



# BOARD TRAINING

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PRESENTED BY: ANDREA OLSON, MS, CCAP, NCRT/NCRI

EXECUTIVE DIRECTOR

COMMUNITY ACTION PARTNERSHIP OF NORTH DAKOTA

RIKKI ROEHRICH, MA, (NCRT IN-PROGRESS)

PROGRAM MANAGER

NORTH DAKOTA DEPARTMENT OF COMMERCE, DIVISION OF COMMUNITY SERVICES

# WELCOME DENISE HARLOW!

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CHIEF EXECUTIVE OFFICER,  
NATIONAL COMMUNITY ACTION PARTNERSHIP



# Why Evaluate the Executive Director?

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**Organizational Standard 7.4:** The governing board conducts a performance appraisal of the CEO/Executive Director within each calendar year.

# BARRIERS TO EFFECTIVE ED PERFORMANCE APPRAISALS

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- The executive has never been formally appraised by the governing board. It can be uncomfortable when nobody is familiar with the process.
- There is no formal process for completing ED performance reviews. If this is the case, a good start would be to base a process on ROMA goals and reference the ED job description.
- It has not been adequately documented. Documentation is required to meet the Organizational Standard.

# BENEFITS OF A THOROUGH REVIEW

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- The ED is central to the success or failure of the agency.
- It provides the opportunity for personal and professional development.
- It can clarify goals and expectations.



# THE ED REVIEW PROCESS

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- Start with a board committee (can be one of the subcommittees or an ad hoc committee).
- Decide on an evaluation tool and criteria for review.
- Gather input from a variety of source.
- Set up a face-to-face evaluation meeting.
- Create a written review and summary.
- Source: [\*Dynamic Duo: A Guide to Enhancing the Board & Executive Director Partnership\*](#), Published by Community Action Partnership and CAPLAW.

# EXECUTIVE DIRECTOR ANNUAL REVIEW VIDEO

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- <https://blog.joangarry.com/executive-director-annual-review/>

# QUESTIONS?

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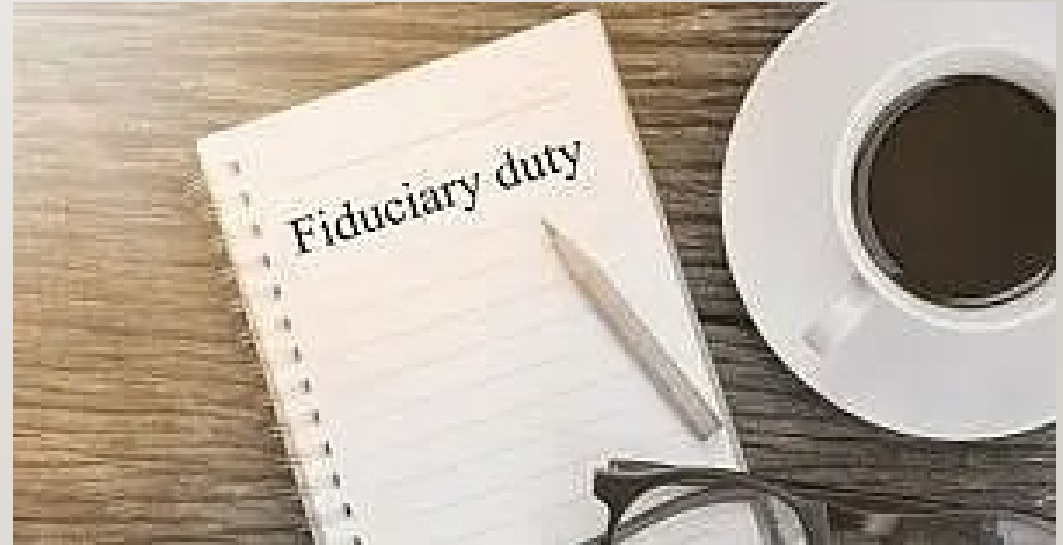




## BOARD MEMBER FIDUCIARY RESPONSIBILITIES:

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Overseeing and Managing the Financial Well-Being of Community Action Agencies



# ORGANIZATIONAL STANDARDS: FINANCIAL OPERATIONS AND OVERSIGHT

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- **STANDARD 8.1** requires that the CAA's annual audit (or audited financial statements) is completed by a Certified Public Accountant in accordance with the Uniform Guidance at 2 C.F.R. part 200 and/or state audit threshold requirements.
- **STANDARDS 8.2 THROUGH 8.5** contain further audit requirements for private and public CAAs.
- **STANDARD 8.7** requires nonprofit CAA boards to receive financial reports at each regular meeting that include an organization-wide report on revenue and expenditures that compares budget to actual, categorized by program, and a balance sheet/statement of financial position.
- **STANDARD 8.9** requires nonprofit CAA boards to annually approve an organization-wide budget.
- **STANDARD 8.12** requires nonprofit CAAs to document how they allocate shared costs through an indirect cost rate or through a written cost allocation plan.

# BOARD MEMBERS AND ANNUAL BUDGET (STD 8.9)

- The annual operating budget is a comprehensive financial plan that projects all income and all expenses that are expected to be received or incurred within a CAA's fiscal year.
- The annual budget fulfills two key functions: planning and authorization.
- The budget is a comprehensive plan to obtain and use resources to fulfill the CAA's mission and meet all contractual and legal obligations.
- Board approval of the annual operating budget authorizes management to proceed with implementation of the plan.
- Board approval also provides evidence that board members are fulfilling their responsibilities to direct the use of resources to fulfill the CAA's mission and ensure compliance with legal obligations.



# BOARD MEMBERS AND ANNUAL BUDGET (STD 8.9)

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- Both the board of directors and management should use the annual budget as a reference point for evaluating progress toward agreed upon goals.
- The budget represents the integration of complex funding and program strategies into a unified plan for operation and for building financial health.
- Board members need to be able to rely upon management to monitor actual results in comparison to the budget on a detailed grant-by-grant, program-by-program, line-item-by-line level.
  - Any trends? Is the CAA achieving its overall financial goals?
  - Areas of Success? Areas of Improvement?



# BOARD MEMBERS AND FINANCIAL STATEMENTS (STD 8.7)

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- Financial Statements are Only of Interest to Management, Not the Board
- Only the Financially Savvy Board Members Need to Pay Attention to the CAA's Finances
- Mission is greater than any financial concern
- The CAA's Outside Auditors Prepare the CAA's Financial Statements and Monitor its Finances
- Only a CPA Can Read Financial Statements
- Financial Statements are Only of Interest to Management, Not the Board"





# BOARD MEMBERS AND FINANCIAL STATEMENTS

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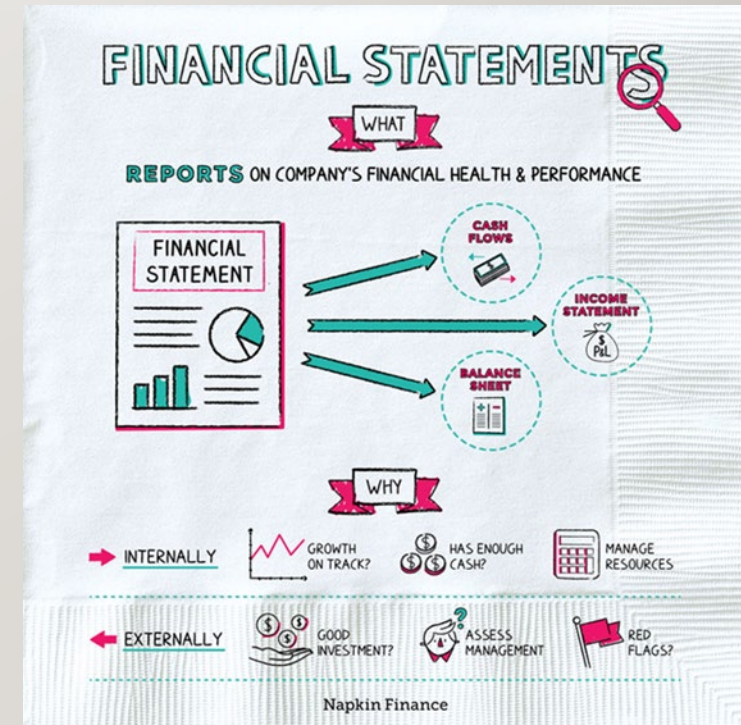
- Anyone can read financial statements. It may initially take a little bit of effort, but not all that much.
- Board members have a legal duty to monitor finances, which means reading the financial statements.
- Finance and mission are integrally linked. The financial statements provide an opportunity to discuss the CAA's mission in an organized and meaningful way.
- The financial statements measure financial performance and condition. They do not, however, measure whether a CAA is achieving its mission. The board should spend considerable time discussing whether the CAA's programs are effective and how to best measure effectiveness.



