

*Sample Template*

**BOARD POLICIES MANUAL (BPM)**

for

**“ABC Nonprofit”**

**When Customizing This Template for your Ministry or Church . . .**

…please note that the helpful Board Policies Manual template from Fred Laughlin and Bob Andringa is written for “ABC Nonprofit.”

While *Good Governance for Nonprofits* is not written specifically for faith-based organizations, the recommended template can be easily adapted and customized so a faith-based organization’s values and theology can be incorporated into the BPM. (*Example*: see how ECFA’s board has added a “preamble” to their BPM.)

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

by Fredric L. Laughlin
and Robert C. Andringa

**Attn: Church Boards**

Leverage the practicality of this helpful template—but also customize it for your church’s unique polity or denominational affiliation.

For example, you may want to replace “CEO” with “senior pastor.”

*Note:* The Board of Directors of ECFA has customized this Board Policies Manual (BPM) for its unique use. The board added this “preamble” statement to articulate the faith values and distinctives as an evangelical Christian organization. Your board may also find value in writing a preamble for your BPM.

**ECFA**

**Board Policies Manual (BPM)**

**PREAMBLE**

ECFA is an evangelical Christian organization and its survival and vitality depends in large measure on how the board members guard these faith values and integrate Christianity into the work of ECFA. As a result of being an evangelical Christian organization, ECFA’s board is distinct from other nonprofit boards in four ways:

1. **Common evangelical Christian faith.** The board members of ECFA are all mature Christians following Jesus Christ. These are people involved in prayerful intercession and act in faith and in integrity in all they do in their personal and professional lives.
2. **Statement of evangelical Christian faith.** ECFA has a written Statement of Faith and interpretations of Biblical truths in the Commentary of ECFA Standard 1 which board members affirm and to which member organizations agree. These faith commitments provide the values and theological framework for all decisions made by the board.
3. **Christian worldview.** As a result of the board members’ common Christian faith and the organization’s written Statement of Faith, the board seeks to operate from a Christian worldview. This means that board members acknowledge God as the creator and sustainer of life and that God’s eternal kingdom is the ultimate purpose of our existence. The focus of ECFA, therefore, is to seek the Great Commission and its accomplishment as outlined in the Bible.
4. **Accountable to God as stewards.** As a result of the above three assumptions, ECFA and its board members are accountable to God who provides the moral authority for all that is done. With this understanding that God owns all, board members serve as stewards of God’s creation and are accountable to God. The board members’ actions, plans, and policies are ultimately responsible for reflecting God’s will for the organization. Board members should remember that Jesus Christ is our possessor and our dispossessor. He ordains, sustains, and blesses ECFA. The organization belongs entirely to God. Prayerful deliberation then becomes the norm and not the exception.

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

**Board Policies Manual (BPM)**

ABC Nonprofit

*NOTE TO READERS:* This template has been edited several times in minor ways since our 2007 book on this topic, *Good Governance for Nonprofits: Developing Principles and Policies for an Effective Board*. Many boards have successfully started with that book and/or this updated template to develop their own BPM. A 6-page training tool on a BPM (and other good practices) can be found at this website: [*www.TheAndringaGroup.com.*](http://www.TheAndringaGroup.com.)

## **Part 1: Introduction and Administration**

This Board Policies Manual (BPM) contains all of the current standing (on-going) policies adopted by the board of (insert name of organization) since the initial approval on [insert date of the board meeting when parts or the whole BPM were first approved].

