
Authority Budget Office Policy Guidance



No. 06-01

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Supercedes: New

Subject: Board Member Training

Statutory Citation: Section 2824(2) of Public Authorities Law

Provision: Section 2824(2) of the Public Authorities Law, as amended by Section 18 of the Public Authorities Accountability Act, requires directors to “participate in State approved training regarding their legal, fiduciary, financial and ethical responsibilities as board members of an authority within one year of appointment to a board.” It also requires board members to “participate in such continuing training as may be required to remain informed of best practices, regulatory and statutory changes relating to the effective oversight of the management and financial activities of public authorities and to adhere to the highest standards of responsible governance.”

The purpose of this training is to prepare individuals to understand and properly execute their role as board members and to be well-versed in the principles of corporate governance and the requirements of the law. Training provides the foundation for directors to exercise appropriate oversight and to recognize the responsibility they have to the mission of their organization, its management and staff, and to the public.

In recognition of the importance that an engaged, knowledgeable and informed Board plays in the operations of a public authority, the State appropriated funds in 2005-06 and 2006-07 to support corporate governance training through the City University of New York (CUNY). CUNY has developed a comprehensive corporate governance curriculum and conducted training for directors and executive management throughout the State at no cost to public authorities. Additional sessions have been scheduled through the end of this fiscal year. Public authorities are encouraged to take advantage of these opportunities.

Authority Budget Office Policy Guidance: The Authority Budget Office (ABO), in consultation with the Commission on Public Authority Reform, is overseeing the implementation of Section 2824(2) and has developed this Guidance to assist public authorities meet the requirements of the Act.

This Guidance outlines the training requirements and best practices for State and local public authority boards, including the timeframes for board member training,

the board members who are required to receive training, board member training that meets this requirement, and the need for refresher training. Recognizing that, to satisfy the requirements of this Act, public authorities may desire flexibility to participate in training offered by a variety of qualified training organizations, this Guidance outlines procedures for an organization to become a State approved trainer.

Training Requirements

Board members appointed after the effective date of this requirement (January 15, 2006) have 12 months from the date of their appointment to participate in training. As a best practice, the ABO recommends public authorities also conduct an internal orientation session for new board members upon their appointment to provide an overview of the authority's operations.

Board members serving on a public authority board at the time the Public Authorities Accountability Act took effect should participate in training by the end of the authority's Fiscal Year that had its start date between January 1, 2006 and December 31, 2006. The ABO expects authorities to make their best faith effort to satisfy this requirement, but understands that full compliance may not be possible until the end of the authority's following fiscal year that ends on or before December 31, 2008.

Participation in training extends to all voting members, such as ex officio members or staff who attend board meetings regularly and who vote on behalf of the ex officio member. As a best practice the ABO encourages non-voting members and management staff, including Counsel, to attend training when appropriate.

Board members who participated in CUNY-sponsored training prior to the start of the authority's Fiscal Year that had its start date between January 1, 2006 and December 31, 2006 or the effective date of this Act have met this training requirement. Incumbent board members who, in another capacity, participated in equivalent board member training provided by a State approved trainer, prior to the date on which that trainer was approved, may also have met this training requirement. The ABO will determine whether this training is equivalent.

The Act requires directors to participate in continuing training to "remain informed of best practices, regulatory and statutory changes relating to the effective oversight of the management and financial activities of public authorities and to adhere to the highest standards of responsible governance" (Section 2824(2)). As a best practice, the ABO recommends that directors participate in refresher training upon re-appointment to the Board.

Trainer Approval

To become a State approved trainer, an interested organization, including a public authority, must apply to the ABO and demonstrate its expertise in

corporate governance training and that its training curriculum meets minimum standards of quality and content. In addition, the training should be of sufficient duration to allow for a comprehensive presentation and discussion of the material and concepts. While this may vary depending on the audience and the public authority, a generally accepted benchmark for this type of training is the equivalent of one day.

The ABO expects that training modules will address the following topics: an overview of the Public Authorities Accountability Act; a discussion of the fiduciary duties of board members; the role of the board and executive management; the importance of an independent auditor; the principle of accurate, transparent reporting and financial disclosure; and the role of the audit and governance committees.

The ABO recognizes that State and local public authorities may desire flexibility to participate in training offered through a variety of different approaches. Accordingly, the ABO will consider approving alternative training approaches, provided these methods deliver the level and quality of training required by the Act. Training approaches that could be approved include: interactive classroom training held at the offices of the public authority or offsite; distance learning; video or DVD presentations; and in-house training by qualified and competent authority staff.

Once approved, an organization may enter into negotiations with public authorities to provide training required by the Act. A public authority would have the option of participating in CUNY training or engaging the services of any of these State approved trainers. Board members who participated in training that is not State approved through this process would not be considered in compliance with the training requirements of the Act.

It is the responsibility of the public authority to maintain documentation of board member participation in required training.

Public authorities and interested training organizations can access an Application for Trainer Approval from the Authority Budget Office homepage.