**FACT**

# BOARD REVIEW OF FINANCIAL STATEMENTS

- **Every regular board meeting should include a review of the CAA's financial statements**, whether year-end audited statements or interim statements.
- To give board members the information they need for effective oversight and direction setting, include:
  - Statement of Financial Position (Balance Sheet)
  - An organization-wide Statement of Activities (Income Statement) with comparisons to budget
  - Program-by-program revenue and expense reports and compare actual results achieved to specific program budgets. Most CAAs will expect their management to do the most detailed comparisons of program-by-program and grant-



# BOARD MEMBERS AND FINANCIAL STATEMENTS

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- A CAA's financial statements guide and influence the board's decisions regarding program size and scope, operating and capital budgeting, compensation, fundraising, and financing.
- The CAA's system of internal controls directly affects the quality of interim information that the board relies on. Internal controls also serve to protect against fraud and financial mismanagement.
- Understanding the financial condition of the organization and guiding the use of resources are core legal responsibilities for boards.
- Financial statements are an important board tool for assessing management's performance and stewardship of the organization and its resources



# SIX STEPS TO REVIEW FINANCIAL STATEMENTS

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Reviewed by the ED and  
Financial Director

Preliminary Review by the  
Finance Committee

Review by EVERY Board  
Member

Regular discussion of the  
financial statements

Once-a-year discussions of  
audit report, agency budget,  
internal controls, overall  
financial health, and long-  
term financial planning and  
needs

Questions and Answers

# BOARD MEMBERS AND AUDITS (STD 8.1-8.5)

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- A single or program-specific audit is required if a CAA expends \$750,000 or more in federal funds during the CAA's fiscal year
- The organization's annual audit is completed by a CPA on time in accordance with federal grant laws and/or state audit threshold requirements
- All findings from the prior year's annual audit have been assessed by the organization and addressed where the board deems it appropriate
- The organization's auditor presents the audit to the board
- The board formally receives and accepts the audit
- The organization has solicited bids for its audit within the past 5 years





# BOARD MEMBERS AND AUTHORITY

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- The board works with ED to develop a policy that establishes who has the authority to financially and contractually bind the organization, i.e., sign checks; order a wire transfer; sign contracts such as leases, loan, vendor or grant agreements.
- Establish a framework of internal controls to safeguard funds and minimize the risk of fraud, waste and abuse.
- CAA's bylaws will either specify who is authorized to sign checks and contracts or state that the board will specify by a resolution who is authorized to sign them.

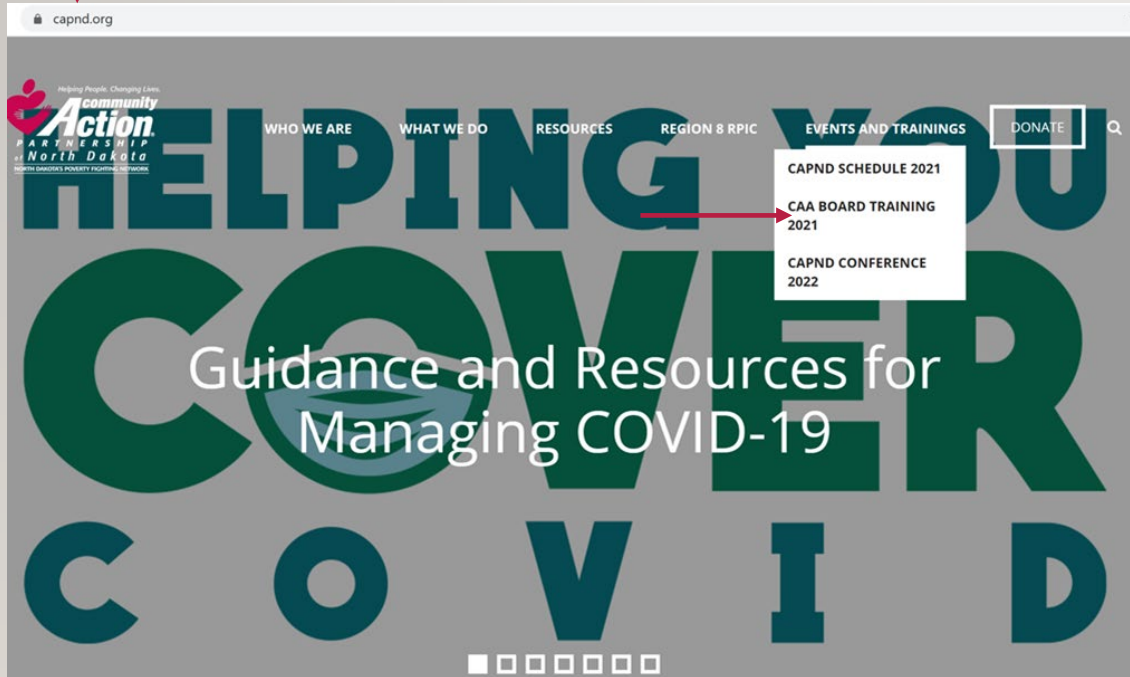


# SOURCES FOR TODAY'S PRESENTATION

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- CAPLAW
  - Tools for Top Notch CAAs
- National Community Action Partnership
  - Audit Essentials: What Every Board Needs to Know

# ADDITIONAL BOARD MEMBER RESOURCES WWW.CAPND.ORG



- Training Materials
- Handouts and Information
- Training Dates
- CAPLAW: Tools for Top-Notch CAAs: A Practical Approach to Governance and Financial Excellence

# QUESTIONS?

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# FUTURE TRAININGS

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- **JULY 30, 2021 12:00 CT/11:00 MT**
  - Succession planning
  - Risk assessment
  - Filling Board vacancies
- **OCTOBER 30, 2021 12:00 CT/11:00 MT**





# CONTACT INFORMATION

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# SAMPLE: BOARD MEMBER SELF-APPRAISAL FORM

Using the following guide, please indicate your appraisal of each item.

Never a problem	Seldom a problem	Increasingly a problem	Now a Definite Hindrance
1	2	3	4
1. Am I able to attend regularly scheduled meetings?			
1	2	3	4
2. Do I arrive on time for meetings?			
1	2	3	4
3. Is my schedule flexible enough to attend emergency sessions?			
1	2	3	4
4. Does my career conflict with my position on the board?			
1	2	3	4
5. Am I able to discuss controversial topics effectively?			
1	2	3	4
6. Do I review support materials prior to all meetings?			
1	2	3	4
7. Am I tense and hostile during candid exchanges of opinion?			
1	2	3	4
8. Do I work easily with other board members and our Executive Director?			
1	2	3	4
9. Am I able to keep an open mind on issues?			
1	2	3	4
10. Do I confine my discussion to agenda items only?			
1	2	3	4
11. Do I make at least one positive contribution to each board meeting?			
1	2	3	4
12. Do I have a high level of commitment and interest in our organization?			
1	2	3	4
TOTALS			

# SAMPLE: EVALUATION OF EXECUTIVE DIRECTOR

Board Members:

The point of this evaluation is not to dissect every detail of the Executive Director's performance, but rather to build a broad picture of his overall performance. It is not necessary to respond to every item. If you don't have an opinion about some of the items, skip those items and focus only on those about which you feel qualified to make a judgment.

## PART I

Check only one ranking in each item. The explanation of each ranking is:

**VERY GOOD-** The Executive Director has gone beyond what you would expect from any executive's performance in this area. Every person shines in some areas and the "Very Good" identifies the real strengths you would encourage.

**ADEQUATE-** The Executive Director meets most or all of what you would expect from any executive's performance in this area. The rank means his performance is acceptable and you don't seek big changes in performance in this area.

**NEEDS IMPROVEMENT-** By assigning this ranking, you are telling the Executive Director that he is not working at a level acceptable to you and he needs to make changes to improve. If an individual board member assigns this ranking to an item, there should be an explanation in the "Comments" section.

Give details in the "Comments" section of each item that will explain the reasons for your response to the item. Compliments are as important as criticism.

*Please note wherever possible in this section:*

- 1) specific observations of what the Executive Director is doing that you think should not be done,
- 2) specific observations of what the Executive Director is not doing that you think should be done,
- 3) specific comments about excellence in the Executive Director's performance.

To keep all evaluators on the same track, an interpretation is offered for each item under the heading, "This item means..." Please read this section before responding to the item. The evaluation is only valid if all evaluators are working from the same understanding of the evaluation items contained in this instrument.



