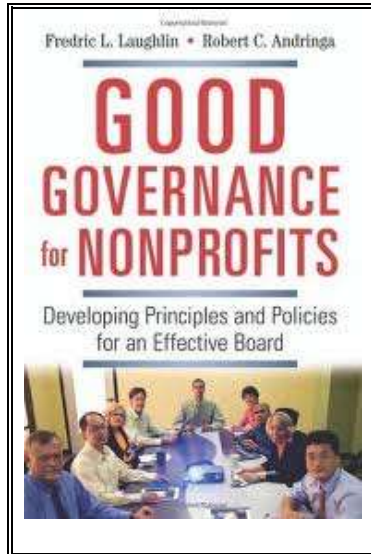


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Board Policies Manual (BPM)

A 10 to 15-page Template to Customize for Your Unique Needs



Good Governance for Nonprofits: Developing Principles and Policies for an Effective Board

by Fredric L. Laughlin and Robert C. Andringa (2007, AMACOM, American Management Association)

- Focuses on a 10 to 15-page document with all board policies
- Color commentary on each policy
- Designed to be updated frequently, based on organizational needs and changing internal and external realities
- Simpler and more time-saving alternative to other policy approaches
- Although this is not designed as a “faith-based” BPM, the context is built in so you can add the Christ-centered distinctives of your ministry.

Note:

Other governance resources (and the latest template) can be downloaded at: <http://www.amacombooks.org/downloads/good-gov-nonprofits>

(Organization’s Logo Here)

Board Policies Manual (BPM)

Note: This version of the BPM was approved by the board on (date)_____, and reflects several changes from the previous version, which should be discarded.

Part 1: Introduction and Administration

This Board Policies Manual (BPM) contains all of the current standing (ongoing) policies adopted by the board of [ORGANIZATION] since the initial approval of the BPM on [INITIAL APPROVAL DATE].

- 1.1 **Reasons for Adoption.** The reasons for adopting this BPM include:
 - Efficiency of having all ongoing board policies in one place
 - Ability to quickly orient new board members to current policies
 - Elimination of redundant or conflicting policies over time
 - Ease of reviewing current policy when considering new issues
 - Providing clear, proactive policies to guide the chief executive officer (CEO) and staff
 - Modeling an approach to governance that other organizations might use

- 1.2 **Consistency.** Each policy in this document is expected to be consistent with the law, the articles of incorporation, and the bylaws, all of which have precedence over these board policies. Except for time-limited or procedural-only board decisions (approving minutes, electing an officer, etc.), which are recorded in regular board minutes, all standing policies shall be included or referred to in this document. The CEO is responsible for developing organizational and administrative policies and procedures that are consistent with this BPM.

- 1.3 **Transition.** Whether adopted part by part or as a complete document, as soon as some version of the BPM is voted on as the “one voice” of the board, those policies are deemed to supersede any past policy that might be found in old minutes unless a prior board resolution or contract obligates the organization with regard to a specific matter. If any actual or apparent conflict arises between the BPM and other policies or board resolutions, the matter shall be resolved by the chair or by the entire board as may be appropriate.

- 1.4 **Changes.** These policies are meant to be reviewed constantly and are frequently reviewed and refined. The CEO helps the board formulate new language in the BPM by distributing proposed changes in advance. When language is recommended for deletion, it is shown in ~~strike-through~~ format. Proposed new language is underlined. Each section with a proposed change can be preceded by the # sign to help readers quickly locate proposed changes. Any change to this BPM must be approved by the full board. Proposed changes may be submitted by any board member as well as by the CEO. In most cases, proposed changes shall be referred to and reviewed by the appropriate committee before being presented to the board for action. Whenever changes are adopted, a new document should be printed, dated, and quickly made available to the board and staff. The previous version should be kept on a disk for future reference if needed.

- 1.5 **Specificity.** Each new policy will be drafted to fit in the appropriate place within the BPM. Conceptually, policies should be drafted from the “outside in,” i.e., the broadest policy statement should be presented first, then the next broadest, etc., down to the level of detail that the board finds appropriate for board action and below which management is afforded discretion as to how it implements the policies in this BPM.

