
CAPLAW

Community Action Program Legal Services, Inc.

The CAA Tripartite Board: Who, What, and How?

**NASCSP Mid-Winter Training Conference and
Orientation**

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Who is on the Board?

Who?

Composition and Selection

- Three sectors:
 - Exactly 1/3 elected public officials or their representatives;
 - At least 1/3 low-income representatives; and
 - Balance from major groups or interests in the community served

- *42 U.S.C. 9910*

Who?

Selection

- Board members are selected by eligible entity
 - Private nonprofit eligible entity (CAA): selected by CAA
 - Public eligible entity: selected by public entity
 - Use democratic selection process for low-income board members

- *42 USC 9910 (a)(2) and (b)(1)*

Public Official Sector

- CSBG Act: individuals serving in this sector must be “holding office at time of selection”
 - OCS IM 82 recommends that public officials serve only while they are in office
- If not enough elected officials or their representatives reasonably available and willing to serve as board members, appointive public officials or their representatives may serve
- *42 USC 9910 (a)(2)(A)*

Low-Income Sector

- Democratically selected to assure they are representative of poor in area served
- If board member represents particular neighborhood, must live there
- Public entities may use state-specified mechanism as alternative to tripartite board if it ensures decision making and participation by low-income residents in development, planning, implementation and evaluation of CSBG program
- *42 USC 9910 (a)(2)(B) and (b)(1)*

Low-Income Sector Board Members

- Should represent current low-income residents, but don't need to be low-income themselves
 - Best practice: should have at least some low-income board members who are or were recently low-income themselves
 - Members should be reselected at end of their terms

Democratic Selection

- Many different options open to CAAs:
 - Formal elections with polling places
 - Mail-in ballots
 - Large, well-advertised public meetings in which participants vote for or nominate board members
 - Organizations or groups made up primarily of low-income individuals designate CAA board member

Democratic Selection

- Key is to have voice of low-income individuals somewhere in selection process
- CAA ED selecting board member is not ok
- Should not just be staff member of another nonprofit that serves low-income, unless low-income community has been involved in selection of that person

“Private” Sector

- Reps must be officials or members of business, industry, labor, religious, welfare, education, law enforcement, or other major groups and interests in the community served
 - May include both public and private sector groups and interests

“Private” Sector

- CAA may choose representatives from organizations or individuals
 - Groups can be named in bylaws or through nominating committee or other board process
- But don't have to be designees of particular organizations

What is the Role of the CAA Board?

Role of CAA Board

- Federal CSBG Act: 42 USC 9910
- OCS IM 82 – guidance only, not binding; available at <http://www.caplaws.org/resources/CSBGMemoranda.html>
- State Law
- Contract provisions

Role of CAA Board

- Federal CSBG Act (42 U.S.C. § 9910)
 - Tripartite board administers CAA's CSBG program
 - Tripartite board must fully participate in development, planning, implementation and evaluation of CAA's CSBG program

Role of CAA Board

- All corporate powers shall be exercised by or under the authority of the board of directors of the nonprofit corporation, and the activities and affairs of the corporation shall be managed by or under the direction, and subject to the oversight, of its board of directors.
 - Typical state nonprofit law

What Are the Board's Key Responsibilities?

Key Board Responsibilities

- Understanding CAA's mission and ensuring that it is being fulfilled
- Providing strategic direction
- Ensuring that the CAA's operations are soundly managed
- Overseeing CAA's finances and promoting financial health of CAA
- Ensuring accountability
- Being sure the board functions well

Ensuring Fulfillment of Mission

- Understand mission
 - Clarify when necessary
- Consider how programs, activities, transactions, policy decisions further mission
- Ensure finances and assets are being used to further mission

How Does Board Carry Out Its Responsibilities?

