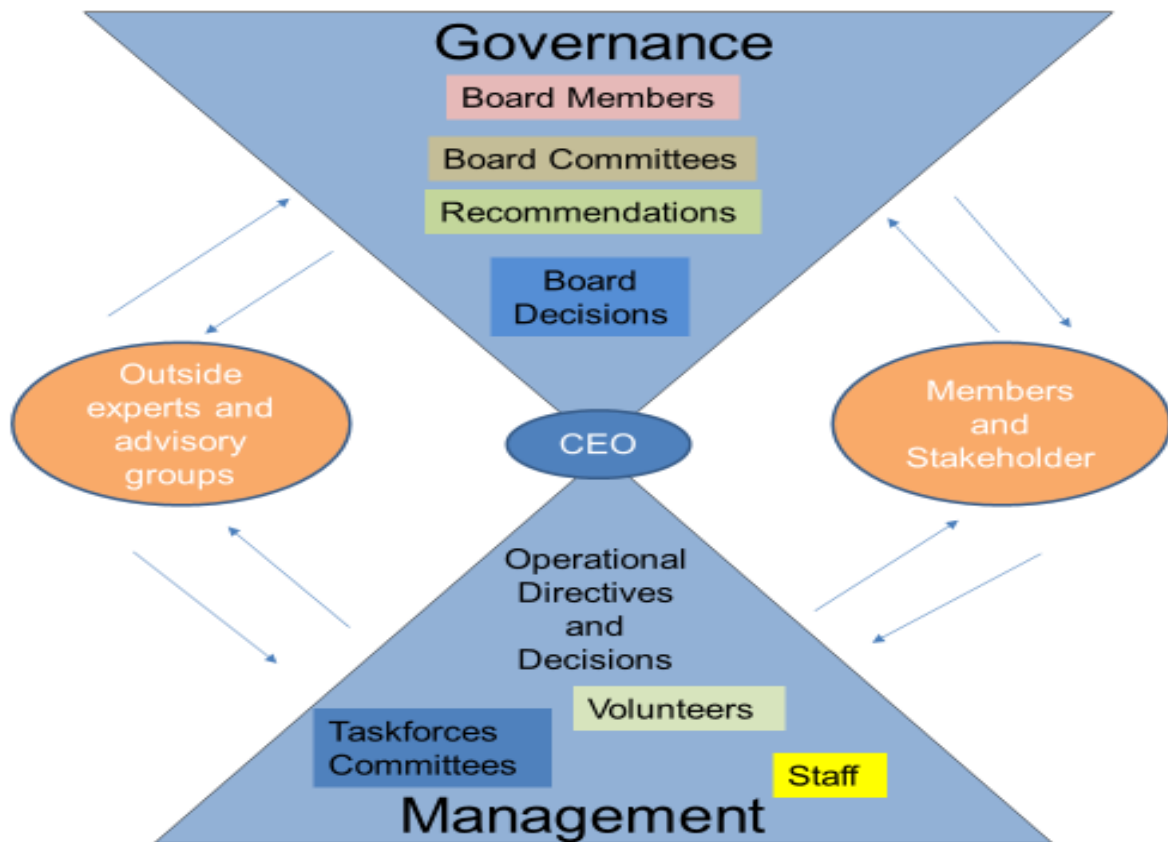
ACT Council of Social Service Inc.

<https://www.actcoss.org.au/sites/default/files/public/publications/OIK%20-%20Governance%20and%20Strategic%20Leadership%20-%20Governance%20Basics%20for%20website.docx>

In the case of an all-volunteer organization (where there is no paid staff), the board should carefully consider what responsibilities are designated to the volunteer who is acting in what would otherwise be a paid staff position. These responsibilities should be documented so that expectations and roles are clear with all parties. The board should also carefully consider the reporting processes in order to provide for a clear division of labor between governance and management duties. And, it should be noted that even if there is a volunteer in the position that

¹Moyers, Rick. *The Board Paradox*, Daring to Lead, 2011.

would otherwise be held by a chief staff person, this individual should be evaluated by the board on an annual basis.



Adaptability and flexibility are always important. According to a article by David Renz in the *Nonprofit Quarterly*, chief executives and board chairs need to be flexible in how they structure their work together - empowering each other to consider their individual strengths, interests, and the organization's important work - rather than "going by the book."² That being said, the board and the chief executive should be familiar with the generally-accepted divisions between governance and management, and they should respect those boundaries.

In addition to the general parameters of management and governance, each board member, the board chair, and the chief executive should operate under clearly-defined accountabilities. For the purposes of this discussion, the term “accountabilities” is distinct from “responsibilities” in that accountabilities imply a high degree of openness, of fully sharing successes and concerns, of recognizing who is answerable to whom (and this often includes a variety of stakeholders). Responsibilities tend to focus on a set of specific duties and tasks to be accomplished (such as developing and monitoring the budget). Accountabilities might include fiscal integrity and accurate and timely reporting of year-end financial performance to the board, the staff, funders, donors, Candid (GuideStar)³, state and federal regulators.

²Renz, David O. *Adding a Few More Pieces to the Puzzle: Exploring the Practical Implications of Recent Research on Boards*, *Nonprofit Quarterly*, May 6, 2011. <https://nonprofitquarterly.org/governancevoice/11971-adding-a-few-more-pieces-to-the-puzzle-exploring-the-practical-implications-of-recent-research-on-boards.html>

³ In 2019, GuideStar and the Foundation Center merged to form Candid.

Agreeing on roles, accountabilities, and responsibilities in position descriptions for the board members in general, the board chair, and the CEO are critical. Be clear also about the expectations that each of the parties brings to the table. Does the board believe that it is hiring an administrator or a chief executive? There is vast divide between the two roles. As affirmed in an article by Kim Jonker and William F. Meehan III in the *Stanford Social Innovation Review*, a suggested best practice includes agreeing to detailed and clear divisions of labor before a CEO even accepts the job.⁴ This can be accomplished by having job descriptions with key responsibilities not only for the CEO but also for the Board Chair and providing an orientation to the CEO/ED on how they have worked together to create synergy in the organization. A sample CEO position description is found in **Attachment D**.

Once position descriptions are developed and agreed upon by all parties, they serve as the basis for the ongoing and annual evaluation process. The chief executive's position description should be reviewed (and potentially revised) on a periodic basis as the board and executive deem appropriate, as the organization grows or develops, and/or as the staff functions of the chief executive change. Clear accountabilities also aid in the development of the nonprofit's annual plan, which serves to measure and demonstrate success in key areas throughout the year.

The CEO/ED may collaborate with the Board Chair and a board committee around the creation of policy. Distinctions may be made for policies specifically pertaining to the board and governance as well as policies that affect CEO/ED, staff, operations, and Human Resources. Some of these policies (those that fall along the governance vs. management line) may require board approval and others are operational. We suggest a Policy Manual to serve as a road map for all parties. This topic is addressed in the Setting Policies section of this packet.

Another area where there can be confusion between board, CEO, and staff roles concerns the committees of the board. Board committee work is critical to a nonprofit's success. Depending on the committee, staff members like the CEO, chief financial officer, program director, or director of development may participate and provide support to board committees. It is important that expectations regarding staff roles and accountabilities are clearly communicated to both staff and committee members. Staff work assignments, supervision, and evaluation are the responsibility of the CEO, not committee chairs or members. There are times when a staff member participating on a committee may receive an assignment. If staff participating on committees receive assignments from the committee chair or as a part of the committee, it is imperative that staff have a mechanism for communicating with the CEO (or his or her supervisor if the supervisor is not the CEO) the responsibility or assignment they have received as a part of that committee. It is a good idea for the committee chair to communicate in advance with the CEO regarding the assignment.

Sorting Out Board and Staff Roles and Responsibilities

There are a variety of factors that come into play when determining who does what in a nonprofit organization. These factors include:

- The philosophy of the board; The organization's stage of development (Start-up and

⁴Jonker, Kim and Meehan III, William F. *A Better Board will Make you Better*, Stanford Social Innovation Review, Spring 2014. http://www.ssireview.org/articles/entry/a_better_board_will_make_you_better

Growth, Peak Performance, Decline/Crisis, and Renewal⁵);

- The organization's availability of financial resources;
- The availability of volunteers to do necessary work; and
- The need for staff to carry out the mission.

There must be a clear division of responsibility that provides accountability and appropriate oversight. Areas of responsibility that are poorly-defined or left unclear as to who (the board or executive director) has decision-making authority, can produce confusion and tension between the board and the chief executive.

When the board has opted to pursue or maintain an organizational model that involves the hiring of professional staff, the board's role is to govern and not to manage. It is imperative to have a clear distinction between these roles. Achieving appropriate oversight requires navigating the fine, and often moving, line between ratifying and micromanaging. Those boards that master the distinction function well. Those that fall to either extreme can run into challenges. Every board of directors should devote time to reviewing the appropriate role of board members and staff – paying close attention to the implications the roles have on the operation of the organization.

