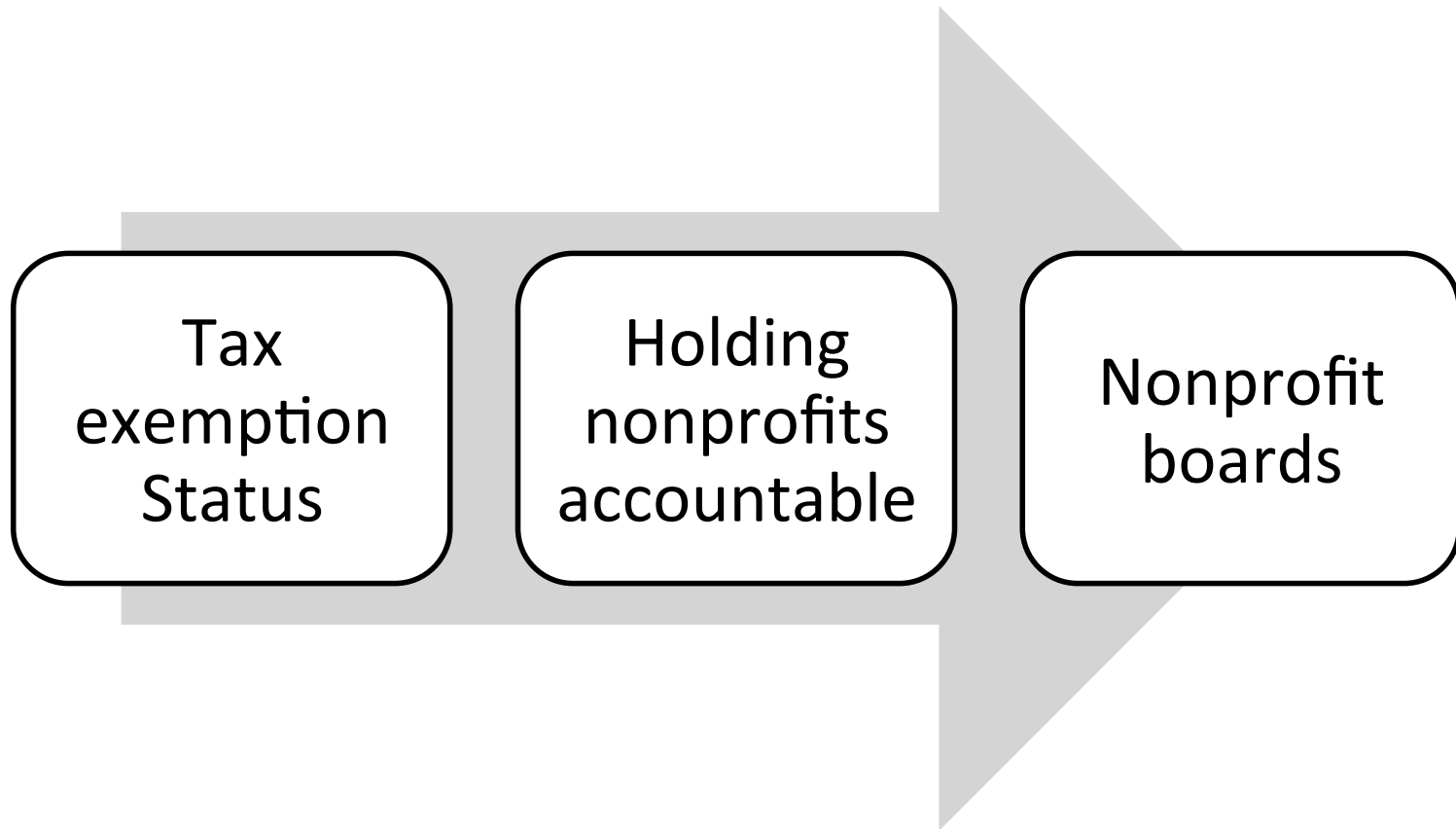


THE BOARD'S LEGAL OBLIGATION TO GOVERN

GOVERNANCE AND BOARD EFFECTIVENESS

Michela M. Perrone, Ph.D.
President, MMP Associates

WHY DO NONPROFIT BOARDS EXIST?



LEGAL OBLIGATIONS

1) Determine the mission, direction and strategies

2) Provide oversight

- Programs
- Fiscal matters
- Executive Director
- Compliance with laws and regulation

3) Manage the Board's work and ensure its own effectiveness

LEGAL OBLIGATION #1: DETERMINE MISSION, DIRECTION & STRATEGIES

What does a Board **NEED** to do?

- ***Participate actively*** in designing the long term strategic plan for the organization
- ***Review and approve*** the short term implementation plan
- ***Develop systems*** to monitor the successful implementation of the strategic and operational plans

LEGAL OBLIGATION #2: PROVIDE OVERSIGHT IN 4 MAIN AREAS



OVERSIGHT AREA 1: PROGRAMS

What does a Board **NEED** to do?

- Provide ***oversight*** around outcomes, results, and impact of the programs
 - NOT about the specific activities or strategies to accomplish the outcomes
- Develop ***clear*** and ***measurable long-term*** outcomes for:
 - ***Each*** of the organization's programs
 - ***All*** aspects of the organization's management

REMEMBER!



- Develops clear and measurable long-term outcomes for programs and management
- Determine the activities, programs and tactics necessary to accomplish the set outcomes

OVERSIGHT AREA 2: FISCAL

Budget

- Develop budget assumptions
- Approve yearly budget

Organizational Fiscal Condition

- Review fiscal condition at least quarterly, most often monthly

Audit

- Retain and work with an auditor
- Ensure effective implementation of the recommendations
- Change auditors/partners every 5 years

Investment

- Develop investment policies and oversee effective implementation

OVERSIGHT AREA 3: PERFORMANCE OF THE EXECUTIVE DIRECTOR

How does a performance assessment work?

- Assess on a **pre-determined regular basis**
- Establish the evaluation process and benchmarks
 - Review and discuss with the Executive Director
- Establish goals and expectations at beginning
 - Do not proceed without it!

Include the Executive Director in all aspects of the evaluation process

OVERSIGHT AREA 4: LEGAL AND REGULATORY COMPLIANCE

What are the board's responsibilities?

- Ensure that the organization, board and staff abide by all legal, regulatory and contractual requirements
- Perform the annual legal audit

REMEMBER!

Boards must manage their own structure and operations. This is not the work of the Executive Director

REVIEW

1) Determine the mission, direction and strategies

2) Provide oversight

- Programs
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3) Manage the Board's work and ensure its own effectiveness