

Leadership by Design

Board Governance Committee

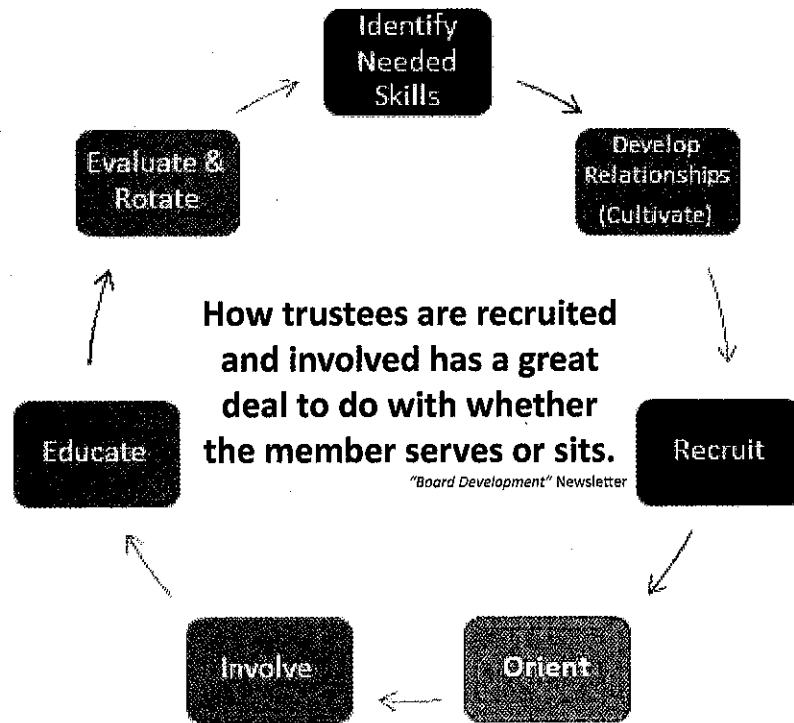
This Committee facilitates healthy development and operation of the Board and helps the Board fulfill its due diligence. The committee reports to and is directed by the Board itself.

The Board Governance Committee focuses on the following areas with specific duties dependent on the Board's need at any specific time, as well as evolving best practices.

1. **Board roles and responsibilities**— ensure Board and Board members are meeting expectations
2. **Board composition**—Board skill matrix, job descriptions
3. **Board knowledge**—design and oversee orientation and ongoing education
4. **Board effectiveness**—periodic Board and Board member assessment
5. **Board leadership**—nominate new members for the Board

Reference: Lakey, Berit M., Hughes, Sandra R. and Flynn, Outi. *Governance Committee*. BoardSource. 2004

Board Building Cycle



The Board Building Cycle, BoardSource, 2008

Thanks go out to Peggy Wadsworth, formerly of the Chester County Library System, for providing most of the content of this *Leadership by Design* handout.

STATE LIBRARY OF PENNSYLVANIA
BUREAU OF LIBRARY DEVELOPMENT
Tom Wolf, Governor
Pedro Rivera, Secretary of Education
Glenn Miller, Acting State Librarian



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Intellectual Freedom

Library Bill of Rights

The American Library Association affirms that all libraries are forums for information and ideas, and that the following basic policies should guide their services.

I. Books and other library resources should be provided for the interest, information, and enlightenment of all people of the community the library serves. Materials should not be excluded because of the origin, background, or views of those contributing to their creation.

II. Libraries should provide materials and information presenting all points of view on current and historical issues. Materials should not be proscribed or removed because of partisan or doctrinal disapproval.

III. Libraries should challenge censorship in the fulfillment of their responsibility to provide information and enlightenment.

IV. Libraries should cooperate with all persons and groups concerned with resisting abridgment of free expression and free access to ideas.

V. A person's right to use a library should not be denied or abridged because of origin, age, background, or views.

VI. Libraries that make exhibit spaces and meeting rooms available to the public they serve should make such facilities available on an equitable basis, regardless of the beliefs or affiliations of individuals or groups requesting their use.

Adopted June 19, 1939, by the ALA Council; amended October 14, 1944; June 18, 1948; February 2, 1961; June 27, 1967; January 23, 1980; inclusion of "age" reaffirmed January 23, 1996.

Other Important Documents

- ALA Code of Ethics
- Freedom to Read Statement
- Freedom to View Statement
- Access for Children and Young Adults to Nonprint Materials.

Defending Access with Confidence

- A challenge to library materials is not "bad" by definition.
- It is not a clash between right & wrong.
- It is the tension between two rights.

Be sure your library has a collection development policy and a process for handling statements of concerns about library materials, that are consistent with the First Amendment.

Leadership by Design

Definitions

Public Library Board is a governing Board with legal responsibilities. It has authority to make policy and govern the library's affairs under the Public Library Code.

Governance is the framework (policies, planning, budgeting) approved by the Board to guide/direct the Library Director. Governing is different than managing. A Board doesn't run the library but ensures that it is properly run.

