

Fundamentals of Board Governance

Annual Refresher

OSU Board of Trustees

May 17, 2024

Accountability & Performance

- Fiduciary responsibilities
- Principles of good trusteeship
- Strategic governance
- Ethics & conflicts of interest

See [Annual Board Work Plan](#)

Board charter and policies

- [OSU Board of Trustees Bylaws](#)
- [Delegating Authority to the University](#)
- [Responsibilities of Individual Trustees Policy](#)
- [Trustee Code of Ethics](#)
- [Trustee Conflicts of Interest & Recusal](#)

See OSU Board of Trustees [Governance webpage](#)

Ethics & Conflicts of Interest

Board Policies

- [Trustee Code of Ethics](#)
- [Trustee Conflicts of Interest & Recusal](#)

Oregon Government Ethics Commission

- [Guide for Public Officials](#)
- [Annual Statements of Economic Interest](#)
- [Oregon Ethics Laws & Rules](#)

Association of Governing Boards (AGB)

AGB advances higher education as a public good by preparing college, university, and foundation governing boards to fulfill their fiduciary duties and exemplify the highest ideals of trusteeship.

Leading Practices of Effective Governing Boards:

How to enhance leadership effectiveness and improve governance

Facilitated by Dr. Kemal M. Atkins

Senior Consultant

katkins@agb.org

Our Time Today



College and University Boards – What are they? What do they do?



Board Essentials for Strategic Governance



Principles of Trusteeship



Q & A

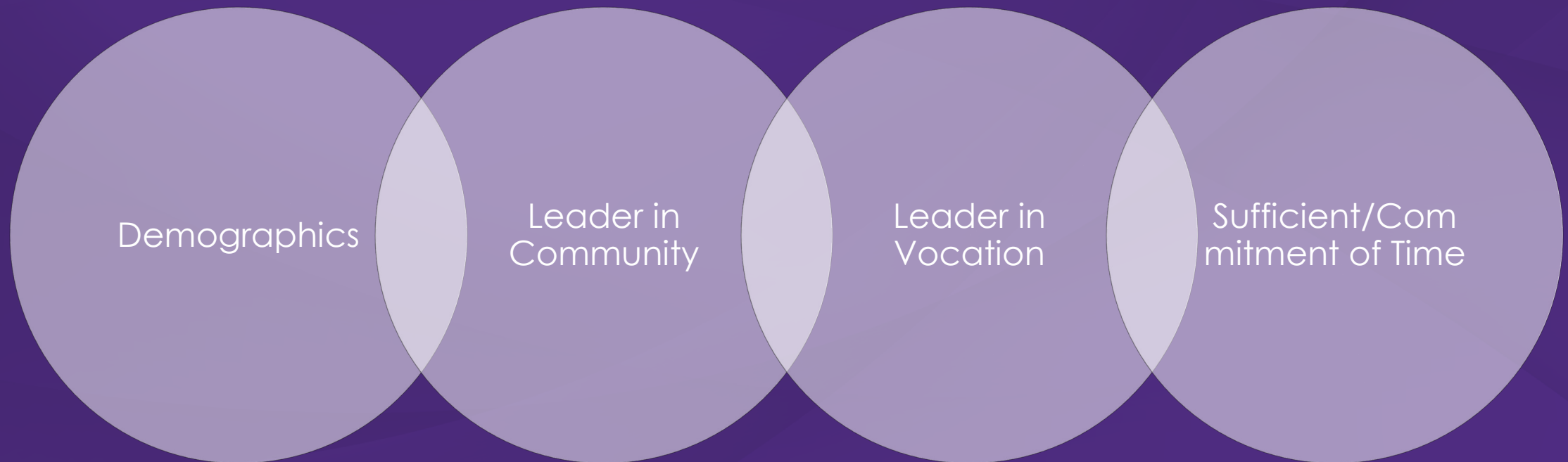
Working with Boards

“Ensuring quality higher education is one of the most important things we can do for the future generations.”

--Ron Lewis

College and University Boards – What are they? What do they do?

