

Governing Board Autonomy, Independence, and Accountability in Colleges and Universities—Guidelines

1. Purpose

The purpose of this statement is to provide trustees and constituencies with information and guidelines concerning the role of governing boards in Seventh-day Adventist colleges and universities. The document describes how governing boards of trustees practice self-governance and function autonomously within the framework of:

- a. Fiduciary obligations of trustees
- b. Educational objectives of the institution and the Seventh-day Adventist Church
- c. Denominational policies regarding higher education
- d. Board accountability to multiple interest groups

Autonomy and independence in this context refer to the freedom and responsibility of governing boards and constituencies to govern an institution in light of its mission and identity and to do so without external interference. Trustee independence, a term widely used in the context of governance, differs from board independence. In order to reduce misunderstanding of these terms this document presents a definition for trustee independence and how it relates to the larger topic of board independence.

The Seventh-day Adventist Church has established institutions of higher education in many countries. Political, social and regulatory environments differ considerably. In responding to the particular obligations of governments or regulatory bodies the constituencies and boards of trustees (variously called councils or board of governors) of denominational institutions will maintain the ethos and quality that makes Seventh-day Adventist education a distinctive contribution to society.

2. Underlying Principles

Governance of denominational institutions is built upon several underlying principles and assumptions including:

- a. Trust—Denominational organizations that establish educational institutions entrust a constituency with the responsibility for providing quality education within a distinctive Seventh-day Adventist ethos and mission. Governing boards of trustees function as stewards of the institution and, on behalf of the Church, strive to meet all their fiduciary obligations in delivering excellence in education.
- b. Autonomy and Responsibility—Governing boards recognize that while they have an obligation to demonstrate self-governance in regard to institutional direction, all

Seventh-day Adventist colleges and universities are part of a network of educational institutions committed to the preservation and transmission of specific identifying values in education. A governing board also works collaboratively and creatively with external agencies to provide uniquely Seventh-day Adventist education within the social and regulatory environment of the institution.

c. Integrity—Constituencies and governing boards recognize their obligations to act with integrity and transparency, to comply with legal and regulatory standards, and to appropriately manage conflicts of interest.

d. Mission—Constituencies and governing boards recognize the importance of focusing on the specific educational and mission goals of the institutions they serve while proactively embracing the denominational purposes and goals for education.

3. Definition of Board Independence in Seventh-day Adventist Educational System

The discovery and transmission of knowledge is an essential part of the Church's mission. Educational institutions therefore represent an expression of the Church in action. The Board of Trustees, established in harmony with relevant institutional governance documents¹, is the group responsible for linking the educational focus of the institution with the interests, mission and educational objectives of the Church.

Board independence emanates from the constituency's confidence and expectation that the board, relying upon its own processes and commitments to quality education and to the Seventh-day Adventist Church, will ensure that the operations of the institution serve the educational mission of the Church and provide practical benefit to the community and the world. Governing boards earn and maintain the respect and trust of their constituencies by demonstrating accountability to:

- a. Quality in student learning outcomes
- b. Denominational identity in education
- c. Professional standards adopted by regulatory agencies
- d. The needs of society
- e. Commitments expressed to students, donors and other benefactors
- f. Agreed strategic direction and fiscal policy

Constituencies of educational institutions protect and preserve board independence by the election of boards of trustees with competency-based membership, by respecting the board's

¹ Articles and Bylaws, Government Charter, etc.

authority to govern the affairs of the institution between constituency meetings without interference, and by holding the board accountable through reports provided to periodic constituency meetings.

4. Definition of Trustee Independence

Trustee independence is a specific term in governance to describe a trustee's relationship to the institution. It is not required that all trustees meet the conditions for trustee independence as described below. However, regulatory and/or funding agencies may require a certain proportion of the board membership to qualify as independent trustees. Local jurisdictions may have specific standards for trustee independence. Generally the term refers to persons who 1) are not employed by the institution, 2) receive no compensation, other than modest stipends, from the institution, 3) receive no non-economic benefit from the institution, 4) have no immediate family members employed by, or conducting business with, the institution.

