

Board Orientation has Multiple Benefits

By Bob Harris, CAE

The primary purpose of board orientation is the transmission of information to improve understanding and governance. Through select topics and documentation there are many secondary benefits.

Volunteers say they dread the orientation fearing that it wastes time, requires game playing, or rehashes old information. An orientation can be conducted in as little as 90 minutes – a small investment to promote improved understanding and governance.

Protection for the Board – The board should be aware that directors and officers (D & O) liability insurance defends against a suit. Protection is supplemented by the doctrine of volunteer immunity, indemnification and the corporate structure.

Documentation – Directors must comply with the fiduciary principle of “duty of obedience.” It requires they abide by the governing documents (articles, bylaws and policies.) If a court were to ask a director, “Did you receive the governing documents,” the minutes should affirm that they were officially distributed or accessible at orientation.

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Form 990 – The IRS queries whether or not the board reviewed IRS Form 990 prior to submission; orientation is an opportunity to acquaint directors with the return.

Public Records – Volunteers may think the organization’s minutes, finances and rosters are subject to open record laws and the Freedom of Information Act. As a private corporation, these documents are seldom public record. Inform the board what is not public and of the fine for not making the three IRS documents available upon request (Form 990, Form 1023 or 1024, and the Letter of Determination.)

Conflicts of Interest – With the IRS asking if a policy exists to disclose conflicts and how they are monitored on a regular basis,” this is a topic for orientation. Potential conflicts should be discussed.

Antitrust Violations – The FTC expects associations to have antitrust avoidance measures in place. Orientation is a good time to educate the board and to document in the minutes that measures exist.

Authority – Directors may think a seat on the board gives them authority to speak for the organization. There are lines of communication to discuss at orientation. In the legal principle of *apparent authority* it has been established that when a person appears to be an agent of the organization, the organization can be held responsible.

Values – Organizations develop a culture of ethics and values that guide governance. Use orientation to discuss the board's values, such as transparency and diversity.

Strategic Direction – Orientation is the time to review progress of the strategic plan and to identify priorities for the year.

Partnership – At the conclusion of orientation directors should understand their role is governance, *not management*. It takes the partnership of board and staff to advance the organization.

Code of Conduct – Many boards sign a commitment form that prescribes clauses about serving the members, respecting confidentiality, disclosing conflicts, avoiding antitrust and abiding by the governing documents. Conclude orientation with distribution and record in the minutes.

Celebrate – Achievements are reasons to celebrate. Orientation is the time to thank volunteers for commitment to the organization (bring out the mimosas!)

Hone in on these topics to be sure orientation is comprehensive and directors understand essential concepts.

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Note: Bob Harris, CAE, provides free board tools and templates at www.nonprofitcenter.com. He publishes a laminated *Board Responsibilities Guide* and *Board Flash Cards* for training.