- 1.6 **Oversight Responsibility.** Below are the parts, the committees primarily responsible for drafting and reviewing those parts, and the individuals given authority to interpret and make decisions within the scope of those policies:

Part/Section	Oversight Committee	Implementation Authority
1. Introduction	Governance Committee	CEO
2. Organization Essentials	Full Board	CEO
3. Board Structure and Processes	Governance Committee	Board Chair
4. Board-CEO/Staff Relationship	Executive Committee	Chair/CEO
5. Executive Parameters		
5.1 General Guidance	Governance Committee	CEO
5.2 Finance	Finance Committee	CEO
5.3 Programs	Program Committee	CEO
5.4 Advancement	Advancement Committee	CEO
5.5 Audit and Compliance	Audit and Compliance Committee	CEO
5.6 Miscellaneous	As appropriate	CEO

- 1.7 **Maintenance of Policies.** The secretary shall ensure that staff members record and publish all standing policies correctly. The CEO or the CEO's designee shall maintain the policies file and provide updated copies to the board whenever the policies change, or upon request. The board will ask that legal counsel review this BPM biennially to ensure compliance with the law. Discrete documents referred to in the BPM will be kept in a three-ring notebook called the Board Reference Book.

Part 2: Organization Essentials

- 2.1 Our **vision** is . . .
- 2.2 Our **mission** is . . .
- 2.3 The **values** that guide everything we do are . . .
- 2.4 The **moral owners** to whom the board feels accountable (e.g., members, alumni, donors, or taxpayers) are . . .
- 2.5 The primary **beneficiaries** of our services are . . .
- 2.6 The major general **functions** and the approximate percentage of total effort that is expected to be devoted to each are . . .
- 2.7 The primary **strategies** by which we will fulfill our mission include . . .
- 2.8 The major organizational **goals** and monitoring indicators for the next three years are . . .
- 2.9 **Strategic Plans.** The board is expected to think strategically at all times. The CEO is expected to develop a staff strategic plan based on the policies in this BPM, update it as necessary, link major activities in the plan to the relevant sections of this BPM, and provide copies of the plan to the board for information by April 1 each year.

Part 3: Board Structure and Processes

- 3.1 Governing Style.** The board will approach its task with a style that emphasizes outward vision rather than an internal preoccupation, encouragement of diversity in viewpoints, strategic leadership more than administrative detail, clear distinction of board and staff roles, and proactivity rather than reactivity. In this spirit, the board will:
- 3.1.1 Enforce upon itself and its members whatever discipline is needed to govern with excellence. Discipline shall apply to matters such as attendance, respect for clarified roles, speaking to management and the public with one voice, and self-policing of any tendency to stray from the governance structure and processes adopted in these board policies.
 - 3.1.2 Be accountable to its stakeholders and the general public for competent, conscientious, and effective accomplishment of its obligations as a body. It will allow no officer, individual, or committee of the board to usurp this role or hinder this commitment.
 - 3.1.3 Monitor and regularly discuss the board's own processes and performance, seeking to ensure the continuity of its governance functions by selection of capable directors, orientation and training, and evaluation.
 - 3.1.4 Be an initiator of policy, not merely a reactor to staff initiatives. The board, not the staff, will be responsible for board performance.
- 3.2 Board Job Description.** The job of the board is to lead the organization toward the desired performance and ensure that that performance occurs. The board's specific contributions are unique to its trusteeship role and necessary for proper governance and management. To perform its job, the board shall:
- 3.2.1 Determine the mission, values, strategies, and major goals/outcomes, and hold the CEO accountable for developing a staff strategic plan based on these policies.
 - 3.2.2 Determine the parameters within which the CEO is expected to achieve the goals/outcomes.
 - 3.2.3 Monitor the performance of the organization relative to the achievement of the goals/outcomes within the executive parameters.
 - 3.2.4 Maintain and constantly improve all ongoing policies of the board in this BPM.
 - 3.2.5 Select, fairly compensate, nurture, evaluate annually, and, if necessary, terminate a CEO, who functions as the board's sole agent.
 - 3.2.6 Ensure financial solvency and integrity through policies and behavior.
 - 3.2.7 Require periodic financial and other external audits to ensure compliance with the law and with good practices.
 - 3.2.8 Evaluate and constantly improve our board's performance as the governing board, and set expectations for board members' involvement as volunteers.
- 3.3 Board Member Criteria.** In nominating members for the board, the board Governance Committee shall be guided by the profile that is incorporated by reference to this BPM.

