

***Board committees***

A director may rely on information provided by a committee of the board of which the director is not a member as to matters within the committee's jurisdiction, if the director reasonably believes the committee merits confidence.

***Religious authorities presenting information to religious corporations***

A director of a religious corporation may rely on information provided by religious authorities and ministers, priests, rabbis, imams, or other persons whose position or duties in the religious organization the director reasonably believes justify reliance and confidence and whom the director believes to be reliable and competent in the matters presented.<sup>12</sup>

***Inappropriate director reliance***

These general rules of reliance *never* apply if the director has personal knowledge that would make reliance on the information provided by any of the above persons unwarranted.<sup>13</sup> In such circumstances, relying on such information would not constitute "reasonableness" or good faith on the part of the director. Moreover, a director having knowledge that brings into question the reliability of any information presented to the board may have a duty to share this knowledge with the other board members.

## Delegation

The board of directors, as such, does not operate the day-to-day business of the corporation. In delegating that function to others, it must adopt appropriate policies and procedures that ensure effective oversight of the actions of the corporation's management and other corporate agents.

***General rule: the directors oversee, but do not directly engage in the corporation's day-to-day operations***

The board of directors is not expected to operate the corporation on a day-to-day basis. Even under statutes providing that the business and affairs of a corporation shall be "managed" by the board of directors, it is recognized that actual operation is a function of management, that is, the officers and agents of the corporation.<sup>14</sup> In conventional corporate theory, the responsibility of the board is limited to overseeing corporate operations. This principle does not relieve the board of its monitoring responsibilities; however, it does mean that directors are not personally responsible for actions or omissions of officers, employees, or agents of the corporation as long as these persons have been