

Five Steps to Supporting Fiscally Responsible Board Members

When asked what one of their greatest concerns is for their nonprofit, most board members will cite finances. However, many nonprofit boards employ a hands-off approach to the oversight of financial management. Here are steps to build a fiscally responsible and informed board.

Audit and Document Current Processes

The first step is to review the current financial processes of your organization. There should be clear documentation that outlines the roles, responsibilities, and timelines for all financial tasks. We suggest creating an online financial resource folder that key stakeholders can access to view financial documents and understand the financial situation of the organization.

Pro tip: Make sure that the resource folder is maintained and updated regularly to be most valuable. For example, make sure to upload the most recent reports such as financial statements and tax documents such as Form 990.



Financial Orientation

Having financial documentation is important not just for daily operations, but also for onboarding new board members. New board members must understand that their fiduciary responsibilities include understanding, monitoring, and maintaining the organization's financial health. Including a financial review of processes, reports, and budgets in the onboarding process will give board members a solid foundation of financial education about the organization.

Ongoing Board Training

Conducting training sessions throughout the year is essential to reinforce the fiscal responsibility and financial education provided during orientation. Key stakeholders that are responsible for the day-to-day financial operations can provide training and will appreciate being able to share their expertise. Trainings can also be conducted by external experts who can provide a new perspective and guidance. To ensure that the training sessions are most valuable, identify training topics by surveying board members to understand what questions they have about the financial side of the organization.

Pro tip: Record the financial training sessions and store them in your financial resources folder for future reference when board members need a refresher.



Review and Oversight

This is a key component of building a board that is financially informed. The Board Treasurer should present an update on the current financial health of the organization at every board meeting. Make sure to share reports being reviewed in advance of meetings so that board members can prepare.

Feedback and Discussion

The entire board should be encouraged to provide feedback and participate in financial discussions. Having the diverse perspectives of different board members that are not working with the finances every day is valuable to gain new insights and ideas to maintain financial health.

Pro tip: Have financial deep dive time at board meetings quarterly to discuss specific financial topics more in-depth. For example, a financial debrief after a large fundraising event or a 990 review session to prepare for submission.



Our final pro tip? Be consistent and transparent with sharing financial information to keep all board members informed and reiterate the importance of fiscal responsibility.