



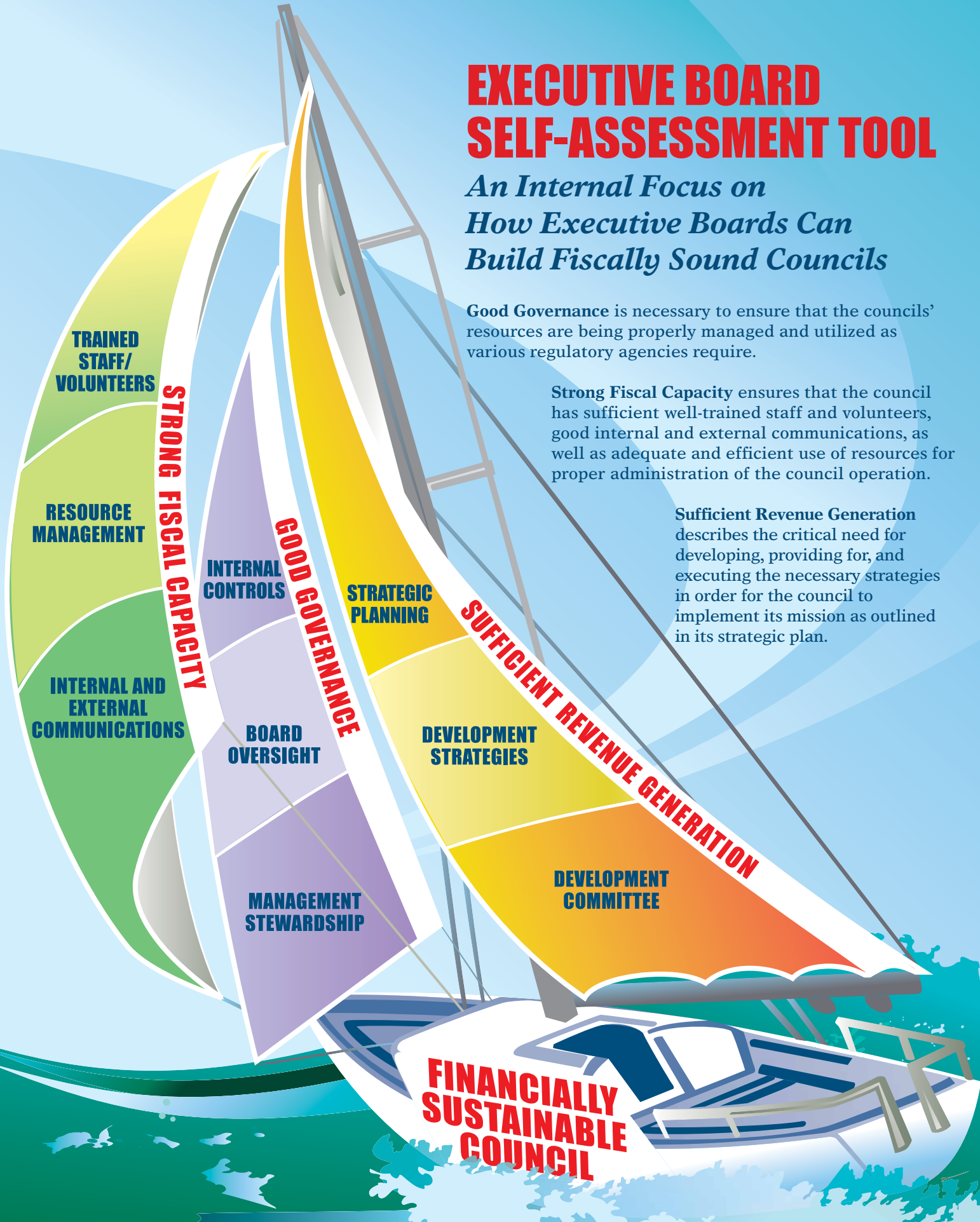
# EXECUTIVE BOARD SELF-ASSESSMENT TOOL

## *An Internal Focus on How Executive Boards Can Build Fiscally Sound Councils*

**Good Governance** is necessary to ensure that the councils' resources are being properly managed and utilized as various regulatory agencies require.