- 3.4 Orientation.** Prior to election, each nominee shall be given this BPM along with adequate briefings on the role of the board, officers, and staff and an overview of programs, plans, and finances. Soon after election, each new board member will be given more comprehensive orientation material and training.
- 3.5 Chair's Role.** The job of the chair is, primarily, to maintain the integrity of the board's processes. The chair "manages the board." The chair is the only board member authorized to speak for the board, other than in rare and specifically board-authorized instances.
- The chair ensures that the board behaves in a manner consistent with its own rules and those legitimately imposed upon it from outside the organization. Meeting discussion content will be those issues that, according to board policy, clearly belong to the board to decide, not to staff.
- The authority of the chair consists only in making decisions on behalf of the board that fall within and are consistent with any reasonable interpretation of board policies in Parts 3 and 4 of this BPM. The chair has no authority to make decisions beyond policies created by the board. Therefore, the chair has no authority to supervise or direct the CEO's work, but is expected to maintain close communication with, offer advice to, and provide encouragement to the CEO and staff on behalf of the board.
- 3.6 Board Meetings.** Board events often will include time for guest presenters, interaction with staff and beneficiaries, board training, and social activities, as well as business sessions. Policies that are intended to improve the process for planning and running meetings follow:
- 3.6.1. The schedule for board meetings shall be set two years in advance.
- 3.6.2. The CEO shall work with the chair and the committee chairs in developing agendas, which, along with background materials for the board and committees, monitoring reports, the CEO's recommendations for changes in the BPM, previous minutes, and other such materials, shall be mailed to all board members approximately two weeks in advance of board meetings.
- 3.6.3 Minutes and the updated BPM shall be sent to board members within 14 days of board meetings.
- 3.6.4 Regular board meetings shall be held ___ times a year in the months of _____, _____, and _____, preceded by a reminder notice approximately 30 days in advance of the meeting date. The ___ meeting shall include a review of the planning and budgeting for the upcoming year. The ___ meeting shall include a review of the performance of the CEO and the organization for the past year. Special meetings of the board can be called according to the bylaws [if this process is not in the bylaws, define it here].
- 3.6.5 The Governance Committee shall prepare a meeting evaluation form for completion by each board member who attends the board meeting. The completed forms shall be reviewed, analyzed, and summarized by the Governance Committee, which shall report the results of the meeting evaluation to the board members within two weeks of the board meeting.
- 3.7 Standing Committees.** Committees help the board be effective and efficient. They speak "to the board" and not "for the board." Unless authorized by the whole board, a committee may not exercise authority that is reserved to the whole board by the bylaws or by the laws of [name of state] governing not-for-profit organizations. Committees are not created to advise or exercise authority over staff. Once committees are created by the board, the board chair shall recommend committee chairs and members for one-year terms, subject to board approval. The board chair and the CEO are *ex officio* members of all committees except the Audit and Compliance Committee. The CEO shall assign one senior staff member to assist with the work of each committee.

