



COLORADO LEAGUE *of*
CHARTER SCHOOLS

focus on achievement

Welcome to the Board: Best
Practices in Charter School
Governance

Resources



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Legal responsibilities of charter school boards

Under well-established principles of nonprofit corporation law, a board member must meet certain standards of conduct and attention in carrying out his or her responsibilities to the organization. Several states have statutes adopting some variation of these duties which would be used in court to determine whether a board member acted improperly. These standards are usually described as the duty of care, the duty of loyalty and the duty of obedience.

A. Duty of Care. The duty of care describes the level of competence that is expected of a board member, and is commonly expressed as the duty of "care that an ordinarily prudent person would exercise in a like position and under similar circumstances." This means that a board member owes the duty to exercise reasonable care when he or she makes a decision as a steward of the organization, in this case, the school.

B. Duty of Loyalty. The duty of loyalty is a standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization. This means that a board member can never use information obtained as a member for personal gain, but must act in the best interests of the organization.

C. Duty of Obedience. The duty of obedience requires board members to be faithful to the organization's mission. They are not permitted to act in a way that is inconsistent with the central goals of the organization. A basis for this rule lies in the public's trust that the organization will manage donated funds to fulfill the organization's mission.

Basic responsibilities of charter school boards

1. Determine the school's mission and purpose. It is the board's responsibility to create and review a statement of mission and purpose that articulates the school's goals, means, and primary constituents served.
2. Select the chief executive. Boards must reach consensus on the chief executive's responsibilities and undertake a careful search to find the most qualified individual for the position.
3. Provide proper financial oversight. The board must assist in developing the annual budget and ensuring that proper financial controls are in place.
4. Ensure adequate resources. One of the board's foremost responsibilities is to provide adequate resources for the school to fulfill its mission.
5. Ensure legal and ethical integrity and maintain accountability. The board is ultimately responsible for ensuring adherence to legal standards and ethical norms
6. Ensure effective organizational planning. Boards must actively participate in an overall planning process and assist in implementing and monitoring the plan's goals.
7. Recruit and orient new board members and assess board performance. All boards have a responsibility to articulate prerequisites for candidates, orient new members, and periodically and comprehensively evaluate its own performance.

8. Enhance the school's public standing. The board should clearly articulate the school's mission, accomplishments, and goals to the public and garner support from the community.
9. Determine, monitor, and strengthen the school's programs and services. The board's responsibility is to determine which programs are consistent with the school's mission and to monitor their effectiveness.
10. Support the chief executive and assess his or her performance. The board should ensure that the chief executive has the moral and professional support he or she needs to further the goals of the school.

What are the responsibilities of individual board members?

Individual Board Member Responsibilities

- Attend all board and committee meetings and functions, such as special events.
- Be informed about the school's mission, services, policies, and programs.
- Review agenda and supporting materials prior to board and committee meetings.
- Serve on committees or task forces and offer to take on special assignments.
- Make a personal financial contribution to the school, if possible.
- Inform others about the school...be an ambassador.
- Suggest possible nominees to the board who can make significant contributions to the work of the board and the school.
- Keep up-to-date on developments in education and charter school issues.
- Follow conflict of interest and confidentiality policies.
- Refrain from making special requests of the staff.
- Assist the board in carrying out its fiduciary responsibilities, such as reviewing the school's annual financial statements.

Personal characteristics to consider

- Ability to listen
- Ability to analyze
- Ability to think clearly and creatively
- Ability to work well with people individually **and** in a group
- Willing to prepare for and attend board and committee meetings
- Willing to ask questions
- Willing to take responsibility and follow through on a given assignment
- Willing to contribute personal and financial resources in a generous way according to circumstances
- Willing to open doors in the community
- Willing to evaluate oneself
- Develop certain skills if you do not already possess them, such as to: cultivate and solicit funds, cultivate and recruit board members and other volunteers, read and understand financial statements, learn more about the substantive program area of the school.
- Possess: honesty, sensitivity to and tolerance of differing views, a friendly, responsive, and patient approach, community-building skills, personal integrity, a developed sense of values, concern for your school's development, a sense of humor.

