**Governance Documentation Check-list:**

**Why is governance documentation important?**

Boards are a legal body functioning in a legal structure. Each jurisdiction holds certain laws and regulations on the authority, right, and limits of boards and its organization which therefore create a framework for which the board can function. Understanding these rules helps avoid risk for the organization. Keeping governance documents in order demonstrates that those responsible understand this principle.

Three types of documents to pay attention too:

1. Organizational documents that define the status of the nonprofit and how it functions – i.e. Articles of Incorporation, Form 1023 & Determination letter
2. Internal guidelines for the board – i.e. Bylaws
3. Records that serve as the organizations memory – i.e. minutes and agendas

[Throughout this document ‘organization’ is used in reference to ‘chapter’]

**ORGANIZATIONAL DOCUMENTS**:

[ ]  **Articles of incorporation\*\***

Top of legal hierarchical pyramid. They define the ultimate purpose and structural authority in the organization.

* Your articles will state the name and address of your organization, the names of your incorporators and initial board members, and whether you give powers to members or whether the board is self-perpetuating (renewing itself) and responsible along for decision making.
* Two important clauses must be included:
	+ That assertion that no net earnings will be shared with any board members, members, or managers;
	+ Upon dissolution, a description of how the remaining assets will be distributed to another organization;
* Boards will not need to refer to the articles on a regular basis, but if the ‘why’ in the organization, where the decision-making powers reside or how to dissolve the organization change – you’ll need to refine the articles to your proper jurisdiction.

[ ]  **Form 1023: Application for tax-exempt status\*\***

* After you incorporate the organization, you will file a tax-exemption to the IRS (if USA based).
	+ [www.irs.gov/pub/irs-pdf/p557.pdf](http://www.irs.gov/pub/irs-pdf/p557.pdf) [Publication 557 - guide to help complete form]
* This is a public document and available for anyone’s inspection. Important to keep a copy of this form.

[ ]  **Determination letter \*\***

Highly important organizational document to keep in a safe place. This letter is sent by the IRS after you have filed for tax-exemption and they formally have recognized your organization as a nonprofit – 501(c) tax-exempt category.

**\*\****Not all IABC chapters are incorporated and require the documents notated with “\*\*”. Incorporation is not required to obtain tax exempt status, however incorporation for larger and established chapters can provide a separate legal entity that pays its own taxes and protects the people who run it and work for it from personal liability and also can shield those who run the chapter from becoming liable for the organization’s debt. IABC holds a Group Exemption Letter that is a ruling that was issued to IABC [parent organization] which holds one or more subordinate organizations that are exempt from U.S. federal income tax by virtue of being subordinate organizations to IABC.*

 *IABC recommends that a chapters consult with an attorney when considering incorporation. Each jurisdiction holds various state and local laws required for incorporation.*

[ ]  **IABC Affiliation Agreement**

The IABC Chapter Affiliation Agreement is the binding document that acknowledges the chapter existence and gives permission to use the parent organization’s [IABC] name and receive specified assistance in exchange for agreeing to certain standards of conduct, oversight, and formal requirements.

The agreement is to provide all chapters and HQ with a common understanding of mutual expectations and obligations as an aligned IABC organization, the International Executive Board and Council of Regions. This is a living document within IABC and will be reviewed annually or as needed.

The agreement documents deliverables from the International Headquarters and definitions for chapters to use as guidelines in maintaining an active IABC chapter.

**INTERNAL GUIDELINES:**

[ ]  **Bylaws**

Significant written rules and policies by which an organization is governed that provide the foundation for the board. Bylaws contain the essential components to provide a complete and workable framework for the board to meet is fiduciary responsibilities. It’s important that the bylaws don’t contradict the articles of incorporation and more specifically, state or jurisdiction nonprofit corporate law.

Moreover, legal requirements differ from one jurisdiction to another and it’s important to consult an attorney.

* **What bylaws do:**
	+ Determine how an organization is structured. Such as specifying whether the organization has membership categories, define the duties of officers and directors, identify standing committees and how directors are selected.
	+ Determine the rights of board members, members, and staff – along with jurisdiction law. Such as rights of members to be notified of meetings and to vote
	+ Determine the procedures for which the rights can be exercised. Such as requiring a certain number of days to notify members of a meeting and vote.
* **Key bylaw components**
	+ Statement of purpose
	+ Members, including qualifications, termination, frequency of meetings \*\*
	+ Board of directors, including election, terms, qualifications, frequency of meetings and quorum requirements \*
	+ Committees
	+ Officers \*
	+ Books and records
	+ Indemnification
	+ Amendments \*

\*According to Nancy P. Lee, Certified Governance Trainer and Attorney at Law at Murphy Austin Adams Schoenfeld LLP, she identifies these bylaw components as the ‘top five’ [board, members, officers, meetings and amendments] problematic areas which can affect a board’s and organizations performance. Along with review of the bylaws every few years, it’s recommended to take an extra eye to these five areas to ensure it aligns with the needs of the organization.

See ‘Key Bylaw Clauses’ document for further details on bylaws.

Bylaws should act as a living document to be used, reviewed, and revised as necessary.

[ ]  **Policy Manual**

Policies serves as the operating guidelines at various levels. Certain polices will set out organizational guidelines for board and staff behavior, such as whistleblower policy and accepting gifts policy. Others may supplement the bylaws and guide oversight procedures such as investment, internal controls, and executive compensation policies.

