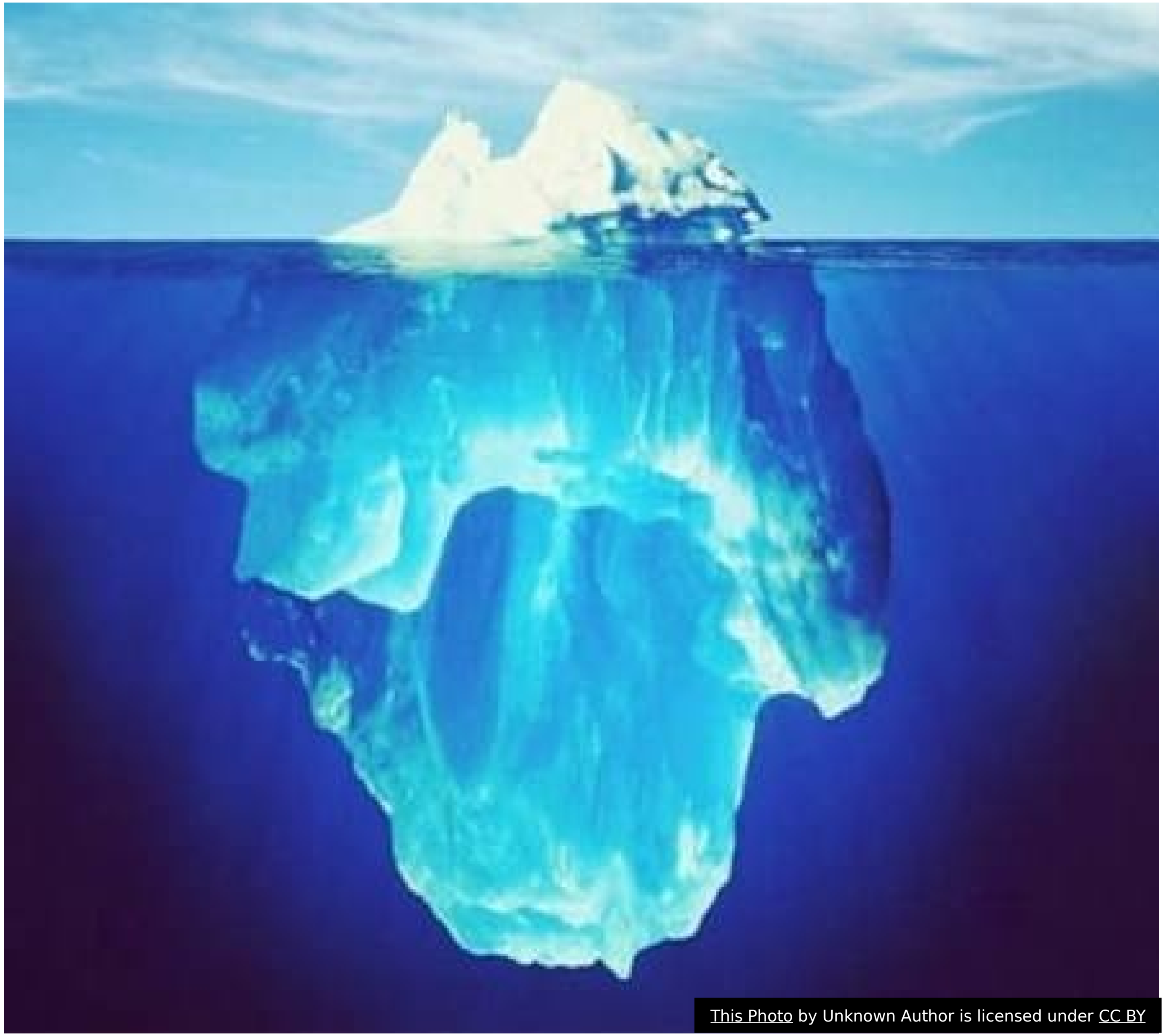
BUILDING THE BOARD OVERSIGHT THAT PREVENTS CRISIS

Presented by Joni Hires

- **Visible crisis is what you see above the water**
- **Hidden governance failures are what you don't see below the water**



