

Housing Authority Governance-

What Can Housing Authorities Learn from Scandals in the Corporate and Nonprofit World?

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Importance of Good Governance

- HUD may be challenging commissioners decisions
- Result can mean debarment
- Result can be financial liability

Management Abuse

- *Sarbanes Oxley Act*
 - Applies to publicly traded companies
 - Requires more transparency and independence from management of directors
 - Has affected how non-covered organizations are governed

Governance & Management

- When the distinction becomes blurry, trouble can ensue
- Boards sometime fail to govern by not establishing policies
- Boards sometime fail to govern because management fails to manage
- Boards empower management to manage
- Management empower Boards to govern

Common Law Duties of Directors

- Duty of Care
- Duty of Loyalty
- Duty of Obedience

Duty of Care

- Attend and be prepared for Board Meetings
- Have relevant information before making decision
- Monitor financial information

Other Duties of Care

- Monitor organization's practices
- Seek and rely upon professional advice
- Monitor regulatory requirements

Business Judgment Rule

- Board not required to make correct decision
- Board required to exercise due care and have good faith belief that decision is in best interest of organization

Duty of Loyalty

- Code of Conduct
- Conflict of Interest
- Theft of Opportunity
- Directors may reflect different interests, but their primary interest is to the Organization

Duty of Obedience

- Organizing documents and mission
- Relevant law and regulation
- Adopt and follow policies

The Duty of the Board is to Govern

- Set the mission
- Establish policies to achieve the mission

Governance Policies

- Code of conduct/Director expectations
- Conflict of interest
- Delegation of authority to CEO/ED
- Board executive linkage
- Board evaluation

Operational Policies

- Employee protection
- Procurement
- Financial planning/Investment policy

Other Operational Policies

- Compensation/Evaluation
- Public statements
- Legal counsel

Monitoring Policies

- Systems and responsibility to assure policies are followed
- Assess need for additional policy guidance

Committees

- The work of the Board is often done in Committees
- Committee job descriptions and authority
- Transparency
- Reports of committees
- Reliance on committee recommendations

CEO's Role in Governance

- As executive leader of the organization, CEO has crucial role
- Provide guidance and leadership with the chairperson on governance Issues

Governance & the CEO's Role

- Arrange for staff support of governance functions
- Provide relevant information of management and operational activities

Sound Defenses

- Organizations with clear missions and thorough policies can withstand allegations of wrongdoing
- Requires timely monitoring and adherence to policies