- 3.7.1 **Governance Committee.** This committee shall recommend policies to the board pertaining to governance issues and processes, including the orientation and training of new board members, the evaluation and improvement of the contribution of individual board members and officers, and the recommendation of bylaw changes. The committee will also develop a roster of potential board members based on the board profile, and will nominate all board members and officers.
- 3.7.2 **Finance Committee.** This committee shall develop and recommend to the board those financial principles, plans, and courses of action that provide for mission accomplishment and organizational financial well-being. Consistent with this responsibility, it shall review the annual budget and submit it to the board for its approval. In addition, the committee shall make recommendations with regard to the level and terms of indebtedness, cash management, investment policy, risk management, financial monitoring and reports, employee benefit plans, signatory authority for expenditures, and other policies for inclusion in the BPM that the committee determines are advisable for effective financial management.
- 3.7.2 **Notes.** (Placeholder for numbering.)
- 3.7.3 **Audit and Compliance Committee.** This committee shall oversee the organization's internal accounting controls; recommend external auditors for board approval; review the external auditors' annual audit plan; and review the annual report, the management letter, and the results of the external audit. The committee, or its delegate, shall have an annual private conversation with the auditor. In addition, the committee shall be responsible for oversight of regulatory compliance, policies and practices regarding corporate responsibility, and ethics and business conduct–related activities, including compliance with all federal, state, and local laws governing tax-exempt entities. The committee shall also oversee written conflict of interest policies and procedures for directors and officers (see tab __ of the Board Reference Book).
- 3.7.4 **Advancement Committee.** This committee shall study and recommend policies relating to communications and public relations as well as policies relating to raising financial and other resources for the organization.
- 3.7.5 **Programs Committee.** This committee shall study and recommend policies relating to all programs and services of the organization.
- 3.7.6 **Executive Committee.** This committee shall comprise the chair, other officers, and the chairs of the other committees in Section 3.7. Except for the actions enumerated below, it shall have the authority to act for the board on all matters so long as the Executive Committee determines that it would be imprudent to wait for the next board meeting to take such action. With respect to any action taken on behalf of the board, (1) the Executive Committee is required to report the action to the board within 10 days, and (2) the board must approve the action at the next board meeting.
- The Executive Committee is not authorized to make decisions or to take action with respect to the following matters:
- 3.7.6.1 Dissolving the corporation
 - 3.7.6.2 Hiring or firing the chief executive
 - 3.7.6.3 Entering into major contracts or suing another entity
 - 3.7.6.4 Making significant changes to a board-approved budget
 - 3.7.6.5 Adopting or eliminating major programs

3.7.6.6 Buying or selling property

3.7.6.7 Amending the bylaws

3.7.6.8 Changing any policies that the board determines may be changed only by the board

3.7.7 Other committees as determined.

3.8 Advisory Groups, Councils, and Task Forces. To increase its knowledge base and depth of available expertise, the board supports the use of groups, councils, and task forces of qualified advisers. The term "task force" refers to any group appointed by the CEO or the chair to assist him or her in carrying out various time-limited goals and responsibilities. Although either the chair or the CEO may form a task force, he or she shall notify the board of its formation, purpose, and membership within 10 days of its formation. The CEO may assign a senior staff member to serve advisory groups. The board has established the following advisory groups:

3.8.1 (Name, membership, function, etc., of any advisory group the board creates.)

3.9 Board Members' Code of Conduct. The board expects of itself and its members ethical and businesslike conduct. Board members must offer unconflicted loyalty to the interests of the entire organization, superseding any conflicting loyalty such as that to family members, advocacy or interest groups, and other boards or staffs of which they are members. Board members must avoid any conflict of interest with respect to their fiduciary responsibility. There must be no self-dealing or conduct of private business or personal services between any board member and the organization except as procedurally controlled to assure openness, competitive opportunity, and equal access to "inside" information.

Board members will make no judgments of the CEO or staff performance except as the performance of the CEO is assessed against explicit board policies and agreed-upon performance objectives.

Each board member is expected to complete and sign an Annual Affirmation and Conflict of Interest Statement (see tab __ of the Board Reference Book), which covers, *inter alia*, board conflicts of interest, in accordance with the laws of the state governing not-for-profit organizations, and other expectations of board members.