Generally speaking, boards best support the CEO when:

- Roles, authority, and expectations are clear;
- Communication is open;
- Needs for information, data are defined;
- Feedback is given, verbally and in writing;
- Issues are addressed directly;
- Adequate internal resources are in place to perform the mission and programs; and
- Board Chair works in coordination to create the board meeting agendas, and manages the board. A Board Chair position description is found in **Attachment F**.

The CEO best supports the board when:

- Meeting agendas are planned in advance and in coordination with the Board Chair to promote efficiency and effectiveness;
- Focused knowledge and data is provided – too much can overwhelm, but all info should be available on request;
- Strategy is discussed;
- Feedback is requested and given;
- Issues are addressed directly; and
- Adequate internal resources are directed to the board's work.

Understanding the Line between Management and Governance

One of the key challenges for the board and CEO can be the division of labor. As we've said, in general, the board focuses on governance and the CEO on management. However, depending on the size, resources, and life stage of an organization, a board may be very hands-on, or a board

⁵ See the Standards for Excellence educational resource packet, Organizational Sustainability and Sustainability Planning for more information on nonprofit organizational life cycles. Note that there are many models for organizational life cycles offered by many experts. Others may cite the stages in organizational development as Start-up, Adolescent, Mature, In Transition, and Struggling.

may focus solely on leadership, governance, and oversight. Shifting between these two realities can be a major cause of tension.⁶

A board may need to become more hands-on in the following instances:

- Departure/transition of the CEO;
- Inadequate staffing to support the CEO;
- Poor results in a major audit;
- Significant grievances or compliance issues that come to the attention of the board; and/or
- Other crisis issues occur.

The table below outlines the key responsibilities in an organization and indicates how each area of responsibility aligns with the roles of governance or management.

Key Responsibilities	Governance	Management
Advance the vision, mission, strategy, and desired results	X Anytime the mission is updated, it is the board who needs to drive the mission development process and formally approve changes to the mission.	X-The CEO and staff are involved in an organization's planning processes and their work should center on working to ensure that the organization carries out its mission, vision, strategy and results
Plans: Strategic, Annual, and Contingency	X- Approve and drive the strategic planning process	X-Develop and Implement
Policy (Fiscal/Finance, Personnel, Resource Development, etc.)	X- Approve	X-Develop and implement
Legal compliance	X	X
Provide fiscal oversight	X	
Develop organizational budget and determine specific expenditures		X
Approve budget(s)	X	
Ensure a resource development plan	X	
Implement the resource development plan, including preparation of an annual report	X-Board Members have roles	X-Staff have roles
Ensure positive external relationships (public policy, media/communications, partnerships)	X	X
Hiring, coaching, overseeing, evaluating, firing of CEO	X	

⁶"Board/Executive Director Tensions. "Governance Matters for Effective Nonprofits. Board Leadership: Executive Director Conflict. <https://boardcoach.com/wp-content/uploads/2018/09/Executive-Director-Conflict-Board-Leadership-Project-Governance-Matters.pdf>

Key Responsibilities	Governance	Management
Follow procedures for election, recruitment, and adequate onboarding of board members	X	
Program development and implementation (part of the annual and strategic plans, typically)		X
Day-to-day management, including execution of all contracts and agreements, accounts, and first media contact		X
Hiring, coaching, overseeing, evaluating, firing of staff (other than the CEO)		X
Overseeing program evaluation and outcome measurement (part of the annual and strategic plans, typically)	X	X

For a visual look at the board’s and staff’s responsibilities for management and governance, see **Attachment A**.

According to the article, *Board/Executive Director Tensions*, one of the major causes of board and executive conflict is a misunderstanding of each other's roles or simply a lack of information.⁷ Like all of us, without clear direction and understanding, board members will default to operating within their comfort zone and in many cases that is likely to be management. In many cases, individuals are recruited to be on boards of directors because of their professional management accomplishments. “Talent-centric” boards that include diversity in background, expertise, and demographics are crucial but it is important to keep in mind that some members may be more familiar with issues of fiduciary oversight and day-to-day management than with issues of governance and strategy, yet strategy is one of their main roles. Training and orientation for new members is crucial that that they may understand the difference. Ana Dutra said it well when she suggested that “strategic board which provides prescient forward-looking insights to form a [nonprofit’s] foundational strategy is fully actualized and high-performing.”⁸

A common question board members have is this: What am I supposed to be doing? How can I contribute to strategy discussions? Although not exhaustive, a simple tool such as a board calendar may help provide much needed clarity around what members are to be doing and when they are to be doing it. At a glance, a board member can see what it required of her or him during each month of the year. For example, a board member may note that in November, the IRS Form 990 should have been filed and he or she needs to sign appeal letters for the annual campaign. A sample board calendar is provided as **Attachment B**. A calendar may include intentional strategy-oriented discussions throughout the year pertaining to issues around budget. Additionally, structuring board meeting agendas to allow for ample time for strategy-related discussions (not just director and committee reports) are crucial for keeping a board and the organization on track and contribute to a high-performing board.

⁷"Board/Executive Director Tensions." *Governance Matters for Effective Nonprofits. Board Leadership: Executive Director Conflict*.
<https://boardcoach.com/wp-content/uploads/2018/09/Executive-Director-Conflict-Board-Leadership-Project-Governance-Matters.pdf>

⁸ Dutra, Ana. *A More Effective Board of Directors*. Harvard Business Review. November 2, 2012.
<https://hbr.org/2012/11/a-more-effective-board-of-dire>

For most of the key responsibilities, listed above, there are additional *Standards for Excellence* educational resource packets available. See the *Standards for Excellence Institute* website for a full list of the topics addressed in these resources.

Setting Policies

A major responsibility for boards is setting policy for the nonprofit. A major responsibility of the executive is providing guidance around setting policy. Once approved by the board, the CEO is responsible for implementing policies. In terms of effective board and staff relationships, policies ensure a clear process for all major issues the nonprofit might face, including a framework for employees to raise concerns or issues.

When these policies are in place, the board, executive, and staff all have clear expectations, lines of authority, and clear paths to raise concerns. This clarity ensures the most efficient and effective board and staff relationship possible and provides for mutual support and understanding. Building on board-approved policies and plans, the executive and staff are in a strong position to keep the board members informed and prepared to fulfill their roles, as they fulfill the organization's mission. All policies need to be consistent with the organization's by-laws and articles of incorporation. Two policies are required by the Sarbanes Oxley Act of 2002 and include Whistleblower Protection, and Document Retention.

To organize policies, consider a Board Policy Manual or for boards utilizing an online board portal, a separate folder, or sub-portal dedicated to the organization's board-approved policies. The manual is not only useful for the board on an ongoing basis, it is also useful to orient new board members. The Board Policy Manual should carefully outline when policies should be revised or reviewed. It is recommended that the Board Policy Manual be a part of a Board Member Manual that is distributed to new board members as part of their orientation and onboarding process. Policies to consider for inclusion in the Board Policy Manual are outlined below and a chart of all documents that need board approval is listed in **Attachment C** at the end of this packet:⁹

Board Policies¹⁰

For example:

- By-laws, articles of incorporation (governing documents)
- Conflict of Interest disclosed and signed yearly
- Whistleblower Protections and Confidential Means of Reporting Impropriety
- Employee Grievance Structure if CEO/Executive Director or Board Member is involved

⁹Wilcox, P.J. *Exposing the Elephants: Creating Exceptional Nonprofits*. Hoboken, NJ: John Wiley & Sons, Inc., 2006.

¹⁰ *Notes on Board Policy*: While it is the executive director's responsibility and authority to hire, supervise, and evaluate all of the other staff members of the organization, there are a few situations where the board of directors may become directly involved in matters relating to the executive. Policies should define these situations and the procedures to be followed.

- Grievance: The board may serve as a point of review and decision-making in the event of an employee grievance or complaint involving the CEO or another member of senior management.
- Whistleblower Protections: Staff may report suspected fraudulent or dishonest conduct to the board of directors if the fraudulent or dishonest conduct pertains to the CEO or other senior manager.