What should I know before joining the board?

Questions Prospective Board Members Should Ask

Serving as a board member is one of the most challenging and rewarding of volunteer assignments. While appointment or election to a board is an honor, board members have important legal and fiduciary responsibilities that require a commitment of time, skill, and resources. Prospective board members do themselves a service and show that they are serious about the commitments they make by asking some basic questions before joining a school's board. You can find the answers from the board member who issues the invitation to join; the leader of the school; the board chairperson; other board members, current and former; or written materials. Long-time board members might also benefit from a review that answers these questions.

Ask questions about the school's programs

- W What is the school's mission?
- W How do its current programs relate to the mission?
- W Can I visit the school to observe the programs firsthand?
- W Does the school have a strategic plan that is reviewed and evaluated on a regular basis?

Ask questions about the school's financial status

- W Is the financial condition of the school sound?
- W Does the board discuss and approve the annual budget?
- W How often do board members receive financial reports?

Ask questions about the school's students and families

- W Who does the school serve?
- W Are the school's students and families satisfied with the school?

Ask questions about the structure of the board

- W How is the board structured?
- W Are there descriptions of the responsibilities of the board as a whole and of individual board members?
- W Are there descriptions of board committee functions and responsibilities?
- W Who are the other board members?
- W Is there a system of checks and balances to prevent conflicts of interest between board members and the school?
- W Does the school have directors and officers liability coverage?

Ask questions about individual board members' responsibilities

- W What are the ways that you think I can contribute as a board member?
- W How much of my time will be required for meetings and special events?
- W How are committee assignments made?
- W What orientation will I receive to the school and to the responsibilities of board service?
- W Does the school provide opportunities for board development and education?
- W What is the board's role in fund-raising?
- W Will I be expected to make a specific annual financial contribution?
- W What role will I play in soliciting donors?

Ask questions about the board's relationship to the staff

- W Is the board satisfied with the performance of the executive staff?
- W How do board members and senior staff typically work with each other?

Evaluate your interest in serving on the board

Once you are satisfied with the information you have received, it is time to evaluate your own interest in serving on the board. Ask yourself the following questions:

- W Am I committed to the mission of the school?
- W Can I contribute the time necessary to be an effective board member?
- W Am I comfortable with the approach and tone of the school's fund-raising efforts?
- W Can I contribute financial support consistent with the school's expectations of board members and with my own means and priorities?
- W Can I place the school's purposes and interests above my own professional and personal interests when making decisions as a board member?

Background materials

Selected background information can provide a useful overview of the school, the board's work, and the responsibilities of board members. Helpful material includes:

- W the school's annual report
- W the most recent audited financial statement
- W the long-range program and financial plan
- W a list of current board members, titles, and all affiliations
- W a description of board members' responsibilities
- W a board organization chart
- W a staff organization chart
- W the school's newsletter, brochure, or other publications
- W newspaper or magazine articles about the school
- W a brief biography of the school leader

How should the board be structured?

Every board has a fundamental responsibility for self management: for creating a structure, policies, and procedures that support good governance. The term "board organization" encompasses a variety of tasks, from routine matters such as preparing a schedule of board meetings to actions with broader consequences such as developing a policy about terms of service. Here are some of the most frequent questions board members ask about board organization:

How can we contribute to effective board organization?

To set the stage for efficient board and committee work:

- Prepare a written job description for individual board members.
- Develop an annual schedule of meetings, determined a year in advance.
- Circulate clear and thorough information materials, including an agenda, to all members two to three weeks before each meeting.
- Maintain complete and accurate minutes of all meetings.
- Keep meetings brief and well focused. Stimulate the broadest possible participation by members.