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**CATEGORY 1: Organization Leadership****1a) The Executive Director understands and implements the mission of Mahube Community Council, Inc.**

Our Mission: "To work for the success of the people we serve, by helping them gain the knowledge to work, live and govern themselves."

*This item means: This mission statement is approved by the board and should be a guide to what the board expects. The executive should display a good understanding of the mission, and all that he does for the organization should be in line with the mission.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**1b) The Executive Director works as an advocate for Mahube Community Council, Inc. before government, clients and the general public.**

*This item means: The Executive Director is the recognized representative of the organization day-to-day. Advocacy means active solicitation of funding for the organization, lobbying for legislation favorable to the organization, and creating a good image of the organization in the public eye. Advocacy means being aware of the outside influences that might impact the organization positively or negatively and then working to increase the positive and head off the negative.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
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**1c) The Executive Director understands the needs of Mahube Community Council Inc.'s clients and seeks to fill those needs with the organization's programs and services.**

*This item means: The Executive Director position can become segregated from the daily activity of the organization. Managing a smooth-running office means nothing if you cannot identify quality programs and services delivered effectively to those you are in business to serve. The Executive Director must always seek to understand the needs of those your organization serves and focus his efforts on meeting those needs.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
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**1d) The Executive Director is recognized as a leader among his peers.**

*This item means: Peer approval and respect is generally a good measure of quality in your Executive Director. Is he a leader in peer organizations or given recognition by peer groups? If you have no opportunity to observe this, skip this item.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
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**1e) The Executive Director gains respect and support of other persons and organizations who come into contact with Mahube Community Council, Inc.**

*This item means: In addition to peers, recognition by any of the many groups or individuals that come into contact with the Executive Director in the line of duty are a good measurement of his performance. If you have no opportunity to observe this, skip this item.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**1f) The Executive Director stays current about new ideas and current trends among our type of organizations.**

*This item means: This item is not about chasing trends, but rather about being aware of the trends among organizations like ours. Not being current with industry standards can put Mahube Community Council, Inc. at a clear disadvantage in finances and certainly in services offered. The Executive Director should also keep the board current about new ideas and trends in organizations like ours.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**CATEGORY 2: Business and Financial Management****2a) The Executive Director keeps informed about financial needs of Mahube Community Council, Inc., to pay for staff, facilities, equipment and supplies.**

*This item means: Even though we have a Controller, the Executive Director needs to stay on top of the organization's finances. The Controller is tuned to the numbers, but the Executive Director must stay tuned to the big picture. Resources for any nonprofit organization are usually limited, so it is the job of the Executive Director to get optimum effect for the finances available. That means understanding the financial needs of each part of the organization and allocating dollars in a balanced manner.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
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**2b) The Executive Director understands and supervises the financial accounting programs for Mahube Community Council, Inc.**

*This item means: Even though Mahube Community Council, Inc. has a Controller, the Executive Director needs to always have a basic understanding of the accounting system and be fully accountable to the board for maintenance of the accounting system. The budget that the board is asked to approve as well as the financial reports to the board should demonstrate that the Executive Director has a good grasp of organization finance.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**2c) The Executive Director ensures that organization funds are spent appropriately, always in the best interest of those we serve.**

*This item means: Appropriately means spending to get the most impact from every dollar. Non-profit Executive Directors and boards don't always see the need to be businesslike in their spending. Certainly nonprofits are in business to serve, not make profit, but nonprofit boards and Executive Directors often carry that attitude too far. They fail to spend enough to keep the nonprofit running in an efficient manner. Providing a comfortable, efficient office or keeping salaries at a level high enough to keep turnover low are both very appropriate spending. Response to this item must consider overall impact of spending, not just a reflection of one expense you thought was out of line.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**2d) The Executive Director provides the board accurate, understandable information about the financial status of this organization through regular financial reports.**

This item means: The board is responsible to ensure the financial integrity of Mahube Community Council, Inc. To do that, the board must get regular, understandable financial reports from the Executive Director. You have delegated financial management to the Executive Director, but the Executive Director must be accountable to the board for clear explanations and updates about how well he is managing the finances.

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**2e) The Executive Director makes well-supported budgeting recommendations to the board.**

*This item means: The Executive Director should build the budget and ask for the board's approval after a good explanation of all elements of the budget. This is not the Executive Director's budget, but rather the Executive Director's recommendations to the board for the board's budget. The recommendations should be clear and well supported*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**2f) The Executive Director assists the board to keep the organization financially sound.**

*This item means: Financial stability of the organization is the board's responsibility, but you hire the Executive Director to assist you and make recommendations. Expect the Executive Director to keep you well informed of potential shortfalls or financial problems. Expect the Executive Director to be looking ahead when proposing a budget. Expect that he will respond to budget shortfalls with ideas to increase funding and not just ideas for cutting spending.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**2g) The Executive Director explores and proposes to the board new potential sources of finance for programs and services.**

*This item means: It is easy to look for places to cut spending, but much harder to find new sources to finance programs and services. A good Executive Director can do both, and the very good Executive Director is always looking for creative alternative sources of finance.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**2h) The Executive Director plans and organizes work effectively.**

*This item means: Although board members will not be able to observe planning and organization in the Executive Director's daily performance, you will see it in the preparation he makes for board meetings and committee meetings. Budgets should be prepared and presented on time. Reports to the board should demonstrate that all duties are being performed in a timely and organized manner.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**2i) The Executive Director ensures that all governmental and legal requirements of the organization are met.**

*This item means: There is no end to the reports to be filed and forms to be completed for the non-profit, everything from grant applications to tax forms. The board should expect the Executive Director to protect the board and the organization from legal ramifications by filing all reports and documentation on time and in good order. The Executive Director should be free to seek legal advice and assistance, but the Executive Director is still accountable to the board to make it all happen.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**CATEGORY 3: Relationship with the Board****3a) The Executive Director keeps board members informed about issues, needs and operation of Mahube Community Council, Inc.**

*This item means: The board makes sweeping delegation of management to the Executive Director, and for good reason. The board has neither the time nor the expertise to do the day-to-day management. But the board never gives up absolute responsibility for the organization. The board should expect regular reports about how the organization is delivering programs and services—successes and failures. The Executive Director should provide the board with a flow of information about the organization.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
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**3b) The Executive Director offers direction to the board, when needed on issues requiring board action, and makes appropriate recommendations based on thorough study and analysis.**

*This item means: The Executive Director is the board's prime resource and should be a part of every decision made by the board. The Executive Director must sit at the board table with the board and be prepared with documented recommendations on every action item. The Executive Director should assure that the board is not acting contrary to the law or its own policies.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**3c) The Executive Director interprets and executes the intent of board policy.**

*This item means: Board policy is the guide for how Mahube Community Council, Inc. will function. The Executive Director is hired by the board to carry out board policy. The Executive Director should demonstrate a clear understanding of the board's policies and follow them, ensure that staff understand and follow board policy, and help clients to understand board policy.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**3d) The Executive Director seeks, and accepts from the board, constructive criticism of work.**

*This item means: The board is the Executive Director 's employer. A good employer helps the employee do the job better by offering constructive critique of the employee's performance, as you are doing with this evaluation. The employee should accept and apply the criticism to improve job performance, when it comes from the full board, just as any employee would.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**3e) The Executive Director supports board policy and actions to staff, clients and the public.**

*This item means: The Executive Director owes allegiance to the board first above staff, clients, or anyone else. The Executive Director should be free to discuss and disagree with board members at the board table, but he should never be critical of the board to staff, clients or anyone else outside the board room.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
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**3f) The Executive Director understands his role in administration of board policy.**

*This item means: It is the Executive Director's job to assist the board to develop policy. Once the policy is approved by the board, it is the Executive Director's job to ensure that the policy is implemented. It is not the Executive Director's job to interpret board policy, but to learn the intent of the board and follow the intent. If the policy proves to be impractical or unworkable, the Executive Director should recommend changes to the board.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**3g) The Executive Director responds in a timely manner to supply to the board information requested by the full board.**

*This item means: If the board is to stay out of day-to-day management, and still be able to make major decisions for Mahube Community Council, Inc., the Executive Director must provide a good flow of quality information to the board in a timely manner. Notice that this item says "information requested by the full-board."*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**3h) The Executive Director remains impartial to board members, treating all alike.**

*This item means: All power rests with the full board acting as a team. The Executive Director should foster that team concept by providing information and assistance to all board members equally. There should be no personality clashes between the Executive Director and board members.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
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**3i) The Executive Director refrains from criticism of the board and individual board members outside board meetings.**

