

# Directors Duties Checklist

Board/Committee members need to have a good understanding of the duties and obligations imposed on them under company law in Australia.

Directors should also be aware of the potential personal liability associated with their positions.

Organisation should ensure their directors understand their duties and obligations, as this directly affects governance performance.

And if any board member(s) failed to properly execute their legal duties and obligations, it reflects poorly on the organisation as a whole.

There are three (3) sources of company law in Australia that govern the duties of directors:

- the common law or judge-made law
- statute law both Australian and State-based and
- the entity's rules or constitution.

While each Director needs to undertake the time-consuming task of interpreting and summarising all the statutes; most do not have the time to do this.

The good news is we have summarised the duties and obligations in one comprehensive document – The Enterprise Care ***Director's Duties Checklist***.

This ***Checklist*** re-enforces the objective of these duties to promote good governance; and ensure that directors act in the interests of the organisation as a whole.

Let's test and see if you, or your Board members, know the answers to the following questions:

- Who appoints and removes the directors?
- Are the criteria for Board appointments clearly stated?
- What duties do directors owe to their company?
- What duties do directors owe to third parties?
- What are the possible areas of conflict of interest?
- What does the constitution say about conflicts of interest?
- What risk management and reporting procedures are in place?
- Is the company adequately insured against relevant risks?

The ***Director's Duties Checklist*** provides answers to the above questions and more.