- Ask each board member to serve on at least one board committee. (For new members, one committee assignment is sufficient.)
- Acknowledge members' accomplishments and contributions in a variety of ways in the organization's newsletter, at meetings, in minutes.

To encourage smooth functioning committees, follow these additional steps:

- Prepare written statements of committee responsibilities, guidelines and goals. These organizational documents, which should be approved by the board chairperson, should be reviewed every one to two years and revised if necessary.
- Make committee work assignments according to the background, expertise, and schedule of each member.
- Distribute tasks among members so that everyone participates but no one is overloaded.
- Create a system of checks and balances to monitor committee members' work and assure that tasks are completed on schedule.
- Assign an appropriate staff member to work with each committee.

How large should our board be?

The organization's structure and needs are among the factors that determine board size. In considering the size of the board, keep these points in mind:

Every board needs a sufficient range of expertise to accomplish the organization's mission. If a board is too small, its members may be overworked and unproductive. If a board is too large, every member may not have the opportunity to participate actively.

What should be the length of a board member's term?

There are no hard and fast rules for determining board members' tenure. Many organizations do, however, limit members to two consecutive terms and require a hiatus of one year before a board member may be reappointed. Many organizations also stagger terms of service so that one half or one third of the board is elected every one or two years for terms of two to four years. Such policies encourage institutional renewal because a board can profit from the experience of veteran board members while welcoming the fresh perspective that new members offer.

What committees should our board have?

Much of the work that a board does is accomplished through its committees. With the exception of the Executive Committee, which acts on the board's behalf, committees recommend action to the full board for discussion and action. Committee structure usually parallels the administrative structure of the organization. Standing committees are established in the bylaws and often include the following:

- Executive Committee
- Nominating Committee
- Finance Committee
- Audit Committee
- Development Committee
- Strategic Planning Committee
- Buildings and Grounds Committee (Facilities Committee)
- Personnel Committee.

Committees might also include Marketing, Public Affairs, or Educational Programming.

How should committee members be chosen?

Every board member should serve on at least one but preferably no more than two committees. Members are appointed by the chairperson in consultation with the Nominating Committee. Committee size depends on the needs of the board and the school and a common sense assessment of how many people are needed to carry out the committee's work.

Make committee assignments based on the experience, skills, interests, and available time of board members. Each member must make a serious commitment to participate actively in the work of the committee. If a committee is too large, a small group of members may have a disproportionate amount of responsibility. If a committee is too small, there may not be enough people to get the job done. Board committees may include people who are not board members.

Should the school leader be a member of the board?

Some schools decide to make the school leader an ex officio member of the board, sometimes voting and sometimes nonvoting. This decision should be made carefully. Some believe that board membership is a good idea because it enhances the leader's position of authority within the organization and strengthens the working partnership between the board and the leader. On the other hand, some feel that board membership blurs the distinction between the board's responsibilities and the leader's responsibilities and makes it difficult for the board to assess the leader's performance objectively. Whatever the leader's official status, his or her insights into the daily operations of the school are essential to decision making by the board.

How do we safeguard against conflict of interest?

When the personal or professional concerns of a board member or a staff member affect his or her ability to put the welfare of the school before personal benefit, conflict of interest exists. School board members are likely to be affiliated with many organizations in their communities, both on a professional and a personal basis, so it is not unusual for actual or potential conflict of interest to arise.

Why must we be concerned about conflict of interest?

School board service carries with it important ethical obligations. Schools serve the broad public good, and when board members fail to exercise reasonable care in their oversight of the school, they are not living up to their public trust. In addition, board members have a legal responsibility to assure the prudent management of the school's resources. In fact, they may be held liable for the school's actions. A 1974 court decision known as the "Sibley Hospital case" set a precedent by confirming that board members can be held legally liable for conflict of interest because it constitutes a breach of their fiduciary responsibility.

Does conflict of interest involve only financial accountability?