- Trustee Profile



Board are Accountable for Fulfilling Fiduciary Responsibilities

Fiduciary

- Someone with special responsibilities in connection with the monitoring, administration, investment, and distribution of assets entrusted to their care.
- College/University governing boards oversee mission, educational quality, strategic planning, culture and climate

What are the legal duties of a fiduciary?

- Duty of care
- Duty of loyalty
- Duty of obedience

What Board Do: Fiduciary Duties

- Duty of Care:
 - The level of competence expected of a board member.
 - The duty of “care that an ordinarily prudent person would exercise in a like position and under similar circumstances.”
 - The duty to exercise reasonable care when they make a decision as a steward of the organization.
 - As a practical matter, read, prepare for, and attend meetings.
 - Think and act strategically; assess implications and risks.
 - Ask questions focused on strategy and alternatives; provide insights based on your experience and perspectives; offer guidance.
 - Support the President; be prepared to make strategic decisions.
 - Courage

What Board Do: Fiduciary Duties

- Duty of Loyalty:
 - This is a standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization.
 - A board member can never use information obtained as a member for personal gain but must act in the best interest of the organization.
 - Full disclosure and compliance with the organization's conflict of interest policy and questionnaire.
 - Knowing when complying with the conflicts policy isn't good enough.

What Board Do: Fiduciary Duties

- Duty of Obedience:
 - Requires board members to be faithful to the organization's mission and to the law.
 - Board members are not permitted to act in a way that is inconsistent with the central goals of the organization.
 - Inherent in this is the public's trust that the organization will manage any donated gifts/funds in support of the organization's mission.
 - Your constant prism: is this action consistent with our purposes and mission?
 - Do we have the right resources to be in legal compliance? Are we?



Board Essentials for Strategic Governance

Aspire to be a High Performing Board

High-performing Boards are:

- Strategic
- Mindful of risk
- Hold the long view
- Assessment focused
- Partners with the president

Governance in Three Simple Questions



Formula for Good Board Governance



Right Composition - Get the right people on the bus mapped to the aspirations and needs of the institution



Right focus - Determine your institution's "Big Rocks", i.e., strategic plan goals or things that are mission critical



Right Relationships – Nurture cooperative and collaborative relationships within the Board, with administration and key stakeholders



