



# Kansas RTAP Fact Sheet

A Service of The University of Kansas Transportation Center for Rural Transit Providers

## Essential Components of a Transit Board

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**H**ave you given much thought to your working relationship with your board? How much impact do you think this relationship—good or bad—has on the success of your services? A handbook developed by National RTAP, *Boards That Perform*, provides some good pointers on what to look for in a successful board. Essential to a successful board is a clear definition of responsibilities. This article explores some key responsibilities of a board of directors and how the board interacts with the agency manager or director, and agency staff.

### Why it matters

As a transit agency manager, no matter what type of agency you lead, you have a governing body of some form. The structure of that governing body differs depending on what type of agency you are: public agency, private non-profit, or transit authority. However, the bottom line is the same: your governing body establishes the policy and overall direction for your transit agency. A good working relationship between the executive director or general manager with the governing body must be based on a good understanding of the board's role, distinguished from the roles of the manager and staff. That understanding reduces conflicts and creates a more positive environment towards achieving the big-picture goals of your agency which ultimately is to oversee a safe, cost-effective, and customer-friendly public transportation system.

### Types of transit boards

The governing body of a public transit agency that is a department of a local government in Kansas is the city or county council or commission. The council or commission makes final decisions about overall scope of the program, the budget and other overall policy decisions. The director of the transit agency may also have one or more supervisors above her or him (for example, a city manager or county administrator) making administrative decisions.

For private not-profit organizations, the legal status of your agency is determined by your corporate charter and by-laws filed with the Secretary of State. These documents specify the organizational structure and overall responsibilities of the board. The by-laws generally



determine the method for member selection, terms of office, board size and composition, compensation, and general responsibilities of the members. Due to the diversity in transit agency size, type and geographic location, the specific make-up of transit boards vary from system to system.

There are other possible organizational structures for transit agencies (e.g. a transit authority); however, the rural public transit agencies in Kansas are either departments of city or county, or are private non-profit organizations. Often in Kansas, transit services operate as a department or unit under a multi-service service agency. The transit manager may be one or more steps removed from the direct line to the board of directors.

Regardless of corporate authority, the way in which the board members come to membership (elected or appointed), or the overall operational structure of the agency, the fundamental responsibilities of the board remain basically the same and include four primary roles: safety, legal, stewardship and advocacy.

### Policy vs. management

According to the National RTAP Handbook, boards are charged with the role of policy makers of a transit system—the “big picture.” While many transit board members have a general understanding of their roles and responsibilities, some may confuse their role in policy-making with

## Roles of the Executive Director, Board, and Committees, by Topic Area

### Executive

- Executive Director..... • Runs all day-to-day operations, informs board to help shape policy and mission, makes staff hiring/firing decisions.
- Board..... • Makes governance decisions with input from Executive Director.
- Committee..... • Makes recommendations to the full board for hiring, firing, and evaluating the Executive Director, makes governance and policy decisions in crises, coordinates and monitors work of all committees, when requested, offers input to assist the executive director in day-to-day decisions.

### Finance/ Audit

- Executive Director..... • Manages day-to-day finances, proposes budget, and reports spending against budget.
- Board..... • Discusses and approves budget, and reviews figures quarterly (at each meeting).
- Committee..... • Reviews budget in detail, aids the Executive Director in ensuring appropriate financial controls are in effect, and oversees audit.

### Public Relations

- Executive Director..... • Manages day-to-day public relations activities, with the PR board committee, builds an annual plan for public relations, requests assistance on specific PR tasks from the Board and oversees completion of those tasks.
- Board..... • Approves annual public relations plan.
- Committee..... • Ensures that an annual public relations plan is submitted and approved, helps the executive staff plan for public relations needs, Carries out specific requests for assistance from the Executive Director.

### Personnel/Human Resources

- Executive Director..... • Manages everyday personnel activities, suggests personnel policies and procedures.
- Board..... • Votes on personnel policies when necessary.
- Committee..... • Assures personnel policies and procedures are in place, approves personnel policies and procedures, adjudicates in cases of formal grievance.

Source: Public Transit Board Governance Guidebook, TCRP Report 85, Chapter, 6, pg. 13. See Sources for complete citation.

management's role in day-to-day operations.

Transit board members are sometimes criticized for trying to function as part-time administrators. Having clearly-defined procedures and a good board training program to orient new board members to their responsibilities can help avoid some of these problems. Upon entering board service, all members should be provided a written job description that clearly delineates their roles and responsibilities.

