



The Conductor Series: All a-Board! The Purpose, People, and Process of CAA Boards

Purpose: In Boards We Trust

Date: Wednesday, February 23, 2022

Time: 2:00 - 2:45 pm EST

[[Caroline Kelley, CAPLAW](#)]

Thank you everyone for joining us this afternoon.

We are going to give folks a couple more minutes to enter the Zoom Room, and we'll get started right at the top of the hour, so hang tight.

All right, well, it's 2pm and I want to be respectful of everyone's time, we only have 45 minutes together this afternoon. And so, we will go ahead and get started. Thank you all for joining us. My name is Caroline and I am a staff attorney at CAPLAW. And this is the third installment of our conductor series, a series that goes in depth with some of our board training videos as part of the All A-board: the Purpose, People and Process of CAA Boards series. These trainings have been very, very fun for us to conduct and they've been very interactive. And I encourage you if you haven't been present for the previous two trainings to go back and check out the recordings of those trainings. They can equip you to utilize our board training videos to train your board and increase the capacity of your board to fulfill its functions as a Community Action Agency board of directors.

So, without further ado, we'll go ahead and get started if you want to go to the next slide. Today's feature that we will be screening part of—I hope you all did your homework and watched the full video before our session today, I think we might have the few, the proud committed viewers—42 people today. But I appreciate you all being here and watching our duty of loyalty video in advance of today's session.

The duty of loyalty video is called In Boards We Trust, and it provides an overview of the duty of loyalty, the fiduciary duty that board members owe to their community action agency, and then it discusses the practical ways that board members interact with that duty which is mainly through the analysis of and handling of conflicts of interest. So we're going to get into some really some interesting questions about conflicts of interest today. And this video in our series can help you investigate those questions with your board as well. Next slide.

All right. So, unless you are the Worcester line of the Massachusetts Bay Transportation Authority, usually most trains run on time—that's the commuter rail train that I take to the office. So we're going to run on a tight schedule today. As you can see, we have eight minutes to do our introduction and to show you part of the video that we are going to be talking about, and then we're going to break out into small groups to discuss a couple discussion questions that we have laid out in these materials. Then we're going to come back and have a discussion as a large group, and I'll ask each breakout room to share a little bit with the larger group about what you all discussed. And then we're going to break out once more for a couple additional discussion questions, and then bring things back. You'll bring back what you discussed with your colleagues at the end back to the full group around 2:35, so just to keep us moving on that tight schedule you can go to the next slide.

As we've mentioned in previous installments of this Conductor Series, these board training videos are meant to make it easy for your organization to comply with the organizational standards around board training and orientation. And just as a reminder, those standards are Standard 5.7, which requires the organization to have a process of structured orientation for governing board members within six months of when they're seated on the board, and then Org Standard 5.8, which requires governing board members to be provided with training on their duties and responsibilities at least once every two years. And with these board training videos, we make it easy to incorporate regular training into your board meetings, so that it is super simple to accomplish, you know, compliance with these standards.

So you can find these videos in CAPLAW's resource library which is at resources.capl原因.org.

There's a couple ways to get to these resources. You could, because we're going to be talking about conflicts of interest today, you can select conflicts of interest, under the topics. Select it as a filter under the topics section of our navigation bar here on the left hand side of the page. You could also go down to resource type and select video, and that will show you all of CAPLAW's board training videos. You can see here that there are nine videos. Each one is a short video that is meant to, you know, facilitate a discussion among board members. And if you go to the next slide, you can see that there are a few different themes that are that are explored in our board training videos. This particular video that we're going to watch today falls under the theme of the purpose of CAA boards. And this, the videos in the purpose series, discuss the fundamental principles of board service, which can cover topics such as understanding what it means to be a board member, promoting accountability and engagement by your board members and guiding decisionmaking for decisions that the board has to make. And so there are three videos in this theme, they're entitled: Why are you here?, The Duty of Loyalty, and The Duty of Care. And the other two themes are people and process. So our previous two Conductor Series webinars have focused on videos from those two themes, and today we're focusing on the third theme, which is the purpose of CAA boards.

So if you go to the next slide, you can see that each video has its own landing page with a brief description of the video, a link to stream or download the video locally, and then also a link to a PDF discussion guide that you can use to facilitate discussion among your board about the video. So these discussion guides are 1-2 pages, and they basically provide a summary and some learning objectives. So basically what you should come away from the video with some ideas for using the video and then again those discussion questions, some of which we're going to be touching on here today.