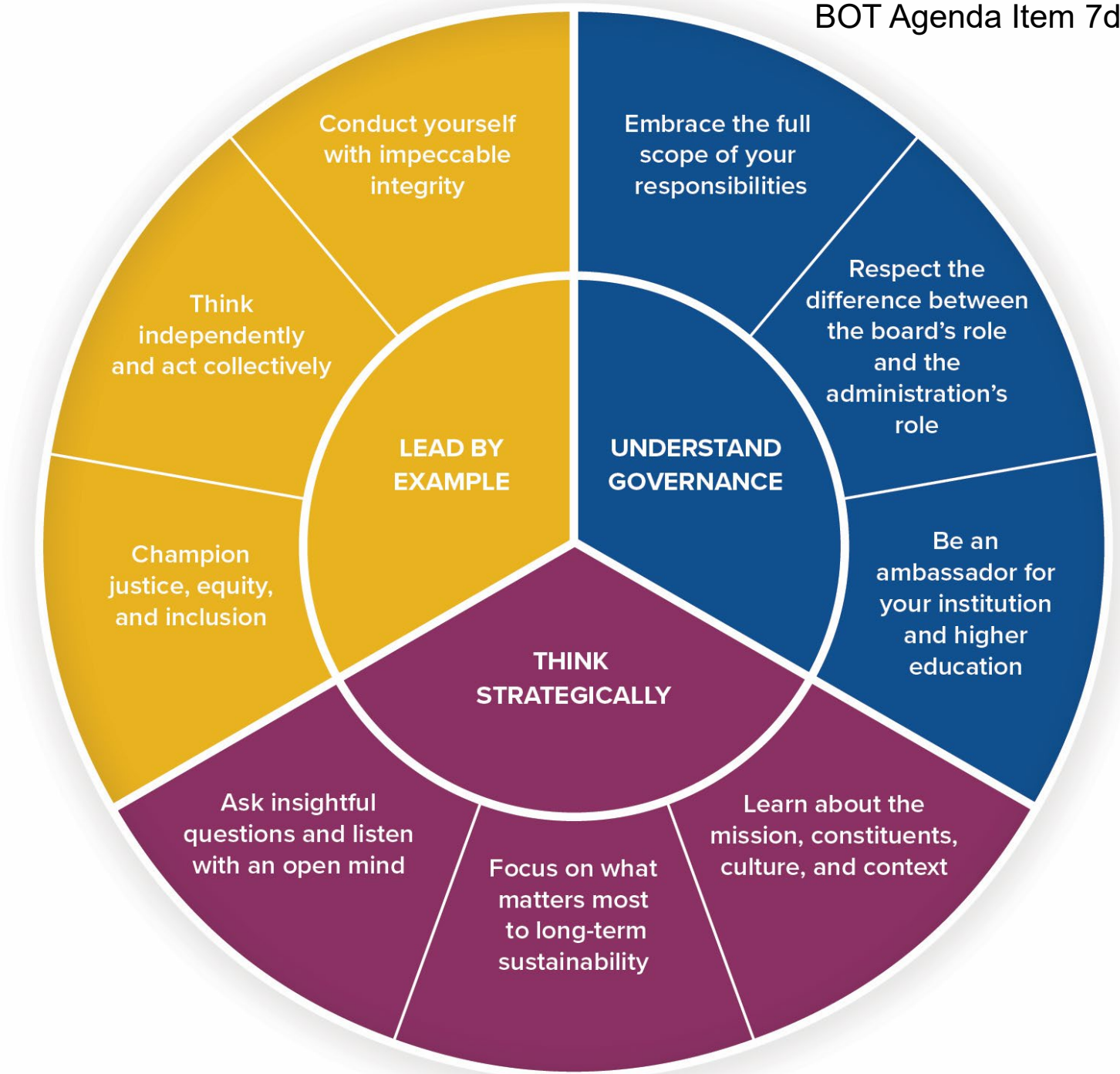
High-Performing Boards

- Adopt a Statement of Responsibilities
- Create a purposeful and comprehensive onboarding and orientation experience (12-months)
- Develop difficult conversation competencies
- Agree on the “Big Rocks/Strategic Imperatives”

High-Performing Boards

- Maintain a disciplined Board Structure and Operation aligned with “Big Rocks”
- Practice of Relentless Assessment
- Embrace a culture of inquiry as a “loving critic and energetic learner”
- Be future-focused

Principles of Trusteeship



Principles of Trusteeship

Three key themes:

- **Understand Governance...**by embracing all of your responsibilities in a structure of shared leadership.
- **Lead By Example...**by upholding the highest standards of integrity.
- **Think Strategically...**by focusing on what matters most to the long-term success of the whole enterprise.

Understand Governance

1. Embrace the full scope of your responsibilities as a board member.
2. Respect the difference between the board's role and the administration's role.
3. Be an ambassador for your institution and higher education.

Lead By Example

4. Conduct yourself with impeccable integrity.
5. Think independently and act collectively.
6. Champion justice, equity, and inclusion.

Think Strategically

7. Learn about your institution's mission, constituents, culture, and context.
8. Focus on what matters most to long-term sustainability.
9. Ask insightful questions and listen with an open mind.



Q & A

Resources

AGB:

- <https://agb.org/reports-2/diversifying-the-governing-board/>
- <https://agb.org/product/principles-of-trusteeship/>
- <https://agb.org/product/top-strategic-issues-for-boards-2024-2025/>

Oregon State University:

- <https://leadership.oregonstate.edu/trustees/policy-manual/trustee-code-ethics>
- <https://leadership.oregonstate.edu/trustees/policy-manual/trustee-conflict-interest-and-recusal>