*This item means: The Executive Director owes allegiance to the board—not staff, clients or the public—and should never be critical of the board to anyone else. The board will not always take the Executive Director's recommendations and the board will not always do what the Executive Director expects. But always the Executive Director owes the board loyalty. The Executive Director should certainly never be critical of one board member to another board member.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**3j) The Executive Director works directly with the board to resolve differences of opinion.**

*This item means: The board and the Executive Director will have conflicting points of view on issues from time to time, and that's acceptable, because it gives a nice balance to the governance of the organization. The board should accept those differences of opinion from the Executive Director, but with the full expectation that the Executive Director will work only with the board to resolve these differences and not involve others outside the board.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**3k) The Executive Director freely offers opposition to any matter under discussion by the board until a board decision is made, after which he subordinates his views to those of the board.**

*This item means: The board should expect the Executive Director to assist the board at all times with informed insights and recommendations, whether supporting or opposing board member views. However, once the board makes a decision, the Executive Director should be totally supportive of the board's decision and work to carry out the board's wishes.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**31) The Executive Director demonstrates clear understanding of the employee/employer relationship with the board.**

*This item means: The board/Executive Director relationship at Mahube Community Council, Inc. is unusual—a professional working for volunteers-but it is still an employer/employee relationship. The Executive Director should always demonstrate that he understands that the board is ultimately responsible for the whole organization and all that happens in it. The Executive Director should also demonstrate accountability to the full board at all times.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
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**CATEGORY 4: Personal Characteristics that Impact Job Performance****4a) The Executive Director maintains high standards of ethics, honesty and integrity in personal and professional relationships.**

*This item means: A professional Executive Director should be expected to look and act professional always. Your Executive Director's ethics and honesty should never be in doubt.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
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**4b) The Executive Director has respect and high standing among professional colleagues.**

*This item means: As a board member, you will likely come into contact with professional peers of your Executive Director. How do they respond to your Executive Director? Has your Executive Director won any awards from professional organizations? Has the Executive Director held any offices in professional organizations? Colleagues will respect your Executive Director only if he demonstrates professional competence to them—a good measurement for you.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**4c) The Executive Director devotes time and energy effectively to the job.**

*This item means: You should not assess the Executive Director's performance by determining that he is in the office every day from nine to five. The Executive Director position is not a nine-to-five job. The board should allow the Executive Director flexibility in the hours worked. But the board should expect that the Executive Director will devote the time and effort to get the job done right, whatever that takes.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**4d) The Executive Director works well with individuals and groups.**

*This item means: In addition to working with the board, the Executive Director must work with committees, community groups, and virtually anyone who enters the office. You cannot be aware of how well the Executive Director performs this function day-to-day, but you can observe how well the Executive Director works with you as an Individual and with the full board and committees.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**4e) The Executive Director exercises good judgment in arriving at decisions.**

*This item means: The board should expect the Executive Director to be a good decision-maker for the day-to-day operation of Mahube Community Council, Inc. You give the Executive Director great latitude to make major decisions for the organization and you should expect that will be done with common sense and with application of good management principles. Good judgment can be measured from reports and other information delivered to the board about financial management, staffing, public relations, purchasing decisions and changes in programs and services.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**4f) The Executive Director maintains poise and emotional stability in the full range of professional activities.**

*This item means: Managing a nonprofit organization is never a smooth ride. The good Executive Director understands there will be crisis and upheaval frequently in the wide range of activities and contacts during nearly every day. The good Executive Director also prepares for those ups and downs and can handle them quietly and efficiently with minimal disruption to programs and services.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**4g) The Executive Director writes clearly and concisely.**

*This item means: Written communication with board, staff, clients and the general public is an essential skill for the Executive Director. Has the written material you've seen from the Executive Director been in good form? Are board meeting packet materials well-written and clear? Have communications to the public represented the organization well?*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**4h) The Executive Director responds well when faced with unexpected/disturbing situations.**

This item means: Management of a nonprofit is full of daily surprises and the good Executive Director meets those surprises with a measured response. Don't expect the Executive Director to be an expert in disaster control, but do expect the Executive Director to be prepared for the daily surprises. Programs and services should generally continue at normal pace despite the problems.

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**4i) The Executive Director remains open to ideas, suggestions and criticisms from the board.**

This item means: Note that this item does not say "...from individual board members," but rather it says "...from the board." Certainly individual board members are free to offer ideas, suggestions and criticism to the Executive Director, but the board must speak with one voice. The Executive Director should be tuned in to that voice. The full board represents the community and can offer the Executive Director valuable insights. The Executive Director should not only remain open to ideas from the board, but actively seek insights from the board team.

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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**CATEGORY 5: Innovation/Improvement**

**5a) The Executive Director accepts/promotes change that will better serve clients.**

*This item means: There's no end to the need and potential for more service from Mahube Community Council, Inc. Maintaining status quo is easy. Making change is difficult, but change is necessary for growth. The Executive Director should not only demonstrate that he seeks positive change in the organization, but also encourages staff to improve service.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**5b)The Executive Director regularly proposes good ideas to the board for better service to clients.**

*This item means: Service is the bottom line for Mahube Community Council, Inc, and better service should always be a goal for all who work here. You should not expect the Executive Director to bring every minor change to the board for approval. Only major changes in service and programs need to be approved by the board.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**5c) The Executive Director seeks advanced training to improve job skills.**

*This item means: This is a professional position and professionals should be expected to continuously hone their job skills. The board should allow time from the job for the Executive Director to attend training and even finance all of the training. The Executive Director should report to the board about training attended.*

\_\_\_\_\_Very Good      \_\_\_\_\_Adequate      \_\_\_\_\_Needs Improvement

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## PART II

*Items in this section are intended to give board members an opportunity to discuss some of the executive director's performance that was not reflected in Part I of the evaluation.*

*It is not necessary to respond to these items if you feel your responses to Part I adequately reflect your assessment of the executive director's performance.*

**In what area(s) has the Executive Director done an exceptional job that is not adequately reflected in Part I of this evaluation? Explain.**

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**In what area(s), not covered in Part I of this evaluation form, does the Executive Director's performance need improvement? Explain.**

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**Has the Executive Director's performance been at a level that merits consideration of additional compensation? Explain.**

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Evaluator \_\_\_\_\_  
Signature \_\_\_\_\_ Date \_\_\_\_\_

# ANALYZING THE RESULTS OF THE EXECUTIVE DIRECTOR EVALUATION

## 1: Compilation of All Evaluator Responses

### PART I

Purpose: This is a compilation of all board member responses. Give every board member a completed copy and use it as the full board works for consensus on the evaluation.

### CATEGORY 1: Organizational Leadership

1a) The Executive Director understands and implements the mission of Mahube Community Council, Inc.

Comments: \_\_\_\_\_  
\_\_\_\_\_

VERY GOOD

ADEQUATE

NEEDS IMPROVEMENT

TOTAL

1b) The Executive Director works as an advocate for Mahube Community Council, Inc. before government, clients and the general public.

Comments: \_\_\_\_\_  
\_\_\_\_\_





1c) The Executive Director understands the needs of Mahube Community Council Inc.'s clients and seeks to fill those needs with the organization's programs and services.

Comments: \_\_\_\_\_  
\_\_\_\_\_





1d) The Executive Director is recognized as a leader among his peers.

Comments: \_\_\_\_\_  
\_\_\_\_\_





1e) The Executive Director gains respect and support of other persons and organizations who come into contact with Mahube Community Council, Inc.

Comments: \_\_\_\_\_  
\_\_\_\_\_





1f) The Executive Director stays current about new ideas and current trends among our type of organizations.

Comments: \_\_\_\_\_  
\_\_\_\_\_





TOTALS FOR CATEGORY 1: ORGANIZATIONAL LEADERSHIP



**CATEGORY 2: Business and Financial Management**

2a) The Executive Director keeps informed about financial needs of Mahube Community Council, Inc., to pay for staff, facilities, equipment and supplies.

VERY GOOD

ADEQUATE

NEEDS IMPROVEMENT

TOTAL

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2b) The Executive Director understands and supervises the financial accounting programs for Mahube Community Council, Inc.

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2c) The Executive Director ensures that organization funds are spent appropriately, always in the best interest of those we serve.

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2d) The Executive Director provides the board accurate, understandable information about the financial status of this organization through regular financial reports.

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2e) The Executive Director makes well-supported budgeting recommendations to the board.

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



2f) The Executive Director assists the board to keep the organization financially sound.

VERY GOOD

ADEQUATE

NEEDS IMPROVEMENT

TOTAL

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2g) The Executive Director explores and proposes to the board new potential sources of finance for programs and services.

