10.
Board Job Description
Responsibilities of the Board of Directors

Board of Directors
The board of directors makes club policies and governs the club. The board’s specific duties and responsibilities include establishing general operating policies; overseeing the financial stability of the club (which includes reviewing the club’s financial statements, approving its operating budget, taking action if the budget is not being followed and so on); voting on new member candidates; and handling member discipline problems, including voting on whether to suspend or expel members.

It is the responsibility of the board to hire, evaluate and give overall directions to the general manager. The board should avoid the temptation to try to actually run the club; that job belongs to the general manager. The board should restrict itself to setting policy and overseeing the club’s operation, not actually giving directions to the club managers and employees. It is the duty of the board to develop policy, and it is the duty of the management to implement the policies.
IV. Board/Committee Duties and Responsibilities

A. Governing Board Duties

1. Specific Duties

Obviously, the purpose of the board is to govern the club. This guide has offered several examples of the responsibilities and codes of conduct for participating on the board. This section will clarify these duties in greater depth. Much emphasis today is being placed on the fiduciary responsibilities of directors and the legal ramifications of their actions. To avoid liability, each member of the board must adhere to the following three duties.

1. The Duty of Care—Board members must take the same precautions as the reasonably prudent person would take under similar circumstances. This duty can also be called “The Duty of Diligence.” This is certainly common sense and easily understood. However, as John Carroll writes, “diligent behavior ... may be open to interpretation.” It is key that boards use a well-thought-out and logical approach to even the most common-sense decisions.

2. The Duty of Loyalty (or Good Faith)—Board members must put the interest of the organization ahead of their own personal interests. This duty has to do with conflicts of interest and the appearance of impropriety. Both of these issues were dealt with during our discussion on ethics.

3. The Duty of Compliance—Board members must remain faithful to the overall mission of the organization. However, duty of compliance means acting in compliance with the law. It is important that the board stay abreast of the legal issues surrounding the operations of the club. There should be some dependence on the GM/COO in this area to provide compliance requirements. However, whenever there is a question or concern, it is important to seek professional advice.

2. Potential Liability

Directors should be aware of the potential areas of liability. The following list (provided by the National Club Association) may be the basis for allegations of wrongdoing:

- Acquiescence to the conduct of fellow trustees engaged in improper activity;
- Aiding or abetting misconduct of others;
- Failing to attend trustee and committee meetings;
- Lack of awareness of internal management controls;
- Compensation arrangements;
- Continuing a wrongful practice after learning of its impropriety;
- Failing to cooperate with regulatory authorities;
- Acquisition that would result in a loss of club assets;
- Financial delinquencies;
- Counsel’s advice as to possible libel or slander;
- Dishonored club checks;
- Dissent from improper acts of board or committees and recording of dissent;
- Extending credit;
- Filing annual and periodic reports;
- Payment of bribes or making illegal payments;
- Inefficient management resulting in losses;
- Infringement of patents, copyrights or trademarks;
- Minutes of board and committee meetings;
- Misuse of electronic data processing;
- Monthly operational and financial reports;
- Receiving personal benefit or gain as a consequence of service performed as a trustee;
- Reports of the auditors;
- Not recording dissent from wrongful acts at meetings not attended, after reviewing minutes;
- Selling or transferring club assets only for adequate consideration;
- Shirking responsibility;
- Statements of club policy in areas that frequently generate litigation;
- Not consulting legal counsel, auditors, manager to obtain information;
- Decisions based on inadequate information and ill-advised judgment;
- Failure to inspect club's books and records when necessary to keep abreast of activities;
- Failure to make reasonable investigations;
- Payments made to trustees not verified for reasonableness;
- Failure to consult counsel for advice regarding corporate powers under statutes, charter and code of regulations;
- Failure to obey code of regulation provisions;
- Awareness of conflicts of interest;
- Conduct of other directors engaged in self-dealing;
- Contracts involving self-dealing with corporations;
- Failure to disclose personal interest in management transactions;
- Engaging in a competitive enterprise;
- Loans by or to trustees or members involving self-dealing;
- Preference at expense of creditors or other members;
- Transactions between corporations having common trustees;
- Transactions with other entities in which an officer or director is interested;
- Expenditure of club funds in proxy contests as subject to director's duties in loyalty, care and diligence;
- Merger of the corporation as involving trustee duties of care and loyalty to the club and members;
- Rejecting acquisition offer and refusal to submit it to members;
- Annual reports;
- Deceptive presentations;
- Delivery of securities promptly after sale;
- Disclosures insufficiently or improperly made;
- Discrimination against minority shareholders;
- Fraudulent conduct in connection with purchase or sale of a security;
- Fraudulent methods, misstatements or omissions relating the material facts;
- Fraudulent reports, financial statements or certificates;
- Material misstatements in filings, registration statements or reports to agencies;
- Conflicts of interest;
- Extent of board participation in improper actions;
- Illegal payments;
- Political contributions;
- Sufficiency of disclosures;
- Timeliness of disclosures;
- Causing the club to incur unnecessary tax liability or penalty;
- Failure to obey requirements of tax laws and regulation;
Failure to require withholding in connection with Social Security or income taxes;

