



Governance Learning Series: Your Fiduciary Responsibility

Governing Body members are responsible to protect assets and ensure the financial integrity of the organization. Key questions:

1. Do we have a current, functional strategic plan? Has it been updated in the last three years?
2. Is our financial plan consistent with our strategic plan?
3. When was the last time we reviewed the effectiveness and use of each of our programs?
4. Do we have an investment policy? If so, are we following it?
5. Do we have a policy prohibiting conflicts of interest?
6. Does you provide:
 - Oversight to safeguard against waste and fraud?
 - Oversight of contractual agreements to ensure that exempt status will not be questioned?
 - Internal controls over expenditures to ensure their propriety?
7. Have we reviewed the new requirements of the IRS form 990 with our auditor?
8. Are we fulfilling our tax-exempt purpose as granted by the IRS?

The Governing Body's fiduciary responsibilities include:

- Approval of investment guidelines
- Approval of annual budget
- Approval of rate changes
- Approval of capital expenditures
- Approval of funding for new projects or programs

Some organizations have a special Finance or Audit Committee to:

1. Focus on financial details
2. Select and interview auditors
3. Review financial risk management program
4. Assure IRS form 990 compliance

FINANCIAL HEALTH INDICATORS

Receiving financial indicators on a regular basis assists the Governing Body assure financial integrity of the organization. Indicators can include:

- Days cash on hand
- Excess margin (profit/loss)
- Cash-to-debt ratio
- Debt service coverage ratio

FINANCIAL DASHBOARDS provide a visual display of financial measure. They help:

1. Distill lots of data into one page
2. Show trends
3. Highlight most important issues
4. Assist Governing Body members without in-depth financial expertise

Aging Services of Georgia is the statewide association of over 150 key not-for-profit and other mission-focused organizations dedicated to providing quality housing, health care, community-based and other related services for older Georgians. The mission of Aging Services of Georgia is to represent and promote the common interests of its members through leadership, advocacy, education and other services in order to enhance each member's ability to serve older Georgians

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