**Strong Fiscal Capacity** ensures that the council has sufficient well-trained staff and volunteers, good internal and external communications, as well as adequate and efficient use of resources for proper administration of the council operation.

**Sufficient Revenue Generation** describes the critical need for developing, providing for, and executing the necessary strategies in order for the council to implement its mission as outlined in its strategic plan.





**FINANCIALLY SUSTAINABLE COUNCIL ASSESSMENT\***

**I. Good Governance**

	Done 4	Almost There 3	Some Evidence 2	Little Evidence 1
1. The board takes the leadership role in fundraising and financial management utilizing an active treasurer, finance committee, audit committee with independent representation, and fundraising committee.				
2. Appropriate employees, board members, and volunteers who handle cash and investments are bonded to help assure the safeguarding of assets.				
3. The board is doing a good job of ensuring that the council is fulfilling its regulatory and financial requirements.				
4. The board and/or executive committee reviews monthly general ledger generated reports including Statement of Financial Position, Standard Statement of Operations, Statement of Activities & Changes in Net Assets, and the Statement of Cash Flows.				
5. The board and/or executive committee compares actual revenues and expenditures to budgeted revenues and expenditures on a monthly basis.				
6. Adjustments to the budget during the year are made based, if needed, on actual or anticipated changes and approved by the board.				
7. The treasurer reports regularly the council's liquidity ratio and the number of days of cash on hand.				
8. There is a board policy on cash operating reserves that includes the appropriate uses of the reserve, and who should authorize its depletion beyond the minimum.				
9. The council follows generally accepted accounting practices, the Local Council Accounting Manual and fulfills Internal Revenue Service requirements including filing the IRS Form 990 on time.				
10. The board annually reviews and approves the council's internal controls and office procedures policies, including the BSA Fiscal Management Procedures for Stewardship. Controls are tested annually.				
11. The council periodically forecasts year-end revenues and expenses to assist the board in making sound management decisions.				
12. The board of directors reviews assets and liabilities monthly to determine if the council has enough liquidity. Negative assets and liabilities in all funds are reviewed and strategies for improvement are in place.				
13. The council's Fund 1 assets exceed liabilities. The ratio of assets over liabilities is increasing over time.				
14. The council's unrestricted net assets in Fund 1 are positive and growing annually.				
15. The audit committee verifies the council's audit ties out with the financial statements being audited. All net asset accounts and operating increase/decrease should be the same between the two documents.				
16. The council closes its fiscal month by the fifth business day.				
17. Board members receive financial statements prior to meetings requiring their approval.				
18. The council has a policy identifying authorized check signers and the number of signatures required on checks in excess of specified dollar amounts.				
19. A purchase order system is utilized consistently ensuring all expenses of the council are approved by a designated person before payment is made.				
20. The council has written approved policies on gift acceptance, gift recognition, investment strategies, and spending.				

\*Adapted from material provided by the Learning Institute for Nonprofit Councils

## I. Good Governance continued

	Done 4	Almost There 3	Some Evidence 2	Little Evidence 1
21. The statement of financial position is reviewed monthly by the treasurer for accuracy and proper accounting. The statements show no negative numbers in the cash accounts.				
22. The council has an independent audit committee, responsible for soliciting bids, interviewing, and hiring an auditor for the council at least every five years.				
23. By June 1, the board of directors reviews and approves the audit report, management letter, and management's written response and, with staff input, recommends any necessary changes.				
24. The audit and council annual report, which includes financial statements, is made available to board members, donors, and other interested parties.				
25. In compliance with Sarbanes-Oxley, the council has an approved "whistle-blower" policy, appropriate records are retained and archived, and management understands and can articulate the council's financial statements.				
<b>Total Score for Good Governance</b>				

