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PROLOGUE

This Board Members' Guidebook contains excerpts of presentations which were made during the Board members' seminar that was organized and conducted by the East-Central Africa Division (ECD) leadership and education department.

The leadership and education department, considering cases of several worthy individuals including lay persons, union leaders, directors of the department of education, etc; who are appointed to boards without any form of training, decided to organize a seminar for selected board members of tertiary educational institutions within its territory in November 2007 at the ECD offices. The specific objectives for organizing the seminar were to:

1. Assist board members of tertiary institutions understand their functions and responsibilities.
2. Discuss issues related to policy, ethics, legal and financial matters relating to the functioning
   of institutional boards.
3. Exchange and share ideas on best practices.
4. Enable the attendees to be able to train other board members not able to attend the seminar.
5. Produce a handbook for use within ECD for board members reference and orientation.

The topics covered during the seminar included: Various functions of board members, committees of the board, policy matters, parliamentary procedures, financial management and interpretation of financial records, the roles of the International Board of Education and the Adventist Accrediting Association, fund raising and legal matters among others.

While the target group for the seminar was tertiary institutions, the above topics are relevant to all levels of operation though some terms may need to be contextualized to the local situation and level. Most of the subject matter is in point form because they were originally power point presentations. The appendixes include additional relevant materials from other sources. The accompanying DVD's will serve to clarity where necessary.

We believe that this guidebook will assist in fostering an understanding on the role of board members of the Adventist educational institutions; it will also be a vital reference material on issues of institutional development so that in all, the Lord may be honoured and glorified.

Lastly we wish to express appreciation to all the contributors to this guide book, the editor, translators and printers. Above all we praise God for His guidance.

Hudson E. Kibuuka
Director of Education, East-Central Africa Division

Chapter 1

FUNCTIONS AND RESPONSIBILITIES OF SCHOOL BOARDS

Authority of the Boards
Adopted from Perspectives on Trusteeship.

H. E. Kibuuka - Director of Education East-Central Africa Division

Boards function with delegated authority. They function on behalf of the responsible authority (the Church in our case) and are therefore responsible to and accountable to the responsible authority and the constituency. They also function within the guidelines set by the Government. These two bodies regulate the membership of the boards.

Boards have authority when meeting in official session. They act as whole bodies, not as individual members, unless asked by the whole board to do so. Decisions of boards are implemented through the secretary who is the head/principal and implements board decisions not their own decisions.

Responsibilities of School Boards
- To appoint, support and assess the performance of the school head and his/her associates.
- To clarify the mission, philosophy and goals of Seventh-day Adventist education and ensure that they are being met.
- To approve long-range plans.
- To approve the educational program.
- To ensure the well-being of the teachers, students and other staff.
- To ensure strong financial management and solvency.
- To ensure adequate financial resources.
- To hold the school in trust for the church.
- To interpret the school policies to the constituency and ensure its good name.
- To interpret the needs of the constituency to the school.
- To serve as court of appeal.
- To assess its own performance.

Summary of the Main Functions of Boards
- Policy development and implementation
- Strategic planning, visioning and evaluating
- Setting guidelines for the hiring of Personnel
- Fiscal Management and funding the operations and development of the school
- Spiritual guardianship

Policy development and implementation
- To ensure that the responsible authority policy on education as well as the government policy are implemented.
- To develop policies relating to:
  - Use of school property
  - Tuition and other financial support
  - Admission requirements
  - Equipment and school maintenance
  - Textbooks
  - Master planning
  - Curriculum development
  - Student behavior standards and discipline

All these are done in accordance with government and church policies

Strategic Planning
- Determining where the school will be in say 5 or 10 years (strategic Planning).
- Setting realistic goals and objectives.
- Designing action plans and steps on how to arrive at the set goals.
- Allocating responsibilities.
- Checking on progress - evaluating.

Personnel
- To cooperate with the responsible authority and government in the hiring of personnel.
- To approve staff handbook.
- To set guidelines for employment, assignment, transfer, discipline, retirement
  and dismissal of personnel.
- To ensure that working conditions and terms, as well as labour regulations are adhered to.
- To plan for staff development.

Fiscal Management
A. To fund and approve operating budget of the school including:
- Operating expenses
- scholastic materials
- physical facilities development
- sports equipment
- library development
- Insurance
- Indebtedness
- employees remuneration
- retirement

B. To ensure that the budget is adhered to and that there is internal control.
C. To plan for financial audits of the school financial records.
D. To receive regular financial statements including reconciliation statements.
E. To plan for investments.

Spiritual Guardianship
- Plan for and ensure that the spiritual needs of the teachers, students and other staff are taken care of.
- Provide spiritual leadership by precept and example
- To plan the schools involvement in spiritual programs of the church.
- To ensure harmonious working relationship and cohesiveness between the church and the school.

Code of Ethics for School Board Members
- Base decisions on the philosophy mission and objectives of Seventh-day Adventist education.
- Demonstrate attitudes and personnel conduct that reflect the standards of the responsible authority.

- Work with other members in a spirit of decency, harmony, trust and cooperation.
- Avoid using the position of board membership for personal gain.
- Recognise that authority of the board is derived from the Church(es) that operate the school (the constituency).
- Accept the responsible authority policies as a basis for decisions regarding the school and its program.
- Recognise that the authority of the board is only expressed by its actions as a board and that an individual member is to act or speak on behalf of the board only when authorised to do so.
- Abide by and uphold actions of the board and maintain the confidentiality of deliberations and actions especially as they relate to personnel.

Boards Self Evaluation
- Boards do not only evaluate others but need to evaluate themselves too by asking:
  - What are the strengths and weaknesses of this board?
  - What areas of improvement can be addressed?

This process will lead to self improvement through programs like: board members retreats, seminars, in-service opportunities, and observing other boards.

Chapter 2
PARLIAMENTARY PROCEDURES

A Presentation at the Board Members'
Seminar East Central Africa Division

G. Mbwana - President, East-Central Africa Division

Human beings are diverse, not only in their looks, color and personality, but also in their thoughts and ways of looking at things. God intended this diversity, although sin has introduced elements which God never intended for man when He first created him/her in his image. In spite of sinful human nature, God chose to incorporate us into a very noble task of the Great Commission; hence, a diverse people with a common mission. This scenario necessitates order, for a successful mission and peaceful life among the diverse.

The churches in Corinth received gifts of tongue and prophesy. Apparently it brought excitement and everyone chose to speak in tongue and prophesy as he wished. This brought about chaotic worship services and Paul wrote letters of instruction for the believers there;

"If anyone speaks in a tongue, two - or at most three – should speak, one at a time, and someone must interpret. If there is no interpreter the speaker should keep quiet in the church and speak to himself and God. Two or three prophets should speak and the others should weigh carefully what is said. For you can all prophesy in turn so that everyone may be instructed and encouraged. For God is not a God of disorder but of peace." 1 Corithians 14: 27, 29, 31, 33.

The wisdom Paul provided of taking turns in speaking, one by one, is necessary for orderliness when doing the things of God who is of perfect order. Ellen G. White reminds us that "God is not the author of confusion" Testimonies to Ministers, p. 54. In fact, in the same book she informs and admonishes us that:

"Angels work harmoniously. Perfect order characterizes all their movements... If we see no necessity for harmonious action, and are disorderly, undisciplined, and disorganized in our cause of action, Angels, who are thoroughly organized and move in perfect order, cannot work for us successfully. They turn away in grief, for they are not authorized to bless confusion, destruction, and disorganization. All who desire the cooperation of the heavenly messengers must work in unison with them." Testimonies to Ministers, p. 28.

The task of the Great Commission that Jesus has assigned us is very noble and requires orderliness for efficacy.

God who cares to see this work done well has, through the Holy Spirit bestowed upon believers diverse gifts for the building of his church. These gifts are to be put to use for the finishing of the work. In the Old Testament God came upon individuals and gave them extra-ordinary powers to lead and deliver Israel (Judges 3:10; 6:34; 11:39 etc.). Some were given the ability to prophesy (Numbers 11:17, 25, 26,; 2 Samuel 23:2 etc.). And yet others were given some special artistic skills (Exodus 28:3; 31:3; 35:30-35). In the New Testament the same Holy Spirit distributes gifts of power to preach the gospel, wisdom, knowledge, faith, healing , miraculous powers, prophecy, tongue, as he sees fit (Acts 2:38; 1 Corinthians 12:7-11).

Since God has invited diverse people and given them diverse gifts for the accomplishing of the Great Commission, it is necessary that there be some form of orderliness that will coordinate these gifts leading them to share and contribute to the finishing of the work. The church with its Institutions then,

organizes and calls for meetings to make decisions for fulfilling of this gracious mission. God designed that this church shall be led by the Holy Spirit through collective involvement of believers. God never designed for this church to be led by the dictates, thoughts and feelings of one individual:

"No human being is to seek to bind other human beings to himself as if he were to control them, telling them to do this and forbidding them to do that, commanding, dictating, acting like an officer over a company of soldiers... After the truth has made impressions upon hearts, and men and women have accepted its teachings, they are to be treated as a property of Christ, not as a property of man. In fastening minds to yourself, you lead them to disconnect from the source of their wisdom and sufficiency." Testimonies, Vol. 9, p. 146.

When meetings are convened to make decisions for the divine work, these different believers and their gifts should be involved and be respected. In these meetings, if the Holy Spirit is to be allowed to lead God's church, the chairman and all Board members' task is to seek God's will, through discussion and contribution of their ideas.

Mack Tennyson, in His book – "Making Committees Work, p. 11" took, as points of departure for his writing, two quotes which deserve appreciation:

1. That Christian Committees exist to find God's will.
2. That people are more important than meetings. "God worries more about how the chair treats the members than whether the meeting runs efficiently"

Board Meetings and Christian Character:

Board meetings present a good platform to practice Christianity. You can imagine how the fruits of the Spirit are needed in these meetings: joy, peace, patience, kindness, goodness, faithfulness, gentleness, and self-control (Galatians 5:22, 23). It is easy to pretend to exercise these in fellowship meetings and elsewhere in attending to the poor, but very hard in board meetings. The feelings of being better than, knowing more than, being more important than etc, seem to make board meetings difficult. Tennyson comments on page 15 of his book "The next time you feel you are wasting time in a meeting, think about the character you are developing." So these meetings should not aim first at decisions, but at developing character. And truly this is one major reason for which God involved us in this noble task.

Board meeting are meant to involve people. People will be more willing to participate in the implementation of decisions which they were party to.

Boards are constituted and convened because groups generally make better decisions than individuals. Admitting this is difficult sometimes and of course there are exceptions. "Two heads are better than one" is an acceptable truth, both within the church and without.

Duties of the Chair:

1. To preside over board/council sessions in harmony with the rules of order.
2. To take up various committee reports and items of business on the approved agenda.
3. The chair shall work for the consensus in decision making by treating each side of an issue with fairness.
4. The chair (a) If the vote is by ballot, or (b) To make a tie or break a tie – if he/she has not already voted by ballot.
5. To hold speakers to their allotted time and help move business along as expeditiously and fairly as possible.
6. The chair shall decide points of order (but the decision may be appealed against by any delegate.
7. While it is necessary for the chair to give leadership, in order to be impartial and give evidence that justice is done, the chair should not personally become closely involved in session floor debate while on the chair. Should he wish to speak and express his views at length and take sides in the debate, he should step down from the chair calling upon another officer to take the chair temporarily. It is understood, however, that in committee meetings the president, even while occupying the chair, will be free to fully participate in the discussions and present his views.

Duties of Committee Members:

1. In view of the high privilege of serving as a committee member at church committees, those in these capacities should conduct themselves with Christian decorum, realizing they are doing the Lord's business, not making frivolous, irrelevant, unnecessarily time-consuming, or obstructionist speeches or motions. In such cases the chair has every right to rule out of order.
2. Delegates or committee members, for reasons of fairness and respect for fellow delegates or members, should not expect to speak to   a motion a second (or additional) time until others wishing to speak have had the opportunity to do so (as far as this is feasible). However, the chair may give a person who has already spoken the opportunity to answer a question or clarify previous remarks.
3. Committee members have the right to speak in the language they feel more confident as long as translators are available.

A Standard Agenda:

1. Call to order
2. Reading and approval of minutes.
3. Reports of officers and standing committees
4. Reports of ad hoc committees
5. Unfinished business
6. New Business
7. Announcements
8. Adjournment

Transacting Business at a Meeting:

A. Quorum:

1. A quorum is the minimum number of board members who must be present at a meeting for business to be legally transacted.
2. The quorum for board/council meetings shall are fixed by the by laws of the respective organization.
3. In the absence of such a provision, the quorum is a majority of the entire membership.

B. Obtaining the Floor:

1. For a member to make a motion or speak in a debate, he/she must obtain the floor; that is, the member must be recognized by the chair as having the exclusive right to be heard.
2. The first member to seek the floor should be the first one to be given the floor. Members should seek the floor only when the chair declares the floor open. No member can make a "prior claim" for recognition by seeking the floor before the floor is yielded (declared open).

C. Introducing Business (Making Motions):

1. Business may be introduced by an individual member or by a committee.
2. Business is always introduced in a form of a motion.

D. Seconding a Motion:

1. After the motion is made, another member, without raising hand or rising to obtain the floor, may second the motion to indicate agreement for the motion to be placed on the floor. This does not   in any way indicate that the person seconding is in favor with the motion.
2. A motion made by a committee requires no second, since its' introduction to the assembly has been approved by a majority of the committee. But in the church, I have observed that this is not the case.
3. The purpose of a second is to prevent consuming assembly time for a motion that only one person wants introduced. So if a motion is not seconded, it drops and can not be entertained on the floor.

E. Placing a Motion before the Board:

1. After the motion has been made and seconded, the chair repeats the motion verbatim, thus placing it before the assembly for debate and action.
2. During the period between the making of a motion and the time when the chair places it before the board by restating it, the mover of the motion may modify or withdraw it simply by stating the   intention to do so; after the chair restates the motion, it is officially on the floor and must be dealt with appropriately as per procedure.

F. Debate/Discussion:

1. Every member has a right to speak to every debatable motion before it is finally acted upon; this right cannot be interfered with except by a motion to limit debate.

2. All the discussions must relate to the motion on the floor as to whether it be adopted or not. The chair can interrupt the person if he/she is not speaking to the motion.
3. While the debate is in progress, amendments or other subsidiary motions can be introduced and disposed of accordingly.
4. If an organization has no special rule as to the time of speeches, the general limit is 10 minutes unless he or she obtains the consent of the members; such decision can be given by a unanimous consent or by means of a motion to extend debate. Likewise, the debate can be interfered by a motion to limit debate.
5. No one member may speak to a motion more than once as long as there are others wishing to speak who have not had a chance to do so, unless it is in answering a question that has been raised.
6. During the debate, no member can attack or question the motives of another member. All discussion should be directed to the chair. And the chair must protect the right of the members.
7. The maker of a motion, although allowed to vote against it, cannot speak against it.

As a practice of the church, the chair will be careful to entertain main motions on the floor which has not been looked into by the officers to determine it's appropriateness and readiness for discussion. A person who wishes to make a motion visits with the chairman or secretary to indicate his/her intention to make a motion prior to the meeting time.

G. Amendments:

1. As noted above, before a motion has been restated by the chair the maker may modify or even withdraw his/her motion. After the chair has restated the motion, it can only be modified by an amendment.
2. There are six ways to amending a motion: - add words, phrases, or sentences at the end of a motion; - Inserting words, phrases or sentences; - Strike and insert words, phrases, or sentences;- Strike and add words, phrases, or sentences; - and Substitute whole paragraph or an entire text.
3. Only two amendments (primary and secondary) may be pending on a main motion at any time.
4. Discussion on the amendment must relate to the amendment, unless the whole motion is involved by substitution.
5. The amendment must relate closely (germane) to the subject of the motion being amended.

H. Voting:

1. Unless special rules apply, a majority decides. A majority is more than half of the votes cast by persons legally entitled to vote, excluding blank ballots or abstentions.
2. Unless otherwise provided for, voting is by voice vote.
3. If the presiding officer is a member of the assembly, he or she can vote as any other member does when the vote is by ballot. In other cases, the presiding officer, if a member of the assembly can (but is not obliged to)

vote whenever his or her vote will affect the result; i.e., he or she can vote either to break or to create a tie.

4. A member has no right to explain his or her vote" during voting since that would be the same as debate at such a time.

5. Any member may request a division of the assembly if there is uncertainty as to the true result of the vote.

I. Announcing a Vote:

1. In announcing the vote on a motion, the chair should: a. report on the voting itself, stating which side has prevailed; b. declare that the motion is adopted or lost; and c. state the effect of the vote or order its execution.

2. For a voice or rising vote in which no exact count is taken, the chair might say, for example, "The ayes have it, the motion carries, and the brochure will be published." For a vote in which an exact count is taken, the chair might say, "There are 14 in the affirmative and 15 in the negative. The negative has it and the motion is lost. No additional funds will be spent on publicity this semester."

J. Adjournment:

1. A motion to adjourn may be made by any member. It may be made during the consideration of other business, although it may not interrupt a speaker.

2. A motion to adjourn is not in order when the assembly is engaged in voting or verifying a vote.

3. If the motion to adjourn is voted down, it may be made again only after the disposition of some business.

4. The motion to adjourn is out of order when the assembly is arranging for the time and place of the next meeting.

5. When it appears that there is no further business to be brought before the assembly, the chair, instead of waiting for a motion, may simply adjourn the meeting.

SUMMARY OF STEPS IN HANDLING A MOTION

1. A member rises and addresses the presiding officer.
2. The presiding officer recognizes the member.
3. The member states the motion.
4. Another member seconds the motion.
5. The presiding officer restates the motion, thus placing it before the assembly for consideration.
6. The assembly may discuss the motion if it is debatable and amend the motion if it is amendable.
7. The presiding officer takes the vote.
8. The presiding officer announces the result.

TYPES OF MOTIONS--DEFINITIONS AND EXAMPLES

A. Privileged Motions: Motions which do not relate to the pending question but have to do with matters of such urgency or importance that, without debate, they are allowed to interrupt the consideration of anything else.

1. Adjourn: Terminates the meeting. "I move that we adjourn."
2. Recess: Permits a short intermission in a meeting. "I move that we recess for 10 minutes" or ". . . until 2:00" or ". . . until called to order by the chair."
3. Raise a question of privilege: Permits a request or main motion relating to the rights and privileges of the assembly or any of its members to be brought up for immediate consideration because of its urgency. "I rise to a question of privilege affecting the assembly."
4. Call for the orders of the day: Requires that the adopted agenda or order of business be followed. "Mr. Chairman, I call for the orders of the day" or "Madam President, I demand the regular order."

B. Subsidiary Motions: Motions which assist the assembly in treating or disposing of a main motion. They have the effect of hastening action upon, delaying action upon, or modifying the main motion.

1. Lay on the table: Lays a pending question aside temporarily when something more urgent has arisen. "I move to lay the question on the table" or "I move that the motion be laid on the table."
2. Previous question: Ends debate and orders an immediate vote. "I move the previous question" or "I move we vote immediately on the motion."
3. Limit or extend debate: Modifies debate by limiting or extending the number or length of speeches. "I move that debate be limited to one speech of two minutes for each member" or "I move that the speaker's time be extended three minutes."
4. Postpone to a certain time: Defers consideration to a definite day, meeting, or hour, or until after some particular event. "I move that the question be postponed until the next meeting" or "I move to postpone the motion until after the address by our guest speaker."
5. Refer to a committee: Gives a motion more detailed attention or permits it to be handled in privacy. "I move to refer the matter to the Program Committee."
6. Amend: Modifies a main motion by inserting, adding, striking, striking and inserting, striking and adding, or substituting some specific language. "I move to amend by adding the words . . ." or "by striking . . ." or "I move to substitute for the pending motion the following: ...."
7. Postpone indefinitely: Disposes of a question without bringing it to a direct vote. "I move that the motion be postponed indefinitely."

C. Main Motion: A motion which brings business before the assembly and which can be made only while no other motion is pending. "I move we have a banquet."

D. Motions that Bring a Question Again Before the Assembly: Motions which bring up a previously considered question.

1. Reconsider: Allows a question previously disposed of to come again before the assembly as if it had not previously been considered. The motion to reconsider can be made only by a member who voted on the prevailing side and only on the same day the original vote was taken. The motion is debatable only if the motion to be reconsidered is itself debatable. "I move

to reconsider the vote on the motion relating to the annual banquet."

2. Discharge a committee: Takes a matter out of a committee's hands and places it again before the assembly as a whole. "I move that the committee considering what band to hire for the benefit dance be discharged."

3. Rescind a motion previously adopted: Voids a motion previously passed. "I move to rescind the motion passed at the last meeting relating to where we will go on the skiing trip."

4. Take from the table: Allows the assembly to resume consideration of a motion previously laid on the table. "I move to take from the table the motion relating to presenting plaques to graduating members."

E. Incidental Motions: Motions which deal with questions of procedure and arise out of another pending motion or item of business. With the exception of the motion to appeal from the ruling of the chair, they are not debatable.

1. Point of information: Inquires as to the facts affecting the business at hand and is directed to the chair or, through the chair, to a member. "I rise to a point of information" or "A point of information, please."

2. Parliamentary inquiry: Requests the chair's opinion-not a ruling-on a matter of parliamentary procedure as it relates to the business at hand. "I rise to a parliamentary inquiry" or "A parliamentary inquiry, please."

3. Division of the assembly: Calls for a verification when a member doubts the accuracy of a voice vote or show of hands. "Division!" or "I call for a division."

4. Division of a question: Permits a motion to be divided into two or more parts in order that they may be considered separately. "I move to divide the motion so that the question of purchasing decorations can be considered separately."

5. Withdraw a motion: Permits a member to remove his or her question from consideration even after the motion has been restated by the chair. "Mr. Chairman, I move that I be allowed to withdraw the motion."

6. Objection to consideration: Suppresses business that is undesirable or that might prove damaging to the organization. "Madam President, I object to the consideration of the question."

7. Suspend the rules: Temporarily sets aside a rule to permit the assembly to take an action it could not otherwise take. "I move to suspend the rules which interfere with considering the motion to hold a get-acquainted happy hour for new members."

8. Appeal from the ruling of the chair: Challenges a ruling of the chair. A majority vote sustains the ruling. "I appeal from the decision of the chair."

9. Point of order: Challenges an error in procedure and requires a ruling by the chair. "I rise to a point of order" or "Point of order!"

PRECEDENCE OF MOTIONS

Since only one question may be considered at a time, the sequence in which motions may be taken up is fixed by parliamentary law.

The main motion is the basic motion and all other legitimate motions are taken up and acted upon before the main motion is finally disposed of. Any privileged motions introduced are of such urgency or importance that they must be

promptly acted upon. Subsidiary and incidental motions which are introduced must be given priority so that the action finally taken on the main motion will accurately reflect the will of the assembly.

Motions that bring a question again before the assembly are similar in status to main motions in that they can be considered only when no other business is pending.

Privileged and subsidiary motions have the highest status and are arranged in an explicit order of precedence. Privileged motions come first in the order of precedence and among themselves have the following ranking:
1 adjourn,
2 recess,
3 raise a question of privilege, and
4 call for the orders of the day.

Subsidiary motions follow in the order of precedence and have the following ranking among themselves:

1 lay on the table,
2 previous question,
3 limit or extend debate,
4 postpone to a certain time,
5 refer to a committee,
6 amend, and
7 postpone indefinitely.

Incidental motions are not ranked in the formal order of precedence. Since they arise out of--are "incidental" to--some other pending question, the incidental motions are decided as they arise. An incidental motion would be out of order, however, if it were not legitimately related to the business at hand.

OTHER RULES GOVERNING THE CONSIDERATION OF MOTIONS

Not all motions require recognition or a second. Not all motions are debatable or amendable. Some motions do not require a vote or permit reconsideration. The following table summaries the rules related to each of the types of motions defined in Part VII.

RULES GOVERNING THE CONSIDERATION OF MOTIONS

Name of Motion	Requires Recognition?	Requires a Second?	Debatable?	Amendable?	Vote Required?	May Be Reconsidered?
Privileged Motions:(1)						
1. Adjourn	yes	yes	no	no	majority	no
2. Recess	yes	yes	no	yes	majority	no
3. Raise a question of privilege	no	no	no	no	--	no
4. Call for the orders of the day	no	no	no	no	2/3(2)	no
Subsidiary Motions: (1)						
5. Lay on the table	yes	yes	no	no	majority	no
6. Previous question	yes	yes	no	no	2/3	yes
7. Limit or extend debate	yes	yes	no	yes	2/3	yes
8. Postpone to a certain time	yes	yes	yes	yes	majority	yes
9. Refer to a committee	yes	yes	yes	yes	majority	yes
10. Amend	yes	yes	yes	yes	majority	yes
11. Postpone indefinitely	yes	yes	yes	no	majority	aff.(3)
Main Motions	yes	yes	yes	yes	majority	yes

Motions that Bring a Question Again Before the Assembly:

Name of Motion	Requires Recognition?	Requires a Second?	Debatable?	Amendable?	Vote Required?	May Be Reconsidered?
Reconsider	no	yes	yes(4)	no	majority	no
Discharge a committee	yes	yes	yes	yes	maj. or 2/3(5)	negative(6)
Rescind	yes	yes	yes	yes	maj. or negative(6)	2/3(5)
Take from the table	yes	yes	no	no	majority	no
Incidental Motions:						
Point of information	no	no	no	no	--	no
Parliamentary inquiry	no	no	no	no	--	no
Division of the assembly	no	no	no	no	--	no
Division of a question	yes	yes	no	yes	majority	no
Withdraw a motion	yes	yes	no	no	majority	negative(6)
Objection to consideration	no	no	no	no	2/3	negative(6)
Suspend the rules	no	no	no	no	2/3	no
Appeal from the chair's ruling	no	yes	yes	no	maj. or tie	yes
Point of order	no	no	no	no	--	no

Note 1: In order of precedence.
Note 2: Must be enforced on the demand of one member unless it is set aside by a two-thirds vote.
Note 3: 0nly an affirmative vote may be reconsidered.
Note 4: The motion to reconsider is debatable only if the motion to be reconsidered is itself debatable.
Note 5: Requires either a simple majority (with prior notice), or a two-thirds vote, or a majority of the entire membership.
Note 6: 0nly a negative vote may be reconsidered.

