Section 5

Governance
05. Governance

According to recent AIA research, members of the general public often don’t understand what architects do and how this work affects communities. By communicating the value of design and the architect’s role in designing a better world, your component helps bridge this gap. Every message you create matters. As part of the greater AIA brand, you represent your component, the industry, and the organization as a whole.

GOALS FOR ACCREDITATION

1. Comply with federal and state laws
2. Mitigate Risk
3. Keep the Institute, state and local strategic plans up to date and aligned
4. Develop visionary leaders to serve at the national, state, and local levels
GOAL 1 Comply with federal and state laws

PLAY 1: UNDERSTAND GOOD GOVERNANCE

Use the following information as a practical guide to understand the right ingredients for good governance. Good governance mitigates risk through policies and procedures that ensure compliance with legislation and regulations and through legally and ethically responsible boards.

TOOL: INCORPORATE YOUR COMPONENT

Components vary in composition. Most state and local components are not-for-profit corporations and are required to provide Core Member Services. There are also mandatory and voluntary sections that operate in similar ways but may be affiliated with and part of local chapters or state components. Review the requirements for each to determine the best fit for your component. Email Component Relations at componentrelations@aia.org for additional help.

All US-based components (except voluntary sections), whether local or state, must be incorporated in the state (or similar jurisdiction) in which they are located. The articles of incorporation contain the basic information required by the state’s corporation law, such as your organization’s name, its purpose, its legal address, and the names of its incorporators.

AIA issues your charter, which identifies your organization as an AIA component and includes its formation date, name, and territory. If you need to make changes—e.g., to your component’s name or status—then you may need to amend the charter and perhaps the articles of incorporation.

TOOL: FOLLOW ALL STATE CORPORATION LAWS & IRS EXEMPTION REQUIREMENTS

REQUIREMENT:

Comply with all filing requirements for nonprofit organizations in the component’s state.

AIA bylaws require AIA state organizations and domestic chapters (as well as mandatory sections) to be not-for-profit corporations so that you can secure federal recognition as a tax-exempt organization. This means each component is organized under the applicable state not-for-profit corporation laws.

A not-for-profit corporation is like other corporations but often is subject to special state corporate requirements and must apply for tax-exempt status with the Internal Revenue Service and state tax authorities. Most components are approved for not-for-profit IRS status under section 501(c)(6) of the Internal Revenue Code, which applies to business leagues. While a 501(c)(6) corporation is tax exempt, you must file a tax return—generally a Form 990 (Return of Organization Exempt from Income Tax)—on an annual basis. Find out more information about tax returns in the Finance & Operations chapter.

To obtain information about compliance with state corporation laws, contact the office of your state’s secretary of state. To determine if you are current in filing tax returns, contact the IRS and your state department of taxation.
**REQUIREMENT:**

Adopt and comply with written policies on whistleblower protection, conflicts of interest, and records retention and destruction, and (for staffed components) review the executive director compensation and benefits. Adopt and comply with a policy on joint ventures, if the component participants in them. (The IRS states that such policies can improve tax compliance and prevent activity that is inconsistent with tax-exempt.)

Keep records and policies in a manner that meets the legal requirements and recommended practices for a not-for-profit organization. This includes maintaining written policies regarding records retention and destruction, whistleblower protection, and conflicts of interest. All components must adhere to applicable laws and guidelines (including those involving the IRS) covering maintenance of minutes and financial data, acceptance of gifts, joint ventures and partnerships, and compensation paid to an executive director or contractor for services.

**ONLINE RESOURCES:**

Whistleblower Policy
Conflict of Interest Policy
Record retention template
Gift acceptance policy template

**REQUIREMENT:**

Comply with AIA’s policy on antitrust, code of ethics, and sexual harassment. Adopt the Institute’s Equity, Diversity and Inclusion Statement (EDI).

Components should review the AIA antitrust compliance policy and the AIA Code of Ethics and Professional Conduct with your board, committees, and members. In all operations and activities of the Institute, you must avoid any discussions or conduct that might violate the antitrust laws or even raise an appearance of impropriety.

It is the practice of The American Institute of Architects and its members to comply strictly with all laws, including federal and state antitrust laws that apply to AIA operations and activities. Accordingly, this meeting will be conducted in full compliance with those laws.

Members of AIA are dedicated to the highest standards of professionalism, integrity, and competence. The Code of Ethics and Professional Conduct states guidelines for the conduct of Members in fulfilling those obligations.

ALL components and firms have a duty—and responsibility to provide a harassment-free work environment by establishing clear policies against sexual harassment and by training all employees, and reporting all incidents. Just as important, components also must take steps to ensure that vendors and sponsors comply with their sexual harassment policies. As defined by the United States’ Equal Employment Opportunity Commission (EEOC), “It is unlawful to harass a person (an applicant or employee) because of that person’s sex.” Harassment can include “sexual harassment” or unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature.

