Board Governance: Best Practices

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Sponsored by Church Mutual
Why Good Governance?

- IRS looks to the Board as responsible for the organization
- The State Attorney General also looks to the Board
- Members look to the Board
- Donors look to the Board
- City officials also look to the Board
Why good Governance?

- Efficient use of resources
- Efficient use of time
- Easier to comply with laws
- Better relationships
- Avoids misuse of resources
- Avoids unnecessary problems
Good Governance

- Starts with good governing documents
- Articles of Incorporation
- Bylaws
- Nonprofit Corporation Act
Responsibilities of a Board

- Fiduciary responsibilities
  - Duty of Due Care
  - Duty of Obedience
  - Duty of Loyalty
Oversight Responsibilities

- Budget
- Compensation
- Define the Organizational Mission
- Documentation of Board Actions
- Maintain independence
Legal Issues

- Tax exemption regulations
- Texas tax exemptions
- State regulations
Oversight by Policies

- Adopt policies to help staff comply with the laws and regulations
- Monitor staff compliance with policies
- Hire auditors to assist with monitoring
Required Policies

- Conflict of interest policy
- Whistleblower policy
  - Code of Ethics
- Document retention and destruction policy
Volunteer Protections

- Volunteer Protection Act of 1998
  - Federal exemption from liability
  - Volunteer receives less than $500 per year from organization
  - Does not require insurance
  - Does not cover intentional or grossly negligent acts
  - Does not cover vehicle accidents
Insurance

- General liability at least $1 million
- Directors and Officers Liability
- Sexual misconduct
- Employment practices
Thank You!

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