



City of New Orleans

**Guide for Boards, Commissions, and
Public Benefit Corporations**

Model Board Manual

2013

CHIEF ADMINISTRATIVE OFFICE
CITY OF NEW ORLEANS

MITCHELL J. LANDRIEU
MAYOR

ANDREW D. KOPPLIN
FIRST DEPUTY MAYOR & CAO

August 16, 2013

Dear Board Member:

Thank you for agreeing to dedicate your time and expertise to the benefit of the City of New Orleans. Volunteers like yourselves who serve on city boards and commissions play a vital role in advancing our public policy goals and in ensuring effective and open governance. Conducting meetings that are effectively run, meet the requirements of the law and address the reasonable expectations of the citizens are critical to having a successful board and being a successful board member.

As our representative democracy relies on the informed trust of the citizens, those of you who serve on public boards and commissions play a crucial role in upholding this sacred trust. To better prepare board members for this public service, the city's Office of the Inspector General has prepared the enclosed guide to support your public service. It includes both legally required procedures and practices recommended for sound governance and financial management.

Maintaining the public trust, while operating in a legally sound and efficient and effective manner requires attention to detail and a legally grounded understanding of public meeting requirements and best practices for board service. I strongly encourage each and every board member—whether you serve our city on a board, commission or public benefit corporation—to thoroughly review and adapt the recommended procedures to your organization's unique structure and function, and use the material developed by the Inspector General as a guide for thoughtful and effective board service.

Thank you for your service to our community.

Sincerely,



Andrew Kopplin
First Deputy Mayor & Chief Administrative Officer
City of New Orleans

Enclosure



OFFICE OF INSPECTOR GENERAL
CITY OF NEW ORLEANS



ED QUATREVAUX
INSPECTOR GENERAL

September 17, 2013

Dear Board Member:

The citizens of New Orleans have granted you an important responsibility in overseeing funds for the operation of a City of New Orleans board or commission. The Office of Inspector General has prepared this guide to assist you in fulfilling your organization's mission, protecting public assets, and serving the public interest. Please contact our office if you have any questions or concerns while you serve as a board member. Our office is here to serve as a resource for you. Thank you for your service to our city.

Sincerely,

A handwritten signature in blue ink, appearing to read 'E.R. Quatrevaux', is placed below the word 'Sincerely,'.

E.R. Quatrevaux
Inspector General

This “Guide for City of New Orleans Boards, Commissions, and Public Benefit Corporations” (Guide) includes legal requirements and recommended practices for City of New Orleans boards, commissions, and public benefit corporations. The New Orleans Office of Inspector General provides this information to help board members, officers, and employees execute their duties; fulfill their organization’s mission; and ensure that public organizations serve the public interest. The Inspector General makes these requirements and recommended practices accessible to the public to promote accountability and instill public confidence in these organizations.

The Guide is divided into two sections. The first section is a Model Board Handbook (Handbook) that contains rules that apply directly to board members. The Model Administrative Procedures (Procedures) contains administrative guidelines designed to guide staff in administering programs and operations.

Throughout this document, the term “board” refers to the governing body of a board, commission, or public benefit corporation.

The Guide includes both legally required procedures and practices recommended for sound governance and financial management. Mandatory requirements are preceded by this symbol, **¶**, and include references to or excerpts from state and local laws and mandatory policies.

*Mandatory requirements are preceded by this symbol, **¶**.*

Each board, commission and public benefit corporation is encouraged to adapt the recommended procedures to its unique structure and function, and to adopt the resulting document as an operating guide. Toward that end, the Guide provides instructions to the board.

BOARD REFERENCE BOOK

In addition to this guide, we recommend that each organization compile a Board Reference Book containing the full text of its enabling legislation and other governing documents, including articles of incorporation, by-laws, and an organizational history. The Board Reference Book should also include other significant documents related to organizational operations, such as an organizational chart, agreements, leases, financial instruments, and key operating policies developed by the board. This Guide and the organization’s Board Reference Book should be presented to all new board members in conjunction with orientation and on-going training programs.

Compile all government and other significant documents in a Board Reference Book.

RESOURCES

As a starting point for this manual we have relied on a board policies manual template developed by Frederic L. Laughlin and Robert C. Andringa and expanded upon in their book *Good Governance for Nonprofits: Developing Principles and Policies for an Effective Board*. We adopted the template as a starting point and adapted it to fit the operations of City boards and commissions. We have also compiled and adapted documents from many sources including model policies from City boards and commissions, policies developed by the City's Mayor or Chief Administrative Officer, state and City laws, and materials from the Louisiana Legislative Auditor.

CITY OF NEW ORLEANS BOARD POLICIES HANDBOOK

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A. BOARD SELF ASSESSMENT

PUBLIC PURPOSE AND ETHICAL RESTRICTIONS, SECTION I.

Every public organization should fulfill a public purpose. The Louisiana Supreme Court explained the duty of public officials to serve the public interest faithfully in a 1987 opinion:

Public officials occupy positions of public trust. Public offices are created for the purpose of effecting (sic) the ends for which government has been instituted, which are the protection, safety, prosperity, and happiness of the people; and not the profit, honor, or private interest of any one man, family, or class of men.¹

Duty of government officials is to protect and preserve public assets.

The paramount duty of government officials is to protect and preserve public assets; the Louisiana Constitution reflects this principle by prohibiting gifts of public assets.

“Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.”

-Louisiana Constitution Article VII, section 14

¶ The Louisiana Attorney General has found that the following actions violated this constitutional prohibition against using public money or assets for purposes outside the functioning of government:

- Paying bonuses to employees
- Purchasing flowers with public funds for employees or others
- Using public funds for parties
- Insufficient effort to collect delinquent accounts receivable

MISSION AND VISION

The organization’s mission statement describes its public purpose and the vision document guides the organization’s policies and sets goals for fulfilling the mission. The mission of every City board, commission or public benefit corporation is defined by its enabling (or establishing) legislation. Although the mission is defined legislatively, it is the board’s responsibility to develop a vision document. Board members should be actively engaged in establishing and implementing an organizational vision that includes:

The organization’s mission statement describes its public purpose.

¹ *Plaquemines Parish Commission Council v. Delta Development Co.*, 502 So. 2d 1034, 1039 (La. 1987).

- The primary strategies by which the organization will fulfill its mission.
- The major organizational goals and indicators that will be used to monitor progress.
- The primary benefits the organization provides to the community.
- The major functions of the organization and the approximate percentage of total effort that is expected to be devoted to each.

ETHICS RULES

Board members are stewards of the public interest and, as representatives of public entities, should be held to the highest ethical and professional standards. In so doing, board members should offer undivided loyalty to the interests of the citizens of New Orleans, superseding any conflicting loyalty such as that to private financial or political interests.

Board members are public servants and are required to abide by the Louisiana Code of Governmental Ethics, which prohibits the conflicts of interest described below. For more information, see La. R.S. 42:1101 et seq. The following language is excerpted from the Louisiana Board of Ethics information sheets.^{2,3}

❏ Board members are prohibited from receiving anything of economic value for the performance of the duties and responsibilities of office or for any service that is substantially related to the duties, responsibilities, programs or operations of the organization. For more information, see La. R.S. 42:1116.

❏ Board members are prohibited from participating in a transaction in which the member or an immediate family member has a substantial economic interest. For more information, see La. R.S. 42:1119. The term “immediate family” is defined as: spouse, children, spouses of children, siblings, spouses of siblings, parents, and parents of a spouse.⁴

❏ Board members or entities in which the board member or immediate family has a substantial interest are prohibited from bidding on or entering into a contract, subcontract, or other transaction with or under the supervision or jurisdiction of the organization. For more information, see La. R.S. 42:1113.

❏ Board members are prohibited from soliciting or accepting, directly or indirectly, anything of economic value, such as a gift or gratuity from any person who has or

² Consistent with the Board of Ethics’ intent, for our purposes the term “public servant” was changed to “board member.”

³ The Louisiana Board of Ethics information sheets are available on the Louisiana Board of Ethics website: www.ethics.state.la.us.

⁴ La. R.S. 42:1119.

For more information on ethics or to report complaints, contact the New Orleans Ethics Review Board at www.nolaethics.org and 504-681-3208 or The Louisiana Board of Ethics, www.ethics.state.la.us and 225-219-5600.

is seeking a contractual, business, or financial relationship with the organization. For more information, see La. R.S. 42:1115.

¶ Board members are prohibited from using the authority of office or position, directly or indirectly, in a manner intended to compel or coerce another person to provide a thing of economic value that the person is not entitled to by law. For more information, see La. R.S. 42:1116.

¶ Board members' immediate families are prohibited from employment by the organization. For more information, see La. R.S. 42:1119.

¶ Former board members, for a period of two years following the end of terms, are prohibited from assisting another person, for compensation, in a transaction or in a manner that appears to be in connection with a transaction, involving the organization. Former board members are prohibited from rendering any service on a contractual basis to or for the organization for two years following the end of terms. For more information, see La. R.S. 42:1121.

¶ Board members are required to file annual financial disclosure statements with the Louisiana Board of Ethics by May 15th of each year. For more information see, La. R.S. 42:1124 et seq.

¶ Every public servant in the State of Louisiana is required to complete a minimum of one hour of ethics education and training on the Louisiana Code of Governmental Ethics. For more information see La. R.S. 42:1170(A)(3). Training can be completed through an online course available at www.ethics.state.la.us.

BOARD STRUCTURE AND PROCESS, SECTION II.

The board has two main responsibilities: (1) to lead the organization in fulfilling its mission, and (2) to oversee the executive director's performance. The duties of the board include:

- Determining the vision, strategies, and major goals/outcomes of the organization, and holding the executive director accountable for developing a strategic plan based on these goals.
- Approving the annual budget for the organization.
- Determining the policy and administrative constraints within which the executive director can operate.
- Monitoring the performance of the organization relative to the achievement of the goals/outcomes within the administrative parameters.
- Selecting, fairly compensating, nurturing, evaluating annually, and, if necessary, terminating an executive director. The executive director's performance should be assessed against explicit board policies and agreed-upon performance objectives.
- Ensuring financial solvency and integrity through policies and behavior.
- Requiring periodic financial and other external audits to ensure compliance with the law and with good practices.
- Evaluating and constantly improving the board's performance as a governing body; setting expectations for board members' involvement.

The board should create administrative procedures that delegate responsibility to the executive director and staff in order to allow them to make timely decisions without undue board direction. This includes delegating responsibility for all procurement decisions and negotiations to the executive director or an appointed purchasing agent. See Model Administrative Procedures for more guidelines.