Components must discuss the AIA’s Equity, Diversity and Inclusion (EDI) Statement with your board. You might choose to appoint a task force to ensure you have the policies and procedures in place for promoting or improving EDI in your component’s programs and practices. This could include your awards programs, board nominations process, and speaker selection—are they inclusive? Adopting the AIA’s EDI policy is a requirement of component accreditation.
The AIA stands for human and civil rights, the universal respect for human dignity, and the unbiased treatment of all persons in employment, civic and business regardless of race, gender, sexual orientation, gender identity, physical abilities, or religious practices. The American Institute of Architects, as part of the global community, champions a culture of equity, diversity, and inclusion within the profession of architecture to create a better environment for all. Achieving this vision has a direct impact on the relevance of our profession and the world’s prosperity, health, and future.

**ONLINE RESOURCES:**
- Antitrust Compliance Guidelines
- AIA Code of Ethics
- AIA Diversity and Inclusion Statement
- AIA Columbus Diversity Policy
- AIA Harassment Resources

**TOOL: ESTABLISH & UPDATE YOUR BYLAWS**

**REQUIREMENT:**
Review and update bylaws at least once every 10 years using the AIA Model Component Bylaws as a guide. Submit bylaws to AIA’s General Counsel for review as they are created or amended.

Bylaws are a component’s most important governing document: They determine how a component operates. Bylaws are usually the responsibility of the component’s secretary. Your board of directors should review your bylaws annually to ensure they are in accordance with AIA bylaws, which always supersede components’ bylaws. Amendments to the AIA bylaws are typically adopted at the AIA Conference on Architecture. Submit updates to your bylaws to AIA General Counsel and the AIA Secretary for review and approval. The AIA publishes model bylaw guidelines that can help simplify the revision process.

Core Member Services require that you prove that your bylaws are current and that changes have been submitted to general counsel for review and approval.

**ONLINE RESOURCES:**
- AIA Model Component Bylaws
- Institute Bylaws

**TOOL: DEVELOP & HONE YOUR MISSION STATEMENT**

Your mission statement communicates your purpose and should be clear, memorable, and concise. For example, AIA’s mission statement is “AIA is the voice of the architectural profession and a resource for its members in service to society.” Your mission statement will typically remain the same for a long time, but you can and should update it if your component’s purpose changes.

**TOOL: ACQUIRE DIRECTORS & OFFICERS LIABILITY INSURANCE**

**REQUIREMENT:**
Components must maintain directors and officers liability insurance, which ensures against personal damages to your components’ directors as a result of their actions or omissions.
Business insurance protects your component and its officers against potential loss. There are several types of business insurance, including fidelity, general liability, fire, and directors and officers liability insurance.

Many companies provide this type of insurance, and you should contact a local insurance carrier or refer to a list of carriers at the end of this chapter.

**ONLINE RESOURCES:**

- D & O Insurance
- General Liability

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**GOAL 2**

**Mitigate risk**

**TOOL: MITIGATE RISK**

When a calamity strikes, from the abrupt leaving or passing of your component executive director to a natural disaster, it can be devastating for your component. Components should have a written succession plan and an emergency continuity plan in place. Boards can get ahead of the game by thinking through their desired course of action in either a planned or emergency transition.

The first step the board must take is to identify what type of transition the component is facing. The type of transition influences the challenges involved and the ultimate strategy the board will adopt to manage the process, as well as what issues it needs to address in order to ensure that the new executive can start the job on firm footing.

**TOOL: TRANSITION PLAN**

The practice of succession planning—which should include ongoing updates to ensure that plans reflect the current operating environment—ensures that the executive transition isn’t unnecessarily drawn out by lack of clarity about the process and initial steps, which can have a serious negative impact on the component. Resist the temptation to try to find someone just like the departing executive. The skills, abilities, and attributes that got the component where it is today may not be what it needs to move forward. The board should be asking where the organization is headed and what kind of leadership it needs to get there. Take a hard look at the executive’s responsibilities and workload. The board should make every effort to ensure that the executive job is doable.

Components with staff should develop employees for succession planning:

- Assign special projects and team leadership roles.
- Offer training and development opportunities.
- Identify and understand the development needs of your staff.
- Focus resources on key employee retention.
- Be aware of employment trends in your area to know the roles you have a difficult filling externally.
- Provide promotional job opportunities.

Planning for the departure of the executive is critical for ensuring the stability and continued smooth operation of the component once that individual departs. Failure to
plan for this change can result in internal turmoil within the component.