* 1. **Reasons for Adoption.** Our reasons for adopting this BPM include:
		+ Efficiency of having organized all on-going board policies in one place
		+ Ability to quickly orient and educate new board members and key staff about current policies
		+ Elimination of redundant, or conflicting, policies over time
		+ Ease of reviewing current policy while simultaneously considering new issues
		+ Opportunity to guide the Chief Executive, senior staff, and new board members through clear, pro-active policies
		+ A modelled approach to governance that other organizations might utilize
	2. **Consistency.** Each policy in this document is expected to be consistent with the law, the Articles of Incorporation, and Bylaws, all of which have precedence over these board policies. Except for time- limited or procedural-only board decisions (approve minutes, elect an officer, etc.), which are recorded in regular board minutes, all standing policies should be included or referred in this document. Our board does not expect perfection in implementing these aspirational good practices. We do desire to advance the performance of the board and staff by constant improvement of and adherence to these policies. The CEO is responsible for developing organizational and administrative policies and procedures not inconsistent with this BPM.
	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 policies* that might be found in old minutes or any compilation of board policies over the years, unless a prior board resolution or contract obligates the organization to a specific matter. If any actual or apparent conflict arises between the BPM and other policies or board resolutions, the Chair should resolve the matter, or the entire board as may be appropriate.
	4. **Changes.** These policies are meant to be reviewed continuously and are frequently revised and refined to reflect new wisdom. The CEO helps the board formulate new language in the BPM by distributing proposed changes in advance. We will use software that shows all changes, allowing readers to review documents easily, or, when it is recommend that certain language be deleted, it is shown in strike-through format while proposed new language is underlined. Each numbered paragraph with a proposed change will be preceded by the # sign in order to help readers quickly locate these changes. Any final change to this BPM must be approved by the full board. Any board member, as well as the CEO, may submit proposed changes. In most cases, proposed changes will be referred to and reviewed by an appropriate committee before being presented to the board for action. Whenever changes are adopted, a new document displaying these changes should be dated and quickly made available to the board and key staff. The previous version should be kept on a disk for future reference if needed.
	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 stated 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.
	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 parts:

|  |  |  |  |
| --- | --- | --- | --- |
| **PART** | **PART/CHAPTERS** | **OVERSIGHT COMMITTEE** | **IMPLEMENTATION AUTHORITY** |
| **1** | Introduction | Governance Committee | CEO |
| **2** | Organization Essentials | Full board | CEO |
| **3** | Board Structure & Processes | Governance Committee | Chair |
| **4** | Board-Staff Relationship | Executive Committee | Chair/CEO |
| **5** | Executive Parameters |  |  |
| **SECTION** |  |  |  |
| **5** | Finance Parameters | Finance Committee | CEO |
| **6** | Program Parameters | Programs Committee | CEO |
| **7** | Advancement Parameters | Advancement Committee | CEO |
| **8** | Audit and Compliance | Audit & Compliance Committee | CEO |
| **9** | Miscellaneous | Any Committee |  |
|  |  |  |  |

* 1. **Maintenance of Policies.** The Secretary should ensure that staff members record and publish all standing policies correctly. The CEO or the CEO’s designee should 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, and listed at the end for easy tracking, will be provided to board members in digital format for their own hard drives, or kept in an online board website.
	2. **Context of Other Policies.** This BPM fits into this hierarchy of policies within which *authority flows down* and *accountability flows up*.

|  |
| --- |
| **1.** Laws and Applicable Regulations |
| **2.** Parent Organization, Accreditation Requirements, etc. |
| **3.** Articles of Incorporation |
| **4.** Bylaws |
| **5.** Board Policies Manual |
| **6.** CEO-approved Organizational Policies |
| **7.** Policies Set by Managers Under the CEO |

## **Part 2: Organization Essentials**

* 1. Our **vision** is …
	2. Our **mission** is …
	3. The **values** that guide all we do are . . .
	4. The **moral owners** to whom the board feels accountable are … (e.g.: members, alumni, donors, taxpayers)
	5. The primary **beneficiaries** of our services are . . .
	6. The major general **functions**, and the approximate percentage of total effort that is expected to be devoted to each are . . .
	7. The primary **strategies** by which we will fulfill our mission include …
	8. The major S.M.A.R.T. (specific, measurable, achievable, realistic, time-related) organizational **goals** and monitoring indicators for the next three years are . . .
	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 [insert a date] each year (See Exhibit 1 for latest copy of the Strategic Plan).

## **Part 3: Board Structure and Processes**

* 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 whatever discipline is needed to govern with excellence. Discipline may apply to matters such as attendance, respect of clarified roles, maintaining confidentialities, leaving questions regarding organizational activities and issues to the CEO, speaking to management and the public with one voice, and the self-policing of tendencies to stray from the governance structure and process adopted in these board policies.

3.1.2 Enforce upon itself whatever discipline is needed to govern with excellence. Discipline may apply to matters such as attendance, respect of clarified roles, maintaining confidentialities, leaving questions regarding organizational activities and issues to the CEO, speaking to management and the public with one voice, and the self-policing of tendencies to stray from the governance structure and process adopted in these board policies.

3.1.3 Monitor and regularly discuss the board’s own process and performance, seeking to ensure the continuity of its governance functions by the 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.

