Understanding Board Responsibilities and Duties

A Self-Study Training
Understanding Board Responsibilities and Duties

Thank you for your interest in this self-guided training activity designed to help you better understand your responsibilities and duties as you serve on the organization’s Board of Directors. Your volunteer service is appreciated, and makes our community a better place to live, work, and play for everyone.

To successfully complete this training, and to receive credit for completing the training, you must complete all of the questions and puzzles in this booklet, and return it at a future meeting of the Board of Directors.

Your Name:__________________________________________

Date Completed:_________________________

Communication

The Board of Directors should be viewed as a team. It functions as one collective body rather than as individuals. The chairperson of the Board of Directors is the leader of the team, and works with the chief executive to provide the Board team with information and involvement. The Board chairperson and the Executive Director should be where the communication between the board and staff intersect.
Part I: Board Responsibilities

The Board of Directors is legally and fiscally responsible for the organization. Your responsibilities as a Director include the following:

A. Determine the overall mission of the organization.
B. Engage in the strategic planning process.
C. Establish fiscal and personnel policies.
D. Ensure the organization has the financial resources to carry out its mission.
E. Perform oversight duties to the best of your ability by reviewing reports and board materials.
F. Select and, if necessary, terminate the Executive Director.
G. Participate in the annual evaluation (including setting the compensation) for the Executive Director.
H. Avoid involvement in the daily operations of the organization.
I. Evaluate program performance by comparing planned outcomes to actual results.
J. Actively participate in the meetings of the Board of Directors and in all decision making.
K. Prepare in advance for all meetings, by reading materials.
L. Participate in training opportunities to develop your skills and knowledge as a Director.
Board Meetings should be regular and engaging. You should be provided with an agenda and supporting materials several days before the meeting, so you can properly prepare. The materials should include both financial and program reports, and should provide an accurate portrayal of the organization’s performance. You should feel free to speak up during the meeting at the appropriate time. The chairperson will ask if anyone has any questions or if there is further discussion for each agenda item. If you do not understand something, or are concerned about an issue, you should ask for clarification.

Test Your Knowledge

The Board of Directors should avoid involvement in the daily operations of the organization.

○ True
○ False

Which of the following is NOT a responsibility of the Board of Directors?

○ A. Compared planned outcomes to actual results.
○ B. Ask for clarification if you do not understand something.
○ C. Directly answer all questions received from any employee.
○ D. Establish fiscal and personnel policies.
Part II: Board Duties

The Board of Directors must be aware of, and comply with, three legal and fiduciary duties related to their work.

A. **Duty of Care**: Duty of Care means carrying out your responsibilities of oversight and decision making in good faith, with diligence and attention. You can demonstrate Duty of Care by attending Board meetings regularly, participating in discussions, reading the Board packets prior to the meeting, reviewing financial reports, learning more about the organization, and questioning anything that may be unclear.

B. **Duty of Loyalty**: In the role of Director, you are required to put the interests of the organization above your own interests in matters that come before the Board of Directors. It is important to realize that conflicts of interest are managed rather than entirely avoided, as it is not always practical to totally avoid conflicts of interest. A conflict of interest can occur when a Director or a member of his or her family has a potential or perceived financial interest in business related to the organization. All Directors are required to complete a written disclosure detailing areas where real or perceived conflicts might occur. Additionally, the organization has a written policy that requires you to disclose any potential conflict of interest in any matter coming before the Board of Directors, and to refrain from participating in Board discussion or action regarding that issue.

C. **Duty of Obedience**: You can meet the Duty of Obedience by carrying out the mission of the organization, complying with all federal and state laws, reviewing grant applications prior to submission, reviewing reports of monitoring visits from funders and regulators, reviewing the agency’s financial audit report, and by complying with the organization’s bylaws and other governing documents.
Test Your Knowledge

If you believe you have a possible conflict of interest between your role as a Director and your paid job, but you are not sure, what should you do?

- Pay attention to the situation, and continue to monitor it, but do not report it until you are certain it is a conflict.
- Report it to the Chairperson of the Board of Directors immediately.
- Don’t say anything, because it is up to the Board Chairperson to monitor conflicts of interest.
- Unfortunately I would have to resign from the Board of Directors immediately.

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<tr>
<th>Duty of Care</th>
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Place the letter of each task below into the correct area of Board Duties on the chart above. There are two tasks for each area, and one has been completed for you.

A. Comply will all federal and state laws and regulations.
B. Attend Board meetings regularly
C. Comply with the organization’s bylaws.
D. Complete an annual disclosure of all real or potential conflicts of interest.
E. Read the Board packets prior to the meeting.
F. Disclose any potential conflicts of interest as they arise.
Part III: Head Start Responsibilities

The Board of Directors is legally and fiscally responsible for independent and informed governance of the Head Start program, including the responsibilities of following all laws and regulations, safeguarding federal funds, and these additional responsibilities:

A. Participate in the development, planning, and evaluation of the program, including participation in the self assessment, and reviewing monitoring reports (and overseeing corrective action, if any).