- Board's Role in Raising the Resources for the Organization
- Position descriptions (board member, chair, committee members)
- Agenda planning
- Code of conduct
- Code of Ethics
- Governance capacity (recruitment, evaluation, training, etc.)
- Board elections (often covered in the by-laws)
- Board committee principles
- Treatment of board volunteers
- Unity of control - i.e. the board, as a whole, manages the CEO
- Accountability and delegation to the CEO
- CEO oversight and performance review
- Succession planning
- Term limits

Additional key policies to consider in relation to the CEO, Mission Advancement, and General include:

CEO Policies

- Position description (CEO)
- Treatment of staff and CEO succession planning
- Financial planning and budgeting
- Asset protection
- Communication and support

Mission Advancement Policies, Charts, and Plans

- Mission statement and statement of values
- Strategic plan and annual plan
- Resource development plan
- Sustainability plan

Other General Policies

- Whistleblower Protections and Confidential Means of Reporting Impropriety
- Employee Grievance
- Risk Management and Insurance Coverage
- Financial Policies including Internal Controls and Purchasing
- Nepotism
- Program Participant/Client Grievance
- Human Resources Policies and Procedures/Employee Handbook
- Volunteer Handbook
- Crisis or Disaster Plan
- Administrative Policies: Technology, Communications and Social Media, Sponsorships, Strategic Partnerships, Fundraising, Determining Advocacy Positions, Compensation

- Document retention

More than Roles and Responsibilities: Trust¹¹

While knowing roles and responsibilities between Board Chair and CEO/ED is crucial, one area that tends to be overlooked by many yet is supported by research is trust. “Nonprofit leaders need to recognize that the Board Chair-Executive Director relationship is an important and powerful resource that can be leveraged in support of the organization’s mission.”¹²

Trust can be created by focusing on relationship building activities, spending time getting to know each other, engaging actively in dialogue, and suspending assumptions around motivations in decision-making instances.

Trust takes time to build and allows for honesty in communication. Board Chairs and CEO/EDs must commit to regular and frequent times together both on the phone and in person. Consider the following:

- Meet once per month for coffee/lunch utilizing a standing agenda that includes time for both “business” and “life” matters. Recognize that it is okay to get to know each other outside of just the working relationship.
- Have a weekly standing check-in call that is 15-30 minutes and includes whatever is on “the list.”
- Evaluate the types of discussions you are having. Are you utilizing some of your time for brainstorming/strategy or is it all focused on fact relaying?
- Review each other’s skill sets, strengths, and weaknesses and partner together on how to best utilize those for the benefit of the organization.
- Spend additional time crafting board agendas together and prepping each other before board meetings. Try to avoid “gotcha” moments where miscommunication or lack of communication creates tension in the meetings.
- When in doubt, communicate more than less.

Hiring the Chief Executive Officer/Executive Director

Hiring the Executive Director is one of the board’s most important jobs. When a vacancy occurs, the first question the board should ask is:

“Do we have the internal expertise and time needed to conduct a proper search and select the best candidate?”

If the answer is “yes,” the hiring process typically begins with the creation of an ad hoc Board Search Committee to oversee the search, interview candidates, and recommend the selected candidate(s) to the full board. The Search Committee is appointed by the board chair and is responsible for creating and implementing the processes necessary for recruiting, interviewing, and selecting candidates for the position. The committee recommends the final candidate(s) to the full board, who interviews the finalists and votes as a board on the final selection.

Typical Search Committee responsibilities include:

- Finalize executive position description

¹¹Used with permission: Donovan, Erin. (2019) *Rooted in Trust: Relationships between Boards and Executives*, <https://www.rootedlife.info/blog/rooted-in-trust-relationships-between-boards-and-executives>.

¹² Hiland, Mary. 2008. *The Board Chair-Executive Director Relationship: Dynamics that Create Value for Nonprofit Organizations*. Journal for Nonprofit Management.

- Approve job announcement/advertisement
- Approve communication plan (including message, distribution channels, and timelines)
- Establish criteria for screening and selection
- Screen resumes and select best qualified candidates
- Develop screening interview questions
- Review candidates' written responses to a set of questions, if needed
- Conduct telephone, video, and/or in-person interviews
- Contact references
- Make recommendations to the board regarding final candidate(s)
- Draft employment contract and seek legal counsel for review, if needed

If the answer to the internal expertise question is “no” and the board determines that additional expertise is necessary, there are several options or combinations of options to consider. Do we:

- Hire an outside consultant to guide and support our work?
- Work with an outside search firm to facilitate the process?
- Request the assistance of board or staff members from other nonprofits in a related field?

In all cases the full board, not the Search Committee, the outside search firm, the Executive Committee or the Board Chair, makes the final hiring decision.

Finally, keep in mind that your Executive Director/CEO may need some additional training or insight from the board or a series of subject specific meetings once they are hired. The board should not assume that they are “hands off” now that a new Executive Director/CEO has been hired. As noted before, be intentional about building trust.

For more information on Succession Planning, see the Standards for Excellence Educational Packet on Succession Planning.

Executive Roles and Responsibilities

The *Standards for Excellence* educational resource packet, Board Member Responsibilities, contains in-depth information, resources, and tools that outline board roles and responsibilities. In this section, we focus on the crucial and complementary resources for the chief executive.

The road to creating an effective board/CEO partnership starts with ensuring that the CEO's position description is current. It is not possible for the board to hold the CEO accountable without a mutually-agreed upon position description. The position description guides day-to-day activities and priorities and serves as the basis for the ongoing and annual evaluation processes. Ideally, the board will have spent time with the former CEO evaluating the current position description and asking for input on what may be needed for the future and would have documented relevant items as part of the organization's succession plan.

Once the CEO is hired, reviewing and updating his or her position description should continue to occur on an annual basis. Some organizations may also have a CEO contract which outlines the roles and responsibilities normally found in a position description. Regardless of the format, make sure the board and the chief executive regularly review and update the CEO's duties and responsibilities. The annual performance review is a good time to re-visit these expectations and adjust, as needed, based on new priorities, programs, or initiatives.

Executive Director or CEO?

The term "Executive Director" is used frequently in the nonprofit world, while the term "CEO" is typically used in for-profit businesses as the leaders of the organization. "Some nonprofits elevate an Executive Director to a CEO if the organization has grown in both revenues and paid staff. The role remains the same but the perceived clout of the CEO title versus executive director title aids in strategic alliances and fundraising opportunities," says Kimberlee Leonard at *Small Business Chronicles*. Since both are acceptable, use what works best for your organization.

When composing the position description for the CEO, consider the following categories:

- Position Title
- Accountability
- Reporting Relationship
- Supervisory Relationships
- Employment Status
- Organization Description
- Duties or Specific Responsibilities and Expectations¹³
 - Mission Advancement or Strategic Vision, Leadership, and Planning
 - Financial/Fiscal
 - Resource Development
 - Governance
 - Human Resource (People Management)
 - Operations/Operating Metrics
 - Relationships with External Constituencies
 - Additional Areas of Duty include: Public Relations, Marketing, and Advocacy
- Required and/or Desired Qualifications and Skills
- Work Schedule and Location
- Any Background Checks or Security Requirements Required
- Any Required Legal Disclaimers

¹³ There are many lines of thinking on different dimensions to include in the Job Description for a CEO/Executive Director. Every organization may be slightly different. The CEO/Executive Director's evaluation should be consistent with the Job Description.

More information about each of these sections follows:

Position Title

Does your organization use the term Chief Executive Officer (CEO), CEO and President, or Executive Director? Refer to your organization's bylaws, position descriptions, and employment contracts, and ensure consistency and make sure the structure is clear to your constituents and differs from the role of your Board Chair (sometimes called Board President). Determining what works best for your organization may include factors such as organizational culture, financial growth, or even structure of the position itself.

Accountability

To whom is your CEO accountable? In general, possibilities include: to the board, to the public, and/or to the profession.¹⁴

Reporting Relationship

The CEO reports to the board as a whole, not to any one person nor to each person on the board. This distinction is important. The board chair (or in some cases a designee or designees on the executive committee) may act as the board's liaison to the CEO. The liaison is responsible for creating an effective communication structure by which the CEO receives systematic feedback and direction from the entire board as needed and appropriate.¹⁵ The "Reporting Relationship to" section should always be the entire board.

Supervisory Relationships

The CEO is responsible for the entire staff, but whom does he or she supervise directly? Are there key volunteers to include in addition to paid staff members that are directly supervised by the CEO?

Employment Status

The position of CEO can be full-time or part-time. Generally speaking, nonprofit CEOs are classified as *exempt* employees or those employees that under wage and hour laws (Fair Labor Standards Act, FLSA) are not entitled to overtime pay. There are some cases, however, where the chief staff person in a nonprofit organization offers services more closely viewed as administrative than leadership, and in such instances, it may be appropriate to classify the chief staff person as a non-exempt employee. Whether an employee is exempt or non-exempt usually depends on: (a) how much they are paid, (b) how they are paid, and (c) what kind of work they do.¹⁶ Outlining this in the position description is necessary to comply with employment law and human resources requirements. It is to seek the advice of your legal counsel before making this determination. Finally, it is important that the board take an honest look at the history of hours associated with the position. Depending on the size and organizational stage, some boards think they are able to get away with hiring only a part-time Executive Director, yet expect this part

¹⁴"Balancing Act: The Board and Executive Director Relationship." <http://blog.grdodge.org/2012/04/23/balancing-act-the-board-and-executive-director-relationship/>

¹⁵"Board/Executive Director Tensions. "Governance Matters for Effective Nonprofits. Board Leadership: Executive Director Conflict. <https://boardcoach.com/wp-content/uploads/2018/09/Executive-Director-Conflict-Board-Leadership-Project-Governance-Matters.pdf>

¹⁶ For a full discussion of this topic on the Fair Labor Standards Act, visit <http://www.flssa.com/coverage.html>.

time Executive Director to work and accomplish the same as a full-time employee. Boards must be realistic with their expectations for the way the position is structured. For additional information on this, refer to the Standards for Excellence Educational Packet called *Personnel Policies and Employee Orientation, Compensation, and Evaluation (which feature the Standards for Excellence Model Employee Handbook)*.