* 1. **Board Job Description.** The job of the board is to lead the organization toward desired performance and help ensure that it 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 will endeavor to:

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 continuously improve all on-going 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 (including help as volunteers in fundraising).

3.2.7 Require periodic financial, legal, and other external audits to ensure compliance with the law and good practices.

3.2.8 Evaluate and constantly improve the board’s performance as the governing board, and set expectations for board members’ involvement as volunteers.

* 1. **Criteria.** In nominating members for the board, the board Governance Committee will be guided by the board-approved profile. (See Addendum A).
	2. **Orientation.** Prior to election, each nominee will 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 additional comprehensive orientation material and training.
	3. **Chair’s Role.** The job of the Chair is, primarily, to maintain the integrity of the board’s process. The Chair “manages the board.” The Chair is the only board member authorized to speak for the board, with the exception of certain rare and specifically board-authorized instances.

The Chair ensures that the board’s behavior is consistent with its own rules, and those legitimately imposed upon it from outside the organizations. The content of meeting discussions will focus on those issues that, according to board policy, clearly belong to the board to decide.

The Chair’s authority consists only of making decisions on behalf of the board that fall within, and are consistent with, any reasonable interpretation of board policies in Parts III and IV of this BPM. The Chair has no authority to make decisions beyond policies created by the board. Therefore, the Chair also has no authority to supervise or direct the CEO’s work, but is instead expected to maintain close communication, offer advice, and provide encouragement to the CEO and staff on behalf of the board.

* 1. **Board Meetings.** Board events will often include time for guest presenters, interaction with staff and beneficiaries, board training, committee meetings, social activities, and plenary business sessions. Policies that are intended to improve the process for planning and running meetings are as follows:

3.6.1. The schedule for board meetings will, ideally, be set two years in advance.

3.6.2. The CEO will work with the Chair and 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, etc. should be mailed (or emailed) to all board members approximately two weeks prior to board meetings, or be placed on the board’s website.

3.6.3 Minutes and the updated BPM should be sent to board members within X days of board meetings (or be placed on the board’s website).

3.6.4 Regular board meetings will normally be held times a year in the months of , , and , preceded by a reminder notice approximately days in advance of the meeting date. The meeting normally will include a review of the planning and budgeting for the upcoming year. The meeting normally will 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 not in the Bylaws, define that process here].

3.6.5 The Governance Committee is expected to prepare a meeting evaluation survey for completion by each board member who attends the board meeting. The completed surveys will be reviewed, analyzed, and summarized by the Governance Committee, which will then report the results of the meeting evaluation to the board members within two weeks after that meeting.

* 1. **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 for the purpose of advising or exercising authority over staff. Once the board creates committees, the board Chair will 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 will assign one senior staff to assist with the work of each committee.

3.7.1 **Governance Committee.** This committee recommends 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 contributions 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 nominate all board members and officers.

3.7.2 **Finance Committee.** This committee develops and recommends to the board those financial policies, plans, and courses of action that provide for mission accomplishment and organizational financial well-being. Consistent with this responsibility, it reviews the annual budget, and submits it to the board for its approval. In addition, the committee makes policy recommendations with regard to the levels 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 this BPM that the committee determines will aid in effective financial management.

3.7.3 **Audit and Compliance Committee.** This committee oversees the organization’s internal accounting controls; recommends external auditors for board approval; reviews the external auditors’ annual audit plan; and reviews the annual report, management letter, and the results of the external audit. The committee, or its delegate, should have an annual private conversation with the auditor, and, as appropriate, legal counsel, all of whom may be contacted by the committee chair directly. In addition, the committee provides oversight of regulatory compliance, policies and practices regarding corporate responsibility, and ethics and business conduct-related activities, including compliance with Federal, state, and local laws governing tax-exempt entities. The committee oversees written conflict of interest policies and procedures of directors and officers and staff.

3.7.4 **Advancement Committee.** This committee studies and recommends 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 studies and recommends board-level policies relating to programs and services of the organization.

3.7.6 **Executive Committee.** This committee includes the Chair, other officers, and the chairs of the other committees in Section 3.7. Except for the actions enumerated below, it has authority to act for the board regarding all matters, so long as the Executive Committee determines that it would be imprudent to wait for the next board meeting to take such actions. 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 may ratify the action at the next board meeting.

The Executive Committee is not authorized to make decisions with respect to the following matters: (Note: many State statutes enumerate limitations on committees as well, so it would be wise to check.)

