AICPA® Not-for-Profit Section

A Guide to Board Member Orientation

Building an effective and diverse board of directors is important to the success of any not-for-profit (NFP) organization. Board members provide valuable leadership and oversight of the organization, lending their skills, knowledge and expertise to advance the organization's mission. This resource will provide some suggested practices and tips to establish an orientation process for new board members.

The orientation process is typically coordinated by an NFP's leadership team and officers. Some organizations have a nominating committee that collaborates with the Board Chair and Executive Director/CEO to research and vet prospective board members and assist in recruitment and orientation. As you read this document, keep in mind that orientation is not meant to be a one-time event. It is important to provide board members with information and documentation on an ongoing basis.

This document will provide some suggestions on a phased approach to orientation. As each organization builds its new board member orientation program, it should consider when these topics will be presented and discussed in each phase and in a manner that best fits its culture. The following are some of the important topics you will want to include in your orientation:

- Mission and vision
- Founder's story/history
- Business plan
- Overview of major programs and operations
- Fundraising tactics
- Board responsibilities
- Information regarding financial health and sustainability
- Financial statements and IRS filings
- Organizational policies and procedures

Responsibilities of Board Members

Starting with these legal responsibilities and consulting any state corporation or nonprofit laws is a great beginning when crafting your orientation. Board members have three main legal responsibilities:

- Duty of Care: Board members need to exercise reasonable care when acting on behalf of the organization. This includes actively participating in board meetings, asking questions and reading the provided organizational information to make informed decisions.

- Duty of Loyalty: Board members need to put the interest of the organization before their own and avoid potential conflicts of interest.

- Duty of Obedience: Board members must be faithful to the mission of the organization. They need to ensure that the organization complies with all international, federal, state and local laws and regulations.

Designing an Orientation Program

An effective orientation program can be designed in five phases: recruitment, individual meetings, retreats, board meetings and ongoing training.

1. Recruitment

Recruitment is the most important phase to get right. Some boards have a governance committee or board development committee that identifies the needed skill set for new board members. Once you identify the potential candidate, there is an opportunity for a two-way interview. As important as filling a board seat is, filling it with an individual that will be a good fit for the organization and for the person themselves is more important.

During the recruitment phase, find out if the prospective board member is passionate about the organization's mission, how their specific expertise will benefit the organization, and what their commitment to working with a team is like. Also communicate expectations for board member involvement, and ensure they have sufficient time to volunteer for board service.

Organizational representatives, such as the Board Chair, Vice-Chair and/or Executive Director or CEO will need to take the time to share information and documentation about the organization, such as the mission, key programs, financial health of the organization, meeting/retreat/event dates, board and committee structure, and directors and officers (D&O) insurance coverage. Some organizations prepare a fact sheet containing this information. A critical component of recruitment that is often left out is sharing the actual board member position description, which defines the roles and responsibilities.

The recruitment phase is the time to establish clear expectations of board members related to attendance at meetings and events, financial oversight and active engagement behavior. As such, the list of board meeting, annual retreat and key event dates is one of the most important documents to share to make sure the individual has time to be involved. For organizations supported primarily by contributions from the public, board members will need an orientation on fundraising strategies, including information on special events. In addition, make sure they understand the expectations for board involvement in fundraising activities.

2. Individual Meetings

Once the new director has been officially appointed to the board, hold a follow-up meeting. Consider including the Board Chair, Chief Executive Officer and/or CFO. These one-on-one meetings are the perfect opportunity to reinforce the messages communicated during recruitment, provide additional information on the organizational history and culture, and answer any questions. During this phase, most organizations provide a board handbook or manual. A board manual or handbook should be customized for your organization, but often includes the following:

- Legal - articles of Incorporation, IRS determination letter, bylaws, registrations
- Board – roster; position descriptions; committee charters; list and copies of key approved policies including conflict of interest, whistleblower and document destruction; agendas/minutes for prior year; calendar and meeting dates; assessment of board; and insurance coverage
- Strategy – mission, values, goals, strategies, work plans
- Financial – current budget, audited financial statements, IRS Form 990, auditor's letter to management, state filings, interim financial statements, funder assessment reports

• Operational – fact sheet, risk management plan, management reports on operational results, key programs, annual report, marketing campaign plans, organizational chart, key publications

3. Retreats

Many larger NFPs hold an annual “retreat” for the board. Smaller organizations may hold an extended board meeting instead. All board members – not just new members – are usually expected to attend. You can use the retreat as an opportunity to establish plans for the upcoming year, discuss the strategy and agree on the annual plan of work.

Many organizations intentionally have their retreats take place off-site with an outside facilitator and incorporate a team building element. If the organization holds the retreat at their building, a tour of the facility and introduction to key staff and volunteers can be added.

Also, it can be helpful to give “homework” prior to the retreat. This may include an advance reading assignment or assessment related to team building as well as a review of both the strategic plan and risk management plan for discussion at the retreat. Some organizations follow the retreat with an outing or social event.

An agenda for your retreat might include:

I. Introductions and ice breaker

II. Team building exercise

III. Review of board member responsibilities and expectations

IV. Discuss organizational strategy and risks

V. Establish the annual plan of work and how both the CEO and the board will be evaluated

4. Board Meetings

In this phase, your board members should already have a calendar of meetings for the year and understand the expectations that were made clear during recruitment. When you plan board meetings, it is important to send out the board meeting agenda and supporting documents in advance (try to allow three business days at a minimum) so there is sufficient time for members to prepare. In order to help them make effective decisions, give board members ample time to thoroughly consider the information provided. Whether your organization mails information, emails it, or puts it in the cloud, it’s important there is clarity on which agenda items are for discussion, decision making or for information purposes only.

Many boards start their meeting with a “mission moment” to keep everyone grounded. Share a success story that demonstrates your organization achieving its mission. Some organizations rotate meeting locations to ensure all members have the opportunity to see all owned facilities and meet staff and volunteers. Pay attention to how your new members are doing at their first few meetings and ask for their feedback as well. This is also an opportunity to get feedback on your process for recruitment and orientation to allow for fine-tuning.

5. Ongoing Training

Current practice is for boards and committees to have ongoing training and make this part of the overall orientation process. Training may be part of the agenda of each board meeting or a separate event attended by one or more members with a report back to the entire board. Some organizations have conference call training sessions. Ongoing training is an opportunity to keep your board members current on issues affecting the not-for-profit sector as a whole and those related to your organization's cause. Common training sessions include current industry issues, governance items, understanding financial information, team-building, and so on.

By establishing an intentional onboarding process for new board members, your organization will set each member up for individual success and to feel valued for their contribution of time and talent to your cause. It can also help the board as a whole be clear on their roles and responsibilities within an effective team.

Visit the AICPA's Not-for-Profit Resource Library for additional tools and resources.

Have any questions? Contact NFPSection@aicpa.org.