

***Northeast Institute for Quality Community Action
Community Action Agency Governance Risk Alerts***



Alert: Chronic Board vacancies and consistent attendance problems often prevent the conduct of agency business due to the absence of a quorum.



Action: Review/revise Bylaws to reduce size of the Board. Promptly fill Board vacancies and enforce attendance standards. Consider establishing term limits for Board members (e.g., 2 three year terms.) Identify and address underlying issues and conflicts which may be affecting attendance and participation.



Alert: Inconsistent, inaccurate or tardy financial and budget reports submitted to the Board. Board members unsure how to read and interpret financial information.



Action: Establish and enforce clear expectations of management related to timely, complete and accurate financial reporting to the Board. If problems persist, meet with agency auditor to review options for an independent assessment of the agency's financial management system. Ensure at least one Board member has financial expertise. Provide "Financial Literacy" training for all Board members.



Alert: Material Audit findings and/or fiscal correction action findings by funders submitted to agency management and/or Board members.



Action: Require management to prepare and implement action plan to correct identified deficiencies. Closely monitor plan implementation. Ensure Board Finance or Audit Committee representatives meet with Auditors independent of management.



Alert: Board members deferring governance responsibilities to agency management or inappropriately involved in agency administration. Board members participating in deliberations and votes where they have a real or perceived personal interest.



Action: Schedule Board Governance training for the Board. Review and revise Bylaws to clarify authority and responsibilities of the agency's Board and management. Ensure agency has adopted and is implementing updated Code of Ethics and Conflict-of-Interest policies.



Alert: Agency regularly using its line of credit or other types of loans to finance regular operating expenses including salary, benefits, taxes, rent and utility cost.



Action: Immediately review and establish strict controls on agency borrowing. Review cash flow assumptions and experience to identify causes of problems and, with consultation as needed, prepare and implement an action plan to eliminate agency borrowing except for defined and authorized emergencies.



Alert: Agency is running unauthorized operating deficits in one or more of its programs.



Action: Charge agency management with responsibility for developing a plan to balance program revenue and expenses for Board review and approval. Closely monitor plan implementation and financial reports.



Alert: Board lacks benchmarks to assess agency progress and performance.



Action: Board should ensure agency has a multi-year Strategic Plan which identifies goals and is regularly monitored and updated. Board performs an annual, performance focused evaluation of the Executive Director or Chief Executive Officer.



Alert: Board meetings are consumed with reports and consideration of items which restrict Board deliberations on policy issues, performance assessment and strategic planning.



Action: Consider adoption of a “Consent Agenda” approach to organizing Board meetings. Utilize committees to develop recommendations for Board policy consideration and adoption. Provide written summary updates to the Board on matters not requiring action. Assure that Board Meeting Notice, Agenda and information are forwarded to Board members at least 7 days before the scheduled meeting.



Alert: New Board members do not contribute to Board deliberations for an extended period of time.



Action: Provide all new Board members an Orientation to the agency and the Board. New Board members should be given a Board Manual and offered a Board Mentor to help promote their understanding, involvement and participation on the Board.



Alert: Decision-making by the full Board simply seems to be a “rubber-stamp” for decisions made by either management or a Board Committee.



Action: Assure that Board Bylaws or operating procedures clarify the limits of authority and responsibilities of Board Committees including reporting and ratification of decisions. Review Agenda, Meeting Minutes and background materials carefully before each Board meeting and make certain procedures are followed to allow for discussion of motions proposed by management. Communicate concerns about Board procedures to the Board Chair. Become familiar with basics of Roberts Rules of Order.

***For information or assistance in addressing these “Alerts” please contact Bill Hunter, NIQCA Executive Director by email (whunter@masscap.org), phone (508-380-1398), fax (617-357-6542) or mail: NIQCA, 105 Chauncy Street, Suite 301, Boston, MA. 02111.
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