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GOVERNANCE BOOT CAMP

Navigating Fiduciary Duties and HRSA Expectations



-
- IF YOU HAD YOUR WISH, WHAT WOULD *INSERT CHC NAME* LOOK LIKE?
 - ARE WE GOVERNING EFFECTIVELY?

What Exactly is the Board's Role



LEGAL DUTIES OF BODs

Board members are fiduciaries and stewards of organization's mission!



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THE FUNDAMENTAL DUTIES BODs (the three Ds):

- *Duty of Care*
- *Duty of Loyalty*
- *Duty of Obedience*

DUTY OF CARE: *DUTY OF CARE**. Prudent management of CHCs' assets. Done by doing the following:

Attending board meetings & appropriate committee meetings

Preparing in advance for board meetings

Obtaining information, before board meeting, to make an informed decision

Exercising independent judgement

Periodically examining the credentials & performance of those who serve in the CHC

Frequently reviewing the CHC's finances & financial policies

Ensuring compliance with federal/state/local laws

DUTY OF LOYALTY: *Constant focus on serving the best interests of the organization (not individual interests) they serve. Done by doing the following:*

Adhering to the
conflict-of-interest
policy

Disclosing any conflicts-
of-interest

Avoiding use of
corporate
opportunities for
personal gain or
benefit

Maintaining
confidentiality of
information of CHC



DUTY OF OBEDIENCE: *Comply with applicable federal/state/local laws, adhere to CHC bylaws, and remain guardians of the mission. Done by doing the following:*

Ensuring compliance with all regulatory and reporting requirements

Examining all documents that govern the CHC and its operation (bylaws, policies)

Making decisions that fall within the scope mission and governing documents

Interconnection of Fiduciary Duties

FIDUCIARY DUTY	DEFINITION	KEY RESPONSIBILITIES	RISKS OF BREACH
Duty of Obedience	Aligns actions with mission and legal compliance	Follow bylaws, ensure regulatory compliance, uphold mission	Legal penalties, loss of nonprofit status
Duty of Care	Requires informed, diligent decision-making	Attend meetings, review materials, ask questions	Lawsuits, poor oversight, financial mismanagement
Duty of Loyalty	Act in the best interest of the organization	Disclose conflicts, maintain confidentiality, avoid self-dealing	Restitution, fines, reputational damage

THE BOARD & THE CEO: What Should The Relationship Look Like?



Board & CEO: A Strategic Partnership



Understanding the Interdependent Relationship

Board's Strategic Role

The Board provides strategic oversight, sets long-term goals, and ensures accountability to the community's needs.

CEO's Operational Role

The CEO manages daily operations, implements Board vision, and ensures regulatory compliance and resource use.

Collaborative Partnership

Open communication and mutual respect between Board and CEO ensure effective teamwork and organizational success.

Shared Commitment

Both parties share goals and responsibilities to deliver quality care and achieve operational excellence.

Board & CEO: A Strategic Partnership

Collaborative leadership driving organizational success



Questions for the board to ponder:

- Does our board ensure the CEO has performance goals that are connected to the strategic plan?
- Does the board periodically evaluate the CEO's performance? What practices do we want to maintain, stop, or start related to CEO evaluation?
- Does the board approve the CEO's compensation?
- Has the board developed and approved an emergency CEO succession plan and a CEO succession policy?
- Do we have an effective partnership with the CEO?
- Does the board understand the parameters that are important to follow related to interaction with staff?

Board & CEO: A Strategic Partnership

Pillars of an Effective Board – CEO Relationship

Role clarity – It is important for the board and CEO to have the same understanding of their respective roles. Role descriptions for the board and CEO, along with periodic training, can help.

Shared expectations and accountability – Ideally both the CEO and board have goals that are linked to the strategic plan. Additionally, it is good practice for a board to ensure processes are in place to assess both CEO performance as well as board performance

Trust and respect – It is important for the board and CEO to work on building trust, develop agreed upon expectations, and have an understanding that disagreements will be handled constructively.

Open communication – It is important to ensure transparency in communication, and to be clear about priorities and concerns to avoid surprises.

Ability to navigate difficult moments – Difficult moments will arise. Ensuring the board and CEO leverage existing agreements regarding expectations and follow board policies when navigating difficult situations can help.

