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**Essential Practice[[1]](#footnote-1)**

***Meeting Attendance -*** *Every board member must make it a priority to attend all board meetings and to miss a meeting only under exceptional circumstances.*

***Term Limits -*** *The board should adopt term limits and have staggered terms. As well as, a clear procedure for removing members who are not fulfilling their responsibilities.*

***Strategic Board Recruitment -*** *The board must be strategic about member recruitment and define an ideal composition for itself based on the organization’s priorities at any given moment.*

***Strategic Plan -*** *The board must play a substantive role with management in developing, approving, and supporting the strategic plan with resources. It should be created with input from the staff and stakeholders contain progress measures, reviewed at least quarterly by the full board and updated annually.*

***Budget Approval -*** *The board must approve the annual budget.*

***Chief Executive Job Description -*** *The board must develop a written job description for the chief executive and together with the chief executive define the annual expectations and goals. These goals should be mutually agreed upon.*

***Chief Executive Evaluation -*** *The board must evaluate the chief executive’s performance annually; the evaluation should be written and involve the full board. The board need to determine compensation that is fair to retain highly qualified candidates and that is based on achieving goals/performance. There should also be a written succession plan in place.*

***Audit -*** *Every charitable organization with $1 million or more in revenue should undertake an audit annually. It is the board’s role to select the auditor and meet with him or her in an executive session without staff present to discuss the results. Auditing services should be put out for bid every three years. The audit committee should be separate from the finance committee.*

***Finances*** *– Every board must have expertise in budgeting and finance. The board must have a finance committee that review financial statements monthly showing budget to actual and variances. Financial statement should be review by the full board at least quarterly. Clear finance policies are to be set by the board, which include a division of duties. A realistic annual budget is prepared by the staff, presented to the finance committee, and approved by the full board.*

**Fundraising** – The board is to ensure ethical and legal policies are used to guide fundraising, this includes: setting a gift acceptance policy, determining that staff is trained on solicitation laws, and confirm that fundraisers are not compensated on commission or percentage of gifts raised (this does not include online fees). Donations must be properly acknowledges by IRS standards, generally within 48 hours. Contributions are to be used for the purposes of the donors’ intent.

**Leading Practices**

**Consent Agendas -** The board should include consent agendas in its board meeting agendas.

**Executive Sessions -** The board should have regularly scheduled executive sessions.

**Board Diversity and Inclusion -** The board should be intentional in its recruitment and engagement of diverse board members and foster a culture of inclusivity.

**Board Orientation -** The board should formalize its new member orientation process. Orientation should cover roles, responsibilities, legal requirements, code of ethics and conflict of interest.

**Mission Review -** The board should review the mission annually and update as needed

**Bylaws Review -** The board should review the bylaws periodically and ensure timely amendments when necessary.

**Chief Executive Serving on the Board -** The chief executive should be an ex officio, non-voting member of the board.

**Board Retreat -** The board should include an annual retreat in its meeting schedule.

**Board Size -** The board should determine its optimal size based on its needs.

**Committees -** The board’s standing committee structure should be lean and strategic and complemented by the use of task forces.

**Executive Committee -** If the board has an executive committee, its purpose and authority level must be defined in the bylaws.

**Governance Committee -** The board should either form a governance committee or ensure that the function of that committee is carried out.

**Form 990 Posting -** The nonprofit should post its Form 990 on its own Web site.

Compliance Practices

**Meeting Frequency -** The board should have more than the one annual meeting required by law.

**Executive Compensation -** The board must formalize a process for setting appropriate compensation for the chief executive and approve the compensation package.

**Review of IRS Form 990 -** The full board should review the Form 990 before it is filed.

**Document Destruction and Retention -** The board must ensure that no records are destroyed when the organization is under federal investigation.

**Whistleblower Process -** The board must ensure that no employee is punished or discriminated against because he or she reported improper conduct.

1. Adapted from *BoardScource Recommend Governance Practices* 2015 and Independent Sector’s *Principles for Good and Ethical Practice* 2015 [↑](#footnote-ref-1)