COMMON NONPROFIT CRISES

- Financial fraud
- Misuse of restricted funds
- Cash flow collapse
- Executive misconduct
- Cybersecurity incident
- Regulatory violations
- Reputational damage

GOVERNANCE VS. MANAGEMENT

GOVERNANCE (BOARD)	**MANAGEMENT (STAFF)**
Vision	Operations
Oversight	Daily management
Policy	Implementation
Financial stewardship	Program execution
CEO/Executive support	Staff supervision

FIDUCIARY DUTIES

- **Duty of Care**

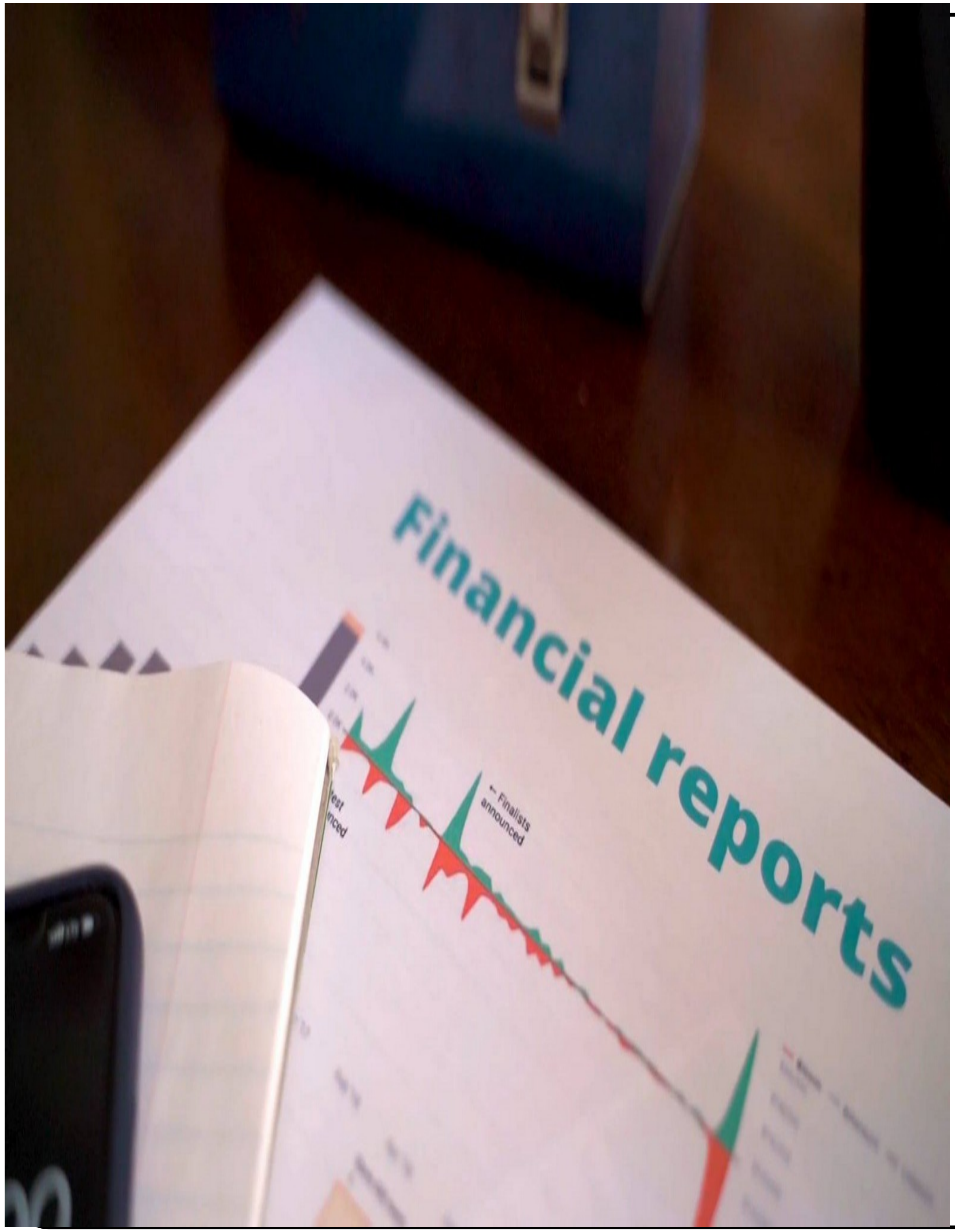
  Be informed

- **Duty of Loyalty**

  Act in the agency’s best interest

- **Duty of Obedience**

  Ensure compliance with mission and law



OVERSIGHT FAILURE #1:

FINANCIAL BLINDNESS

Warning signs:

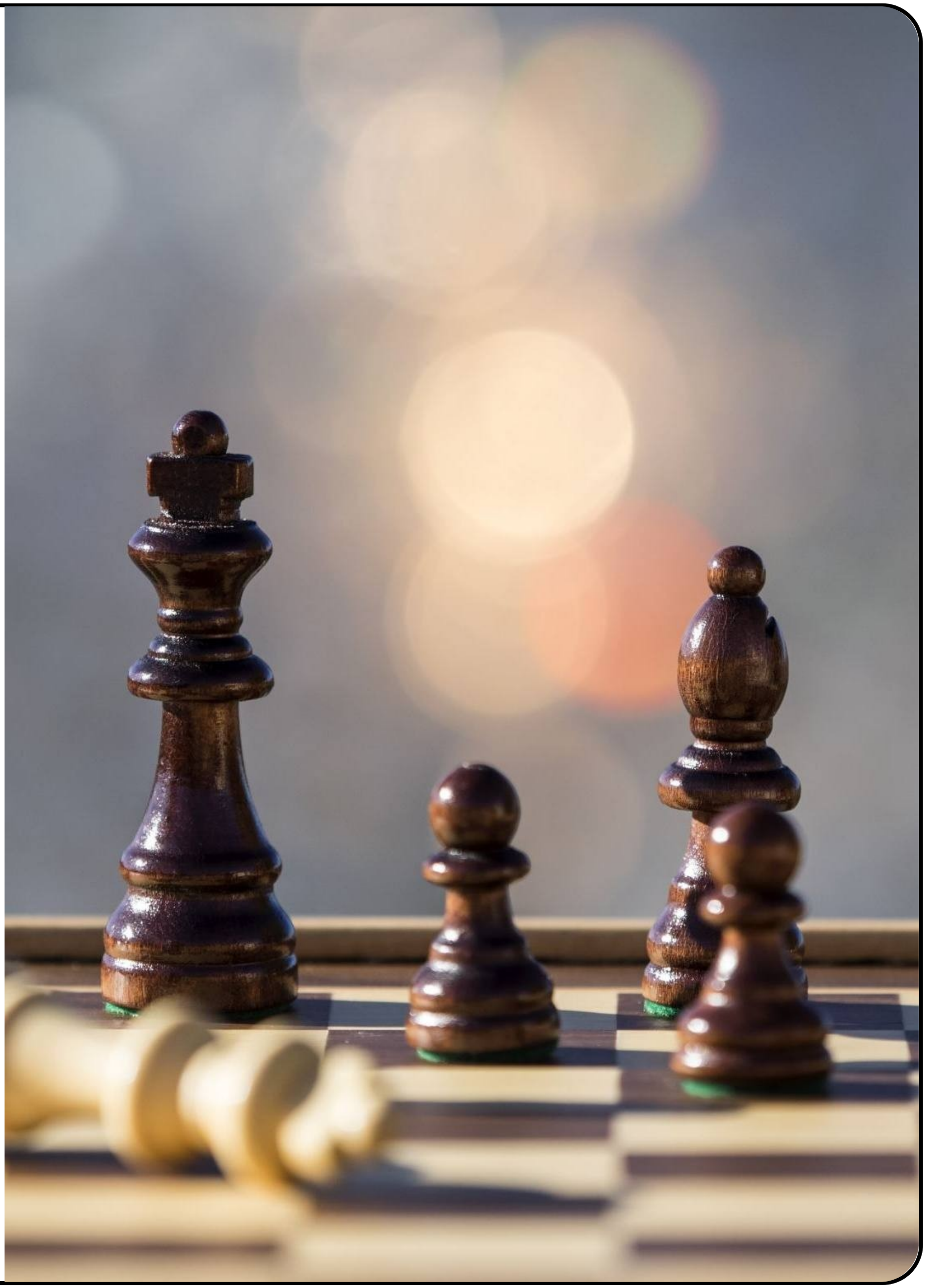
- **Reports arrive late**
- **Board members don’t understand the reports**
- **No dashboards**
- **Declining reserves**
- **Budget variances ignored**

