



The Nonprofit Panel's 33 Governance Best Practices: How Do You Stack Up?



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By now, many organizations are familiar with the 33 Best Practices developed by the Nonprofit Panel facilitated by the Independent Sector, but how many Boards have devoted agenda time to benchmarking their organization against these principles and implementing those that make sense for their organization?

The 33 Best Practices for Good Governance and Ethical Practice are the byproduct of the nonprofit sector's efforts to head off Sarbanes-Oxley type legislation for the nonprofit sector. The sector was able to convince the Senate Finance Committee that we are capable of self governance and don't need additional legislation. These 33 Best Practices were derived by meeting with legal and governance experts and looking at over 50 nonprofit groups with existing accreditation programs to draw from them "best practices" that could have wide applicability. In the report, the principles are grouped into four main categories — legal compliance and public disclosure, strong financial oversight, effective governance, and effective fundraising. Six of these principles are required by law, and the remaining 27 are actions an organization should consider. Not all principles will be applicable to all organizations. For example, many associations that are not 501(c)(3) organizations do not engage in fundraising activities, so those questions would not apply to them. What is important is that the Board can report that they have considered each principle and are taking action where needed. The principles are available on the web at <http://nonprofitpanel.org/Report/index.html>.

In 2009, the Panel put out a workbook to help Boards perform an assessment and implement the principles. For each principle, the workbook spells out the core concepts, lists key questions to prompt discussions, delineates any legal or compliance issues, and provides references to online resources for further information and sample policies and procedures.

The workbook includes several tips and tools to help Boards with the exercise.

1. Identify a “Workbook Champion” — it can be someone from the governance committee, Board, CEO, or a staff person. This “Champion” will oversee the process and monitor deadlines. They also help prioritize the discussions and decide who should be included.
2. Involve legal counsel to review policies and procedures developed during this process, as necessary.
3. Break the process up — it may be overwhelming to try to address all the principles at one time. Consider setting aside an hour during the next four Board meetings and discuss one section per meeting. Alternatively, the Board could do all four during a Board retreat.
4. Provide a copy of the workbook to each person so they can review it in advance of the meeting.
5. Invite senior staff to the meeting to discuss organizational policies and procedures relevant to them.
6. Prioritize implementation and monitor progress — you can’t do everything at once, so the workbook provides a progress worksheet. For each principle, there are columns to assign a priority ranking, status at the time of the review and action steps needed, responsibility for action steps, target completion date, and current status.
7. Cross References to Form 990 — the new IRS Form 990 includes 17 governance questions. The workbook includes a grid that shows where principles overlap and cross-references the 33 Best Practices with the 17 Form 990 questions.

The 33 Best Practices are sound practices that all organizations should consider to strengthen transparency, governance, and accountability. To move you toward this, it is up to the leaders of each organization to initiate the process and set aside the time needed. The workbook is a great tool to guide you through from beginning to end.

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We would be happy to assist you with any of your questions. Please call us at 941-365-4617 or email Rob Lane at rlane@kgrp.com or Patricia Entsminger at pentsminger@kgrp.com.