Governance Pitfalls: Oversight Failures



Understanding Fiduciary Duties

Board members must grasp fiduciary duties to act in the organization's best interest and avoid conflicting decisions.

Effective Oversight Monitoring

Boards need to monitor performance, finances, and strategy to detect early signs of distress and guide the organization.

Reviewing Program Effectiveness

Regular review of program efficiency and timely follow-up actions prevent stagnation and improve outcomes.

Holding Executives Accountable

Accountability ensures leadership responsibility, combats complacency, and maintains stakeholder trust.

Governance Pitfalls: Leadership Issues



Power Concentration Risks

Excessive deference to key leaders can concentrate power and marginalize other board members.

Micromanagement Issues

Micromanaging staff blurs governance and management roles, causing inefficiency and frustration.

Avoiding Difficult Questions

Weak leadership avoids hard questions, preventing resolution of critical challenges.

Conflict Management Deficiencies

Poor conflict management fosters toxic culture and hinders board collaboration.

Governance Pitfalls: Compliance Gaps



Risks of Compliance Gaps

Compliance gaps pose serious risks to an organization's legal and ethical standing and can threaten its status and funding.

Outdated Governing Documents

Using outdated or inconsistent governing documents undermines board operations and fails to meet current legal standards.

Importance of Proper Documentation

Accurate documentation ensures transparency, accountability, and supports audits and legal reviews.

Staying Informed on Regulations

Boards must stay updated on relevant laws to align policies and practices with legal requirements effectively.



Governance Pitfalls: Board Development Challenges

Lack of Board Diversity

Failure to cultivate diversity limits perspectives and reduces innovation in decision-making.

Recruitment and Selection Issues

Poor recruitment causes mismatch between board needs and member capabilities, leading to inefficiency.

Member Education and Motivation

Ongoing training is essential to keep members informed and engaged in governance roles.

HRSA COMPLIANCE MANUAL: Chapter 19 (Board Authority) & Chapter 20 (Board Composition)



COMPLIANCE MANUAL IS NOT

Does not apply to “out of scope” activities;

Not intended to address best or promising practices** or performance improvement strategies that may support effective operations or organizational excellence.

Chapters 3-20: Program Requirements



The chapters include the following subsections:



Authority – References the applicable statutory and regulatory citations pertaining to that Chapter's Program Requirement.



Requirements – Spells out the statutory and regulatory requirements. (in layman's terms)



Demonstrating Compliance – Describes how health centers would demonstrate their compliance with requirements by fulfilling all elements in this section. (OSVs)



Related Considerations – Examples of areas where health centers have discretion with respect to decision-making and gives useful information for health centers to consider when implementing a requirement. (not part of the OSV)

Demonstrating Compliance



CONTAINS THE “ELEMENTS” THAT STIPULATE
WHAT THE HEALTH CENTER MUST DO TO BE
COMPLIANT WITH THE REQUIREMENT.



OSV REVIEWERS WILL LOOK TO SEE IF ALL 93
ELEMENTS EXIST WITHIN THE HEALTH
CENTER OPERATIONS.

Delegation of Authority

The Board may delegate authority to a qualified member or committee, in accordance with the bylaws, regulations, and law. All decisions made through delegation must be approved by a majority of Voting Directors during a meeting where a quorum is present.





COMPLIANCE MANUAL

CHAPTER 19:

BOARD AUTHORITY

Key Responsibilities:

Health center BOD's minutes or other relevant documents can show the following:

Holding *monthly* meetings where a *quorum* is present to ensure the board has the ability to exercise its required authorities and functions;

Approving the *selection, evaluation* and, if necessary, the *dismissal* or termination of the Project Director/CEO from the Health Center Program project;

Approving *HRSA applications* related to the Health Center Program project, including approving the annual budget, which outlines the proposed uses of both Health Center Program award and non-Federal resources and revenue;

Approving the Health Center Program *project's sites, hours of operation* and *services*, including decisions to subaward or contract for a substantial portion of the health center's services;

Monitoring the financial status of the health center, including *reviewing* the results of the annual audit, and *ensuring* appropriate follow-up actions are taken;