OVERSIGHT FAILURE #2:

EXECUTIVE DIRECTOR RISK

Symptoms:

- **No annual evaluation**
- **No succession plan**
- **The board relies on one person for all information**
- **Lack of performance metrics**



OVERSIGHT FAILURE #3:

COMPLIANCE & LEGAL RISKS

Areas of concern:

- **HR Compliance**
- **Grant Compliance**
- **IRS Requirements**
- **State Filings**
- **Data Privacy**

OVERSIGHT FAILURE #4:

CULTURE PROBLEMS

Symptoms:

- **High turnover**
- **Employee complaints**
- **Fear of speaking up**
- **Volunteer conflicts**
- **Ethical concerns**

OVERSIGHT FAILURE #5:

STRATEGIC DRIFT

Questions to aks:

- **Are programs still relevant?**
- **Is impact measurable?**
- **Are resources aligned with strategy?**
- **Is mission still driving decisions?**

5-PART CRISIS PREVENTION

- Information
- Accountability
- Risk Monitoring
- Culture
- Preparedness

ELEMENT #1:

BETTER INFORMATION

Board Dashboard Should Include:

- **Cash Position**
- **Revenue Trends**
- **Program Outcomes**
- **Fundraising Performance**
- **Staff Turnover**
- **Major Risks**

ELEMENT #2:

ACCOUNTABILITY

Every Board Should Define:

- **Executive/CEO Goals**
- **Key Performance Indicators**
- **Committee Responsibilities**
- **Meeting Expectations**

ELEMENT #3:

RISK MONITORING

Quarterly Risk Review

- **Financial**
- **Operational**
- **Legal**
- **Reputational**
- **Technology/Cyber Security**

ELEMENT #4:

CULTURE OVERSIGHT

Examples

- **Employee Survey Summaries**
- **Exit Interview Themes**
- **Whistleblower Reporting**
- **Board Engagement With Key Staff**

ELEMENT #5:

CRISIS PREPAREDNESS

Every Board Should Know:

- **Who speaks publicly**
- **Incident response process**
- **Legal contacts**
- **Insurance coverage**
- **Emergency Board procedures**

PRACTICAL GOVERNANCE CHECKLIST

QUARTERLY	ANNUALLY
Review Dashboard	Executive Review
Review Risk Register	Audit Review
Financial Analysis	Succession Planning
Compliance Report	Strategic Planning and Review
Executive Update	Board Self-Assessment