Organization Description

Include here a brief description of the organization, including mission, vision, location(s), and description of programs and services.

Duties or Specific Responsibilities and Expectations

The bulk of a CEO position description falls into this category, and it is the most crucial section to clearly outline roles and responsibilities in each of the following categories.

- ***Mission Advancement or Strategic Vision, Leadership, and Planning***
 - This section should include information around the CEO's role in mission, vision, core values, and goals and objectives - all of which drive the creation of the organization's strategic plan. The strategic plan then serves as the foundation for annual plans that include quality program creation, tracking, and evaluation. Possible other items to include here are the CEO's duty as a spokesperson for the organization and the responsible party for internal and external stakeholders.
- ***Financial/Fiscal***
 - Include duties related to financial and fiscal management and policies, development and monitoring of the annual budget, regular financial reporting, and work with relevant committees.
- ***Resource Development***
 - This section should outline the CEO's role in fund development policies, fundraising for the organization in general, and the CEO's support of the board in fundraising efforts.
- ***Human Resources (People Management)***
 - This section should address the CEO's role in staff hiring and supervision.
- ***Governance***
 - This section refers to specific CEO duties around regular communication, reporting, and opportunities for effective and efficient feedback and problem-solving with the board.
- ***Operations/Operating Metrics***
 - The CEO is expected to provide the information and guidance around key policies for the organization and once these policies are finalized and approved by the board, he or she is responsible for implementing those policies to ensure effective day-to-day management.
- ***Relationships with External Constituencies***
 - Consider the responsibilities associated with managing outside partnerships and relationships and include a description in this section.
- ***Public Relations, Marketing, and Advocacy***
 - Consider how relevant these duties are to your organization and include them as needed in an existing category or add them as a separate category.

Required and/or Desired Qualifications and Skills Required

For this section, the board should ask itself: What are the qualifications that will ensure success? What is absolutely necessary and what is a preference? Is a specific degree, length of work experience, certificate, credential, or license required or desirable?

Any Required Legal Disclaimers

Again, see counsel from your attorney. What legal disclaimers do you need to include on the job description? Are you requiring a background check?

Work Schedule/Location

If travel is required or evenings and weekends are normal, provide a statement that portrays the most accurate picture of the working schedules.

Attachment D provides a sample CEO position description. Other excellent resources to consult in the development of job descriptions can be found in the resources section.

Determining Chief Executive Compensation

Executive compensation is an important topic, and setting the compensation is a key responsibility of the board of directors. Failing to effectively carry out this responsibility may lead to issues of excessive compensation, which may be a cause for concern among donors, funders or even the Federal government, or too-low compensation, which may result in frequent and costly turnover of your chief executives.

Steps for Determining CEO Compensation:

- The compensation of the CEO is reviewed and approved using external data of comparable compensation for similarly-qualified persons in comparable positions at similarly-situated organizations.
- The compensation of the CEO is reviewed and approved by the board or executive committee, provided that persons with conflicts of interest with respect to the compensation arrangement are not involved in this review and approval.
- There is documentation and recordkeeping with respect to the deliberations and decisions regarding the compensation arrangement.

Additionally, the executive should periodically prepare for the board an overview of the compensation structure of the organization and the value of volunteer investments in an organization. These topics are addressed in other *Standards for Excellence* educational resources packets.

Considerations may be taken for performance metrics when reviewing annual compensation and considering raises. The next section will address the evaluation process for the CEO.

Evaluating the Chief Executive

Once position descriptions are written and agreed upon, they serve as the basis for annual evaluation processes, that includes self-evaluation by board members, evaluation of the board as a whole, and evaluation of the chief executive. For more information on board member position descriptions and board evaluations, see the *Standards for Excellence* educational resource packet on Board Member Responsibilities.

The executive director reports directly to the board of directors. She/he has the right to expect that the board will systematically and routinely evaluate her/his performance, recognize accomplishments, suggest areas for growth, and provide opportunities for professional development. The board of directors should not think of the annual evaluation as punitive. Evaluating the executive director's performance should not be reserved for times when the board has performance issues. It should be an annual process at the very minimum.

Provide an opportunity for board members to offer input into the chief executive's evaluation, as well as executive staff¹⁷ that may work closely with the CEO. Designate a specific committee or group of board members to lead the review process annually. Consider using a structured questionnaire that ties back to the job description and strategic plan and is tallied by the designated committee of the board.

Tips for evaluating the executive director include:

- Evaluate the executive director annually;
- Do it in a respectful way;
- Allow all board members and executive staff the opportunity offer their input¹⁸;
- Establish a fair and equitable procedure that has been agreed to by both the board and the executive;
- Make it a consistent, constructive, regular exercise for the executive and the board to reach agreement on expectations; and
- Ensure that there is some consistency among the board members, setting the expectations one year and evaluating whether those expectations were met the following year.

Additional guidelines that characterize good evaluation processes are:

- The board and chief executive agree on the timing and form of the assessment;
- The starting point for the evaluation is re-examining the current job description, the organization's goals for that year, and any personal goals the chief executive may have established at the time of hiring or at the last evaluation;
- Consider adding a values-based section that focuses on the CEO's living out of the values/culture of the organization;
- Executive self-assessment is an important part of any evaluation;
- Board members must take an honest look at themselves (i.e. how they have contributed to the "successes" or "failures" identified in the evaluation);
- The results of the assessment must be shared with the executive director, including plans made for future growth and new goals established for the coming year; and
- The results of the assessment, in summary form and including goals for the coming year, must to be shared with the full board.

Attachment E provides a Sample Executive Director Evaluation Process Resource Tool.

¹⁷ Including executive staff can provide additional input that the board would not have been able to see otherwise. It is possible that a board could have glowing reviews of a CEO only to find out that the CEO was/is abusing power and creating a toxic work environment. Some key signs of these attributes may be high executive staff overview or a hesitancy for staff to speak openly about the work environment.

¹⁸ Please note: In very small organizations, it may be difficult to provide anonymity for staff who provide input regarding the CEO's performance. It may be less helpful in such situations as well.

Chief Executive Termination/Removal

Reasons and procedures for removal of the chief executive should be defined by the employment arrangement (contract) between him or her and the board of directors. The bylaws often address this issue as well. In the event that the board determines that removal of the CEO is in the best interests of the organization, it should take care to follow the procedures outlined in these legal documents and to ensure due process. We also suggest that you seek legal counsel to aid you in this process.

Having a leadership succession plan in place is vital to ensuring a smooth transition in the event of a planned or unplanned departure by the executive director. See the *Standards for Excellence* educational resource packet, Succession Planning, for additional information.

Selected Resources for Board and Executive Partnerships

The following is a list of selected resources for further information about board and executive partnerships. This packet has from these and other resources, and it is recommended that you and your organization explore these resources to enhance your knowledge of board and executive partnerships.

Board/CEO Relationship

Chairman of the Board of Directors Job Description, The Bridgespan Group,
<https://www.bridgespan.org/insights/library/boards/chairman-of-the-board-job-description>

Chandler, Jennifer. National Council of Nonprofits. *Insights into Great Relationships: Board Chairs and Executive Directors*. Feb. 13, 2018. <https://www.councilofnonprofits.org/thought-leadership/insights-great-relationships-board-chairs-and-executive-directors>

Jonke, Kim and Meehan, William F. III, A Better Board Will Make You Better The Stanford Social Innovation Review, March 5, 2014,
http://www.ssireview.org/articles/entry/a_better_board_will_make_you_better

McGinnis Kathleen A., Williams Sherill K. *Building the Governance Partnership: The Chief Executive's Guide to Getting the Best from the Board* (PDF). Boardsource: Publication Date: 2011. For Purchase.

Otten, Laura, *Balancing Act: The Board and Executive Director Relationship*: Article about fostering a healthy board/executive relationship (important characteristics of a strong relationship, determining a clear understanding of roles and responsibilities and creating reciprocal agreements).
<http://blog.grdodge.org/2012/04/23/balancing-act-the-board-and-executive-director-relationship/>

"Starting Off on the Right Foot: How to Establish a Good ED-Board Relationship." Bridgespan, an Initiative of the Bridgespan Group, n.d. Web. 28 Feb. 2014.
<https://www.bridgespan.org/insights/library/organizational-effectiveness/establish-good-board-ed-relationship>

Walsh, Lisa and Landles-Cobb, Libby, and Karlins, Leah, *The Nonprofit Board's Role in Onboarding and Supporting a New CEO*, The Bridgespan Group, originally appeared in Stanford Social Innovation Review, July 16, 2014, <https://www.bridgespan.org/insights/library/boards/nonprofit-boards-role-in-onboarding-a-new-ceo>.