Duty of Care

Board members are expected to be familiar with financial, legal and operational issues facing the library; you are not expected to be an expert.

- **Stay informed**—read information presented to you before meetings.
- **Attend meetings**—the Board "acts" as a group.
- **Exercise independent judgment**—your responsibilities are to the library not to a person or a particular constituency.
- **Act in reliance**—rely on reports, communications and information from sources you believe to be reliable and competent.
- **Delegate effectively** to the Library Director.

Duty of Loyalty

Board members are expected to act in the best interest of the library—not for your own advantage.

- **Avoid conflicts of interest**—disclose any potential conflict of interest.
- **Confidentiality**—you should not disclose information about the library's legitimate activities unless they are already known to the public or are of public record.

Duty of Obedience

- **Comply with governing principles** of the organization as contained in the library's corporate documents.
- **Must be true to the library's purpose and goals** as stated in the Articles of Incorporation and/or Bylaws.

AT A GLANCE

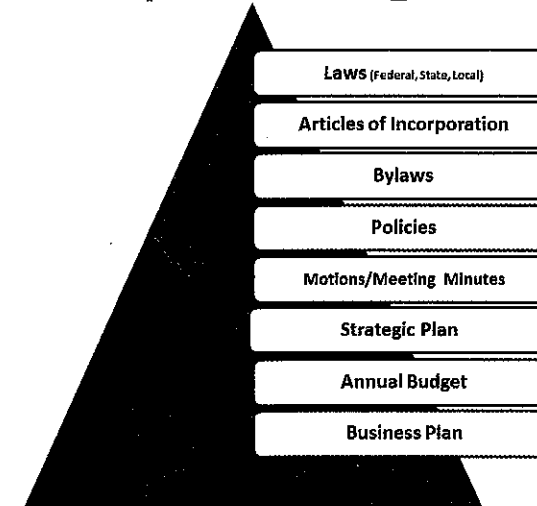
Library's Corporate Records Notebook

Keep a notebook of documents that reflect the library's legal identity. A review of them by Trustees helps fulfill "duty of care". Keep updated and accurate.

Contents of Notebook

- Index & Summary Sheet
- Current roster of board members and contact information
- List of board committees /duties and members
- Articles of Incorporation
- Bylaws
- Form 1023 Application (501c3s)
- IRS Determination Letter (501c3s)
- FEIN information
- Proof of Sales Tax Exemption
- Recent 990 (501c3s)
- Recent Audit
- Current Annual Report
- Corporate policies (whistleblower, conflict of interest, records retention, etc.)
- Insurance policies
- List of library's financial accounts
- Library's attorney(ies)/solicitor and contact information
- Current Strategic & Business Plans
- Current Annual Budget

Hierarchy of Governing Documents



The Board must be familiar with the hierarchy of the laws and legal framework within which the library functions.

Laws! Laws! Laws!

(Not an inclusive list)

- Public Library Code 24 PA Code and Regulations 22 PA Code
- PA Nonprofit Corporation Law 15 Pa. C.S.
- Sunshine Law/Open Records
- IRS Code as it relates to 501c3 (good resource = IRS Publication 4221-PC—*Compliance Guide for 501c3 Public Charities*)
- PA Public Official and Employee Ethics Act
- Sarbanes-Oxley Act of 2003
- and more...

Leadership by Design

Bylaws

- Describe Board's structure and practices—establish rules for governance.
- Pennsylvania requires nonprofit corporations have bylaws ~15 Pa. C.S. §5310(a).
- Bylaws are legally binding.
- Bylaws should be reviewed periodically and amended as necessary.
- To ensure proper checks and balances, a written statement differentiating the function of the library Board and the Library Director must/should be included in bylaws (Regulations 22 PA Code require it for local libraries and Library Systems—it is also best practice from an "internal control" perspective.)

Meetings

- The "acts" of the Board take place at the Board meeting and are recorded in the minutes.
- Parliamentary procedure helps the group move through the decision making process.
 - One thing at a time
 - One person at a time
 - Enough have to decide (quorum)
 - Helps to ensure rights of the individual while the will of the group prevails.
- Structure agenda to direct Board's attention to matters of policy and strategy.



Minutes

- Can determine "Duty of Care:"- documents Board member's due diligence.
- Form 990 (for 501c3) requires that the meeting be "contemporaneously documented."
- 15 Pa. C.S. §5508(a) requires nonprofit corporations keep minutes.
- Proof that meeting was properly called and agenda was completed.

Motions

"What the Board says," includes only those statements passed in an official process and recorded in the minutes ("one voice" doctrine.)