## II. Sufficient Revenue Generation

	Done 4	Almost There 3	Some Evidence 2	Little Evidence 1
1. Through Friends of Scouting, 100 percent of board members have made a strong individual financial commitment to the council.				
2. Using the BSA planned budgeting system, the board prepares and approves the budget (based on a recommendation from the appropriate staff and committees) which allocates funds to the major priorities identified in the current strategic plan. The annual budget includes a surplus to address cash flow needs and contingencies, usually 3-5 percent of expenses.				
3. A financial plan has been developed to ensure financial stability for three to five years and complements the council's current strategic plan. The plan addresses cash flow, debt reduction if applicable, operating fund surpluses, cash reserves, capital needs, and endowment growth.				
4. The council has an established goal for the size of its endowment for the end of each of the next five years.				
5. The council has sufficient well-trained staff and volunteers able to give leadership in implementing the financial plan.				
6. The council has a strategic plan that calls for sustainable operations, assesses new markets, and includes the establishment of an endowment and cash reserves for capital needs, operating, and capacity building.				
7. The council gets at least 5 percent or its total operating income from earnings on its endowment.				
8. The council has diversified funding streams with no single source of revenue exceeding 25 percent of total revenue.				
9. The council has established goals for program development that define how much income is needed from new sources over the next five to 10 years.				
10. The council annually reviews council financial performance compared to similar size councils. Opportunities for revenue growth and expense management are outcomes of this analysis.				
11. The council analyzes the demographics of their funding support. The analysis addresses diversity of donors, changes in the "market place," and strategies for donor acquisition and retention.				

## II. Sufficient Revenue Generation continued

	Done 4	Almost There 3	Some Evidence 2	Little Evidence 1
12. The council periodically reviews its written strategic plan. Short- and long-term funding goals are defined in a three- to five-year plan.				
13. The council uses a finance steering committee at the district and council levels, charged with developing, evaluating, and monitoring fundraising development. Volunteer needs are identified and the committee assists with recruitment.				
14. The board has established active fundraising committees addressing operating, capital, and endowment needs as part of the total fundraising process.				
15. Board members, staff, and volunteers are provided orientation to concepts and fundraising techniques for upgrading gifts, and solicitation techniques.				
16. The council's fundraising campaigns are reviewed annually for effectiveness and efficiency.				
17. The council has strategies in place to move towards donor-centered and mission-focused fundraising.				
18. The council does research and evaluation of all donors and maintains records of past giving that will assist with the cultivation and development of donors.				
19. Funds are raised in an ethical manner through events and campaigns that are consistent with the mission of the council. A fundraising code of ethics has been adopted.				
20. The council's annual operating budget includes funding for replacing asset depreciation value.				
21. The council regularly reviews department performance such as camping, activities, and the Scout store, ensuring that budget targets are being met, direct and indirect costs are appropriately being recorded, and strategies are in place to improve net impact on the overall council's budget.				
22. Capital budgets for individual projects are proposed and approved by the board.				
23. An ongoing capital fundraising process is in place between any formal capital campaigns.				
24. The council has an engaged planned giving committee as demonstrated by an increase in annual gift to the endowment fund.				
25. All board members are encouraged to be members of the council's Heritage Society.				
<b>Total Score for Sufficient Revenue Generation</b>				

## III. Strong Fiscal Capacity

	Done 4	Almost There 3	Some Evidence 2	Little Evidence 1
1. The council had more revenue than expenses in at least four of the past five years.				
2. Unrestricted net assets in the operating fund have consistently increased during the same five-year period.				
3. The council total unrestricted net assets in all three funds (minus land, buildings, and equipment) are sufficient enough to cover four months of operating expenses.				
4. The council's liquidity ratio exceeds 1.33 monthly.				
5. The council's operating fund is able to meet its annual operating expenses through sustainable revenue generation and not dependent on unsustainable and non-budgeted sources including one-time bequests, transfers from the endowment fund exceeding spending policies, and asset liquidation such as timber cuts or property sales.				

