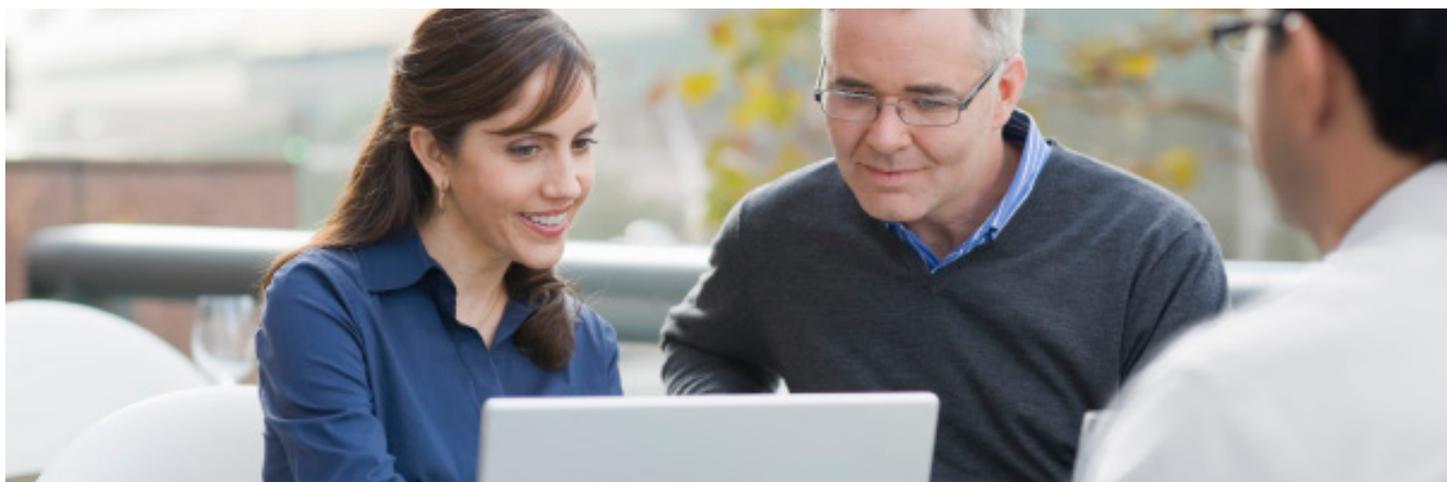




NOT FOR PROFIT DUE DILIGENCE

Checklist for Board members



Checklist for Board Members

Every person that is invited to sit on a Board owes it to themselves to ask some hard questions as to their suitability and capability of accepting that Board position. Below is a suggested checklist of questions a person may consider before accepting an appointment. This has been divided into various heading appropriate to the person and the organisation.

PERSONAL INTEREST

| QUESTIONS | Y/N/NA | COMMENTS |
|---|--------|----------|
| 1. Do I have a real interest in the services offered by this organisation? | | |
| 2. Can I make a difference to this organisation? | | |
| 3. Do I have the time to commit to this role? | | |
| 4. Do I have the necessary skills? | | |
| 5. Do I have experience in this type of organisation? | | |
| 6. Is there likely to be a conflict of interest with any other organisations I work with? | | |

UNDERSTANDING THE ORGANISATION

| QUESTIONS | Y/N/NA | COMMENTS |
|---|--------|----------|
| 1. Obtain copy of the founding document of the organisation, being its Trust Deed, Rules, Foundation Document or Certificate of Incorporation. | | |
| 2. Is there a strategic plan? When was it last reviewed? | | |
| 3. Thoroughly read and understand all of these documents. | | |
| 4. When was the constitution last reviewed? a. In the last year b. 1-5 years ago c. 6-10 years ago d. More than 10 years ago | | |
| 5. Does a strategic risk profile exist for the organisation or, if it doesn't, seek the views of the Chair and the Executive as to the perceived risks of the Organisation. | | |
| 6. Review key contracts impacting the organisation, whether they be on the funding or outsourced service side, and ensure you have a good understanding of conditions, agreed service levels and financial commitments. | | |



THE BOARD

Identify who is on the Board and how long they have been on the Board.

| QUESTIONS | Y/N/NA | COMMENTS |
|---|--------|----------|
| 1. Do a search on each Board member to identify what is known about them in the external world. | | |
| 2. Check with current people within your networks if they know and recommend any of the current Board members. | | |
| 3. Request an opportunity to attend at least one, preferably two, Board meetings as an observer to see the interactions of Board members with the Chair and CEO. | | |
| 4. Meet with the Chair on a one on one basis to identify your ability to work with that person. | | |
| 5. Request and review the last twelve months of Board minutes. | | |
| 6. Identify if there are any sub committees of the Board and what roles you can play in those. | | |
| 7. Enquire about the adequacy and timeliness of Board papers. | | |
| 8. If possible, meet with the CEO and try and assess the competence of that person. | | |
| 9. Request copies of all the policies and procedures of the organisation and briefly look at the appropriateness of these. In particular look at: <ul style="list-style-type: none"> a. Board role description/Terms b. Board code of conduct and good practice c. Conflicts of Interest policy d. Board member induction policy e. Chairperson role description f. Board/Director Professional development policy g. Annual Board Effectiveness Evaluation Policy h. CEO Delegation policy | | |
| 10. Identify if there is a mandatory stand down period after a certain time, e.g. some Trust Deeds allow Trustees to only have a maximum of six years as Trustee. | | |
| 11. Identify what succession planning there is for the Chairperson and for yourself. Are you likely to become a lifer? | | |



FINANCIAL POSITION

| QUESTIONS | Y/N/NA | COMMENTS |
|---|--------|----------|
| 1. Ascertain whether the Financial Statements are audited. If so, request a copy of the last Management Report from the auditors. Review audited financial statements. | | |
| 2. If available, request a copy of the current year budget and cashflow forecast. | | |
| 3. Enquire as to the key funding streams of the organisation. Are they subject to regular contestability, or are they reliant on one significant at risk funding stream. | | |
| 4. By enquiry, ascertain that the organisation can pay its bills as they fall due. | | |
| 5. Identify if the organisation has a "buffer" reserve and how many months of operation that would cover. | | |
| 6. Identify who the key funders are of the organisation. | | |
| 7. Is there an audit and risk committee and how often do they meet? Has the audit and risk committee expressed any concerns to the board about financial matters? | | |
| 8. Is there an investment policy? | | |
| 9. Is the organisation heavily reliant on employed staff or volunteers? Consider how it would manage service delivery and employment cost if funding was lost or compromised. | | |



TRUSTEE LIABILITY INSURANCE

| QUESTIONS | Y/N/NA | COMMENTS |
|---|--------|----------|
| 1. Ascertain whether the organisation has Board or Trustee liability insurance. | | |
| 2. Ascertain how this is paid. | | |
| 3. Identify whether the level of cover is appropriate. | | |

LEGISLATIVE COMPLIANCE

| QUESTIONS | Y/N/NA | COMMENTS |
|---|--------|----------|
| 1. By reviewing the Board papers, identify if there are any non compliance issues. | | |
| 2. Specifically look at Health & Safety policies and ascertain if there are any breaches. | | |
| 3. By enquiry, ensure that all tax filing is current (e.g. PAYE, GST etc). | | |
| 4. Is there any likelihood of becoming personally liable for the activities of this organisation? | | |



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