References:
Bible: New International Version
General Conference: Rules of Order
Mack Tennyson: Making committees work
E G White: Testimonies to Ministers
Extracts from: General Henry M. Robert, Robert's Rules of Order, 1970

PALIAMENTARY TERMS

Addressing the Chair: Getting the chair's attention by saying, e.g., "Madam Chairwoman, "Mr. Chairman, "Madam President," or "Mr. Moderator."

Agenda: Order of business; program of a business meeting.

Ad Hoc Committee: Committee established for a specific purpose or for a particular case.

Adjourn: To end a meeting.

Announcing the Vote: In announcing the vote on a motion, the chair should:

1. Report on the voting itself, stating which side has prevailed;
2. Declare that the motion is adopted or lost; and
3. State the effect of the vote or order its execution.

For a voice or rising vote in which no exact count is taken, the chair might say, for example, "The ayes have it ,the motion carries, and the brochure will be published. "For a vote in which an exact count is taken, the chair might say, "There are 14 in the affirmative and 15 in the negative. The negative has it and the motion is lost. No additional funds will be spent on publicity this semester".

Ballots: Slips of paper for voting.

Carried: Passed or adopted; used in referring to affirmative action on a motion.

Caucus: Private session in advance of a scheduled meeting.

Chair: the chair, chairman, chairwoman: To preside over; the presiding officer.

Chairman/Chairwoman Pro Tem: Presiding officer for the time being.

Commit: To refer to a committee.

Committee of the Whole: Designation of all of the members of an assembly present at a meeting as members of an ad hoc committee; working as a committee of the whole allows an assembly to function informally (e.g., to have unlimited debate).

Convene of the Assembly; a Division: A vote retaken for the purpose of verifying a voice vote or show of hands; a division may be ordered by the chair or by a single member.

Division of the Question: A motion to divide a pending motion into two or more separate questions in order that they may be considered separately.

Election by Acclamation: Election by unanimous consent; used when only one person has been nominated for an office.

Ex-officio: By right of office.

Expunge: To eliminate part of a motion by crossing out or drawing a line around words; one never erases, since the original text may be needed for the minutes.

Germane: Closely related, relevant; amendments and debate must be germane to the question at hand.

Having the Floor: Having been recognized by the chair to speak.

Immediately Pending Question: The last motion stated by the chair.

In Order: Correct according to rules of parliamentary procedure.

Main Motion: A motion which brings before the assembly some new subject upon which action of the assembly is desired.

Majority: More than half of the votes cast by persons legally entitled to vote, excluding abstentions.

Minutes: Written records of business transacted.

Motion: A proposal by a member, in a meeting, that the assembly take a particular action.

Nominate: To propose an individual for office.

Obtaining the Floor: Securing permission to speak.

Orders of the Day: Agenda for a meeting.

Parliamentarian: Parliamentary adviser to the presiding officer.

Pending Question: A motion awaiting decision.

Plurality: In an election, the largest number of votes given a candidate when

three or more candidates are running; A plurality that is not a majority never elects anyone to office except by virtue of a special rule previously adopted.

Point of Information: Request for information concerning a motion.

Precedence: Take Precedence: Priority in rank; to outrank.

Previous Question: Motion which, if adopted, orders an immediate vote.

Proxy: A person authorized to vote for another.

Question of Privilege: A device that permits a request or main motion relating to the rights and privileges of the assembly or any of its members to be brought up for immediate consideration because of its urgency, e.g., a motion to turn the air conditioner up or a motion to close the windows so that people can hear.

Quorum: The minimum number of members who must be present at a meeting for business to be legally transacted.

Recess: A short intermission.

Recognize: To allow someone to obtain the floor in order to speak.

Rescind: To appeal, annul, cancel, or revoke formally.

Resolution: Motion used to express the sentiment of a group, usually beginning with the words "resolved that…"

Rising Vote: A vote taken by having members stand.

Roll Call Vote: A procedure by which the vote of each member is formally recorded in the minutes.
Second: To indicate support for consideration of a motion by saying. "I second the motion".

State: List of candidates.

Unanimous (or General) Consent: A means of taking action on a motion without a formal vote.

When a presiding officer perceives that there is little or no opposition to a motion before the assembly, business can often be expedited by the chair's simply calling for objections if any. If no objection is heard, the motion is adopted; if even one member objects, the motion is brought to a formal vote by usual procedure.

Voice Vote: A vote taken by having members call out "aye" or "no" at the chair's direction.

Yield: To give the floor to the chair, to another speaker, or to a motion taking precedence over that being considered.

Chapter 3

SEARCH COMMITTEES

H. E. Kibuuka - Director of Education, East-Central Africa Division

FILLING TOP INSTITUTIONAL POSITIONS

What is a Search Committee
- A committee set up by the board to look for candidates to fill a position that falls vacant in an institution – usually top administrative positions.
- Search committees may also be used for other positions as and when necessary.

Why Search Committees
- It is often difficult for a large committee to select the most qualified personnel to fill positions within a limited time frame.
- A smaller committee may do a more thorough work of soliciting, interviewing and screening before recommending to the board
- Society continually demands involvement and transparency. Search committees attempt to respond to these demands

Selection of Search Committee for institution head
- The board appoints a search committee with specific terms of reference
- A functional search committee should not be too large (5-7 members) but representative enough
- Chair should be a member of the board
- Other members appointed from among board members
- A representation of the faculty of the institution
- Any other person whose contribution the board may deem useful as a member of the committee
- Board chair is ex-officio member of the committee

Work of the search committee
- The search committee begins by reviewing the terms of reference and then determines the procedure to follow
- Develops a work schedule
- Drafts a statement of characteristics and qualifications needed for the position
- Prepares and publicizes a position announcement which should be precise with clear directions and instructions announced in church papers, within the institution, to various church leaders, Adventist Professionals Network (APN) etc.
- Receives applications and/or recommendations for the candidates
- Reviews and shortlists most qualified candidates – may seek for more information as needed
- Reviews information given and/or conducts interviews to get the best candidates
- Recommends no less than 3 candidates to the board.

Meetings of the search committee
- Search committee may meet as many times as necessary and feasible – usually not less than 3 meetings
- As much as possible, because of the importance of this committee and its sensitivity, all members should attend all meetings
- Proceedings of the meeting should be kept confidential

Report of the search committee includes:
- ☐ A background of the work of the search committee
- ☐ A summary of the procedure followed
- ☐ A summary of candidate characteristics outlined
- ☐ A summary of the criteria
- ☐ A recommendation of the best qualified candidates
- ☐ Any other information the board may request for

Finances of the search committee
- ☐ The finances of the search committee are born by the institution
- ☐ Members of the committee who have denominational travel budgets related to
  the work of the institution may use their travel budgets for travel
- ☐ Room and board as necessary is the responsibility of the institution for which
  a leaders is being sought

Other information
- ☐ The board deliberates on the names recommended and makes a decision
- ☐ In the event that non of the persons recommended is appointed or all decline, the board may send the search committee back to work or determine another method
- ☐ Often the work of the search committee ends with the report being given.

Other search committees
- ☐ Other search committees follow more or less the same guidelines but vary in scope depending on what position is being filled.

Chapter 4
BOARD SUB-COMMITTEES

H. E. Kibuuka - Director of Education, East-Central Africa Division

Why sub-committees?
- [ ] The board usually has many members not all of whom may be experts on the various issues of the functioning of the institution
- [ ] Sub-committees make the work of the board easier by handling the hard issues of the items on the agenda
- [ ] Sub-committees are usually smaller, therefore making deliberations easier
- [ ] Time is saved by working through sub-committees

Number of sub-committees
- [ ] The number of sub-committees depends on the size of the board
- [ ] There should be no more sub-committees than is necessary.
- [ ] Functions may be added to other committees as necessary

Proposed sub-committees
The following are the committees commonly used:
- [ ] Finance and budgeting sub-committee
- [ ] Academic sub-committee
- [ ] Development sub-committee often combined with the Finance and budgeting committee
- [ ] Student Affairs subcommittee

Finance and Budgeting Sub-committee Functions
- [ ] To study the budget before making presentation to the main board
- [ ] To review the financial operation of the school such as financial statements and audit reports
- [ ] To consider and recommend avenues of fundraising for the institution
- [ ] To study the non-academic personnel needs and make recommendations to the main board.
- [ ] To consider investment opportunities

Academic Sub-committee functions
- [ ] Reviewing the academic agenda of the board
- [ ] Reviewing the academic program of the university and make recommendations.
- [ ] Reviewing the academic personnel needs and make recommendations to the main board subject to budget provisions.
- [ ] Study the proposals for new programs, courses and curricular, institutional upgrading and termination of programs and recommend to the main board
- [ ] Consider the long term academic goals of the institution in line with the strategic plan including library planning

Development Sub-committee Functions
- [ ] To study and recommend a strategic plan for the institution
- [ ] To consider plans for infrastructure development and make relevant recommendations
- [ ] To review the institution's master plan in line with the strategic plan

Student Affairs Sub-committee Functions
- To study the overall plan of student welfare of the institution
- To review the recruitment procedures of the institution
- To review the student leadership government policies
- To study the games and sports needs of the institution

Finance and Budgeting Sub-committee membership
- Responsible authority treasurer (division/union treasurer, etc) – Chair
- Institution Business manager – Secretary
- Head of business faculty/department
- Two to three other members of the board with financial management knowledge including a lay-person

Academic Sub-committee membership
- Responsible authority Education Director – Chair
- Academic Dean – Secretary
- Representation from the deans of schools of heads of departments
- Education director of the entity where the institution is located.
- Representation from the affiliated institutions
- One or two other member(s) appointed by the board with relevant knowledge

Development Sub-committee Membership
- Responsible authority Treasurer (division, union treasurer, etc) – Chair
- Institution director of development – Secretary
- Institution Business manager
- Two to three other members of the board with knowledge of institutional development including a lay-person

Student Affairs Sub-committee Membership
- One of the Vice Chairs of the Board (chair)
- Director of Student Affairs – Secretary
- The Dean of women
- The Dean of men
- One or two members of the board
- Two student representatives (male and female)

Meetings of the sub-committees
- Sub-committees may meet as many times as necessary but preferably just before the board meeting so as to minimize transportation and other expenses that may be involved
- The quorum of the subcommittee is suggested to be simple majority with the chair or his/her designee requested in consultation with the board chair

Decisions of the sub-committees
- The decisions of the sub-committees are recommendations to the board
- After discussing some issues it may be decided to delay recommendation to the board until a future date
- There is no need of giving reports of deliberations
- Specific recommendations should be presented

- ☐ The board is not under obligation to approve all recommendations from sub-committees but in most cases, since their deliberations come from the board agenda the recommendations are considered for approval

Appointment of the sub-committees

- ☐ These are appointed in the board during its first meeting after regular appointment   by the constituency
- ☐ Vacancies will be filled by the board as the need arises

Chapter 5
LEGAL ISSUES PRESENTATION

Bob Kyte, General Counsel
General Conference of Seventh-day Adventists

I. NOTICE

☐ The information provided is general legal information based on concepts in the United States that apply common law principles. We provide this information to sensitize you to issues and not to provide specific legal advice. You should consult local legal counsel to determine applicability to your situation and location.

II. DUTIES OF BOARD MEMBERS

Duty of Care
☐ Attending meetings on a regular basis
☐ Exercising independent judgment
☐ Being adequately informed for making decisions
☐ Being actively involved in the oversight of the organization.

Duty of Loyalty
☐ Conflicts of interest;
☐ Corporate opportunity – providing the organization to which one serves as a Director the benefit of opportunities that arise which would enhance the organization as opposed to assuming these for personal gain or for the benefit of some other organization or person.
☐ Confidentiality – it is inappropriate for a Director in the regular course of business to disclose information about the organization's activities unless they are already known by the public or are of public record, or the Director has been requested by the organization to provide the information to others.

III. PROTECTING THE CHURCH'S NAMES: SEVENTH-DAY ADVENTIST® ADVENTIST® and SDA™

Trademark Policy
☐ GC WORKING POLICY BA 40: All use is subject to GC approval.
☐ Every level of the Church is to help protect the Church's names and their uses as well as the Church logo and its use.
☐ Recognizing a need to protect the Church's name, all entities of the Church have a duty to monitor the use of the trademarks within their territory and to work with their Divisions to take appropriate action for any misuse. Consultation should be taken with the Office of General Counsel.

☐ GC Policy provides for legal action to be taken to protect the Church's trademarks if amicable resolution cannot be reached.
☐ The Office of General Counsel is responsible for oversight of any prosecution of infringement. However, Divisions and their legal counsel may take such action in consultation with the General Conference.

Trademark Use By Church
☐ Use permitted by entities listed in the yearbook for noncommercial purposes only
☐ Local churches may use the trademarks if they have approved status with the local conference. Noncommercial use only

Trademark Use By Lay And Professional Groups
- Permission must be given by GC corporation prior to use – permission is at GC discretion
- Recommended by local conference
- Activities and theology in harmony with the Church
- Organization's board and membership all are members of the Church in regular standing
- Anticipated use not in conflict with other use
- Noncommercial use unless approved by GC Corporation

Seventh-Day Adventist®
- Protection will be sought for ALL uses of the name Seventh-Day Adventist®.
- Inappropriate use or infringement will be acted upon by the Office of General Counsel to protect the name.
- Due to extent of previous use, some users will not be acted upon: e.g. Reformed Movement Seventh-day Adventist Church and Davidian Seventh-day Adventist Church.

Adventist®
- Protected uses are for religious activities of the Church, health systems, employee health and benefit programs, publishing activities, film production/distribution and education.
- Much weaker trademark than our full name due to other uses and argument of it being "generic."
- We cannot protect for uses that are outside of normal Church activities such as Adventist Realtors, Adventist Singles…
- We will take similar steps to protect Adventist® as described for Seventh-day Adventist®. SDA™
- SDA™ is not a registered trademark in the U.S. but we claim ownership entitlement by common law.
- We are in the process of applying for registration of "SDA"™ in the United States.
- GC prefers to use "Adventist" rather than "SDA" which tends to weaken the SDA™ mark.
- Selective enforcement is being done based on actual use by the Church. We are concerned when a splinter group uses SDA as part of its official name.

Should The Church Protect Its Names?
- Registration of a trademark is not enough to protect the trademark. The owner of the name must monitor the use of the trademark and take action to protect it or the trademark will be diluted or lost.
- While litigation is the last step in the protection process, if the Church is unwilling to take this step, then it is unlikely that it can protect its trademarks from infringement in the long term.

Trademark Infringement
- What do you do if you discover a non-church ministry using the names Seventh-Day Adventist®, Adventist®, SDA™ or logo?
- Report infringement immediately to Division officers for attention who will work with the GC Office of General Counsel (OGC)
- Be vigilant in reporting uses by non-Church entities
- Cooperate with the OGC in monitoring and action to avoid dilution of the trademark

GENERAL CONFERENCE TRADEMARK LIST

- ADVENTIST®
- ADVENTIST BOOK CENTER®
- ADVENTIST COMMUNITY SERVICES®
- ADVENTIST COMMUNITY SERVICES Design®
- ADVENTIST HEALTH® (fancy)
- ADVENTIST HEALTH SYSTEM®
- ADVENTIST HEALTHCARE®
- ADVENTIST INFORMATION MINISTRY®
- ADVENTIST LAWYER®
- ADVENTIST-LAYMEN'S SERVICES AND INDUSTRIES® (ASI)
- ADVENTIST NEWSLINE®
- ADVENTIST NEWS NETWORK®
- ADVENTIST PIONEER LIBRARY®
- ADVENTIST REVIEW®
- ADVENTIST RISK MANAGEMENT®
- ADVENTIST TELEVISION NETWORK®
- ADVENTIST TELEVISION NETWORK LOGO
- ADVENTIST WHOLEHEALTH NETWORK®
- ADVENTIST WORLD®
- ADVENTIST WORLD RADIO®
- ADVENTURER CLUB® and Design
- ADVENTURER CLUB® Design Only
- A JOURNEY TO EXCELLENCE®
- A PEOPLE OF HOPE PRODUCTION®
- ASI®
- ASI®(Stylized)
- AWR®
- BETTER LIVING CENTER®
- BIBLE MADE PLAIN SEMINARS®
- BIBLE STORY®
- BREATHE-FREE®
- CYCLE OF LIFE®
- GRIGGS UNIVERSITY®
- GRIGGS UNIVERSITY Logo®
- HEALTH-WISE® (Use according to license agreement)
- HOPE CHANNEL®
- HOPE CHANNEL® DESIGN
- I LOVE BEING FREE FROM SMOKING®
- IT IS WRITTEN®
- JOURNAL OF ADVENTIST EDUCATION®
- K.I.D. - Pending
- KIDS IN DISCIPLESHIP – Pending
- K.I.D. UNIVERSITY - Pending
- LA VOZ DE LA ESPERANZA®
- LIBERTY®
- LIBERTY MAGAZINE®
- LIFESTYLE MAGAZINE®
- MINISTRY®
- PATHFINDER® and DESIGN
- PLANNING FOR THE CYCLE OF LIFE®
- POWERPOINTS®
- QUIT NOW!®
- QUIT NOW!® and DESIGN
- REALLY LIVING - Pending
- REAL TIME FAITH®
- SEVENTH-DAY ADVENTIST®
- SEVENTH-DAY ADVENTIST® Logo
- SONSCREEN®
- THE HOPE CHANNEL®
- THE JOURNAL OF ADVENTIST EDUCATION®
- WOMEN'S MINISTRIES® (Logo)
- YOUTH ALIVE®
- YOUTH MESSENGER®

Adventist Development And Relief Agency
- ADRA®
- ADVENTIST DEVELOPMENT AND RELIEF AGENCY®
- LOGO DESIGN®
- GLOBAL VILLAGE®

Ellen G. White Estate
- EGW®
- E.G. WHITE®
- ELLEN G. WHITE®
- WHITE ESTATE

Protecting Your University's Name
Register your university's name with the government authorities. This is not just to do business but as a trademark Police the use of your name by others Take steps to prevent misuse or dilution of the use of your name

IV. PROTECTING CHURCH PROPERTY

Challenges to Church Ownership of its Real Property
Church Policy for Property Title

GC WP S 55 05 Property Ownership—Church properties and other assets shall be held in the name of an appropriate denominational corporate entity, not by individuals, trustees, or local congregations. Where this is not legally possible, divisions shall make alternative arrangements in consultation with the General Conference Office of General Counsel.

Who Owns the Property: The Seventh-day Adventist Church owns all church property for use by the Church and its members who are faithfully part of the Church. No individual or congregation that becomes disaffected has any claim to the church property.   Local congregations enjoy the right to use the property with the inherent obligation for maintaining it. Such use right gives no ownership interest to the congregation even if the current members funded the acquisition costs. Church representatives should select their language carefully – avoid using statements such as "the Conference holds title to the Church property in trust for the members of the local church."   This is an incorrect statement.

Practical Application to Church
- Be sure the Conference's legal entity holds title to the property free and clear of any other interest.
- Do not include any trust language in the title or on the document.

Challenges to Church Ownership
- Trust Theory – cases result in good and bad outcomes for denominations.
- Seventh-day Adventist Church basis is outright ownership and title to the property – not a trust relationship

University Property
- ☐ Does your Division or Union have the property titled correctly in the legal entity that should have title?
- ☐ Do an audit of all your properties to be sure title is correct and includes ALL the property.

V. MANAGING RELATIONSHIPS WITH MINISTRIES

Types of independent Ministries

A. Reforming Or Critizing "Ministries"
- ☐ Raises practical, ethical and legal issues

☐ Practical –
  · Work with the ministry to try to get it to cooperate with the Church. Oftentimes this is difficult and non-productive.
  · Evaluate the impact of the ministry and if it is of more value to"deal" with it or let it run its course.

☐ EthicaL – Treating critics in a Christ-like manner
☐ Legal –
  · Defamation, slander – could be actionable by the ministry. Most of these groups thrive on this type of "persecution" and use it for fund raising
  · Do not be drawn into cooperating without knowing the full impact of that cooperation. Example: Sitting on the Board in hopes of bringing cooperation with the Church opening liability for Church and individual for role in ministry's activities.

B. Supporting Ministries
☐ Leaders are loyal Church members
☐ Theology is in harmony with Church
☐ Work supports and supplements Church mission
☐ Legal documents and dealings clearly state they support the Church but are independent supporting ministries
☐ Do not accept tithe
☐ Work with Divisions and approval for their ministries for services given to Church. GC Working Policy K 05

C. Ministries That Appear To Be Supporting Ministries
☐ "By their works ye shall know them"
☐ What is the track record of the leaders?
☐ Why has the ministry been formed?   Is this something the Church is doing or should be doing and not independent of the Church?
☐ Is the ministry searching for the Church approval to assist the Church mission or to seek fund raising?

D. Ministries That Are Supporting Ministries
  · Approval by the Church may raise issues of liability:
  · Reliance by others on the Church's approval
  · Depending on level of approval the Church gives, they may create the appearance of a partnership or joint venture with the Church. This is especially true if Church representatives are involved in management

(Board membership), public statements, letters or announcements. Liability could be created for the Church and the individual involved. *Remember it costs money to prove you are NOT a party to an action!*

E. Ministries The Church Does Not Know It Owns
☐ Often operate out of a local Church where lay people or pastors operate a ministry using some Church resources and some personal or ministry resources
☐ May be incorporated separately and have its own tax-exemption

- May raise issues that debts and commitments are being made on behalf of the Church especially when signed for by the pastor who may have apparent agency authority and even Church resources (Examples: Church building is the location for ministry, running money through the church or actions of the local church board establishing or approving the ministry)
- Raises Conflict of Interest when individuals, such as the pastor, are being compensated for their services for the ministry above regular pay. Oftentimes this is done through sale of videos, publications or special stipend for services.
- Examples: Low Power FM Stations, TV Stations, daycare centers, book and video ministries
- The Church (local or conference) may be liable for the debts and commitments if the ministry terminates or the pastor is transferred and no one is willing to take on the responsibility.
- What happens when Church resources are used and the pastor goes "private" taking the ministry with him when he transfers or leaves Church employment to pursue the independent ministry?

CONCLUDING THOUGHTS

- Disparaging a ministry, even if critical of the Church, may cause liability and fuel the ministry
- Providing encouragement to supporting ministries is positive; however, be careful in avoiding the appearance of Church sponsorship or joint venture.
- Be diligent in determining the status of ministries that operate out of local churches, use Church personnel (e.g. pastors) or are supported through funds going through the Church. It is easier to address these matters at the start than when problems arise.
- Be aware of the use of the Church's name or logo. Don't delay in reporting to GC Office of General Counsel. Resolving use of the name or logo is not something to delay in hopes that it will resolve itself.

VI. CONTRACTS

Contracts
- Promises the law will enforce
- Agreement – oral or written
  - Written contracts are easier to prove the parties' intent
  - Oral contracts aren't worth the paper they are not written on if the parties have problems or simply disagree
  - Some contracts MUST be in writing – e.g. land, value over a certain amount

What Must Be In A Contract?
- Who are the parties? Get the names correct
- Is there mutual understanding?
- What must each party do and when?
- How do you deal with problems when they arise and who is responsible for what?
- How do you get out of the contract if things go bad or circumstances change?
- What is the consideration for doing it?

Business Terms
Make sure the contract says what you want to have done and you will do

Ambiguity
- When more than one meaning can reasonably be given to a term of the Agreement.
- Example: ECD shall provide additional services necessary to reasonably fulfill the terms of this contract.

Uncertain or Incomplete Terms
- If problem is on key terms - No Agreement
- Court may construe reasonable terms of construction in commercial contracts
- Common practice in industry or course of dealing of the parties
- Drop the uncertain term if otherwise clear and contract could still be performed

"Subject to" – CONDITIONS
- If a party makes something "subject to" an event or action, then
  - Party must act in good faith to accomplish the event or action
  - Condition must be met to bind the parties
  - Review language carefully to see if there is a time limit on the condition

Put contingency in whenever you have to get an approval—i.e. Board of Directors

Breach Of Contract
- When one party fails to perform a material requirement of the Agreement
- Minor breach may trigger some form of damages but may not terminate the Agreement
- Deliberate Breach raises economic and damages issues

Note: Breach of Contract – no insurance coverage

Term
- How long does the contract last?
- Is there an automatic renewal?
- Do you have to do something to effect the termination?
- What happens on termination?
- How can you terminate if circumstances change?

