

Duties of Directors

1. Duty of Care

- Statutory (federal and provincial law)
- Common Law (application over time and now representing community standards)
- Society Act in BC codifies “Standard of Care”.
- A Director of a Society shall:
 - Act honestly and in good faith and in the best interests of the society, and
 - Exercise the care, diligence and skill of a reasonable prudent person, in exercising his powers and performing his duties as a Director**

2. Duty of Knowledge

- Content of documents outlining fundamental purpose of organization (Constitution)
- Internal governance mechanisms (Bylaws - internal workings of organization)
- Practices of organization (putting purpose into action)
- Ongoing self and organizational education of Directors is prudent
- Mission, values and vision into action

3. Duty of Skill & Prudence

- Act with practicality, act cautiously and anticipate any probable consequences of the course of action
- In BC, a Director must conform to the higher standard that a reasonably prudent person must exercise under the same circumstances**

4. Duty of Diligence

- Must act in the best interests of the organization and must be fully informed as is reasonably possible with respect to all aspects of the organization
- Directors are accountable to the organization and must act prudently and reasonably to preserve the integrity and reputation of the organization

5. Duty to Manage

- Apply the Bylaws, appoint & supervise staff, establish policies and provide guidance, comply with legal requirements, acquire adequate knowledge of the business and functioning of the organization
- Clear delineation between Board and staff
 - Board - establishing policies & priorities
 - Staff - implementation
 - Board - evaluate staff’s implementation (or volunteers doing same if working Board)

6. Fiduciary Duty

- Act honestly and in good faith
- Avoid any conflict of interest
- Subordinate every personal interest to those of the organization
- Avoid acting in such a way that personal interests conflict with the interests of the organization

7. Duty as Trustees

- Trustees of charitable orgs - higher standard of management

8. Duty with Investments

- Policies must have an acceptable level of risk
- Regular reporting should be a requirement

9. Duty re: Delegation by Directors

- May be delegation of tasks to committees, task forces, working groups
- Delegation does not relieve liability
- Directors still responsible for resultant actions
- Policies or terms of reference must contain sufficient detail
- Must maintain supervisory role
- Hiring of experts: Directors must ensure that experts have sufficient qualifications for the task

10. Duty to Adhere to Scope of Authority

- Can only act within scope of authority as designated by Bylaws, statutes and common law
- Can engage in permitted activities of organization and scope of own authority as Board
- May incur personal liability through either positive action or neglect
- If a Director thinks that the Board is acting outside of authority, must oppose the action or decision that is outside of the authority and ask that the opposition be recorded in the minutes (or at next meeting if absent)

11. Duty of Avoid Conflict of Interest

- A person may not profit from the position of Director at the expense of the organization
- Possible conflicts of interest should be declared early to whole Board
- Should not participate in discussion or decision or influence in any way
- May also occur when a person is a Director of two orgs involved in the same transaction / area of discussion - director owes fiduciary duty to both organizations
- Perception of conflict of interest is as important as actual conflict of interest

Information compiled from BC Society Act and various documents and sources.