No. Conflict of interest relates broadly to ethical behavior, which includes not just legal issues but considerations in every aspect of governance. A statement by INDEPENDENT SECTOR describes three levels of ethical behavior: obeying the law; decisions where the right action is clear, but one is tempted to take a different course; and decisions that require a choice among competing options.

The third level of behavior can pose especially difficult ethical dilemmas for school board members.

What can we do to prevent conflict of interest situations?

Self monitoring is the best preventative measure. Institute a system of checks and balances to

circumvent actual or potential conflict of interest, beginning with well defined operating policies on all matters that might lead to conflict. Most importantly, create a carefully written conflict of interest policy based on the needs and circumstances of the school. Ask each board and staff member to agree in writing to uphold the policy. A conflict of interest policy should be reviewed regularly as part of board self assessment.

What should be included in a conflict of interest policy?

A policy on conflict of interest has three essential elements:

1. FULL DISCLOSURE.

Board members and staff members in decision-making roles should make known their connections with groups doing business with the organization. This information should be provided annually.

2. BOARD MEMBER ABSTENTION FROM DISCUSSION AND VOTING.

Board members who have an actual or potential conflict of interest should not participate in discussions or vote on matters affecting transactions between the organization and the other group.

3. STAFF MEMBER ABSTENTION FROM DECISION-MAKING.

Staff members who have an actual or potential conflict should not be substantively involved in decision-making affecting such transactions.

For a sample conflict of interest policy and disclosure form, see the BoardSource booklet, *Managing Conflicts of Interest*

What are some examples of actual and potential conflict of interest?

W School policy requires competitive bidding on purchases of more than \$1,000, but a printing firm owned by a board member's spouse receives the \$25,000 contract for the annual report and no other bids are solicited.

W A board member serves on two boards in the community and finds himself in the position of approaching the same donors on behalf of both organizations.

W A staff member receives an honorarium for conducting a workshop for another group in the school's field of interest.

Should an organization contract with a board member for professional services, such as legal counsel or accounting?

Attorneys, accountants, and other professionals can contribute valuable expertise to a board. Due to the potential for conflict of interest, their contributions should be voluntary. At the very least, a board member who is associated with a firm competing for a contract should abstain from discussion and voting in the selection process. If a competitive bidding process results in the selection of that board member's firm, he or she should disclose the affiliation and abstain from voting on future board actions connected with that firm's contract with the school.

What goes in the board manual?

The Board Manual: An Orientation and Resource Tool

The foundation of a committed, knowledgeable, and effective board is orientation and education. As an essential companion to orientation and education, every organization should have a thorough, easy-to-use manual that board members can use throughout their terms. A board manual serves two functions. For the new board member, it is an orientation handbook that provides useful information about the school, board structure and operations, and fellow board members and staff. For the balance of a member's board service, the manual then becomes an indispensable working tool and a central resource about the organization and the board. Materials can be added and removed to create an up-to-date reference. The board manual is developed by staff in consultation with the board chairperson and other officers. Present it to board members in a durable, attractive loose-leaf notebook with a table of contents and clearly divided and labeled sections. Date every item and replace material when necessary. Insert stationery, brochures, and similar items in pockets of the notebook.

To develop a working manual that board members use and rely on:

- Don't overwhelm new board members with too much information. When several examples are available (e.g., current press clippings), include only one.
- Keep each item brief. A two-paragraph biography of the school leader is preferable to a four-page resume, for example.
- Use the handbook as a "textbook" during board orientation.
- Encourage board members to read and ask questions about the material.
- Ask board members to evaluate the usefulness of the manual each year.
- Revise the contents or format based on their comments.

Board manual contents checklist

A thorough board manual can include the following materials. (Remember to keep each item as concise as possible.)

