

# Board Governance: Best Practices



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# Why Good Governance?

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- 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?

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



# Good Governance

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



# Responsibilities of a Board

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



# Oversight Responsibilities

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



# Legal Issues

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- Tax exemption regulations
- Texas tax exemptions
- State regulations



# Oversight by Policies

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





# Required Policies

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



# Volunteer Protections

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- 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

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



# Thank You!

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