Wolf, Thomas, *Effective Leadership for Nonprofit Organizations: How Executive Directors and Boards Work Together*. Format: Book (Print). Allsworth, Publication Date: 2014. For Purchase.

Leading a Nonprofit Organization: Tips and Tools for Executive Directors and Team Leaders: Tips for the executive, includes section on working with a board of directors. http://www.acf.hhs.gov/sites/default/files/ocs/leading_npo.pdf

Executive Director Conflict: Board/Executive Director Tensions. Guide to understanding and resolving conflict between executive and board. <https://boardcoach.com/wp-content/uploads/2018/09/Executive-Director-Conflict-Board-Leadership-Project-Governance-Matters.pdf>

"Board/Executive Director Tensions." *Governance Matters for Effective Nonprofits. Board Leadership: Executive Director Conflict*. <https://boardcoach.com/wp-content/uploads/2018/09/Executive-Director-Conflict-Board-Leadership-Project-Governance-Matters.pdf>

Management vs. Governance

Nonprofit Board

<http://managementhelp.org/boards/duties/nonprofit-boards.htm>

Executive Position Descriptions

"You Are at Risk Without a Job Description."

<http://ezinearticles.com/?Nonprofit-Executive-Directors---You-Are-at-Risk-Without-a-Job-Description&id=3721384>

Executive Director Evaluation

Board Source. *Assessing and Supporting Your Chief Executive: A BoardSource Toolkit* (PDF). Publication Date: 2010. For Purchase.

Terminating the CEO

"Firing the Executive Director"

<http://www.compasspoint.org/board-cafe/firing-executive-director>

Board Policies Resources

Wilcox, P.J. *Exposing the Elephants: Creating Exceptional Nonprofits*. Hoboken, NJ: John Wiley & Sons, Inc., 2006.

Board Source. *ePolicy Sampler Series*. For Purchase. <https://boardsource.org/product/epolicy-sampler-board-practices/>

General Board Resources

[Walker, Vernetta, *Nonprofit Board Trends and Practices Revealed in Leading with Intent 2017*, BoardSource blog, September 6, 2017, https://blog.boardsource.org/blog/leadingwithintent2017.](https://blog.boardsource.org/blog/leadingwithintent2017)

Renz, David. *Adding a Few More Pieces to the Puzzle: Exploring the Practical Implications of Recent Research on Boards*, Nonprofit Quarterly, May 6, 2011.
<https://nonprofitquarterly.org/governancevoice/11971-adding-a-few-more-pieces-to-the-puzzle-exploring-the-practical-implications-of-recent-research-on-boards.html>

Renz, David, *Developing Boards for a New Era*, Presentation to Philanthropy Southwest, 2015:
<https://www.philanthropysouthwest.org/sites/default/files/files/events/philanthropy%20southwest%202015%20HO%20post.pdf>

Tools for Executive Directors and Boards of Directors. The Center for Nonprofit Leadership at Adelphi University offers a wide variety of tools for boards and executive directors including sample evaluations, assessments, manuals, bylaws, codes, etc.
<http://nonprofit.adelphi.edu/resources/tools-for-executive-directors-and-boards-of-directors/>

BoardSource has a wealth of publications on board-related issues. Some have already been noted on this list. The link below is to the free "community resources," but there are additional resources for members and still more available for a fee.

<https://www.boardsource.org/eweb/DynamicPage.aspx?Site=bds2012&WebKey=0ad59d92-cf7a-425e-a271-a6001b53484a>

Attachments:

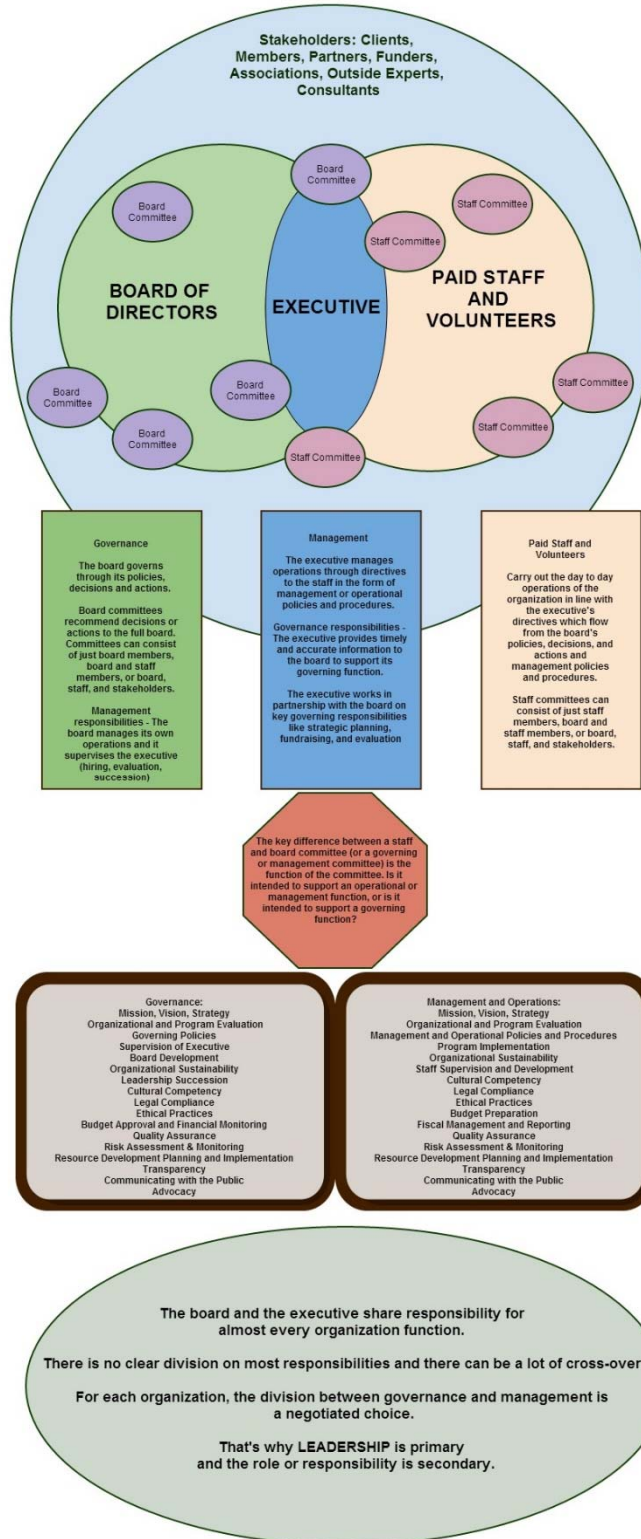
- Attachment A: Leadership Roles in Management and Governance Roles Diagram, Standards for Excellence Institute
- Attachment B: Board Calendar – from the Standards for Excellence Institute Board Room Quick Tip, 2014
- Attachment C: Sample Board Calendar Featuring Required Elements of the Standards for Excellence code, Standards for Excellence Institute
- Attachment D: Sample Position Description Nonprofit Executive Director/CEO – from the Standards for Excellence Institute 2014
- Attachment E: Sample Executive Director Evaluation Process Resource Tool – from the Standards for Excellence Institute 2014
- Attachment F: Sample Board President/Board Chair Position Description, Standards for Excellence Institute, 2020
- Attachment G: Standards for Excellence Board Room Quick Tip: Working Board, 2016.

Acknowledgements: With thanks and appreciation to Susan Fort and Erin Donovan for their excellent work on this educational resource packet.

Attachment A Leadership Roles in Management and Governance

Standards for
2012-2014

Excellence Institute, ©
Attachment B



BOARD ROOM

QUICK TIP

A SERIES FOR BOARD LEADERSHIP

BOARD CALENDARS ⁽¹⁰⁾

On your first day of “work” as the new board president, were you handed an organized list of everything that needed to get done and when?

Did you know: the date of the executive director’s last performance review; how long budget planning took last year; when your major special events are; the last time your board did a self assessment or when new members joined the board?

Were your questions about the fiscal year of your organization and the fiscal year of your organization’s largest funders explained in a manner that highlighted the significance of any difference?

If you answered yes to all these questions, congratulations! You either have a board calendar or your organization has successfully implemented a succession plan which provides for adequate leadership training and transition.

For the rest of us... board calendars can be a great day to day assistant as well as a system for providing continuity over time.

On the back of this sheet, you will find a list of items you may want to include on a Board Perpetual Calendar as well as a list of those activities you could include on an annual calendar. What you choose to include will vary based on the needs of your organization.

“Luddites”: Take out that old “Birthday Card” calendar that you never remember to look at until it is too late to send a card, put it to a new use.