So, the learning objectives for this particular video on the duty of loyalty are as follows, you know after watching this video, you should be able to: define the duty of loyalty, to describe what a conflict of interest is and why it's important for board members to understand conflicts, identify the types of transactions that might create a conflict of interest, and then analyze a potentially prohibited transaction to determine how the board should proceed. So, these are kind of what we're hoping your board will get out of this video.

Next slide.

Okay. And then, finally, before we watch the video, I want to share some travel tips. Basically, you know, our suggestions for integrating this into your training. There are a few different ways that you can integrate videos into your training. One way is to ask board members to watch the video beforehand on their own time. That's what we're doing here today. And then at a board meeting to facilitate a discussion of what the individual members took away from the video. And we're going to be doing that today, I know I asked you all to read, or to view the video beforehand. So hopefully you all took a look, if I were doing this, you know, with an individual board, I would also make sure that we had copies of this particular board's conflict of interest policy printed out and in front of us

so that we can, we can reference exactly what the rule is at this particular Community Action Agency. So if you're doing this for your board, I would definitely recommend having your conflict of interest policy handy. The same goes for if you're going to use the second or third method of sharing this video. The second method is to show the video during the board meeting, and then facilitate a discussion. And then the third is to show the videos as part of orientation, and then facilitate discussion of the questions. You can do this in a way where you watch the whole video and then have a discussion, or you can stop throughout the video at different points to talk about what's going on.

And so with that, we're going to view a short portion of the video that you hopefully watched before our session here today, and it's going to basically be the crux of the video: the description of three different types of conflicts of interest.

[Video plays]

Thank you, Allison, um, so on our next slide we have our first set of discussion questions, and we're going to be putting you into breakout rooms for different rooms of attendees to discuss what you took away from this video. I think it's important just to note here that, you know, we're hoping that you will take this information and share it with your board and if you do, you might be able to get into more detail and more specific discussion of what you currently have going on at your agency. Feel free to, you know, share as much as you feel comfortable sharing with your colleagues on this session but it's it, you know, the, you'll find that the questions in the discussion guide are a little bit more specific and geared towards board members. And we've adapted them to kind of facilitate a broader discussion among individuals in the Community Action network who may be training or interacting with board members for this session.

So, basically we have three initial discussion questions. First of all, we want you to introduce yourself. We're going to be putting you into the breakout rooms, and you'll be in the same breakout room with the same folks for the first and second breakout. And so, take time to introduce yourself and talk about what did you learn from watching this video, and what does the duty of loyalty mean to you.

So with that, I will go ahead and start the breakout rooms. I think our communications and events coordinator was going to put people in, so once you see the prompt to enter the breakout room, go ahead and click forward and you will be in the session.

[Attendees leave for breakout rooms]

[Attendees return from breakout rooms]

Thank you everyone for joining us. The breakout rooms have now closed.

So we appreciate you taking the time to discuss amongst yourselves these questions, and we would love to hear from you if you want to share what you talked about. So I think maybe the best way to do this would be for you to either raise your hand in zoom or unmute yourself. And I can unmute you if you raise your hand in zoom.

Would anyone from room one like to share about what they talked about and some of the maybe something that surprised you about the discussion?

[Ken]

Caroline, this is Ken, I'm not sure what room I was in, if I was in room one or room two...

[Caroline]

Okay. That's a great point, folks may not have been able to see which room. Yeah. You can go ahead.

[Ken]

All right, well we had a little bit of time, but we did not get through question number three, but we were able to introduce ourselves. And one of the things for number two—what we got out of the video—I just kind of jotted down some quick bullet points, but they enjoyed it. The length was good, it was easy to follow. It helps us put training together, moving forward in a formal procedure. And then our last person had talked about creating a board manual that included the duties of the board, and the committees that they have set out. If anyone else from room number two would like to add to that, please feel free.

[Caroline]

Thank you Ken. That's really helpful. Yeah, I think especially the, the idea of specifically training folks on these fiduciary duties and having them mentioned in the board handbook is very, very helpful.

Maybe we'll just kind of throw aside this room concept and ask anyone else who wants to share something that they discussed in their breakout session, feel free to raise your hand in Zoom, or go ahead and unmute yourself if you want to just kind of give your two cents about what Ken had to say.

