**Board of Directors Handbook**

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Introduction and Welcome

Welcome to the (PLACE YOUR NPCs FULL NAME HERE) (PLACE YOUR INFO HERE) Board of Directors. The Board of Directors is charged with oversight of (PLACE YOUR INFO HERE)’s mission, preserving (PLACE YOUR INFO HERE)’s institutional autonomy, setting policy, and supporting and promoting the organization. We are looking forward to working with you and hope that you will enjoy your tenure as a (PLACE YOUR INFO HERE) director.

This Board of Directors Handbook is designed as an introduction to (PLACE YOUR INFO HERE) and serves to educate and inform all Board members. The handbook provides introductory and basic board governance information and (PLACE YOUR INFO HERE) policies and other resources. The appendices offer supplemental reference material to (PLACE YOUR INFO HERE)’s specific regulatory environment along with other information and forms.

(PLACE YOUR INFO HERE) conducts primarily clinical research focused on health issues with direct relevance to veterans. In support of these efforts, (PLACE YOUR INFO HERE) provides diverse services to investigators and project personnel through grants and contracts administration, human resources management, and technical support for grant submissions. (PLACE YOUR INFO HERE) also supports education activities for VA clinicians and investigators.

(PLACE YOUR INFO HERE) is an independent, state-chartered nonprofit organization dedicated to supporting medical research and education at the North Florida/South Georgia Veterans Health System.

VA-Affiliated Research Foundations: A National Perspective

(PLACE YOUR INFO HERE) is one of more than 80 active VA-affiliated research and education non-profit corporations (NPCs). All NPCs are based on a federally authorized statute passed in 1988. It is recommended that Board members review and understand the authorizing statute(s). A very informative overview of the characteristics of the NPCs is posted on the National Association of Veterans Research and Education Foundations website at [www.navref.org](http://www.navref.org/).

Mission

To advance the mission of the Department of Veterans Affairs by facilitating research and education activities at the North Florida/South Georgia Veterans Health System for the benefit of America’s veterans.

Vision

To provide the (VA MEDICAL CENTER) with a host of resources through a well-run and efficient nonprofit corporation that is responsive to its research and education objectives.

History

Following the passage of P.L. 100-322 in 1988, Congress authorized the establishment of nonprofit research corporations at VA medical centers throughout the country. This broadened the VA’s ability to utilize non-VA federal support for grants and contracts as well as research funding from industry and private sources. (PLACE YOUR INFO HERE) was incorporated in 1997, as a 501(c)(3) nonprofit organization under the laws of the State of (PLACE YOUR STATE HERE).

(PLACE YOUR INFO HERE) Board Member Composition

According to the VHA Handbook 1200.17, the (PLACE YOUR INFO HERE) Board of Directors composition should consist of:

1. Statutory VA Directors
2. Medical Center Director
3. Chief of Staff
4. Associate Chief of Staff for Research and Education
5. Associate Chief of Staff for Education

Note: Statutory Directors are statutorily mandated to serve on the NPC Board and do so in their official capacity as VA employees.

1. Statutory Non-Federal Directors

There must be no less than two (2) Directors who are not officers or employees of the Federal Government and who have backgrounds or business, legal, financial, medical or scientific expertise of benefit to NPC operations. NPC employees and persons with Federal appointment s (with or without compensation) are not eligible to hold these statutory non-Federal positions. Statutory non-Federal Directors may not be affiliated with, or employed by, any entity that is a source of funding for VA research or education, unless that source of funding is a governmental entity or an entity the income of which is exempt from taxation under the Internal Revenue Code (IRC) of 1986 as amended.

VA Employees Serving on the NPC Board

According to a December 30, 2014 memorandum from the Chief of Staff, titled “Official Service on Board of Directors of VA-Affiliated Nonprofit Research and Education Corporations by a VA Employee - VAIQ 7544696”, VA employees may be assigned to serve in official capacity on the NPC Board in the position(s) of officer, director, or trustee. VA employees serving on the NPC Board must be appointed to official duty service and these assignments require the approval of the employee’s Assigning Official and the Medical Center Director.

Board Member Selection

The key to effective board recruitment is to ask, “What skills, expertise and personal traits should we look for in new board members?” The answers to this question should frame the search and provide the criteria needed to evaluate candidates.