### III. Strong Fiscal Capacity continued

	Done 4	Almost There 3	Some Evidence 2	Little Evidence 1
6. The Scout executive regularly meets with appropriate staff to discuss the council's financial status and progress towards goals.				
7. If the board agrees it is necessary for cash flow purposes, the council may obtain an approved line of credit with its financial institution.				
8. The council's debt is manageable with short-term borrowing, such as line of credit, paid off in a timely manner (less than nine months), and long-term debt, if any, is monitored and reduced over time.				
9. The board reviews the status of all debt every six months to determine what, if any strategies are needed for debt reduction.				
10. There are written guidelines on who can authorize debt including inter-fund loans, lines of credit, and use of assets from another fund such as cash in a shared checking or savings account.				
11. The council investment advisory committee evaluates regularly the services that are provided by its financial institution.				
12. There is a five-year capital expenditure plan that is updated annually.				
13. The council has an effective technology plan which includes strategies for investing in current hardware and software, regular maintenance of hardware, approved access to data, and required protection of data from unauthorized access.				
14. The fundraising program is staffed and funded at a level consistent with the funding expectations.				
15. Marketing/communication efforts clearly communicate the council's mission and funding needs. There are direct communications and relationships between information services or marketing with the funding needs of the council.				
16. Budgets and resource needs are shared with and understood by board members, staff, and volunteers. Their roles in fundraising are clearly communicated and understood.				
17. The council has an ongoing training program for staff and board members that address how to read, interpret, and use the council's financial statements.				
18. The council regularly recognizes its donors with timely communications including any required contribution acknowledgements.				
19. The council is accountable to its donors and key constituencies and demonstrates stewardship through timely annual reports and program impact communications.				
20. The council utilizes donor surveys to learn more about their donors.				
21. The council has an engaged finance committee in place, receiving the appropriate information by management, in order to make sound financial recommendations and decisions.				
22. The council monitors unit costs of programs and services through the documentation of staff time and direct expenses and use of a process for allocation of management, program, and fundraising expenses.				
23. The council utilizes the project code functions of the general ledger of software for tracking income and expenses by department. Project Management reports are regularly distributed to appropriate committees for budget development and budget management.				
24. The council has established a plan identifying actions to take in the event of a reduction or loss in funding.				
25. The council has suitable insurance coverage which is periodically reviewed to ensure the appropriate levels and types of coverage are in place.				
<b>Total Score for Strong Fiscal Capacity</b>				
<b>Total Score for Self-Assessment</b> (Add scores together for each of the three categories in the self-assessment)				

**FINANCIALLY SUSTAINABLE COUNCIL ACTION PLAN**

**Council Name:** \_\_\_\_\_ **Date of Review:** \_\_\_\_\_

**Current Score** \_\_\_\_\_ **Previous Score** \_\_\_\_\_ **Date** \_\_\_\_\_

**Key 3 Signatures:**

**Scout Executive:** \_\_\_\_\_ **President:** \_\_\_\_\_ **Commissioner:** \_\_\_\_\_

To Be Accomplished	GOOD GOVERNANCE	REVENUE GENERATION	FISCAL CAPACITY
In the Next 90 Days	1.	1.	1.
	2.	2.	2.
	3.	3.	3.
	4.	4.	4.
	5.	5.	5.
In the Next 180 Days	6.	6.	6.
	7.	7.	7.
	8.	8.	8.
	9.	9.	9.
	10.	10.	10.
In the Next 365 Days	11.	11.	11.
	12.	12.	12.
	13.	13.	13.
	14.	14.	14.
	15.	15.	15.

**NOTE:** Submit your council's action plan to the Finance Impact Department and receive periodic "best methods" on becoming a "Financially Sustainable Council."