[Jamey]

We just kind of talked about the importance of having the board members list all the things in the beginning, even if they don't think it's going to lead to anything, just getting them to list it. Someone said that they actually sort of realized that they had had bad and ugly conflicts that maybe they didn't recognize at the time. And we just talked about taking off the other hats that people might be wearing in the community and really looking at the agency's interests first.

[Caroline]

That's great. Yeah, I think that point about just, you know, better, better safe than sorry when it comes to disclosing potential conflicts of interest. I think it's important to emphasize to board members that they're not going to get in trouble for disclosing these up front. And, and that's why it's so important to have an open, and, consistent and ongoing discussion about conflicts of interest because they change. And sometimes, you know, they're a little bit ugly.

[Allison Ma'luf, CAPLAW]

Yeah, and I'll just add—I think that's really good, Jamey. It sounds like you guys got to the third question, which was “what does the duty of loyalty mean to you?” And what you guys noted is a really spot on, I would say, with respect to what the duty of loyalty really means. It's not just sort of a moniker, you know, it actually means something. And, you know, talking about putting the organization first when you're wearing that hat is so critical, a really important concept.

[Eric]

Can I ask a question? Oh, sorry. Thank you. My question is, you know, one of the things that you know, we tend to deal with here in Chicagoland, and I'm assuming elsewhere, is when it comes to conflict of interest—the political side. And I know that we're removed from that, but it's a massive, powerful, powerful influence. How do you get around that with so many pieces of the governor and his staff, the other state representatives the city and their staff? Nobody's really talking about that, and I'd like to know what other people think in that regard, because it's powerful in Illinois anyway.

[Caroline]

That's a great question Eric, thank you for sharing that. I think I would, I would love to hear what others have—how others have approached that, but I think part of this depends on the structure of your Community Action Agency. You know all CAAs have a tripartite board, but some CAAs are, you know, part of the local government, and some CAAs are private nonprofits. So, obviously that's going to influence this to a certain extent. Cherry, did you have something?

[Cherry]

It's one of the things I thought we'd have time to get to in Eric and our session, but it was over so quick. I was like oh, let's talk it out, but that was one of the things I wanted to bring up because we are under the umbrella of a government that same issue we deal with quite a bit. I know when I first came on board, it was highly frustrating for me because we have our process that our applicants are expected to go through, and it's on a first-come first-serve basis of course, depending on with the crisis is things along that line. But when you have people from the mayor's office, because we have two Mayors (a City and a County mayor), then there were folks calling and saying "well, this constituent called and says that, you know, they applied for assistance and haven't heard back". And it's like "okay but we process these in the order that we receive them". And so it was trying to have conversations to educate them because before I came on board, it didn't really matter. If they called, it was a fire—you dropped everything and you serve who they called about. I've since tried to help educate them on what are our processes. And so when they're talking to their constituents, they can also help them to understand that there is a process. And because I've explained repeatedly, it is very unfair to have a process and then not follow it because when you have people who do follow the process and do what they're supposed to do, but because this person is the squeaky wheel, and they call it who they wanted to call and got folks, you know hyped up about it, it is unfair for them to step in front of other people who have followed the process. So I'm going to say here that it has not been resolved 100%, but it is much much better than it was when I first got here.

[Eric]

Thank you very much, Cherry because you know as I sit back and I see these things, these are things in my opinion that none of you guys are really talking about. You know, maybe I'm the tip of the spear, I don't know, but you know I like to shake things up quite a bit and you know when we see you know what influences us. And again we're a non-governmental agency. And those influences are pretty powerful. And again, I was just kind of curious as to how it kind of works around the country like we see it here, so thank you.

[Allison]

Yeah, I think I'll just add to that just real quickly so we can get to the next set of questions. So, there's actually quite a bit of latitude as to what elected public officials serve on your board, and whether or not you have those named in your bylaws. Sometimes there are advantages to having them named in your bylaws because you do want a specific elected public official to be represented, you know, as a part of your governing structure. But you don't have to. So I do think that is sort of one way to kind of spice it up a little bit. With respect to like, making sure your bylaws are flexible and making sure that you have the ability to pick from different political backgrounds to help not have it all be focused perhaps, now that's an option.

