

NAHRO National Conference
October 2008
San Antonio, Texas
Building on 75 Years of Success

Commissioners, Trustee
and Officer Liability

Stephanie Bamford

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Strategy Support Service

Commissioners, Trustee
and Officer Liability

Liability can be managed,
minimised, moved or
shared, but it can
never be ignored

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'It couldn't happen to me ...
...What I don't know won't hurt me
...We don't make mistakes
... What will be will be
... I can't do anything about it'

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Commissioners, Trustee and Officer Liability

How to minimise the risk of liability :

- Know what you are responsible for
- Identify, audit and control risks
- Make sure you have the knowledge and information you need
- Your attitude, behaviour and communications - think before you act
- Consider other peoples perceptions - avoid conflicts of interest

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Know what you are responsible for :

- Your role - is it clearly defined
- Organization's constitution / rules
- Key corporate objectives
- Legal obligations
- Fiduciary duty
- Know your own strengths and weaknesses. Know what you do not know. Seek the views of others with more experience. Learn from them. Do you need training?

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Know what you are responsible for :

- Every organisation has key documents
- The ones that really matter
- The rule book
- Get hold of it
- Read it
- Understand it
- If you don't understand it, ask someone who does to explain it to you
- Then you know

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Identify, audit and control risks

- Act within national and state laws
 - Environmental
 - Health and safety
- Act within your own constitution - no ultra vires activities
- Understand your long term business plan financial projections and assumptions
- And your organizations capacity / competence to achieve its objectives
- Borrowing / funding limits
- Loan agreements and contracts - the small print
- Budget approval, management and monitoring - don't just rubber-stamp

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Identify, audit and control risks

- Rigorous new project development / investment appraisal
- Challenge your officers
- Effective and proportionate internal controls and reporting systems
 - Preventive
 - Detective
 - Directional
- Disaster / emergency planning
- Operational risks
- Whistle blowing policy
- Fraud register

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Make sure you have the knowledge and information you need to :

- Provide strategic direction
- Lead the organization
- Review the effectiveness of your risk management systems
- Assume ultimate responsibility
- Stay legal
- Safeguard your assets
- Stay in control
- Avoid being taken by surprise
- Take difficult decisions

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Your attitude, behaviour and communications

Think before you act. How are you viewed by :

- Clients
- Staff and volunteers
- Contractors, consultants and suppliers
- Professional advisers
- Partners
- Funders
- Local community influencers
- Local politicians
- Media reporters

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Your attitude, behaviour and communications

- Be transparent, open and honest
- Listen and seek the views of others, be a 'part of the team'
- Communicate any concerns
- Be disciplined, reliable, worthy of the trust placed in you by others
- Use your common sense
- Take nothing for granted
- Monitor what is happening in your organization
- Learn from previous mistakes, use your experience
- Understand the rules of engagement

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Your attitude, behaviour and communications

- Lead by example - do as I do not do as I say
- Don't be complacent
- Don't 'turn a blind eye'
- Don't 'pass the buck' - be accountable
- Understand the consequences of your actions
- Challenge things you are not comfortable with
- Don't put self interest above the interests of the organization and its clients
- Strive to avoid obvious pitfalls - litigation, fraud, theft, corruption, blackmail, scandal, debt default, inadequate insurance cover

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Consider other peoples perceptions - avoid conflicts of interest

- What is your organization's 'collective belief' - the 'team norm' of socially acceptable, ethical behaviour
- Do you declare outside interests where there might be conflict
- Do you benefit from your position
- Is it acceptable that you should
- How does it look to others
- Are you damaging, or protecting and enhancing the reputation of the organisation
- Are you encouraging loyalty and goodwill

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It takes 20 years to
build a reputation,
and five minutes to ruin it

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- You need to understand the liability risks
- But you also need to understand how you as an individual can minimise those risks :
 - To yourself
 - To your organisation

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Thank you for listening
Are there any questions

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