



# Outsourcing the Role of the Board Secretary for Not-for-Profit Corporations

## The Issues Not-for-Profit Boards Face

Many not-for-profit corporations are strengthening their institutional governance practices and procedures in response to increased contributor and regulator scrutiny. This trend dramatically increases the workload of the Secretary to the Board whose job it is to work with the Board and the President to implement and continuously manage those practices. Many not-for-profit corporations don't have sufficient internal staff resources in terms of background, experience or time to adequately perform this enhanced Board Secretary role in a thorough manner. This can prove problematic in not-for-profit corporations where the Board Secretary role is typically assigned to other organizational officers whose time is consumed by performing their own substantial day-to-day executive responsibilities and who may not have the bandwidth to effectively perform the additional Board Secretary function.

## The Solution

A cost-effective and value-added solution is to outsource all or a part of the Board Secretary's responsibilities to a managed governance services firm. Not-for-profit corporations are recognizing the value of externally staffing the Board Secretary role by retaining managed governance services firms that have the resources and relationships necessary to fully deliver the services of an expert Board Secretary. These firms assign experienced institutional governance professionals to their clients to fortify the Board Secretary role and to allow not-for-profit corporation executives to perform their primary duties without distraction and without increasing staff. An external Board Secretary helps not-for-profit corporation Boards to implement best institutional governance practices. Their services can be retained on a full-time, part-time or special project basis.

Managed institutional governance services firms serve not-for-profit organizations. Their professionals collaborate with a not-for-profit corporation's elected Secretary to the Board to provide the following services:

### BOARD AND COMMITTEE SUPPORT

- Manage and attend Board and Board Committee meetings
- Prepare meeting minutes
- Present resolutions to the Board for approval
- Implement Board and Board Committee charters and foundational documents
- Identify and implement best institutional governance practices
- Maintain key institutional governance documents and records

### BOARD MEETING PREPARATION

- Assist not-for-profit corporation Presidents to plan Board and Board Committee meetings
- Help to determine meeting objectives
- Identify matters for Board discussion and decision-making
- Develop, distribute and present Board and Board Committee materials



### SERVICE PARTNER MANAGEMENT

- Coordinate the retention of best-in-class third party institutional governance service vendors
- Manage board portal providers and other vendors

### GOVERNANCE CONSULTING

- Perform audits of existing institutional governance processes
- Develop recommendations for improvement
- Facilitate institutional governance process development and improvement
- Manage implementation of Board and Board Committee evaluations
- Develop and implement delegation of authority and resolution approval processes



## Importance of a Robust Office of the Secretary to the Board

Strong governance practices help not-for-profit Boards to ensure that their institutions are organized and administered in a structured and ethical manner in accordance with approved policies and procedures, are in compliance with applicable regulations and are prepared to withstand scrutiny by applicable federal and state government agencies. Not-for-profit corporation Boards have developed an appreciation for the importance of sound governance practices in connection with the leadership and administration of their organizations. Managed institutional governance services firms can help not-for-profit corporation Boards to perform their institutional governance roles in a professional and robust manner.

Also, properly documenting Board discussions and decisions helps a not-for-profit corporation to defend itself against lawsuits claiming that the Board breached its fiduciary duties under not-for-profit state corporate law. Managed institutional governance services firms help not-for-profit corporation Boards to ensure that there is adequate and appropriate documentation of Board decision-making so that it can be available when needed to defend against these types of lawsuits.

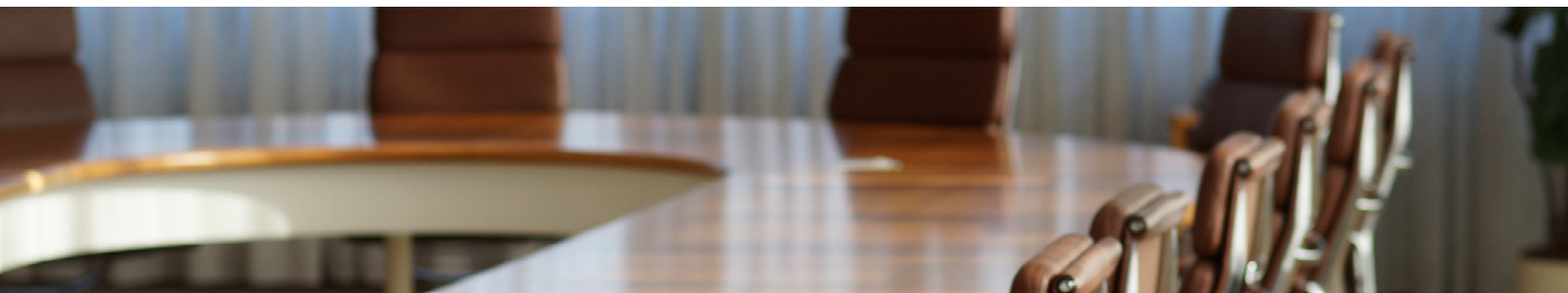
## Summary

Retaining an external expert Board Secretary allows not-for-profit corporation Boards to:

- Improve the robustness of institutional governance capabilities without increasing staff
- Allow not-for-profit corporation officers to focus on their primary executive responsibilities while ensuring that the Board Secretary function is fully performed by a seasoned professional
- Access additional resources and relationships to complete a myriad of institutional governance related projects and initiatives
- Ensure that institutional governance formalities are maintained and that Board discussions and decisions are appropriately documented
- Defend against breach of fiduciary duty lawsuits

## Conclusion

Whether a not-for-profit corporation chooses internal or external resources, it is critical that the institution's Secretary to the Board performs his or her obligations to the Board and its Committees in a thorough manner to ensure proper institutional governance in the best interests of the not-for-profit corporation and its various constituencies.



## About the Author

*PAUL MARCELA served as General Counsel and Secretary of two Cerberus Capital Management portfolio companies. Previously, he performed as Associate General Counsel and Assistant Secretary of Dow Corning Corporation. Paul earned a J.D. from Case Western Reserve University, a M.B.A. from Central Michigan University and a B.S. from Allegheny College. Paul has developed a professional services firm exclusively devoted to providing external Board Secretary support services to corporations and nonprofit institutions seeking assistance with the Board Secretary function.*

[WWW.GOVERNANCEPG.COM](http://WWW.GOVERNANCEPG.COM)

[paul.marcela@governancepg.com](mailto:paul.marcela@governancepg.com)

(770)-815-4445