Boilerplate – Read It!
- What you don't understand may hurt you!
- Ask – Why is this provision here?
- Does it apply?
- Look for mutual protection!!!!
  - What's good for the goose is good for the gander!

Dispute Resolution
- Arbitration?
  - Is it binding?
  - What Choice of Law and jurisdiction apply?

☐ Mediation?
· May be required by court
☐ Lawsuit?
☐ Artificial versus Statutory time limits?

Indemnification
What does that mean?
If you get sued by a third party because of something we did or did not do and not something you did, then we will pay the damages on your behalf and we will also cover your expenses to defend against the action.

Attorney Review
Why you don't use an attorney:
☐ Costs too much! Lawsuits cost a lot more!
☐ Takes too long! Lawsuits consume a lot of time and energy!
☐ It's a simple, short contract! Shortness does not always mean simple – may lack key terms
☐ No one has ever sued us before on a contract like this! Las Vegas has pretty goods odds too!

VII. DOCUMENTING EMPLOYMENT RELATIONSHIPS
Considerations for Church Executives and Administrators

The difference between being right and proving you are right is a lot of time and money! Documentation is Important!
☐ Review your files carefully
☐ Documentation of attempts to bring the pastor's work into acceptable levels without success will have a positive impact provided:
· You can show you are timely dealing with problem after working fairly to give him as much chance as possible.

What to Document
☐ Discussions
☐ Encounters
☐ Actions or steps taken
☐ Verbal warnings
· What was said and outcome
☐ Conferences
☐ Training
☐ Receipt of policies

When Should You Document?
☐ Before employment
☐ During employment
☐ After employment

Before Employment
- ☐ Employment status
- ☐ Consents
- ☐ Employment Policies

Employment Status
- ☐ What you want:
  - · Clear and accurate statement of employee's employment status
  - · Other terms and conditions of employment Offer letter Contract
  - · Employee Handbook
  - · Signed acknowledgment
- ☐ What you don't want:
  - · Ambiguous – avoid oral statements regarding an employee's status
  - · Avoid statements or implications that an employee is only terminable for good cause. This gives disgruntled employee a possible cause of action in a lawsuit

Consents
- ☐ What you want:
  - · Background checks
  - · Credit checks
  - · Payroll deductions

Employment Policies
- ☐ What you want:
  - · Equal opportunity policy
  - · Sexual harassment policy
  - · Employee handbook
  - · Signed acknowledgments

- ☐ What you don't want:
  - · Strict progressive discipline policies that require specific disciplinary steps
    in a particular order
  - · Policies that you cannot follow
  - · Documents demonstrative membership in a protected classification (outside of personnel file)
  - · Documents that contain excessive details about private life

During Employment
- ☐ Performance Evaluations
- ☐ Warnings
- ☐ Rewards
- ☐ Training

Documentation Hazards
- ☐ Avoid emotional or subjective language
  - · Use measurable words that describe not interpret

Example:
"The employee was irresponsible in reporting the day's financial receipts."

Better: "The employee did not enter the amount of daily receipts in the ledger. This caused a delay in reporting the monthly financial performance of the work unit."

Performance Evaluations
- Follow the policy!
  - Failure to evaluate consistently can be the subject of a lawsuit
- Most misused documents (from a legal perspective)
- Are hard to do!
  - Prepare

Evaluation "To Do" List
- Keep a performance file during the entire review period
- Set a mutually convenient time for the review
- Cite specific examples of good and bad performance
- Be constructive and try to "partner" with employee to find a solution
- Explain the importance of the problem to the GC at all appropriate levels
- Express concern and/or disappointment about the poor performance
- State the consequences for failing to improve
- Offer assistance, but put responsibility for improvement within clear time limits on employee
- Include a specific plan of action for improvement that contains measurable objectives – solicit employee's agreement regarding the goals
- Summarize past discussions and note employee agreement
- Provide employee with opportunity to comment
- Provide employee with signed copy

Evaluation Pitfalls
- Ratings Inflation – Why?
  - Hard to tell someone they are performing poorly
    A satisfactory evaluation = satisfactory employment
  - Evaluation used as a tool to motivate and improve morale rather than criticize
  - Problematic where lines of authority are disjointed
    (not direct supervision)
- Strategy: Use comments to highlight good AND bad aspects of performance
- Excessive leniency
- Avoiding the ends of the scale
- "Halo effect"
- Recency bias
- Length of service bias
- Bias based on demographic similarity or intentional bias on the basis of a protected class
  - Violation of law

Warnings
- Oral first
- Written (where recurring problem would justify discipline)
- Contemporaneous

- · Effective because of immediacy
- ☐ Short memo to file
- ☐ "Critical Incidents" diary
- ☐ Formal written warnings
- ☐ Appropriate for problems significant enough to warrant a separate meeting to discuss
- ☐ Include
  - · Description of problem
  - · Plan of action
  - · Consequences of failure
  - · Opportunity for EE comments

Over-documenting
- ☐ More is NOT always better
- ☐ Consistency is key
- ☐ Perception of harassment through micro-management
- ☐ Avoid documenting insignificant incidents
- ☐ Never include false or misleading information
- ☐ No confessions about mistakes (but fix if they happen)

After Employment
- ☐ Events surrounding termination
- ☐ Unemployment compensation application

Post-termination Memo
- ☐ Memo to file detailing the discipline process through
  - · Put relevant events on paper
  - · Do it while recollection is fresh (particularly if not documented elsewhere)
  - · Not as persuasive as contemporaneous documentation
  - · Allows HR to asses what went wrong

Chapter 6

POLICY AND A BOARD MEMBER

Blacious M. Ruguri, Executive Secretary, East Central-Africa Division

INTRODUCTION

In the Seventh-day Adventist Church, Policy is normally referred to as "Working or Operating Policy". General Conference or Division Policy or Union Policy usually contains the Constitution and Bylaws of the_____ _____ as adopted by _____sessions. It also contains the accumulated policies which are applicable to the _____ _____ policy therefore is the authoritative voice of the church in all matters pertaining to the _____ It shall be adhered to by all denominational organizations in _____

AREAS COVERED BY POLICY

PART I - Constitution and Bylaws
A PART II - Mission Statement (Statement of Mission)
B PART IlI - Working Policy

ORGANIZATION AND ADMINISTRATION

BA General Administrative Policies
C Division Policies
D Model Constitution and Operating Policies
E Denominational Employees — Accrediting, Transferring, Employment Regulations
FA Adventist Chaplaincy Ministries — Departmental Policies
FB Children's Ministries — Departmental Policies
FC Communication - Departmental Policies
FE Education — Departmental Policies
FF Family Ministries — Departmental Policies
FH Health Ministries — Departmental Policies
FL Public Affaires and Religious Liberty - Departmental Policies
Publishing - Department Policies
FR Sabbath School and Personal Ministries - Departmental Policies
FS Stewardship Departmental Policies
FT Legal Association and Trust Services - Departmental Policies
FW Women's Ministries - Departmental Policies
FY Youth - Departmental Policies
GE Ellen G White Estate, Inc — Policies
HA Adventist Development and Relief Agency
HB Adventist World Radio
HI International Health Food Association
K Supporting Ministries
L The Ministry and Ministerial Training
M Intradivision Service Policies — General
N Intradivision Appointees
O Intradivision Employees in the Field
P Terms of Intradivision Service, Furloughs, Optional Annual Leaves
Q Intradivision Permanent Returns R Volunteer Service
S General Financial Policies

SA Auditing Policies
T Division Financial Policies
U Institutional Finance Policies
V The Tithe
W World Mission Fund
X Ingathering
Y Remuneration and Assistance to Employees
Z Retirement Plan

DYNAMIC NATURE OF POLICY

Due to changing nature of circumstances in the areas where policies are applied, policies can be amended, deleted, etc., depending on the situation and the nature of the circumstance.

It is expected that no departure from general policies shall be made without full counsel and approval of the relevant and appropriate policy development committees, through the respective Conference, Union, and Division committees

BOARD MEMBER AND POLICY

It is of paramount importance for Board Members to read, understand and interpret policies accurately. For Boards to be able to provide safe and good governance, Board members need to have reasonable understanding of the policies by which they govern their institution, organization, etc...

POLICY APPLICATION

The safest thing which Boards can do in the application of policy is to be impartial. Policy has been looked at as a very cruel tool by many because of wrong application.

HARMONY OF POLICY

General Conference Policy is the overarching General Policy in the Seventh-day Adventist Church. World Divisions may not develop policies which contradict or do not harmonize with the General Conference policies. Union policies too must be seen to harmonize with the Division and GC Policies. This is not to say that divisions and unions cannot develop policies which apply to the unique situations in their local settings. Consultations in the development of such policies is necessary.

DENOMINATIONAL POLICIES AND NATIONAL POLICIES

No denominational Entity exists in a vacuum! It is very necessary for Boards and Committees in each country in East-Central Africa Division to familiarize with all aspects of respective country's national laws, regulations and acts. Application of denominational policies must be carefully cross-checked with local legal denominational counsel to avoid head on collision with national laws. Always prefer more than one legal opinion when dealing with potential risk matters. In countries where judicial systems are non-existent, corrupted, etc, it is prudent for Boards to make decisions very carefully.

OTHER GOVERNANCE TOOLS

1. No Tool
There are Boards who govern and make decisions which are guided and informed by nothing.

2. Committee/Board action
Where there may be no existing policy, guideline or any other approved tool to guide in a given situation, it is necessary for Boards/Committees to take action/actions in a legally constituted setting to back their move.

3. Employee Handbook
General policies may not capture all the minute details in all settings of our work. In such circumstances, it will be necessary for entities to develop tools such as a Handbook.

4. Church manual
This is an important tool for the general administration of our local churches. Some of us seated here will from time to time have to deal with questions and issues whose answers will be found in the Church Manual. Church leaders of all levels need to familiarize themselves with the contents of the Church Manual.

S 70 05 INSURANCE OF DENOMINATIONAL ASSETS

In order to maximize protection for all church operations against risk of accidents, property, and liability losses, the following operating policies shall be followed:

1. Property Protection
The treasurers and managers of denominational organisations, in cooperation with Adventist Risk Management, Incorporated, shall initiate measures to prevent losses and/or minimize the loss in the event of an occurrence, and shall be responsible for maintaining adequate insurance coverage assets. Losses and accidents, including work-related injuries and illnesses, shall be reported on a timely basis in harmony with denominational operating policies.

2.Liability Limits
The Division shall be responsible for maintaining US$1,000,000 coverage for the liability risks, based specifications established by Adventist Risk Management, Incorporated, with the General Conference purchasing a worldwide umbrella policy to insure for catastrophic losses.

3.Acceptable Coverage
Denominational assets shall be insured with companies with a minimum of A-grade rating in Best Key Insurance Rating Guide or, in overseas locations, with insurance company which is given a superior rating by a well- known insurance brokerage house approved by Adventist Risk Management, Incorporated, or with the church-owned insurance company.

Reciprocal companies and assessable companies are not recommended. Funded self-insurance programs to cover expected losses are acceptable risk financing

techniques. However, the expected loss projections should be based on an actuarial study and should have excess insurance covering the catastrophic exposure.

4. Insurance Register

Treasurers and managers of denominational organizations shall be responsible for holding and maintaining a complete record of the insurance policies covering the buildings and other assets. The original copy of public liability insurance policies shall be retained as a permanent record.

a. This record shall include the name and description of the property, the amount of insurance carried, the name of the company with which it is insured, the expiration date of the insurance policy, and the policy number.

b. Negotiations for the renewal of insurance policies shall begin at least 120 days before the expiration date, to avoid unintentional lapse of coverage.

c. Coordination of insurance coverage among denominational entities is critical. Thus Adventist Risk Management, Incorporated, or an independent insurance consultant should be consulted in all insurance negotiations, including the development of funded self- insurance programs.

d. All affiliated and subsidiary organizations and institutions of the Seventh-day Adventist Church shall name the parent organization(s), up to and including the General Conference Corporation of Seventh-day Adventists, as an additional named insured on all liability insurance policies.

5.Auditing

It shall be the duty of the auditor to check and report to the governing board or committee as to whether the provisions of insurance coverage are reasonably adequate and in harmony with the Working Policy recommendations. When requested by the General Conference Auditing Service, Adventist Risk Management, Incorporated shall assist as needed.

6. Consultant

Adventist Risk Management, Incorporated shall serve as consultant to the Division, union, conference/field, and institutional Risk Management or Insurance Committee, including the Risk Management Committee and shall assist in the establishment of specifications for programs which may be available from the insurance and risk management industry.

S 70 10 MINIMUM LIMITS OF LIABILITY INSURANCE

Effective January 1, 1996, "Minimum Limits" shall be defined as no less than:
General Liability/Hospital
Professional Liability
(Primary) US$1,000,000 per occurrence
With a reasonable aggregate limit no less than 10,000,000 annual aggregate minimum

Commercial Auto Liability

(Primary) 1,000,000 per occurrence
Garage Liability (Primary) 1,000,000 per occurrence
Excess Liability 9,000,000 per occurrence

Executive Risk:
Directors and Officers 25,000,000 per loss and Liability annual aggregate
Fiduciary Liability 10,000,000 per loss and annual aggregate
Employee Dishonesty Coverage: 3,000,000 per loss and annual aggregate

Miscellaneous Professional: 1,000,000 per loss and Liability annual aggregate
Trustees Errors and 1,000,000 per loss and Omissions Liability 4,000,000
annual aggregate
Aircraft Liability* 50,000,000 per
occurrence
with no per passenger limit*
Non-owned Aircraft Liability 50,000,000 per occurrence with no per passenger
limit*
Airport Liability 50,000,000 per occurrence

S 70 15 PROPERTY INSURANCE

1. Replacement Values Adequate insurance shall be carried on all denominational properties for perils of fire and extended coverage, or multi-peril coverage, where applicable, it being recommended that the coverage be on the basis of replacement values on buildings and actual cash value on contents. All buildings shall be covered from commencement of construction.

2. Survey of Buildings — The treasurers of unions, local conferences/fields and institutions shall survey the buildings in their respective territories, including the contents of such buildings, to determine the insurable value of all property.

3. Appraisal —— The treasurers of unions, local conferences/fields, and institutions are responsible to make sure that church-owned buildings are insured to value.

S 70 30 PUBLIC LIABILITY INSURANCE

There is a definite trend toward abolishing charitable immunity, both on the part of courts and legislative bodies, with the result that charitable organisations are being held liable for accidents and injuries of every description. Since it cannot be predicted when a court of law may render a decision reversing specific legislation granting charitable immunity, the following is recommended:

1. Properties and Operations
Liability protection shall be secured on all denominational properties and operations, with sufficient limits to protect the assets of each respective organisation. Coverage should be written on a blanket basis whenever possible with all property titled in the name of each respective organisation holding title, such as the local conference/field corporation or association.

2. Volunteers
It is recommended that liability coverage be extended to cover volunteers but only respecting particular projects and adhering to specific guidelines as follows:

a. The project must be pre-approved by the conference/field or organisational administrative committee.
b. The project and its nature must be reported to the Adventist Risk Management, Incorporated well in advance in order to arrange for proper extension of coverage.
c. The premium for coverage must be guaranteed by the by the Division.

3. Motor Vehicles
Liability protection shall be secured on all owned as well as non-owned vehicles used in behalf of the employing organisation, with adequate limits of bodily injury and property-damage liability. All vehicles owned by each organisation should nevertheless be included in one policy, with an automatic fleet endorsement or equivalent attached. In case of secondary schools, all vehicles shall be registered in the name of the conference/field and included in the blanket policy for the conference/field.

S 70 45 WORKERS' COMPENSATION INSURANCE

1 Support of Injured Employee
The financial responsibility for the support of injured or incapacitated individuals and their families may unnecessarily become a drain on the financial resources of a denominational organisation.

2. Approved Coverage
Denominational organizations are encouraged to secure Employers' Liability Insurance and Workers' Compensation Insurance or its equivalent on all denominational employees including inter-division and inter-division employees, literature evangelists, and volunteer workers.

Where Workers' Compensation Insurance for employees is not required by law, coverage may be purchased on a volunteer basis and may include volunteer workers as well. In some jurisdictions, volunteer workers cannot be included in the Workers' Compensation Insurance Policy. In that instance, coverage may be obtained from Adventist Risk Management, Incorporated under an accidental death and medical indemnity policy.

3. Inter-division and. Intra-division Employees
Denominational organizations hiring inter-division employees shall be responsible for providing workers' compensation benefits equal to those in the country of origin of the inter-division or intra-division employee.

4 Catastrophic Risks
Since the cost of Workers' Compensation Insurance varies with the insured's accident and loss experience, management should avoid potential catastrophes which may arise from a concentration of large numbers of employees while traveling in buses, trains, automobiles, and aircraft.

S 70 50 FIRE PROTECTION IN DENOMINATIONAL BUILDINGS

Fire safety is dependent on a balanced combination of good building construction, proper attention against specific hazards, approved fire detection systems,

adequate fire-extinguishing facilities, and a Well-organized fire-prevention and evacuation procedure. Preventing loss of life or personal injury by fire is the first objective of all fire- protection programs. The following standards are among those which shall be applied:

1. New Construction
a. In the construction of new buildings, a definite effort shall be made to meet the requirements of fire-resistive construction.
b. All plans drawn for any denominational building shall be in accordance with national building and safety codes. In the event of a conflict between national and local codes, the more stringent one shall be applied. A statement to the effect that the blueprints conform to these codes shall be included in the specifications for the building which shall be submitted to the Division Building Committee for approval before any construction commences.
c.The use of wood frame and/or combustible materials should not be considered in the construction of more than one storey, unless completely protected by an automatic sprinkler system, including adequate pressure and water supply. Single or double family dwellings, small service buildings, and farm buildings are excluded from this requirement.

2. Dormitories and Other Sleeping Quarters
a. All dormitories shall have approved interior fire alarm systems.
b. Dormitories not of fire resistive construction shall be completely equipped with an approved sprinkler system.
c. All sleeping areas not located on ground level shall have a minimum of two well separated exit stairs leading to the ground level.

S 70 55 HOSPITAL PROFESSIONAL PRACTICE AND SAFETY COMMITTEE

It is the responsibility of the Division's health director or person appointed by the Division to coordinate malpractice and related loss control procedures in medical institutions of the Division. This shall include the following activities:

The establishment of a hospital professional practice and safety committee in each entity with authority to recommend changes to the administration that are malpractice, loss control, or safety related. This committee shall meet on a regular basis. Copies of the minutes shall be sent to the Division Health director or person appointed by the Division and Adventist Risk Management, Incorporated. The terms of reference shall include:
a. Timely reporting of incidents and review of all medical incident reports,
b. Recommend peer review procedures of medical professionals relating to specialty and licensing,
c. Establish a monitoring system for medical equipment and physical plant,
d. Review procedures as recommended by the Division Health director or person appointed by the Division,
e. Report to the institution's executive committee all significant incidents and claims,
f. Encourage in-house educational programs that emphasize safe medical procedures, plant safety, and proper maintenance of equipment.

Significant incidents and claims shall be reviewed by the hospital executive committee.

S 70 60 PERSONAL ACCIDENT INSURANCE COVERAGE (PAI)

1. Regular Employees
All regular employees within the Division, including Literature Evangelists with credentials and licenses shall be provided with Personal Accident Insurance with US$5,000 minimum. The premium shall be paid by the employing organisation. Each union committee shall determine higher limits for employees who travel extensively.

2. Family Coverage
Employees who choose to cover their family with Personal Accident Insurance or desire to increase the limit provided by the employing organisation may do so at their own expense.
3. Pathfinders
Unions, conferences/fields, and local churches shall protect all Pathfinder or AY Clubs with Pathfinder Accident and Health Coverage with a minimum of US$1,000 Medical Coverage and US$5,000 PAI. The local church shall be responsible for the cost of the coverage through the union/conference/field.

4. Church Group Activities
Any group of church members engaged in activities duly authorized by the church board shall be protected by PAI coverage as well as medical coverage during the period of the activities. The local church shall be responsible for the cost of the coverage through the conference/field.

All the above insurance coverage may be requested from Adventist Risk Management through the regular denominational channels.

S 70 65 GLOBAL BASIC LIFE

The employing organisation may choose to cover their regular full time employees within the Division with Global Basic Life insurance by the Adventist Risk Management for US$5,000 minimum at the employer's cost. This provides benefits to the surviving dependents of an employee who dies from any cause. An employee may increase the coverage beyond what the employer has set as the ceiling for their institutions with the employee bearing the additional cost.

S 70 70 PERSONAL EFFECTS FLOATER COVERAGE (PEF)

Employees may choose to protect their personal effects while traveling under Personal Effects Floater Coverage (PEF). For employees who travel extensively within and outside their territories, the employing organization may chose to pity the premium.

Chapter 7
GLOBAL CHURCH PERSPECTIVES ON LEADERSHIP

Mike Ryan - Vice President General Conference, Seventh-day Adventist Church

WHY IS LEADERSHIP TRAINING A PRIORITY?
- ☐ Growth
- ☐ 87% Membership in 2020 will not have been sdas in 2005
- ☐ Rapid growth in areas without a culture of sda leadership
- ☐ A shrinking % sdas attend sda schools
- ☐ Formal schooliing does not teach specific skills
- ☐ Unity
- ☐ Expanding cultures – diverse values
- ☐ Contextualization vs cyncritism
- ☐ Inclussive vs exclussive
- ☐ Nationalism
- ☐ Biblical fellowship
- ☐ Quality of life depends on leadership
- ☐ Establising adventist values among members
- ☐ Grounded in the culture of adventist leadership
- ☐ Different from corporate
- ☐ Different from government

POSITIONS ON LEADERSHIP PLANNING
- ☐ Leadership training must be intentional
- ☐ General conference will primarily:
  - · Envision plan
  - · Provide exposure to leadership resources
  - · Provide exposure to leadership programs
- ☐ People and materials
- ☐ Leadership training program and priorities are defined by divisions
- ☐ Special emphasis is placed on the 10/40 window
- ☐ Should be intentional vs available

ORGANIZATIONAL CHARACTERISTICS OF LEADERSHIP TRAINING
- ☐ Maturation in the work place
- ☐ Divisions developing plans
- ☐ Profile of sda leadership –powerpoint - gc
- ☐ Clc - andrews university
- ☐ Gc financial help for travel
- ☐ Academic institutions

IN DEVELOPMENT
- ☐ Pastor training materials
- ☐ Treasury training materials
- ☐ Secretariat training materials
- ☐ Institutional training materials
- ☐ Discipleship training materials

LEADERSHIP FEATURES
- ☐ Mentoring
- ☐ Conf/Union Program
- ☐ Volunteers
- ☐ Scholarships
- ☐ Linkage With Professionals Abroad

ACTING WITH INTEGRITY

Integrity can be defined to mean:
- Honest
- Goodness
- Forthrightness
- Moral
- Incorruptible
- Purity
- Virtue
- Straightforwardness
- Sincerity

Foundation of Christian Leadership.
"To the law and to the testimony, if they speak not according to this word, there is no light in them" Isaiah 8:20

Leadership and Integrity mean doing the right thing. Priority should be on 'Choosing Integrity'

CONCEPTS OF INTEGRITY
- A relationship with God - Trust
- God, Church and Self
- Clarity and open disclosure
- Personnel
    i. Hiring
    ii. Inter-relations
    iii. Evaluations

A. A Relationship With God
Hebrews 11 gives some examples of God's Great Heroes:Noah, Abraham, Moses and Joshua

B. God, Self and Church
In the Interest of Doing Right
- God and His church are first
- Self interest is last
- Finance
- Position
- Power
- The buddy system
- Family
- Danger of Rationalization

C. Clarity and Open Disclosure
The Corporate World
"In theory, there is no difference between theory and practice. But in practice there is." Yogi Berra.
Examples
- ENRON
- TYLENOL

100% "No such thing as Just enough"
Integrity Is 'Admitting Failure'

D. Personnel
Hiring
  ☐ Job descriptions
  ☐ The best talent
  ☐ Race, Gender, Age (sexual preference)
  ☐ Nepotism
  ☐ 360 interviews
  ☐ Committee decision

Inter-Relationships
  ☐ Sexual Misconduct
  ☐ Abuse
  ☐ Favoritism

Evaluations
  ☐ Honest
  ☐ Due Process
  ☐ Regular
  ☐ Redemptive

Integrity therefore, can be summarized as "the needle to the pole"

Chapter 8
INSTITUTIONAL ADVANCEMENT

STRATEGIES THAT PRODUCE OWNERSHIP AND RESULTS.