Board Finances. Every board member is expected to be a donor of record in each calendar year. Expenses incurred to fulfill board activities normally can be an individual tax deduction; however, any board member may submit for reimbursement any expenses incurred to attend board or committee meetings.

Part 4: Board–CEO/Staff Relationship

4.1 Delegation to the Chief Executive Officer (CEO). While the board's job is generally confined to establishing high-level policies, implementation and subsidiary policy development are delegated to the CEO.

4.1.1 All board authority delegated to staff is delegated through the CEO, so that all authority and accountability of staff—as far as the board is concerned—is considered to be the authority and accountability of the CEO.

4.1.2 Organization Essentials policies (Part 2) direct the CEO to achieve certain results. Executive Parameters policies (Part 5) define the acceptable boundaries of prudence and ethics within which the CEO is expected to operate. The CEO is authorized to establish all further policies, make all decisions, take all actions, and develop all activities as long as they are consistent with any reasonable interpretation of the board's policies in this BPM.

- 4.1.3. The board may change its policies during any meeting, thereby shifting the boundary between board and CEO domains. Consequently, the board may change the latitude of choice given to the CEO, but so long as any particular delegation is in place, the board and its members will respect and support the CEO's choices. This does not prevent the board from obtaining information in the delegated areas.
 - 4.1.4. Except when a person or committee has been authorized by the board to incur some amount of staff cost for study of an issue, no board member, officer, or committee has authority over the CEO. Only officers or committee chairs may request information, but if such a request—in the CEO's judgment—requires a material amount of staff time or funds or is disruptive, it may be refused.
- 4.2 CEO Job Description.** As the board's single official link to the operating organization, CEO performance will be considered to be synonymous with organizational performance as a whole. Consequently, the CEO's job contributions can be stated as performance in two areas: (a) organizational accomplishment of the major organizational goals in Section 2.8, and (b) organization operations within the boundaries of prudence and ethics established in board policies on Executive Parameters.
- 4.3 Communication and Counsel to the Board.** With respect to providing information and counsel to the board, the CEO shall keep the board informed about matters essential to carrying out its policy duties. Accordingly, the CEO shall:
- 4.3.1. Inform the board of relevant trends, anticipated adverse media coverage, and material external and internal changes, particularly changes in the assumptions upon which any board policy has previously been established, always presenting information in as clear and concise a format as possible.
 - 4.3.2. Relate to the board as a whole except when fulfilling reasonable individual requests for information or responding to officers or committees duly charged by the board.
 - 4.3.3. Report immediately any actual or anticipated material noncompliance with a policy of the board, along with suggested changes.
- 4.4 Monitoring Executive Performance.** The purpose of monitoring is to determine the degree to which the mission is being accomplished and board policies are being fulfilled. Information that does not do this shall not be considered monitoring. Monitoring will be as automatic as possible, using a minimum of board time, so that meetings can be used to affect the future rather than to review the past. A given policy may be monitored in one or more of three ways:
- 4.4.1. **Direct board inspection:** Discovery of compliance information by a board member, a committee, or the board as a whole. This includes board inspection of documents, activities, or circumstances that allows a "prudent person" test of policy compliance.
 - 4.4.2. **External report:** Discovery of compliance information by a disinterested, external person or firm who is selected by and reports directly to the board. Such reports must assess executive performance only against legal requirements or policies of the board, with suggestions from the external party as to how the organization can improve itself.
 - 4.4.3. **CEO reports:** The CEO shall help the board determine what tracking data are available to measure progress in achieving the mission and goals and conforming with board policies. Currently the board requests these regular monitoring reports, in addition to any specific reports requested in other sections of the BPM:
 - 4.4.3.1 Monthly: Informal CEO reports on achievements, problems, and board notices.

- 4.4.3.2 Quarterly: (a) A one- or two-page “dashboard” report showing agreed-upon key indicators that track designated financial and program results over a three-year period in graphic form; (b) other summary reports as the board may define in this BPM.
- 4.4.3.3 Semiannually: (a) Expense and revenue against budget report with comparison to previous year; (b) balance sheet; (c) cash flow projections; (d) membership statistics.
- 4.4.3.4 Annually: Within 45 days of the end of the fiscal year, (a) end-of-year expense and revenue against budget; (b) balance sheet; (c) staff organization chart (or whenever major changes are made); (d) other reports that the board may define in this BPM.