Suggested recruitment process:

1. Begin with a board discussion of the above question.
2. Using the criteria established by the board, and drawing on their personal and professional relationships, any board member may suggest candidates.
3. Upon discussion, a board member may be selected to contact the top candidate of choice – for the purpose of making an introduction, familiarizing the candidate with the NPC and the board, and to assess the candidate’s interest and qualifications.
4. Assuming this goes well and the final candidate indicates his/her willingness to serve, the Executive Director presents the candidate’s qualifications and any other information to the full board for a vote.
5. After the board has approved membership, the Board Chair or Executive Director extends an official invitation to the candidate.

Board Member Orientation

Board member orientation is the process of educating board members about their roles, responsibilities, the organization, and how the board works. A thorough orientation gets a new board member engaged quickly and off to a running start. The executive director may conduct the orientation or it may be performed by a longstanding board member.  Either way, it may be beneficial to include a longstanding board member who is willing to be responsive to the new board member’s questions on an ongoing basis.

The executive director and/or designated board member should have personal contact - first, to identify himself/herself as the person responsible for orienting the new board member and second, after the appointee has a chance to go over the orientation materials, to respond to questions.

Recommended orientation materials:

1. Letter of welcome
2. Board of Directors information
* Board of Directors Handbook
* Schedule of board meetings
* Board of directors roster
* Training requirements
* Conflict of interest policy and disclosure forms
1. Background on current issues before the board
* Agenda and Minutes and supporting documentation for the last several board meetings
1. General Information about the organization
* NPC Statutory Authority
* VHA Handbook 1200.17
* Articles of incorporation
* Bylaws
* Most recent annual report to VA
* Summary of insurance coverage
* Last completed audit
* Last completed IRS Form 990
* Approved operational budget for the current year

(PLACE YOUR INFO HERE) Board Member Expectations and Practices

**Relevant Federal Consideration.**

Federal ethics regulations prohibit federal employees from serving on boards of outside organizations in their official capacities unless there is a statutory exception such as that provided for the statutory VA members of research and education corporation boards – the Medical Center Director, Chief of Staff, ACOS Research and/or ACOS Education.

**Board Expectations**

1. Required Training. VA and non-VA (PLACE YOUR INFO HERE) Board members are required to complete the following training:
* Auditing for Internal Control and Risk Management - within 90 days and every 3 years
* Conflict of Interest Training for VA Nonprofits – within 90 days and then annually

*These training modules are* found on the VA’s web-based Talent Management System (TMS) located at the following link: <https://www.tms.va.gov/learning/user/login.jsp>. *If you are new to the VA or to the Board, then you will need to create a new user account at the site. After completion of registration, then search for the above courses in the course catalog. After completing the course, please print out your course certificates and forward them to the (PLACE YOUR INFO HERE) Executive Director.*

1. All board members are required to abide by the (PLACE YOUR INFO HERE)’s conflict of interest policy which incorporates a disclosure form that must be signed upon appointment to the board and renewed annually. (Appendix A)
2. The (PLACE YOUR INFO HERE) board meets approximately four times per year. Although the bylaws provide that up to two meetings may be conducted by conference call, all meetings are generally held in person. Participating via teleconference is acceptable. The dates and locations of board meetings are set by the board of directors up to one year in advance, but may be subject to change with board approval. All board members are expected to attend and fully participate in all meetings.
3. (PLACE YOUR INFO HERE) provides no compensation for service on the NPC board. However, upon submission of original receipts, (PLACE YOUR INFO HERE) will reimburse board members for travel expenses related to their board participation.
4. Board members are expected to suggest items for the agenda. Accompanying documentation should be provided to the (PLACE YOUR INFO HERE) office at least three weeks before the board meeting. If possible, provide one clean copy by email, mail or Federal Express; avoid faxing documents as they are often hard to read.
5. The meeting agenda is sent to each board member via email at least 5 days before the meeting. If a board member prefers to have the agenda sent via U.S. postal mail, then he/she should provide the (PLACE YOUR INFO HERE) office with a mailing address. All board members are expected to come to meeting fully prepared to discuss items presented on the agenda.
6. In addition to determining (PLACE YOUR INFO HERE) policy and activities, board members may be asked to serve on (PLACE YOUR INFO HERE) *ad hoc* committees and accept responsibility for various projects.

**Meeting Practices**

1. To allow for frank discussion, all board meeting discussions are considered confidential. The minutes contain only brief descriptions of items under consideration and the decisions of the board. Dissenting opinions are noted in the minutes upon request.
2. Board meetings are usually held in the VA medical center.
3. Board meetings generally are held on a quarterly basis from (INPUT TIMES).
4. Modest refreshments will be provided.
5. Questions about any of the above may be directed to the (PLACE YOUR INFO HERE) executive director or to the Board Chair.