Boards should be made aware of the sudden departure or death of the executive director immediately and what steps to take. A plan should already be in place. Services and operations should not be interrupted because of an unexpected or unplanned succession.

**ONLINE RESOURCES:**

AIA Florida Transition Plan  
Bob Harris’ Transition Plan Resources  
How to: Succession Planning  
Efficient Succession Planning Tips

**TOOL: EMERGENCY PLANS**

Components should have an Emergency Plan that covers many situations that occur without prediction and require a fast and efficient recovery. The plan should:

- Pinpoint the type of emergency.
- State the goals and objectives for the emergency plan.
- Identify the emergency response team and define what the team is expected to do.
- Include the name of the spokesperson for the component.
- Identify any regulations covered by the plan.

The Plan should be reviewed by the board of directors and available for review by all members. The board must be made aware of the spokesperson. It should be distributed to the board of directors and component staff. A master copy of the document should be maintained by the emergency response team. Multiple copies should be stored within the facility to ensure that the component staff can quickly review roles, responsibilities, tasks, and reference information when the team is activated. An electronic copy of this Plan should be stored on a secure and accessible website that would allow team member access if the component’s servers are down. Electronic copies should also be stored on a secured USB flash drive for printing on demand.

**ONLINE RESOURCES:**

AIA Florida Emergency Plan  
http://www.redcross.org/get-help/how-to-prepare-for-emergencies/make-a-plan  
https://www.fema.gov/media-library/assets/documents/89518  
https://training.fema.gov/emiweb/is/is235b/is235b.pdf
GOAL 3  

Keep local, state, & national strategic plans up to date & aligned

PLAY 1: DEVELOP A STRATEGIC PLAN THAT ALIGNS WITH THE INSTITUTE’S PLAN

REQUIREMENT:
Conduct strategic planning at least every 5 years and align it with the institute’s strategic plan to provide focus and direction for the component’s activities.

Strategic planning is the creation of your organizational framework and results in a roadmap for the next 3–5 years. Effective strategic planning articulates where your organization is going, its goals, and the actions needed to make progress. It’s also vital to your component’s success. AIA Core Member Services require that you conduct strategic planning at least every five years, and you must submit your strategic plan as part of your accreditation.

Use your strategic plan to:
- Set your component’s priorities
- Focus energy and resources
- Strengthen operations
- Ensure the board, committees, and volunteers work toward common goals

Review your strategic plan annually, and use it as a guide for each coming year’s actions. Make sure you align your strategic plan with both your component’s mission and AIA’s mission.

ONLINE RESOURCES:
- AIA’s 2016–2020 Strategic Plan
- Sample strategic plan from an AIA component
- Guidelines for submitting resolutions for consideration at the annual Business Meeting

GOAL 4

Develop visionary leaders to serve at local, state, & national levels

PLAY 1: BUILD AN EFFECTIVE BOARD OF DIRECTORS

Each AIA component is governed by its own board of directors, which makes decisions about the component’s strategic direction, serves as its voice, and manages financial oversight. An effective board can make all the difference in carrying out your mission, so it’s important to seek out and nurture leaders to serve. Board responsibilities include:

- Determining and articulating to the public and members your component’s mission and purpose
- Ensuring effective planning
- Monitoring and strengthening programs and services
- Protecting assets and providing proper financial oversight
- Safeguarding legal and ethical integrity
TOOL: DEVELOP A BOARD

The makeup of boards varies among components, but boards typically include a president, president-elect, secretary, and treasurer. Additional members—including emerging professionals—can be valuable additions that enable you to increase member participation and train future leaders.

In developing an effective board of directors, assess your ideal configuration and consider:

- Is the board representative of the chapter geographically?
- Is the board representative of architects and emerging professionals at different stages of their careers, including those who aren’t licensed?
- Is the board diverse in gender, ethnicity, race, and other categories?
- Does the board represent different types of practice?

TOOL: SELECT YOUR BOARD

Your board selection process will likely depend on your component’s bylaws, but generally you should select your board through a Component Nominating Committee and an election process. Refer to your state not-for-profit laws to help ensure you satisfy all requirements.

REQUIREMENT:

Once your board has been selected, report names of the upcoming year’s officers to AIA Component Collaboration and Resources by December 31st, annually to ensure new officers receive leadership communications.

Your bylaws likely determine your Chairs of Nominating Committees, which may include the appointment of a past president, the current president’s election, or election by the board itself. Keep transparency top of mind while considering candidates to ensure a fair and open process.