4.5 Annual Performance Review. A performance evaluation task force, comprising the board chair, the vice chair, and the chair of the Governance Committee, shall formally evaluate the CEO annually, based on achievement of organizational goals and any other specific goals that the board and the CEO have agreed upon in advance, as well as the CEO’s own written self-evaluation and invited comments from all board members after they have seen the self-evaluation. The chair shall serve as chair of the task force. After meeting with the CEO, the task force will report on its review to the board, including recommendations on the CEO’s compensation, which the Executive Committee or the board will then act upon.

During this process, the CEO and the board will agree on any specific, personal performance goals for the year ahead. These goals shall be documented in a letter to the CEO from the board chair and will be a primary basis for determining the CEO’s performance at the end of the next year. At least every three years, the task force shall invite other input in a carefully planned “360” review, inviting feedback from staff, peers in our sector, and individuals outside the organization who have interacted with the CEO.

4.6 Staff Compensation. The CEO is expected to hire, train, motivate, compensate, and terminate staff in a professional and caring fashion. Salaries will be set at between X% and Y% of the mean for salaries in organizations of similar size, budget, and location. Benefits will include ...

The CEO shall (a) develop and maintain an employee manual that is reviewed annually by competent legal counsel and (b) provide copies of this manual to the board for information around April 1 of each year.

4.7 Staff Treatment. With respect to treatment of paid and volunteer staff, the CEO may not cause or allow conditions that are inhumane, unfair, or undignified. Accordingly, he may not:

- 4.7.1 Discriminate among employees on other than clearly job-related, individual performance or qualifications.
- 4.7.2 Fail to take reasonable steps to protect staff from unsafe or unhealthy conditions.
- 4.7.3 Withhold from staff a due-process, unbiased grievance procedure.
- 4.7.4 Discriminate against any staff member for expressing an ethical dissent.
- 4.7.5 Prevent staff from grieving to the board when (a) internal grievance procedures have been exhausted and (b) the employee alleges that board policy has been violated to his or her detriment.
- 4.7.6 Fail to acquaint staff members with their rights under this policy.

4.8 CEO Transitions. At any time, the chair may appoint a transition task force to explore options and propose strategies and board policies related to succession and transition of the CEO and to facilitate any special needs of the outgoing and incoming CEOs and their families. The incumbent CEO shall give the board, if possible, a(n) ___-month notice of intent to leave that office. Any need for an acting or interim CEO will be determined by the board chair subject to board approval. The board chair is authorized, as soon as a vacancy or scheduled departure of the CEO is known, to appoint a search committee and committee chair. The search committee may include up to two people not on the board. The committee shall within 30 days recommend for board approval a position announcement, a recommendation on any search consultant, the appointment of a search secretary, and a budget for the search. The search committee shall present one or two qualified candidates to the full board for selection. A special task force appointed by the chair shall, at the time of selection, negotiate the new CEO's compensation and service agreement and give both the incumbent and the successor CEO any special performance priorities from the board. After he/she leaves the organization, the outgoing CEO may be given a paid role, but only with the approval of the new CEO in consultation with the officers and the board.

4.9 Board Reference Book and Web Site. In addition to reports that the CEO may choose to make to the board, the CEO shall develop and maintain a Board Reference Book with all pertinent documents to which board members might want to refer during board and committee meetings (e.g., articles, bylaws, organization chart, recent minutes, committee roster, list of key volunteers/consultants, board documents referred to in this BPM, etc.). In addition, the board requests that the CEO maintain, as funding is available, a secure Internet web site for board members to allow them to access relevant data and reports on a timely basis. The CEO shall notify board members as new key information is posted to the board web site.