Basic Responsibilities

The board has specific responsibilities that are separate and distinct from the day-to-day management of (PLACE YOUR INFO HERE). According to BoardSource (a national organization focused exclusively on improving nonprofit effectiveness by strengthening nonprofit board governance), all nonprofit boards should:

* Determine the organization’s mission and purpose
* Select the chief executive or executive director
* Ensure effective organizational planning
* Provide proper financial oversight
* Ensure adequate resources
* Ensure legal and ethical integrity and maintain accountability
* Ensure effective organization planning
* Recruit and orient new board members and assess board performance
* Enhance the organization’s public standing
* Determine, monitor and strengthen the organization’s programs and services
* Support the Executive Director and assess his or her performance

"Ensuring adequate resources" is generally construed as an expectation that board members will be actively engaged in fundraising for the nonprofit. (PLACE YOUR INFO HERE) boards are allowed – and should be encouraged - to conduct general fundraising to supplement revenues derived from research projects and educational activities. An OGC advisory verifies that VA NPCs may engage in charitable fundraising (see [OGC Advisory 23-93](http://www.navref.org/assets/1/7/OGC_Advisory_23-93.pdf)).

However, VA NPCs should be aware of the federal ethics regulations found at 5 CFR §2635.808 Fundraising activities. Because it would be almost impossible for senior medical center personnel, such as the director, to separate themselves from their VA positions sufficiently to eliminate the possibility of confusion by the general public, it is recommended that the statutory VA board members (director, chief of staff, ACOS R&D and ACOS Education) should not be directly engaged in general fundraising for (PLACE YOUR INFO HERE). Other VA board members may participate in a manner consistent with the federal regulations, and of course non-VA board members and NPC-paid staff may conduct fundraising.

Oversight

Providing oversight is a consistent theme in board responsibilities. As a result, at a minimum, the board should review and approve:

* Mission statement
* By-laws
* Financial and operations policies and procedures, including internal controls
* Annual operational budget for (PLACE YOUR INFO HERE) (not individual projects)
* Annual Audit results
* IRS Form 990
* Insurance
* Employee Manual

The board should review and re-approve all of the above at least once every three years and then document their approvals in the meeting minutes.

(PLACE YOUR INFO HERE) Board Member Policies

**Conflict of interest**. The (PLACE YOUR INFO HERE) Board firmly believes that no individual should benefit personally or professionally from decisions of the board. Nor should a board member benefit from the activities of the organization at the expense of the greater good of (PLACE YOUR INFO HERE). (PLACE YOUR INFO HERE) board members have a fiduciary responsibility that includes making decisions that affect the interests of (PLACE YOUR INFO HERE) in a manner that is free from conflict of interest. In order to ensure that potential conflicts of interest can be identified and managed, all board members must receive training on the (PLACE YOUR INFO HERE) Conflict of Interest Policy within 90 days of affiliation and complete the required disclosure forms: 1) Confidential Disclosure Questionnaire; and 2) Affirmation of Compliance. The conflict of interest training and forms should also be completed annually; however, any conflicts of interest must also be disclosed as they arise.

*(See Appendix A for (PLACE YOUR INFO HERE) Conflict of Interest Policy and Forms).*

**Code of conduct**. Board members will ascribe to the following:

* Regularly attend Board meetings
* Thoughtfully prepare for and participate in discussions
* Vote independently
* Respect all individuals and opinions
* Conduct business in a professional and ethical manner
* Be receptive to new ideas
* Avoid self-interest or self-dealing

**Confidentiality.** Information that is distributed and discussed during board meetings will be kept confidential.

**Compensation.** In accordance with VA Handbook 1200.17, it against federal law for the board to compensate any VA statutory member for services to (PLACE YOUR INFO HERE) (Medical Center Director, Chief of Staff, ACOS R&D and ACOS Education).

**Expense reimbursement**. Board members will be reimbursed for travel and meeting expenses associated with governance of (PLACE YOUR INFO HERE) (i.e., board training, governance books, etc.).

**Meeting attendance**. Board members are expected to attend all board meetings.

**Indemnification**. To the extent allowed by law, officers and directors will be protected from personal liability for actions taken by the board and its employees. Such protection shall be provided by purchasing and maintaining proper insurance coverage (i.e., Directors’ & Officers [D&O] and general liability insurance).

