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The Authorities Budget Office Issues Report on Board Member Training Compliance

The Authorities Budget Office (ABO) released its report on board member training compliance. The review found over 25 percent of the 577 public authorities have board members that have not attended State approved board member training, as required by Section 2824(2) of Public Authorities Law. Public Authorities Law Section 2824(2) requires board members of public authorities to participate in state approved training regarding their legal, fiduciary, financial and ethical responsibilities within one year of appointment to a board.

“In order to preserve the integrity of public authorities, it is critical that every member of these boards maintain a level of knowledge of good governance principles and the requirements of the law to provide the appropriate oversight to carry out their authority’s mission -- making well-informed and independent decisions free of conflicts”, said Jeffrey Pearlman, Acting Director of the Authorities Budget Office. “The ABO’s board member training is an integral part of this responsibility, educating all public authority board members on fiduciary duty, ethics, and risk management.”

As identified by the ABO in the past, the accuracy of the data reported by public authorities is questionable. The review found of the 649 board members who were reported in 2015 annual reports as not attending the required training, 262 (40 percent) board members had actually attended training. The 387 board members that did not attend training were from 153 different public authorities. The majority of the board members (67 percent) are members of local development corporations (LDCs).

The ABO sent letters to 149 authorities requesting an explanation of the non-compliance of 381 board members that had not attended training. As of February 28, 2017, 109 authorities had responded to the ABO’s letters addressing 236 board members. The remaining 40 authorities had not responded in any form to the ABO’s request for an explanation of the non-compliance of 145 board members, and may be subject to additional enforcement actions such as censure or recommending removal of board members.

The report recommends that all public authorities establish policies and procedures that ensure board members are trained within one year of appointment, including tracking and documenting each board members completion of training. It also reemphasizes the ABO’s guidance that directors participate in training upon re-appointment to the Board or at least every three years. Failure to comply with the training requirements could be followed up with further action by the ABO, including ability to censure and remove board members (Chapter 506, Title 2, §6 (f); § 2827, 11-a PAL).

A copy of the full report is available at www.abo.ny.gov.