UNITING OUR MEMBERS AND THE NATION

Empowering leaders, educating students, strengthening communities

Fiduciary Responsibilities and Association Policies to Support the Ethical Culture of Your Association

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NEA Leadership Competency: Strategy & Fiscal Health

• **NEA Leadership Competency Progression level:**
  – Level 1: Foundational

• **NEA Leadership Competency Themes:**
  – Promotes stewardship and financial integrity of the organization
NEA Strategic Goal and NEA Organizational Priority

• NEA Strategic Goal
  – Strategic Goal 1: Strong Affiliates for Educator Voice and Empowerment

• NEA Organizational Priority
  – Early Career Educators
Agenda

- Introductions
- Fiduciary Responsibilities
- Code of Ethical Conduct
- Conflict of Interest Policy
- Whistleblower Policy
- Audit Committee
- Wrap up and Evaluation
Fiduciary Responsibilities

The board’s fiduciary role reflects the board’s:

• Obligation to protect and enhance the assets of the association

• Relies on each board member adhering to the standards of conduct which are:
  – Duty of Care
  – Duty of Loyalty
  – Duty of Obedience
Duty of Care

• Obligation to be reasonably informed
• To act in good faith
• To be diligent when making decisions
Duty of Care cont.

- Use your best judgement
- Stay informed about the financial health of your organization
- Ask good questions
- Attend meetings
- Do not disclose confidential information
- Make decisions based on sound information
Obligation to be accountable by putting your personal interests aside for the greater good of the association
Duty of Loyalty cont.

• Act on behalf of the good of the organization
• Do not act on behalf of your:
  – Personal interests
  – Professional interests
  – Special constituency interests
• Comply with the organizations conflict of interest policy
• Make the interests of the association primary focus
• Commitment in your board work
Duty of Obedience

- Obligation to comply with:
  - Legal reporting requirements
  - Regulatory reporting requirements
  - Serve as a guardian of your association’s mission
Duty of Obedience cont.

- Make decisions that conform to your associations mission
- Comply with applicable federal, state, and local laws
- Adhere to your organization’s bylaws and other governing documents
A code of ethics is:

• A guide of principles designed to help professionals conduct business with honesty and integrity

• May outline:
  – The mission and values of the organization
  – How professionals are supposed to approach problems
  – The ethical principles based on the organization's core values
  – The standards to which the professional is held
Code of Ethical Conduct cont.

• Policy vs. Law
• Work on it in manageable pieces
• Option of broad/inclusive language when drafting
• Pros/Cons to every policy
Code of Ethical Conduct cont.

• Appropriate fiduciary responsibilities
• Disclose conflicts of interest
• Comply with applicable rules and regulations
• Respect confidentiality
• Provide members with complete, accurate and appropriate information (Transparency)
• Carry out activities professionally, with honesty and integrity
• Not knowingly be a party of any illegal activity
• Report violations of the code
“First rule—what happens in accounting stays in accounting.”
Conflict of Interest Policy

- Leadership and board members
- Annual review of policy
- Annual education of the board members
Conflict of Interest Policy cont.

• Policy
  – Statement of principle
  – Standards
  – Enforcement process

• Questionnaire
  – Connected to an entity which stands to gain or lose financially
  – Sold goods or services to organization
  – Employment
  – Participant
Whistleblower Policy

TATTLETALE!

I PREFER "WHISTLEBLOWER."

COOKIES
Whistleblower Policy

- Definitions
  - Misconduct: Officer: Person: WB Officer: WB
- WB officer identified
- Procedures to follow
- Protection of the person(s) that reported or gave evidence
- Miscellaneous
- Amendments and distribution
Whistleblower Policy

• Reports are made to officer/leadership
• Drafted to cover both employees and officials
• Assigned officer reports out to the other officers/leaders
Audit Committee

- Committee make up
- Meetings/trainings
- Responsibilities
- Financial expert
Audit Committee Responsibilities

• Report to board and members annually
• Review and understand financial statements
• Make recommendations around the auditing firm and the services they provided
• Review the audit and management letter
Audit Committee Responsibilities

- Establish procedures for the receipt, retention, and treatment of complaints received regarding internal controls and auditing
- Request to engage independent counsel or financial experts if needed
- Participate in necessary training to fulfill duties
Session Outcomes

The content from this session can be used in the following ways in your current position/role:

– To educate leadership on their fiduciary responsibilities of care, loyalty and obedience.
– To educate leadership on the importance of applying the Code of Ethical Conduct when they serve in leadership positions.
– To educate leadership on the importance of internally auditing their organizations financials annually.
Thanks for Attending

Contact Information

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Closing Remarks

• Please complete the evaluation for this breakout session by using the NEA Summit Mobile APP!

• Please visit the Leadership Development Resources website at www.nea.org/leadershipdevelopment