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 the board determines must be changed only by the board.

3.7.7 [Other Committees and their areas of responsibility as determined by board]

* 1. **Advisory Groups, Councils, and Task Forces.** To increase its knowledge base and depth of available expertise, the board supports the utilization 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 should notify the board of the 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 and/or task forces that are currently active:

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

* 1. **Board Members’ Code of Conduct.** The board expects ethical and businesslike conduct of itself and its members. Board members must represent unconflicted loyalty to the interests of the entire organization, superseding any conflicting loyalty such as those to family members, a business, advocacy or interest groups and membership on other boards or staffs. Board members must avoid any conflict of interest with respect to their fiduciary responsibility. There must be no self-dealing or any conduct of private business or personal services between any board member and the organization except as procedurally controlled where openness is assured, there exists competitive opportunity, and there exists 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 personal performance objectives.

Each board member is expected to complete and sign an Annual Affirmation and Conflict of Interest Statement (See Addendum B), which covers, inter alia, board conflicts of interest that are in accordance with the laws of [the State] governing not-for-profit organizations, and other expectations of board members.

* 1. **Board Finances.** Every board member is expected to be a donor of record in the first quarter of each calendar year. Expenses incurred to fulfill board activities normally can qualify as individual tax deductions; however, any board member may submit for reimbursement any expenses incurred in order to attend board or committee meetings.

## **Part 4: Board – CEO/Staff Relationship**

* 1. **Delegation to the Chief Executive (CEO).** While the board job is generally confined to establishing high-level policies, implementation and subsidiary policy development is 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 Organizational Essentials policies (Part II) direct the CEO to achieve certain results. Executive Parameters policies (Part V) 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 laws and regulations and 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 boundaries 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 CEO 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 time and/or expense for the study of an issue, no board member, officer, or committee has authority over the CEO or the CEO’s employees. Only officers or committee chairs may request information, but if such request—in the CEO’s judgment—requires a material amount of staff time or funds or is disruptive, it may be refused until the Chair determines that the work is critical for board operations and should be completed.

* 1. **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 in Part V.
	2. **Communications and Counsel to the Board.** With respect to providing information and counsel to the board, the CEO is expected to keep the board informed about matters essential to carrying out its policy duties. Accordingly, *the CEO is expected to*:

4.3.1 Inform the board of relevant trends, anticipated adverse media coverage, 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 formats 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 modifications to this BPM for the future.

* 1. 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, including changes to this BPM.

4.4.3 **CEO Reports:** The CEO is expected to help the board determine what tracking data are suitable for measuring progress/outcomes in order to achieve the mission and other goals, and to comply 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, board notices, etc.

4.4.3.2 **Quarterly:** (A) One or two-page “dashboard” report showing agreed upon key indicators that track designated financial and program outcomes over a three-year period in graphic form; (B) Other summary reports as the board may define in this BPM.

4.4.3.3 **Semi-Annually:** (A) Expense and revenue against budget report with comparison to previous year; (B) Balance sheet; (C) Cash flow projections; (D) statistics.

4.4.3.4 **Annual:** Within 45 days of the end of the fiscal year, with respect to that 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.

* 1. **Annual Performance Review.** A performance evaluation task force, comprising the board Chair, Vice Chair, and the Chair of the Governance Committee, is expected to oversee a formal evaluation of the CEO annually, focused on achievement of organizational goals, and on any other specific goals the board and CEO have agreed upon in advance, as well as the CEO’s own written self-evaluation along with invited comments from all board members after they have viewed the self-evaluation. The Chair will typically 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 regarding 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 should be documented in a letter to the CEO from the board Chair, and will become the primary basis for assessing the CEO’s performance at the end of the next year. At least every three years, the task force may consider inviting other input in a carefully planned “360” review, including feedback from staff, peers in our sector, and individuals outside the organization who have interacted with the CEO.