GOVERNING STYLE

The board guides the organization by emphasizing outward vision, encouraging feedback from a diverse group of stakeholders, and providing strategic leadership to the executive director and staff. The executive director and staff, not the board, are responsible for the organization's daily operations. In providing guidance, the board should:

Two main responsibilities of the Board: Lead organization in fulfilling its mission; oversee the executive director's performance.

- Be accountable to the citizens of New Orleans for efficiently and effectively accomplishing the mission of the organization. No single officer of the board, committee, or staff member may prevent the board from meeting its commitments.
- Operate in a professional and disciplined manner. Discipline should apply to matters such as attendance, respect for clarified roles, and speaking to staff and the public with one voice.
- Evaluate its own operations and performance. The board should regularly discuss the board's own performance and appropriately orient and train new members.
- Initiate organizational policy and be responsible for all strategic decision making.

APPOINTMENT AND REMOVAL OF BOARD MEMBERS

Board governance requirements are set in law.

The number, term of office, and manner of appointment of board members is determined by the organization’s enabling legislation. The following provisions from the City of New Orleans Home Rule Charter apply generally to city boards, commissions, and public benefit corporations.

¶ Section 9-104(1) of the Home Rule Charter of the City of New Orleans: “If the appointment of a board member requires approval of the Council, such approval shall be granted only by the affirmative vote of a majority of all members of the Council.”

¶ Section 9-104(2) of the Home Rule Charter of the City of New Orleans: “A member of a board may be removed by the appointing authority, provided that such removal shall be only for reasonable cause set forth in writing. Any member so removed shall have reasonable opportunity to be heard publicly before the Council, and in such event the removal shall be effective only if approved by a majority of the Council.”

¶ Section 9-104(3) of the Home Rule Charter of the City of New Orleans: “A board member for whose office there exist residence or domicile requirements shall forfeit the office immediately upon the removal of residence or domicile in a manner that would render the board member not longer qualified for appointment to the office held.”

¶ Section 2-87(2)(c)(2) of the Code of the City of New Orleans: “The absence of any board member from more than 25 percent of all scheduled board meetings in any 12-month period shall constitute reasonable cause for their removal... . [The Council] shall initiate the removal process within 180 days of the end of the 12-month period that is being considered. Any member so removed shall have

reasonable opportunity to be heard publicly before the council, and in such event the removal shall be effective only if approved by a majority of the Council.”

¶ Section 9-106(2) of the Home Rule Charter of the City of New Orleans: “Any member of a board who shall qualify as a candidate for any public elective office or who shall accept an appointive office or position of public employment for which compensation is paid by the City of New Orleans shall forfeit membership on the board. The provisions of this paragraph shall not apply to ex officio board members, or to any board member who serves in such capacity by virtue of an elective office in city government.”

OFFICER ELECTIONS

¶ Section 9-102(2) of the Home Rule Charter of the City of New Orleans: “Annually at the first meeting on or after July 1st each year, each board shall elect from its members a chairperson, a vice-chairperson, a secretary, and such other officers as it shall deem necessary and proper, all of whom shall serve until June 30th of the following year or until their successors have been elected and qualified, except as otherwise provided by applicable state or municipal law.”

DUTIES OF OFFICERS

Below are some suggested board officer roles and duties. Other roles and duties may be outlined in the board’s by-laws or in the organizations enabling legislation.

Chairperson	The chairperson should preside at all meetings of the board and the executive committee. The chairperson should see that all resolutions of the board are implemented. For additional information about the chairperson’s role, see “Chairperson’s Role,” below.
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Vice-Chairperson	The vice-chairperson should preside at all meetings of the board and the executive committee when the chairperson is absent.
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Secretary The secretary should:

- See that all meeting notices are posted in the required fashion
- Contact board members in advance of meetings to ensure that a quorum will be present
- Ensure that an agenda is prepared prior to each board meeting
- Ensure that minutes are taken at all meetings of the board of directors
- Obtain copies of all minutes of committee, standing, and ad-hoc meetings
- Be the custodian of board documents and records

Treasurer The treasurer should be responsible for the financial books and accounts of the board and ensure that the board members are fully informed as to the finances of the organization at each regular and annual meeting.

CHAIRPERSON'S ROLE

The primary job of the board chairperson is to maintain the integrity of the board's processes. The chairperson “manages the board.” The chairperson is also the only board member authorized to speak for the board, other than in rare and specifically board-authorized instances.

The chairperson ensures that the board follows its own rules and applicable City, state, and federal laws, and meets all reporting requirements set by grants funders.

The chairperson is authorized to make decisions on behalf of the board that are consistent with board policies.

The chairperson does not have the authority to supervise or direct the executive director’s work personally but is expected to communicate closely with, offer advice to, and provide encouragement to the executive director and staff on behalf of the board.

ATTENDANCE

¶ **Section 2-87(2) a-b of the Code of the City of New Orleans:** “Every city board shall submit an annual report to the Council and the office of the mayor containing the attendance records for every person serving as a member of the respective board on the date of submission.