“Techies”: Have your executive director (so the account is centrally controlled) set up an online calendar that can be easily shared with all board members and use of it for planning. The administrative (owning) account information would be help by the president and would pass from president to president.

Either method will have future generations of board presidents thanking you.

ITEMS YOU SHOULD CONSIDER INCLUDING ON YOUR CALENDARS IF RELEVANT TO YOUR ORGANIZATION

PERPETUAL CALENDAR: Things that happen every year and should be plugged into the Annual Calendar:

- Standing Board Meetings
- Standing Committee Meetings
- Independent Audit
- Budget Planning
 - Draft Budget presented to Budget Committee
 - Board Budget meetings
 - Final Draft distributed
 - Approval of Budget
- Beginning of Organization's Fiscal Year
- Beginning of State Fiscal Year
- Beginning of Federal Fiscal Year
- Review and acknowledge receipt of completed IRS Form 990
- Ongoing Grant Cycles
- Executive Evaluation
 - Input Tool Distributed
 - Results Discussed
- Board Self-Assessment
 - Tool Distributed
 - Results Discussed/Action planning
- Board Social Retreat
- Fall is Fun Special Event
- Annual Meeting, Election of Board Members
- New Board Member Orientation
- Review Progress on Strategic Plan
- Risk Management/Insurance Review (Odd Years)
- Review of Finance Policies (Even Years)
- Review Personnel Policies and Salary Structure (years ending in "0" and "5")
- Conflict of Interest Statement Filing
- Initiate Strategic Planning Process (2015, 2018, 2021)

ANNUAL CALENDAR: All Items Listed on the Perpetual Calendar and....

- Special Agenda Items for Each Board Meeting
 - Staff Program Presentations
 - Distribution of Board Assessment Questionnaires
 - Beginning of Budget Deliberations
 - Report of Board Member Development Committee on Board Composition Analysis
 - Board Development Training Programs

- Ad Hoc Committee Meeting Schedule
- Dates of Annual Special Events
- Board Member Birthdays
- Project Funding Cycles

MLW 12-19-14

Attachment C

Sample Board Calendar Featuring Required Elements of the Standards for Excellence code

Note: The following calendar sample is based on July-June fiscal year and assumes quarterly meetings of all board members although committee and other work may happen continuously throughout the year. It is not all inclusive to any organization.

Month of the Year

Boards Tasks	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
New Board Member Orientation*	X						X					
Recruiting for New Board Members**	X	X	X	X	X	X	X	X	X	X	X	X
Board Review of Conflicts of Interest and Completion of Conflict of Interest forms by all board members	X											
CEO Review (Performance and Compensation)				X								
Audit and Management Letter Review and Approval			X									
Review of 990			X									
Review the Percentage Spent on Program Administration and Fundraising			X									
Fundraising	X	X	X	X	X	X	X	X	X	X	X	X
Slate of Officers (New Seats) Approval										X		
Officers (Executive Committee) Approval										X		
Presentation of Annual Report				X								
Board Formal Self Evaluation									X			
Budget Approval					X							
Review Program Evaluations		X										
QUARTERLY:												
Strategic Plan Reporting by CEO/ED	X			X			X			X		
ALL BOARD MEETINGS:												
Review of financial statements, with budget to actual components												

Review and approval of board minutes												
Review of executive committee minutes and other committee minutes/discussions, if applicable												
Items to Review Every 3 Years:												
Strategic Planning												
Assess need for insurance coverage												
Review and Approve the Mission Statement												
Review the Organization's Compensation Structure												
Review the Internal Review of Compliance with Legal and Regulatory Requirements												
<i>Sample Policies to Review and Require Board Approval:</i>												
Confidentiality Policy												
Conflict of Interest Policy												
Whistleblower Protections***												
Personnel Policies/Employee Handbook												
Volunteer Policies												
Document Destruction/Retention Policy***												
Financial Policies (Investments, Net Assets, Purchasing, and Internal Controls)												
Fundraising Policy												

*You may need to run orientation multiple times if you bring in new members more than once/year.

**Always be thinking about your board needs and member terms. Bring in new board members at specific times to create efficiencies in orientation training.

***Required by Sarbanes Oxley Act of 2002



Standards for Excellence Items that Need Board Approval

Standard #	Policy or Document or Action	Date of Board Meeting Approval	Next Review/Action (Specify # of years)	Next Review Date
	Board Approval of Standards for Excellence Accreditation Application		At time of submission, renewal	
1 A	Mission & Vision Statements		Every 3 to 5 years	
	Strategic Plan		Every 3 to 5 years	
1 E (optional)	Strategic Partnerships Policy		Review every # years	
2A	Board Review of Executive Director Salary		Every year	
	Executive Director Job Description		Review every # years	
	Executive Director Annual Review		Every year	
	Review of Board Evaluation		Every year	
	Board Job Description		Review every # years	
(optional)	Board Succession Policy		Review every # years	
	Executive Succession Policy		Review every # years	
2 B	Board Review of Compensation Structure		Review every # years	
(optional)	Compensation Policy		Review every # years	
(optional)	Sustainability Plan		Review every # years	
	Personnel Policies		Review every # years	
	Volunteer Policies Volunteer tracking and reporting		Review every # years	
(optional)	Cultural Competency Plan		Review every # years	
3 E	Code of Ethics		Review every # years	
4 A	Annual Budget Approval		Every year	
	Board Review of Percentages spent on Admin, Program, Fund Raising		Every year	
	Board Review of 990		Every year	
	Board Review of Audit		Every year	
	Financial Policies, including: Internal Controls Purchasing Investments & Unrestricted Net Assets		Review every # years	

Standard #	Policy or Document or Action	Date of Board Meeting Approval	Next Review/Action (Specify # of years)	Next Review Date
4 D	IT Policies		Review every # years	
	Communication and Social Media Policy		Review every # years	
	Crisis and Disaster Plan		Review every # years	
5 A & B	Resource Development (Fund Raising) Plan		Review every # years	
(optional)	Sponsorship Policy		Review every # years	
5 D	Donor Relationships and Privacy Policy		Review every # years	
5 E	Gift Acceptance Policy		Review every # years	
6B	Advocacy and Lobbying Policy		Review every # years	

YOUR ORGANIZATION'S Key Plans, Policies, Documents

Basic Information:

- Articles of Incorporation
- Bylaws
- IRS Form 1023 - Tax exemption request
- IRS Determination letter
- IRS Power of Attorney Designation
- Certificate in Good Standing - Secretary of State
- Certificate in Good Standing - Department of Taxation and Assessments
- State Sales Tax Exemption Certificate
- Registered Agent in states where you do business

Plans:

- Strategic Plan (includes vision, mission, values, SWOT analysis)
- Resource Development Plan
- Crisis Plan
- Communications Plan
- Cultural Competency Plan

Policies (Board Approved):

- Strategic Partnerships
- Executive Leadership Succession Policy
- Employee Handbook (Personnel or HR Policies)
- Volunteer Handbook
- Financial Policies and Procedures
- Investment Policies
- Policy on Unrestricted Net Assets
- Internal Controls Policy
- Purchasing Policy
- Document Destruction and Retention Policy
- Whistleblower Policy

- Conflict of Interest Disclosure Policy
- Grievance Policy (for program participants)
- Confidentiality Policy (for program participants)
- Information Technology Policy
- Communication and Social Media Policy
- Fund Raising Policies (including gift acceptance)
- Donor Privacy Policy
- Determining Positions on Public Policy

Reports:

- Annual Reports
- Program Evaluation Overview and Evaluation Data Reports
- Legal and Regulatory Review Report
- Annual Audit (or Compilation) and Management Letter
- Annual Tax Return Form 990 or 990 EZ
- Annual State Property Tax Return
- Quarterly Financial Reports, including budget to actual

Other Documents:

- Annual Board Calendar
- Employee Job Descriptions
- Employee Performance Evaluation Form
- Board Member List with Term Expiration Dates
- Board Manual
- Board Member Expectations
- Board Self Evaluation Form
- Board, Staff and Volunteer Diversity Compilation and Community Comparison
- Board, Staff, and Volunteer Orientation topics/agenda
- Board Committee Descriptions
- Board Meeting Minutes
- Board Meetings Agendas and Materials
- Annual Budget
- Compensation Structure
- Organization Chart
- Code of Ethics and Business Conduct
- Memorandum of Understanding for Partnerships and/or Special Events
- Solicitation Disclosures (annual giving, donation requests, sponsorship requests, receipts)
- Calculation of Funds Raised and Fund Raising Costs for Past 5 Years
- Sample of three "public education" materials

Attachment D
Sample Position Description
Nonprofit Executive Director/CEO

Organization
Executive Director
Position Description

Reports to: Board of Directors
Supervises: Staff, Interns, Volunteers
Status: Full-time, Exempt

ORGANIZATION DESCRIPTION

Mission, vision, location(s), description of programs and services.

