Principles of Good Governance
Good governance is the responsibility of each and every board member!

Legal Compliance and Public Disclosure
Every board must:

- ✓ Have formally adopted, conflict of interest, whistle blower and document destruction policies with which all of its directors or trustees, staff and volunteers are familiar and to which they adhere.
- ✓ Comply with all applicable federal, state and local laws and regulations. The 990 form must be reviewed by the full board before being submitted to the IRS.
- ✓ Ensure that the organization has adequate plans to protect its assets and its integrity and reputation—against damage or loss. The board should review regularly the organization's need for general liability and directors' and officers' liability insurance.
- ✓ Make information about its operations, including its governance, finances, programs, and activities, widely available to the public.

Effective Governance
Every board must:

- ✓ Have a governing body that is responsible for reviewing and approving the organization's mission and strategic direction, annual budget and key financial transactions, compensation practices and policies, and fiscal and governance policies.
- ✓ Include members with the diverse background (including, but not limited to, ethnic, racial, and gender perspectives), experience, and organizational and financial skills necessary to advance the organization's mission.
- ✓ Hire, oversee, and annually evaluate the performance of the chief executive officer of the organization, and should conduct such an evaluation prior to any change in that officer's compensation.
- ✓ Evaluate their performance as a group and as individuals no less frequently than every three years, and should have clear procedures for recruitment, orientation and removal of board members.
- ✓ Establish clear policies and procedures setting the length of terms and the number of consecutive terms a board member may serve.

Strong Financial Oversight
Every Board must:

- ✓ Keep complete, current, and accurate financial records. The board should also receive and review timely reports of the organization's financial activities and have a qualified, independent financial expert audit or review these statements annually in a manner appropriate to the organization's size and scale of operations.
- ✓ Institute policies and procedures to ensure that the organization manages and invests its funds responsibly, in accordance with all legal requirements. The full board must also review and approve the organization's annual budget and should monitor actual performance against the budget at least quarterly.
- ✓ Establish clear, written policies for paying or reimbursing expenses incurred by anyone conducting business or traveling on behalf of the organization, including types of expenses that can be paid for or reimbursed and the documentation required.
- ✓ Encourage individual engagement and asking of questions!

Responsible Fundraising
Every Board must:

- ✓ Enthusiastically participate in fundraising throughout the year – and give generously themselves.
- ✓ Provide donors with specific acknowledgements of charitable contributions, in accordance with IRS requirements, as well as information to facilitate the donors' compliance with tax law requirements.
- ✓ Ties its gift acceptance policy to the thoughtful, ethical considerations with all donors while not straying from mission and program focus.
- ✓ Adopt clear policies, based on its specific exempt purpose, to determine whether accepting a gift would compromise its ethics, financial circumstances, program focus or other interests.
- ✓ Never forget the importance of thanking a donor – multiple times.

Every BoardsWork! Award Agency and BoardsWork! trained board member understands the importance of all the above principles and will apply them to their nonprofit service.

To learn more about BoardsWork!, a program through the Covestro Institute of Engagement, please contact Jen Pease, CIE program specialist, at 412-397-6013 or pease@rmu.edu or visit http://www.cie-bcnm.org/bw-for-nonprofits/

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