- (a) The report shall be submitted no later than February 1 of each calendar year, and shall cover the period January 1 through December 31, inclusive, immediately preceding the date of submission.
- (b) The report shall list every board meeting that was scheduled to take place during the relevant period, including any meetings that were cancelled due to a lack of a quorum, and shall identify for each member whether the member was "present" or "absent" for each meeting.
 - (1) It shall be the responsibility of each board member to advise the board not less than twenty-four (24) hours before the start of any scheduled meeting whether he or she intends to be present at the meeting.
 - (a) Regardless of the member's stated intent, he or she will be deemed "present" or "absent" according to their actual attendance, or failure to attend, the meeting.
 - (b) In the event that a meeting is cancelled in advance of its scheduled start due to an anticipated lack of a quorum, each member shall be deemed "present" or "absent" from the meeting according to his or her stated intent.
 - (i) Any member who fails to timely advise the board as to whether they intend to be present shall be deemed "absent" from the cancelled meeting.
 - (2) A board member who is physically present at a meeting shall nonetheless be deemed "absent" from that meeting if:
 - (a) The member leaves the meeting prior to its completion; and
 - (b) The meeting is suspended or adjourned at any point after the member leaves due to a lack of a quorum."

QUORUM

¶ **Section 9-107 of the Home Rule Charter of the City of New Orleans:** "A majority of the existing membership of a board shall constitute a quorum. All actions taken by boards shall require the affirmative vote of the majority of the existing members thereof, provided that regulations may be adopted only upon the affirmative vote of two-thirds of the existing members thereof. The Mayor or, in the Mayor's absence, the Chief Administrative Officer shall not be counted as part of the existing membership of a board under this section, but if present, may be counted to establish a quorum or required vote."

PROXY VOTING

¶ **La R.S. 42:14(B):** "Each public body shall be prohibited from utilizing any manner of proxy voting procedure, secret balloting, or any other means to circumvent the intent of this Chapter."

BOARD ORIENTATION

Prior to joining the board, each board member nominee should be given this document along with a comprehensive orientation on the role of the board, officers, and staff and an overview of programs, plans, and finances.

BOARD MEETING REQUIREMENTS

Board meetings are subject to Louisiana's Open Meetings Law. Board meetings can include time for guest presenters, interaction with staff and beneficiaries, board training, and social activities, as well as business sessions.

Board meetings are subject to Louisiana's Open Meetings Law.

¶ **Definition of meeting: La R.S. 42:13(A) (1):** "Meeting' means the convening of a quorum of a public body to deliberate or act on a matter over which the public body has supervision, control, jurisdiction, or advisory power."

¶ **Open Meetings:** Every meeting of the board should be open to the public. For more information see La R.S. 42:14.

¶ **Public Notice:** The board should provide written public notice of the board meeting schedule at the beginning of each calendar year. The notice should include dates, times, and places of such meetings. For more information see La R.S. 42:19 (A)(1)(b).

¶ The board should give written public notice of any regular, rescheduled, or special meetings no later than 24 hours in advance of the meeting. Written public notice should include, but need not be limited to: posting the meeting's public notice at the office, or at the building in which meetings take place; publication of the notice in any newsletter; and mailing a copy of the notice to any member of the news media who requests a copy. For more information see La R.S. 42:19 (A)(2).

Boards are also encouraged to send notice to the City for posting on its website, and to post on their own website if one exists. For more information see City Code Sec. 2-12(e) and (f). Contact the Mayor's Office for instructions.

¶ **Executive Sessions:** Under limited circumstances, the board may hold non-public executive sessions upon an affirmative vote, taken at an open meeting for which notice has been given, of two-thirds of its members present. No final or binding action may be taken during an executive session. An executive session must be limited to matters allowed to be exempt from discussion at open meetings. For more information see La R.S. 42:17.

Minutes: Minutes should include the date, time, and place of the meeting; members of the board recorded as either absent or present; the substance of all decisions, and at the request of any member, a record, by individual member, of any votes taken; and any other information that the board requests be reflected in the minutes. The minutes should be public records and should be available within a reasonable time. For more information see La R.S. 42:20.

The executive director should work with the chairperson and the committee chairpersons in developing agendas, which, along with background materials for the board and committees, monitoring reports, previous minutes, and other such materials, should be provided to all board members in advance of board meetings.

We suggest that the first meeting of the year include a review of the planning and budgeting for the upcoming year. The last meeting of the year should include a review of the performance of the executive director and the organization for the past year. Special meetings of the board may be called according to the bylaws.

STANDING COMMITTEES

Committees help the board to be effective and efficient. They speak "to the board" and not "for the board." Unless authorized by the entire board, a committee may not exercise authority that is reserved to the entire board by the law or bylaws of the organization. Committees are not created to advise or exercise authority over staff. Once committees are created by the board, the board chairperson should recommend committee chairpersons and members for one-year terms, subject to board approval. Below are some suggested committees. Additional committees may be outlined in the board's by-laws.

- **Governance Committee.** This committee recommends policies to the board pertaining to governance issues and processes, including the orientation and training of new board members, the evaluation and improvement of the contribution of individual board members and officers, and the recommendation of bylaw changes.
- **Finance Committee.** This committee develops and recommends to the board those financial principles, plans, and courses of action that further the organization's mission and financial wellbeing. Consistent with this responsibility, it reviews the annual budget and submits it to the board for its approval. In addition, the committee makes recommendations with regard to the level and terms of indebtedness, cash management, investment policy, risk management, financial monitoring and

reports, employee benefit plans, signatory authority for expenditures and other policies that the committee determines are advisable for effective financial management.

