

2. Boards/Governance

2.01 Corporate Integrity⁵

- a) Members and Directors/Trustees⁶ of local Catholic Charities agencies are expected to approve the Catholic Charities USA Code of Ethics and to periodically review the Code and its implementation.
- b) Members and Directors/Trustees are expected to participate in educational and formational opportunities on the content and application of the moral and social teaching of the Church to contemporary issues within Catholic Charities.
- c) Members and Directors/Trustees are expected to periodically review the Articles and Bylaws of their respective corporations to ascertain their currency with relevant state and federal law (IRS) and the consistency of Members' and Directors/Trustees' practices with the provisions of the corporation's organizational documents. The organizational documents of the corporation shall include an explicit statement of the Catholic identity of the organization and that it shall operate in accord with the teachings of the Roman Catholic Church as interpreted by the local bishop.
- d) Members and Boards of Directors/Trustees are expected to exercise their authority in the corporation consistent with the moral and social teachings of the Church.
- e) Members and Directors/Trustees are expected to be faithful to their respective corporation's purposes and to exercise their best, independent judgment concerning the best interest of the corporation on any matter committed to them by the organizational documents of the corporation.
- f) Each Member or Director/Trustee is expected not to use his/her position of governance in the corporation for personal, private gain. In all transactions with individuals or with other organizations Members and Directors/Trustees are expected to act in the best interest of the corporation.
- g) Members and Directors/Trustees, in accord with the authority in each body described in the organizational documents of the corporation, are expected to assure that all assets of the corporation are used for the charitable purposes of the corporation in accord with the norms of law.

2.02 Autonomy of Governance Board of Directors/Board of Trustees -

All authority to manage the affairs of the corporation is vested in the Board of Directors/Trustees in accord with the organizational documents of the corporation. The Board is expected to implement Catholic moral and social teaching in all of its decision-making.

- a) Each Director/Trustee is expected to exercise independent judgment in the best interest of the corporation in matters before the board, taking care to make decisions free from any personal, financial or professional conflict.
- b) Each Director/Trustee is expected to be responsible for adequately preparing for board meetings and regularly attending board meetings.

⁵ The terms "corporate" and "corporation" are used throughout this section to refer to the Catholic Charities agency as a civil entity that is bound by federal and state laws that define the structure of such organizations.

⁶ The Catholic Charities USA board is a Board of Trustees, while the boards of the member agencies may be either a Board of Directors or a Board of Trustees. Boards also vary as to whether or not they include a "Member" structure.

- c) The Board of Directors/Trustees is expected to provide for regular evaluations of the CEO/Executive Director, unless the structure of the corporation is such that this is a function of the arch/bishop or his designee.
- d) The Board of Directors/Trustees is expected to provide for periodic review and comparative study of management compensation with other similarly situated corporations.
- e) The Board of Directors/Trustees is expected to periodically review the corporation's processes for engaging legal, accounting and other professional relationships, as well as letting of major contracts and to evaluate the benefits and costs of such relationships for the corporation.
- f) The Board of Directors/Trustees is expected to periodically review the quality and responsiveness of its programs to the needs of the communities it serves.

2.03 Fiduciary Duty

Each Director/Trustee has a fiduciary duty to act in the best interest of the corporation. In fulfillment of this duty:

- a) Each Director/Trustee is expected to fulfill the duty of care by adequate preparation for meetings, monitoring board practices and keeping informed of the nature and purpose of the corporation, its core values, its religious identity and the needs of the communities the corporation serves.
- b) Each Director/Trustee is expected to keep informed about and to make every best effort to have the corporation comply with accreditation, regulatory and other applicable standards relevant to the quality of services provided by the corporation.
- c) Each Director/Trustee is expected to fulfill the duty of loyalty to the corporation by exercising independent judgment in protecting all business opportunities of the corporation and by guarding against any use of a director's/trustee's position for personal gain inconsistent with the best interest of the corporation.
- d) Each Director/Trustee is expected to execute annually a conflict of interest statement. Each Director/Trustee is expected to disclose any business transaction between the Director/Trustee and the corporation in accord with policies in the bylaws of the corporation.
- e) The Board of Directors/Trustees is expected to provide an accessible and safe/non-retaliatory communication process for employees to make known to the board any practice in the corporation that appears to discriminate unfairly on the basis of race, color, creed, ethnicity or age (other than age specific services). The same process should be available to report instances of sexual harassment or other conduct inconsistent with the identity and/or values of the corporation or of the employees of the corporation.
- f) Each Director/Trustee is expected to fulfill the duty of obedience by adhering to the purposes of the corporation and by providing that its activities are in furtherance of its purposes as stated in the organizational documents.
- g) The Board of Directors/Trustees is expected to monitor any joint ventures to ensure that they are consistent with the purposes and identity of the corporation and to ensure that the purpose and structure of any joint venture is consistent with the corporation's organizational documents and with federal and state law relevant to charitable corporations.

2.04 Financial Accountability

- a) The Board of Directors/Trustees is expected to be vigilant that the corporation's charitable funds are not directly or indirectly diverted from the achievement of the corporation's mission and purposes.
- b) The Board of Directors/Trustees is expected to provide for regular financial reports from management that are in an easily understood form and that clearly show the ratio of use of monies for services, investments and administrative expenses.
- c) The Board of Directors/Trustees is expected to provide for regular review of accountants and auditors and financial reviews or audits appropriate for the size of the corporation.
- d) The Board of Directors/Trustees is expected to provide for a regular review of the financial practices of the corporation and to require management to present to the board and to maintain adequate procedures for the receipt, deposit and disbursement of cash.
- e) The Board of Directors/Trustees is expected to require that management present to the board and maintain adequate procedures to monitor both the quality of services and the accountability of the use of revenues from contracts.
- f) The Directors/Trustees is expected to individually and collectively review the financial audit of the corporation, as well as Form 990.

2.05 Relationships of the Corporation

- a) The Board of Directors/Trustees is expected to meet annually with the arch/bishop of the arch/diocese to hear the information on the charitable needs of persons throughout the arch/diocese and to share with the arch/bishop the needs of the larger community, so that there may be good stewardship of resources of the corporation and effective cooperation between the corporation and the arch/diocese and its parishes, respecting the distinct mission of each entity.
- b) The Board of Directors/Trustees is expected to provide for the development and use of structures and processes to ensure ongoing communication with parishes concerning local community needs.
- c) The Board of Directors/Trustees is expected to be accountable to donors, the local Church and the community for the corporation's use of funds and provision of services by providing accurate, easily understood and accessible information to each stakeholder of the corporation.