Policy

- Library policies are developed in partnership with the Library Director and the Board to carry out the mission of the library and to provide guidance for the Library Director in the day-to-day management of the library.
- Development of policies demands knowledge of the library's mission, plan, functions and services.
- Policies should be reviewed at least annually and revised as needed.
- Test of legally enforceable policies
 - Complies with current statutes
 - Must be reasonable
 - Must align with library's purpose
 - Must be clear
 - Must be applied without discrimination

Fiscal Oversight

"Control of all funds—Any money appropriated for the establishment or maintenance of a local library and all moneys, if any, received from other sources, for the use of the library shall be under the exclusive control of and disbursed under the direction of the board." ~24 PA Code §9318(f)

- The Board works in partnership with the Library Director to develop the budget.
- The Board reads and interprets key financial reports
- The Board ensures reports are completed, accurate and submitted on time
 - Annual State Report ~24 PA Code §9318(h)
 - 990 (501c3s)
 - Audit
 - and more...
- PA Library Code requires that Board's treasurer be bonded ~24 PA Code §9318€

Fund Development

People give to people.

"As part of their leadership role, Board members should also be expected to solicit peers of like affluence and influence, provided that Board members have already made their own commitments at an appropriate level, no one is better qualified to ask their peers to do the same...an effective Board authenticates the organization by providing distinguished sponsorship..." (Fundraising Matters, Goettler Associates, 2001)

Are you ready for fund development?

- Do you have a Gift Acceptance Policy?
- Do you have an Investment Policy?
- What are your key messages?
- Do you have a case statement?
- Does your library have a "brand experience"?
- What are your strategies?
- What are your financial goals?
- Do you have a recognition/incentive and stewardship plan?
- Do you have resources earmarked especially for fund development?
- Do you keep in regular contact with the media about your organization and its events?
- Do you have good relationships with leaders in your community?

Hiring and Evaluating the Library Director

"It is better to manage a vacancy than the wrong person"
Unknown

No single task is more important than hiring the Library Director. It affects:

- Your work as a Board
- The well-being of the library
- The library staff
- The community the library serves

Selecting—and keeping—a successful library director must be a top priority for the library Board. Along the same lines, the Board must ensure that salary and benefits remain competitive, within the library's means.

Evaluating the Library Director's performance should be a formal documented process that is based on a clear job description and include mutually agreed upon goals. The Board can't evaluate performance without first articulating expectations and providing effective support. An ongoing systematic approach should be used.

The purpose of the performance evaluation and feedback process is to:

- Plan and communicate the expectations of the position.
- Measure performance in a consistent manner.
- Identify strengths and opportunities for development.

Board Education

An effective board provides an ongoing program of trustee education. Ideally, that program should include:

- Time on the board's agenda for review of programs and services offered by the library so each board member is aware of these activities
- Time on the agenda for brainstorming and exploring the backgrounds and talents of board members (and staff) to identify strengths
- Completion of core training courses
- Attendance at Commonwealth, regional or local Trustee Institutes
- Attendance at conferences that focus on issues related to your library's future success
- Access to and discussion of current state and national professional literature, as well as information and reports provided by the district library center and Commonwealth Libraries
- Visits to other libraries in and out of the state, as well as attendance at board meetings of other library systems or libraries.

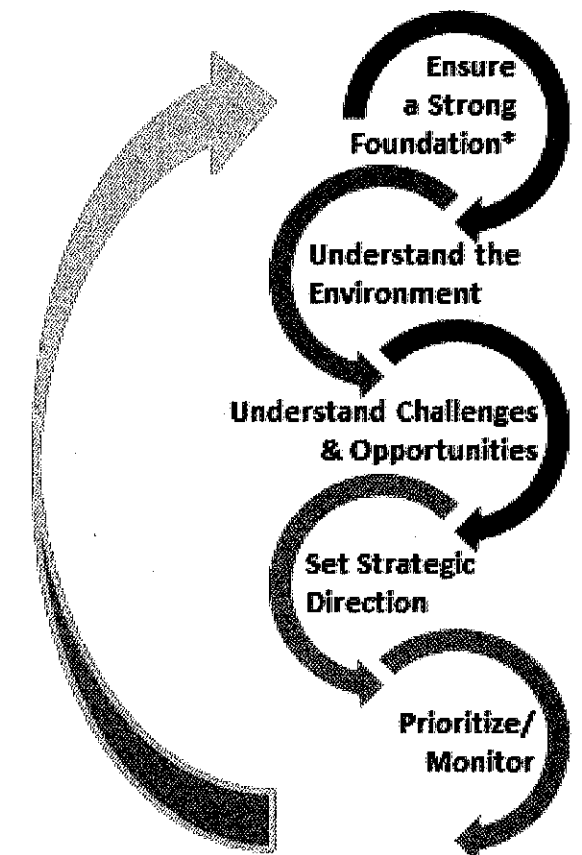
Risk Management

The Board is the steward of the library's assets and therefore must ensure that there are systems and processes in place to manage risk. Insurance is one way to do this. Types of insurance that must be considered are:

- Director & Officer Liability insurance (to back up Indemnification clause in bylaws)
- General liability, fire and theft insurance for the library
- Insurance to cover employment practices
- Workers' Compensation
- Unemployment (insurance or reimbursable)
- and more...

Strategic Thinking/Planning

Building & maintaining focused, accountable & visionary leadership is an important role of the Board. Strategic thinking and planning is an ever-evolving process that helps the Board understand the changing environment and set the library's strategic direction.



*(vision, mission & values)