- Unreasonable accumulation of surplus;
- Aiding and abetting actions of others;
- Carelessness in concluding business or legal matters;
- Commercial bribery not disclosed;
- Consenting to improper or illegal actions resulting in losses;
- Detecting and preventing embezzlement of club funds;
- Failing to see what could be seen by merely looking;
- Fraudulent interstate transactions;
- Inducing a corporation to commit breach of contract;
- Inducing intentional or careless wrongdoing by the club;
- Ignoring statutory or regulatory requirements;
- Insufficient monitoring or supervision of officers, directors or other employees;
- Nondisclosure of questionable or unlawful actions; and
- Willful wrongdoing.

As Carroll writes, "Ignorance of the law is no excuse." Smart club boards combine diligence and compliance to stay on top of changes to the law.

So, how do clubs boards stay abreast of issues? There are several regular publications that provide notice of legal issues. It is an important role of the GM to keep the board informed. The GM has the responsibility to take advantage of the resources available. Professional or business associations produce much of the critical resource information used in the industry. These associations require the GM, or club, to join and they have associated annual dues.

It is prudent for the board to ensure the annual budget provides the necessary funding to maintain the appropriate membership.

**Practice # 23**—It is a policy of the club to fund memberships in professional and business associations that provide legal updates.
B. Separation of Responsibilities

1. The Board and Staff—Who Does What

The chart titled “Who’s Responsible” identifies where the responsibility lies regarding major activities within governance and operations. It provides a clear division between the board and the administrator or GM.

Another way of looking at roles is detailed in the “Director and Staff Roles” chart on page 28.

The two charts provide a blueprint of how the duties of the board and staff are separated. This delineation is critical, and neither party should cross the line. The board should have a set of policies detailing this separation regularly available at all meetings. The president should bring clarity to discussions when the lines become fuzzy or there is a distinct movement into an area that has been delegated to staff.

<table>
<thead>
<tr>
<th>AREA</th>
<th>BOARD</th>
<th>ADMINISTRATOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Term Goals (1+ Years)</td>
<td>Approves</td>
<td>Provides Input</td>
</tr>
<tr>
<td>Short-Term Goals</td>
<td>Monitors</td>
<td>Establishes and Executes</td>
</tr>
<tr>
<td>Day-to-Day Operations</td>
<td>No Role</td>
<td>Makes All Management Decisions</td>
</tr>
<tr>
<td>Budget</td>
<td>Approves</td>
<td>Develops/Recommends</td>
</tr>
<tr>
<td>Capital Purchases</td>
<td>Approves</td>
<td>Prepares Requests</td>
</tr>
<tr>
<td>Decisions on Building, Renovation, Expansion</td>
<td>Make Decisions That Are Responsible</td>
<td>Provides Input, if Authorized Signs Contracts</td>
</tr>
<tr>
<td>Supply Purchases</td>
<td>Sets Policy and Approves Budget</td>
<td>Purchases According to Policy/ Maintains Audit Trail</td>
</tr>
<tr>
<td>Major Repairs</td>
<td>Approves</td>
<td>Obtains Estimates and Prepares Recommendation</td>
</tr>
<tr>
<td>Minor Repairs</td>
<td>Policy Includes Amount That Can Be Spent Without Prior Approval</td>
<td>Authorizes Repairs up to Policy Limit</td>
</tr>
<tr>
<td>Emergency Repairs</td>
<td>Works with G.M. and Acts with Concurrence from Chair</td>
<td>Notifies Board Chairperson</td>
</tr>
<tr>
<td>Cleaning and Maintenance</td>
<td>No Role (Oversight Only)</td>
<td>Sets up Schedule</td>
</tr>
<tr>
<td>Fees</td>
<td>Adopts Policy</td>
<td>Develops Fee Schedule</td>
</tr>
<tr>
<td>Billing, Credit, Collections</td>
<td>Adopts Policy</td>
<td>Proposes Policy and Implements</td>
</tr>
<tr>
<td>Hiring of Staff</td>
<td>No Role</td>
<td>Approves All Hiring</td>
</tr>
<tr>
<td>Staff Deployment and Assignment</td>
<td>No Role</td>
<td>Establishes</td>
</tr>
<tr>
<td>Staff Grievances</td>
<td>No Role</td>
<td>The Grievances Stop with Administration</td>
</tr>
<tr>
<td>Personnel Policies</td>
<td>Adopts</td>
<td>Recommends/Administers</td>
</tr>
<tr>
<td>Staff Salaries</td>
<td>Allocates Line Item for Salaries in Budget</td>
<td>Approves Salaries with Recommendations from Supervisory Staff</td>
</tr>
<tr>
<td>Staff Evaluation</td>
<td>Evaluates Only</td>
<td>Evaluates Other Staff</td>
</tr>
</tbody>
</table>
PRACTICE # 26—There will be a board member or board liaison on every committee.