Olukunle Iyanda - Vice president for Development, Babcock University

1. PREAMBLE

"You cannot change your destination overnight, but you can change your direction overnight."~ *Jim Rohn*

"To the person who does not know where he wants to go there is no favorable wind."~ Seneca

"We need men who can dream of things that never were."~ John F. Kennedy

Lecture Outline
A. Preamble
B. Defining institutional advancement.
C. Institutional image and development effort
D. Asking in Fundraising
E. The development office
F. Fundraising team
G. Understanding Donors
H. Vision Sharing
I. Potential sources of funding
J. Fundraising Vehicles
K. Conclusion

Think it through
- What is Development?
- Why must we develop?
- How can we develop?

Growth
- Is Development part of growth process?
- Opposite of growth is reduction. However we must note that stagnation leads to deterioration. We don't begin to reduce until we have experienced stagnation. Many are concerned with leaving it as it is? Let's not change the process. As a result, church growth and institutional development stagnates.

"Nothing stops an organization faster than people who believe that the way you worked yesterday is the best way to work tomorrow."
~ Jon Madonna

We cannot continue to do the same thing using same method over and over again and expect a different result.

To achieve a different result we must evaluate our processes and methods and where necessary, review them.

Just think
- The era of sitting on the fence is gone and all must be found doing something for or against the mission and vision of furthering the gospel.

The central thought
- Many who are qualified to do excellent work accomplish little because they attempt little. Be not satisfied with reaching low standards. *E.G White (ministry of healing pg 498)*

- "You are only as big as your dreams."~
  Luis Villalobos.

- "The greatest danger for most of us is not that our aim is too high and we miss it, but that our aim is too low and we reach it."
  Unknown

Make a difference
- The time has come for all men to make a difference, to do things differently and leave a legacy that bring hope to humanity.
- This calls for the TOTAL Person with a TOTAL approach for a TOTAL Result

2. DEFINING INSTITUTIONAL ADVANCEMENT

Reaching an Understanding
The definition of "institutional advancement" varies from institution to institution. An institution may define it strictly as fundraising while other may look at it only as public relations and marketing. Very few institution make it holistic looking at the big picture.

Charity: Giving out of pity for the poor. It is a short-term investment to relieve the needy.
Philanthropy: Empowering an individual to become independent and self-sufficient, so that there will be no need for charity. It is a long-term investment for the good of society. *Jean-Pierre K. Bongila (2002)*

Origin of Philanthropy
The Greeks and pre-Romans inaugurated philanthropy since they gave for the benefit of any worthy citizen or the state, rather than out of (short-term) pity for the needy.

Christ's model
The teachings of Jesus emphasizes the good intentions of the giver as opposed to the size or amount of the gift (Mark 12:41-44).

We must however seek ways of cultivating givers who will give big, yet willingly and cheerfully.

Always remember that "The earth is the Lord's and the fullness thereof...." Psalms 24:1

Common Denominator
- Fundraising is a common denominator in all development activities. If a development office cannot craft strategies that will raise funds to meet up with the Institution development challenges then such office can only be compared with a salt that have lost it's flavor.

Fundraising Jitters
☐ How people perceive fundraising?
☐ A drag
☐ Foreign culture
☐ A headache
☐ Way too much work
☐ Interesting
☐ Fun

The way I see it
Fund raising is one of the most exciting and rewarding acts that anyone can be involved in. It is an opportunity to watch the mighty hand of God at work.

The Bigger picture
Whenever people work and sacrifice together for a common project the reward is tremendous, both materially and spiritually. To develop our Institution we must have one vision
Ensure that everyone keys into your vision.

"You are only as big as your dreams."
~ Luis Villalobos

3. INSTITUTIONAL IMAGE and DEVELOPMENT EFFORT

☐ A critical factor to successful fundraising is IMAGE BUILDING PERCEPTION
☐ Essential to any successful fundraising effort is the way we are perceived.
☐ We need to craft strategy that will make our institutions known and positively perceived.
☐ But remember a bad product nicely advertised will end up destroying itself.

BRANDING

☐ Why must we brand our institutions?
☐ You are the light of the world, a city set on a hill cannot be hidden. Mathew 5:14
☐ But you are A CHOSEN RACE, A royal PRIESTHOOD, A HOLY NATION, A PEOPLE FOR God's OWN POSSESSION, so that you may proclaim the excellencies of Him who has called you out of darkness into His marvelous light;1 Peter 2:9 New American Standard Bible

Strong Brands
Name some strong brands known to you. Do people know the worth of our institutions?

What is branding?
☐ Retelling the story?
☐ Creating positive identity?
☐ Its purpose is to elicit an "emotional response" from those who are potentially interested in our institution.
☐ Branding calls for diligence, see a man diligent in his work he shall (Prov. 22:29)

What is in a name?
- Our brand is not our logo, our advertising, our campuses or even our people. In its simplest form, our brand is nothing more and nothing less than the promises of value.

A Brand Promise
Our Promise: We provide a balance of educational excellence and real world experience in a unique environment that is Hawaiÿi.University of Hawai

Corporations brand promise
- Disney promises to "Create happiness."
- Volvo automobiles promises "Safety first, always."
- General Electric, "The power of imagination put to real-world challenges."
- The Coca-Cola Company's promise is to "Refresh the world in mind, body and spirit."

Internal Branding
Don't Make a Promise You Can't Keep. Make a Promise You Can Keep.

Raising Fund for an African Institution- Matters arising.
- When possible foreign donors/investors think of Africa, what do they see?
- What is the impact of that on fundraising for our institutions?
- Does that call for a change of strategy?
- Where can we get the mega bucks needed to fund the operation of our institutions and our church?
- What about foreign aid?

An endless list
- War
- Hunger
- Corruption
- HIV/AIDS
- Political instability
- High illiteracy level
- Flamboyant lives of our leaders with looted public wealth

What is the Problem?
As a continent we are perceived as a people of no vision, a place plagued with hunger and starvation, corruption and nepotism, coup and counter coup, bad leadership and lack of patriotism.

We have the shortest life span in the world. We have no good health and the rest of the world considers us a dark continent. Are these mere blacklisting or is there some truth in these 'attacks'?

A Resounding Commandment
Inspite of this the master's command remain "GO YE" – Mathew 28: 19-20l.

Africa Institutions
The way we are perceived is not sufficient enough to slow down the masters work. Regardless of the factors that work against us, we must package and make

a strong brand out of our institutions. Only by this can we win the support and trust of the community and indeed the world.

The Next Level
Africa belongs at a height of unparalleled excellence. With a potential of diverse natural and human resources worth trillions of dollars per day, We must aim beyond the ordinary.

The next level is a place of well developed educational infrastructure, a place of consistent development where human potentials are processed under spiritual guidance to become first-class citizens who will serve as change agents not only to Africa but to the world at large.

The next level is a place of high economic stability, a state which will offer students, faculty and staff alike the self-esteem needed, not just to thrive, but to see themselves as being as good like their counterparts in the rest of the world.

It is a place of accessible yet affordable first class education.

To achieve this lofty goal, our institutions have a critical role to play for no nation can experience true growth without the contribution of the educational sector.

Dare to excel
We must dare if we are to carry out the assignment. Today let us dare to dream and make the needed difference. Our institutions can breed men and women who are servant leaders. Our institutions can have the right resources for their assignment. All we need is to be purposeful and daring.

From the Tightrope Walker
The secrets of successful tightrope walking is to keep your eyes fixed on where you are going. You never look down, because where your head goes, that where your body will go too. If you look down, there is a good chance you will fall, so always keep your eyes where you want to be.

This rule is relevant to our development effort, true development is achievable only if we are Resolute, Disciplined, Focused, Transparent and Prayerful

4. ASKING IN FUNDRAISING
To succeed we must cultivate the habit of:
- Asking (Matt 7:7-11/ John 14:13)
- Hence beware of what you ask for, for you might get it. Because as you think in your heart so are you (Prov. 23:7).
- Remember only the best is good for the Lord; when they give to you they give to the Lord so what do you ask for the Lord?
- When dealing with institutional development, the primary aim is to take the institutions in question to a level of excellence such that it is thoroughly equipped to fulfill it's mission and vision.

5. THE DEVELOPMENT OFFICE

How Important?
The Development Office caters for more than just fundraising efforts of the institution. Its staff help to coordinate all development (physical, economic) efforts of various units within the institution.

Development office staff
ın his book "Born to Raise"- Jerold Panas listed qualities of a good fundraiser to include the following:

- Boundless energy	- Unwavering
- Zest for hard work	- Unrelenting
- Single-mindedness	- Optimistic
- Intuition	- Creativity
- Patience	- Aggressiveness
- Dogged determination	- Consistency
- Listening skills	- Courageous
- Willing to take risk	- Lucky

Profit Centre?
Because the office of development manages all of the office operations that support fundraising and serves as a public relations office, it is one of the main sources of revenue for the organization and should be considered and managed as a profit centre of the institution.

Primary role of Development office
☐ Build good external relations;
☐ Provide meaningful and relevant education and information
☐ Develop political and moral support for the institution
☐ Acquire both the human and financial resources necessary to fulfil the mission and achieve the vision of the institution.

Where to start
Friend raising. To raise funds we must raise friends. In cultivating relationships and soliciting money, the following principles are changeless:
☐ IDENTIFY the prospect;
☐ CULTIVATE interest;
☐ INVOLVE the prospect in the affairs of the institution;
☐ ASK a gift.

Traditional Function of Development office
☐ Active Fundraising
☐ Donor relations and communication
☐ Collating of gift reports
☐ Managing donor record files
☐ Rendering advisory and support services to other departments

An Ideal development office
- Friend raising
- Alumni Relations
- Public Affairs
- Endowment Administration
- Publications – newsletters, brochures
- Physical Planning – BOT issues, campus aesthetics,
- ICT- communication
- Fund raising

The office outlook
Because of its functions it must be noted that the appearance of the development office is as important as what it does.

On arrival potential donors and guests should see a highly effective, well coordinated, neat office that radiates professionalism in aesthetics and man power.

Equipment
This will vary in accordance with size and what is expected of the development office but the basic items include
- Computers
- Copier
- Telephones
- Internet Facilities
- Printers
- Accounting Software
- Name database
- Basic office supplies
- Books on Fundraising and Development

Sources of funds for institutional development.
- Free Fund
- Self Fund
- Internally generated fund

Need for International collaborations
- Select Strong Partners
- Select Compatible Partners
- Good Agreements Make Good Partners

6. FUNDRAISING TEAM
Who is the Chief Fundraiser?
Answer: The University President!

Funding Our Universities
When we open our Universities for external funding through philanthropy, we give people and organisations the opportunity to contribute to the long-term goals of our universities which ultimately may be summed as creating a bright future for our youth.

Studies have shown that most African university presidents, administrators and faculty are not familiar with the procedures, techniques and resources to attract funds necessary for Institutional development.

Check this out
"I love fundraising. I can think of no better cause to ask money for than public hegher education." Mary Sue Coleman- President, University of Michigan

Penn's campaign
Amy Gutmann of Pennsylvania University at the $3.5 billion Campaign for Penn,

"This monumental campaign is designed to make Penn an even greater university and an even more extraordinary force for good, here at home and around the world. We will become a new kind of university, more intellectually daring, more culturally and physically vibrant and more socially transformative than ever before imagined."

Penn's campaign
"Universities around the globe," President Gutmann said, "now know what Penn has known from the start: that institutions of higher education have the rare ability — and accompanying responsibility — not only to create knowledge but also to use that knowledge to serve humanity and improve lives."
Centralized Model of advancement structure.
Non-centralized Model of Advancement Structure, Type A.
Note. from organizational issues in designing advancement (p.32), by J. Shea, 1986, in A.W

The President's role
- Creating assertive board leadership in fund raising
- Enunciating the master plan of the institution and obtaining a consensus on mission and goals
- Regularly assessing campaign strategies with senior development staff
- Spending considerable time in cultivating prospects for major gifts
- Ensuring consistency and continuity in development strategy

As the CEO of your institution, you are responsible for its financial stability. Very few things will bolster the spirit of your institution faster than dollars. You do not have the luxury the faculty have of dreaming dreams and letting the other guy worry about how the bills are paid. The dreams you dream are always tied to the pocketbook.

The Board
This is the lifeline of any organization. They are the boosters of morale, for they represent the ability and credibility of the organization they stand for. It goes without saying that their support in financial, moral, ethical and spiritual capacity is expedient.

Board Composition
The ideal board is essentially made up of multi-talented people. The idea of a

board is a "set of people coming together to form a Unit." The board must be created to be versatile, uniquely diverse and balanced in age, sex, geographic representation, race and ethnic origin, expertise and access.

Board responsibilities

The University board of trustee must be made up of individuals who as stake holders in the vision of the institution will be able to support it financially and have access to an influential circle of people that can support the institution financially.

Members of the board must be donors themselves, however modest their contributions might be.

WHAT THEY DO

- ☐ The most important qualities of the board are those of commitment, loyalty and passion. It is expected that they not only attend all regularly scheduled board meetings but also act as a liaison between the organization and its well-wishers.
- ☐ Maintain the credibility and confidentiality of the organization they represent.
- ☐ Enthusiastically support and represent the organization to prospects, constituents and the global public.

A Motivating Board

The Board would be more attuned to potential donors since they themselves had been major donors. When a trustee has committed his/her own time and money, that person is in a strong position to encourage friends/donors commitment.

The supporting Staff - you need

- ☐ VP for Development
- ☐ Development Research Assistant
- ☐ Special Events Coordinator
- ☐ Director of Alumni Affairs
- ☐ Director of Physical Planning
- ☐ Web Developer
- ☐ Director of Development
- ☐ Publications Officer
- ☐ Grants and Foundations Specialist
- ☐ Office Manager
- ☐ Student

7. UNDERSTANDING DONORS

Important notes in fundraising

- ☐ Friend raising comes before fundraising.
- ☐ People give to people
- ☐ Fundraising is not about money, it is about necessary work that needs to be done.
- ☐ You must see things through donors eyes.
- ☐ Understand your donors
- ☐ First open their hearts and mind then you can open their wallets
- ☐ Trustworthiness of your institution is the reason both to start and continue to support

Gaining donors confidence
- Be honest, be open and truthful to your donors
- Remember "thank you" cannot be too much. Say it properly and often.
- Offer receipts on the spot.
- Ensure progress of project is made available to all stakeholders.
- For stewardship, employ an external auditing firm.
- Publish and regularly mail annual financial and progress reports.

Credibility
The need for your fundraising to be credible and transparent cannot be overemphasized. The donors and the public need to know that you can be trusted with their money and also be informed about the level of progress reached in the project (cause) to which their money was given.

Always remember the most important step to successful fundraising is FRIEND RAISING.

Donors as Friends
Your donors are your organization's friend. With friends you can share good news and bad, keeping in touch and developing a long-term relationship that brings benefits to both sides. Your donors benefits from their role and consciousness that their money is making a difference. You benefit from their continuous support and gifts

Friends are important
- Friends as donors will be the most enthusiastic ambassador of your cause, they will recruit their friends and enlist their support in your favor.
- They will tell you if you are doing it right and what they don't believe in.

Understand the Human Psyche
People give for different reasons - some good, some bad, some logical, others unfounded. Identifying the reasons helps to prepare our minds and approach to the individuals we ask to donate.

Why do people give?
- Personal involvement with or commitment to the cause
- Love of recognition
- Tax Considerations
- Peer approval and recognition
- Desire to help
- An inspiring event
- Boost of ego
- Create a sense of belonging
- Community pride
- Religious point of view
- Compassion
- Community pressure
- Guilt, Fear, Anger
- For the Joy.

Why People Don't Give
- No one asks
- Financial reasons
- Problems with Organizations
- Other giving priorities
- Not interested in the mission/Case for support.
- Lack of future plan
- Absence of credible endorsee
- Inadequate communications
- No spouse present
- Insensitive Follow-up

EXAMPLE: Jan and Dan Duncan
Significant Donations:

- $50 million: To Texas Children's Hospital for research of pediatric neurological disorders. 23/10/2007. It will fund collaborative research, education and identification of new treatments for disorders including autism, epilepsy and cerebral palsy, as well as learning disorders.
- $100 million: To Baylor College of Medicine in early 2006 for cancer research.
- $35 million: To Baylor College of Medicine in late 2004 for its outpatient clinic.

Because They Need To Know
People will want to know what they are being asked to support. You should be aware of:
- The cost involved
- The benefits to the community and organization
- Your campaign goal
- When the is money needed (timeline)
- Cash flow required to see the project through

Rejection in Fundraising
Rejection often happens in fundraising, but we must never allow it to keep us down. When it happen, we need to get back up and go again. We need to know that just as God supernaturally opens door, so he may allow doors to be closed. And when he close doors, it is because he always has something better in store, to make us achieve a higher goal.

The Donors
- If they don't give - don't be discouraged, leave with their moral support and accept rejection gracefully
- Keep records of all contacts, comments, history of donations - this helps to prevent duplicate contacts (i.e., recipe card file or notebook may be useful)

8. VISIONING AND VISION SHARING
Again, do you have a vision?
The good book says where there is no vision the people perish. Do we have a vision? What is our vision? Is our vision clear enough and devoid of ambiguity? Do people know our vision? If they don't then how can they support us?

Vision Sharing:
A classic vision I HAVE A DREAM BY MARTIN LUTHER KING, Jr.

First Things First
First we must dream. Dream BIG, that through us God might achieve mighty things, even the seemingly impossible. Remember the central thought.

What Avenues Are To Be Adopted?
What vision sharing programmes and events can be developed to raise friends and partners and get them interested in the vision of the various institutions?

Who Else Do We Share Our Vision With?
The vision must begin from within: Staff, Students, Faculty, Family Members - Everybody must be able to key into and believe in the vision before prospective partners are invited to share in the vision.

When they understand the vision they will own it.

Financing Your Projects
Because long lists of projects and program ideas do not build themselves the following must be seriously considered in our Fundraising Effort.
- Your project should complement the goals and objectives of your institution. Define your purpose – a clear, concise statement detailing why your organization is raising money.
- Your purpose will determine if people will give.

9. POTENTIAL SOURCES OF FUNDING
Individual Donations
This involves soliciting donations through individual contacts (e.g., door-to-door, canvassing, phone, letters, etc).

There are 2 approaches to soliciting individuals:
- Target an individual
- Mass mailing or canvassing

Pros and Cons

Pros
- Low cost involved
- Fewer people required
- Encourages two-way communication between prospect and organization
- Gives you the chance to tell your story
- Can be tax deductible

Cons
- Requires more volunteers for the door-to-door or targeted approach
- Not everyone likes to solicit and some people don't like to be asked in this manner
- Time consuming
- Unpredictability of prospects availability
- Expensive and time consuming in rural areas

Business Contributions

This method is similar to soliciting donations except it is targeted to businesses. Many businesses budget each year for donations and sponsorship towards fundraising projects for their own public relations and marketing. Donations from businesses may be in dollars or product. Be prepared with your request!

Pros and Cons

Pros

- Potential for larger donations
- Good public relations for the business and for the organization
- Tax deductible for business
- Potential for repeat donations (secure source of funds)

Cons

- Unwillingness to contribute on business cycle
- Difficult to identify person who approves donations
- Large businesses require a professional presentation by the organization
- Lengthy time between commitment and donation
- Budget for donations/sponsorship may only be established at a particular time
  of year

10. FUNDRAISING VEHICLES

Annual Fund

This is a programme which consistently solicits financial gifts from the institutions various publics and constituencies. As the name suggests, this guarantees that your organisation receives a determined amount from donors on a yearly basis. It provides repeated restricted and unrestricted money. Establishes giving that leads to bigger gifts.

Objectives

- Get the Gift
- Get it Repeated
- Get it Upgraded
- Develop Donor Base
- Bond Constituency
- Identify Potential Large Donors

Annuity

A contract between a donor and an organization, whereby the organization agrees to pay a periodical income benefit to one or more beneficiaries for life in exchange for an irrevocable gift. An annuity is intended to provide an income for life for the annuitant (beneficiary), while a life insurance is to provide income for a beneficiary at the death of the insured.

Deferred Gift Annuity

This is an annuity that is established currently, but the donor requests payments to begin at sometime in the future. Depending on the length of the deferral, a deferred gift annuity will yield a higher payout rate to the donor, and a higher current charitable deduction.

Planned Gift
A gift planned in the donor's lifetime- Usually given at the time of death.
Planned giving is made through:
- Cash
- Wills
- Life Insurance
- Real Estate
- Stocks
- Trusts

Capital campaign
- A capital campaign is an organized drive to collect and accumulate substantial funds to finance major needs of an organization such as a building or major repair project.

How A Capital Campaign Helps
The Campaign for Wayne State University is our opportunity to build on the university's distinctive strengths and then to reach beyond them into new areas of leadership, scholarship and service.
http://waynefirst.wayne.edu

Endowment
A pool of money set aside perpetually by an institution where only the interest earned on those funds become available for institutional use. The earning on the endowment fund investments is normally used to finance operating purposes such as for scholarships, etc.

11. CONCLUSION
A Final Note
- God will supply all our needs according to his riches in glory.
- He has not placed in our heart any dream for which he has not intention to fulfill. He fulfills our dreams and desires. He causes them to take place and come to fruition. God is the great provider. So we need not be discouraged, God will do His part if you do yours!

God's Purpose in your Heart
God will not put any dream in your heart if he has not given you everything you need to fulfil it.

A Nigerian proverb says:
"The best time to plant a tree was 25 years ago; the next best time is now."

One Last Question: "Are you IN or OUT?"

Chapter 9
HOLISTIC FINANCIAL MANAGEMENT

Philip Philipsen, Treasurer, East Central-Africa Division

Board and Administration as Co-workers
- ☐ The work does not belong to the board or to the administration. It is God's work.
- ☐ Questions to be answered:
- ☐ What can the board expect from the treasury (administration)?
- ☐ What can the treasurer (administration) expect from the board?

Holistic Financial Management
- ☐ Planning
- ☐ Honesty
- ☐ Equality
- ☐ Self-support (can be a vision)
- ☐ Practicing Economy
- ☐ Debt-free living (can be a vision)
- ☐ Liberality
- ☐ Common Sense

a. Planning
- ☐ "Don't begin until you count the cost. For who would begin construction of a building without first calculating the cost to see if there is enough money to finish it?" Luke 14,28.
- ☐ "Plans go wrong for lack of advice." Prov. 15,22
- ☐ "Plans succeed through good council." Prov. 20,18
- ☐ God "Commit your actions to the Lord, and your plans will succeed." Prov. 16,3.
- ☐ Bank, lawyer, architect, GCAS, ECD, policy etc.
- ☐ Budgeting is short and long term planning

b. Honesty
- ☐ "The godly are directed by honesty." Prov. 11,5
- ☐ Openness
- ☐ Precision
- ☐ No bribe or corruption
- ☐ Deliver all necessary information for decision making. No hiding of facts.
- ☐ Facts given in an understandable presentation both oral and written.
- ☐ Financial material sent out will often need explanation of certain items.
- ☐ Agenda and support material given in good time
- ☐ Precision
- ☐ Financial statements checked in details
- ☐ Comparison of budget with previous year's
- ☐ Financial trend analysis is studied
- ☐ All mistakes corrected immediately
- ☐ Trustworthy material
- ☐ Information given to the board on timely basis
- ☐ No bribe or corruption
- ☐ "One who hates corruption will have a long life." Prov. 28,16
- ☐ Jethro: "Select … some capable, honest men who fear God and hate bribes." Ex. 18,21
- ☐ Anti-corruption department

c. Equality
- No favoritism, tribalism or nepotism
- "It is wrong to show favoritism when passing judgment." Prov. 24,23.
- Acts 6,1-6 "A rumbling of discontent." The problem of tribalism (discrimination) was quickly addressed.
- Ex 20.10. The fourth commandment opposes tribalism. Also the foreigner should have the blessing of the Sabbath.

d. Self-support
- "Encourage every effort toward self-support. This will strengthen self- respect and a noble independence." MH 177
- "We may give to the poor, and harm them, by teaching them to be dependent. Real charity helps men to help themselves. MH 195
- Capacity building
- Preach self-support
- "He has given His people a plan for raising sums sufficient to make the enterprise self-sustaining. God's plan in the tithing system is beautiful in its simplicity and equality." 3T 388
- Never deprive our members of this blessing.
- The role of fundraising and other income is secondary

e. Practicing Economy
- No room for extravagant lifestyle in God's work. Christ is our example.
- "Now gather the leftovers, so that nothing is wasted." John 6,12
- "All must practice economy." CS 254.
- Monitor closely all expenses.
- No room for "business as usual".
- Building plans
- Pre-Design Stage
- Design Stage
- Decision and Construction Stage
- Post Construction Stage
- Maintenance
- "If you do not repair the crack, you will have to build a wall." *Swahili Proverb*

f. Debt-free Living
- "Just as the rich rule the poor, so the borrower is servant to the lender." Prov. 19,17
- "Shun the incurring of debt as you would shun leprosy." CS 272
- "Many, very many, have not so educated themselves that they can keep their expenditures within the limit of their income." CS 249
- "Make a solemn covenant with God that by His blessing you will pay your debts and then owe no man anything if you live on porridge and bread." CS 257
- "When one voluntarily becomes involved in debt he is entangling himself in one of Satan's nets which he sets for souls." CS 254

g. Liberality
- ☐ "The most difficult sermon to preach and the hardest to practice is self- denial." CS 29
- ☐ "Everything we have has come from you, and we give you only what you first gave us!" 1 Chron. 29,14
- ☐ "If you help the poor, you are lending to the Lord – and he will repay you!" Prov. 19,17
- ☐ "The spirit of liberality is the spirit of heaven. The spirit of selfishness is the spirit of Satan." CS 19
- ☐ "Generous people plan to do what is generous, and they stand firm in their generosity." Isaiah 32,8

h. Common Sense
- ☐ "Fools are destroyed by their lack of common sense." Prov. 10,21.
- ☐ "The Lord grants a treasure of common sense to the honest." Prov.2,7

Collaboration Board-Administration
- ☐ Board and administration are co-workers not in opposition.
- ☐ "When spider webs unite, they can tie up a lion." Ethiopian Proverb

Board Responsibility
8 principles
- ☐ Share expertise
- ☐ Be creative
- ☐ Be actively engaged in the process
- ☐ Read all material critically
- ☐ Ask into obscurities (call, email)
- ☐ Demand additional information if needed
- ☐ Ask question regarding undesirable trends
- ☐ "This looks good. Congratulation!"
- ☐ Have no conflict of interest (or disclose)
- ☐ Report on suspicion of corruption, tribalism

Vision
- ☐ Look into the future
- ☐ Strategic Plan
- ☐ "Before shooting, one must aim." Nigerian Proverb.
- ☐ "Look straight ahead, and fix your eyes on what lies before you. Mark out a straight path for your feet; stay on the safe path. Don't get sidetracked." Prov. 4,25-27
- ☐ Noah preached about rain that they had never seen. (Self-support, debt-free living)
- ☐ "I will transform the Valley of Trouble into a gateway of hope." Hosea 2,15
- ☐ One day we will all reach the top!

