

According to the Principles and Practices for Nonprofit Excellence in Connecticut

http://ctnonprofitalliance.org/wp-content/uploads/2016/12/PrinciplesAndPractices_Web.pdf

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Recommended Practices:

1. *No more than one employee of the organization (typically the chief executive) should serve as a voting member of the board and he/she should not serve as chair or treasurer of the board.*

2. Although Connecticut law allows for fewer members, the board should be made up of at least five persons unrelated to each other or to staff, to ensure appropriate deliberation and diversity.

3. A nonprofit board should be comprised of individuals who represent the best interests of the organization.

4. The board should establish a process for selecting new board members that will ensure infusion of new ideas and community perspectives, while preserving institutional memory.

5. To demonstrate personal stake in the organization, board members are expected to make personal financial contributions to the nonprofit, as well as to raise funds from external sources.

6. *Board members (who are not employees) should receive no monetary compensation.*

7. Board meetings should be held at least on a quarterly basis and regular attendance should be expected.

8. At a minimum of every two years, the board should review the organization's bylaws and mission statement and amend as needed to reflect organizational growth and development.

9. Annually, the board should review and approve an annual budget for the organization.

10. *Annually, the board should conduct a performance review of the chief executive. The chief executive's performance should be assessed in light of organizational accomplishments, and the total compensation package (salary, raises, bonuses and other benefits) should reflect his/her performance, as well as industry standards.*

11. The board should establish a succession organizational transition plan to maintain daily operation during the time of a change in executive or board leadership.

12. Nonprofit board members are responsible for making decisions in the interest of the organization and not in the interest of another entity, including themselves. The board should establish conflict of interest policies regarding board members, staff, volunteers, consultants and other contractors, and adhere to these policies in all dealings. The policies should include an obligation of each board member to disclose all material facts and relationships and refrain from voting on any matter when there is a conflict of interest.

13. Nonprofits should establish a formal risk management plan, which is monitored by a dedicated committee of the board (e.g. audit committee or executive committee).

Ten Basic Responsibilities of Nonprofit Boards

1. Determine the organization's mission and purposes and advocate for them: The board is responsible for ensuring the organization's mission and purposes are clearly stated and enthusiastically supported.

2. Select the chief executive: Choosing a new chief executive is arguably among the most consequential of board decisions. Indeed, a board's ability to consistently recruit, support, and retain an effective leader is a critical factor in organizational success.

3. Support and evaluate the chief executive: Providing personal and organizational support for executive leadership, periodically assessing the chief executive's performance, and acknowledging superb service through appropriate compensation are key board responsibilities.

4. Ensure effective planning. Through the planning process, the board and staff translate the organization's mission into objectives and goals to be used to focus resources and energy.

5. Monitor and strengthen programs and services. The board is responsible for ensuring that current and proposed programs and services align with the organization's stated mission and purposes.

6. Ensure adequate financial resources. While much should be expected of the chief executive and management, the board is chiefly responsible for ensuring the organization has the funds it needs and that it does not spend beyond its means.
7. Protect assets and provide financial oversight. Safeguarding organizational assets and holding them “in trust” on behalf of others is one of the board’s most important functions.
8. Build a competent board. The three following principles apply to most boards: Every organization’s governing board will only be as effective as its individual members; members of governing boards will respond only to the level of expectation accepted by them and persistently articulated by the organization and its leaders; a well-balanced and functioning board depends on the sustained diligence of its governance committee.
9. Ensure legal and ethical integrity. Because the board is ultimately responsible for ensuring adherence to legal standards and ethical norms, its members should collectively exhibit diligence, commitment, and vigilance to keep their house in order, as well as hire and retain a chief executive whose moral compass and integrity are beyond reproach. Everyone must take three watchwords seriously: compliance, transparency, and accountability.
10. Enhance the organization’s public standing. Board members serve as a link between the organization and its members, stakeholders, constituents, and clients. They should think of themselves as ambassadors and advocates and, in partnership with management, strategically communicate the organization’s story and aspirations while contributing to a healthy and accurate public image.

Legal Responsibilities of Nonprofit Boards

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

Duty of Loyalty: The duty of loyalty is a standard of faithfulness; a board member should give undivided allegiance when making decisions affecting the organization. This means that a board

member can never use information obtained as a member for personal gain, but should act in the best interests of the organization.

Duty of Obedience: The duty of obedience requires board members to be faithful to the organization's mission. They are not permitted to act in a way that is inconsistent with the central goals of the organization. A basis for this rule lies in the public's trust that the organization will manage donated funds to fulfill the organization's mission.