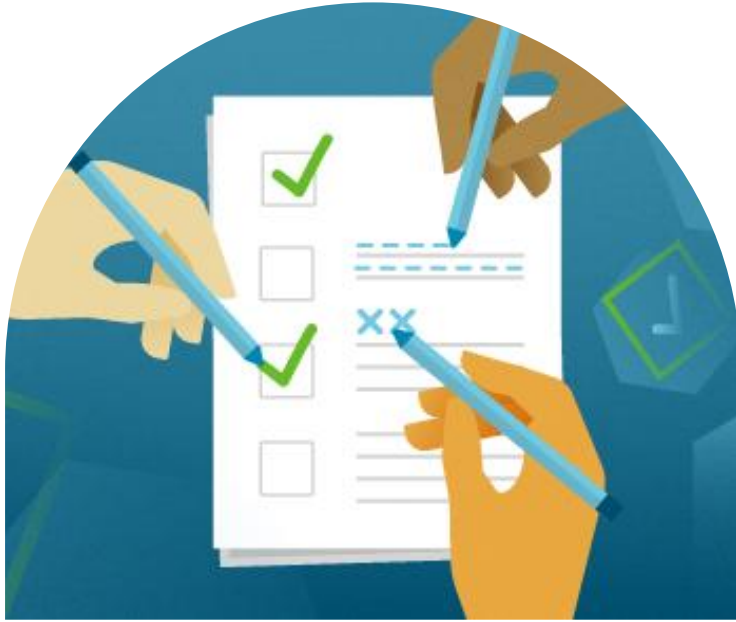
COMPLIANCE MANUAL

CHAPTER 19:

BOARD AUTHORITY

Key Responsibilities:

- ✓ Conducting long-range/strategic planning at least once every three years, which at a minimum addresses financial management and capital expenditure needs;
- ✓ Status of meeting project objectives (eg., meeting budget, productivity, recruitment/retention);
- ✓ Evaluating the performance of the health center based on quality assurance/quality improvement assessments and other information received from health center management, and ensuring appropriate follow-up actions are taken regarding:
 - ✓ *Achievement of project objectives;*
 - ✓ *Service utilization patterns;*
 - ✓ *Quality of care inclusive of patient safety;*
 - ✓ *Efficiency and effectiveness of the center (eg., productivity, financials);*
- ✓ Patient satisfaction, including addressing any patient grievances;
- ✓ The BOD minutes show that the board reviewed and approved the following policies at least every three years:
- ✓ Sliding Fee Discount Program;



COMPLIANCE MANUAL

CHAPTER 19:

BOARD AUTHORITY

Key Responsibilities:

- ✓ QI/QA Program (eg., Peer Review, patient safety, risk management);
- ✓ Billing and Collections, inclusive of the difference between and how to address patient inability to pay, refusal to pay; waiving of fees if applicable;
- ✓ Financial Management and Accounting Systems (if no co-applicant arrangement exists); and
- ✓ Every three years, reviewing and approving personnel policies (e.g., addressing selection and dismissal procedures, salary and benefit scales, employee grievance procedures, and equal opportunity practices; if no co-applicant arrangement exists);
- ✓ Engaged in strategic planning at least every three years and includes financial and capital expenditure needs;
- ✓ If the health center has a co-applicant arrangement, the agreement outlines the roles and responsibilities of the health center board and the public agency;
- ✓ The co-applicant public agency can have authority over Personnel, Financial, and Accounting systems policies; and
- ✓ Approving the sliding fee scale annually

COMPLIANCE TIPS



Strategic Planning with Financial Accountability

	Goal Grow Volume	Goal:m Patient Satisfaction	Goal: Quality	Goal: X	Goal: Z
Capital Investment					
Facilities					
Equipment					
Information Technology					
Subtotal					
Operating Investment					
Clinical Staff					
Training / Development					
Marketing and Communications					
Administrative Costs					
Subtotal					
Total Goal Investment					
		Total Plan Investment :			

- Strategic plans must be **realistic and fundable**
- The board should ask: *“What will this cost to implement?”*
- Approve only when financial resources (grants, revenue, reserves) are identified
- Ensure alignment between the plan’s goals and the annual budget
- Evaluate trade-offs: new priorities may require shifting or stopping other activities
- Monitor implementation to confirm financial sustainability over time