Setting Strategic Direction

- Long-range strategic planning
 - Identify broad goals and priorities
 - Mobilize programs and activities within and outside CAA
 - Establish and maintain procedures for gathering and presenting info on goals and results
 - Follow-up to be sure progress is being made toward goals of strategic plan

Strategic Direction

- Annual planning
 - Identify what CAA hopes to accomplish each year
 - Help CAA establish performance expectations – qualitative and quantitative
 - Work with CAA staff to establish milestones used to track progress during year
 - Identify ways to strengthen operations
- Make major policy decisions

Ensuring Sound Operation

- Hire and oversee executive director
- Adopt policies
 - Periodically review and update
 - Ensure that they are being followed
 - Examples: personnel, financial and administrative, record retention, conflict of interest, whistleblower

Overseeing Executive Director

- Define and communicate appropriate board/staff relationship (see IM 82)
 - Good to describe relationship in bylaws
 - Regular communication between ED and board chair and/or executive committee

Overseeing Finances

- Regular review, discussion and votes on key financial matters
 - Give enough detail so board can ask appropriate questions, recognize red flags
- Agency-wide annual budget
 - Participate in budgeting (finance committee)
 - Review and vote on budget
 - Monitor performance against budget during year

Reviewing and Voting on Key Financial Matters

- Regular review of financial statements
 - Income/expenditures compared to budget
 - Cash flow statements
 - Balance sheet: assets and liabilities
 - Accounts payable aging

Review/Vote on Key Financial Matters

- IRS Form 990
- Major financial transactions
 - Purchase or sale of large assets
 - Loans
- Financial policies and procedures, internal controls – including procedures for ensuring
 - Compliance with OMB Circulars
 - Timely filing and/or payment of financial reports and taxes

Ensuring Independent, Effective Audits

- Establish audit committee or another committee to perform audit committee functions
 - Include independent members, financial expert(s)
- Examples of audit committee functions:
 - Recommend selection of qualified auditor – periodic rotation of partner or firm
 - Review and pre-approve auditor's non-audit functions
 - Ensure audit is timely completed and meets standards

Audit Committee

- Audit committee functions (cont.)
 - Review adequacy of internal controls
 - Administer code of ethics/conflict of interest policy, review conflict transactions
 - Review whistleblower protection procedures, ensure complaints acted on
- Audit committee with full board should:
 - Review audit with auditors and approve audit
 - Ensure corrective actions taken for audit and other monitoring reports

Improving Financial Oversight

- Financial expert(s) on board
- Financial literacy training for board members
- Treasurer and/or finance committee coordinates with staff on how best to provide financial information to the board

Governance Committee

- Implements board self-assessment process
 - Board as a whole
 - Individual board members?
- Coordinates periodic review of articles of incorporation and bylaws and when board requirements change

Active Committees

- Committees meet as often as needed
- Committees are given meaningful assignments in between board meetings
- Committee descriptions are adopted and revised

Board Orientation

- Orientation process for new board members
- Mentoring by existing board members
- Job descriptions/expectations for board members
- Board handbook with critical info and background on CAA

Board Training

- Train board members on a regular basis – topics for such training may include:
 - Overview of CAA mission and how activities further it
 - CSBG Act requirements
 - Requirements of other funding sources
 - Understanding financial statements and audit
 - Fiduciary responsibilities (for nonprofit CAA)
 - Planning, evaluation of programs

CAPLAW Board Checklists

- Board Composition Checklist
<http://www.capl原因.org/CAPLAWChecklists.html#boardComp>
- Board Procedures Checklist
<http://www.capl原因.org/CAPLAWChecklists.html#procedures>
- Board Responsibilities Checklist
<http://www.capl原因.org/CAPLAWChecklists.html#Respons>
- Head Start Supplemental Checklist
<http://www.capl原因.org/documents/HeadStartGoverningBodySupplementalChecklist.doc>

A panoramic view of the Boston skyline at dusk, featuring the Prudential Center as the central focus. A large, stylized red 'Boston' logo is superimposed over the top half of the image.

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