B. Establish procedures and criteria for the recruitment, selection, and enrollment of children.

C. Review and approve major policies of the organization, including personnel policies relating to the hiring, evaluation, and termination, and compensation of employees.

D. Assume responsibility for the following fiscal areas:
   1. Select a financial auditor
   2. Receive and review the annual financial audit, and address any findings or financial policy concerns.
   3. Approval financial policies and all major purchases.
   4. Approve the annual operating budget.
   5. Review grant applications and amendments.

E. Develop procedures for the selection of Policy Council members.

F. Establish and periodically update written standards of conduct that include a conflict of interest policy, and how complaints will be investigated and addressed.

G. Comply with all conflict of interest policies, including reporting any potential conflict of interest, agreeing to not be compensated by the organization for any work, and not being employed by the organization, or having any immediate members of your household employed by the organization.
Head Start Responsibilities Crossword
Please complete this required puzzle.

Across
2. The Board of Directors establishes the _____ for the recruitment, selection, and enrollment of children.
5. The Board of Directors must review and approve _____ applications prior to submission.

Down
1. The Board of Directors selects the financial _______.
2. The organization must have a written standards of _______ that includes a conflict of interest policy and a complaint policy.
3. As a Director, you must comply with the Conflict of Interest policy, which includes a provision that you and members of your household cannot be ______ by the organization.
4. The Board of Directors is legally and _______ responsible.
The Head Start Act requires program staff to compile and share specific reports with the Board of Directors and the Head Start Policy Council so you can effectively carry out your duties and responsibilities of overseeing the program. The specific reports you must receive are:

A. Monthly financial statements, including credit card expenditures.
B. Monthly program information summaries.
C. Program enrollment reports, including attendance reports for children whose care is partially subsidized by another public agency.
D. Monthly reports of meals and snacks provided through programs of the Department of Agriculture.
E. The annual financial audit report.
F. The annual Self-Assessment, including any findings related to such assessment.
G. The community-wide strategic planning and needs assessment, including any updates.
H. Communication and guidance from the Secretary of the Office of Head Start.

**Test Your Knowledge**

When should you, as a Director, receive financial statements and reports of credit card expenditures? Choose the one best answer.

- A. At each meeting.
- B. Only at the end of each grant period.
- C. Every month, even if there is no Board meeting.
- D. This is not required.
Part IV: Board Structure

The Board of Directors of a Community Action organization that operates a Head Start Program must meet two separate sets of requirements regarding Board structure. The Board must simultaneously meet both sets of requirements.

A. Community Action Requirements: The Community Services Block Grant (CSBG) is the core funding for a Community Action organization. CSBG mandates a tripartite Board of Directors structure, with one-third of the Directors elected from residents eligible to receive services, one-third elected or appointed public officials, and one-third from the private community sector.

B. Head Start Requirements: The Head Start Act requires the inclusion of Directors who meet the categories below.*

1. At least one member with a background and expertise in fiscal management or accounting.
2. At least one member with a background and expertise in early childhood education.
3. At least one member who is a licensed attorney.
4. Additional members must reflect the community and include parents of children who are or were enrolled in the Head Start programs, and members who are selected for their expertise in education, business administration, or community affairs.

* Exceptions may be made in cases when Directors hold their position through public election or political appointment.

* If the organization cannot find a Director who fulfills one or more of these categories, the organization can directly utilize a consultant to the Board of Directors.
Test Your Knowledge

For each of the people listed below on the left, draw a line to the correct tripartite board segment they represent on the right.

Bobette
is a pediatrician with the local health department.

Orma
is a member of the County Board of Supervisors.

Hank
was elected to the Board by the service recipients in his county.

Public Officials

Residents

Private Sector

The roster of the Board of Directors for a program operating Head Start must include:

- A. A licensed attorney.
- B. An expert in early childhood education.
- C. Someone with a background in fiscal management.
- D. A current or former parent of an enrolled child.
- E. All of the above.
Thank you for completing this self-directed study.

Please return your completed booklet at the next meeting of the Board of Directors to receive credit for the training.

This training was developed based on the Iowa Principles and Practices for Charitable Nonprofit Excellence (Revised, 2011, developed by the Iowa Governor’s Nonprofit Task Force, and published by the University of Iowa), Office of Community Services CSBG IM#82, the Head Start Act of 2007, and the Iowa Code Chapter 504. Images are from freeclipart.org.

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