* 1. **Staff Compensation.** The CEO is expected to hire, train, motivate, compensate, and terminate staff in a professional and caring fashion. Salaries will be set within between X% and Y% of the mean for salaries of organizations of similar size, budget, and location according to well-respected and relevant survey data. Benefits will include. . . . The CEO is expected to (A) develop and maintain an employee manual that is reviewed periodically by competent legal counsel, and (B) provide copies to the board for information around April 1 of each year.
	2. **Staff Treatment.** With respect to treatment of paid and volunteer staff, the CEO should build a climate of trust, and determine policies based on competent legal counsel.
	3. **CEO Transitions.** At any time, the Chair may appoint a succession/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 should give the board, if possible, a \_\_\_\_\_\_ -month notice of intent to leave that office. Any need for an acting or interim CEO will be considered and determined by the board. At this time, the board designates \_\_\_\_\_\_\_\_\_\_\_\_ to serve in an Acting CEO role whenever there is an immediate need. 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 \_\_\_\_\_\_ people not on the board, including \_\_\_\_\_\_\_\_\_. The committee is expected, within 30 days of its appointment, to recommend a position announcement for board approval, a recommendation on any search consultant, the appointment of a search secretary, and a budget for the search. The search committee should present one or two qualified candidates to the full board for selection. A special task force appointed by the Chair will, at the time of selection, negotiate the new CEO’s compensation and service agreement, and give both the incumbent and 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.
	4. **Accessing Board Documents.** The CEO is expected to develop and maintain a system that makes all key board documents accessible at any time by any board member. Initially, this could be a system whereby every board member would create 6-10 “folders” on a home computer hard drive, into which various documents are kept. A Board Reference Book may be maintained with all pertinent documents to which board members might wish to refer during board and committee meetings (e.g., Articles, Bylaws, organization chart, recent minutes, committee roster, list of key volunteers and consultants, board documents referenced in this BPM, etc.) . . . unless the better alternative of a secure website can be developed for such documents. When and if such a website is created, the CEO is expected to notify board members whenever key new information is posted to.

## **Part 5 – Executive Parameters**

The purpose of Part 5 (with its several sections) is to detail those Executive Parameters that will guide the CEO and the staff as they work to accomplish the mission. These parameters are intended to free the CEO and staff to make timely decisions without undue board directives. For convenience, we have numbered the major sections below according to the primary functions of our organization and our committee structure, understanding that we may choose to add, merge or delete such sections in the future.

Overall, the board expects that the CEO will do nothing that is illegal, unethical, or imprudent. Beyond that, the board details its Executive Parameters in the following sections.

## **Section 5. Finance Parameters**

* 1. **Finance General.** 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 non-financial assets are appropriately protected.
	2. **Financial Controls.** The CEO must exercise care in the accounting for and protecting of the financial assets of the organization. To the end, the CEO is expected to follow generally accepted principles of accounting and internal controls in the financial systems present within the organization. In addition, the CEO may not:

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

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

5.2.3 Approve an unbudgeted expenditure or commitment of $ without approval of the Finance Committee.

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

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

5.3.2 Allow non-bonded personnel access to material amounts of funds.

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

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

5.3.5 Make any major purchase of over $\_\_\_\_\_\_\_ without sealed bids or other demonstrably prudent acquisition of quality goods, or any purchase of over $ without written record of competitive prices, or any purchase wherein normally prudent protection has not been given against conflict of interest.

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

* 1. **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 ease in operational transactions.

## **Section 6. Program Parameters**

In general, the CEO is expected to establish, maintain, and eliminate programs and services as will best achieve the mission and goals in the most effective and efficient manner.

* 1. New programs should be projected to serve at least \_\_\_\_\_\_ people.
	2. New programs with an expected budget exceeding $\_\_\_\_\_\_ must be approved by the board. Those programs now approved include: [fill in]
	3. Programs with costs of more than $\_\_\_\_\_\_ should be assessed for effectiveness by an outside evaluator at least every \_\_\_\_\_\_ years, with a written report made available to the board.
	4. Any program executed in partnership with another organization should be \_\_\_\_\_\_.

## **Section 7. Advancement Parameters**

The various efforts to represent the organization to the public (media, public relations, fundraising, new member recruitment, etc.) are expected to be integrated sufficiently so that the organization’s brand/position in the external world is positive and effective.