DUTIES

Mission Advancement

1. Works in partnership with the Board of Directors in developing the organization's strategic plan, including mission, vision, values, goals and objectives.
2. Advances the mission and strategic plan by developing and managing programs and services.
3. Ensures a high level of program quality, including regular tracking, evaluation and reporting on measures of success.
4. Serves as the primary spokesperson for the organization and is ultimately responsible for the organization's relationships with internal and external stakeholders, including staff, board, clients, community partners, funders, local government, and media.

Financial Sustainability/Resource Development

1. Raises funds to support organizational operations from a variety of sources, including government, foundations, corporate and individual donors.
2. Supports the Board of Directors in its fundraising efforts.
3. Develops the annual budget, in cooperation with the Finance Committee, subject to approval by the Board of Directors.
4. Oversees financial management of the organization, ensuring compliance with financial policies, manages accounts, and provides regular (no less than quarterly) reporting to the Board of Directors on the financial status of the organization.

Governance

1. Cultivates a strong, transparent working relationship with the Board of Directors and provides accurate, complete and timely information on the organization's programs, services and finances.
2. Informs and advises the board regarding current trends, problems and opportunities that are important to the organization's mission and operations.
3. Serves as a non-voting member of the Board of Directors.

Operations/People Management

1. Maintains the necessary financial, human resources, and other management and administrative policies and procedures for the organization, and brings relevant policies to the Board of Directors for review and approval.
2. Supervises staff, volunteers and interns. Recruits and retains highly qualified personnel and administers an effective human resources system that includes position descriptions, performance standards, performance appraisals and a fair compensation system.
3. Lives out the values and organizational culture, ensuring that the environment is one that promotes flourish and development of all staff.
4. Ensures smooth day-to-day management of the organization, including execution of all contracts and agreements and the creation of a contingency/emergency plan
5. Ensures the legal integrity of the organization, monitoring compliance of the organization with all applicable laws and regulations.

Qualifications and Skills

1. Education requirements [i.e. Bachelor's Degree, Masters Degree]
2. [Any Licensure required (such as licensed social worker)]
3. 5+ years experience in management showing progressively more responsibility
4. Knowledge and experience in [mission area]
5. Experience and strong skills in areas of leadership, management and supervision
6. Experience and strong skills in fundraising, fiscal management, budgeting and forecasting
7. Excellent written and oral communication skills
8. Strong professional reputation and record of integrity, sound judgment and respect for established ethical standards
9. Must possess vision and creativity
10. Ability to work and adapt to adversity
11. Ability to engage and foster relationships with the community, public agencies, and the Board of Directors
12. [Include other requirements, for example if person will be required to travel on behalf of the organization; if need their own vehicle; etc.]

Work Schedule & Location

Any Background Checks or Security Requirements

Attachment E

Sample Executive Director Evaluation Process

Resource Tool

Function of the Board as a Whole: Executive Director (ED) evaluation is the responsibility of the entire board. Evaluating, hiring and firing the executive director is one of the most important duties of the Board of Directors. A committee, such as the executive committee or the human resources committee may take on responsibility for designing and managing the process of ED evaluation, but all board members should have an opportunity to participate in the evaluation itself. Additionally, executive staff may also have the opportunity to provide feedback.

Begin 12 Months in Advance: The first part of the ED evaluation process is for the board to set clear expectations for the ED's performance. The process of setting clear expectations should be a dialogue with the ED. The specific goals and measures, and the evaluation instrument should be shared with and agreed upon by the board and ED, before the evaluation period begins.

Self Evaluation and Staff Evaluation: The executive director should be given the opportunity to complete a self-evaluation. In addition, staff may be invited to complete an evaluation of the ED, often called a "360" evaluation. This should happen about 2-4 weeks prior to the evaluation date.

Note: The results of the self-evaluation and staff evaluation can be provided in advance, prior to board members completion of the tool, or can be provided after board members complete the tool. If provided before, then individual board members can benefit from the input of staff and the ED prior to completing their form. If provided afterwards, the board can benefit from some analysis of any differences between the self-evaluation, staff evaluation and board members' evaluation.

Evaluation from Board Members: Each board member should have an opportunity to provide input on the evaluation. If a form is used, each board member should complete the form, 2-4 weeks prior to the evaluation date. The results should be compiled confidentially by a board member appointed by the Chair or the full board.

4-Step Evaluation

Step 1: Executive Director fills out the self-evaluation form as well as provides specific metrics that are agreed upon in advance.

Step 2: The board provides staff a form to be utilized for a review of the ED. The ED does not need to know the results of this specific form. Responses from this form are incorporated into the overall evaluation of the board.

Step 3: The board meets in executive session without the ED present to discuss the evaluations. The board discusses the evaluation instrument, ratings, and staff feedback. Board members should list "Commendations" and "Areas for Improvement" individually. Each board member shares his/her list. Only those items for which there is consensus (or a vote) will be added to the "flip chart" or full board list. No pet issues make it onto the lists for the full board. Any adjustments to the salary should be discussed and voted upon at that time. Listening to staff feedback is a crucial part of this process. If possible, more than 1 staff should be asked to evaluate the ED. For larger nonprofits, the executive staff or Senior Leadership Team can be utilized.

Step 4: The ED is invited to an evaluation meeting where the Board Chair or designee shares the results of the evaluation tool, rating (if applicable), the commendations and areas for improvement, and any salary adjustment, followed by an open discussion. The board should invite the ED to consider professional development for the year in light of the evaluation.

To Be Completed by Staff (Direct Reports)

ANNUAL EVALUATION OF EXECUTIVE DIRECTOR

From your perspective, give the Executive Director a grade for how successfully you believe he/she carries out each of the following roles and responsibilities.

4 = Outstanding/exemplary performance. Achieved more than what was expected.

3 = Satisfactory performance; Achieved all that was expected.

2 = Showed progress, but fell short of expectations.

1 = Needs improvement. No significant progress made; poor performance on expectations.

N/A = Not applicable; Not observed by staff member.

Performance Expectation	Rating	Comments
1. MISSION		
1a. The Executive Director inspires staff to achieve the mission of the organization.		
1b. The Executive Director understands the needs of the members and stakeholders and ensures programs are appropriate to those needs.		
1c. The Executive Director ensures a high level of program quality, driving for improvement in outcomes and impact.		
1d. The Executive Director is an effective advocate and spokesperson for the organization with internal and external stakeholders.		
2. STRATEGIC FOCUS		
2a. The Executive Director effectively communicates the strategic goals for the organization.		
2b. The Executive Director ensures staff understand what is expected of them.		
2c. The Executive Director assists staff in developing realistic plans for achieving goals.		
2d. The Executive Director seeks input from staff on key decisions and recognizes staff contributions and ideas.		
3. FINANCIAL SUSTAINABILITY/RESOURCE DEVELOPMENT		

3a. The Executive Director partners with the Staff to provide a balanced budget and works within the constraints of the budget, utilizing resources appropriately.		
3b. The Executive Director appropriately manages the finances.		
4. HR/PEOPLE MANAGEMENT		
4a. The Executive Director is successful in recruiting, retaining, and developing a highly qualified staff.		
4b. The Executive Director fairly and consistently evaluates the performance of staff, recognizing high performance and addressing low performance effectively.		
4c. The Executive Director has reasonable expectations for the time and workload of staff.		
4d. The Executive Director effectively delegates responsibility and decision-making to staff as appropriate.		
4e. The Executive Director creates an environment where staff can flourish, having opportunities to learn and grow.		
4f. The Executive Director ensures the workplace is free of abuse, fraud or harassment, and any violations are handled appropriately.		
4g. The Executive Director lives out the organizational values and culture.		
5. OPERATIONS/WORKPLACE		

5a. The Executive Directors ensures the organization has necessary financial, human resources, and other management and administrative policies and procedures for the organization.		
5b. The Executive Director ensures staff have appropriate information and equipment they need to do their jobs.		
5. ADDITIONAL COMMENTS:		

Board of Directors

ANNUAL EVALUATION OF EXECUTIVE DIRECTOR

From your perspective, give the Executive Director a grade for how successfully you believe he/she carries out each of the following roles and responsibilities.

- 4 = Outstanding/exemplary performance. Achieved more than what was expected.
- 3 = Satisfactory performance; Achieved all that was expected.
- 2 = Showed progress, but fell short of expectations.
- 1 = Needs improvement. No significant progress made; poor performance on expectations.
- N/A = Not applicable; Not observed by board member.