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2h) The Executive Director plans and organizes work effectively.

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2i) The Executive Director ensures that all governmental and legal requirements of the organization are met.

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

TOTALS: CATEGORY 2: BUSINESS AND FINANCIAL MANAGEMENT





**CATEGORY 3: Relationship with the Board**

**3a) The Executive Director keeps board members informed about issues, needs and operation of Mahube Community Council, Inc.**

**VERY GOOD**

**ADEQUATE**

**NEEDS IMPROVEMENT**

**TOTAL**

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**3b) The Executive Director offers direction to the board, when needed on issues requiring board action, and makes appropriate recommendations based on thorough study and analysis.**

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**3c) The Executive Director interprets and executes the intent of board policy.**

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**3d) The Executive Director seeks, and accepts from the board, constructive criticism of work.**

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**3e) The Executive Director supports board policy and actions to staff, clients and the public.**

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**3f) The Executive Director understands his role in administration of board policy.**

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



3g) The Executive Director responds in a timely manner to supply to the board information requested by the full board.

VERY GOOD

ADEQUATE

NEEDS IMPROVEMENT

TOTAL

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

3h) The Executive Director remains impartial to board members, treating all alike.

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

3i) The Executive Director refrains from criticism of the board and individual board members outside board meetings.

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

3j) The Executive Director works directly with the board to resolve differences of opinion.

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

3k) The Executive Director freely offers opposition to any matter under discussion by the board until a board decision is made, after which he subordinates his views to those of the board.

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

3l) The Executive Director demonstrates clear understanding of the employee/employer relationship with the board.

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

TOTAL: CATEGORY 3: RELATIONSHIP WITH THE BOARD



**CATEGORY 4:**  
**Personal Characteristics that Impact Job Performance**

**4a) The Executive Director maintains high standards of ethics, honesty and integrity in personal and professional relationships.**

**VERY GOOD**

**ADEQUATE**

**NEEDS IMPROVEMENT**

**TOTAL**

Comments: \_\_\_\_\_





\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**4b) The Executive Director has respect and high standing among professional colleagues.**

Comments: \_\_\_\_\_





\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**4c) The Executive Director devotes time and energy effectively to the job.**

Comments: \_\_\_\_\_





\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**4d) The Executive Director works well with individuals and groups.**

Comments: \_\_\_\_\_





\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**4e) The Executive Director exercises good judgment in arriving at decisions.**

Comments: \_\_\_\_\_





\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



4f) The Executive Director maintains poise and emotional stability in the full range of professional activities.

VERY GOOD

ADEQUATE

NEEDS IMPROVEMENT

TOTAL

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4g) The Executive Director writes clearly and concisely.

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4h) The Executive Director responds well when faced with unexpected/disturbing situations.

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4i) The Executive Director remains open to ideas, suggestions and criticisms from the board.

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

TOTALS: CATEGORY 4:  
PERSONAL CHARACTERISTICS THAT IMPACT JOB PERFORMANCE



**CATEGORY 5: Innovation/Improvement**

5a) The Executive Director accepts/promotes change that will better serve clients.

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

VERY GOOD	ADEQUATE	NEEDS IMPROVEMENT	TOTAL
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5b) The Executive Director regularly proposes good ideas to the board for better service to clients.

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------	--------------------------

5c) The Executive Director seeks advanced training to improve job skills.

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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TOTALS: CATEGORY 5: INNOVATION/IMPROVEMENT

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------	--------------------------

**CATEGORY SUMMARY**

	VERY GOOD	ADEQUATE	NEEDS IMPROVEMENT	TOTAL
ORGANIZATIONAL LEADERSHIP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUSINESS AND FINANCIAL MANAGEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RELATIONSHIP WITH THE BOARD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PERSONAL CHARACTERISTICS THAT IMPACT JOB PERFORMANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
INNOVATION/IMPROVEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TOTAL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



**PART II**

1) In what area(s) has the Executive Director done an exceptional job that is not adequately reflected in Part I of this evaluation? Explain.

All Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2) In what area(s), not covered in part I of this evaluation form, does the Executive Director's performance need improvement? Explain.

All Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3) Has the Executive Director's performance been at a level that merits consideration of additional compensation? Explain.

All Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### Summary of Individual Evaluators

Purpose: To ensure that one evaluator does not make the compilation look too high or too low.

#### Evaluator 1

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 9

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 2

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 10

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 3

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 11

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 4

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 12

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 5

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 13

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 6

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 14

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 7

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 15

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 8

- Very Good
- Adequate
- Needs Improvement

#### Evaluator 16

- Very Good
- Adequate
- Needs Improvement

■ *Management Assistance Program's Nonprofits Manager Library* (online resources, Information about publications, and numerous links) designed to help nonprofit boards and employees carry out their responsibilities.

Boards Page

<http://www.mapnp.org/library/index.html#anchor99492>

Other topics (e.g. fundraising, strategic planning, evaluation)

<http://www.mapnp.org/library/index.html>

■ *Board-related information from:*

The National Center for Nonprofit Boards (a national nonprofit dedicated to building the capacity of nonprofit boards to exercise effective governance)

(homepage) <http://www.ncnb.org>

(publications) <http://www.ncnb.org/html/pubmainpage.html>

The Nonprofit Genie (a California-based online resource for nonprofit organizations)

(homepage) <http://www.genie.org>

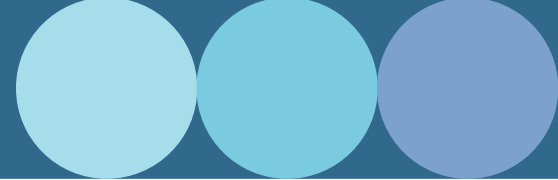
(publications on boards)

[http://www.genie.org/pubs\\_reviews\\_board.htm](http://www.genie.org/pubs_reviews_board.htm)

■ *The Management Center's Nonprofit Assessment Tool* includes a section on board assessment:

<http://www.tmcenter.org/toolintro.html>





# Board Roles & Responsibilities: Nonprofit Community Action Agencies



[Training]  
[Date]

**PRESENTED BY:**  
[Trainer Name]  
[Trainer Website or Email]  
[Trainer Phone Number]

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[Trainer Logo]





*This training material was created in collaboration with Community Action Program Legal Services, Inc. (CAPLAW) and the Community Action Partnership (Partnership). The publication was created by National Association of Community Action Agencies - Community Action Partnership in the performance of the U.S. Department of Human Services, Administration for Children and Families, Office of Community Services Grant Number 90ET0465. Any opinion, findings, and conclusions, or recommendations expressed in this material are those of the authors and do not necessarily reflect the views of the U.S. Department of Health and Human Services, Administration for Children and Families.*



# **A Few Brief Points About How a Board of Directors Operates**



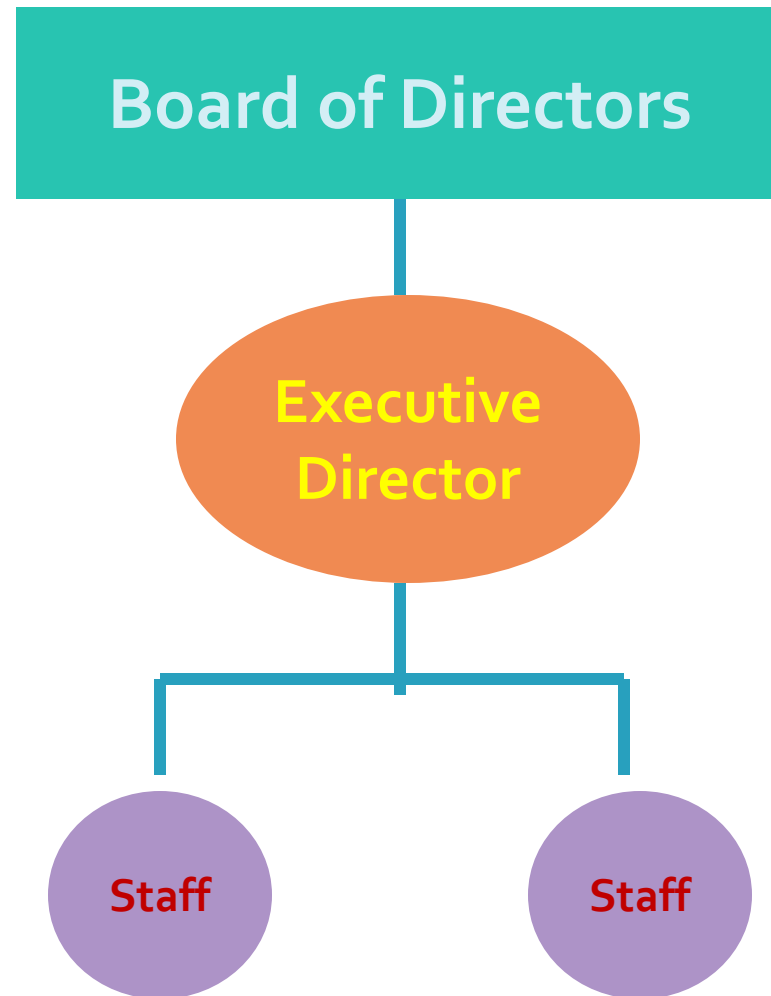
# Board Operations Scenario One

Even though CAA board member Shelia is really proud of all the amazing work the CAA does in the community, she recently became concerned about employee wages at the CAA. After reading an article in the local newspaper about nonprofit employees facing the same financial challenges as the clients they serve, Shelia contacted the CAA's Human Resources Coordinator and asked to see the salaries for all CAA employees.

