

The Not-For-Profit Board: What is its Role? Is it Different from a Corporate Board?



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Not-For-Profit (NFP) board members are often asked what they actually do. There is also some uncertainty about how an NFP board differs from a corporate board, if at all. As the election for Carers NSW board members is coming up I thought it would be a good idea to talk in this issue about the roles and responsibilities of NFP boards.

Carers NSW board members, or directors, are volunteers. This is a major difference between our directors and directors of corporate, or commercial, boards who are paid.

Carers NSW directors are elected by the members of the organisation, corporate directors are not.

Importantly, there is no difference between NFP directors and corporate directors in their responsibilities or liabilities as a director. Being a volunteer director makes no difference to the fiduciary duty of our directors.

To understand the role of any board, it is important to differentiate between management and governance. The board does not manage the staff or day to day operation of the organisation. That is the role of the Chief Executive Officer (CEO). The board is responsible for governance. Essentially, modern governance means ensuring that all accountability safeguards are in place. It is the board which is ultimately responsible for the organisation and its activities. These include employing the CEO, adhering to relevant government legislations, overseeing the management and reporting of the organisation's finances, and being accountable and reporting to its many stakeholders, including members and funders.

Directors also provide the organisation with guidance and support and are the guardians of the organisation's vision and mission. The board needs to make sure that the organisation acts according to its stated mission/vision and mission/goals and for the purpose for which it receives tax exemption.

In addition, it is a board's responsibility to:

- **Establish a clear vision and mission**
What the organisation plans to achieve, where it wants to be and how it plans to get there
- **Identify the organisation's core values**
- **Be strategic in determining the organisation's programs and services**

- **Provide financial oversight and ensure the organisation meets its legal and financial requirements**

Guiding/managing/facilitating the development of budgets, monitoring program activities by tracking key performance indicators, managing investments, and reviewing financial statements

- **Develop appropriate risk management practices**
Ensure an understanding of the risks the organisation faces and its ability to obtain insurance for some of those risks and taking action to avoid or mitigate other risks

- **Be ethical**

Just as corporate or commercial boards have a responsibility to their shareholders for ethical and wise financial management, not-for-profit boards are responsible to their members, funders and private donors. All transactions – financial or otherwise – need to be transparent with a consistency of approach and purpose

- **Build and sustain government relations**

Carers NSW does not belong to, or support, any political party. Board members advocate for carers to all politicians and brief government officials about the key issues facing carers.

The Board and the CEO

The board works closely with the CEO to further the organisation's goals and to broaden its financial and membership support base. Together they regularly review the organisation's overall operation, vision and mission and program goals and decide on a regular evaluation process for all programs to monitor their effectiveness.

NFP and corporate/commercial boards alike carry the trust and expectations of their stakeholders. The Board of Directors of Carers NSW are committed to good governance and support of carers, in all their diversity, across NSW.