

The Three Duties



Rochelle Mitchell, PMP

Inclusion and Access is priority



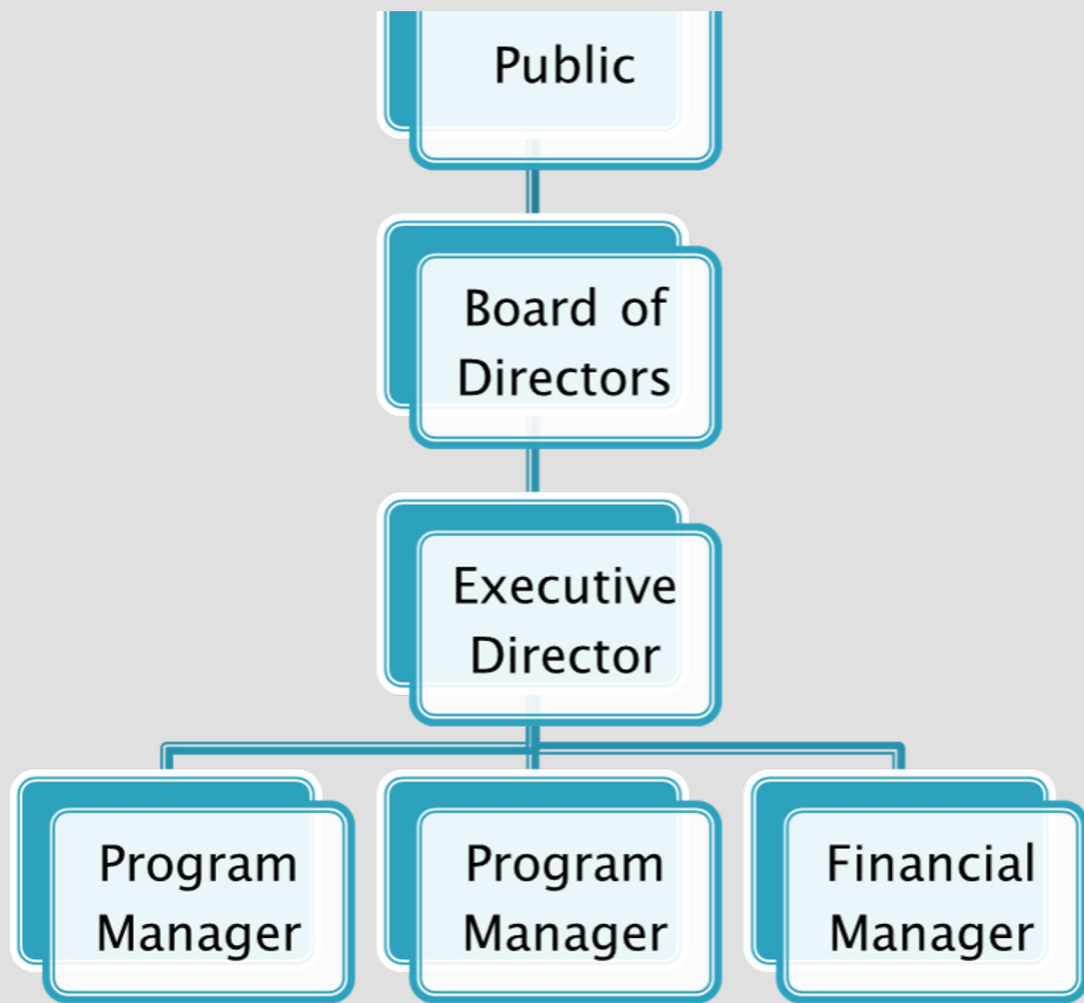
Request
Ask
Advocate

Why have a board?

} Legal Requirement

} Opportunity

} Management Effectiveness



Legal Duties of a Board

}Duty of Care

}Duty of Loyalty

}Duty of Obedience

Chief Officer/Executive Director

- } Serves as Chief Executive Officer of organization*
- } Serves as professional advisor to the Board*
- } Ensures implementation of board policies*
- } Makes recommendations to Board regarding programs, financial and staffing issues*
- } Assists Board in setting forth work plan and schedule*
- } Prepares documents for board meeting*

Board

- }Determines and review organization's mission and purpose*
- }Develops strategic plans for future direction*
- }Adopts and revise bylaws regularly*
- }Formulates policies to fulfill mission – personnel policies, gift acceptance policies, investment policies*
- }Prepare for and attend board and committee meetings*
- }Should be more interested in **results** not details of operation*

Expectations of work by a Board

} Agenda

} Minutes

} Meeting Schedule

} Attendance

Legal Duties of a Board

Duty of Care

Duty of Loyalty

Duty of Obedience

Members of the governing body, typically the board of directors or board of trustees, must be aware of the legal fiduciary duties related to their work: the duty of care, the duty of loyalty, and the duty of obedience. Colorado law requires directors to discharge their duties to the nonprofit in good faith; with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and in a manner they reasonably believe to be in the best interests of the nonprofit (C.R.S. § 7-128-401). Fiduciary duties are intended to ensure a high degree of care and complete loyalty to the nonprofit to protect charitable assets held for the benefit of the public rather than for individuals.

Duty of Care

Directors meet the duty of care by, among other things:

- exercising their responsibilities in good faith and with diligence, attention, care, and skill;
- carrying out the purposes, mission, and strategy of the nonprofit;
- complying with the organization's governing documents (articles of incorporation and bylaws);
- devoting the necessary amount of time and attention to the affairs of the nonprofit so they will be able to make reasonable and informed decisions. This means that directors have the duty or obligation to be informed, ask questions, participate in deliberations, and exercise judgment;

Duty of Care...continued

- requesting expert advice if a decision requires information and judgment that is outside the board's experience and expertise;
- understanding fiduciary responsibility for the nonprofit; not simply “rubber stamping” management requests, but instead developing the habit of requesting information needed to make a good decision.

Audience participation...and prizes



Duty of Loyalty

Directors meet the duty of loyalty by placing the interests of the organization before their own interests or those of related parties and avoiding the use of organizational opportunities for personal gain.

Audience participation...and prizes



Duty of Obedience

Directors meet the duty of obedience by complying with federal, state, and local law, adhering to the organization's governing documents, and guarding the organization's mission. This not only refers to the letter of the law, but also the spirit of the law. Nonprofit organizations are held to a high public standard and boards should comply accordingly. Boards should stay informed on updates to the law and compliances practices within the organization.

Audience participation...and prizes



Board members must discharge their duties to the nonprofit in good faith; with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and in a manner they reasonably believe to be in the best interests of the nonprofit.

Audience participation...and prizes



Questions