**Do you agree with Shelia's approach? Why or Why not?**

# Operation Framework

- The board acts only as a body
  - Opportunity for group discussion and deliberation is important
- Sole employee of the board is the executive director



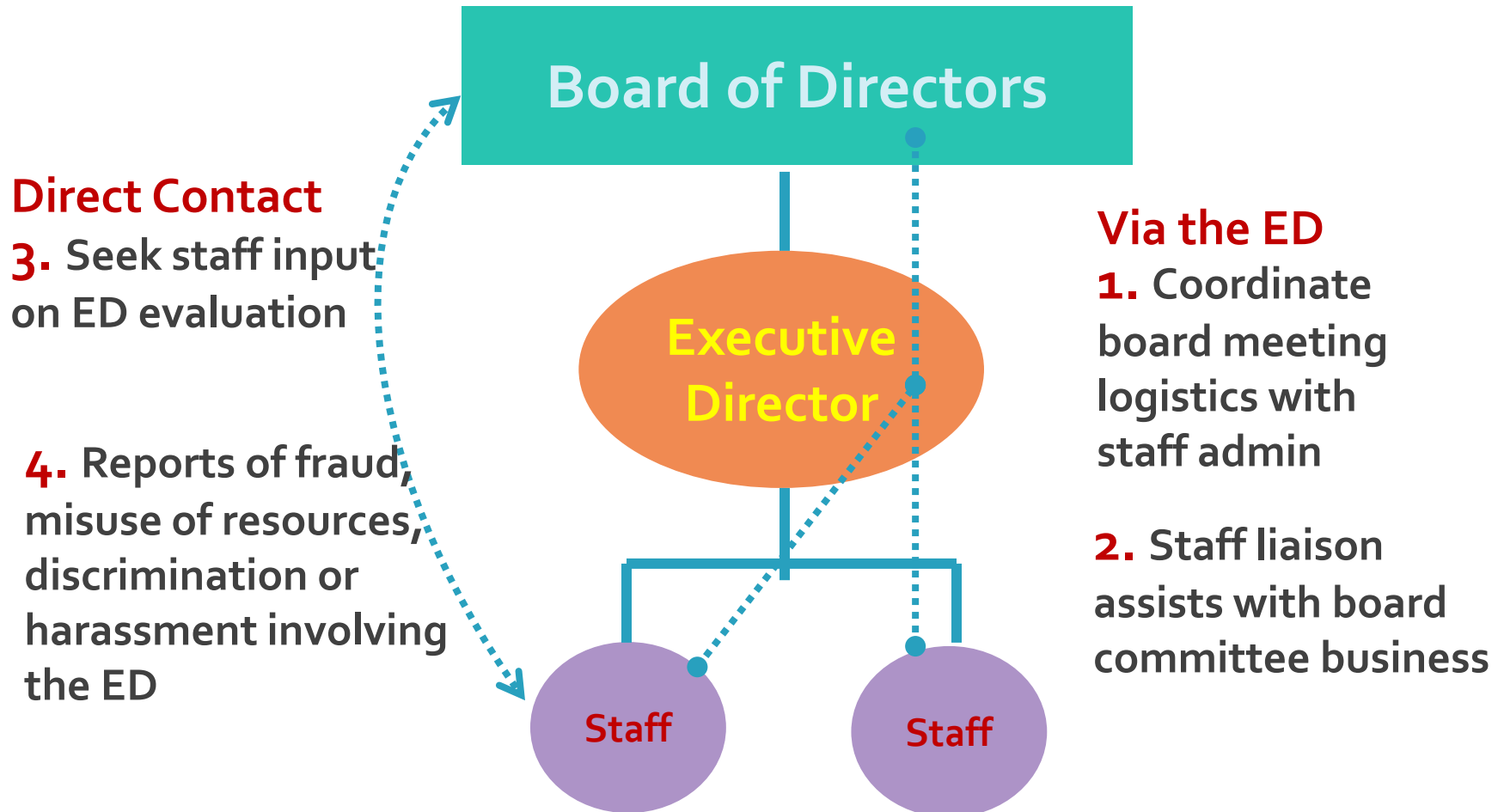


# Operation Framework

- Individual board members only act on behalf of the board:
  - When authorized by the full board to do so **AND**
    - Officers, committees
  - Typically, via the executive director
    - **Caveat:** a few exceptions exist

# Board Member/ Staff Contact

## EXAMPLES







# Board Operations Scenario Two

Tony has been on the board for two years and L♥VES it! His fellow board members are very personable and friendly but Tony is continually confused about the vote that is required to take actions as well as the number of meetings board members are required to attend.

**What should Tony do?**

**What should the Executive Director do?**

# Board Operational Guide

## *Bylaws*

### *Article I*

*Thou shall read the  
bylaws.*

- **Bylaws serve as an organization's operational guide**
- **See bylaws for information about:**
  - Board member composition
  - Meeting frequency, notice
  - Officers
  - Committees
  - Votes, quorum
  - **And more. . . .**



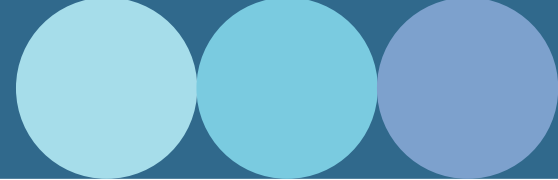
# Board Committees Exercise

- A. An executive committee may have authority to act on behalf of the full board. **True** or False
- B. Most board decisions may be made in the executive committee and reported to full board. True or **False**
- C. Boards may use both standing and ad hoc committees. **True** or False
- D. Committees that solely make recommendations do not need to take minutes or record meetings. True or **False**
- E. Board approval is not required to seat either board members or non-members on committees. True or **False**



# Board Committees

- **Committee work is essential to smooth and efficient operation of board and CAA**
  - Executive directors are not committee members
- **Most state laws permit board members to rely on information provided by committees**
  - But board members must have a reasonable basis for believing that committee is competent source of information
- **Regular review of committee structure is recommended**



# Board Roles & Responsibilities: Nonprofit Community Action Agencies



[Training]  
[Date]

**PRESENTED BY:**  
[Trainer Name]  
[Trainer Website or Email]  
[Trainer Phone Number]

[Trainer Logo]





*This training material was created in collaboration with Community Action Program Legal Services, Inc. (CAPLAW) and the Community Action Partnership (Partnership). The publication was created by National Association of Community Action Agencies - Community Action Partnership in the performance of the U.S. Department of Human Services, Administration for Children and Families, Office of Community Services Grant Number 90ET0465. Any opinion, findings, and conclusions, or recommendations expressed in this material are those of the authors and do not necessarily reflect the views of the U.S. Department of Health and Human Services, Administration for Children and Families.*



