

HOUSE OF REPRESENTATIVES
STATE OF UTAH

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August 21, 2014

Chris Bray
Chief Executive Officer
Utah Nonprofit Association
231 East 400 South, Suite 345
Salt Lake City, UT 84111

Dear Chris:

I am writing this letter to you in response to questions regarding HB283 (2014) and the role of the governing board in the oversight of nonprofit entities.

HB 283 was passed during the 2014 legislative session and was designed to safeguard and improve the accountability for state funds granted to nonprofit entities. A provision of the bill found in Utah Code 63J-9-201 requires the state granting entity to ensure that the nonprofit entity has "(a) procedures for the governing board of the nonprofit entity to designate an administrator who manages the state money; and (b) procedures for the governing board to dismiss the administrator..."

This provision was not intended to require a governing board to participate in operational matters that are generally the responsibilities of an executive director or similar position. It would be appropriate for a governing board to approve a policy allowing the executive director to designate an administrator who manages state money and dismisses the administrator as appropriate; especially, if the policy includes a provision for the executive director to notify the board of these actions. Also, there is nothing precluding the executive director from being the financial administrator.

I hope that this letter clarifies the intent of HB283 in relation to board oversight. If you need additional clarification, please don't hesitate to contact the Office of the State Auditor or me.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronda Rudd Menlove".

Representative Ronda Rudd Menlove
Utah House of Representatives

cc: John Dougall, Utah State Auditor
Van Christensen, Financial Audit Director, Office of the Utah State Auditors
Patricia Owen, Office of Legislative Research and General Counsel