Policies should be adopted based on what the needs are for the organization. It is important that as the organization evolves, the polices are reviewed for its relevance and updated as necessary.

***The Process:***

* Create a manual – either electronic or hard copy – that puts all policies. This should be accessible to all board members and member within the organization.
* Take inventory and identify polices – review the bylaws extract clauses that are, themselves, policy statements. Also review previous board minutes for policy decisions made.
* Develop and outline of core policies
* Draft and discuss policy recommendations [board adaptation following thorough discussion]
* Finalize and formalize policies
	+ Common components of a policy document include (not limited too):
		- Organization Name
		- Policy Number or Policy Area
		- Policy Name
		- Introduction or statement of Purpose
		- Policy Statement
		- Definitions
		- Examples
		- Authority Power or assignment or responsibly
		- Monitoring and review schedule
		- Date approved
		- Date last modified
* Use the Polices
* Review and updated the policies

It is important to note that polices may depend on government regulations and very from jurisdiction to jurisdiction. Therefore, seeking legal advice may be helpful.

As a reference, please see the [IABC Policy Manual](https://www.iabc.com/wp-content/uploads/2014/12/Master-Policy-Manual-_IEB-APPROVED_6-APRIL-2016__.pdf).

[ ]  **Procedures**

Defines a process for the implementation of a policy. Such as clarifying the detailed steps involved in recruiting board members, removing board members, or resolving conflicts. Having policy implementation steps institutionalizes the process.

It is common that some procedures are treated more like policies.

**POSITION DESCRIPTIONS:**

It’s important for an organization to document the roles and responsibilities on all its board members to help prevent misunderstandings and misinterpretations. Descriptions on the board responsibilities as a whole, as well as individual officer descriptions are important.

*Example of nonprofit chapter board roles:*

* Planning the future direction of the chapter
* Ensuring that the needs of the membership are met
* Monitoring and approving the programs, priorities and activities of the chapter
* Establishment of the policies that govern the conduct of the chapter
* Setting financial benchmarks and budgetary oversight
* Upholding the bylaws of the chapter

For reference, see Appendix F. Board and Executive Director Roles and Responsibilities within the [IABC Policy Manual.](https://www.iabc.com/wp-content/uploads/2014/12/Master-Policy-Manual-_IEB-APPROVED_6-APRIL-2016__.pdf)

**MEETING MINUTES & AGENDAS:**

All meetings by the board or committees should be framed around an agenda, the minutes itself are proof that the agenda was accomplished as well as capturing all decisions made. After a meeting, the drafted minutes are shared with the members of the board and approved at the following meeting.

There are many different templates for transcribing minutes and agendas. It’s important to find what framework works best for your organization. It’s important your minutes reflect the decisions made and major points, not a transcript of the entire meeting.

Minutes also capture board member engagement by keeping good track of those who attend the meetings. Minutes

*Common Components of Minutes:*

* Date, time, & location of meeting
* Attendance and apologies [including guests]
* Summary of key topics discussed
* Agreements and decisions made during the meeting
* Actions items and next steps from decisions and agreements made
* Accountability: when action items and next steps are due

An agenda’s key function is to bring the meeting into focus and ensure the board uses its time wisely to cover the most important topics or strategic discussion as hand. Meetings

There are many versions and templates for meeting agendas, important to find a framework that works best for your organization.

*Common Components of agendas:*

* Date, time & location of meeting
* Expected attendance and apologies [including guests]
* Meeting agenda topics
* Time allotted for each item
* Who leads each agenda item discussion (i.e. Presenter)
* List of materials for the meeting
* When the next meeting will take place

**Consent agenda:**Opposite from traditional agendas that are highly standardized, consent agendas create space for deep and forward thinking on the organization’s most important challenges. Issues in the consent package need no further discussion as all questions will be asked in advance of an IEB meeting. The entire packaged is voted on at once without any additional explanations or comments.

*Common components of a consent agenda:*

* Previous meeting minutes
* Officer reports
* Routine correspondence
* Minor changes in a procedure, uncontroversial
* Committee reports, including for decision if uncontroversial and questions (if any) answered prior to meeting.

Preparation is the absolute prerequisite for consent agendas. Thorough reading of materials and questions asked prior. In addition, all materials MUST be distributed in advance of the meeting

Both agenda’s and minutes are important governance documents to keep organized and kept year after year. They are discoverable documents that could be ask for by auditors or lawyers. They are the best resource for an organization to see what and when decisions were made.

[ ]  **FORM 990\*\***

In the United States, all tax-exempt organizations must report annually to the IRS on their financial and other activities, which include governance activities. These governance activities include whether the board has approved certain policies and followed specific processes when making governance decisions. This is done by filing a Form 990, Return of Organizational Exempt from Income Tax.

Further information on Form 990 can be found on the [IRS webpage](https://www.irs.gov/uac/About-Form-990).

**ORGANIZATIONAL STATEMENTS:**

Each board should ensure that the organization has a clear mission statement, vision statement, and Ethical Code. These documents define why the organization exists, what they hope to accomplish and how board members, members, and staff are expected to conduct themselves.

***Mission statement:*** reason for forming the organization, defines the purpose of the nonprofit and foundation for the work of the organization

***Vision statement:*** defines what your organization will look like when the mission has been achieved.

IABC international has recently revised, with member endorsement, the new IABC Code of Ethics for which all its members agree to abide upon confirmation if is membership with the association.

***Reference:***

For further reference and information on chapter policies at IABC, please see the Council of Regions Manual.

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