

Module 7: Good Governance

Video time allowed

3:32 minutes

Facilitator

Council president or other key council officer with assistance from the Scout executive

Learning objectives

This module

- Introduces the concept of good governance—re-emphasizing that they all are responsible for ensuring the council’s resources are being managed well and used in compliance with regulatory agency requirements.
- Explains the audit process, the importance of internal controls, and the characteristics of a financially healthy council.

After completing this module, board members should

- Understand the role of the treasurer and their own individual role in the financial governance of the council.
- Understand the roles of the fund development committee and audit committee.
- Have a working knowledge of the indicators of a financially healthy council.
- Gain a better understanding of when to ask questions by going through some interactive, real-life scenarios with the facilitator.

Materials needed

- Laptop, projector, and screen
- Council executive board handouts or binders—one for each participant—that can be printed in advance locally from the [online appendix](#)
- Whiteboard, flip chart, or overhead projector to facilitate discussion and presentation
- Handout Fiduciary Responsibility of the Executive Board, No. 531-308 (from the [online appendix](#)).

Introduction of Module 7

- Instead of following the typical module-question slide-review format, this module includes a more in-depth interactive portion after the module, which the Scout executive will facilitate.
 - The goal is to get a lively conversation going during the interactive session. The “right” answer is not readily apparent.
 - Your participants will enjoy the challenge of determining the correct response and the discussion that follows.
 - Explain to board members that they are all responsible for overseeing the council’s finances.
 - Take a look at some of the committees and internal controls that aid in governance and explore the “what ifs” in scenarios that follow.
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Show [Module 7](#).

Any questions?

- Ask if there are any questions and address them.
- Reference the Fiduciary Responsibility of the Executive Board handout.

(Estimated discussion time will vary, based on the board level of experience and participation.)

Good Governance: Scenario One

What would you do in this situation? Read the following question to the group, then read all choices.

At your board meeting, the treasurer announces that your operating fund has an excess of \$100,000. Do you:

- A. Use the funds to upgrade your camp.
- B. Ask where the money came from.
- C. Put the money in the endowment fund.
- D. Congratulate the treasurer and move on to the next action item.

Get a show of hands from your participants as to who thinks the right answer is A, then B, then C, then D. Then say, “Let’s find out.”

Option A: Use the extra money to upgrade your camp.

“Sorry, try again.”

- This is an incorrect answer because you don’t know where the money came from or how it was designated.
- If the funds are designated for a specific area, they have to be used in that area—even if you have other areas with a greater need.

- If the funds weren't designated, you would be able to use them for your camp.
- But the right thing to do is find out where the funds came from first.

Option B: Ask where the money came from.

"You are correct!"

- You're right. The first thing to do is find out where the money came from.
- If it's designated, it has to be used for that purpose—or may be designated for an expenditure that's coming later in the year.
- If it's not designated, then it can be used as the board and Scout executive decide to support the local council.

Option C: Put the money in the endowment fund.

"No. Better yet, ask where the money came from."

- Again, you first have to identify where the funds came from and how they were designated before you make decisions about where to put it or spend it.

Option D: Congratulate the treasurer and move on to the next action item.

"No. A council using good governance procedures would ask where the money came from."

- A well-written financial plan will have determined where excess funds should be allocated.
- We are sorry to say, this scenario has really happened.
- It is important your board exercises governance in your council.

Good Governance: Scenario Two

What would you do in this situation? Read the following question to the group, then read all choices.

Your council audit is two months late, but your Scout executive explains that as long as you get it in by year-end, it's no problem. Do you:

- Relax and move on to the next topic.
- Insist on finding out why the audit hasn't taken place and make sure there's an action item to get this done before the meeting ends.
- Fire your council's auditor and use the one your company uses instead.
- Thank your lucky stars that you're not on the audit committee.

Get a show of hands from your participants as to who thinks the right answer is A, then B, then C, then D. Then say, "Let's find out."

Option A: Relax and move on to the next topic.

“Incorrect. The board is accountable for insuring good governance.”

- Your council’s annual audit has to be completed and submitted to the national office of the Boy Scouts of America by June 1 of every year—no exceptions.
- Other key community funders might request a copy of the council’s audit along with the completed IRS 990s.
- It could even be from a local United Way or community foundation.

Option B: Insist on finding out why the audit hasn’t taken place and make sure there’s an action item to get this done before the meeting ends.

“You’re absolutely correct!”

- You’re right. Good governance means questioning, probing, and making sure that the audit is completed.

Option C: Fire your council’s auditor and use your company’s instead.

“No. This does not solve the problem.”

- Chances are, if your audit isn’t done, it’s because your auditor hasn’t received the information needed.
- A better approach would be to find out what the problems are and get things back on track.

Option D: Be glad you’re not on the audit committee.

“No. Everyone on the council executive board is responsible for good governance.”

- Re-emphasize what makes good governance.
- Board oversight is the key to a financially sustainable council.
- You play a key role in ensuring that your council’s resources are being used properly and your council is financially stable.