* 1. **Fundraising Strategy.** The CEO is expected to develop and maintain a fundraising plan that, at a minimum, includes direct mail, major donor initiatives, planned giving, and web based giving. Such plan should be provided to board members for review each March, along with results for each initiative. Total direct and indirect expenses for fundraising are not expected to exceed % of the total budget.
	2. **Donor Bill of Rights.** The CEO is expected to develop and provide for board review the latest version of a Donor Bill of Rights which should 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 an enforceable restriction from a donor; or fail to confirm receipt of a donor’s contribution and send him/her an annual summary of donations. The CEO is expected also to ensure that we attempt to honor donors’ requests and statements of desire so long as applicable circumstances allow, provided that those donors are adequately informed that their requests and statements of desire do not ordinarily constitute binding obligations on the organization, and that the organization retains ultimate discretion and control over use of their non-designated donations. (See Exhibit X.)
	3. **Training.** The CEO should provide for periodic board and staff training in new fundraising techniques and budget for such expenses.
	4. **Public Affairs.** The CEO is expected to exercise care in representing that we are a charitable, mission-centered, listening organization, and develop policies and procedures for communicating with primary stakeholders and the public at large in a way that reinforces that image.
	5. **Communications Plan.** The CEO is expected to 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 should identify the stakeholder segments, and how the organization will both speak and listen to each segment.
	6. **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 the only spokesperson for the board. None of the spokespersons may represent the organization in any way inconsistent with the policies in Part II of this BPM; make statements that may be perceived as supporting a political party or platform; author 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.

## **Section 8. Audit and Compliance**

The CEO is expected to take the necessary steps to ensure that the integrity of our systems and procedures comply with all pertinent legal, regulatory, and professional requirements, and to report to the board any material variations or violations.

* 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 will work with the auditor in order to gain a clean opinion of 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.
	2. **Internal Compliance.** The CEO is expected to meet all requirements for complying with federal, state, or local laws and regulations. The CEO should maintain a list of compliance actions and reports that are required of nonprofit organizations, or recommended by the IRS as reflected in questions contained in the Form 990 report, and periodically submit the list for inspection by the Audit and Compliance Committee. The CEO is encouraged to contract with competent legal counsel every \_\_\_\_\_\_\_ years to compare our policies, procedures and contracts with pertinent laws and regulations to ensure we remain in essential compliance. Reports of such reviews must be made available to the Audit and Compliance Committee who, in turn, will report to the board on the overall status of the organization with respect to compliance matters.

## **Section 9. Miscellaneous**

**9.1** [available for policies that do not fit naturally in other chapters]

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BPM Addendums (Board documents referenced in this BPM) are:

|  |  |  |  |
| --- | --- | --- | --- |
| **#** | **BPM Ref.** | **Title** | **Status** |
| **A** | 3.3 | Board Profile |  |
| **B** | 3.9 | Conflict of Interest/Annual Affirmation |  |
| **C** |  |  |  |

BPM Exhibits (CEO/Organization documents referenced in this BPM are:

|  |  |  |  |
| --- | --- | --- | --- |
| **#** | **BPM Ref.** | **Title** | **Status** |
| **1** | 2.9 | Strategic Plan |  |
| **2** |  |  |  |
|  |  |  |  |

Any questions about this Board Policies Manual should be directed to: \_\_\_\_\_\_\_\_\_\_\_ [often the executive assistant to the CEO, who updates the BPM immediately following each board meeting and distributes it to all who should have it].

### **Special Note to ECFA-Accredited Organizations and ECFA-Certified Churches:**

Separate from the Board Policies Manual (BPM) provided by Laughlin and Andringa, ECFA members will want to note the following suggested edits, additions, and commentary regarding several sections in the BPM:

|  |  |  |
| --- | --- | --- |
| **Section** | **Title** | **ECFA Comment** |
| 3.7 | Standing Committees | While this BPM lists several suggested standing committees (Finance Committee, Audit and Compliance Committee, etc.), some boards find it prudent to combine several committee functions (Example: Finance & Audit Committee, etc.). |
| 3.09 | Board Members’ Code of Conduct | ECFA’s Board of Directors has edited this section to read as follows:ECFA desires to be an exemplary organization that demonstrates best practices in the nonprofit world. An important part of this example setting starts with the quality and commitment of individual ECFA board members. Board members assume ultimate legal, moral and spiritual accountability for the work of ECFA. Individual board members are committed to and have a passion (both on a personal and professional level) for the doctrinal distinctives of the evangelical faith. As a result, all that board members do is carried out through the lens of the Christian worldview, and they realize that they are ultimately accountable to God. The board responsibilities are incorporated as Appendix B to this BPM.Each board member is expected to complete and annually sign an Affirmation of Service (Appendix C). At the beginning of each board meeting, each board member is expected to sign a Covenant of Confidentiality (Appendix D). |
| 5 | Finance Parameters | The president 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. |
| 6 | Program Parameters | In general, the president 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. |