The creation and implementation of an investment policy should be the responsibility of the finance committee. These committee members should become familiar with the organization's investment principles. Guidelines for investment principles are included in the Model Administrative Procedures.

- **Audit and Compliance Committee.** This committee oversees the organization's internal accounting controls; recommends external auditors for board approval; reviews the external auditor's annual audit plan; and reviews the annual report and the results of the external audit. In addition, the committee is responsible for oversight of regulatory compliance, policies and practices regarding ethics and business conduct, including compliance with all federal, state, and local laws. The committee also oversees board members' compliance with requirements regarding written financial disclosure statements.
- **Additional committees as determined.**

BOARD MEMBER EXPENSES

¶ United States Federal Tax Law stipulates that payments or reimbursements to employees or board members for bona fide business-related expenses are not considered taxable income to the board member.

Board members should fully explain the nature of the expenses so that the business relationship is clearly evident. Advances and reimbursements may be considered additional taxable income for the individual if business expenses are not fully substantiated and explained. Items that are not considered business expenses include: meals that are not consumed during business travel, gifts and flowers for employees, bonuses, office party expenses, and alcohol. Payments of this nature also violate La. Const. Art. VII, §14.

BUDGETING

The organization is subject to the Louisiana Local Budget Act and submits its budget as part of the City of New Orleans budgeting process. The budget should be prepared by the executive director and approved by the board. City boards and commission budgets for the upcoming year are due to the Chief Administrative Office (CAO) in the summer. The CAO holds private hearings with

For additional information on expenses see the Model Administrative Procedures.

individual boards and commissions to make formal proposals to the Mayor. The Mayor has an obligation to submit his budget to the City Council by November 1st. The Council then holds hearings and adopts the budget by December 1st.

¶ According to La. R.S. 39:1305, the budget should contain a budget message that includes a summary of the proposed financial plan, policies, and objectives, assumptions, and a discussion of the most important features. It should also include a statement for the general fund and each special revenue fund that includes:

- the estimated fund balances at the beginning of the year
- estimates of all receipts and revenues to be received
- revenues itemized by source
- recommended expenditures itemized by function and character
- other financing sources and uses by source and use
- the estimated fund balance at the end of the fiscal year

¶ If the organization is not expected to adhere to its budget within the year, the executive director should advise the board and the CAO in writing. For more information see La. R.S. 39:1311.

¶ La. R.S. 39:1314 states that “Nothing shall prohibit the expenditure of funds in cases of emergency. For purposes of this Section, "an emergency" means an unforeseen event bringing with it destruction or injury of life or property or the imminent threat of such destruction or injury.”

¶ Except in cases of emergency, any public official or officer who makes illegal changes to the budget may be in violation of La. R.S. 14:134, which describes malfeasance in office. La. R.S. 39:1315 provides that “Any person may commence a suit in a court of competent jurisdiction for [Orleans Parish] ... to require compliance with the provisions of this Chapter.”

INVESTING

¶ Louisiana law requires that public entities adopt an investment policy that details and clarifies investment objectives and the procedures and constraints necessary to reach those objectives. The organization is allowed to invest only as defined by State law in La. R.S. 33:2955.

The creation and implementation of an investment policy should be the responsibility of the finance committee.

¶ According to La. R.S. 33:2955(D), the policy should reflect the mandate to manage public funds prudently; place appropriate emphasis on the goals of

safety of principal first, liquidity second, and yield third; and establish internal controls to ensure that the risks are adequately managed. The quality of the securities pledged by the financial institution should be reviewed in addition to making sure that the type and value of the securities pledged are adequate to secure bank balances and investments. Quality of the securities pledged is extremely important because of the volatility of many investments.

¶ The City of New Orleans has adopted an investment policy for its funds. If the organization controls City of New Orleans funds, they may be subject to the rules outlined in Section 70-600 of the Code of the City of New Orleans.

Investments should be made with judgment and care—under circumstances then prevailing—which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials is the "prudent person" standard, which should be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence are relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to the director of finance and appropriate action is taken to control and prevent further adverse developments. No such protection is afforded to those not following the investment policy.

The finance committee should meet periodically, but at least annually, at the call of the treasurer to determine general investment strategies, monitor portfolio results, and ensure the adequacy of maturity restrictions. Further, the committee should adopt an investment policy that includes rules of procedure to modify, enhance, or otherwise change the policy as directed by circumstances then prevailing. The committee is responsible for oversight of the relationship between the organization and its investment managers and reviewing the investment manager's performance on a regular basis. The treasurer should monitor the investment manager's compliance with organizational investment policies, communicate any changes in the organization's investment policies to the investment managers, and report all transactions to the executive director.

¶ The provisions of the Code of Ethics of the City of New Orleans, City Code 2-716 et seq. and the provisions of the Code of Governmental Ethics, La. R.S. 42:1101 et seq. are to be followed by all parties operating under this policy.

! According to these policies, board members and staff involved in the investment process must refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Staff and board members must refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the organization.

For more information on the organization’s investment policies and procedures, see the Model Administrative Procedures.

BOARD SELF-ASSESSMENT AND REFLECTION

An assessment can be a useful tool for improving board productivity and effectiveness. A variety of formal or informal tools, such as board discussions and surveys, can be used to help a board stay focused on self improvement. A board can develop assessment standards and conduct an initial assessment of its performance in the same training session. Boards should consider scheduling a self assessment once every two or three years. See Appendix B for a sample board member self-assessment form and a board member ethics checklist.