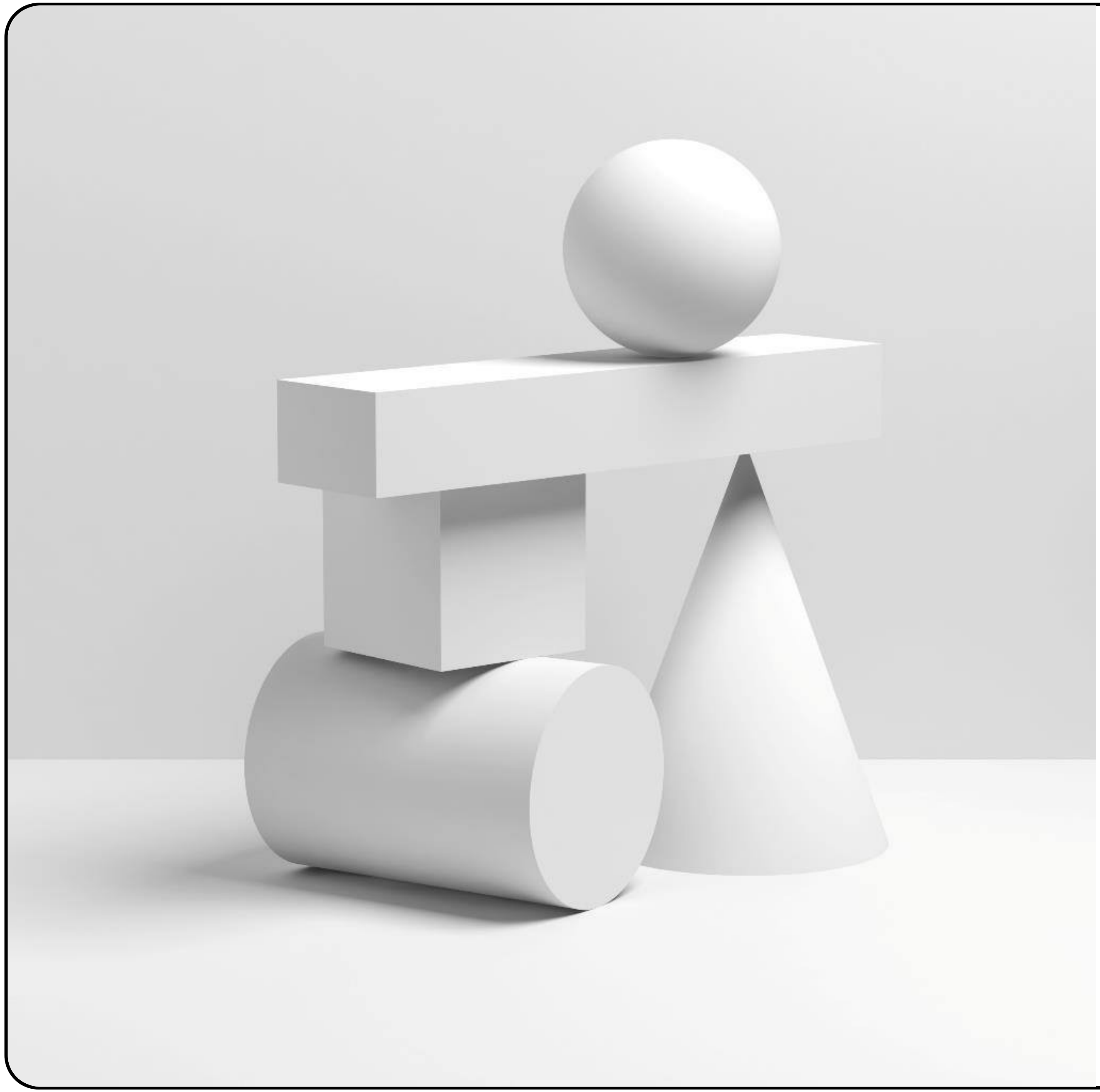
QUESTIONS EVERY BOARD SHOULD ASK

- **Financial:** “What trend concerns you most?”
- **Leadership:** “What keeps our CEO/Executive up at night?”
- **Culture:** “What would the staff say that the Board isn’t hearing?”
- **Risk:** “What is our most likely crisis?”
- **Strategy:** “What would threaten mission success over the next 3 years?”

Key Takeaway

"Board oversight is not about catching people doing something wrong.

It is about creating systems that help good people identify problems early, solve them quickly, and protect the mission."



Q & A

THANK YOU!

Joni Hires, Executive Director

FMH Foundation

joni@fmhoundation.org