



Safeguarding Your Assets— A Board's Obligation

As a board member, you must be certain that all your organization's assets are being protected and maintained. Use this checklist to pinpoint problem areas.

BY ANDREW SWANSON

It's 3 A.M.—do you know where your mail list is?

In the distance you hear the sounds of fire engines. A few minutes later your telephone rings. It's your executive director with the terrible news that your organization's building is burning. By morning you know that there was a total loss—and with it all of your organization's vital records.

Such an incident took place near my home recently. An old mill complex, which housed a number of small businesses and a few nonprofit organizations, burned to the ground. One of the tenants was a growing performing arts organization. In that fire, they lost not only props, costumes, records, and so forth—but their mail list as well. The mail list contained the names of all their ticket subscribers as well as their donors—the very names they will need to turn to for help if they are to recover. All lost. It could happen to many of you.

As a board of directors, one of your most fundamental responsibilities is to

see to it that your organization's assets are properly maintained and protected. Clearly, in most cases, you as board members do not do the actual hands-on work to accomplish this maintenance and protection, but you do need regular assurance that it is in fact being done.

The responsibility is yours, as a board, to determine what assets are owned by, leased by, or loaned to your organization that you must protect and maintain. Use the following checklist to pinpoint possible problem areas in your organization:

- Do you have a mail list? If so, is it regularly copied, with the copy stored *off* the organization's premises? (See Piersall in "Selected References.")
- Are you computerized? If so, is there a regular process of backing up *all* your data and moving the back-up disks or tapes to some other loca-

tion so that the disaster that destroys the primary records does not destroy the back-up as well? And are these back-ups performed with sufficient frequency? (See Archibald in "Selected References.")

- Do you own cars, vans, or buses that are used to transport clients or staff? If so, is preventive maintenance carried out often enough so that the vehicles are safe and reliable? And if your organization owns vehicles, are appropriate liability limits maintained in your vehicle

Andrew Swanson is president of Community Services Consultants (P.O. Box 31708, Tucson, Arizona 85751), a consulting firm created to assist all types of nonprofit organizations. He is the author of The President and the Board of Directors and Building a Better Board, as well as a number of other books and monographs. Mr. Swanson has over 30 years of active involvement with a wide variety of community service organizations at the committee, board, and officer level.

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In a disaster, you could lose the very names you need to turn to for help if you are to recover.

insurance? (See McLaughlin in “Selected References.”)

- Are you regulated by some state authority which inspects your facility from time to time? If so, are any deficiencies that inspectors note reported to the board as well? And, should this happen, does your board follow up to be sure that such deficiencies are corrected within a reasonable length of time? (See Hensen in “Selected References.”)

- Do you have an endowment or investment portfolio? If so, is it managed by professionals, or does the finance committee attempt to make all the investment decisions? Not that finance committees cannot be made up of people competent to make such decisions, but it is usually better if the finance committee employs professional managers who can devote the necessary time and can be held accountable for performance. It goes without saying that board members who are in the investment business ought not to handle your organization’s portfolio. The potential for—as well as the perception of—conflict of interest is too great.

One last caveat. In your enthusiasm to live up to this responsibility, be sure that you in no way begin to usurp your executive director’s proper administrative authority. It is not your job to get involved in carrying out policies. Rather, your task as a board is to establish policies requiring protection and maintenance to take place, and then to follow up to be sure these policies are implemented. Then, you can all rest easier. ■

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