Improve Board Productivity: See Appendix B for a sample Board Member Self-Assessment Form.

ROLE OF THE EXECUTIVE DIRECTOR, SECTION III.

The board's job is confined to establishing policies. The executive director has the duty to implement and administer those policies. The board should ensure the job description for the executive director includes the duties and qualifications required by the organization.

All board authority delegated to staff is delegated through the executive director. The executive director has sole responsibility for the supervision and accountability of the organization's staff.

The executive director is responsible for the organization's performance in three areas:

- The accomplishment of major organizational goals;
- Organization operations within the boundaries of prudence and ethics established in board policies on administrative parameters (including fiscal and personnel management); and
- Communication with the board.

ACCOMPLISHMENT OF THE MAJOR ORGANIZATIONAL GOALS

It is the executive director's responsibility to plan and develop programs and policies as approved by the board and by the organizations' enabling legislation or articles of incorporation. The main planning, development, and evaluation functions include:

- Developing and revising program policies or funding allocations, as directed by the board.
- Developing goals and objectives for consideration by the board.
- Developing strategies to meet the goals of the organization, within the parameters established by the board.
- Developing and implementing evaluations of program goals and objectives.
- Providing the board with updated program changes.

ORGANIZATIONAL OPERATIONS

Fiscal Management: The executive director's responsibilities include:

- Developing an annual budget for review and approval by the board and subsequent submittal to City Council; ensuring that expenditures are within the budgeted amounts; and preparing budget revisions as needed through the year.
- Approving all expenditures of the organization.

The board establishes policies; the executive director implements and administers those policies.

- Selecting and procuring goods and services within parameters set in the organization's purchasing procedures.
- Authorizing purchase orders, vouchers, and payments within parameters set in the organization's purchasing procedures.
- Maintaining an inventory of the organization's property and protecting all such property.
- Administering contracts as approved by the board.

For detailed recommendations regarding fiscal operations, see the Model Administrative Procedures.

Personnel Management: The executive director is responsible for:

- Determining staffing levels necessary for the operation of the organization.
- Supervision and management of staff.
- Ensuring that performance evaluations of all staff are completed. If the Rules of the Civil Service Commission apply, performance evaluations should be conducted according to those rules.
- Determining the need for travel and training of all employees, and approval or denial of staff training and travel requests consistent with the travel and training budget approved by the board.
- Disciplining or terminating employees. This should be done according to Civil Service Rule IX if it applies.
- For some boards and commissions, the executive director's personnel responsibilities are limited by the Civil Service Commission and the Director of Civil Service.
- For more information on personnel responsibilities, see Personnel Management in the Model Administrative Procedures.

COMMUNICATION WITH THE BOARD

The board should establish administrative parameters for the executive director, suggestions for which are listed in the Model Administrative Procedures. The executive director is authorized to establish additional policies, make decisions, take actions, and develop activities that are consistent with any reasonable interpretation of the board's policies.

The board may change its policies during any meeting, thereby shifting responsibilities between the board and the executive director. As long as the board delegates authority in a given area to the executive director, however, the board and its members should respect and support the executive director's choices. This would not, however, prevent the board from obtaining from the executive director information regarding the delegated areas.

No board member, officer, or committee has authority over the executive director; this authority is reserved to the full board.

The executive director should keep the board informed about matters essential to carrying out its policy duties. The executive director should:

- Inform the board of relevant trends and external and internal material changes, particularly changes in the assumptions upon which any board policy has previously been established. Information should be presented in as clear and concise a format as possible.
- Relate to the board as a whole except when fulfilling reasonable individual requests for information or responding to officers or committees duly charged by the board.
- Report immediately any actual or anticipated material noncompliance with a policy of the board, along with suggested changes.

REPORTS TO THE BOARD

The executive director should help the board determine what tracking data are available to measure compliance with board policies and progress in achieving the organization's mission and goals. The board should request regular monitoring reports according to the following schedule:

Monthly: Informal executive director reports on achievements, problems, and board notices.

Quarterly: Expense and revenue against budget report with comparison to

- Previous year
- Balance sheet
- Cash flow projections

Annually: Within 45 days of the end of the fiscal year

- End-of-year expense and revenue against budget
- Balance sheet
- Staff organization chart (or whenever major changes are made)
- Other reports that the board may define

BOARD REFERENCE BOOK

The executive director should develop and maintain a Board Reference Book with all pertinent documents to which board members might want to refer during board and committee meetings. This guide and the organization's Board

Reference Book should be presented to all new board members in conjunction with orientation and on-going training programs.

The Board Reference Book should include:

- Enabling Legislation
- Articles of Incorporation
- Board Bylaws
- Organizational History
- An Organization Chart
- Important Agreements or Contracts
- Leases
- Financial Instruments
- Key Operating Policies
- Board member and key staff member contact information

PERFORMANCE EVALUATION

The board should formally evaluate the executive director annually based on

- Achievement of organizational goals and any other specific goals that the board and the executive director have agreed upon in advance.
- The executive director's own written self-evaluation.
- Invited comments from all board members after they have seen the self-evaluation.

After meeting with the executive director, the board should act upon the evaluation according to the rules of the Civil Service.