Performance Expectation	Rating	Comments
1. MISSION, STRATEGY, & PLANNING		
1a. The Executive Director understands and implements the mission of the organization.		
1b. The Executive Director understands the needs of the clients served by organization and delivers programs appropriate to those needs.		
1c. The Executive Director ensures a high level of program quality, driving for improvement in outcomes and impact.		
1d. The Executive Director is an effective advocate and spokesperson for the organization with internal and external stakeholders.		
1e. The Executive Director partners with the Board to provide appropriate metrics necessary to foster strategic discussion and planning to support the mission.		
2. FINANCES/RESOURCE DEVELOPMENT		
2a. The Executive Director effectively raises funds for the organization from a diverse range of sources (i.e. government, individuals, foundations, corporations, fee income).		
2b. The Executive Director provides monthly reporting to the board that is accurate and understandable regarding the financial status of the organization.		
2c. The Executive Director proposes a well-supported budget to the board for approval and operates within the approved budget.		
3. GOVERNANCE		

Performance Expectation	Rating	Comments
3a. The Executive Director informs and advises the board regarding current trends, problems and opportunities that are important to the future of the organization and the people we serve.		
3b. The Executive Director provides board members with information necessary to fully-inform board deliberations and decision-making.		
3c. The Executive Director provides appropriate and effective leadership, consultation, and assistance to the Board of Directors to assist the board, and individual board members, to properly fulfill their responsibilities.		
3d. The Executive Director has positive interactions with the board in an effort to move the mission of the organization forward.		
4. OPERATIONS/HUMAN RESOURCES		
4a. The Executive Directors maintains the necessary financial, human resources, and other management and administrative policies and procedures for the organization.		
4b. The Executive Director is successful in recruiting, retaining, and developing a highly-qualified staff and in administering an effective personnel program that includes position descriptions, performance, standards, performance appraisals and a compensation system.		
4c. The Executive Directors ensures the legal integrity of the organization, monitoring compliance of the organization with all applicable laws and regulations.		
4d. The Executive Director exhibits strong interpersonal communications skills necessary to fulfill his/her responsibilities.		

Performance Expectation	Rating	Comments
4e. The Executive Director lives out the organizational values and culture as it works with Board, Staff, and Stakeholders.		

5. ANNUAL GOALS (Specified by the board 12 months in advance of Evaluation)		

Commendations:

Areas for Improvement:

Attachment F:

Roles and Responsibilities of Chair of the Board¹⁹

SAMPLE CHAIR OF THE BOARD JOB DESCRIPTION

Purpose:

The Chair of a Nonprofit's Board of Directors is responsible for directing and overseeing board activity as the chief of the board.

As stated in our model bylaws:

5.1.1. The Chair [President] shall preside at and conduct all meetings of the board and of the Executive Committee. The Chair [President] may sign all contracts and agreements in the name of the Corporation after they have been approved by the board, serve as the representative of the Corporation in meetings and discussions with other organizations and agencies, and otherwise perform all of the duties which are ordinarily the function of the office, or which are assigned by the board.

(Please replace with your organization's bylaws clause on the role of the Board Chair [President])

Responsibilities:

- Act as chairperson for the Board of Directors and Executive Committee
- Manage and direct board members by keeping discussion and debate focused and moving board members toward decisions
- Develop meeting agendas, in collaboration with the Executive Director²⁰, and executive committee where applicable, to lead board discussions and direct board activities
- Represent the organization in interactions with the media, the general public, and other organizations and agencies in accordance with the organization's spokesperson policy
- Appoint committee chairpersons
- Serve as an ex-officio member of all committees
- Work with the appropriate committee to plan for leadership succession of board officers
- Orient and train the chair of the board-elect to assume the chairmanship
- Communicate regularly with the Executive Director, officers and committee chairpersons
- Sign contracts and agreements as needed in the name of the organization following approval by the Board of Directors or other defined organizational policies
- Foster cohesion and a sense of team spirit among board members
- Serve as the coordinating link between the board and the Executive Director
- Carry out the will of the board in relation to enforcing bylaws, board norms and behaviors

¹⁹ **JOB DESCRIPTIONS AND TERMINOLOGY USED SHOULD BE CONSISTENT WITH BYLAWS CURRENTLY IN PLACE FOR YOUR ORGANIZATION.** For this document, we are using the term Board Chair. Other organizations may use the term President.

²⁰ In this document, the term 'Executive Director' will be used to refer to the chief staff member reporting directly to the Board of Directors. In some external literature this position is sometimes referred to as the 'President,' 'president/CEO,' 'Chief Administrator' or 'Chief Executive Officer.' Before finalizing your own version of this document, be sure to update position descriptions with the terminology used by your organization.

- Facilitate the process of evaluating the Executive Director, reviewing and setting the Executive Director salary
- Manage confidential communications with the Executive Director regarding any board decisions made in executive session

Qualifications:

- Member of the board
- Knowledgeable and passionate about the organization’s mission and vision
- Strong leadership and interpersonal skills
- Ability to think and plan strategically
- Experience as a board officer, committee chair or other position of leadership
- Ability to facilitate cooperation and build consensus among a diverse group of individuals

Additional Sources:

- The Bridgespan Group. “Chairman of the Board of Directors Job Description.” <https://www.bridgespan.org/insights/library/boards/chairman-of-the-board-job-description>
- Smith, Bucklin, & Associates, Inc. *The Complete Guide to Nonprofit Management*. 2nd ed., John Wiley & Sons, Inc., 2000.
- Standards for Excellence Model Bylaws, Standards for Excellence Institute.
- Society for Nonprofits. “Roles and Responsibilities of Board Members and Officers.” <https://www.snpo.org/resources/documents/BoardMemberandOfficerAgreements-Sample.pdf>
- “Job Descriptions for Board Officers and Committee Members.” Aspen Publishers, Inc., 1993. (out of print)



BOARD ROOM QUICK TIP

A SERIES FOR BOARD LEADERSHIP

THE “WORKING” BOARD MEMBER (19) Understanding the duality of your role in a Staffed organization Avoiding the slippery slope to micromanaging and meddling

“Working board” can sometimes be a synonym for micromanaging and can create substantial inefficiencies. There is a purposeful and necessary distinction between the role of the Board and the role of the Staff in a nonprofit organization. On the most basic level the Board determines the mission of the organization and governs, while the Staff works to achieve or address that mission by running the day-to-day operations.

However, we don’t always have the Staff necessary to carry out functions that typically fall within the purview of the Staff. Frequently, we turn to our most trusted and dedicated volunteers, our board members to fill in the gaps. When board members are relied on to assist with operational tasks these “working” board members need to understand and embrace the duality of their roles. On the one hand, as a group, the board is the ultimate authority and employer/supervisor of the Executive director*. However, on the other hand in the role of “volunteer Staff” the board member answers to the Executive director. How do you “work for” your employee? The answer is: “carefully”.

Things to remember as a “working” board member:

1. Just because a board member is involved does not mean it is a board governance issue.
2. When you offer to take on a volunteer Staff role you are agreeing to abide by the hierarchy and decision making process used by the Staff; i.e., if you are helping out with marketing and the Staff person in charge decides not to go with your suggestion you should NOT bring that up at a board meeting.
3. Every decision is not a group decision. Sometimes the Staff will just make a choice and will not confer with volunteers on the project.
4. Don’t lose your objectivity as a board member. Just because you know more about the aspect of the organization you are “working” on does not mean it should take priority in governance decisions such as budgeting.
5. Don’t be a financial bully. You should not offer to pay the additional cost of something **you** want to see happen. This is a general rule, but can become more of a temptation when you see firsthand the choices Staff have to make in light of limited resources. If you have extra resources to contribute to the organization, you should donate to the general fund and allow the normal budget process to

allocate the funds where most needed. Organizational priorities should not be set based on a project's appeal to a wealthy board member.

6. Remember when you are working with Staff, they know, that you are the boss's boss. Keep this in mind even if you are willing to be treated as Staff and subordinate to their decisions. The Staff person may need to be reminded by you, that they are in charge and you are ok with that.

(over)

Appropriate Board member/Staff participation on Committees

Staff Committees

On the Staff side of the equation there is frequently a need to form a long- or short-term committee. These committees are created by a Staff person to assist with his or her role in the day to day operations of the organization. When a board member has the needed expertise/perspective he/she may be asked to join such a committee; HOWEVER, he/she should maintain the same standing in the group as the other volunteers invited to support the Staff person's work.

When you have an Executive director but insufficient Staff to address what would be a Staff function

The board as a group, along with the Executive director, needs to decide what is a "governance issue" and what is really a day to day "operational issue" which the board is addressing because of a lack of Staff. For example: If your organization is so lightly Staffed that the board forms a Facilities Committee to ensure that rentals are handled properly or that the garbage is collected, that does not elevate the facilities issues to a governance level. Recommendations and plans of the committee will need approval of the Executive director rather than the board.

Board committees

Those committees that are appropriate to be formed at the board level should be formed in accordance with the bylaws and governance policies of the organization. Good policies will provide for Committees of the board to be chaired by a board member and membership of the committee to including non-board members when appropriate. Staff can provide support to the committee but generally should not be overly involved in the decision-making process. Examples of appropriate board level committees include: Finance Committee, Board Governance/Nominating Committee, Bylaws committee

*For The purposes of the Board Room Quick Tip Series the title executive director will always refer to the lead Staff person. The title President and/or Chair will always refer to the volunteer head of the board of directors.