

Havasu Community Health Foundation

Responsibility of the Non-Profit Board of Directors and the Executive Director

Reviewed by the HCHF Board 9.19.2019

The Havasu Community Health Foundation understands that one of the fastest ways to destroy a nonprofit is for board members and staff members to start confusing their roles and stepping on one another's toes.

The old saying that boards govern and staff manage are good guidelines, but they aren't sufficiently detailed. It's generally understood that the Board provides strategic advice and counsel to management and plays an oversight role; however, directors should not interfere in the organization's day to day business. Running the day to day business is the purview of the Executive Director, who may also be referred to as the CEO, President, Principal, etc. Staff report to the chief executive. Often, tension arises because the line between governance and management isn't always clear.

Governance

A nonprofit's Board of Directors handles:

- selecting and evaluating the Executive Director;
- setting compensation for the Executive Director;
- approving the annual budget;
- approving long-term strategic plans;
- amending governing documents;
- overseeing financial and legal compliance;
- ensuring the organization has sufficient resources; and
- selecting their replacements.

The Board is permitted to delegate some tasks to committees, staff, and qualified professionals; however, the Board cannot delegate oversight. The Board must remain in the loop regarding the progress of delegated tasks.

Boards have many tools at their disposal to ensure they have the information they need to govern. Specifically, the Board can approve the strategic plan, formulate organizational goals, set budgets, implement policies. The Board should receive regular reports from staff, committees, and others to whom various tasks have been delegated to monitor progress toward organizational objectives and compliance with their policies. Further, the Board should carefully review financial reports, Form 990s, financial statements, satisfaction surveys, and other indicia of performance to evaluate the organization's programs and financial well-being.

From time to time, nonprofit scandals are reported in the news and such reports can make Board members nervous about their role and potential liability. Such fears can motivate Board members

to cross the line into management, undermining the Executive Director's ability to lead and disrupting the organization's operations. A better approach is to show up to meetings, read the materials beforehand, and ask probing questions. If the answers are not satisfactory, then it may be time to dig deeper. Finally, it's important for directors to understand the Board must always act as a group according to its governing documents. No one director, not even the chair, has the authority to make unilateral decisions on behalf of the Board.

Management

Once the Board has adopted clear policies, procedures, budgets and strategic plans that give the Executive Director clear direction, the Executive Director's focus should be on implementing the strategic plan within those limits.

Further, the Executive Director can help the Board focus on the big picture and avoid delving into minutia by not asking the Board to approve management decisions at the Board level. Often, an Executive Director with an "ask permission" attitude is merely inviting micromanagement. A better approach is to make decisions within the perimeters of the strategic plan, budget, policies, and procedures and ask forgiveness if certain board members are unhappy with the decision.

For the Board/Executive Director relationship to be effective, both parties must understand and respect their role. Clear expectations for the Board and the directors need to be established and maintained because a board that excessively involves itself in management can inhibit the organization's effectiveness. However, it is often true that in smaller nonprofits with limited staff positions or experience, Board members may, out of necessity, perform more tasks typically associated with management.

[Ellis Carter](#) is a nonprofit lawyer licensed to practice in Washington and Arizona. Ellis advises tax-exempt clients on federal tax matters nationwide.

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