*Boards That Perform* outlines 10 areas of responsibility for nonprofit boards:

- Determine the organization's mission.
- Select the executive director.
- Support the executive director and review his or her performance.
- Ensure effective organizational planning.
- Ensure adequate resources.
- Oversee/monitor effective use of resources.
- Determine and monitor the organization's programs and services.
- Enhance the organization's programs and services through advocacy.

- Serve as a court of appeal where appropriate.
- Assess its own leadership and performance.

### Legal and fiduciary accountability

Regardless of what board members are called, they are in essence the agency's trustees in the literal and legal sense of the term. No matter how the agency is structured or the degree of authority delegated to staff, committees, or affiliates, the board and therefore the individual board members are ultimately accountable.

The board has the principal responsibility for fulfillment of the organization's mission and the legal/fiduciary accountability for its operations. There have been several court cases where board members were held legally accountable, largely because they had failed to exercise reasonable oversight and objectivity. The board of a nonprofit that has been incorporated generally is not liable for the debts of the nonprofit, according to the Nonprofit Risk Management Center. However, according to the Center, each board member still has the responsibility to exercise due care in carrying out fiduciary responsibilities. Be sure to review all

insurance coverage of the organization and consult with an attorney to ensure that your board members and the agency are adequately protected.

A note on conflict of interest: A key principle applicable to anyone in a fiduciary position is that a board member must avoid actual or possible conflicts of interests or duties. For example, a board member owns a construction company and is awarded the bid to build and expand the agency's maintenance building. The organization should have a clear conflict-of-interest policy in place that addresses actual conflicts of interest, the appearance of conflict of interest, and "duality of interests." A number of conflict-of-interest resources are available at the National Council of Nonprofits (see the first resource in the sidebar at right).

### The Chair

The leadership of the board chair is very important. A board chair is usually the primary spokesperson and liaison with the Executive Director and appointed bodies. The specific roles and responsibilities a board chair will depend on the structure of the organization; however, some general duties will apply to most boards. Responsibilities for the board chair generally include providing leadership to the board to ensure effective action, and working in partnership with the executive director. Specific responsibilities include developing meeting agendas with the executive director, convening board meetings, establishing committees, appointing committee chairs, and serving on committees.

### Board member responsibilities

A board member has a responsibility to understand and support the mission of the organization, be familiar with the organization's by-laws and policies and understand and operate within the roles and responsibilities of the board. Some of the specific tasks for board members include preparing for all meetings, reading minutes and reports, and attending meetings (board meetings and other important related meetings such as committee meetings). Board members should be willing to participate in committee work, and vote on major policies and major actions such as budget, changes in programs and/or services, and the annual public relations plan.

### A few more thoughts

The essential components of a transit board are defined by the corporate charter and by-laws established by either the board of directors or other similar governing body of the transit agency. The by-laws provide the power for the board to establish agency policies and evaluate the executive

## Useful Resources on Board Development

Conflict of Interest. National Council of Nonprofits. <http://www.councilofnonprofits.org/conflict-of-interest>.

Boards and Governance. Nonprofit Risk Management Center. <http://nonprofitrisk.org/advice/faqs/boards-governance2.shtml>.

McNamara, Carter MBA, PhD., Checklist to Evaluate a Nonprofit Board of Directors. (2010). <http://managementhelp.org/organizationalperformance/nonprofits/boards.htm>.

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director (or CEO or general manager).

Clearly define the roles and responsibilities of the executive director (day-to-day operations) and of the board members (policy and fiduciary responsibility) to avoid a situation in which the board strays into directing the day-to-day transit operations of the agency. Board members are responsible for setting policy and they hold legal and fiduciary responsibility through reasonable oversight. Day-to-day management is the responsibility of the executive director.

Finally, your board should conduct an annual board assessment to determine progress towards that year's goals and objectives and what might need improvement.

For more information on transit board development, read both the National RTAP's publication *Boards That Perform*, and the TCRP Report 85, Public Transit Board Governance Guidebook, at the links provided in the Sources below. ●

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## Sources

- Boards that Perform. (2002). National Rural Transit Assistance Program (NRTAP) resource: Retrieved July 30, 2013. <http://portal.nationalrtap.org/iframe/resourcedetail.aspx?id=172>
- Public Transit Board Governance Guidebook. (2002) Transit Cooperative Research Program (TCRP) Report 85. Retrieved July 30, 2013. [http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp\\_rpt\\_85.pdf](http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_85.pdf)