Part 5: Executive Parameters

- 5.1 General Guidance.** The purpose of the remainder of the BPM is to detail those executive parameters that will guide the CEO and the staff as they accomplish the mission. These parameters are intended to free the CEO and the staff to make timely decisions without undue board directives. The board expects that the CEO will do nothing that is illegal, unethical, or imprudent. Beyond these general parameters, the board details its executive parameters in the major sections that follow in Part 5.
- 5.2 Finance Parameters.** The CEO must ensure that the financial integrity of the organization is maintained at all times; that proper care is exercised in the receiving, processing, and disbursing of funds; and that financial and nonfinancial assets are appropriately protected.
- 5.2.1 Budgeting.** The budget during any fiscal period shall not (a) deviate materially from the board's goals and priorities listed in Part 2, (b) risk fiscal jeopardy, or (c) fail to show a generally acceptable level of foresight. Accordingly, the CEO may not cause or allow budgeting that:
- 5.2.1.1 Contains too little detail to (a) enable accurate projection of revenues and expenses, (b) separate capital items from operational items, (c) monitor cash flow and subsequent audit trails, and (d) disclose planning assumptions.
 - 5.2.1.2 Anticipates the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period.
 - 5.2.1.3 Reduces the current assets at any time to less than twice current liabilities or allows cash to drop below a safety reserve of \$_____ at any time.
 - 5.2.1.4 Provides less than \$_____ for board prerogatives during the year, such as costs of the annual audit and board development.

5.2.1.5 Is not derived from the strategic plan.

5.2.2 Financial Controls. The CEO must exercise care in accounting for and protecting the financial assets of the organization. To this end, the CEO is expected to incorporate generally accepted accounting principles and internal controls in the financial systems that are employed in the organization. In addition, the CEO may not:

5.2.2.1 Receive, process, or disburse funds under controls insufficient to meet the board-appointed auditor's standards.

5.2.2.2 Approve an unbudgeted expenditure or commitment of greater than \$_____ without the approval of the full board.

5.2.2.3 Approve an unbudgeted expenditure or commitment of greater than \$_____ without the approval of the Finance Committee.

5.2.3 Asset Protection. The CEO may not allow assets to be unprotected, inadequately maintained, or unnecessarily risked. Accordingly, the CEO may not:

5.2.3.1 Fail to insure against theft and casualty losses to at least 80 percent of replacement cost and against liability losses to board members, staff, or the organization itself beyond the minimally acceptable prudent level.

5.2.3.2 Allow nonbonded personnel access to material amounts of funds.

5.2.3.3 Subject office equipment to improper wear and tear or insufficient maintenance.

5.2.3.4 Unnecessarily expose the organization, its board, or its staff to claims of liability.

5.2.3.5 Make any major purchase of over \$_____ without sealed bids or some other demonstrably prudent method of acquisition of quality goods, or any purchase of over \$_____ without a written record of competitive prices, or any purchase wherein normally prudent protection against conflict of interest has not been provided.

5.2.3.6 Acquire, encumber, or dispose of real property without board approval.

5.2.4 Investment Principles. The CEO may not invest or hold operating capital in insecure instruments, including uninsured checking accounts and bonds of less than AA rating, or in non-interest-bearing accounts, except where necessary to facilitate operational transactions.

5.3 Program Parameters. In general, the CEO is expected to establish, maintain, and eliminate programs and services to achieve the organization's mission and goals in the most effective and efficient manner.

5.3.1 New programs should be projected to serve at least _____ people.

5.3.2 New programs with an expected budget exceeding \$_____ must be approved by the board. Those programs now approved include:

5.3.3 Programs with costs of more than \$_____ shall be assessed for effectiveness by an outside evaluator at least every three years, with a written report being made available to the board.

