

A Board-Staff Agreement for Financial Accountability

Tax and Legal Responsibilities	
The staff will:	The board will:
<ul style="list-style-type: none"> • Immediately notify the board with complete information related to any delays in payroll, payroll tax payments or any legal matters. • Immediately notify the board of any tax problems or penalties. • Immediately notify the board of any legal suits. 	<ul style="list-style-type: none"> • Work closely with staff to respond to notification of possible tax problems and develop plans for resolving tax and legal problems. • Formally approve any tax and legal settlements.

Accounting	
The staff will:	The board will:
<p>a) Complete monthly or quarterly statements within three weeks of the end of the month:</p> <ul style="list-style-type: none"> • Income and expense statement for each major program and for the organization as a whole (should include statements for the previous month and on a year-to-date basis). • Balance sheet for the organization as a whole. • For large organizations with substantial restricted funds or an endowment fund, a balance sheet for the restricted funds. • Comparison of actual to budget on a year-to-date basis for the organization and, if appropriate, for each program. <p>b) Send statements to finance committee in advance of meeting.</p> <p>c) If the statements are not available, explain the delay and estimate a date by which the statements will be completed.</p> <p>d) In a timely manner, prepare end-of year statements, Federal Form 990, and other federal and state forms.</p>	<ul style="list-style-type: none"> • Form a finance committee of members who understand financial information and standard accounting terms and practices. • Carefully read financial information. • Ask questions to be sure the statements are understood. • Periodically review key accounting policies, such as depreciation and cash or accrual basis statements. • Be patient when statements are occasionally late or infrequent accounting problems occur.

Cash Flow Projections	
The staff will:	The board will:
<ul style="list-style-type: none"> • If appropriate, prepare monthly, quarterly, or annual cash flow projections. • If appropriate, prepare a comparison of actual to projected cash flows. • If cash flow shortages are projected, develop a plan for bridging the shortages. • If cash flow surpluses are projected, develop a plan for maximizing investment. 	<ul style="list-style-type: none"> • Pay attention to cash flow reports. • Determine whether preparation of cash flow reports provides important enough information to justify the staff time required.

Budget	
The staff will:	The board will:

<ul style="list-style-type: none"> • Develop a proposed budget by program and for the organization as a whole. • Have the authority to make minor changes (such as shifting dollars among line items, or making increases in variable costs that are matched by increases in earned revenue) in the budget without board approval. • If significant budget variances occur, explain the variances and proposed action such as better attention to budget control or revised end-of-year projections. 	<ul style="list-style-type: none"> • Develop parameters for staff to guide preparation of the draft budget, such as maximum allowable deficit for the year, reduction of days payable, or additions to cash reserve. • Give careful attention to budget reports. • Engage in long-term planning for funding, such as identifying a target mix of contributed and earned monies. • Formally accept the budget, thereby authorizing the beginning of operations as planned.
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Salaries and Personnel	
The staff will:	The board will:
<ul style="list-style-type: none"> • Prepare an annual report showing each staff position (not name) and salary for the finance committee and/or personnel committee to review. • Prepare an annual schedule of individuals to whom 1099s were issued, and the amounts. 	<ul style="list-style-type: none"> • Establish salary ranges for each category of employee. • Approve guidelines for performance-based compensation, if appropriate. • Negotiate and approve the executive director's salary. • Ensure that other salaries are within approved salary ranges or, if not, to have approved exceptions. • Approve personnel policies. • Periodically review employee benefits.

Overall	
The staff will:	The board will:
<ul style="list-style-type: none"> • Make a good faith effort to communicate all significant information. • Ungrudgingly complete requests for ad hoc reports. • Appreciate that tough questions are appropriate and not hostile. • Have good answers. 	<ul style="list-style-type: none"> • Give serious attention to financial information. • Be understanding when problems occur. • Make only reasonable requests for ad hoc reports. • Work as problem solvers as well as governors. • Be willing to ask tough questions. • Respect the difficulty of the work, and express appreciation when appropriate. • Ask good questions.

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