# Key Responsibilities of the Tripartite Board





# Key Board Responsibilities

Mission

Planning

Engagement

Generating Funds

Performance

Accountability

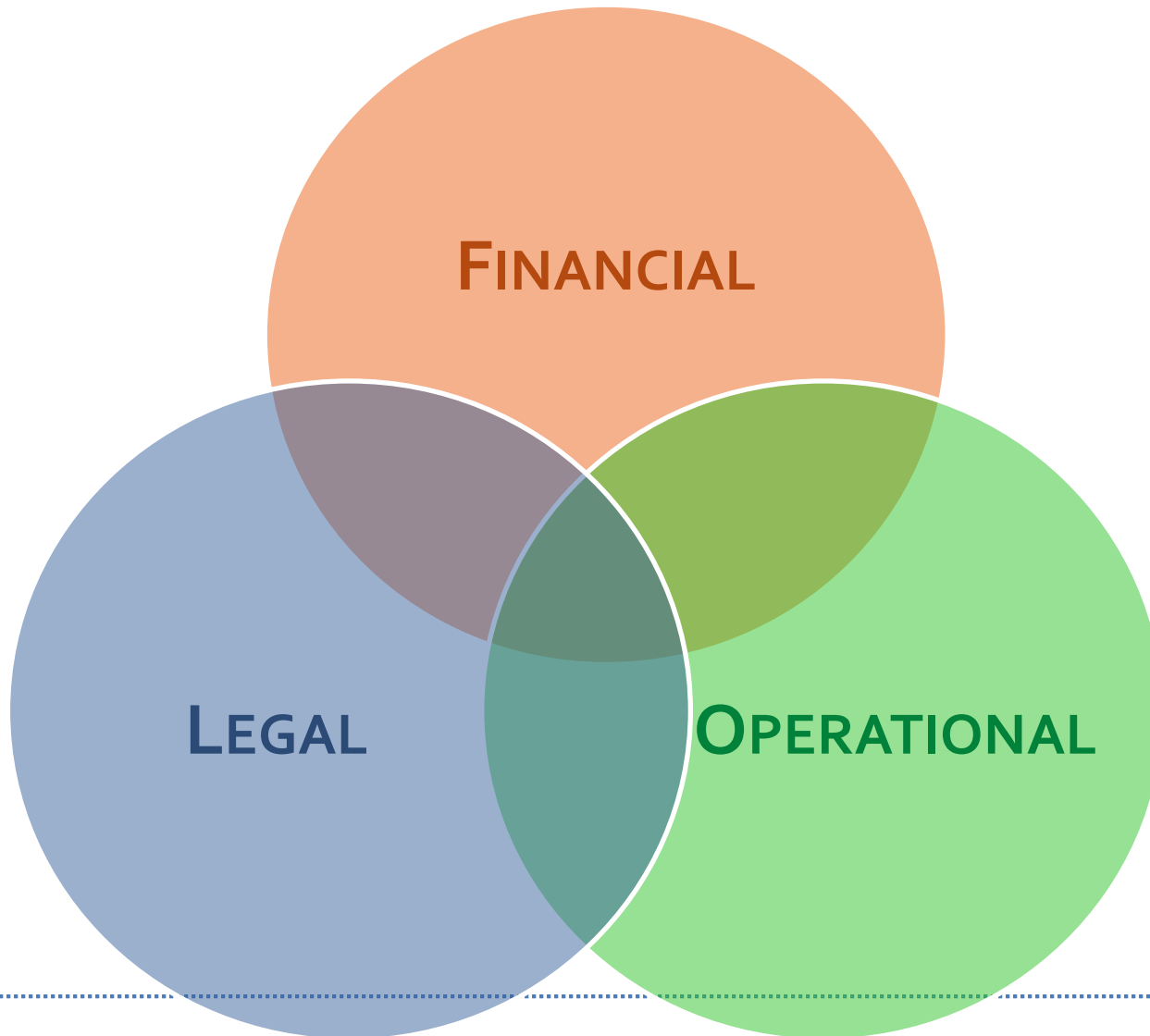


# Key Board Responsibility

**Accountability**

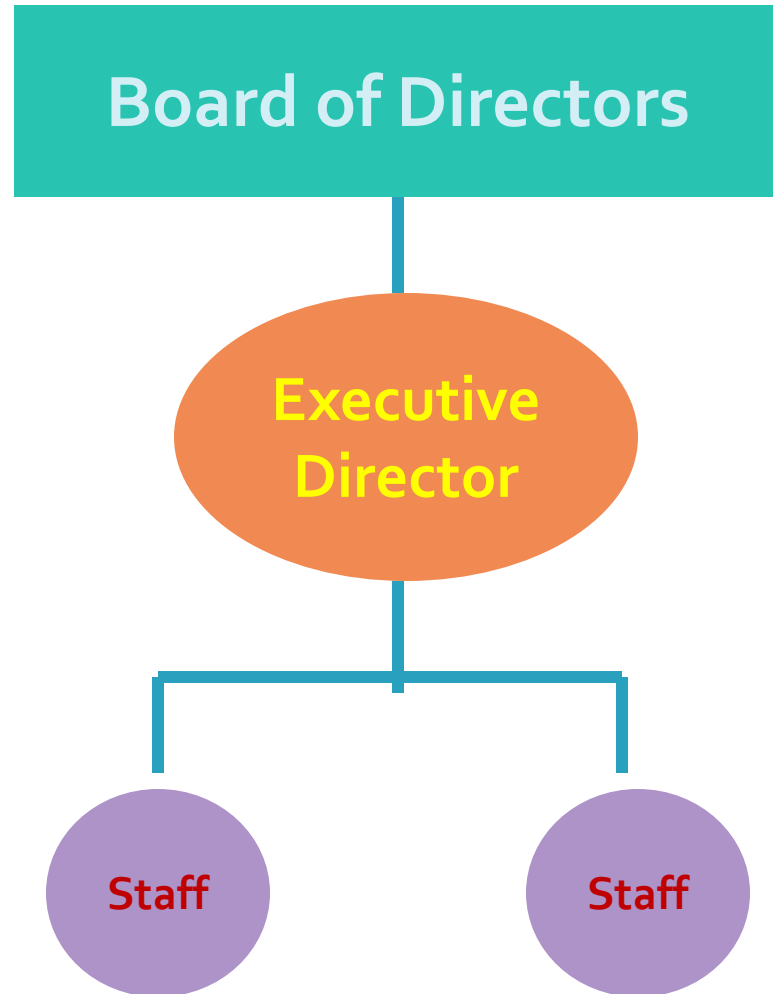


# Ensure Accountability



# Executive Director Oversight

- Sole employee of the board is the executive director



# Manage Executive Director

## Oversee

Regularly communicate

Provide assistance when needed

Request reports

Ask about goals & programs

Conduct annual review

## Evaluate

Use board committee

Decide on evaluation tool/  
criteria

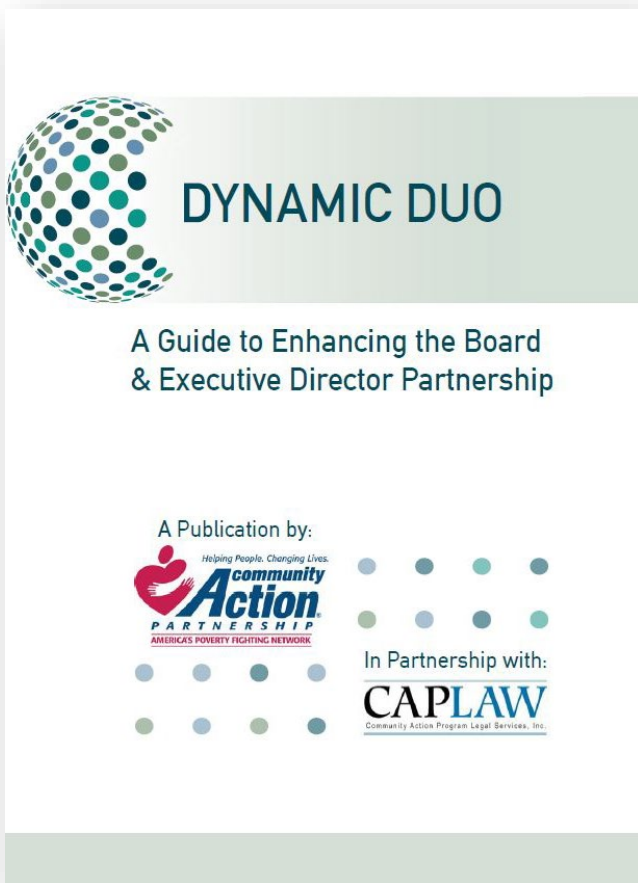
Gather input

Set up in-person evaluation

Create written review

# CSBG Organization Standards

## Executive Director Oversight



### CSBG Org. Standard 7.4

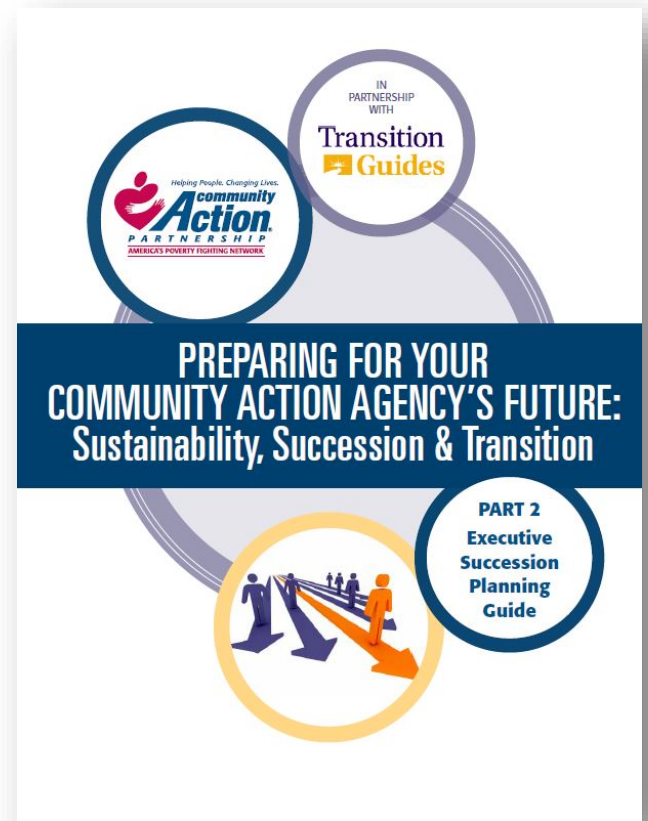
- The governing board conducts a performance appraisal of the CEO/executive director within each calendar year

