

**STATE CONTROLLER'S DIVISION
STATE OF OREGON**

***Suggested Governance Guidelines for State Controller's Division
Small Boards and Commissions***

Preserving the soundness and integrity of Oregon's small boards and commissions must strike a careful balance in managing legal mandates and well-informed self-governance. Small boards and commission organizations have long embraced the need for standards of ethical practice that preserve and strengthen the public's confidence. The pages that follow list a recommended comprehensive set of practice organized under four main categories:

1. Legal Compliance and Public Disclosure,
2. Effective Governance,
3. Strong Financial Oversight, and
4. Responsible Fundraising.

Small boards and commissions may want to periodically conduct a thorough discussion of the principles, and determine applicability for their unique circumstance.

Legal Compliance and Public Disclosure

1. A state board or commission must comply with all applicable federal laws and regulations, as well as other laws and regulations that apply.
2. A state board or commission should have a formally adopted, written code of ethics with which all of its members, staff and volunteers are familiar and to which they adhere.
3. A state board or commission should adopt and implement policies and procedures to ensure that all conflicts of interest, or the appearance thereof, within the organization and the board are appropriately managed through disclosure, recusal, or other means.
4. A state board or commission should establish and implement policies and procedures that enable individuals to come forward with information on illegal practices or violations of organizational policies. This "whistleblower" policy should specify that the organization will not retaliate against, and will protect the confidentiality of, individuals who make good-faith reports.
5. A state board or commission should establish and implement policies and procedures to protect and preserve the organization's important documents and business records.
6. A state board or commission should ensure that the organization has adequate plans to protect its assets—its property, financial and human resources, programmatic content and material, and its integrity and reputation—against damage or loss. The board should review regularly the organization's need for risk management and appropriate risk mitigation strategies.
7. A state board or commission should make information about its operations, including its governance, finances, programs, and activities, widely available to the public. A state board or commission might also consider making information available on the methods they use to evaluate the outcomes of their work and sharing the results of those evaluations.

Effective Governance

8. A state board or commission as a governing body is responsible for reviewing and approving the organization's mission and strategic direction, annual budget and key financial transactions, adoption of state personnel practices and policies, and fiscal and governance policies.
9. A state board or commission should meet regularly enough to conduct its business and fulfill its duties per state law.
10. A state board or commission should establish its own management and committee structure and review these periodically. Board committees should have enough members to allow for full deliberation and diversity of thinking on governance and other organizational matters.
11. A state board or commission when creating ad hoc committees should include members with the diverse background (including, but not limited to, ethnic, racial, and gender perspectives), experience, and organizational, program, and financial skills necessary to advance the organization's mission.
12. Unless specified in state law, the board or commission should hire, oversee, and annually evaluate the performance of the chief executive officer of the organization, and should conduct such an evaluation prior to any change in that officer's compensation.
13. A state board or commission should ensure that the positions of chief staff officer, board chair, and board treasurer are held by separate individuals.
14. The board or commission should establish an effective, systematic process for educating and communicating with board members to ensure that they are aware of their legal and ethical responsibilities, are knowledgeable about the programs and activities of the organization, and can carry out their oversight functions effectively.
15. Board members should evaluate their performance as a group and as individuals no less frequently than every three years, and should have clear procedures for replacing board members who are unable to fulfill their responsibilities.
16. The board or commission should establish clear procedures informing the length of terms and the number of consecutive terms a board member may serve.
17. The board or commission should review organizational and governing instruments no less frequently than every five years.
18. The board should establish and review regularly the organization's mission and goals and should evaluate, no less frequently than every five years, the organization's programs, goals and activities to be sure they advance its mission and make prudent use of its resources.

Strong Financial Oversight

19. A state board or commission must keep complete, current, and accurate financial records. The board should receive and review timely reports of the organization's financial activities and should review the annual audit conducted by a qualified independent board treasurer, internal auditor, or state auditor annually and in a timely manner appropriate to the organization's size and scale of operations.

20. A state board and commission should institute policies and procedures to ensure that the organization manages and invests its funds responsibly, in accordance with legal requirements and the policies/practices of the Oregon State Treasurer. The full board should review and approve the organization's annual budget and should monitor actual performance against the budget.

21. A state board and commission should not provide loans (or the equivalent, such as loan guarantees, purchasing or transferring ownership of a residence or office, or relieving a debt or lease obligation) to directors, officers, or trustees.

22. A state board and commission should spend a significant percentage of its annual budget on programs that pursue its mission in accordance with state legislative and governor approved appropriations. The budget should also provide sufficient resources for effective administration of the organization, and for appropriate fundraising activities if it solicits contributions.

23. A state board and commission should establish clear, written policies for paying or reimbursing expenses incurred by anyone conducting business or traveling on behalf of the organization, including types of expenses that can be paid for or reimbursed and the documentation required in accordance with the Oregon Accounting Manual. Such policies should require that travel on behalf of the organization is to be undertaken in a cost-effective manner.

24. A state board and commission should neither pay for nor reimburse travel expenditures for spouses, dependents or others who are accompanying someone conducting business for the organization unless they, too, are conducting such business and approved by the board or commission.

Responsible Revenue Management

25. Approved solicitation materials and other communications addressed to donors and the public must clearly identify the organization and be accurate and truthful and substantiated in state law.

26. Contributions received must be used for the purposes consistent with the donor's intent, whether as described in the relevant solicitation materials or as specifically directed by the donor.

27. A state board and commission should provide donors with specific acknowledgements of charitable contributions, in accordance with IRS requirements, as well as information to facilitate the donors' compliance with tax law requirements.

28. A state board and commission should adopt clear policies, based on its specific exempt purpose, to determine whether accepting a gift would compromise its ethics, financial circumstances, program focus or other interests.

29. A state board and commission should provide appropriate training and supervision of the people soliciting funds on its behalf to ensure that they understand their responsibilities and applicable federal, state and local laws, and do not employ techniques that are coercive, intimidating, or intended to harass potential donors.

30. A state board and commission should not compensate internal or external fundraisers based on a commission or a percentage of the amount raised.

31. A state board and commission should respect the privacy of individual donors and, except where disclosure is required by law, should not sell or otherwise make available the names and contact information of its donors without providing them an opportunity at least once a year to opt out of the use of their names.