



Fiduciary

Responsibility

noun A trustee.

adjective Involving trust, especially with regard to the relationship between a trustee and a beneficiary.

Fiduciary duty requires board members to stay objective, unselfish, responsible, honest, trustworthy and efficient. As stewards of public trust, they must always act for the good of the organization, rather than for their own benefits. They need to exercise reasonable care in all decision making, without placing the organization under unnecessary risk. (Board Source)

Legally speaking, the board must work to ensure long-term financial stability, monitor the use of funds, and ensure that controls are in place to protect the organization against error and fraud. They should discuss the organization's financial information to ensure financial accountability.

Fiduciary Responsibilities of a Sertoma Club Board:

- Setting the annual budget
- Approving payroll/compensation for any paid staff/volunteers
- Verifying proper accounting and reporting practices
- Fulfilling federal & state investment requirements (Prudent Man Rule)
- Handling of funds (physical and virtual)

What is the Penalty of Failing in a Fiduciary Capacity?

The IRS can hold board members personally liable with Intermediate Sanction penalties for allowing excess private benefit to occur. If a board flagrantly allows financial mismanagement, it is possible that directors may also be sued by donor or by members.