2. The Role of Committees

The primary method by which the board of governors extracts its oversight function is through a series of board-appointed committees. These committees are basically extensions of the board itself. Board committees have three primary functions. They are first of all responsible for developing policies especially related to the department function, which they oversee for subsequent review and approval by the board.

Second, they are also responsible for implementing the board’s oversight role related to the specific function to which they are assigned. This oversight role is limited to assuring two very specific results: first, compliance with all board-approved policies related to that department and, second, to assure congruence and consistence with board-approved strategic performance goals. Except when asked for advice by the responsible department manager or the general manager, board committees have no day-in, day-out management role or responsibilities.

Finally, board committees are a primary mechanism by which the general membership is recruited to become involved in the affairs of their club. Committee work thus becomes an important method of developing and observing a broader pool of backgrounds, experiences and talents from which new members of the board can be recruited each year.

<table>
<thead>
<tr>
<th>COUNTRY CLUB DIRECTOR OF *** AND STAFF ROLES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STAFF</strong></td>
</tr>
<tr>
<td>General Operations</td>
</tr>
<tr>
<td>Enforce Club Policies</td>
</tr>
<tr>
<td>Finance</td>
</tr>
<tr>
<td>Human Resources</td>
</tr>
<tr>
<td>Media Contact</td>
</tr>
</tbody>
</table>

Why stick to roles? For legal reasons. We have directors and officers insurance coverage in the amount of $5 million to protect your; however, we have read of situations where directors stepped out of their roles and subjected their clubs to large exposures.
3. **Best Practices for Club Committees**

Ronda Montgomery, Ph.D., Associate Professor at the William F. Harrah College of Hotel Administration, University of Nevada/Las Vegas, identified six steps to effective committees. They are:

1. All board committees will be chaired by a member of the board of governors.

2. Committees are responsible for overseeing assigned club functions and providing assurance to the board of adherence to all approved club policies, as well as consistence and congruence with approved club strategic goals in the management of these club functions.

3. One of the functions of the committee organization is to provide appropriate observation of club members for the purpose of later recruitment of new board members. To this end, to the extent possible and where committee membership is not prescribed by club bylaws, it is the club’s policy to encourage general members to volunteer for committee service.

4. Individuals will generally be limited to service on only one board committee.

5. Committee members will serve for a term of one year at the pleasure of the committee chairman and the president.

6. Committee members will be limited to three consecutive years of service.

The above three policies (4, 5 and 6 above) are designed as a matter of policy to replace some portion of each committee each year.

These policies have the purpose of extending the privilege of club service to as many members as possible. In addition, they generate the maximum potential for identifying future club leaders. Bylaw considerations preclude applying them strictly to the board itself, though, to the extent possible, board members will be assigned committee chairmanships and committee work with these goals in mind.

National Club Association's Gerard Hurley, in his commentary on club committees, writes:

"In the best of all worlds, project-orientated standing committees and their chairs work in concert with the general manager and the board of directors. Their work should be in harmony with overall club plans and placed into the budget and program authorized and implemented by the board. The club cannot be run by committees, but rather stimulated and supported by them."

Adopting the best practices for club committees, which have been listed in this section, is critical for a smooth-working system of club governance.

**Practice # 27**—The board and GM/COO will provide committees with concise goals and objectives and clearly delineate to each committee their authority and responsibilities.