5.3.4 Any program executed in partnership with another organization shall _____.

- 5.4 Advancement Parameters.** The various efforts to represent the organization to the public (media, public relations, fund-raising, new member recruitment, etc.) shall be integrated sufficiently that the organization's brand/positioning in the external world is positive and effective.
- 5.4.1 Fund-Raising Strategy.** The CEO shall develop and maintain a fund-raising plan that, at a minimum, includes direct mail, major donor initiatives, planned giving, and Web-based giving. Such plan shall be provided to board members for review each March, along with results for each initiative. Total direct and indirect expenses for fund-raising shall not exceed 22 percent of the total budget.
- 5.4.1.1 Donor Bill of Rights.** The CEO shall develop a Donor Bill of Rights and provide the latest version to the board; this shall include, *inter alia*, the following restrictions: the CEO may not allow the names of donors to be revealed outside the organization, represent to a donor that an action will be taken that violates board policies, fail to honor a request from a donor as to how her/his contribution is to be allocated, fail to confirm receipt of a donor's contribution, or fail to send a donor an annual summary of donations.
- 5.4.1.2 Training.** The CEO shall ensure that appropriate members of the board and staff receive annual training in new fund-raising techniques and shall budget for such expenses.
- 5.4.2 Public Affairs.** The CEO shall exercise care in representing that we are a charitable, mission-centered, listening organization and shall develop policies and procedures for communicating with primary stakeholders and the public at large in a way that reinforces that image.
- 5.4.2.1 Communications Plan.** The CEO shall develop and maintain a communications plan, shared with the board as appropriate, that describes how the organization will communicate with its various stakeholders. The plan shall identify the stakeholder segments, how the organization will both speak and listen to each segment, and who is allowed to speak for the organization. The plan shall also include the role of board members both as "listeners" and as "speakers" for the organization.
- 5.4.2.2 Communications Restrictions.** To preserve our image in the community, the CEO and any designee are the only spokespersons authorized to speak for the organization, and the chair is the only spokesperson for the board. None of the spokespersons may represent the organization in any way that is inconsistent with the policies in Part 2 of this BPM; make statements that may be perceived as supporting a political party or platform; be the author of an article, book, or publication that includes classified or sensitive information about the organization; or engage in lobbying activities at any governmental level without prior permission from the board.
- 5.5 Audit and Compliance Parameters.** The CEO shall take the necessary steps to ensure the integrity of our systems and procedures; to see that they comply with all pertinent legal, regulatory, and professional requirements; and to report to the board any material variations or violations.
- 5.5.1 Annual External Audit.** An independent auditor will be hired and supervised by the Audit and Compliance Committee, after a careful selection and annual evaluation. The CEO shall work with the auditor to gain a clean opinion on the annual financial statements and respond in detail to items in the auditor's management letter concerning opportunities to improve systems and procedures related to financial controls.

5.5.2 **Internal Compliance.** The CEO shall meet all requirements for complying with federal, state, or local laws and regulations. The CEO shall maintain a list of compliance actions and reports that are required of a nonprofit organization and periodically submit the list for inspection by the Audit and Compliance Committee. On a biennial basis, starting in _____, the CEO shall contract for a legal review of the organization's compliance with the pertinent laws and regulations and make the results of the review available to the Audit and Compliance Committee, which, in turn, will report to the board on the overall status of the organization with respect to compliance matters, including any current problems or anticipated problems with regulatory authorities.

5.6 **Miscellaneous.** [Include other policies that don't naturally fit into one of the other major sections.]

THE SOURCE FOR THIS BOARD POLICIES MANUAL

Note: This Board Policies Manual (BPM) was adapted by John Pearson from the book, *Good Governance for Nonprofits: Developing Principles and Policies for an Effective Board*, by Fredric L. Laughlin and Robert C. Andringa. Bob is the managing partner of The Andringa Group (www.TheAndringaGroup.com) and the former president of the Council for Christian Colleges & Universities. Fred is a former partner with PricewaterhouseCoopers. The book, published by the American Management Association in August 2007 notes that this BPM, and other supplemental material from the book is available online at: www.amacombooks.org/go/goodgovnonprofits.

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John Pearson
John Pearson Associates, Inc.
John@JohnPearsonAssociates.com

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