

## What is a professional practice statement?

This Professional Practice Statement, developed by the Association Forum, is provided as a management tool for associations and individual association executives, developed by experts in the industry, and recommended as a means to achieve excellence in managing associations and other not-for-profit organizations.

## BACKGROUND

Under the laws of most states, officers and directors of not-for-profit associations are subject to fiduciary and management duties in managing the affairs of the association. In addition, association executives are expected to carry out the association’s day-to-day operations in the utmost manner of professionalism and integrity.

This Professional Practice Statement focuses on the Chief Staff Executive (Association Executive) and the Governing Body which has ultimate authority and responsibility for the direction and operations of the association. While it is not intended to apply toward specific committees, leadership groups or other staff within the association, it may be useful in determining and defining the fiduciary and management responsibilities of these individuals as well.

## POLICY STATEMENT

The Association Forum endorses the position that association executives must perform their duties and responsibilities on behalf of the association while being ever-cognizant of their management obligations. Moreover, the Association Forum believes that association executives should adhere to a standard that goes beyond mere compliance and should at all times perform their duties in accordance with applicable statutes, with the association’s articles of incorporation, bylaws and policies, and with the American Society of Association Executives’ Standard of Conduct.

Those in the governing body should consistently perform their responsibilities in accordance with the duties of care, loyalty, and obedience.

- The duty of care requires officers and directors to act with the care that a reasonably prudent person in a similar position would use under similar circumstances.
- The duty of loyalty requires officers and directors to place the interests of the association over their own personal interests and to refrain from using their position of trust to further their own personal gain.
- The duty of obedience requires officers and directors to perform their duties in accordance with applicable statutes, and with the association’s articles of incorporation, bylaws and policies.

## PROFESSIONAL PRACTICES FOR THE ASSOCIATION EXECUTIVE

Association executives should undertake their fiduciary and management responsibilities in accordance with the following:

1. Regularly attend and fully participate in governing body and membership meetings.
2. Gather and review relevant material prior to making decisions or recommending actions.
3. Direct the management of and monitor all corporate affairs.
4. Provide the governing body with complete and accurate information necessary to make reasonable and effective policy decisions.
5. Advise the governing body when action contemplated by the body may not be in the best interests of the association.
6. Advise the governing body regarding its own fiduciary obligations to the association.
7. Promptly notify the governing body of any matter that may result in liability against, or otherwise adversely affect the reputation of, the association and/or industry or profession it represents.
8. Provide the association’s members with information necessary to make reasonable and effective decisions on matters coming before the membership.

9. Advise the members when action contemplated by the membership may not be in the best interests of the association.
10. Keep the members reasonably apprised of the activities of the association.
11. Establish policies for, supervise the performance of, and maintain a level of communication with the association staff as necessary to oversee day-to-day association operations.
12. Ensure that the association has a clearly defined, written conflict of interest policy that applies to all staff.
13. Disclose to the governing body any conflicting or potentially conflicting interest the association executive may have with respect to a matter affecting the association or its members. Such interests may include, for example, directorships, consulting arrangements, or ownership interests in a vendor company.
14. Refrain from disclosing any confidential association information acquired in the performance of the executive's duties, except as permitted by the association or required by law.
15. Identify and respond to any conflicts of interest presented by a member of the governing body or staff member.
16. Refrain, absent proper disclosure and consent, from awarding association business to certain suppliers who will provide the association executive an economic benefit in return.
17. Act within the limits of the instruction or authority given by the governing body.
18. Follow association policies and procedures and ensure that association staff does the same.
19. Ensure public availability of all required documents and materials of the association, including but not limited to IRS Form 990, articles of incorporation, bylaws, etc.
20. Encourage a transparent environment within the organization to promote accessibility to appropriate association materials, including policies and procedures, minutes of board and committee meetings, financial statements, etc.
21. Ensure that the organization is conducting its lobbying activities in the appropriate manner and adhering to the proper reporting requirements.
22. Become and remain informed on the latest professional practices and legal requirements.
23. Establish and monitor accounting and fiscal policies and procedures that comply with generally accepted accounting procedures.
24. Establish and oversee adherence to a written records retention policy.
25. Establish and oversee adherence to a written whistleblower policy.

### PROFESSIONAL PRACTICES FOR THE GOVERNING BODY

The members of the association's governing body should facilitate the exercise of fiduciary duty and oversight responsibility throughout the association by adopting the following practices.

1. Place the association's interests above their own, and refrain from using their position of trust to further their own personal gain.
2. Provide association executives with a collaborative working relationship and an atmosphere conducive to the fulfillment of both the executive's and the governing body's respective duties as fiduciaries.
3. Recognize that the chief executive officer is the agent for the organization and allow the CEO to operate in that context.

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4. Exercise due diligence in performance of their governance role.
5. Refrain from disclosing any confidential association information acquired in the performance of their duties, except as permitted by the association or required by law.
6. Recognize that the governing body serves as entrusted by the membership and consequently is responsible for the integrity of governance and for its own development, discipline, and performance.
7. Provide accountability to the membership or other constituents when applicable through regular reporting.
8. Review financial statements and operating reports conscientiously, ensuring that the organization is performing in accordance with its mission, strategic plan, and/or operating plan.
9. Recognize that budget review is an important authorization process, by reviewing proposed budgets conscientiously and asking appropriate questions about the budget.
10. Provide for and review an annual audit by an independent auditor who reports directly to the board, giving prompt and decisive attention to any recommendations including “material weaknesses” and “significant deficiencies” it may contain.
11. Establish a procedure for the annual review of the IRS form 990.
12. Establish and monitor policies and procedures to safeguard the assets and future viability of the organization.
13. Provide for a risk prevention program that includes, but is not limited to, obtaining the appropriate directors’ and officers’ liability and other insurance coverage.
14. Exercise the governing body’s duties in good faith and in a manner that is in the best interest of the organization.
15. Perform their duties in accordance with applicable statutes and the terms of the organization’s bylaws and other governing documents; act within the powers conferred by the organization’s governing documents or applicable federal or state law.
16. Adopt, codify, and adhere to sound governance processes and meeting procedures; ensure that minutes of the governing body are complete and accurate.
17. Ensure that any governing body policies, procedures, or instructions are committed to writing and, upon adoption, are enforced.
18. Ensure, through the CEO, that the staff of the organization faithfully adheres to the policies and decisions of the governing body.
19. Adopt and enforce a conflict of interest policy, including within it a definition of conflict of interest on the part of the governing body and the method of monitoring compliance with the policy.
20. As individuals, each member of the governing body shall:
  - Refrain from engaging in personal activities that may injure or take advantage of the organization or from using their positions of trust and confidence to further their private interests.
  - Identify, and disclose conflicting or potentially conflicting interest, and decline to participate in a decision where conflict of interest can be alleged.
  - Attend and participate productively and conscientiously in all meetings and be fully acquainted with the bylaws, statements of policy and procedure, and any other governing documents.

## DISCLAIMER

The Association Forum expressly disclaims any warranties or guarantees, expressed or implied, and shall not be liable for damages of any kind, in connection with the material, information, or procedures set forth in these Statements or for reliance on the contents of the Statements. In issuing

these Statements, the Association Forum is not engaged in rendering legal, accounting, or other professional services. If such services are required, the services of a competent professional should be sought.

## REFERENCE LIST

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