

# CHALLENGE THE STATUS QUO

JANUARY 2011

WRITTEN FOR CREDIT UNIONS AND OTHER NON PROFITS

## *Boards: Do Not Rubberstamp Reports*

Many boards approve monthly, routine financial, committee and management reports. Is that act pursuant to law, regulation, charter, bylaws, or accreditation? What does it matter, it only takes a few seconds.

When in "Robert's Rules of Order, Newly Revised" (pp 121, 498) I read that assemblies should not approve reports made to them. I then began to question boards making such approvals. As a long-standing practice, many practitioners stand by it. Yet, they cannot supply the requirement or a compelling statement of its value.

Approving reports does not appear to add value. When a board does not independently verify the contents of a report but approves it anyway, that's called "rubberstamping." Rubberstamping is not acceptable for the board's duty of care is not demonstrated.

And, how useful is it for a board to expect its volunteer treasurer to look over the books and verify reports before the board approves them? What then is the job of an Audit Committee or outside auditors?

While a board is accountable for the overall success and operation of an organization, being accountable for the specifics of a report is something else.

Should we trust a board-approved financial statement more than one that is not?

Sarbanes-Oxley Act requires CEOs of publically held companies sign the financial reports. A credit union pays its professionals to produce accurate and reliable reports.

That's where the responsibility for that specific task should remain. A board should not voluntarily accept that burden without its making its own verification.

Let's say you receive a report from me in a consulting project. You find spelling and grammatical errors. I approved of it and it reflects on me; you don't care that I had a new intern write it up.

One aspect of any authority approving things is the implied power to disapprove. Saying "yes" or "no" is what it means to exercise authority. What could it mean for a board to not approve the CPA's audit report, monthly financials or a committee report? If it is inconceivable to not approve something, then the act of approving it is meaningless.

CPAs told me their intent is to see that the corporate record show that their reports reached the highest level in the organization. It appears that an acknowledgement of receipt has morphed into approval which has a much different meaning. Here are two alternatives:

Opening a meeting, the Chair states that the board has received the annual audit report.

2. Another alternative is to list all the reports sent to the board in a monthly Reports Package. Include a copy of that transmittal on the

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*In time to feed strategic issues to your board's agenda. This eZine's title, "Challenge the Status Quo," reminds us all that as leaders it is our duty to assure our organizations are doing the right things for today and the next generation—our ways change as the times change.*

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next consent agenda; the board approves the list acknowledging it received those reports.

A board should not approve a reports unless required to and then only after exercising due diligence. Every board action should add value.

(Download an expanded version of this article has been submitted to *CU Journal*. [Download it HERE.](#))

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### Time Management for Board Meetings

Is your board like many others, wanting to spend more time on strategy than on operational matters? I have seen promising movement in that direction. However, based on current articles, research reports and comments in various LinkedIn Groups, most boards are not yet where they want to be, spending more time on the future.

Rather than rehearse all the reasons for this apparent inertia, let's leap to a few ideas you can use to take solid steps toward replacing 'history-time' with 'future-time.'

1) To avoid using valuable board meeting time on operational issues, delegate more authority to management to take care of operational decisions. That way, management can keep the board aware of the most important operational decisions they made in reports studied before meeting time.

2) Fight your interest in operational stories and activities by reminding yourself to focus on mission and vision.

3) Make a list of strategic issues that could be discussed at board meetings. Make sure all the directors and managers understand the value of discussing those issues and are sure they are truly strategic. To assist in this, look at back issues of this

eZine; many have offered strategic questions you can use. [danclark.com >> Resources]

4) Use a consent agenda to quickly dispense with *routine* items that require the board's approval but do not necessitate discussion and debate. [For more on using Consent as a tool, check out my [blog](#), [YouTube videos](#) and [articles](#) on my site.]

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### Strategic Issues for Board Meetings

Is our mission statement right for us?

- Does it inspire our volunteers and employees?
- Is it simple enough all can remember it?
- Are we testing all decisions to see that they are all "on mission," moving us toward that place?

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### Board Governance Policy Tips

Explain what you expect from directors. Those will help you recruit more of the right people and set the stage for the best results from board and director self-evaluation.

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