The board

- Board members listing and bios
- Board members terms
- Board statement of responsibilities
- Committee and task force jobs and descriptions

Historical references of the organization

- Brief written history and/or fact sheet
- Original charter
- 1** Contract with Authorizer
- 3** Articles of Incorporation
- D** Bylaws
- 1** IRS determination letter
- Listing of past board members

Strategic framework

- 3** Mission and vision statement
- 3** Strategic framework or plan
- Current annual operating plan

Minutes from recent board meetings

Policies pertaining to the board

- Policy on potential conflicts of interest
- 3** Insurance policy coverage
- 1** Legal liability policy

Finance and fundraising

- 1** Prior-year annual report
- 1** Most recent audit report
- 1** Current annual budget
- D** Form 990
- Banking resolutions
- Investment policy
- Current funder list

Staff

- Staff listing
- 1** Organization/team chart

Other information

- Annual calendar
- Web site information
- Promotional material (membership brochure, information brochure, advertisements, etc.)

How do we keep board members informed?

Designing a Board Information System

Good governance depends on enlightened decision making. Board members in turn need to be knowledgeable about the organization's status and needs if they are to make sound decisions that advance its mission. But, boards often say that the information they receive hinders rather than facilitates good governance and strong leadership. They protest that they are overwhelmed with large quantities of irrelevant information, that they don't get enough information, or that they receive material too late to devote serious attention to it. An effective board information system should focus decision making, stimulate participation, and support an appropriate balance of responsibility between board and staff.

Types of Board Information

Management consultant John Carver describes three types of board information:

- Decision information is used to make decisions, such as establishing selection criteria for the school leader. It looks to the future and is not designed to measure performance.
- Monitoring information enables the board to assess whether its policy directions are being met. It looks to the past and provides a specific survey of performance against criteria. An example is an annual review of an organization's strategic plan.
- Incidental information is for the general information of the board and not related to board action. Committee reports are frequently in this category.

Too often, board information is primarily incidental information. Although such material is useful for maintaining an overall impression of the administration of the school, it is not usually specific

or substantive enough to help board members make decisions or monitor the school's success at carrying out its mission.

Establishing a System

Establishing and maintaining a board information system is the joint responsibility of the board chairperson, board members, the school leader, and staff members who work with the board. The board should discuss

- what information it needs to do its job
- how often it wants this information
- in what form it needs the information

Given this board feedback, the staff can establish the content, format, and frequency of information they will provide the board.

Characteristics of Good Board Information

Barry S. Bader, a consultant and author specializing in hospital governance, identifies seven guidelines for developing effective board information:

1. **CONCISE**
Is the information communicated as quickly or as briefly as possible?
2. **MEANINGFUL**
Is the information presented in relationship to a significant factor, such as a goal set by the board, past performance, or comparative data?
3. **TIMELY**
Is the information relevant to the current agenda?
4. **RELEVANT TO RESPONSIBILITIES**
Does the information help the board or board committee discharge its responsibilities?
5. **BEST AVAILABLE**
Is the information the best available indicator of the situation or condition being described? Can better information be provided?
6. **CONTEXT**
Is it clear why this information is important?
7. **GRAPHIC PRESENTATION**
Could the information be presented better graphically than in words?

Basic Ingredients of a Board Information System

Every board must decide for itself exactly what information it needs. For most schools, however, the following checklist is a starting point.

At least two weeks before each board meeting:

- Agenda
- Information about issues for discussion, when appropriate
- Financial information
- Committee reports

At least two weeks before the board meeting at which it is discussed:

- Annual budget
- Audit report
- Strategic plan

After each board meeting:

- Minutes
- Notice of next meeting

Quarterly:

- Financial report

Regularly, when appropriate:

- Memo from the school leader summarizing current activities, accomplishments, and needs
- Updated material for board handbook
- Advance copies of publications, brochures, or promotional material
- Annual report

Governing Board Job Descriptions

What is the job description of a board chair?

