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## *An Overview of your Board responsibilities*

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Essentially, there are certain basic tasks most Boards need to undertake if they wish to be successful. These can be categorised under the following headings:

1. Legal and Financial Accountability
2. Strategic Vision and Objectives
3. Fundraising
4. Advocacy
5. Self-evaluation
6. Meetings

### **1/ Legal and Financial Accountability**

The Board is responsible for ensuring that your organisation meets all legal requirements and remains accountable to its donors and other stakeholders, including the State Government.

More particularly, the Board needs to make sure that the organisation acts according to its stated mission and for the purpose for which it receives tax exemption.

#### **The Budget**

The budget translates the organisation's individual program goals and strategies into a financial plan for the next 12 months. The Board must finalise and approve the annual budget and needs to sign off on any items of expenditure outside the approved budget.

Board members need to develop a broad understanding of the organisation's programs and priorities as an essential component of their duty of care. This knowledge provides a sound basis for their financial decision-making, fundraising and further advocacy to the broader community. It will allow them to consider whether the figures on the budget page actually represent the programs they wish to support in the following year.

All Board members need to be committed to the budget to make it work. This is especially important because not-for-profit Board members are often directly involved in raising funds to support programming for the organisation.

## **Reviews**

Accurate and clear financial reporting is critical for the Board's reviews of programming and budgets. This vital information will allow Board members to be proactive in future budgeting, allowing them to more accurately target fundraising efforts to new priority areas and away from less successful projects.

## **Auditing**

As part of their review, most not-for-profit Boards choose to appoint a qualified firm or individual to conduct an annual audit of the organisation's financial statements.

Although not always legally required, a properly conducted audit of the year's finances assists the Board in their forward planning, gives valuable information to potential donors and generally lends credibility to the organisation.

## **Ethics**

All organisations have the potential to act dishonorably with quite devastating results. Just as commercial Boards have a responsibility to their shareholders for ethical and wise financial management, not-for-profit Boards are responsible to their funders and private donors. All transactions – financial or otherwise – need to be transparent with a consistency of approach and purpose.

## **Managing Risk**

Risk management is a vitally important part of a Board's role. The Board must look at all activities undertaken by the organisation with a critical eye to ensure that risks are minimised and appropriate insurance policies are taken out in case things go wrong.

## **2/ Strategic vision and objectives**

It is the Board's role to:

1. define the organisation's demographics or constituency;
2. describe its mission;
3. set its values and ethical guidelines; and
4. determine long-term goals.

Strategic planning enables groups to think through and document what they are doing, and for whom, and why they are doing it. The process encourages examination of established directions and strategies for contemporary relevance and results.

## **Safeguarding the mission and vision**

The Board is the guardian of the community group's mission and vision – i.e. what it plans to achieve, where it wants to be and how it plans to get there. Its prime role, in fact, is to keep the vision alive by taking a leading role in planning for the future of the group. This is an important role for Boards serving groups with or without staff, although it works best in the former case; removed from the day-to-day concerns of the staff, the Board is ideally placed to stand back and take a detached view of potential future directions.

## **The Chief Executive Officer**

Once the mission and vision have been decided upon, the Board must next develop a job description for a person to lead the fulfillment of these goals (if paid staff are going to be required). A process is then established to select the most appropriate person to become the Chief Executive Officer (CEO - or whatever other name the organisation gives its head person). This is an ongoing process as the same person will not remain in that post forever and the head person may well need to change from time to time to suit changing goals and strategies.

In the most productive situations, the Board works closely with its appointed CEO to further the organisation's goals and to broaden its financial and membership support base. Together they regularly review the organisation's overall mission and program goals and decide on a regular evaluation process for all programs to monitor program effectiveness.

An integral part of the organisation's annual cycle of review and planning is the CEO's performance review. The Board, in partnership with the CEO, should decide the process, timing and form of this review.

### **3/ Fundraising**

One of the Board's most important roles is to ensure that there are adequate resources for the organisation to achieve its program objectives. Depending on the skills and resources of individual Board members, and the number of staff and volunteers serving the organisation, the Board's role could include:

- Assisting the CEO or Development Officer to identify potential grants or corporate sponsors
- Providing input into or developing fundraising plans
- Chairing or being a member of the fundraising committee
- Organising a fundraising event
- Personally approaching key sponsorship targets
- Hosting a fundraiser
- Making a personal contribution
- Helping to thank sponsors, donors and others supporters where appropriate
- Laying the groundwork with heads of government, philanthropic foundations and corporations for further support from these sectors.

#### **Ethics in Fundraising**

Board members must ensure they are informed of not only the amounts raised in all fundraising campaigns but how and from whom the funds were raised. For example, supporters of many community organisations servicing young people would not generally approve of their organisations seeking financial support from tobacco or alcohol manufacturers. The public must feel confident that the Board will manage their donations and gifts exclusively to further the organisation's stated mission and objectives.

#### **Fundraising risk management issues**

The Board needs to be mindful of practical and risk management issues in relation to fundraising. For example, many organisations have found the administration of some fundraising campaigns have far exceeded their organisation's capacity to deliver. For example, many organisations have launched into a major raffle with pre-purchased cars or expensive holiday packages without first checking whether they had the resources to sell all the tickets.

It is up to the Board to undertake the feasibility studies and other necessary research to become fully aware of the potential risks of new and continuing fundraising strategies. They must be instrumental in overseeing and setting the parameters within which all campaigns will be conducted.

#### **4 / Advocacy**

The Board is the primary link between the organisation and the broader community. It represents the interests of the organisation to the broader community and it should filter the diversity of stakeholder views back within the organisation.

##### **To the community**

Board members must be familiar enough with the organisation's programming to be able to clearly articulate the organisation's mission, accomplishments and goals. They need to be able to develop communication strategies that constantly build public awareness and reach new and broader audiences. This could include:

- **Community relations**  
This may involve Board members speaking at industry and other conferences and seminars or hosting lunches and events for potential sponsors where they introduce the organisation and its mission. A regular article or column by a prominent board member in your organisation's electronic or print newsletter will build further credibility to your organisation's mission.
- **Media relations**  
Board members are often required to be the media spokespeople for the organisation. This can mean agreeing to be interviewed on a particular issue in the print or electronic media or to compose letters to the editor or longer articles supporting or opposing government initiatives or other current events that impact on the organisation or its constituency.
- **Government relations**  
Articulate and influential Board members can be used to lobby politicians and brief government officials about the key issues facing the organisation and its members.
- **For the community**  
Individual Board members can provide a voice for important segments of the organisation's constituency to influence future directions and individual strategies (although you must always keep in mind your obligation to the organisation as a whole).

At the same time Board members need to constantly have their "ears to the ground". It is critical that they take the time to regularly listen to candid internal and external views of how the organisation is performing.

Communications need to be structured to provide serious feedback that can potentially have a direct impact on the organisation's policy and future strategies.

#### **5/ Self-evaluation**

Boards need to regularly evaluate themselves to ensure they remain representative, responsive and effective. Evaluation might be carried out informally or could involve holding a Board retreat or setting up a sub-committee specifically for this purpose.

#### **6/ Meetings**

All Boards and Committees must hold meetings, and must do so as often as the community group's constitution dictates. The conduct of meetings is one of the most important issues the Board has to face.

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Copyright acknowledgements and thanks:

[www.ourcommunity.com.au](http://www.ourcommunity.com.au) website and associated fact sheets.

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