During the performance evaluation, the executive director and the board should agree on specific, personal performance goals for the executive director in the upcoming year. These goals should be documented in a letter to the executive director from the board chairperson and should be the primary basis for determining the executive director's performance at the end of the next year. At least every three years, the board should invite other input in a carefully planned "360" review that invites feedback from staff, the executive director's peers in the relevant sector, and individuals outside the organization who have interacted with the executive director.

Discussion of the executive director's performance is one of the permitted exceptions to the State's open meeting laws; these discussions may be conducted in executive sessions. For more information see La R.S. 42:17.

EXECUTIVE DIRECTOR TRANSITIONS

There are two ways to end the employment of an executive director. The executive director can either resign or the board can terminate employment.

Board decisions regarding executive director termination must be made by the entire board and not the chairperson alone.

The board should create a policy for the amount of notice it would like to request from an executive director before leaving office.

Any need for an acting or interim executive director should be determined by the board chairperson subject to board approval.

At any time, the chairperson may appoint a transition task force to explore options and propose strategies and board policies related to succession and transition of an executive director.

SEARCH COMMITTEE

The board chairperson is authorized to appoint a search committee and committee chairperson as soon as a vacancy or scheduled departure of the executive director is known. The board should create a policy for the composition of the search committee that may include up to two people not on the board.

Within 30 days, the committee should recommend, for board approval, a position announcement, a recommendation on any search consultant, the appointment of a search secretary, and a budget for the search. The search committee should subsequently present one or more qualified candidates to the full board for selection.

QUALIFICATIONS

The board should set qualifications for the executive director that balance the professional needs of the organization with the budget for salaries. The board may wish to add qualifications and duties related to the operations of the organization.

Board members are responsible for ensuring that the organization operates within relevant legal, regulatory, and professional standards. The audit and compliance committee is responsible for overseeing this process, but all board members are ultimately responsible.

INTERNAL AUDIT

One member of the staff should be tasked with preparing and implementing an audit plan. The internal audit should be performed in accordance with the Institute of Internal Auditors standards.

The audit should include:

- All requirements for complying with federal, state, or local laws and regulations.
- All operations of the organization where there is a risk of financial exposure, potential for loss.
- An examination of major changes in operations, programs, systems, and controls.

The executive director should maintain a list of required compliance actions and reports and periodically submit the list for inspection by the board Audit and Compliance Committee. The Louisiana Legislative Auditor provides a checklist to assist internal auditors with assessing internal controls and compliance. See Appendix B for a copy of the checklist.

On a biennial basis, the executive director should arrange for a legal review of the organization's compliance with the pertinent laws and regulations. The executive director should then make the results of the review available to the audit and compliance committee. The committee should report to the board on the overall status of the organization with respect to compliance matters, including any current problems or anticipated problems with regulatory authorities.

ANNUAL EXTERNAL AUDIT

I All boards and commissions that disburse funds from their own bank account are required to provide an annual audit to the Louisiana State Legislature. The audit is an opportunity to examine business practices and look for weaknesses in financial controls that could lead to inefficiency or loss. An independent auditor should be hired and supervised by the audit and compliance committee after a careful selection and annual evaluation.

¶ On receipt of the audit management letter, the executive director should discuss audit findings with the auditor and respond in detail to the auditor’s suggestions for improving systems and procedures related to financial controls. The audit must be submitted to the Louisiana Legislative Auditor within six months of the close of the fiscal year. For more information see La. R.S. 24:513(A).

The audit should cover compliance with many of the laws outlined in this guide. The auditor should require board members to certify that the organization is in compliance with:

- Public Bid Law La. R.S. 38:2211-2296
- The Louisiana Code of Ethics Law for Public Officials and Public Employees La. R.S. 42:1101-1124
- Laws affecting budgeting including the Local Government Budget Act La. R.S. 39:1301-16
- Accounting, Auditing, and Financial Reporting Laws
 - Financial--La. R.S. 24:513 and 515 and/or La. R.S. 33:463
 - Audit--La. R.S. 24:513
- Public Records--La. R.S. 44:1, 44:7, 44:31, and 44:36
- Open Meetings Law La. R.S. 42:1-13
- Asset Management Laws La. R.S. 24:515 and/or 39:321-332 as applicable
- Fiscal Agency and Cash Management La. R.S. 39:1211-45 and 49:301-327 as applicable

A copy of the most current Louisiana Compliance Questionnaire is available at www.lla.state.la.us/userfiles/file/cques-gv.doc.

COOPERATION WITH THE OFFICE OF INSPECTOR GENERAL

¶ **Section 2-1120(20)(a) of the Code of the City of New Orleans:** “It shall be the duty of every city officer, employee, department, agency, board, commission, and public benefit corporation; and the duty of every contractor, subcontractor, and licensee of the city, and the duty of every applicant for certification of eligibility for a city contract or program, to cooperate with the Inspector General in any investigation, audit, inspection, performance review, or hearing pursuant to this chapter.”

¶ **Section 2-1120(20)(b) of the Code of the City of New Orleans:** “It shall be the duty of every city officer, employee, department, agency, board, commission, public benefit corporation, contractor, subcontractor, and licensee of the city to report to the Office of Inspector General any instance of fraud or abuse.”

For more information see Section 2-1120(20) of the Code of the City of New Orleans.

