

The Three Duties of Board Governance

The legal and ethical responsibilities of every board and board member are known as the three duties, often referred to as the “3-Ds.” They are the duty of care, the duty of loyalty, and the duty of obedience. The requirements of the “3-Ds” are a lawyerly view of board governance; it’s definitely not a deep motivator as to why volunteers stay on boards! The **duty of care** requires directors to pay attention to the organization’s activities and operations, that board members are reasonably informed, participate in decisions, and act in good faith and with the care of a prudent person. Members execute the duty of care by attending board meetings; by making informed and independent decisions; by overseeing organizations finances and financial policies; and by ensuring that the organization is in compliance with tax-filing requirements.

The **duty of loyalty** requires all board members to act in the best interest of the organization and not in their own interest or in the interest of an entity with which they have a relationship. Members adhere to the duty of loyalty by disclosing conflicts of interest both real and perceived; being conscious of the organization’s conflict of interest policy; avoiding any situations where it appears you’re seeking personal gain and not acting in

the best interest of the organization; and maintaining confidentiality about the matters of the organization.

The **duty of obedience** requires compliance with applicable, federal, state and local laws, adherence to the organization's by-laws, and acting as a guardian of the organization's mission. Directors execute the duty of obedience by complying with all regulatory and reporting requirements, i.e. the annual completion of IRS Form 990, state and local information returns, payroll returns, census related returns etc.; submitting to periodic review of organizational documents, i.e. by-laws, articles of organization, board policies and the like; and making decisions that fall within the organization's mission and are authorized by the governing documents.