- Oversee board and executive committee meetings
- Serve as ex-officio member of all committees
- Work in partnership with the school leader to make sure board resolutions are carried out
- Call special meetings if necessary
- * Appoint all committee chairs and with the school leader, recommend who will serve on committees
- Assist school leader in preparing agenda for board meetings
- Assist school leader in conducting new board member orientation
- H Oversee searches for a new school leader
- Coordinate school leader's annual performance evaluation
- Work with the nominating committee to recruit new board members
- Act as an alternate spokesperson for the organization
- Periodically consult with board members on their roles and help them assess their performance

What is the job description of a board vice chair?

- 3** Attend all board meetings
- Serve on the executive committee
- Carry out special assignments as requested by the board chair
- Understand the responsibilities of the board chair and be able to perform these duties in the chair's absence
- W Participate as a vital part of the board leadership

What is the job description of a board secretary?

3 Attend all board meetings

- Serve on the executive committee
- Maintain all board records and ensure their accuracy and safety
- Review board minutes
- Assume responsibilities of the chair in the absence of the board chair, chair-elect, and vice chair
- Provide notice of meetings of the board and/or of a committee when such notice is required

What is the job description of a board treasurer?

1 Maintain knowledge of the school and personal commitment to its goals and objectives

- Understand financial accounting for nonprofit organizations and schools
- Serve as financial officer of the organization and as chairperson of the finance committee.
- Manage, with the finance committee, the board's review of and action related to the board's financial responsibilities.
- ' Work with the school leader and the chief financial officer to ensure that appropriate financial reports are made available to the board on a timely basis.
- Assist the school leader or the chief financial officer in preparing the annual budget and presenting the budget to the board for approval.
- Review the annual audit and answers board members' questions about the audit.

Charter School Board of Directors: Self-Assessment Template

Issue/Concept	Complete	In Progress	Little/No Progress	Not Applicable
A Solid Foundation				
School has a well-drafted charter contract with its sponsor agency				
School has well-drafted articles and bylaws				
There is a clear understanding of the School's legal and financial status				
Appropriate liability insurance and risk management practices are maintained at all times				
School has developed a long-term strategic plan and revisits/revises on an annual basis				
Long-term plans are translated into fully understood and agreed upon annual action plans/goals				
Board Operations/Relations				
Board members understand their legal and ethical responsibilities (duty of care/loyalty, conflict of interest)				
New board members are oriented and fully briefed prior to being seated				
Board is composed of individuals with a broad and appropriate range of expertise and experience				
Board conducts annual self-evaluation				
Board member election/selection process ensures a broad and appropriate range of expertise and experience				

Issues/Concept	Complete	In Progress	Little/No Progress	Not Applicable
Meetings are well planned with clear agendas focused on appropriate policy and action terms.				

Board chair is a strong, capable meeting facilitator				
Meetings are conducted pursuant to common ground rules (e.g. Robert's Rules) that are well understood by all members				
Board committees have clear scope of responsibility and charges				
Individual board members prepare for meetings and participate constructively				
Board has a process for addressing ineffective, destructive, or absentee board members				
Meeting minutes record each board meeting and are distributed promptly after each meeting				
Relationship With School Director/Principal				
Board selects the director/principal				
Board develops performance goals/targets and evaluates director performance each year				
Board has established a plan for succession in the event the director/principal leaves/retires				
Board has clear understanding with staff regarding where board responsibilities leave off and staff responsibilities begin				

Issue/Concept	Complete	In Progress	Little/No Progress	Not Applicable
Personnel & Staffing				
Board has adopted/approved a comprehensive set of personnel policies that are in line with all applicable legal requirements				
Clear job descriptions and staffing plans are in place				
Budget & Finance				
Board adopts an annual budget that maximizes the school's resources in support of mission/vision				
Board monitors budget throughout the year				
Board contracts with independent auditor each year and reviews audit reports				

Special thanks to Eric Premack with the Charter School Development Center in Sacramento for the development of this Self-Assessment Template.