# Executive Director Oversight

## Succession Plan

### CSBG Org. Standard 4.5

- The organization has a written succession plan in place for the CEO/executive director, approved by the governing board, which contains procedures for covering an emergency/unplanned, short-term absence of 3 months or less, as well as outlines the process for filling a permanent vacancy.







# Organizational Policies Scenario

Ann, a program assistant who repeatedly spoke inappropriately to colleagues and clients, was terminated after her first year of working at CAA, Inc. Distraught by her termination, Ann sent a scathing email to the Executive Director and board member, Jackie, who is Ann's sister-in-law. Ann exclaimed in the email that the CAA wrongfully terminated her, that her complaints about being sexually harassed by her co-worker Don were never addressed, and that the Program Director used program funds to pay vendors to provide personal services.

**What organizational policies are implicated in this scenario? How?**



# Policies

## Conflict of Interest

### CSBG Org. Standard 5.6

- Each board member has signed a conflict of interest policy within the past 2 years.

\*Sample policies and archived webinar on CAPLAW's website, [www.capl原因.org](http://www.capl原因.org)





# Policies

## Whistleblower Policy

### CSBG Org. Standard 7.7

- The organization has a whistleblower policy that has been approved by the governing board.

\* Sample policies and archived webinar on CAPLAW's website.  
[www.capl原因.org](http://www.capl原因.org)





# Additional Policies

Adopt org. policies, ensure they are being followed, and review/update them periodically

## CSBG Org. Standard 8.10

- The fiscal policies have been reviewed by staff within the past 2 years, updated as necessary, with changes approved by the governing board.

## CSBG Org. Standard 7.1

- The organization has written personnel policies that have been reviewed by an attorney and approved by the governing board within the past 5 years.

## CSBG Org. Standard 8.11

- A written procurement policy is in place and has been reviewed by the governing board within the past 5 years.



# Additional Filings

## CSBG Org. Standard 8.8

- All required filings and payments related to payroll withholdings are completed on time.

## CSBG Org. Standard 8.6

- The IRS Form 990 is completed annually and made available to the governing board for review.

# Oversee Financial Standing

- 1 • Review financial statements
- 2 • Approve and monitor annual budget
- 3 • Set and reassess CEO compensation
- 4 • Select and monitor auditor



# Financial Statement Scenario

CAA's CFO, Ms. Money Penny, decided that providing the board with a complete set of financial statements is a mistake. In Money Penny's view, the board should review a detailed schedule showing each program, the revenue associated with the program, and the related expenses. Money Penny believes CAAs are unique because of their reliance on multiple revenue streams that must be used for specified purposes. In her view, entity-level financial statements make no sense because grant revenue from one program (e.g., CSBG) cannot be used to finance another program (e.g. Head Start).

**Do you agree with Money Penny's approach? Why or why not?**

---



# Financial Statements

- **Board's approach to financial statements (balance sheet, income statement, cash flow statement) includes:**
  - Preliminary review by finance committee
  - Review by every board member
  - Regular discussion
  - Once-a-year discussions (e.g., annual budget, etc.)
  - Question and answers





TOOLS FOR TOP-NOTCH CAAs  
A PRACTICAL APPROACH TO GOVERNANCE  
AND FINANCIAL EXCELLENCE

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# CSBG Organizational Standards

## Financial Statements

### CSBG Org. Standard 8.7

- The governing board receives financial reports at each regular meeting that include the following:
  - Org.-wide report on revenue and expenditures that compares budget to actual, categorized by program; and
  - Balance sheet/statement of financial position.



# Annual Budget

- **Monitor performance against budget during year**
- **Board members should develop a high-level understanding of:**
  - Overall budget goals and assumptions
  - Cost centers
  - Applicable grant requirements
- **Work with finance committee and fiscal staff to develop annual budget**



TOOLS FOR TOP-NOTCH CAAs  
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# CSBG Organizational Standards

## Budget

### CSBG Org. Standard 8.9

- The governing board annually approves an organization-wide budget.



# CEO Compensation Scenario

Tonya has been the CEO of CAA, Inc. for the past 5 years and is concerned about her compensation. There is no formal or written compensation-setting process. The practice has been for the board chair to meet for coffee with the CEO once a year to discuss her performance and compensation for the following year. The chair then reports the meeting to the board and recommends a certain percentage increase. The board votes on the percentage increase, although the total compensation is not disclosed to the full board.

**Do you think the way in which the board sets Tonya's compensation is appropriate? If yes or no, why?**

---



# Executive Director Compensation

- Understand IRS requirements, in particular, intermediate sanctions
  - Establish a presumption that compensation is reasonable:
    - Use board committee
    - Assure board independence
    - Link pay to performance
    - Rely on meaningful comparables
    - Document the process
  - Recognize funding source requirements
-

# CSBG Organizational Standard

## Executive Director Compensation

### CSBG Org. Standard 7.5:

- The governing board reviews and approves CEO/executive director compensation within each calendar year.



### DYNAMIC DUO

A Guide to Enhancing the Board  
& Executive Director Partnership

A Publication by:



In Partnership with:

**CAPLAW**  
Community Action Program Legal Services, Inc.





# Audit Exercise

- The auditor prepares the CAA's financial statements. True or **False**
- An audit primarily certifies the fairness of financial statements. **True** or False
- An audit is mostly for management's benefit. True or **False**
- A high-quality audit is a waste of money that could be better spent on mission. True or **False**



# Board's Role in Audit

- **Board retains auditor and should work with a board audit committee to:**
  - Oversee board's relationship and interaction with outside auditors
  - Monitor CAA's system of internal controls
  - Identify and monitor financial related risks
  - Conduct in-depth review (w/auditor present) of Single Audit compliance and prepare report to the board



# CSBG Audit Requirements

## Nonprofits

### CSBG Org. Standard 8.2: Nonprofit

- All findings from the prior year's annual audit have been assessed by the organization and addressed where the governing board has deemed it appropriate.

### CSBG Org. Standard 8.3: Nonprofit

- The organization's auditor presents the audit to the governing board.

### CSBG Org. Standard 8.4: Nonprofit

- The governing board formally receives and accepts the audit.

### CSBG Org. Standard 8.5: Nonprofit

- The organization has solicited bids for its audit within the past 5 years.



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# Culture of Compliance Scenario

CAA's Finance Manager compares receipts with expense reports and handles reimbursement requests. The Deputy Director and Program Manager submitted reimbursement requests for a training conference they both recently attended. The Program Manager kept her expenses very low by using the free hotel airport shuttle, eating all the meals included in the registration fee, and avoiding any unnecessary expenses. The Deputy Director used a taxi, ordered room service, consumed several mini-bar items, and sent clothes to the hotel laundry.

**What, if anything, should the Finance Manager do?**

# Developing a Culture of Compliance



Exemplary Legal Practices and Policies Guidebook, Part I: Do the Right Thing:  
How to Cultivate a Culture of Compliance and High Ethical Standards

<http://caplaw.org/resources/PublicationDocuments/DotheRightThing.html>

# Risk Management

## CSBG Org. Standard 4.6

- An organization-wide, comprehensive risk assessment has been completed within the past 2 years and reported to the governing board.



Find the answer here | [nonprofitrisk.org](https://nonprofitrisk.org)

**Community Action Partnership  
Risk Management Portal:**

[https://communityactionpartnership.com/online\\_tools/risk-management-portal/](https://communityactionpartnership.com/online_tools/risk-management-portal/)