Board Compliance Calendar: Key Activities

Item	Committee Responsible	July	August	September	October	November	December	January	February	March	April	May	June	As Required
1.0 Quality and Patient Safety														
1.1 Review Quality Improvement Plan	Qm					X								
1.2 Review and/or Approve Final Quality Improvement Plan (if applicable)	Qm					X								X
1.3 Review Quality Indicators	Qm	X		X		X				X				
1.4 Critical Incidents Review (quarterly)	Qm	X		X		X				X				
1.5 Appoint Professional Staff	Qm						X							X
1.6 Review Corporate/Quality Policies	Qm													
1.7 Approve Corporate/Quality Policies	B													
2.0 Finance and Audit														
2.1 Review Annual Operating Budget w/Assumptions and Capital Budget	Fin													
2.2 Approve Annual Operating Budget w/Assumptions and Capital Budget	B													
2.3 Review annual Preliminary Findings	Fin													
2.4 Determine compensation for the auditor	Fin													
2.5 Approve Year End Audit - Approve Audited Financial Statements	B													
2.6 Review Health Center Fees and Sliding Fee Discount Scale	Fin									X	X			
2.7 Approve Health Center Fees and Sliding Fee Discount Scale	B													
2.8 Review Finance Policies	Fin													
2.9 Approve Revised Finance Policies (if applicable)	B													X
2.10 Review CEO Expense Reports	BC	X	X	X	X	X	X	X	X	X	X	X	X	
3.0 Governance														
3.1 Review Annual Goals and Objectives for Board (if applicable)	Gov													X
3.2 Approve Annual Board Budget and Expenses	B													
3.3 Coordinate Annual CEO Evaluation, Merits, Bonuses	Gov									X				
3.4 Approve Annual CEO Evaluation, Merits, Bonuses	B													
3.5 Review Annual Succession Plan	Gov													X
3.6 Approve	B													
3.7 Approve Bylaws Changes	B													X
3.8 Director Recruitment and Nomination	Gov							X						
3.9 Appoint Board Officers (at board meeting immediately following AGM)	Gov							X		X				
3.10 Set date for AGM	B						X							
3.11 Admit members in accordance with by-laws	Gov							X						
3.12 Review Board evaluation survey results	B	X												
3.13 Approve annual board work plan	B	X												
3.14 Board Education sessions (schedule and topics should be in annual work plan)	B	X	X	X	X	X	X	X	X	X				
3.15 Executive Session Meetings without Management sessions are to be held	B	X	X	X	X	X	X	X	X	X				
3.16 Plan for Accreditation (as required)	B													X
4.0 CEO and Chief of Staff														
4.1 Approve assessment process for CEO and Chief of Staff	B							X						
4.2 Establish Performance goals for CEO and Chief of Staff	B							X						
4.3 Receive report on completion of performance review	B													
4.4 Approve performance based compensation	B							X						
4.5 Review succession planning	B							X						
5.0 Strategic Plan and Strategic Directions														
5.1 Review strategic plan and refresh	B	X												
5.2 Review progress on specific strategic directions	B	X		X		X		X						
6.0 Stakeholder Relations and Engagement														
6.1 Appoint members of community advisory committees	Gov	X												
6.2 Town hall community meeting	B													THD
6.3 Review relationship with LHIN, other health system providers and key stakeholders	B	X						X						
Committee Legend:														
Board	B													
Board Chair	BC													
Finance Committee	Fin													
Governance Committee	Gov													
Quality Committee	Qm													
Color Legend														
Completed														
In Progress														
Not in														

- CEO performance evaluation
- Review QI/QA outcomes & follow-up
- Monitor project objectives & HRSA workplan
- Review service utilization & needs assessment
- Monitor finances & audit results
- Review patient satisfaction & grievances
- Approve key policies (sliding fee, finance, QI/QA)
- Approve annual budget

Chapter 20: Board Composition



Show

Documentation must show board authority to:

- Select and remove members
- Maintain 51% consumer representation (confirmed via patient records)
- Tip: Run EMR report to verify consumer board member services

Board

Board Member Composition:

- Non-consumer members represent community and bring diverse skills
- Best Practice: Live or work in each location's catchment area
- Skills: legal, financial, community affairs, banking, social justice, etc.
- Tip: Use Needs Assessment & UDS reviews to compare ZIP codes

Board

Board Size & Restrictions:

- Minimum: 9 members, Maximum: 25 members
- No employees or their family members
- No individuals from parent/subsidiary organizations
- Tip: Annual disclosure forms signed confirming no employment ties

Thank you