Whether or not a trustee qualifies under the requirements for an "independent trustee" all trustees are required to complete the institution's Conflict of Interest and/or Commitment declaration and to remain in compliance with its conditions.

5. Practices and Procedures Respecting Board Independence

The following list of best practices contributes to but does not necessarily guarantee that a board functions within the definition of independence outlined above. Ultimately, the test of independence is whether or not the board demonstrates its ability to make decisions in the best interest of the institution and its role in denominational structure and, in doing so, is free from the influence or control of persons or parties with competing or divided loyalties.

a. The organization's Articles and Bylaws clearly identify the institution's relationship with the Seventh-day Adventist Church and its commitment to furthering the mission and values of the Seventh-day Adventist Church within an educational context.

b. The organization's Articles and Bylaws clearly define the constituency of the institution, the frequency of constituency meetings, the role of the constituency in amending the constitution and bylaws, and the method of appointment of trustees/board members.

c. Persons selected for membership² on the board of trustees are capable of reflecting Seventh-day Adventist Church interests in education.

d. The governing board has a competency-based membership appropriate to the level and scope of education offered and the nature of any institution-related business enterprise. Board membership includes gender and ethnic diversity in order to represent the

² General Conference *Working Policy* FE 20 10: Subject to applicable civil laws and regulations, members of the governing boards of Seventh-day Adventist colleges and universities shall be members of the Seventh-day Adventist Church in regular standing. Others may serve in advisory capacities.

constituency being served. Trustees are informed regarding their fiduciary obligations and participate in continuing education concerning governance.

e. The organization's Bylaws define the authority of the board with respect to the removal of individual trustees and the process for selection of new trustees to fill any board vacancies.

f. A majority of the trustees shall qualify as "independent" trustees. (See paragraph 4. above.)

g. The board of trustees is granted, by governance documents, full authority to govern the institution in harmony with established denominational working policies.

h. The board serves as the policy-making body for the institution. In particular, the board subscribes to the denominational policy on academic freedom³, defends the principles of academic freedom in the interest of advancing knowledge, and rigorously follows due process in the protection of faculty, staff, and students.

i. The board demonstrates its trustee role by consistently making policy and operational decisions in reference to the institution's mission as an expression of the Seventh-day Adventist Church's purpose in operating educational institutions.

j. The Bylaws of the institution empower the board with authority to retain, evaluate, and discharge the administrator(s) of the institution.

k. The board has a published conflict of interest and/or commitment policy, including disabling guidelines, and adheres to a transparent process of conflict of interest disclosures. The board manages and documents situations where conflict of interest may be present.

l. The board governs as a body. Although vigorous discussion and dissent is welcome in the journey to a decision, once the decision is made all trustees respect it as the decision of the group.

m. The board empowers committees to address focused attention on various aspects of the board's responsibilities. However, no committee is given so much authority as to subvert the authority of the board. Board committee charges require the committee to report in sufficient detail to the board so that all trustees are well informed and statutorily-required items are addressed by the entire board for final determination.

n. The board has a process for contemporaneous documentation of its decisions.

³ "A Statement on Theological and Academic Freedom and Accountability" can be found at www.adventist.org/beliefs/statements/main-stat36.html

o. The board demonstrates commitment to ethical conduct on the part of all trustees and, between constituency meetings, holds trustees accountable for always acting in the best interests of the institution, including the preservation of confidentiality on matters so identified by the board.

6. Powers of Related Entities

Boards of trustees govern their institutions as part of the Seventh-day Adventist Church and thus carry very significant responsibility for knowing and assuring that institutional strategies/policies/practices are consistent with established denominational policy and mission purposes. Seventh-day Adventist members and organizational units recognize the need for the board to function autonomously, as outlined in this document, and will therefore respect the protocols for communication concerning the institution and its leadership.

7. External Influences on the Board of Trustees.

Governing boards are expected to be responsive to the interests of many stakeholders including governments, regulatory bodies, faculty, students, donors and alumni. Boards must demonstrate the ability to engage in active dialogue with these stakeholders without compromising their fiduciary obligations to the institution and its educational mission.