Chapter 10
FINANCIAL REPORTING AND ANALYSIS
Bob Lemon, Treasurer, General Conference

Outline of Presentation
1. Financial Statement Analysis
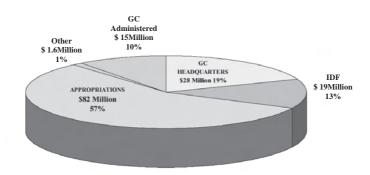2. Budgets and Budget Comparison
3. Financial Trend Analysis

A. Financial Reporting to the Board
- Needs to Focus on the Big Picture
- Don't need to comment on every line of the financial statement
- Should be Kept Simple
- Where possible use non-technical terms in explaining items
- Where technical terms are needed they should be explained
- Should Use Graphs and Charts Where Possible
- They help show trends and relationships

General Conference Revenue
(Annual Average for 2000-2004)

Donations $ 9Million 6%
Other $ 19Million 12%
TITHE $74 Million 49%
OFFERINGS $50 Million 33%

General Conference Expenditures
(Annual Average for 2000-2004)

GC Administered $ 15Million 10%
Other $ 1.6Million 1%
GC HEADQUARTERS $28 Million 19%
IDF $ 19Million 13%
APPROPRIATIONS $82 Million 57%

Frequency of Financial Reporting
To the Board
- At each Regular Meeting
- Should be sent out at least once during each quarter even if there is no board meeting

To Management
- Monthly (a minimum nine times per year)
- Some organizations don't prepare financial statements for the first month or two after the close of the fiscal year as they don't have the final figures from the previous year

Timeliness of Financial Information

Annual audited statements must have all accruals and adjustments entered
Timeliness may be more important than getting every little adjustment and accrual entered on monthly interim statements

- Should be consistent for comparative purposes
- May wish to add a cover sheet summarizing accruals not made and timing adjustments to allow comparison and projections

Comparative Financial Information
- Statements should normally have comparative figures for current and previous year
- Operating Statement (Statement of Activities and Changes in Net Assets)
- Last year's year-to-date compared to this year year-to-date
- Last year's current month compared to this year current month
- Balance Sheet (Statement of Financial Position)
- Last year compared to current year

Projections and Forecasts
It can be helpful to both management and governance to provide projections of where you see the year ending financially

Amount of time spent on forecasting and projections depends on:
- Financial challenges faced by the organization
- Ability to make coarse corrections if indicated
- Conferences/missions
- Hospitals
- Schools

B. Budget Process
Budget should reflect the Strategic Plan. Budgeting is a process not a single event
- Start early working on budget constraints
- Work closely with president and others in preparing the budget
- It is not the Treasurer's or VP of Finance's budget but the institutions budget

Budget Presentation to the Board
As with the Financial Statement – focus on the big view. Point out major changes and any new items. Include previous year's budget and previous year's actual. Consider adding a column that shows increases and decreases from previous year's budget so changes are easy to see

- ☐ Adds to credibility and transparency

Don't try to hide things in the budget. If you can't defend something don't include it in the budget

Budget Control and Monitoring
The budget is the Board's spending authorization for Administration. Make sure the board and administration have the same understanding relative to operating and reporting as relates to the budget

- ☐ Are you Bottom Line oriented, or
- ☐ Are you Line oriented

What happens if administration goes over the Budget
- ☐ Does it require additional board authorization

At the GC we have different budget orientations for governance and management

For the Executive Committee we report on broad categories
- ☐ Tithe Income
- ☐ Offering Income
- ☐ GC Headquarters Operating Expense
- ☐ Interdivision Employee Expenses
- ☐ Appropriations Expense
- ☐ GC Administered Funds Expense
- ☐ At the Department or Cost Center level we are Bottom Line Oriented within sub-categories of expenses
- ☐ Salaries and Wages
- ☐ Employee Benefits
- ☐ Travel Expense
- ☐ Supplies and General Expense

Not all sub-categories are controlled by the department or cost center
- ☐ For the Individual we are Line Oriented
- ☐ Travel Budget
- ☐ Allowances

Budget Requests and Incentives

At General Conference
- ☐ Letter outlining budget constraints
- ☐ Expected percentage increase in general expenses
- ☐ Expected increase in travel budgets
- ☐ Specials Requests

- Request what is needed and don't inflate because you expect it to be reduced
- Usually a Yes/No response on specials
- Incentives for departments operating under budget

Reporting Style
The financial administrators should be open and transparent. Should welcome questions
- Treat all questions with respect
- Not be defensive
- If there are financial challenges it is best to deal with them openly and forthrightly

Financial Sub-Committees of the Board
Compensation Review Committee (previously Salary Audit Committee)
Finance Committee – Financial Planning and Budget Committee
Audit Committee (not currently in policy but recommended as a best practice)

Remuneration Committee (at Division Level)

GC Working Policy S20 (Formerly called Salary Audit Committee)
- Composition – Majority of individuals who are not employees of organizations being reviewed
- Review at a minimum the elected or board appointed individuals actual salary and allowances paid for the previous year
- Setting of salary percentages not normally a part of its work Finance Committee
- S 05 20 Financial Planning and Budgeting Process—Each organization shall have a mission driven, broadly based consultative financial planning and budgeting process with a committee structure that can give detailed review to the ongoing financial planning and budgeting for the organization. In some cases, this may take the form of a finance committee and yet in other cases, the organization may be small enough that the process is handled directly by the governing body involved.

Finance Committee

Terms of Reference
- May include authority to approve items up to certain limits so every item doesn't need to go to the Board
- Should review items in more detail than will be reviewed at the Board level
- Includes both management and Board members

Audit Committee
- An outgrowth of the Enron and WorldCom Scandals
- Composition – from the Board
- Small (usually 4-7 members)
- Includes financial experts
- No one from the institution or organization involved

Function
- Detailed review of audited financial statement
- Meet separately with auditor without management present and may request special attention to certain items in the upcoming audit
- Recommend Audited Statement to the Board

Remuneration Committee
- Remuneration Scale set by Division
- Guidelines in GC Policy
- Renumeration committee composition
- Preferably a majority of laypersons
- Where not possible then a wide range of individuals need to be included
- Division Executive Committee must vote remuneration scale and allowances at mid and year-end - not appropriate to be voted by smaller members available committee (Conflict of Interest)

Working Capital
Current Assets minus Current Liabilities

Recommended Working Capital
- Universities, colleges and junior colleges—20 percent of the operating expense, of the latest complete fiscal year, plus allocated net worth (reserves)

Balance Sheet (Statement of Financial Position)
- Current Assets
- Cash & Bank
- Investments
- Accounts Receivable
- Inventories
- Total Current Assets
- Other Assets
- Buildings and Equipment
- Total Other Assets
- Total Assets
- Liabilities
- Accounts Payable
- Other Liabilities
- Total Liabilities
- Net Assets
- Unrestricted
- Temporarily Restricted
- Permanently Restricted
- Total Net Assets
- Total Liabilities and Net Assets

Liquidity Formula

Liquid Assets
- Cash and Bank
- Investments
- Account Receivable from higher organization Commitments
- Liabilities and Allocated Funds

Liquidity formula is Liquid Assets divided by Commitments. Recommendation is to have over 100%

Financial Indicators and Trends

Revenue Trends
- Be careful of projecting trends

Expense Trends
- Fixed and Variable Costs

Inventory Turnover
Accounts Receivable Ageing

Accounting for Not for Profit Organizations

No single bottom line figure
- Not matching revenue and expense in the same way as in for profit companies

Restricted Funds
- Donor Restricted

Allocated Funds
- Board Allocated (Reserves)

Items hit the bottom line when spent even if there is an Allocated Fund

Areas of Concern

Accounts Receivable
- Are they current
- Are they collectable

Inventories
- Where is the inventory
- Obsolescence
- Turnover ratio

Reconciliations with higher organization
- Outstanding items

Timeliness of information

Rewarding Good Management

Misconceptions
- If you show a gain for the year you will risk having your appropriations cut so spend everything you have
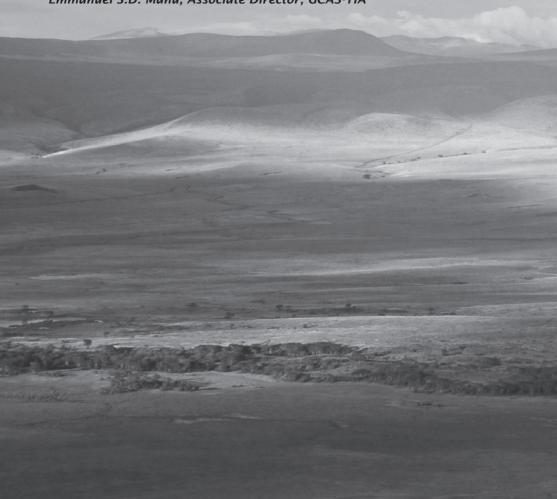- If you have a strong operation, donors will give somewhere else

☐ You must always be ready to accept money that donors want to give
☐ Don't worry because the next higher organization will bail you out

Changing Approach to Finances
☐ Rewarding good management
☐ Investing the Lord's money where it will be well managed and accomplish the most
☐ Giving Boards more authority but also more responsibility
☐ Fifteen years ago a major portion of the GC Specials went to help with Working Capital but that has changed
☐ Parable of the Talents – The one buried talent went to the one with five talents

Appropriations and Reaching Financial Maturity
☐ Misconceptions about appropriations
☐ Every institution should receive appropriations
☐ As your size increases your appropriations should increase
☐ If we no longer receive appropriations then we don't need to listen to the church anymore
☐ The objective of every organization should be to reach financial maturity – become a contributor to the overall church family (Just like your personal family)
☐ GC and Divisions must be more targeted with their appropriations to finish the work in all the world

C.   Statistics and Financial Reporting
Financial reporting involves more than just money – board members need to understand financial implications of other statistics
☐ Fixed and Variable Costs
☐ Enrolment – what is the net effect of one less or one more student
☐ What is the total cost of adding one more employee
☐ How many students does it take to break even with current institutional structure

Chapter 11

QUESTIONS AND SUGGESTED SOLUTIONS ON AUDIT MATTERS

Emmanuel S.D. Manu, Associate Director, GCAS-TIA

WHY DO AUDITORS ASK FOR DOCUMENTS?
- ☐ GCAS Auditor has a responsibility to the Church to inform the oversight body whether the underlying records agree with thefinancial statements
- ☐ GCAS Auditor is to *conduct financial and Policy Tests of the highest quality*
- ☐ GCAS Auditor is mandated by Working Policy to *comply with Generally Accepted Auditing Standards (GAAS)*

GAAS – WHAT DOES IT MEAN?
- ☐ A set of *systematic guidelines used by auditors* when conducting audits on companies' finances, *ensuring the accuracy, consistency and verifiability of auditors' actions and reports (Investopedia)*
- ☐ By relying on GAAS, auditors can minimize the probability of missing material information.

GAAS are divided into these main sections:
1) General standards.
2) Standards of fieldwork.
3) Standards of reporting.

Each section is littered with requirements that the auditor and the subject company must meet. In short, an auditor must adequately plan the audit in advance, be independent of the client at all times, and always obtain reliable evidence. The companies must present their financial statements in accordance with GAAP, remain consistent in their reporting, and explicitly disclose all pertinent information

1.General Standards
- ☐ Auditor is technically competent
- ☐ Auditor maintains independence in mental attitude
- ☐ Exercise due professional care in the performance of the audit and in the preparation of the audit reports

2.Standards of Fieldwork
- ☐ Plan well and supervise assistants
- ☐ Have sufficient understanding of the entity's internal controls, risks, etc. and to design the timing, nature and extent of tests
- ☐ obtain sufficient, appropriate audit evidence for an opinion

3.Standards of Reporting
- ☐ State whether the financial statements are presented in accordance with *General Accepted Accounting Principles (GAAP)*
- ☐ State areas where such *principles are not consistently followed* in the current audit in relation to the previous,
- ☐ State where *disclosures are not adequate,*
- ☐ *Express an opinion* regarding the financial statements taken as a whole, or state that an opinion cannot be expressed. *Reason must be given where an opinion cannot be expressed* on the financial statements as a whole. In all cases where the name of the auditor is associated with any financial statements, the character of the work of the auditor and responsibility taken must be clearly stated in the report.

WHY DO AUDITORS REVIEW DOCUMENTS?
- ☐ Obtain Background Information
- ☐ Goals and objectives
- ☐ Policies, plans, procedures, laws, regulations, and contracts
- ☐ Organizational information, e.g., number and names of employees, key employees, job descriptions
- ☐ Budget information, operating results, and financial data
- · Executive Committee, Administrative, Finance, Board of Directors, etc.
- · Gather Information about Fraud risk and fraud risk assessment

Which Documents would GCAS auditor usually ask for?
- · Constitution and By laws
- · Business Registration
- · Organization Chart
- · Job descriptions
- · Working Policies
- · Copy of Country Labor laws
- · Copy of Country Income Tax laws
- · *Trial Balance* - A copy (soft & hard) of your organization's pre- closing trial balance.
- · *Financial Statement* - A copy (hard & soft) of your organization's year-end unaudited financial statement; A copy (hard & soft) of your organization's year- end *operating and capital budgets*
- · *Cash* - A copy of the bank reconciliation and year-end bank statement for each bank account; Request all banks to confirm account balances directly to the GCAS as of 31 December; Provide a list of cash receipts used for the year
- · *Investments* - A copy of the year-end statement from broker or fund manager for each account
- · *Accounts Receivable*
  - a. A copy of the accounts receivable subsidiary, if the general ledger uses only control accounts.
  - b. A copy of the reconciliation between the subsidiary, if any, and the general ledger;
  - c. A copy of management's analysis of collectability of past due accounts.
- · *Loans Receivable*
  - a. Copies of each new loan and amortization schedule that was made during the year.
  - b. Copies of any loans that were paid off or canceled during the year.
  - c. Reconciliation of interest income on loans to interest income in the general ledger.
- · Inventories - A copy of year-end inventory count sheets. These should agree with, and support, the total value of inventories as recorded in the general ledger. Send date of physical inventory count to the auditors ahead of time together with count instructions
- · *Prepaid Expenses*
  - a. Copy of a schedule listing insurance expense and prepaid insurance.
  - b. Copy of a schedule of prepaid expenses, to support total in general ledger.
  - c. Copy of a listing of insurance coverage from ARM, and other insurance carriers, if any.

- **Property, Plant, and Equipment**
  - a. Schedule or detail of plant asset subsidiary, that agrees with the general ledger.
  - b. List of all acquisitions during the year including donated assets. Please provide us with copies of invoices or contracts.
  - c. List of all dispositions including sales price if applicable.
- **Due From/To Other Funds and Related Parties**
  - a. Copy of reconciliation of all Due From/To Other Funds.
  - b. Copy of reconciliation and statements of receivables & payables with related organizations
- **Accounts Payable**
  - a. Detail listing of accounts payable, that agrees with the general ledger.
  - b. Detail listing of medical claims paid by Adventist Risk Management after year end but incurred before year end.
- **Loans Payable**
  - a. Copies of all new loans executed during the year, and a copy of the payment or amortization schedule.
  - b. Copies of all loans paid off or canceled during the year.
  - c. Reconciliation of interest expense on loans to interest expense in the general ledger.
- **Deferred Income, if any**
  A copy of the schedule of deferred income, similar to the footnote in your organization's prior year financial statement.
- **Payroll**
  A copy of the annual reconciliation between the general ledger and the payroll system
- **Net Assets**
  A reconciliation of the ending net asset balances on the previous audited financial statement to the beginning fund balance on your current general ledger.
- **Trust/Agency Funds**
  Documentation as to the purpose of each of these funds.
- **Service Records**
  Please remind the appropriate official that all service records should be updated and signed within ninety days after the end of the year.
- **Conflict of Interest Policy**
  This is a reminder that the auditors will test for compliance to see whether statements of acceptance of the conflict of interest policy are on file for officers and ther designated employees, and members of governing committees, for all denominational organizationsand institutions as required by WP S 50
- **Year End Cutoffs**
  Please make sure that cash receipts and disbursements are cutoff properly at year end, including tithe percentages. Also, please carefully review all activity subsequent to year end and accrue any transactions involving the past year for which documentation may not be available right at year end.
- **Minutes of Committees**
  Obtain hard and soft copies of Management Committees and send to GCAS

- *Do self assessment tests*
  Assign answers to changes from prior year's balances. Review previous significant audit findings of your organization
- Review and complete the Audit Prep Binder and send to GCAS at least one month to the date of audit
- List of *names of employees,*
  - ☐ key employees,
  - ☐ Number of new employees during the year
  - ☐ Number of employees, retired, terminated, etc

How much time can you save by making documents available on time?
☐ Significant savings can be made

Is there effect on the audit time when adequate documents are supplied to the auditor before audit?
- ☐ Providing required documents could reduce audit time by 40 to 60%!
- ☐ Availability of business personnel at the time of audit could speed up the audit work
- ☐ Scheduling meetings and vacations during time of audit could prolong the audit time
- ☐ Incentives and deterrence could improve the amount of documents made available for audit

What if we charge clients for delays in supplying documents?
☐ Auditor's time is precious and can be tremendously reduced if adequate information is supplied on time.

How do I read the audit communication letter (ACL)?
- ☐ ACL addresses issues of importance observed during the audit
- ☐ Introductory section dealing with the scope of the work and definition of terms
- ☐ Major and minor weaknesses of internal controls
- ☐ Information on other financial matters
- ☐ Working Policy Matters
- ☐ Other Required Disclosures such as auditors responsibility during the audit, accounting policies adopted and any changes noted during the audit, accounting estimates of management, audit adjustments proposed and approved, summary of uncorrected misstatements,information on any consultation made by management with other Accountants and any difficulties encountered, whether resolved or not, during the audit.

Is Audit Response Important to the Board?
- ☐ Management's response to the audit communication letter is a requirement.
- ☐ The Division Working Policy requires it.
- ☐ WP SA 05 35 says 60 days upon receipt of the audit communication letter or 30 days after the next meeting of the governing committee whichever is earlier management should submit a response to the auditor's audit communication letter.
- ☐ The response allows the board to weigh intelligently, management's plans to address the findings and recommendations raised in the ACL

- ☐ The Response should address problems raised in the ACL
- ☐ It is not enough to say, "the recommendation is noted" It should give specific solutions to the recommendations and it is expected that recommendations should not appear in the subsequent audit reports or at least should not be as they were in the previous audit report.
- ☐ For example, management has appointed Mr. Fix It, to reconcile all bank accounts each and Ms. I Know It All, to approve them by signing on the reconciliation sheets.
- ☐ Or, Mr. I Don't Care, has been assigned to care for the Fixed Asset Register and to ensure that the Asset Register agrees with the General Ledger each month.

Where can I see the outcome of the audit (clean, qualified)?
The financial report of the auditor may have:
- ☐ Introductory paragraph dealing with the scope of work and the responsibility of management
- ☐ The section dealing with the process of the work and the relevant auditing standards followed to express the audit opinion
- ☐ Reasons for qualifications, if any
- ☐ The opinion of the auditor
- ☐ Explanatory paragraph, if any,
- ☐ The signature and date.

What is the difference between the different opinions?
- ☐ There are four types of Audit opinions-
- ☐ Unqualified audit Opinion or Standard or Clean Opinion
- ☐ Qualified Audit Opinion
- ☐ Adverse Opinion
- ☐ Disclaimer of Opinion

Unqualified Report
- ☐ An audit opinion that the financial statements are in conformity with Generally Accepted Accounting Principles (GAAP). Qualified (qualify)
- ☐ An audit opinion that the financial statements as a whole are presented in conformity with GAAP, with the exceptions noted.
- ☐ Except for or A qualified opinion
- ☐ An auditor can qualify the audit opinion for both departures from GAAP in the financial statements and restrictions on the scope of the audit. The opinion paragraph of the qualified report is worded "In our opinion, except for..."

Adverse
- ☐ An audit opinion that the financial statements as a whole are not in conformity with GAAP.

Disclaimer (disclaim)
- ☐ A statement that the auditor is unable to express an opinion as to the presentation of financial statements in conformity with GAAP.

What If A Client Receives Two Or More Consecutive Disclaimer of Opinions?

☐ YOU GUESS IT!

What to do if we have entities that are not audited?
☐ Find out why the entity is not audited.
☐ Audit can be done only when financial statements are available to the auditor.
☐ When an entity is unable to produce financial statements for audits to be performed, the officers of the entity should be questioned by the officers of the next higher organization why they are unable to produce financial statements and possibly make changes in administration.
☐ If financial statements are available and entity is ready for audit and there is no audit done, the auditor should be questioned why the audit cannot not be performed.
☐ If the problem is lack of audit personnel, the entity should be advised to look elsewhere with the assistance of GCAS to find a Public Accountant to perform the audit.

How can a comparison of significant audit findings help in improving the quality of the financial material?
☐ Significant audit findings assist entities to ensure that quality materials are ready for an audit exercise. It is to assure management that all relevant documents towards achieving an unqualified audit report are available.
☐ Comparison of significant audit findings enables one to concentrate on areas of weaknesses and have them addressed.

AUDIT REPORTS
Unqualified Opinion report

The most frequent type of report is referred to as the **Unqualified Opinion,** and is regarded by many as the equivalent of a "clean bill of health" to a patient, which has led many to call it the Clean Opinion. This type of report is issued by an auditor when the financial statements presented are free of material misstatements and are in accordance with GAAP, which in other words means that the company's financial condition, position, and operations are fairly presented in the financial statements. It is the best type of report an auditee may receive from an external auditor.

The report consists of a title and header, a main body, the auditor's signature and address, and the report's issuance date. Traditionally, the main body of the unqualified report consists of three main paragraphs, each with distinct standard wording and individual purpose, however certain auditors (including PricewaterhouseCoopers[1]) have since modified the arrangement of the main body (but not the wording) in order to differentiate themselves from other audit firms.

The first paragraph (commonly referred to as the **introductory paragraph**) states the audit work performed and identifies the responsibilities of the auditor and the auditee in relation to the financial statements. The second **paragraph** (commonly referred to as the scope paragraph) details the scope of audit work, provides a general description of the nature of the work, examples of procedures performed, and any limitations the audit faced based on the nature of the work. This paragraph also states that the audit was performed in accordance with

the country's prevailing generally accepted auditing standards and regulations.

The third paragraph (commonly referred to as the **opinion paragraph**) simply states the auditor's opinion on the financial statements and whether they are in accordance with generally accepted accounting principles.

The following is an example of a standard unqualified auditor's report on financial statements as it is used in most countries, using the name ABC Company as an auditee's name:

AUDITOR'S REPORT (or INDEPENDENT AUDITOR'S REPORT)

Board of Directors, Stockholders, Owners, and/or Management of
ABC Company, Inc.
123 Main St.
Any town, Any Country

We have audited the accompanying balance sheet of ABC Company, Inc. (the "Company") as of December 31, 20XX and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in (the country where the report is issued). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 20XX, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in (the country where the report is issued).

AUDITOR'S SIGNATURE

Auditor's name and address

Date of the report's issuance

Qualified Opinion report

A **Qualified Opinion** report is issued when the auditor encountered one of two types of situations which do not comply with generally accepted accounting principles, however the rest of the financial statements are fairly presented. This type of opinion is very similar to an unqualified or "clean opinion", but the report states that the financial statements are fairly presented with a certain exception which is otherwise misstated. The two types of situations which would cause an auditor to issue this opinion over the Unqualified opinion are:

· Single deviation from GAAP – this type of qualification occurs when one or more areas of the financial statements do not conform with GAAP (e.g. are misstated), but do not affect the rest of the financial statements from being fairly presented when taken as a whole. Examples of this include a company dedicated to a retail business that did not correctly calculate the depreciation expense of its building. Even if this expense is considered material, since the rest of the financial statements do conform with GAAP, then the auditor qualifies the opinion by describing the depreciation misstatement in the report and continues to issue a clean opinion on the rest of the financial statements.