Another option is, you know, elected public officials can appoint a representative to serve in their place. Our recommendation has always been to have that representative be the board member themselves. In some states under the nonprofit laws, you don't have an option. But you can have that representative serve as the board member and sometimes that helps. Now even if that representative is not the actual elected public official themselves, that still could mean that they're trying to put forth their, you know, what is most important to them, and then I think that just circles back to training. I just wonder if those on the call today are sort of regularly kind of reiterating, you know, "we're here to talk about what's in the best interest of the organization, which may not always be in the best interest of your personal interest or in the best interest of the other hats that you wear". I thought that was really excellent what Jamey said in the very beginning about understanding that we all wear different hats, and that's why they were invited onto your board because they do wear those hats. And so, you know, and they're bringing that level of expertise to the board but you also want to make sure they understand that when they're on your board, they're wearing that hat.

That's not always easy to do.

[Caroline]

Thanks Allison yeah. Reiterating that they're bringing their expertise, not their own agendas, to the board meeting.

So with that, I'm going to ask that we advance to the next slide and take a look at our second set of discussion questions. These are a little bit more meaty. And so maybe we can take 10 minutes, and then come back, and discuss these as a group.

The questions are: what would you consider to be bad, or outright prohibited, conflicts? What procedures should a board have in place to identify and cleanse what the video refers to as "ugly conflicts"? And then what are some conflicts of interest your board has encountered in the past, and how did you deal with them? So we'll go ahead and send folks back out to the rooms. Thank you all again for your participation.

[Attendees leave for breakout rooms]

[Attendees return from breakout rooms]

[Caroline]

Again, we really appreciate that you showed up to participate in this interactive session and share your thoughts with us. So, unfortunately our train is running a little bit late today, so we only have two minutes left for our all-group discussion.

I think it was important for us to take the time to discuss in the small group, so I hope you all enjoyed that and I hope you'll share your feedback with us about how this session was conducted. It's kind of a new format for us.

Does someone want to share one of the main takeaways that they have from their small group session? You can feel free to raise your hand or unmute yourself.

[Eric]

Well I guess I'll go again, the first on the dance floor.

One of the things I brought up was board participation. I mean it's not a bad or ugly thing, but it gets to the point where we're consistently not seeing, you know, specific board members participate to the point of, you know, one meeting in the last 18 months and things of this nature. So the group was giving me a great deal of feedback in regards to how they are doing it. You know, whether it's to, you know, if you miss three meetings kicking someone out for lack of participation, but at the end of the day for us that's on my side anyway. It's the chair that's just not acting, so I'll give back my time.

[Caroline]

Thanks, Eric. Anybody else want to share something from their discussion?

[Ken]

Well, Caroline, this is Ken again. Our group talked primarily about the importance of the board training and doing annual training, even though it may not be required for two years. Also having folks do that annual conflict of interest disclosure, signing and disclosing if there are any potential conflicts. And even throughout the year, if something should come up that may not have been identified in the first part, to bring it up and bring it to the full board or to the board chair. And then finally, there was another one where they did a Board Governance survey annually, and part of that survey included a discussion about the conflict of interest.

[Caroline]

Great. Yeah, that's important, I think. You know, the Organizational Standards say every two years, but that is quite a long time on a board. That gives a lot of time for folks to lose engagement, to stop participating. If they're not being trained and kind of reached out to regularly then it is easy for things to fall off. And so that's why I think training and engagement go hand in hand. And I would encourage folks who are concerned about participation and engagement to check out our resource library for some more resources and PowerPoints that specifically address engagement and retention of board members. Or feel free to reach out to us directly as well.

Okay, so I also just want to flag before we go that we do have template conflict of interest policies that comply with CSBG rules, federal grant rules, and Head Start rules if you're a Head Start grantee. We have these for senior staff members and for board members, so there are four different versions of this policy available in our resource library, and you can download them there in Microsoft Word format and they're full of really helpful annotations that go into why the policy says what it does.

So feel free to check those out. We also have more training materials to help you train your board. We have our Tools for Top Notch CAAs, which goes in-depth with fiduciary duties. And we also have our training and orientation tool, one for nonprofits CAAs and one for public CAAs. Those are some PowerPoints that you can customize to create your own board trainings using the same materials that CAPLAW would use to do the presentation. So those are also available on our website as well, as well as our two previous videos that we talked about in our conductor series.

You will also be able to view this recording, but not what was discussed in the breakout sessions. We're going to keep that between friends, but the rest of the session will be available on our resource library in the next few days. Thank you all so much for joining us and for participating in this kind-of-a-little-bit awkward format! We really think it can be really useful.