

Board Governance



Nonprofit boards must adopt core governance policies to ensure legal compliance, ethical conduct, and financial accountability. Essential policies include a **Conflict of Interest Policy**, **Whistleblower Policy**, and **Document Retention/Destruction Policy**. Other critical policies include executive compensation, gift acceptance, and financial internal controls. *IRS Form 990 asks if a nonprofit has adopted these documents.

Essential Governance & Ethical Policies

- **Conflict of Interest Policy:** Required by the IRS, this defines conflicts, mandates annual disclosure, and ensures interested parties abstain from voting.
 - National Council of Nonprofits: [Conflicts of Interest](#)
- **Whistleblower Policy:** Protects employees and board members from retaliation when reporting illegal or unethical behavior. *Included provision in [Sarbanes-Oxley Act 2002](#).
 - National Council of Nonprofits: [Whistleblower](#)
- **Document Retention and Destruction Policy:** Outlines how long to keep records (tax, financial, personnel) and how to securely destroy them. *Included provision in [Sarbanes-Oxley Act 2002](#).
 - National Council of Nonprofits: [Document Retention](#)
 - [Arkansas Considerations](#)
- **Code of Ethics/Conduct:** Sets standards for integrity and behavior for board members and staff.
 - National Council of Nonprofits: [Code of Ethics](#)

Financial & Risk Management Policies

- **Executive Compensation Policy:** Ensures the board sets compensation for the CEO/Executive Director that is reasonable and documented.
 - National Council of Nonprofits: [Executive Compensation](#)
- **Gift Acceptance Policy:** Guides what types of donations (cash, in-kind, real estate) the nonprofit will accept and under what conditions.
 - National Council of Nonprofits: [Gift Acceptance](#)
- **Joint ventures:** If the organization has participated in a joint venture, the IRS Form 990 asks whether the nonprofit took steps to avoid prohibited private benefit. (Part VI, Section B, line 16)
 - [Sample Joint Venture](#)
- **Investment Policy:** Defines how the organization manages, invests, and risks its assets.
 - National Council of Nonprofits: [Investment Policies](#)
- **Travel and Expense Reimbursement Policy:** Sets rules for legitimate business expenses.
 - Cook & Company: [Best Practices](#)
- **Nonprofit Financial Commons:** [Example Financial Policy](#)

Operational & Human Resources Policies

- **Anti-Harassment and Anti-Discrimination Policy:** Prohibits illegal workplace behavior.
 - US Equal Employment Opportunity Commission: [General Non-Discrimination Policy Tips](#)
- **Data Privacy/Donor Confidentiality Policy:** Governs the protection of donor and client information.
 - A donor privacy policy should include what types of information the nonprofit is gathering, how the information is used, if the information is shared with others and, if so, under what terms, as well as providing donors with a way to opt-out of certain aspects of a nonprofit's use of donor data. [Provident Law](#)
- **Emergency Succession Plan:** Ensures leadership continuity if the Executive Director leaves unexpectedly.
 - National Council of Nonprofits: [10 Tips for Leadership Transition](#)
 - Charity Search Group: [Succession Planning Checklist](#)
 - Blue Avocado: [Emergency Succession](#)

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Best Practices for Boards

- **Annual Review:** Policies should be reviewed annually to ensure they remain relevant and compliant.
- **Signature Requirement:** All board members and senior staff should sign the Conflict of Interest policy annually.
- **Customization:** Policies should be tailored to the specific size, mission, and risk level of the nonprofit.

Other Resources:

BoardEffect – [Nonprofit Policies and Procedures](#)

OK Center for Nonprofits: [Disaster Planning](#)

BoardSource: [Resources for Nonprofit Boards](#)

Document Retention Policy in Arkansas



Nonprofits in Arkansas should maintain a document retention policy that adheres to federal tax laws and state-specific regulations, generally keeping financial records for at least three to seven years and vital records permanently. Core documents like tax returns, board minutes, and audit reports should be kept permanently, while employment records should be retained for at least four years after termination.

Key Retention Periods (General Guidelines):

- **Permanent:** Audit reports, tax returns/exemption applications, board minutes, legal correspondence, and property/deeds.
- **7 Years:** Accounts payable/receivable ledgers, expense reports, and tax withholding statements.
- **3–4 Years:** Payroll records, bank reconciliations, and general correspondence.
- **Employee Files:** 7 years after termination.
- **Grant Records:** At least three years from the submission of the final expenditure report.

Arkansas-Specific Considerations:

- **Audit/Public Records:** Records may not be destroyed until audited and permission is granted by the Division of Legislative Audit if public funds are involved.
- **Digital Storage:** Electronic storage is permissible, provided the records are legible and securely stored.
- **Asset Records:** Retain for as long as the organization owns the asset, plus three years after disposal.

Disclaimer: This information is for educational purposes based on search results and does not constitute legal advice. Consult with a qualified professional regarding specific legal obligations.