

COMMITTEE ON UNIVERSITY GOVERNANCE

Committee on University Governance

January 15, 2015

Item 2.c: Review Draft Elements of a Proposed Policy on Expectations and Standards for Board Members

Situation: Consider creating a single policy document setting forth duties, responsibilities and expectations for members of the Board of Governors and boards of trustees.

Background: Members of the Board of Governors and the boards of trustees endeavor to discharge their duties as board members in a manner that is consistent with the requirements of State law, University policy, and good practice. In order to assist board members in understanding their obligations, the Committee on University Governance asked UNC General Administration staff to review current University policies, State law, and other sources, and identify specific duties, responsibilities, and expectations of board members for the Committee to consider possible inclusion in a single policy. The expectation is that any policy that is developed would be adopted by the Board of Governors and would apply to all members of the Board of Governors and the boards of trustees.

Assessment: As an initial step, UNC-General Administration staff has prepared a document for discussion purposes only, setting forth items that could be included in a policy.

Action: This item is for discussion.

Duties, Responsibilities, Expectations, and Removal of Members of the Board of Governors and Boards of Trustees

Elements to Include in a Proposed Policy

I. Purpose. Establish and describe the duties, responsibilities, and general standards of conduct for members of the Board of Governors and the boards of trustees of constituent institutions. Describe the process to be followed to remove a member appointed by the Board of Governors, or to recommend the removal of a member appointed by an appointing authority other than the Board of Governors.

II. Applicability. Applies to all members of the Board of Governors and the boards of trustees of the constituent institutions.

III. Definitions. Define terms essential to implementing and understanding the policy, including terms such as “board,” “board member,” “cause,” and/or “fiduciary.”

IV. Duties and Responsibilities. Describe the duties and responsibilities that are expected of board members, including fiduciary duties. Examples include:

- Members should be well-informed, active, and contribute to the work of the board:
 - Prepare for and regularly attend and participate in board and committee meetings:
 - Board of Governors Attendance Requirements. If a Board of Governors member is absent for four successive meetings (except if for illness or service to the State or nation), his or her place as a member will be considered vacant.¹
 - Board of Trustees Attendance Requirements. If a board of trustees member is absent for three successive meetings (except if for illness or service to the State or nation), his or her place as a member will be considered vacant;²
 - Review and inquire about materials that involve the institution, such as board minutes, annual reports, etc.;
 - Understand and participate appropriately in the oversight function allocated to the board with respect to operations, management, finances, and effectiveness of the institution;
 - Seek information from and consult appropriately with senior administrative officers of the institution to gain additional context, make well-informed

¹ See N.C.G.S. § 116-7(c).

² See N.C.G.S. § 116-31(j).

policy decisions, and carry out responsibilities for the board-level oversight and monitoring of the affairs of the institution;

- As needed, participate in the preparation and revision of long-range plans for the institution; and
- Serve on and contribute to the work of assigned committees.
- Adhere to high standards of ethical and professional conduct, and comply with laws and regulations related to ethical conduct of board members and public officials:
 - Comply with State Ethics Commission rules³ and exercise “authority honestly and fairly, free from impropriety, threats, favoritism, and undue influence;”⁴
 - Keep confidential all information and records that are required by law to be kept confidential, including, but not limited to, personnel records, student records, attorney-client communications, and closed session deliberations;
 - Comply with open meetings and public records laws;
 - Refer matters of administration and management to the institution’s senior administrative officers for handling;
 - Bring matters of concern, potential conflicts of interest, and reports of unlawful and/or unethical activity to the attention of the appropriate institutional officer, such as the president, chancellor, board chair, or committee chair;
 - Avoid any personal or business interest that may conflict with his or her responsibilities to the institution;
 - Avoid even the appearance of impropriety when conducting the institution’s business;
 - Recuse oneself from consideration of matters during meetings when appropriate;
 - Listen to and consider differing opinions in a civil manner;
 - Monitor and ensure the institution’s compliance with applicable laws and policies;

³ See Chapter 138A of the North Carolina General Statutes.

⁴ N.C.G.S. § 138A-2.

- Respect and follow management and reporting lines when communicating with the University and the constituent institutions, and refrain from directing matters of administration or executive action except through the president; and
- Recognize that board members' authority is collective, not individual, and only arises from their participation with other members of the board when it is officially convened.
- Demonstrate care for, support of, and allegiance to the institution:
 - Exercise the fiduciary duties of care, loyalty, and obedience in service to the institution, which include but are not limited to the following expectations:
 - Act in good faith and exercise the degree of diligence, care, and skill that a prudent individual familiar with such matters would use under similar circumstances in a like position;
 - Act in good faith with the best interest of the institution in mind;
 - Conduct oneself, at all times, in furtherance of the institution's goals and not the member's personal, political or business interests;
 - Provide oversight to ensure that the institution's resources are dedicated to the fulfillment of its mission; and
 - Act in accordance with and make decisions in furtherance of the institution's mission.
 - Be knowledgeable about issues that affect the University and seek to understand the educational needs and desires of all the State's citizens, and their economic, geographic, political, racial, gender, and ethnic diversity in order to further the institution's mission.⁵

V. Removal. Provide that a board member may be removed, or recommended to be removed, for cause (defined as violation of policy, law, or other appropriate cause) following written notice and an opportunity to respond.

- Removal of a Member of a Board of Trustees.
 - Provide that the Board of Governors may vote to remove a board of trustees member for cause if that member was elected by the Board of Governors.
 - Provide that, with respect to a member of an institutional board of trustees who was appointed by the Governor, the Board of Governors may vote to recommend that the member be removed for cause.

⁵ N.C.G.S. § 116-7.

- Provide that the boards of trustees of constituent institutions may vote to recommend to the Board of Governors that a member of a board of trustees be considered for removal for cause.
 - Provide that the outcome of recommendation votes by institutional boards of trustees should be transmitted to the Board of Governors. Votes by the Board of Governors may be communicated to the Governor in the manner deemed appropriate by the Board of Governors.
 - Removal of a Member of the Board of Governors. Provide that the Board of Governors may vote to recommend to the State House of Representatives or State Senate, whichever house elected the member, that that member be removed for cause.
- VI. Other Matters. Provide the effective date of the policy, the policy's relationship to state laws, and the relationship between the policy and implementation of regulations and guidelines.