

STANDARD 3

Board Accountability

Land trust boards act ethically in conducting the affairs of the organization and carry out their legal and financial responsibilities as required by law.

PRACTICES

A. Board Responsibility

1. Individual board members are informed of and understand their role and their responsibilities as nonprofit board members, including their legal and fiduciary duties
- 2. The board provides oversight of the land trust's finances and operations by:
 - a. Reviewing and approving an annual budget
 - ▲ b. Working to ensure that sufficient financial resources are available
 - c. Receiving and reviewing financial reports and statements in a form and with a frequency appropriate for the scale of the land trust's financial activity
 - d. Reviewing the externally prepared financial audit, review or compilation
 - e. Adopting written policies or procedures for the responsible and prudent investment, management and use of financial assets
- 3. The board hires, oversees and evaluates, at least annually, the performance of any executive director (or chief staff person)
4. The board may delegate decision-making and management functions to committees, provided that committees have clearly defined roles and report to the board or staff

B. Board Composition and Structure

- 1. Have a board of sufficient size, skills, backgrounds and experiences to conduct its work effectively
2. Have a board substantially composed of independent members to reduce risk arising from conflicts of interest
- 3. Have a board development process that includes procedures for recruiting and training board members
4. Ensure the board's presiding officer and treasurer are not the same individual
5. If a staff member serves on the board, clearly define the staff role and limit the board member role accordingly to ensure separation of duties and avoid undue influence
 - a. No staff member serves as the board's presiding officer or treasurer

C. Board Governance

1. Provide board members with written expectations for their service on the board
- 2. The board meets a minimum of three times per year and maintains adopted minutes of each meeting
- 3. Provide board members with sufficient and timely informational materials prior to each meeting to make informed decisions
4. Board members evaluate their performance annually as a group and as individuals at least once every three years
5. Adopt procedures for removing board members who are not fulfilling their responsibilities
6. Have governing documents that contain policies and procedures (such as provisions for a quorum and adequate meeting notices) to encourage broad participation and to prevent a minority of board members from acting for the land trust without proper delegation of authority

D. Board Approval of Transactions

- 1. The board reviews and approves every land and conservation easement transaction
 - a. However, the board may delegate decision-making authority on transactions if:
 - i. It establishes written policies or has bylaws provisions that define the limits to the authority given to the delegated entity
 - ii. The delegated entity provides timely notification in writing to the full board of any completed transactions