· Scope of limitation - this type of qualification occurs when the auditor could not audit one or more areas of the financial statements, and although they could not be verified, the rest of the financial statements were audited and they conform GAAP. Examples of this include an auditor not being able to observe and test a company's inventory of goods. If the auditor audited the rest of the financial statements and is reasonably sure that they conform with GAAP, then the auditor simply states that the financial statements are fairly presented, with the exception of the inventory which could not be audited.

The wording of the qualified report is very similar to the Unqualified opinion, but an **explanatory paragraph** is added to explain the reasons for the qualification after the scope paragraph but before the opinion paragraph. The introductory paragraph is left exactly the same as in the unqualified opinion, while the scope and the opinion paragraphs receive a slight modification in line with the qualification in the explanatory paragraph.

The scope paragraph is edited to include the following phrase in the first sentence, so that the user may be immediately aware of the qualification. This placement also informs the user that, except for the qualification, the rest of the audit was performed without qualifications:

> *"Except as discussed in the following paragraph,* we conducted our audit..."

The opinion paragraph is also edited to include an additional phrase in the first sentence, so that the user is reminded that the auditor's opinion explicitly excludes the qualification expressed. Depending on the type of qualification, the phrase is edited to either state the qualification and the adjustments needed to correct it, or state the scope limitation and that adjustments could have but not necessarily been required in order to correct it.

For a qualification arising from a deviation from GAAP, the following phrase is added to the opinion paragraph, using the depreciation example mentioned above:

"In our opinion, *except for the effects of the Company's incorrect determination of depreciation expense,* the financial statement referred to in the first paragraph presents fairly, in all material respects, the financial position of…"

For a qualification arising from a scope of limitation, the following phrase is added to the opinion paragraph, using the inventory example mentioned above:

"In our opinion, *except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to perform proper tests and procedures on the Company's inventory,* the financial statement referred to in the first paragraph presents fairly, in all material respects, the financial position of…"

Adverse Opinion report

An **Adverse Opinion** is issued when the auditor determines that the financial statements of an auditee are materially misstated and, when considered as a whole, do not conform with GAAP. It is considered the opposite of an unqualified or clean opinion, essentially stating that the information contained is materially incorrect, unreliable, and inaccurate in order to assess the auditee's financial position and results of operations. Investors, lending institutions, and governments very rarely accept an auditee's financial statements if the auditor issued an adverse opinion, and usually request the auditee to correct the financial statements and obtain another audit report.

The wording of the adverse report is similar to the qualified report. The scope paragraph is modified accordingly and an explanatory paragraph is added to explain the reason for the adverse opinion after the scope paragraph but before the opinion paragraph. However, the most significant change in the adverse report from the qualified report is in the opinion paragraph, where the auditor clearly states that the financial statements are not in accordance with GAAP, which means that they, as a whole, are unreliable, inaccurate, and do not present a fair view of the auditee's position and operations.

"In our opinion, *because of the situations mentioned above* (in the explanatory paragraph), the financial statements referred to in the first paragraph do not present fairly, in all material respects, the financial position of…"

Disclaimer of Opinion report

A **Disclaimer of Opinion,** commonly referred to simply as a **Disclaimer,** is issued when the auditor could not form, and consequently refuses to present, an opinion on the financial statements. This type of report is issued when the auditor tried to audit an entity but could not complete the work due to various reasons and does not issue an opinion. The disclaimer of opinion report can be traced back to 1949, when the Statement on Auditing Procedure No. 23:

Recommendation Made To Clarify Accountant's Representations When Opinion Is Not Expressed was published in order to provide guidance to auditors in presenting a disclaimer.[4]

Statements on Auditing Standards (SAS) provide certain situations where a disclaimer of opinion may be appropriate:

· A lack of independence, or material conflict(s) of interest, exist between the auditor and the auditee (SAS No. 26)
· There are significant scope limitations, whether intentional or not, which hinder the auditor's work in obtaining evidence and performing procedures (SAS No. 58);
· There is a substantial doubt about the auditee's ability to continue as a going concern or, in other words, continue operating (SAS No. 59)
  There are significant uncertainties within the auditee (SAS No. 79).

Although this type of opinion is rarely used,[4] the most common examples where disclaimers are issued include audits where the auditee willfully hides or refuses to provide evidence and information to the auditor in significant areas of the financial statements, where the auditee is facing significant legal and litigation issues in which the outcome is uncertain (usually government investigations), and where the auditee has going concern issues (the auditee may not continue operating in the near future).[4] Investors, lending institutions, and governments typically reject an auditee's financial statements if the auditor disclaimed an opinion, and will request the auditee to correct the situations the auditor mentioned and obtain another audit report.

A disclaimer of opinion differs substantially from the rest of the auditor's reports because it provides very little information regarding the audit itself, and includes an explanatory paragraph stating the reasons for the disclaimer. Although the report still contains the letterhead, the auditee's name and address, the auditor's signature and address, and the report's issuance date, every other paragraph is modified extensively, and the scope paragraph is entirely omitted since the auditor is basically stating that an audit could not be realized.

In the introductory paragraph, the first phrase changes from "We have audited" to "We were engaged to audit" in order to let the user know that the auditee commissioned an audit, but does not mention that the auditor necessarily completed the audit. Additionally, since the audit was not completely and/or adequately performed, the auditor refuses to accept any responsibility by omitting the last sentence of the paragraph. The scope paragraph is omitted in its entirety since, effectively, no audit was performed. Similar to the qualified and the adverse opinions, the auditor must briefly discuss the situations for the disclaimer in an explanatory paragraph. Finally, the opinion paragraph changes completely, stating that an opinion could not be formed and is not expressed because of the situations mentioned in the previous paragraphs.

The following is a draft of the three main paragraphs of a disclaimer of opinion because of inadequate accounting records of an auditee, which is considered a significant scope of limitation:

We *were engaged* to audit the accompanying balance sheet of ABC Company, Inc. (the "Company") as of December 31, 20XX and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Company's management.

The Company does not maintain adequate accounting records to provide sufficient information for the preparation of the basic financial statements. The Company's accounting records do not constitute a double-entry system which can produce financial statements.

Because of the significance of the matters discussed in the preceding paragraphs, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion of the financial statements referred to in the first paragraph.

THE AUDIT PROCESS OF THE GCAS AUDITOR

Emmanuel S D Manu - Associate Director, GCAS-TIA

1. The Auditor will ask management to sign an engagement letter summarizing terms and condition of the audit
2. The auditor will mail Audit Preparation Binder sometime before the end of the year, asking for some documents to be gathered as the year-end closing activities are performed and returned to the auditor at least one month before the fieldwork begins
3. The auditor will meet with officers at the beginning of the audit
4. Auditor will ask for confirmation of bank accounts, investments, loans and accounts receivables, reconciliation of bank accounts
5. The auditor will ask for a Legal Representation letter from your attorney
6. The auditor will spend many days on site, will need conducive office space to work, will need access to your records and will require your personnel to be available to answer questions
7. The auditor would want to review:
   a. Board Minutes, Finance Committee, Executive Committee, etc. Minutes
   b. Copies of Financial statements (Hard and Soft)
   c. Copies of Operating Budgets (Hard and Soft)
   d. General Ledgers, preferably a backup copy of the Accounting Software
   e. Journal vouchers
   f. Bank statements and cancelled checks if applicable
   g. Original invoices of assets and expenses
   h. Contracts and agreements
   i. Service records
   j. Signed Conflict of interest statements
   k. Payroll summaries
   l. Assets register
   m. Organization Chart
   n. Job description
   o. Charter, By laws
   p. Title deeds of property
   q. Inter Organization reconciliation statements

r.   Copy of country's labor and Income tax laws
s.   Workers retired during the year
t.   New workers hired during the year
u.   Any other document that auditor may require depending on the auditor's judgment

8. The auditor may physically inspect certain assets
a.   Major equipment (new or old)
b.   Building
c.   Construction site
d.   Major investment

9. The auditor will usually ask many questions
a.   Explanation for key transactions
b.   More backup to support transactions
c.   Reasons for fluctuation between budget and actual results

10. Financial Statements, Reports and Wrap-up phase
a.   Auditors will propose to you some adjusting entries; Agree or Disagree
b.   Auditors will ask you to sign Client Representation Letter at the end of the audit
c.   Auditors will provide you draft financial statements for your review and approval
d.   Auditors will also communicate to you other findings made during the audit, usually major and minor internal control weaknesses, other financial matters, minor policy items, accounting policies and accounting estimates, audit adjustments approved and any difficulties encountered during the audit.

11. The auditor should be invited to attend the board or audit committee meeting that will discuss the audit report.

Chapter 12

EFFECTIVE LEADERSHIP FOR BOARDS

Dr. Ella S. Simmons, General Vice President General Conference of Seventh-day Adventists

ERRANT BOARD MEMBERS

Maximazing Board Member Function and Contributions for Dealing with Errant Behavior

ACHAN'S SIN

So the Lord was with Joshua, and his fame spread throughout the land.

But the <u>*Israelites acted unfaithfully*</u> in regard to the devoted things; Achan son of Carmi, the son of Zimri, the son of Zerah, of the tribe of Judah, took some of them. So the Lords's anger burned against israel. (Joshua 6:27-7:1)

The Holy Bible: New International Version "Alas, O Lord God," he cried, "wherefore hast Thou at all brought this people over Jordan, to deliver us into the hand of the Amorites, to destroy us? O Lord, what shall I say, when Israel turneth their backs before their enemies! For the Cannanites and all the inhabitants of the land shall hear of it, and shall environ us round, and cut off our name from the earth and what wilt thou do unto Thy great name?"

The answer from Jehovah was, "Get thee up; wherefore liest thou thus upon thy face? Israel hath transgressed My covenant which I commanded them." It was a time for pormpt and decided action, and not for despair and lamentation. There was secret sin in the camp, and it must be searched out and put away before the presence and blessing of the Lord could be with His people. "Neither will I be with you any more, except ye destroy the accursed from among you" (PP 494)

God's command had been disregarded by one of those appointed to execute His judgments. And the nation was held accountable for the guilt of the transgressor: "They have even taken of the accursed thing, and have also stolen, and dissembled also." Instruction was given to Joshua for the discovery and punishment of the criminal. The lot was to be employed for the detection of the guilty. The sinner was not directly pointed out, the matter being left in doubt for a time, that the people might feel their responsibility for the sins existing among them, and thus be led to searching of heart and humiliation before God. (PP 494)

Early in the morning, Joshua gathered the people together by their tribes, and the solemn and impressive ceremony began. Step by step the investigation went on. Closer and still closer came the fearful test. First the tribe, then the family, then the household, then the man was taken, and Achan the son of Carmi, of the tribe of Judah, was pointed out by the finger of God as the troubler of Israel. (PP 495)

To establish his guilt beyond all question, leaving no ground for the charge that he had been unjustly condemned, Joshua solemnly adjured Achan to acknowledge the truth. The wretched man made full confession of his crime: "Indeed I have sinned against the Lord God of Israel. When I saw among the spoils a goodly Babylonish garment, and two hundred shekels of silver, and a wedge of gold of fifty shekel's weight, then I coveted them, and took them; and, behold, they are hid in the earth in the midst of my tent." Messengers were immediately dispatched to the tent, where they removed the earth at the place

specified, and "behold, it was hid in his tent, and the silver under it. And they took them out of the midst of the tent, and brought them unto Joshua, and laid them out before the Lord." (PP 495)

Sentence was pronounced and executed immediately. "Why hast thou troubled us?" said Joshua, "the Lord shall trouble thee this day." As the people had been held responsible for Achan's sin, and had suffered from its consequences, they were, through their representatives, to take part in its punishment. "All Israel stoned him with stones."

Then there was raised over him a great pile of stones a witness to the sin and its punishment. In the book of Chronicles his memorial is written" Achan, the troubler of Israel." 1 Chronicles 2:7. (PP 495)

A Twelve-Step Plan
- ☐ Joshua recognized that there was a problem.
- ☐ Joshua consulted with the Lord regarding the problem.
- ☐ Joshua accepted the Lord's guidance for handling the situation.
- ☐ Joshua gave immediate attention to the problem.
- ☐ Joshua developed a plan of action under the Lord's direction.
- ☐ Joshua initiated the plan without delay.
- ☐ Joshua implemented the plan in a fair, objective, systematic, and thorough manner.
- ☐ Joshua found the offender.
- ☐ Joshua verified his findings. He was careful.
- ☐ Joshua held the offender accountable for his transgression.
- ☐ Joshua carried out the punishment.
- ☐ Joshua raised a memorial as a warning to others.

A Working Definition

Errant
- ☐ Wayward
- ☐ Sinful
- ☐ Naughty
- ☐ Misbehaving
- ☐ Delinquent
- ☐ Badly behaved

Reputation
Leaders on well-regarded campuses know that good reputations are built on public, and for us, church trust. Eich, Trustee, 5/6, 2006

Institutional Character
Nothing is as sacred or as fragile to an organization as its character, except perhaps, its reputation.

Every institution has a unique character identity. Character defines:
- ☐ Who you are
- ☐ What values you hold dear
- ☐ Where your moral compass lands

☐ How you respond when put to the test of resolving conflicting ethical principles

Character
Character dictates whether you do the right thing when no one is watching and what principles and beliefs you endow to future generations.

In short character is who you are.

Reputation
Reputation, by contrast, is how an individual or organization is seen through the eyes of others.

For colleges and universities these "others" include:
☐ Community and church leaders
☐ Current and future students
☐ Alumni
☐ Donors
☐ Faculty
☐ Legislators and other government officials
☐ The business community
☐ Competing universities
☐ The news media
☐ Any other group with which the university may interact or influence

Institutional Brand
☐ University's Brand = its promise to its constituencies
☐ Both character and reputation relate to institutional brand.
☐ Institutional brand is more than
☐ Attractive logo
☐ Signature colors
☐ Theme song
☐ Catchy slogan
☐ Compelling brochure

Brand
☐ It is developed from the inside out.
☐ It reflects the university's
· Unique personality
· Distinguishing characteristics
· Reason for people to care about it
☐ A strong brand permeates the campus completely.
· Academics
· Administration
· Arts
· Social life, sports and recreations

Intangible Assets
Stakeholders at institutions with durable reputations understand and cherish the value of their "brand" and refuse to do anything that strays from the brand's promise.

They use the brand to support and consistently convey the institution's key attributes.

The best leaders recognize the two intangibles—their reputation and their brand—as two of their most important assets.

Trust
- Board members and campus leaders know and act on the knowledge that a good reputation is built on trust.
- Of all the ethical principles contained in the concept of character, trust is the most complex and most fragile. Josephson, 2006
- The best leaders adopt core ethical principles that guide all of their decisions—in keeping with the institution's character and brand to build and maintain its reputation.

Keepers of the Trust
The best trustees accept responsibility for establishing and guarding these principles.
- They monitor the institution's performance in serving all of its constituencies.
- They along with the president and administrators make these principles and related values explicit to all faculty, staff, and students.
- They make clear that they are willing to be held accountable for adhering to those values, and make clear that straying from them is unacceptable.

Priorities
Trustees deemphasize short-term objectives in favor of creating and sustaining value over the long term.
- They encourage and promote ethical behavior for and from everyone associated with the institution.
- They make it a shared responsibility involving faculty, staff, students, themselves, vendors, and others.

Case
American University 2005 Imperatives for Action
- A strong university must perform consistently over time.
- Its leader and trustees must build an internal culture that supports and fosters the overall reputation it wishes to convey. (Who will pass on the values?)
- If it is to have a strong reputation, it must develop and adhere to strong core values, and its leaders must believe fervently that trust, honesty, and integrity are crucial concepts that cannot be compromised—even in trying times.

Trustees must see that it happens even when it is costly. Trustees must ask constantly if their university and the people who serve and study there embody and uphold the institution's values—portray its character, and communicate its brand.

Strong Boards:
Able and Committed Trustees
High performing boards act as systems with, for example
- Broad and relevant participation
- Clear expectations
- Clear lines of accountability
- Transparency of structure and process
- Constant assessment for retooling and fine-tuning

Distracting Behaviors
Troublesome conduct must not be tolerated as a matter of personality or style.

Five Types of Troublesome Members

- The Micromanager – Blur the lines between management and governance functions. (pushy, meddlesome, intrusive)
- The Know It All – Act with passion on matters related to their areas of technical expertise. (holds to one "right" solution)
- The Missing in Action – Do not prepare for meetings and do not contribute. Also, miss meetings or leave early.
- The Special-Interest Flag-bearer – Advance their own professional or personal interests. Push for own narrowly defined vision.
- The New Board Member – Allow themselves to be controlled by other members for advancing their own agenda, swaying the vote.

When Boards Fail
Substandard governance can almost always be traced to one or two problems, or both

I. Most boards are orchestras of soloists.
- Some enjoy duets or quartets, or an ensemble now and then.
- Most members want to be principle players.
- Some members want to be the conductor.

Board Renegades
Some members play by different rules or no rules. Some, like investigative journalists, cultivate unnamed sources, chase rumors, and collect information apart from the board structure.

Others, like surrogate managers, analyze data, assess market conditions, and advance strategic initiatives on their own.

Still others, like lobbyists, advocate particular priorities, policies, and programs apart from the board structure.

Errant Board Members
When these renegades and cliques circumvent established board procedures they undermine the board's work and the stability of the institution.

These wayward members are allowed to act out because the board lacks explicitly stated and reliably enforced norms of behavior.

There are no formally stated guidelines about these behaviors, or if there are they are not enforced.

Physician, heal thyself first!
Many boards tend to either lionize or trivialize the president/vice chancellor.
- ☐ Some feel that if they have the right president, the institution can do no wrong. So, they sit back and do not question operations or get involved at all—do not require accountability.
- ☐ Others feel that there is no president who can lead the institution, but rather the president is to act as a servant of the board.

Campus leaders and board members must act as a team with mutual respect for competence , professional roles, and spiritual commitment. However, board members must hold leaders accountable for upholding the values, standards, and policies of the institution.

Cohesive Boards
Cohesiveness among board members requires excellent communication, substantive governance, and a social sensitivity that factors in human dimensions.

Cohesive means having the quality of being logically integrated, consistent, and intelligible sticking together. High performing boards exhibit a culture of cohesiveness.
- ☐ Good recruitment and clear articulation of expectations
- ☐ Agreement to responsibilities and performance assessment
- ☐ Board education and enrichment with each other and campus administrators, faculty, students, spouses and others.

 WILSON, TRUSTEESHIP, 7/8, 2006

Case
Brown University 2001-2006
A Restructured Board
- ☐ Strengthen member's sense of ownership of the work of the board through committees
- ☐ Enabled members to devote most of their time to substantive policy discussions
- ☐ Provided clear, transparent lines of authority
- ☐ Created a culture of consistent goal setting, reporting, and assessment to focus the board
- ☐ Promoted and demanded integrated decision making with consistent communication
- ☐ Increased the intensity and strategic nature of meetings, agendas, discussions
- ☐ Explicated clear expectations and responsibilities for senior staff who support committee chairs and committees
- ☐ Allowed members to audit or sit in on committee meetings
- ☐ Increased opportunities for board members to interact informally— and appropriately—with faculty and students

Identifying Errant Behavior

The Four Stages of Tracking Emerging Issues

1 Fringe: People may be discussing the issue informally.
2 Emerging: There is greater formal interest in the issue and it involves your institution.
3 Getting Hot: There is much public discussion and considerable criticism that nothing is happening regarding this issue at your institution.
4 White hot/too late: There is widespread perception that the institution has neither the will nor the ability to deal with the issue adequately. Harris, Trusteeship, 7/8, 2006

Responses to Errant Behavior

1. Fringe: People may be discussing the issue informally.
   Issues are often overlooked or avoided hoping they will just go away on their own. Let sleeping dogs lie.
2. Emerging: There is greater formal interest in the issue.
   Institutional leaders become defensive. They begin to work on their public relations processes to ensure that the institution's side of the story is told.
3. Getting Hot: There is much public discussion and considerable criticism that nothing is happening regarding this issue.
   The institution moves to high alert. It may seek external support perhaps feeling the constituency just does not understand the institution. Constituents call for action.
4. White hot/too late: there is widespread perception that the institution has neither the will nor the ability to deal with the issue adequately.
   We take our lumps here. The blame game begins. Fingers point at the president for being weak. The president blames the family, church, or society for the problems and lack of success in dealing with them.

Case

Nike Corporation 1990s; 2004
Path to Corporate Responsibility

- 1990s Nike struggled with its brand, image/reputation
- Protestors cited it with running sweatshops (foreign suppliers)
- 2004 Harvard Business Review story of how they turned things around, Simon Zadek
- Tension was between company's performance standards and society's moral expectations
- Nike operated from a position of willingness to confront the issue and to recognize and respond to the four stages of "issue maturity".
- The Nike experience illustrates the pitfalls of bare-minimum responsiveness and simple compliance with demands and critiques of our stakeholders.

Best Practice

1. Fringe: People may be discussing the issue informally. Issues are often overlooked or avoided hoping they will just go away on their own. Let sleeping dogs lie.

President and board members should begin early on to recognize the issue as having potential to escalate.

- Encourage staff to examine the issue, response options and consequences of various approaches to dealing with the issue.
- Avoid assuming that the challenges are unfounded.
- Review and develop institutional values/position statements regarding the issue.
- Determine the validity of the accusations or concerns.
- Develop a response plan.

2. Emerging: There is greater formal interest in the issue. Institutional leaders become defensive. They begin to work on their public relations processes to ensure that the institution's side of the story is told.

Begin by addressing the following questions:
- What parts of the issue need to be addressed?
- Can we view the issue in a new light?
- Is our position defensible, or is it just tradition?

If the decision is to stand on the original position, then tell the story and tell it well. Campus leaders state the facts and seek common ground of understanding with offenders. Develop a new position if the institution is off track.

3. Getting Hot: There is much public discussion and considerable criticism that nothing is happening regarding this issue. The institution moves to high alert. It may seek external support **perhaps feeling the constituency just does not understand the institution. Constituents call for action.**

The battle for understanding and compliance is being lost. The board and administration should seek options that can be acceptable to all sides.
- Garner support (campus, parents, advisors, and so forth).
- Demonstrate flexibility where possible for common ground.
- Compromise as possible; stand firm on principles and values.

4. White hot/too late: There is widespread perception that the institution has neither the will nor the ability to deal with the issue adequately. We take our lumps here. The blame game begins. Fingers point at the president for being weak. The president blames the family, church, or society for the problems and lack of success in dealing with them.

The issue has escalated out of control. Unwillingness to deal with the issue has weakened the institution.
- Act to restore credibility and confidence in the institution (campus safety example).
- Resignations and/or firings may be necessary at this stage.
- Restate institutional values and principles and move forward to reestablish the institution.

Case
University of Rhode Island:
"Number One Party School in America"
1995-2005

"Mis"Branded; Tarnished Reputation
- Princeton Review from 1993-1995: Number One Party School in America
- Story URI did not want to believe, but could not ignore.
- Alcohol abuse was real on the campus.
- With board support began a campus recovery process for curbing alcohol use, on and off campus.
- Initiated high profile, powerful steps to demonstrate seriousness. Carothers, Wood, and Cohen, 11/12, 2006

Specific Actions
Specific Action Steps
- 1995, strengthened and clarified written policy on alcohol by including stricter sanctions and disciplinary actions for violations
- Publicized the policy in the student handbook, student newspaper, and meetings with student groups
- Placed the new policy in local newspapers
- Banned alcohol service at all university functions.
- Implemented a "three-strikes, you're out" policy and enforced it diligently (with/different penalties for each strike)
  "This consistent, early enforcement of alcohol policies has helped reduce major legal violations."
- Created a coalition to provide the university and local community with a forum for dialogue and collaboration
- During the first year key stakeholders became involved:
- Police
- Homeowners' associations
- Realtors
- City officials
- Students

"Building a community of mutual respect"
- Obtained guidance from another university that had experience with this type of coalition

Finding Common Ground
Conceptual Framework
- Initial mobilization-expanded representation/help base
- Institutional structures created through steering committee and subcommittees
- Capacity built to link campus groups with other relevant groups
- Plan for systematic action: goals set, objectives developed, prevention activities reviewed, implementation plan established
- Close work with oversight group, including plan for training
- Increased enforcement capacities on campus (funding)
- Raised student awareness regarding needs for change
- Informed students about new and increased attention to policies
- Off-campus outreach for student safety, well-being, and educational attainment while contributing to local quality of life

The Role of Trustees
- ☐ Trustees and administrators committed to combating the culture of drinking on campus to protect students, ensure community safety, and maintain strong academic reputation; made these HIGH priority.
- ☐ Created the following general recommendations:
- ☐ Recognize the scope and seriousness of student alcohol abuse and strongly
support administrators in implementing prevention and enforcement efforts (including budget decisions).
- ☐ Encourage administrators to follow the guidelines.
- ☐ Ask for institutional data on alcohol use and encourage data-collection and benchmarking on the problem and response.
- ☐ Be confident in taking what may seem like an unpopular stand.
- ☐ Encourage university administrators to build a structure that can succeed and be sustained by coalition development.