**Recruitment, training and self-assessment**. The board understands and respects that demands on nonprofit boards are constantly changing and that the board is responsible for recruiting, training and orienting board members. On a regular basis, the board will undergo activities to improve board governance and to evaluate the board as a whole and as individual members. In addition, the board will make every effort to recruit qualified new members.

**Diversity**. The board will ensure that its composition is adequately diverse in its breath of skills, knowledge, backgrounds and experiences.

**Removal from office**. Any non-statutory director may be removed from the board if he/she fails to abide by the articles of incorporation, bylaws, VA regulations, policies of the board or any federal and state laws.

**Nepotism, fraternization**. To avoid possible conflicts of interest and to achieve high ethical standards, no member of the board may hire or cause to be hired, nor supervise, any relative or other close relation. Hiring decisions (employees and consultants) will be based on the organization’s need and the individual’s knowledge, experience and ability.

**Public relations.** The board will provide a united front to the public. In the event that relations with the media become necessary, the board will form a media committee. The committee will consist of the chair, executive director, selected board member(s) and key staff member(s). The committee will appoint one individual to be the spokesperson for the organization and will develop a strategic plan to provide and focus information from (PLACE YOUR INFO HERE). Any inquiries from the public will be forwarded to the designated spokesperson.

Executive Director Hiring and Evaluation

By statute, the board is responsible for appointing an executive director. The board is also responsible for supervising the executive director as well as periodically evaluating the executive director’s performance and setting the executive director’s compensation.

Board Self Evaluation

Periodically the board should go through a self-assessment process as a whole and as individual members. This process gives the board an opportunity to remind the members of their duties and responsibilities, identify the strengths and weaknesses of board operations, review and measure the organization’s progress toward its goals and mission, and open channels of communication. The evaluation process can take the form of a self-evaluation questionnaire or can be as extensive as a board retreat.

Duty of Care, Loyalty and Obedience

Most states have codified nonprofit board responsibilities under three main “duties”: care, loyalty and obedience.

Duty of care is a standard that requires a board member to exercise the same care that an ordinary, prudent person would exercise in a like position or under similar circumstances. It means that board members should attend board meetings and be informed about the activities of the organization in order to be able to make informed and independent decisions when voting. State laws differ on the degree of care required of board members.

Although duty to the VA may be the purpose of VA representation on the board of directors, when acting in the capacity of a director for (PLACE YOUR INFO HERE), state law would require that duty to (PLACE YOUR INFO HERE) must take precedence. For example, if a VA research program had a sudden funding crisis, the board may be asked to consider a motion to allocate a substantial portion of (PLACE YOUR INFO HERE)’s liquid assets to meet the VA shortfall. However, if this would impair (PLACE YOUR INFO HERE)’s ability to meet payroll or would drain its reserves, approval of such a motion might violate the duty of care to the nonprofit. It is to be hoped that the board could work with (PLACE YOUR INFO HERE) management to come up with a way for (PLACE YOUR INFO HERE) to help out the VA without jeopardizing the financial health of (PLACE YOUR INFO HERE).

Duty of loyalty is a standard that requires a board member to act in good faith, be faithful to the organization and pursue the organization’s best interests. It means that board members must be dedicated to the organization’s mission and put the interests of the organization above self-interest.

A breach of this standard would be considered self-dealing. To eliminate the risk of self-dealing, directors should provide full disclosure of any issues that could cause a potential conflict of interest. If potential conflicts of interest occur, the affected board members should not attempt to unduly influence the rest of the board and should recuse themselves from discussing and voting on the matter.

Duty of obedience requires the board to act in accordance with the organization’s rules and policies, and in furtherance of its goals as stated in the mission statement, articles of incorporation and bylaws. In addition, the board must comply with state and federal laws. The duty of obedience forbids acts outside the scope of corporate powers.

Additional Links and Resources

VHA Handbook 1200.17: <http://www.va.gov/vhapublications/ViewPublication.asp?pub_ID=2351>

Talent Management System (VA training site):

<https://www.tms.va.gov/learning/user/login.jsp>

NAVREF website: [www.navref.org](http://www.navref.org)

BoardSource Governance Series – <http://www.boardsource.org>

Appendix A:

(PLACE YOUR INFO HERE) Conflict of Interest Policy

Confidential Disclosure Questionnaire

Affirmation of Compliance