Make sure all potential board members understand the responsibilities and expectations of serving, the amount of time required to serve, and their fiduciary duties. These duties usually include:

- Duty of Care, requiring leaders to use reasonable care and good judgement in making decisions on behalf of the interests of the organization
- Duty of Loyalty, requiring leaders to be faithful to the organization, avoiding conflicts of interest
- Duty of Obedience, requiring leaders to comply with governing documents and legal requirements (e.g., bylaws, articles of incorporation, and policies)

TOOL: DETERMINE BOARD TERMS & DESIGN SUCCESSION PLANS

Recruiting volunteers for your board can seem daunting, but with well-documented and smooth succession plans, you can keep your board fresh and ensure your organization thrives. Clearly outline board terms in your component’s bylaws. Designate your officers in netFORUM, AIA’s member database, by December 31 of each year.
TOOL: ORIENT YOUR BOARD

REQUIREMENT:
After your board has been chosen, conduct a board orientation annually to engage and initiate board members and improve board effectiveness.

Conduct a board orientation annually—before your board members begin their terms—to improve understanding of your component’s governance structure, policies, positions, and vision. Provide each board member with your organization’s big picture, including the strategic plan and the board’s major functions, and make sure all members understand their fiduciary duties.

ONLINE RESOURCES:
AIA Nashville
AIA Florida
Bob Harris’ Resources

TOOL: ESTABLISH EFFECTIVE COMMITTEES

Successful committees assist your board in meeting your strategic plan’s goals and objectives. Committees can take several forms, such as standing committees, task forces for short-term projects, or ad hoc groups. They typically serve at the will of the board, and the component president and directors determine their leadership. Committees must adhere to antitrust guidelines and should provide meeting minutes to the board for review.

TOOL: TAKE CLEAR AND ACCURATE MINUTES

Minutes are an official record of actions the board took at a meeting, not a record of everything discussed. They serve historical and legal purposes, documenting the board’s procedures and help the board meet your organization’s mission and goals. Minutes and records made during a meeting can be discoverable in litigation, and minutes are public documents; members have the right to ask to review them.

The component secretary typically prepares the minutes, which should include the title of the group that is meeting, the date, time, venue, and names of those attending, including guests. The secretary should sign and date the minutes upon distribution.

When taking a board vote, you don’t have to list the names of those who made the motion, seconded, and approved. Just list what happened (e.g., motion made, seconded, and carried or failed). Exceptions include when the board approves compensation for an employee or contractor and there is a transaction with a board member. In these cases, record the names of those who voted for and against.

Once the minutes are approved, destroy any notes and drafts. Final approved minutes should be the only records of meetings. In order to ensure that you’re following antitrust guidelines, include references to the final approved minutes on each board and committee meeting agenda and read the following compliance reminder at the beginning of each board and committee meeting:

ONLINE RESOURCES:
Sample board meeting minutes
PLAY 2: PROVIDE PROFESSIONAL DEVELOPMENT: ATTEND AIA GRASSROOTS

With the future of the profession in mind, the annual AIA Grassroots Leadership Event—usually held in winter or early spring—helps component officers become more effective chapter and civic leaders, strengthening their components, firms, and communities.

Grassroots offers opportunities to connect with peers, share best practices, and learn leadership strategies through general sessions, workshops, and networking. Attendees can also weigh in on AIA initiatives. Two elected leaders and your component executive must attend the Grassroots Leadership Event at least once every three years.

Comply with executive staff employment & training guidelines

PLAY 1: SCHEDULE REGULAR PERFORMANCE REVIEWS FOR THE EXECUTIVE DIRECTOR

Develop a policy for performance reviews—including salary and benefits—for your component’s executive director. Traditionally, performance reviews occur annually with your board of directors. However, more frequent, one-on-one progress meetings between the component president or designate and the executive director can provide more meaningful and open exchanges.

Whether they are quarterly or annually, reviews should clearly assess your executive director’s performance and allow that person to offer her or his perspective on the component’s strengths and weaknesses. The review process should include discussion of:

• last year’s executive evaluation, including compensation
• the executive director’s job description
• board policies that set expectations or limitations on the executive
• the component’s annual operating or strategic plan

ONLINE RESOURCES:
Sample executive director performance review
Sample staff performance review
Component administrator performance evaluation template

PLAY 2: SET APPROPRIATE COMPENSATION FOR THE EXECUTIVE DIRECTOR

The board of directors is typically responsible for establishing the executive director’s compensation, including both salary and benefits. Compensation should be “reasonable and not excessive,” according to the IRS.

As part of IRS Form 990, your component must describe the process used to approve executive compensation. By studying comparable data from other organizations of similar size, you can ensure that you are compensating your executive director fairly. The American Society of Association Executives provides an annual compensation study by size of organization. To access this information, you must be a member of ASAE; you can also purchase the compensation guide through their website at asae.org.