SDA Values Statement

Seventh-day Adventist values are rooted in the revelation of God provided through the Bible and the life of Jesus Christ. Our sense of identity and calling grows from an understanding of Bible prophecies, especially those concerning the time immediately preceding the return of Jesus. Consequently all of life becomes a growing experience and demonstration of involvement with God and His kingdom.

Our sense of mission is driven by the realization that every person, regardless of circumstances, is of infinite value to God and thus deserving of respect and dignity. Through God's grace every person is gifted for and needed in the diverse activities of the church family.

Our respect for diversity, individuality and freedom is balanced by regard for community. We are one—a worldwide family of faith engaged in representing the reign of God in our world through ethical conduct, mutual regard, and loving service. Our faithfulness to God involves commitment to and support of His body, the church.

General Conference of Seventh-day Adventists Executive Committee at the Annual Council, 2004.

On Being Transformed in Christ—An Affirmation of Christian Values and Quality of Life

Examples of historic Christian values, particularly in the face of prevailing relativism in society.

Everlasting values in the Ten Commandments, (Exodus 31:18), and in Jesus Christ, the embodiment of those values. (Matt. 15:18).

The Adventist lifestyle is distinctive. High value on simplicity and the virtues, family, integrity, work, honesty, and purity modesty in dress and adornment, and good stewardship of our means beauty and refinement in speech and deed.

Two key elements the Sabbath and healthy living. (Exodus 20:8) All that we are—including our physical bodies—is for God's use and praise. Healthful diet (including a vegetarian diet), exercise, sufficient rest, trust in God, and abstinence from alcohol, tobacco, and other harmful drugs.

Adventist Christians are called to uphold the Christian values of love and hope, expressing these in a life of faith challenge to the moral ambiguity and decay of values that pervade society.

General Conference of Seventh-day Adventists Executive Committee at the Annual Council, 2005.
A Statement of Concern on Sexual Behavior
Sexual practices which are contrary to God's expressed will are adultery and premarital sex, as well as obsessive sexual behavior. Sexual abuse of spouses, sexual abuse of children, incest, homosexual practices (gay and lesbian), and bestiality are among the obvious perversions of God's original plan. In spite of the clear moral standards set forth in God's Word for relationships between man and woman, the world today is witnessing a resurgence of the perversions and depravity that marked ancient civilizations.

Sexual Harassment – Guidelines

Employees of denominational organizations are to exemplify the Christ-like life and should avoid all appearance of wrong doing. They should not for one moment indulge in sexual behavior that is harmful to themselves or others and that cast a shadow on their dedication to the Christian way of life.

The Board's Role
- Recognize the scope and seriousness of the specific instances of errant behavior.
- Encourage administrators to follow policy for prevention and dealing with infractions of policy.
- Ask for institutional data on these issues and infractions.
- Be confident in taking what might be an unpopular stand on the issue/infraction.
- Encourage administrators to establish structures that can succeed   and be sustained for dealing with the issue.

Hold everyone accountable
Carothers, Wood, & Cohen, Trusteeship, 11/12, 2006

After It Is White Hot its Too Late

Recover
- Recognize that it is usually easier and less risky to do nothing than attempt change.
- Recognize also that tradition is a powerful force within and outside the institution.
- Accept the role of board members for being agents of change, as opposed to caretakers of the status quo.
- Promote assessment and evaluation for accountability and improvement.

☐ Recognize that external support for higher education and   commitment to SDA higher education have decreased in recent years.   Reputation is important and competition is real.

Remember/Find your Hedgehog
Hedgehog – The one big thing an institution can be best at and that will guide its strategies, goals, and intentions and help it move toward greatness. (From a passage in an essay by Isaiah Berlin: "The fox knows many things, but the hedgehog knows one big thing.") March and Lemons, 5/6, 2006

This requires understanding the institution's core values and purpose, what it can contribute uniquely better than any other institution, and how the resources of time, money, and brand support the efforts to make it all happen.

Run Your Own Race
Hebrews 12:1
☐ Sixteen of the last 20 winners of the Boston Marathon were Kenyan.
☐ It might as well be renamed the Kenyan Invitational.
☐ Question: "Is that all they do in that country? Run, I mean. Hasn't anyone over there ever heard of soccer?"

That's the point!

Seventh-day Adventist universities should have taken over in which area(s)?
Using Boards Fully
☐ Fulfill the fiduciary and stewardship responsibilities of the institution.
☐ Serve as strategic assets that are employed for maximum comparative strategic advantage
☐ Serve as a source of leadership for the institution.

Great boards work in all three dimensions and focus especially on the third. They generate four forms of valuable capital:
☐ Intellectual
☐ Reputational
☐ Political
☐ Social

Seven Elements of Effective Boards
☐ Leadership in advancing the institution's/board's agenda
☐ A civil culture
☐ Board education
☐ External relations—constituencies
☐ Relationships among board members and with campus leaders
☐ Evaluation
☐ Structure

Key Strategic Questions for Boards
☐ Do trustees and campus leaders acknowledge the anticipated impact of campus problems?

☐ Is the board listening carefully and paying close attention to what is happening on campus?

☐ Has the institution's vision statement been communicated well and often to the campus community?

☐ Does the board hold senior campus leaders accountable for having asolid,
workable, well-funded strategic plan that stresses individual accountability and rewards success?

☐ Who among the senior leadership team are responsible for keeping abreast of the institution's future realities?

☐ What type of students does your institution attract?

☐ Do you know why attending your institution costs so much?

Set your house in order
When their efforts are aligned with institutional priorities, active boards can provide great intellectual, strategic, and financial contributions.
McLaughlin, Trusteeship, 7/8, 2006

Ephesus
I know your deeds, your hard work and your perseverance. I know that you cannot tolerate wicked men, that you have tested those who claim to be apostles but are not, and have found them false. You have persevered and have endured hardships for my name, and have not grown weary. Yet I hold this against you: You have forsaken your first love.

Smyrna
I know your afflictions and your poverty—yet you are rich! I know the slander of those who say they are Jews and are not, but are a synagogue of Satan. Do not be afraid of what you are about to suffer. I tell you, the devil will put some of you in prison to test you, and you will suffer persecution for ten days.

Pergamum
I know where you live—where Satan has his throne. Yet you remain true to my name. You did not renounce your faith in me, even in the days of Antipas, my faithful witness, who was put to death in your city—where Satan lives. Nevertheless, I have a few things against you: You have people there who hold to the teaching of Balaam, who taught Balak to entice the Israelites to sin by eating food sacrificed to idols and by committing sexual immorality. Likewise you also have those who hold to the teaching of the Nicolaitans. Repent therefore!

Thyatira
I know your deeds, your love and faith, your service and perseverance, and that you are now doing more than you did at first. Nevertheless, I have this against you: You tolerate that woman Jezebel, who calls herself a prophetess. By her teaching she misleads my servants into sexual immorality and the eating of food sacrificed to idols. I have given her time to repent of her immorality, but she is unwilling. So I will cast her on a bed of suffering, and I will make those who commit adultery with her suffer intensely, unless they repent of her ways.

Sardis
I know your deeds; you have a reputation of being alive, but you are dead. Wake up! Strengthen what remains and is about to die, for I have not found your deeds complete in the sight of my God. Remember, therefore, what you have received and heard; obey it, and repent.

Philadelphia
I know your deeds. See, I have placed before you an open door that no one can shut. I know that you have little strength, yet you have kept my word and have not denied my name...I am coming soon. Hold on to what you have, so that no one will take your crown.

Laodicea
I know your deeds, that you are neither cold nor hot. I wish you were either one or the other! So, because you are lukewarm—neither hot nor cold—I am about to spit you out of my mouth. You say, 'I am rich; I have acquired wealth and do not need a thing.' But you do not realize that you are wretched, pitiful, poor, blind and naked. I counsel you to buy from me gold refined in the fire, so you can become rich; and white clothes to wear, so you can cover your shameful nakedness; and salve to put on your eyes, so you can see.

God proves His people in this world. This is the fitting-up place to appear in His presence. Here, in this world, in these last days, persons will show what power affects their hearts and controls their actions. If it is the power of divine truth, it will lead to good works. It will elevate the receiver, and make him noblehearted and generous, like his divine Lord. But if evil angels control the heart, it will be seen in various ways. The fruit will be selfishness, covetousness, pride, and evil passions.

"Thanks be to God, which giveth us the victory through our Lord Jesus Christ." (1T 188)

Chapter 13
ACADEMIC GOVERNANCE

Lisa M. Beardsley, John M. Fowler, GC Department of Education

References
· Board of Trustees Handbook (May 2006) for Loma Linda University Adventist Health Sciences Center and Core Entities
· Board of Directors Handbook for Griggs University and International Academy (October 2005)

Power to:

• Govern
– Provide resources, policy guidance, and leadership necessary for continued and successful existence.
– Appointment of the president/vice chancellor/rector, approval of the appointment of other key administrators and faculty, approval of policies, approval of funding mechanisms for the operation and facilities of the institution, and approval of legal, compliance and ethical systems to assure accountability in its operations.

• Manage
– Recommendations to Governance for approval of key staff members.
– Academics: teaching, research enterprise, service activities.
– Financing/funding.
– Facilities and the operational policies of the institution.

Driving a car cross-country vs. traveling by plane at 30,000 ft.

Powers and Duties of Boards
· Elected by the Constituency in session.
· Receives its authority from the Constituency for governance of the institution. Delegation of the authority and power of the Member of the Corporation to a Governing Board is implicit in the act of appointing the Governing Board.
· Authority and responsibility are vested in the Board as a body and are expressed in those actions that represent the majority opinion of the Board.
· Bylaws define the function and responsibilities of the Board.

Governance refers to the power to:
· Create a corporate institution
– Provide resources, policy guidance, and leadership necessary for its continued and successful existence
– Ensure that the institution has systems and practices of accountability for compliance with applicable laws and regulations and operation in an ethical manner

Scope of Governance
Exercise of the power of governance includes appointment of the president/ vice chancellor, approval of the appointment of other key administrators and faculty, approval of policies, approval of funding mechanisms for the operation and facilities of the institution, and approval of legal, compliance and ethical systems to assure accountability in its operations.

General Powers of the Board
- Manage the primary business, property, and affairs of the institution.
- Duty to maintain the institution as a Seventh-day Adventist institution of learning and as an integral part of the Seventh-day Adventist Church in fulfillment of its teaching ministry.

Subject to the limitation of the Articles of Incorporation, the Bylaws, and of applicable civil law, all corporate powers are exercised by or under the authority of the Board and all the business and affairs of the institution are controlled by the Board.

Without limiting the general powers, the Board has the power to:
Appoint and remove all the officers of the Board and institution and its agents and employees, prescribe such powers and duties for them as are consistent with law, the Articles of Incorporation and the Bylaws, fix their compensation and require from them security for faithful service. (Security may include but is not necessarily limited to bonding for officers and employees, execution of conflict of interest statements, etc.)

- The establishment of philosophies, goals, objectives, and policies of the institution.
- The appointment of major administrative and academic personnel.
- The establishment of schools, centers, and programs of study.
- Providing financial oversight with approval of annual budgets; authorization for borrowing funds; approval of the audited annual financial statements; the sale or other disposition of institutional-owned land and property, which is used or occupied for its primary purposes and voluntary support from the institution's various publics for the long-range development of the institution.

Administration refers to the:
- Leadership of the institution
- Management of the institution
- Day-to-day conduct of the functions of the institution

Administration
Administration is a function of the president/vice chancellor and the administrative personnel responsible and accountable to the president/vc of the institution.

Exercise of the power of administration includes:
- Recommendations to Governance for approval of the key staff members.
- Financing/funding.
- Facilities and the operational policies of the institution.

Administration
Administration has full responsibility and accountability to Governance for the day-to-day operation of the institution, ranging from academic matters to student or staff affairs.

Non-agenda items for Board
· Interpersonal issues on campus that have not been reviewed through established processes.
· Personal requests for supplies, privileges, upgrading.
· Issues that relate to the day-to-day management of the institution.

Board Committees
Established in the bylaws and normally includes:
– Executive committee
– Academic Affairs
– Finance
– Audit
– Student Affairs
Other committees may include Development & PR, etc.

Duties of Board:
Core Values
· Make well being of students the fundamental value of decision-making and action.
· Fulfill responsibilities with honesty, integrity, and confidentiality.
· Duty of loyalty.
· Duty of care.

Focused on Mission
· Strongly supportive of mission of institution.
· Ensures the institution remains committed to its mission. Review   t h e mission statement annually.
· Positively supporting and/or representing the institution, serving as an advocate for the institution to the church, to the local and world community, and to external agencies or entities.

DUTY OF CARE
· Attending meetings on a regular basis;
· Exercising independent judgment;
· Being adequately informed for making decisions;
· Being actively involved in the oversight of the organization.

DUTY OF LOYALTY
· Conflicts of interest;
· Corporate opportunity – providing the organization to which one serves as a Director the benefit of opportunities that arise that would enhance the organization as opposed to assuming these for personal gain or for the benefit of some other organization or person;
· Confidentiality – it is inappropriate for a Director in the regular course of business to disclose information about the organization's activities unless they are already known by the public or are of public record, or the Director has been requested by the organization to provide the information to others.

Duties of Board of Trustees: Time
- Regularly attend and actively participate in normally scheduled meetings of the Board and special meetings of the Board, as far as possible.
- Devote time and study to the duties and responsibilities of Board members.
- Function faithfully in the execution of the reserved powers of the Board and avoiding any inappropriate intrusion into the administration of the institution.

Duties of Members: Expression
- Suspending judgment until the facts are available.
- Best expression of informed judgment. Uses his/her expertise to give positive guidance to the Board and president/vc in regard to aspects relating to that expertise.
- Upholding the process and right of others to be heard.

Duty of Board:
Relationship to Constituency
- Demonstrates the understanding that the Board derives its authority from the constituency they serve. The member has no legal authority outside the meetings of the Board, and to conduct personal relationships on the basis of this fact.
- Interprets institution to the church and expresses to the institution the goals and desires of the church.
- Provides the constituency with information regarding the school and its future development.

Finances
- Carefully analyzes the financial status of the institution to ensure its financial integrity to the best of their ability and on the basis of available information.
- Approval of capital projects.
- Receive the auditor's report, by means of the Audit Committee if established.

Managing Conflicts of Interest
- Avoiding conflicts of interest or declaring conflicts of interest (where they are unavoidable by reason of other appointments or positions, etc.)
– Avoid using the position for personal gain; subordinating personal interest.
– Forthrightly bring to bear the perspectives and insights of the diverse constituencies which they represent, with minimal attention to other interrelationships in which they are involved.

Powers Reserved to the Board of Trustees Requiring a Super-Majority (2/3) Vote
- Approve or ratify all changes to the Articles of Incorporation or Bylaws.
- Appoint the Board.
- Approve any significant changes to the corporate purposes of the institution.
- Remove from office any Trustee with or without cause.
- Appoint president/vc.
- Approve any merger, consolidation, dissolution, sale or transfer of more than a fixed amount (amount to be agreed upon) of the institution's assets.

- Approve all borrowing/spending above a fixed amount (amount to be agreed upon).
- Approve the strategic plan.
- Approve major construction projects.
- Accept the annual audited financial statements.
- Approve the annual operating and capital budget.
- Approve recommendations for business development plans and activities.
- Follow policies by which SDA schools are to be administered,including standards of the AAA.
- Approve new academic programs or closure of programs.
- Accept the report of the Adventist Accrediting Association.
- Approve faculty and staff actions (hiring, termination, promotion, leave, etc.).

Governance vs. Administration

When Trustees interact with administrators, faculty, employees, or students in roles outside of their role as Trustees, they are expected to respect the difference between the roles of governance and administration. They function faithfully as members of the Governance of the institution in the execution of the reserved powers of the Board and avoid any inappropriate intrusion into the administration of the institution.

Complaints

- When any party makes a complaint to a Trustee, the Trustee should refer the party to the president/vc for action, without any comment or commitment by the Trustee.
- Hear grievances only after the institution's grievance procedure has been exhausted.

Dissent from Action of Board

- Judgment of the Board, expressed by majority vote, becomes the judgment of the entire Board.
- When a Trustee dissents from an action of the Board, he/she should be careful to observe the provisions in the Bylaws regarding expression of that dissent outside the meetings of the Board. Only after a request that a dissenting vote be recorded, thus putting the Board of formal notice of this objection, is he/she ethically free to express this dissent outside the Board. Even then, negative statements should be discreet, infrequent, and not in self-defense.

Trustees further the mission through:

- Faithful and expert service on the Board.
- Support of the actions of the Board.
- Direct or indirect financial support.
- Public support of the mission.
- Promotion of services offered to the church and to the community.

"Work, wealth, wisdom - provide two of the three."

Is this a conflict of interest?
· Vote to subdivide college property into plots and sell it below market price to faculty and Board members on which to build private residences.
· Vote to award school president/vc with an honorary doctorate.
· Vote to exchange two bulls for three cows.

Evaluation Tasks
· Evaluate president/vc
  – Follow up on AAA recommendations
· Evaluate its own functioning
  – Process
  – Outcomes
  – Indicators of support: financial support
  – Addressing of conflicts of interest

Evaluating Work of Board
The Chair of the Board shall annually ask every Trustee to complete an evaluation form relating to the work of the Board intended to assess:
1. Adequacy of preparation of meetings of the Board and its committees.
2. Effectiveness and efficiency of the meetings of the Board and its committees.
3. Any other items as may be desired by the Chair or members of the Board.

Board of Trustees Handbook
· The Constituency, members, election of Board members, membership and officers of the Board, meetings of the Board, quorum)
· Committees of the Board
· Facts (list of programs and services; accreditations and approvals)
· Historical highlights
· Institutional organization and administration.

RELATIONSHIP TO GOVERNMENT, AFFILIATED INSTITUTIONS AND ACCREDITATION AGENCIES

Lisa M. Beardsley, Assoc. Director; John M. Fowler, Assoc. Director GC Department of Education

Historic Background
☐ Religious versus civil oversight
☐ Pre-eminence of civil oversight
☐ Eclipse of religious oversight

Current Trends
☐ Strengthening cohesiveness of the community
☐ Enlarging development of the community/civil society
☐ National ideology and agenda for workforce development
☐ Impact of globalisation

With Government, Affiliated Institutions and Accreditation Agencies
The Board cooperates with all governmental agencies in meeting any legitimate

request that does not infringe on the religious or civil liberties of the institution and expects administration and staff to do likewise, with the guidance of the Board.

Affiliations
The Board approves and monitors any affiliations with other institutions.

Caution and Safeguards for Accreditation Processes
- Cautions
- Safeguards
- Cooperation
- Influencing national standards of quality and accreditation

Accreditation
The Board approves and monitors external accreditation of entities or specific programs.

Appendices

APPENDIX 1

CHAIRMAN'S RESPONSIBILITIES
I. Responsibilities to the Constituency

A) Know constituency expectations by
. Staying "in touch" with constituency members
. Keeping "in touch" with constituency leaders

B) Represent constituency expectations to board by:
. Presidential selection
. Board members selection
. Formal and informal reminders

C) Symbolize constituency will and ethos by:
. Personal appearance
. Personal Lifestyle
. Public and private persuasion

II. Responsibilities to the Board

A) Keep Board informed of duties by:
. Workshops
. Brief agenda inclusions
. Written Communications

B) Keep board informed on institutional performance and trends by:
. Verbal overviews
. Organized reports

C) Keep board focused on pertinent issues by:
. Appropriate agenda planning
. Refusal to "major in minors"

D) Encourage and foster effective board organization by:
. Effective committee organization (i.e.)
. Governance committee
. Membership committee
. Finance committee
. Physical plant committee
. Student life committee
. Development committee

E) Stimulate camaraderie by:
. Social occasions
. Informal conversation and contacts

F) Stimulate cohesiveness by:
. Executive sessions
G) Ensure proper meeting dynamics by:

1. Working the agenda
. Follow clear policies for structuring agenda
. Sensitize participants regarding agenda
. Review current agenda
. Focus the conversation
. Clarify the issues
. Bring closure to debate
. Involve as many persons (groups) as possible
. Protect all members
. List carefully waiting speakers
. Ask body regarding procedures
. Suggest ways to solve dilemmas
. Dispose of present motion before allowing another

2. Implementing the process
. Keep mission focus
. Relate to constitution and bylaws
. Establish rules of order
. Require timely minutes distribution
. Demonstrate quiet authority
. Demonstrate servant mentality
. Review previous minutes
. Consult other officers
. Arrange physical facilities for best dynamics
. Make notes on agenda sheet (retain sheet)
. Keep your cool
. No minutes—no meeting!

III Responsibilities to Chief Executive
A) Give attention to "care and feeding" by:
. Assuring job security
. Verbal encouragement
. Written encouragement
. Special attentions

B) Establish authority by:
. Giving clear expressions of confidence
. Refusing to "upstage" chief executive

C) Reinforce credibility by:
. Evaluations
. Advertising successes.

D) Inform regarding board and constituency concerns by:
. Open communication

E) Counsel on tough campus issues by:
. Confidential communication

F) Advise on performance by:
. Personal communication

G) Deflect pressure and blame by:
. Making the board and the chairman—not the chief executive-responsible (when possible and appropriate).

H) Convince the chief executive that the board is not just another constituency by:
. Establishing partnership
. Sharing critical letters, etc.

IV. Responsibilities of Campus
A) Be a "non-threatening" presence by:
. Liberal use of various segments of campus (i.e. staff, faculty, students, alumni) on board committees.
. Using the committee system for problem solving
. Knowing the bylaws and policies
. Knowing the general trends in higher education
. Knowing the organizational structure of the institution
. Making the board responsible – "nothing personal"

APPENDIX 2

UNIVERSITY BOARD SELF-EVALUATION SAMPLE

INSTRUCTIONS

Rate the following statements in relation to the university and its governing board/council. Rank each answer from 5 (strongly agree) to 1 (strongly disagree). Some responses require a yes or no answer.

I. INSTITUTIONAL MISSION AND EDUCATIONAL POLICY

1. I am familiar with the written and officially adopted statement of the institution's mission of purpose.
       Yes   No

2. This statement is sufficiently clear and useful to serve as a guide to the board, administration, and faculty.
       5   4   3   2   1   0

3. The board periodically views its statement of purpose and educational goal, and examine the policies which implement them.
       5   4   3   2   1   0

4. The board assumes a role in helping to determine whether educational Programs are viable and consistent with the institution's mission.
       5   4   3   2   1   0

5. The institution lives up to its stated mission.
       5   4   3   2   1   0

II. INSTITUTIONAL PLANNING

6. The board requires, participates in, reviews, and/or approves comprehensive institutional planning regarding:
   a.   Enrollment
       5   4   3   2   1   0

   b.   Staffing
       5   4   3   2   1   0

   c.   Physical facilities
       5   4   3   2   1   0

   d.   Availability of resources
       5   4   3   2   1   0

   e.   Educational programs
       5   4   3   2   1   0

7. The board is adequately involved in reviewing and, if advisable, revising the institution and plan at regular intervals.

    5   4   3   2   1   0

8. The faculty is adequately involved in institutional planning.

    5   4   3   2   1   0

III. PHYSICAL PLANT

9. The master plan for the physical campus includes both present and anticipated needs.

    5   4   3   2   1   0

10. The board has received adequate information on physical plant utilization- classroom, laboratory, dormitory, office, and other building spaces

    5   4   3   2   1   0

11. Present spaces are being used effectively and instructional areas are scheduled for optimum utilization.

    5   4   3   2   1   0

12. Maintenance programs are adequate and they are not being deferred unreasonably.

    5   4   3   2   1   0

13. The board makes decisions on details relating to buildings and grounds that really should be delegated to the administrative staff.

    5   4   3   2   1   0

IV. FISCAL MANAGEMENT

14. The board accepts fully its responsibility for prudent fiscal management.

    5   4   3   2   1   0

15. The board carries out its responsibility for overseeing fiscal resources particularly in the preparation and monitoring of an annual operating budget.