ANNUAL REPORT

¶ The organization should submit two copies of the annual report to the City of New Orleans no later than March 1st of the following year. For more information see Section 9-304 of the Home Rule Charter of the City of New Orleans.

The report should include:

- A departmental organization chart
- A summary of major accomplishments for the year
- A brief list of projects planned or in progress and their estimated completion dates

INTERNAL REVENUE SERVICE FILING

The Internal Revenue Service of the Federal Government has an interest in the governance practices of tax exempt organizations.

¶ The IRS monitors practices through Form 990, which must be filed annually by all tax exempt organizations. Part VI of the form is a checklist of governance practices with which the organization must comply.

It may be useful to share parts of Form 990 with the board prior to submitting it to the IRS. If the IRS audits the organization, the audit should include a check sheet of governance practices including: excessive compensation, political intervention, private benefit, and material diversion of assets

APPENDIX A. BOARD SELF-ASSESSMENT

An assessment can be a useful tool for improving board productivity and effectiveness. A variety of formal or informal tools, such as board discussions and surveys, can be used to help a board stay focused on self improvement. This can be done in conjunction with board training sessions to set standards against which a board can assess its own performance. Boards should consider scheduling a self assessment once every two or three years. This section includes forms for a board member self assessment and a board member ethics checklist.

BOARD MEMBER SELF-ASSESSMENT⁵

	Yes	No
I am familiar with the Home Rule Charter of the City of New Orleans in general.	<input type="checkbox"/>	<input type="checkbox"/>
I am familiar the specific function of my board or commission, as outlined in its originating legislation.	<input type="checkbox"/>	<input type="checkbox"/>
I understand the scope of authority of my board or commission.	<input type="checkbox"/>	<input type="checkbox"/>
I understand how my board or commission's work affects the community.	<input type="checkbox"/>	<input type="checkbox"/>
I am familiar what my fellow board members and I expect to achieve for the community.	<input type="checkbox"/>	<input type="checkbox"/>
I am familiar with the name of the Council liaison and staff liaison to my board or commission.	<input type="checkbox"/>	<input type="checkbox"/>
I understand the role of my board's staff liaison, Council liaison and chairperson.	<input type="checkbox"/>	<input type="checkbox"/>
I understand my role as a board or commission member.	<input type="checkbox"/>	<input type="checkbox"/>
I understand my board or commission's liability and my own liability as an individual member.	<input type="checkbox"/>	<input type="checkbox"/>
I understand what constitutes a conflict of interest.	<input type="checkbox"/>	<input type="checkbox"/>
I understand exactly how the law requires that a conflict of interest be handled.	<input type="checkbox"/>	<input type="checkbox"/>
I understand my board's accountability to the public.	<input type="checkbox"/>	<input type="checkbox"/>
I attend all board and commission meetings.	<input type="checkbox"/>	<input type="checkbox"/>
I prepare for meetings by studying the agenda and supplemental materials ahead of time.	<input type="checkbox"/>	<input type="checkbox"/>
I complete the tasks I have volunteered to take on.	<input type="checkbox"/>	<input type="checkbox"/>
I know my board or commission's goals for the next 12 months.	<input type="checkbox"/>	<input type="checkbox"/>
I know what tasks must be completed to reach each of our goals.	<input type="checkbox"/>	<input type="checkbox"/>
I know deadlines for the tasks for which I am responsible.	<input type="checkbox"/>	<input type="checkbox"/>
I have discussed with other members and staff what our board or commission can do to improve our performance.	<input type="checkbox"/>	<input type="checkbox"/>

⁵ This checklist was adapted from the City of Fort Collins, Colorado Boards and Commissions Manual.

BOARD MEMBER ETHICS CHECKLIST⁶

The following questions are suggested when examining a potential conflict of interest or question of ethical conduct. If the answer to the question is “yes,” the board or commission member should avoid participating in the decision or engaging in the proposed transaction.

	Yes	No
Sales to the City or Organization: Will I or any of my relatives receive some foreseeable, measurable financial benefit? Am I involved in the procurement or supervision?	<input type="checkbox"/>	<input type="checkbox"/>
Purchases from the City: Am I, or is my relative, buying this at sale/auction? Are we buying under any different terms and conditions than would be available to members of the general public?	<input type="checkbox"/>	<input type="checkbox"/>
Financial Interest in a Decision: Will I or my relative receive some foreseeable and measurable financial benefit?	<input type="checkbox"/>	<input type="checkbox"/>
Personal Interests: Would a reasonably prudent person believe that I or my relative will realize or experience some direct and substantial benefit or detriment from this decision that is different in kind from that experienced by the general public? Will a business that either of us represents directly and substantially benefit? Will a competing firm be directly and substantially harmed?	<input type="checkbox"/>	<input type="checkbox"/>
Gifts or Favors: Is this gift or favor being offered to me because of a decision I have made or am about to make? Would a reasonably prudent person think that this gift or favor would impair my independence of judgment? (Before deciding to accept a gift, it must fit under one of the exemptions in the Ethics Code.)	<input type="checkbox"/>	<input type="checkbox"/>
Confidences: Am I about to use or disclose a confidence which, in the judgment of a reasonably prudent person, would injure the financial interests of the City or organization? Will I be using it for private gain, either for myself or for another person?	<input type="checkbox"/>	<input type="checkbox"/>

⁶ This checklist was adapted from the City of Fort Collins, Colorado Boards and Commissions Manual.