If you are reading this it is likely that you have been elected or appointed to serve on the Board of Directors of a Cornell Cooperative Extension association in New York State! We thank you for your leadership and willingness to serve the people of your community and the volunteers and employees of the Cornell Cooperative Extension System in this key position. You are joining the approximately 800 people across the State serving in this critically important leadership function for an organization that exists to extend the research and resources of Cornell University to all corners of NYS to improve the well-being of families, businesses and communities by putting research knowledge to work.

The purpose of this fact sheet is to provide you with basic information regarding your responsibilities on an extension board so that your service will be more rewarding and productive both for you and for the local extension association. There are additional supportive documents that go into more detail on many of the sections discussed in this fact sheet on the Board Tool Kit site at www.cce.cornell.edu/learnabout/Boardtoolbox.aspx

**The Purpose of the CCE Board**

The Extension Board is in many ways similar to the board of a more traditional 501©-3 nonprofit organization. The board is made up of elected volunteers with the broad responsibility of setting the direction of the organization, providing oversight to finance and program and along with extension administration, hiring and supervising the Executive Director, or other accepted form of administrative leadership. The CCE Constitution and NYS County Law 224 call for Board members to be elected volunteers who reside in the County or Counties in the case of a multi-county association. Board members are accountable for the implementation of policies and practices in a transparent and competent manner, allowing the association to achieve its educational mission and provides maximum benefit to the communities it serves.

**CL 224 and the Cornell Connection**

One of the most important obligations of a board member in CCE is to ensure that the organization operates within the scope of its educational mission and follows the approved form and function for association operations as defined by Cornell University. New York State County law 224 defines the unique structure of Cornell Cooperative Extension, allowing for the establishment of Extension associations as subordinate governmental agencies, governed locally by citizens of the county or counties and operating in a form and fashion and adhering to programming standards that are approved by
Cornell University. This means that county associations exist for the purpose of extending the research-based knowledge generated by Cornell’s Colleges of Agriculture and Life Sciences and Human Ecology, yet they are not, strictly speaking, a part of the university, though their form and administration must be approved by it. This connection and oversight role is led on campus by the Director of Cornell Cooperative Extension and Extension Administration. The most direct link to Extension Administration for board members is through the State Extension Specialist (SES).

**The Legal Standards: Care, Loyalty and Obedience**

The enactment of the federal Sarbanes-Oxley Act of 2002 has increased the scrutiny applied to any organization receiving government funds, increasing the accountability of board members to ensure that careful oversight and transparency is in place. For the most part, board responsibilities can be attributed to the three areas of Care, Loyalty and Obedience. The questions below are designed to help you understand your role and oversight responsibilities within these three areas. These questions are also a helpful guide to the Executive Director in reviewing the performance of the board of directors and providing support to the Board President.

**Legal Standard of Care**

- Are board members receiving financial statements and other materials well in advance of the board meetings?
- Is an agenda prepared and followed for each board meeting?
- Are minutes kept for each meeting?
- Do board members come to the meetings prepared to discuss the issues on the agenda?
- Is there a specific decision making process that allows actions to move forward, such as a proposed length of time for discussion followed by a vote?
- If a topic needs to be deferred for a vote at a later date, are specific action steps outlined (such as gathering specific information) that will allow the board to make a decision and move forward at the next meeting?

**Legal Standard of Loyalty**

Are board members required to complete a conflict of interest declaration on an annual basis?

- Does the board have specific protocols to handle conflicts of interest as they occur?
- Are board members fully briefed (usually at an orientation session) at least once a year about their fiduciary obligations and the overall financial standing of the organization?
- Are board members required to sign a code of ethics and held accountable for conducting themselves in accordance with the code?

**Legal Standard of Obedience**

- Are board members briefed on the mission of CCE and how that mission is impacted by board actions?
- Are board members aware that their fiduciary duties require them to act in the best interest of the organization and to remain vigilant about potential conflicts of interest and the importance of remaining objective as decisions are made?
- Do board members understand the connection between the quality of their governance and the ability of the organization to effectively carry out its purpose?
Risk Management and Insurance Guidance for Directors & Officers

There are several things that Board of Directors can do to protect themselves and the organization from risk.

Prevention activities:

- Be diligent about attending meetings
- Be diligent in keeping informed about what the organization is doing
- Be an active participant in decisions and votes
- Be diligent in supervising and evaluating management
- Be diligent in understanding the financial information
- Avoid conflicts of interest
- Always act in the best interests of the organization

Insurance options: Claims against Directors, Trustees, Officers, managers and supervisors are one of the fastest growing areas of litigation across the United States. Sources of claims include regulators, employees, shareholders in for profit entities, and others who feel they have a case.

- Liability protection for officers and directors that relates to their duties and responsibilities as officer and directors is covered under a special form of liability insurance called “Directors (or Trustees) and Officers Liability Insurance”. The liability exposure of Directors or Trustees related to their obligations is not covered under the General Liability insurance carried by the organization and Personal Liability insurance carried by the individual director or trustee will not provide adequate protection. In order to be properly protected from lawsuits and claims the association should have Directors and Officers Liability insurance that includes Employment Practices Liability coverage.

- The D & O insurance will provide legal protection for the director for claims of wrongful acts in their capacity as a director. A "wrongful act" is a breach of duty, neglect, error, misstatement or omission that results in claims or charges of negligence in discharging their duties and responsibilities. The two primary elements of protection provided by D & O insurance are defense costs and payment of the damages award if the plaintiff wins the case. The defense cost is very important because insurance companies that provide D & O insurance retain attorneys that are well versed in defending D & O claims.

- The Employment Practices Liability extension of a D & O policy provides protection for claims made against the Director, officer or the organization by a current or former employee such as discrimination in hiring or promotion, wrongful termination, sexual harassment or abuse, etc.

- Directors are covered under the General Liability insurance for bodily injury or property damage to third parties that may occur in the operations and activities of the organization but not for the coverage provided by a Directors and Officers Liability Insurance policy.

References

Martha A. Walker, PhD. Community Viability Specialist, Virginia Tech University.
Virginia Cooperative Extension. NONPROFIT BOARD LEADERSHIP: Understanding the Role of a Board Member.


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