
6.f

Information Item

Governance and Monitoring Committee

Consideration and development of evaluation methodology for Annual EDFUND Board of Directors Performance Assessment, including method of evaluation of individual Directors

In September 2007, the Commission adopted its Governance Policies. Among those policies is Monitoring Policy 7: Personnel Practices which provides that "on an annual basis, the Commission will conduct an assessment of the EDFUND Board's performance in conjunction with the statutorily required Annual Report to the Legislature. ..." At this time, there is no formal tool that has been adopted to make the assessment of the EDFUND Board's performance.

Articles on non-profit boards indicate that the effectiveness of the nonprofit board of directors can be enhanced by regular assessment of its activities and performance. Staff has researched areas of assessment that are common to Nonprofit Board of Directors and provides the following information and criteria to facilitate the Committee's discussion of an evaluation methodology for the EDFUND Board of Directors and individual Directors.

Evaluating the Effectiveness of the Nonprofit Board of Directors

An annual board assessment provides an opportunity to evaluate the board's overall effectiveness at accomplishing its goals in a variety of activity areas. A ranking system reflecting the level of accomplishment within each task may be useful (1= effective performance, 2=adequate performance, 3=inadequate performance, U= uncertain), and activities can be grouped into the following categories:

- Knowledge of board financial, legal and public responsibilities
- Representation to the public by the board
- Understanding and communication of the organization's mission
- Organization's compliance with legal regulations, licensing and other standards
- Effectiveness of board practice: Bylaws, committees, procedures
- Approval of outside counsel (legal, accounting, managerial)
- Relationship with the executive director (President/CEO)

- Hiring, evaluating, managing, and compensating the executive director (President/CEO)
- Strategic planning
- Policy development and approval
- Oversight of organizational financial structure and activity, including income, expenses, borrowing, insurance coverage, audits, bank relations, fund-raising, and other financial procedures
- Board performance: meeting attendance, discussion participation
- New board member orientation

Individual Board Members Responsibilities and Personal Characteristic to Consider

- Attend all board and committee meetings.
- Be informed about the organization'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.
- Keep up-to-date on developments in the organization's field.
- 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 organization's annual financial statements.

Personal Characteristics:

- Ability to: listen, analyze, think clearly and creatively, work well with people individually and in a group.
- Willing to: prepare for and attend board and committee meetings, ask questions, take responsibility and follow through on a given assignment, evaluate oneself.
- Develop certain skills if you do not already possess them, such as to: read and understand financial statements, learn more about the substantive program area of the organization.
- Possess: honesty, sensitivity to and tolerance of differing views, a friendly, responsive, and patient approach, personal integrity, a developed sense of values, concern for your nonprofit's development, a sense of humor.