    5   4   3   2   1   0

16. All board members receive financial reports:

a.   In a form that is intelligible and useful

    5   4   3   2   1   0

b.   Often enough

    5   4   3   2   1   0

17. The board has within its membership persons with special expertise who give their advice in the following areas:
 a. Long-range fiscal planning
  5   4   3   2   1   0

 b. Investment practices
  5   4   3   2   1   0

 c. Fiscal management
  5   4   3   2   1   0

 d. Budget review
  5   4   3   2   1   0

 e. Analysis of reports and recommendations
  5   4   3   2   1   0

V. FINANCIAL SUPPORT

18. The development program is well-organized into a continuing and coordinated effort of the board, the president, and , and the chief development officer.
  5   4   3   2   1   0

19. The institution's fund-raising efforts are consistent with the stated mission and goals developed by the governing board.
  5   4   3   2   1   0

20. There is an adequate financial commitment on the part of individual board members to:
 a. Give personally
  5   4   3   2   1   0

 b. Influence other persons or organizations to give
  5   4   3   2   1   0

21. The board receives periodic funds-raising reports that include aggregate trustee giving as a separate category.
  5   4   3   2   1   0

22. The board has established appropriate policies and guidelines for the various types of fund-raising activities (i.e., annual fund, capital campaign, planned giving).
  5   4   3   2   1

VI. BOARD MEMBERSHIP

23. The board now contains a sufficient range of expertise, attitudes, and external relationships to make it an effective board.
  5   4   3   2   1   0

24. The board properly orients new members to their institution and to their duties and responsibilities.

    5   4   3   2   1   0

25. The board should alter its policies and practices with respect to:

  a.   Size

       5   4   3   2   1   0

  b.   Length of term

       5   4   3   2   1   0

  c.   Age composition

       5   4   3   2   1   0

  d.   Sex composition

       5   4   3   2   1   0

  e.   Minority composition

       5   4   3   2   1   0

  f.   Geographical composition

       5   4   3   2   1   0

  g.   Persons with education experience

       5   4   3   2   1   0

  h.   Persons with education experience

       5   4   3   2   1   0

  i.   Requiring a minimum attendance record

       5   4   3   2   1   0

VII. BOARD ORGANIZATION

26. The board adequately reviews its organization, committee practices, and by laws.

    5   4   3   2   1   0

27. Meeting agendas:

  a. Put before you issues of policy for the board's consideration

      5   4   3   2   1   0

  b. Include appropriate supporting information in the right amount

      5   4   3   2   1   0

  c. Reach you sufficiently in advance of the meeting

      5   4   3   2   1   0

28. The number and duration of board meetings are sufficient to properly take care of the institution's business.

    5   4   3   2   1   0

29. Board meetings are effectively conducted and reasonable stimulating.
    5   4   3   2   1   0

30. The present committee structure:
    a.   Handles the board's work efficiently.
         5   4   3   2   1   0

    b. Gives the full board the opportunity to consider all matters of key importance.
       5   4   3   2   1   0

    c. Allows constituencies to be heard before recommendations are formed.
       5   4   3   2   1   0

VIII. BOARD/CHIEF EXECUTIVE RELATIONS

31. There is a climate of mutual trust and support between the board and chief executive.
    5   4   3   2   1   0

32. The board or some of its members counsel with the chief executive to provide guidelines or strengthen certain areas of performance.
    5   4   3   2   1   0

33. The board has delegated to the chief executive the authority he/she needs to administer the institution successfully.
    5   4   3   2   1   0

34. The chief executive's function and the board's expectations of him/her are clearly defined.
    5   4   3   2   1   0

35. There is a clear understanding of the respective responsibilities between the chief executive and the board concerning their fund-raising roles.
    5   4   3   2   1   0

36. The board or a board committee adequately assess the chief executive's performance in some systematic way.

IX. BOARD/FACULTY RELATIONS

37. The board has effective means of two-way communication with the faculty.
    5   4   3   2   1   0

38. The board, through the chief executive, seeks the advice and recommendations of faculty leaders in formulating basic educational policies.
    5   4   3   2   1   0

39. The board exercises authority over:
   a. More aspects of educational affairs than it needs to
      5   4   3   2   1   0

   b. Fewer aspects of educational affairs that it should
      5   4   3   2   1   0

   c. Neither, Its participating in educational affairs is about right.

40. The board delegates to the chief executive and faculty full responsibility for implementing educational policies.
      5   4   3   2   1   0
41. The board has adopted adequate policies concerning:
   a. Grievance procedures
      5   4   3   2   1   0

   b. Process for selection, promotion, retention, tenure
      5   4   3   2   1   0

X. BOARD/STUDENT RELATIONS

42. The board has a satisfactory means for continuing two-way communication with students.
      5   4   3   2   1   0

43. The board has approved policies that make adequate provision for the students' health, welfare, and non-curricular (cultural, educational, recreational) activities.
      5   4   3   2   1   0

44. The board has set adequate policies for student appeal of perceived injustices (academic or other).
      5   4   3   2   1   0

45. Students and student organizations are free to examine and discuss questions or issues of interest to them to express opinions publicly, so long as it is made clear that they speak only for themselves.
      5   4   3   2   1   0

APPENDIX 3

COMMUNICATING FINANCIAL MATTERS
Expectations of the School Business Officer
By DAVE C. LAWRENCE

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When people are asked what a School business offer does, they probably think of accounting, budgeting, cash flow, facilities, risk management, and payroll. However, at the heart of his or her work is the responsibility of balancing the core business of instruction with the fiscal operation of the school. Because he or she serves many publics (students, teachers, parents, administrators, boards, local businesses, colleagues, and regulatory agencies), it is not surprising that the school business officer often shoulders a heavy load of expectations. To be an effective team member, the school business officer must be acutely aware of the expectations of the office and skilfully craft his or her responses to the different audiences served.

The business officer is responsible for every aspect of the school's fiscal operations: developing the budget, monitoring cash flow, and reporting about the school's financial situation to administrators and the school board. These responsibilities must be effectively accomplished while adhering to high ethical standards. Accountability to the governing board and strict scrutiny by external financial auditors help ensure professional and ethical standards.

The expectation of all, even those who are not quite clear about the role of the school business officer, is that he or she will consistently behave in a principled way.

Financial Reporting:

The most important responsibility of the school business officer is to effectively communicate financial information to the schools constituency. He or she must interpret complex financial information for school administrators and constituents. This is a challenging task in the best of times. In bad times, effective communication is both more difficult and more vital. A bad financial year, for example, often has little to do with poor planning and a lot to do with the lack of effective communication. Those charged with making strategic decisions for the school must be armed with clear, concise, and relevant information about the school's finances.

It is best for the role of school business officer to be performed by trained individuals whose primary focus is the financial administration of the school. In smaller schools, particularly at the K-8 level, the school business officer may be a volunteer from the local church or someone who also serves as principal. Though dedicated, these workers often posses more will than skill. The governing board must be proactive in making sure that the business officer takes advantage of professional development opportunities. The training should extend beyond accounting techniques to effective communication on financial matters.

Financial reporting does not have to be boring or laden with jargon. Simply communicating accurate financial information is not enough. Imagine sitting at a school board meeting hearing the following: "The excess of actual over budgeted expenditure on HVAC consumption for PO2 of FY07-08 compared to FY06-07 is consistent with the projected budget deficit due to cyclical variations in consumption which is known to inflate related costs." This is quite likely an accurate statement. However, it is not effective communication because it is loaded with jargon and gibberish. The average board member simply will not understand what the financial officer is talking about.

This kind of talk causes listeners to lose concentration, day-dream, and drift off on "mental vacations" during the presentation of financial reports. It may even keep them from listening carefully to subsequent presentations. It may also cause board members to make significant decisions without adequate information. In the end, the core mission of the school is compromised, and everyone loses.

Effective Communication Is Good Business:

Increased scrutiny of non-profit financial reporting by regulatory agencies and external financial auditors has added many layers of complexity to financial reports. Schools have not escaped the consequences of highly publicized U.S. scandals that have scared the public accounting profession in recent years. School business officers are being held to new and increasingly stringent standards for reporting their work to constituencies.

Even for small institutions, simple and effective communication is good business. Private and parochial schools must be sensitive to the need for effective communication: Their livelihood comes from precisely articulating a mission that persuades patrons to enrol their students and pay significant amounts of tuition. Donors and volunteers are motivated to get involved and give when the financial story of the school is accessible and clear.

Constituents of private non-profit educational institutions are increasingly demanding to know how their contributions and tuition dollars are being spent. School financial reports can provide insight into the answers to questions they are asking. Here are some questions that a top-rate financial report should seek to answer:

- Is the organization carrying out its mission in a fiscally effective and efficient manner?
- What portion of tuition and contribution dollars is being used directly in mission-focused programs?
- Does the organization have enough assets in reserve to maintain its program if a financial crisis arises?

Supporters of private non-profit schools are perhaps the most important users of the organizations' financial reports. They expect concise, accurate, yet clear financial reports on the fiscal efficiency and effectiveness of the school. The data reported to the school administration and board should be reliable and comparable. A clearly communicated financial report will produce many positive dividends for the organization, including a boost to its bottom line.

What Should Be Communicated in Financial Reports?
There is no ironclad rule about what should be communicated in financial reports, especially for private schools. The expectations of administrators and boards will often dictate their content. The school business officer's awareness of these needs will enhance the effectiveness of his or her communication with the administrators and the school board and will drive the design of the financial report.

A financial statement must clearly communicate the fiscal health of the organization. The school business officer needs to translate the statement into everyday language, keeping in mind the needs of the users. The raw data, no matter how well constructed, will need interpretation to make it accessible to administrators, boards, and donors. The objective is to make the statement user-friendly.

While there is no catechism or edict of financial reporting practices or standards, there are inventories of best practices that have been developed through observation, practice, and consensus. In a vast majority of cases, the question to be answered in deciding on the "how" and "what" of financial reporting is this: What is the condition of the organization's financial health? This can be sub-divided into two categories: efficiency and adequacy.

Efficiency
Getting the most output from the least amount of financial resources. For example, how much is it costing to educate each student? How much does it cost to generate one donated dollar?

Adequacy
The financial resources of a school directly influence the quality of its educational program. The school must possess or be able to obtain adequate financial resources to support its core programs and further its mission.

In order for the communication to be effective, these elements must be reported and discussed in very clear language. Financial statement already has enough numbers for users to contend with. To make them more user-friendly, the business manager can develop a narrative report form to present along with the financial statement.

FINANCIAL STATEMENT NARRATIVES:
The fundamental reason for assessing a school's financial performance is to determine how well it is fulfilling its core mission. Simply reporting cash flow is not sufficient. The raw financial numbers cannot answer this important question. Through his or her presentation of the financial report, the school business officer can provide additional insight into the sources of funding, the cost of educating students, and the school's ability to continue its operations.

A short narrative should highlight what a financial statement does and does not show. A well-written narrative:
· Shows important trends and risks that have shaped the school in the past or are likely to do so in the future.
· Discloses events or uncertainties that might have had an impact on the reported financial information.
· Helps administrators and the board understand the school's financial condition, changes in financial condition and the results of operations.
· Enables users of the financial statements to see the organization through the eyes of those responsible for day-to-day operations and provides a context for the financial statements.
· Clearly and concisely communicates relevant information from the school business office to the school's administration and school board.
· Should rarely ever be more than one page in length.

SAMPLE NARRATIVE – RAGGED MOUNTAIN ACADEMY:
Narratives come in different forms and can be transmitted in various ways. The heterogeneity of schools, including classification, access to financial resources, and size, means that different kinds of financial statement narratives will be beneficial for different types of institutions.

For example, consider the case of Ragged Mountain Academy (RMA), a fictitious L-12 academy that has risen from near bankruptcy to relative solvency in just a few years. The school business officer at RMA has chosen to do a one-page narrative that combines text and numeric highlights (Figure 1). This format is designed to serve the needs of the board as expressed in interviews with the school's administration and board members.

From their perspective, three things are important: bottom-line performance compared to budget, adequacy of financial resources, and the indebtedness of students and constituent churches. An array of historical events at the school has influenced these concerns. The board believes that insight about these three areas will equip them to make wise decisions.

By combining a verbal description and numeric highlights, the report meets the needs of those who are mathematically oriented as well as those who prefer to read text. This narrative is the cover sheet of a four-to five- page financial

report that is handed out to the board. The additional pages are the basic financial statements: balance sheet, income statement, cash flow, and any other statement that might be relevant to the school, e.g. an investment earnings report.

There are three parts to this narrative; each is equally important but reveals a different aspect of the financial health of the school.

i. Summary of Income and Expense:
The income statement (or Statement of Activities and Changes in Net Assets) is to show whether the school was profitable during the period of time covered by the report. The income statement may be for a month, a quarter, year-to-date, or for the entire year. It summarizes this very important report in plain English, free of accounting jargon. Everyone can understand what is meant by "a positive note," for example. The narrative does more than comment on the numbers; it provides context by explaining material variances and by anticipating questions board members may ask. For example, why would the school budget for conference subsidy be only half of the actual subsidy received? The narrative anticipates this question and provides the answers. Or, why are the budget payroll expenses $600,000 over projections? Any irregularities or material variances in the income statement line items should be anticipated and explained in this section.

ii. Summary of Liability and Cash Position
This section reports on the balance sheet (or Statement of Financial Position). A balance sheet is a "snapshot" of the school's financial condition on a given date, typically the end of a semester or fiscal year. Users of the financial report look at this section of the narrative to find out if the school is financially able to meet its obligations. For example, a positive statement would show cash balances that exceed current debts. Where shortfalls are noted, the school business officer should disclose the contributing factors. In much the same way that shortfalls will cause concerns, windfalls should raise questions. For RMA, the cash position at year end was twice as good as the previous year end. The accumulation of cash is generally good but could also mean that vital services were not provided as planned; hence, an explanation of the excess cash is warranted in this narrative section.

iii. Accounts Receivable Aging Report
While the previous two sections of the narrative are really requirements, this section on receivables is optional. Replacement reports might include an enrolment report, fund-raising reports, investment report, or building projects report. The receivables aging report is very important to the RMA board. High levels of receivables mean that amounts billed for tuition and subsidies have not been received by the school. Two primary sources of income are highlighted: students and churches. The school operates on an accrual accounting system. This means that when students and churches are billed for tuition and subsidy respectively, the billed amounts are immediately recognized as income. However, it may take time for payments to come in. The receivables aging report tracks the outstanding balances and indicates how many days it has been since the bills were sent out to students and churches. This information is generally not readily accessible from even the best-prepared financial statements.

In order to enhance comprehension, it may be helpful to show how statements are linked. An income statement alone, for example, is grossly inadequate to reveal the availability of current resources. A school that conducts financial recordkeeping on an accrual basis will report tuition revenue as billed (without regard for collected portions of the billed amounts). In this case, it would be necessary to look at the income statement in conjunction with the balance sheet or a receivables aging report. Alternately, a school might choose to report as income only cash that is received by the treasury. Users of the statements need to know the accounting basis used in order to get a complete picture. It is the duty of the school business officer to help users understand the nuances of statement interpretation and reporting.

Conclusion
Now, more than ever, financial reporting is vital to the existence of organizations, especially private non-profit schools. The business officers in these schools are held to very high expectations in this regard. The school business officer must clearly and concisely communicate school financial information. This can be achieved by combining a narrative with financial statements, and making sure it is written in plain language, free of accounting jargon. The narrative highlights and explains important information in the financial statements that would be inaccessible to the untrained eye. Everyone will benefit from effective communication of financial information, and the school' fiscal position will be enhanced.

Figure 1 (On page 134)
Ragged Mountain Academy Summary of Financial Report, June 30, 2007

SUMMARY OF INCOME AND EXPENSE
The school year 2006-2007 ended on a positive note. The previous year's net loss has been erased, and we have added $55,000 to the bottom line. This was possible despite the fact that we were significantly over budget in all expense areas. Financial assistance from both church and conference is to be credited for the positive conclusion of the fiscal year. Each year, the conference pays more than $600,000 in expenses on behalf of the academy. To make our financial statement accurate, we recorded this activity both as income and expense; hence the increase in subsidy income as well as payroll expense. The non-payroll expense increase of $133,000 is due to summer maintenance projects that were incurred before the end of the fiscal year.

The school's cash position is 78.5 percent higher, compared to the same period last year. This is a reflection of a calendar anomaly that caused July 1 to be a pay-day. Much of the restricted cash is for unfunded payroll salaries, taxes, and other expenses. The calendar anomaly also accounts for the unusually high liabilities when compared to the same period last year. The June 30 cash includes advance payments made on students' accounts for registration fees, comprehensive fees, and summer school. In all, the organization's operating expenses for the year were covered by funds generated during the same year. This translates to the maintenance of a debt-free position and a positive cash flow. Funds reserved for summer payroll and other expenses stand at $380,625, which is adequate. Comparing what we owe to our cash position, we have enough funds to cover all our outstanding bills as of the statement date.

ACCOUNTS RECEIVABLE AGING REPORT

Amounts owed by current students represent less than 1 percent of total tuition billed for the fiscal year. It is also 32 percent lower than the same period last year. Amounts owed by past students increased somewhat and have already been placed into Phase II collection mode. We continue to be impressed by the participation of our constituent churches, which have kept up with their account balances and in some cases have increased their subsidies. The new church subsidy plan is obviously working, and we are grateful for our partnership in preparing young people for the kingdom of heaven.

Income	Budget	Actual
Tuition & other income	$ 2,791,905	$ 2,979,261
Church subsidy	292,686	310,532
Conference subsidy	628,558	1,265,885
Expenses	**Budget**	**Actual**
Tuition & other income	$ 2,791,905	$ 2,979,261
Church subsidy	292,686	310,532
Liabilities	**2006/2007**	**2005/2006**
Student Credit	$ 34,101	$ 14,647
Due to conference office	16,483	8,196
Unpaid payroll exp.	109,457	96,925
Due to clubs/orgs	58,194	40,913
Due to vendors	71,416	76,492
Other misc. bills	52,601	28,069
	$ 342,252	$ 265,242
Cash	**2006/2007**	**2005/2006**
Operating cash	$ 174,075	$56,495
Agency funds	58,194	40,913
Summer reverses	380,625	161,717
Resticted cash	432,155	326,251
	$ 1,045,049	$ 585,376

Figure 1
Source: Fictitious data, for illustration purposes only

APPENDIX 4

THE CHALLENGING WORLD OF A BOARD CHAIR
By Tom Mostert

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For nearly 30 years, I chaired K-16 educational boards. For the 21 years before I recently retired, I chaired two university boards and served on two others. Each institution is unique, as are their boards. Here are my thoughts on what we should expect from board chairs in this challenging time for Adventist education:

A Board chair must continuously interact with five diverse groups:
- The constituents, who have distinct and varied ideas about the way to run it and how it should relate to a multitude of issues. If not satisfied, they withdraw their financial support or vote you out of office at the next constituency meeting.
- Parents and students, who have their own agenda. If it is not met, they vote with their feet. Since enrolment is everything, this group has tremendous clout in what direction the school takes
- Faculty who are paid to think, explore, challenge, and debate. If they are restless or upset, nothing on campus will go well. Yet every day on campus, someone is going to say or do something with the potential to create controversy.
- School administration, led y the president, who are constantly under even more pressure than the chair. They must decide what needs attention now or can wait until later, what can be decided internally, and what needs board approval.
- In addition to listening to and interacting with the four groups listed above, the governing board is charged with responsibility of decision making. Leading out in that process is the chair, who may or may not have experience in this unique role. (It is unfortunate that there is not more training available in this area.) Since all these publics have varying ideas, forcefully held, the chair will constantly receive conflicting advice, demands, and complaints.

Here are my seven suggestions on how he or she can function most effectively:

First, accept that it is impossible to please all the different groups, and expect to be criticized for whatever direction you lead or don't lead. Try not to take it personally. But at the same time, counsel with these groups widely and often so you are not alone in your thinking or actions.

Second, provide leadership in goal-setting for the institution, holding campus leaders responsible for performance and resolving problems. Nothing is more frustrating than a chair so political that he won't take a stand or express an opinion. All of your publics need to know where you stand and why. Without leaders at every level who are willing to stand up-and speak up-for what they believe, institutions drift. Consult often with the president/principal to be sure you agree on the direction the school should take.

Third, make sure the board understands the issues so they can make intelligent decisions. At the same time, they need to avoid micro-management of the day-to-day affairs of the school and must not inject themselves into student, faculty, and administration relationships. It is up to the board, with leadership from the various constituencies, to set the overall direction, and then leave it to the administration, faculty, and staff to make it happen. This is especially difficult for lay members who run their own business or medical practice and are used to being in charge. It can also be difficult for church leaders who are used to the participative governance system of the church rather than the presidential system of educational institutions

Fourth, watch out for board members who want to dominate the discussion and set the school direction according to their own personal ideas. Many times, the wealthy members unconsciously feel they should have more than their own voice or vote. The chair must make sure all members are treated equally and fairly. It goes without saying that he must also be careful not to dominate the discussion. I have found that humor can break up tense confrontations, especially when you remind the group that we all win some, and lose some, in the course of debates.

Fifth, develop a cordial working relationship with the president or principal. Don't micro-manage his or her responsibilities, but give do the president your cell phone number and invite contact at any time 24-7. Personally, I have always asked for and promised two things to maintain a good working relationship with the president: First, we must always be honest with each other and never lie. We must maintain trust. Second, we must keep each other informed about significant events and problems. No one likes surprises. It is much easier to be supportive if both know the facts before a major crisis breaks.

Sixth, pray before and during every board meeting that God will give you personal peace and inner calm. Few things are worse than the chair losing composure during a board meeting. If things get too heated, take a break so people can move around and calm down.

Seventh, and most important of all, have a clear idea of what God wants for this institution. After all, it is His. We operate it to accomplish His mission. Constantly bring the board back to the big issues, and make sure all decisions are in harmony with the principles of heaven. As a chair, spend quality time learning and expanding your understanding of mission. It is amazing how often this key point gets lost in the midst of "urgent" matters being discussed.

Here are some concepts I have found helpful to keep in mind when leading a board.
- Because the institution is a church entity, the chair of the board of trustees needs to have a broad knowledge of church objectives, principles, and operating policies, and the ability to interpret them to the board. This is a complex responsibility because not every operating policy can be applied with precise uniformity to every type of activity.
- Educational institutions are an integral part of the conference or union, so they have a shared mission.

- To be an integral part of the church means the institution's first priority is to provide Adventist education to Seventh-day Adventist youth. For a university, that means the top priority is not research or being known as a "premier university," although we need to be the very best we can be. The university does not revolvearound the collective vision and desires of the faculty, administration, or board, but around the mission of the church. Its primary purpose is to educate Adventist youth in an atmosphere that both nurtures and develops faith.
- History has shown that schools established to nurture youth in a spiritual atmosphere while they gain an education have usually come under increasing pressure to admonish this emphasis, focusing instead on learning and research. For this reason, most of these schools have changed their focus and become more interested in   academics than in spiritual life. It will take constant dialogue and energy to maintain our Adventist purpose. There are those on nearly every campus who do not support this focus. They are constantly seeking ways to remove the restraints imposed by a pervasively religious worldview and church involvement.
- When Adventist higher education first began, Ellen White reminded its founders of the need for it to be different: "To give students merely knowledge of books is not the purpose of the institution. Such an education can be obtained at any college in the land" (Christian Education, p. 36).
- The board of trustees is not elected to serve only the faculty and administration. They are to manage all the temporal activities, business, and affairs of the university in accordance with the principles of the Seventh-day Adventist Church.
- One important way we ensure the campus does not stray from its purpose is to employ faculty who share the Adventist worldview. While it may be necessary to temporarily employ some who have not embraced our worldview but are sympathetic to it, they should be replaced as soon as possible by Seventh-day faculty.

The Seventh-day Adventist Christian worldview, while respecting the views of other religious bodies, is totally unique. It involves an understanding of Revelation 14 and 18 that ends up calling other Christians out of their churches. You simply can't subscribe to another worldview and effectively communicate the Adventist message and culture to students.

Preferential hiring is not discriminatory, so long as non-Adventist faculty members and applicants are aware of the limitations. It is absolutely necessary to have fellow believers in charge of maintaining our Adventist identity and thinking. That is why this should be a non-negotiable matter for the board and the constituency.

In my opinion, being a good board chair means knowing what is happening in the various publics that interact with the institution, and clearly understanding the mission of the Seventh-day Adventist Church and its institutions. If the board chair keeps those areas always in mind and seeks divine guidance, God will surely bless his efforts.

APPENDIX 5

TYPES OF INVOLVEMENT OF BOARDS
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The level of involvement of boards influences effectiveness of a board. Boards differ from being too passive to being too indulgent. Successful organizations get their board members involved as much as possible. David Nadler identified five types of boards based on their involvement:
· 	Passive Board
· 	Certifying Board
· 	Engaging Board
· 	Intervening Board
· 	Operating Board

1 Passive board:
A passive board participates least in the affairs of an organization. It only acts on the agenda of the management/president, ratifies management's preferences and thus limits its accountability. This type of board gets to see the performance and concerns of the organization whenever there is a board meeting.

2 Certifying board:
A certifying board stays informed by the management about the major events and current performance of the organization. It ensures that the management is taking the actions that the board expects. It certifies to the constituency or owners that management is performing.

3 Engaging board:
An engaging board goes further and provides insight and advice and supports the management/president on key decisions. It involves though a two-way communication with the president in major operational decisions of the organization.

4 Intervening board:
An intervening board gets intensely involved in making key day to day decisions I a bid to guide the management. It holds substantiate discussions and meetings with the management/president and plays a significant role in management of the affairs of an organization

5 Operating board:
An operating board gets deeply involved with the management /president and takes most of the decisions and management implementations the decisions. At this level, the board's level of participation is highest.

It may seem that least involving boards are bad and highly involving boards are good. Thriving organizations get their board members involved to the right degree. For example, a newly established organization will need an operating board and a thriving organization a certifying board. In other words the type of board should be matched with the life cycle phase and performance of the organization.