Vacatia

TBMA CONFERENCE · DISCUSSION GUIDE

Governance & Enterprise Risk Management Readiness Checklist

A practical discussion guide for association boards, management teams and association leaders.

VACATIA ASSOCIATION GOVERNANCE

Enterprise risk can originate anywhere — operations, finance, banking, insurance, legal, technology, property conditions, or owner relations.

Governance provides the framework for determining how those risks are recognized, communicated, evaluated, acted upon, documented, and monitored.

Use this checklist as a discussion tool with your board, management team, association leadership and other professionals involved in supporting the association. Rather than simply checking off items, use the questions to identify where practices are working well, where greater clarity may be helpful, and where additional discussion or resources may be warranted. It is not intended as a compliance audit or scoring system, and not every question will apply equally to every association.

A GOOD PLACE TO START

Choose one recent significant issue your association has faced and follow it through the framework: How was it identified? Who owned it? How was it escalated? Who authorized the response? How was it documented? What happened next?

1

STEP 1 · IDENTIFY

Identify

Do we have a process for recognizing meaningful risk?

Risks don't always arrive labeled as risks. A routine operational issue, owner concern, financial transaction, or maintenance problem can sometimes signal a broader exposure.

CONSIDER

- [ ] Do we periodically discuss significant operational, financial, insurance, legal, technology, safety, and reputational risks?
- [ ] Do board and management discussions create opportunities to identify emerging risks, not just respond to existing issues?
- [ ] Do we have a way to recognize when recurring or seemingly isolated issues may indicate a larger pattern?
- [ ] When significant changes are proposed — technology, vendors, banking processes, operations or contracts — do we consider what new risks may be introduced?
- [ ] Do the board and management periodically ask: What are the risks we may not be talking about?

2

STEP 2 · ASSIGN

Assign

Is it clear who owns the risk?

Risk frequently crosses organizational and functional boundaries. The board, association leadership, onsite operations, management, finance, banking, insurance, legal and outside professionals may all have a role. The challenge isn't necessarily involvement — it's making sure responsibility remains clear.

CONSIDER

- [ ] When multiple parties are involved, is there a clearly identified owner responsible for moving the issue forward?
- [ ] Are responsibilities among the board, association leadership, onsite team, management, and other key partners clearly understood?
- [ ] When multiple departments or outside professionals are involved, is it clear who is coordinating the overall response?
- [ ] Do management agreements, board policies, contracts, and internal procedures appropriately reflect those responsibilities?
- [ ] If an issue changes or becomes more significant, is responsibility reassessed when appropriate?

> **BOARD CONVERSATION**
>
> ***If we asked everyone involved, "Who owns the next step?" would the answer be clear?***

3

STEP 3 · ESCALATE

Escalate

Does the right information reach the right people at the right time?

Boards rely on timely, meaningful information to carry out their oversight responsibilities. Effective governance helps establish clear communication pathways so that emerging risks are recognized and elevated as circumstances warrant.

CONSIDER

- [ ] Are there clear communication pathways among onsite operations, association leadership, management, professional partners and the board, as applicable?
- [ ] As an issue evolves or becomes more significant, is there a clear path for bringing the appropriate people into the conversation?
- [ ] Are significant financial, safety, legal, insurance, cybersecurity, or reputational matters communicated promptly?
- [ ] Is it clear when specialized expertise — legal counsel, insurance professionals, banking partners, engineers, accountants, or others — should be brought into the conversation?
- [ ] Is there a process for communicating time-sensitive matters that arise between regularly scheduled board meetings?

> **BOARD CONVERSATION**
>
> ***If an issue changed quickly, would the right people know — and would they know what to do next?***

4

STEP 4 · AUTHORIZE

Authorize

Does the right person have authority to make the decision?

Responsibility and authority are not necessarily the same. A general manager, management team, committee, association staff or professional advisor may identify, investigate, and make recommendations regarding a risk while the ultimate decision-making authority rests elsewhere.

CONSIDER

- [ ] Is delegated authority reasonably clear?
- [ ] Are financial and contracting approval thresholds established and understood?
- [ ] Is it clear which decisions are reserved to the board?
- [ ] When board authorization is required, is there an efficient process for obtaining it?
- [ ] When significant risks require a decision, are the available response options considered?
  AVOID → MITIGATE → TRANSFER → ACCEPT
- [ ] Before accepting a material risk, do we consider whether the association has the legal and governing authority to do so?

BOARD CONVERSATION

Is it clear who can recommend a course of action — and who has authority to approve it?

5

STEP 5 · DOCUMENT

Document

Could we explain what was decided and why?

Significant decisions should be capable of being reconstructed later: what was known, what was recommended, who had authority, what was decided, and why. Minutes, resolutions, board materials, policies, management reports, and action tracking can serve as important risk controls — not simply administrative records.

CONSIDER

- ☐ Are significant board decisions appropriately reflected in minutes, resolutions, or other records?
- ☐ Are professional recommendations and supporting materials retained when appropriate?
- ☐ Can the association reasonably determine what information was available when a significant decision was made?
- ☐ Are adopted policies and procedures maintained in a way that makes current versions readily identifiable?
- ☐ Are significant action items and responsibilities documented?
- ☐ When outside professionals provide significant recommendations, is the advice — and the board's resulting decision — appropriately preserved?

BOARD CONVERSATION

If a new board inherited this issue three years from now, could they understand what happened and why?

6

STEP 6 · MONITOR

Monitor

Did the action actually happen — and did it work?

Approval alone does not mitigate risk. Implementation does.

CONSIDER

- ☐ Are significant action items assigned to a responsible person or team?
- ☐ Are deadlines or expected completion dates established when appropriate?
- ☐ Are unresolved matters carried forward until completed?
- ☐ Is there a clear process for reporting progress or completion of significant actions back to the board?
- ☐ Is there a process for identifying when an approved solution isn't working as expected?
- ☐ Can a matter be re-escalated if circumstances or the level of risk change?

BOARD CONVERSATION

Do we track significant decisions through implementation — or primarily through approval?

GOVERNANCE HEALTH CHECK

Can Our Governance Framework Keep Pace?

Periodically consider whether the laws, governing documents, policies, procedures, technology, and controls surrounding that framework remain aligned.

- [ ] Do we periodically review statutory and regulatory changes affecting the association?
- [ ] When the law changes, do we evaluate whether governing documents, policies, procedures, notices, forms, or technology also need to change?
- [ ] Do we periodically consider whether older governing document provisions continue to serve the association effectively?
- [ ] Are there provisions creating unnecessary ambiguity, restrictions, or operational workarounds?
- [ ] When change is needed, do we determine the appropriate governance tools — amendment, resolution, policy, procedure, contractual requirement, or internal control?
- [ ] When new technology is adopted, do we consider legal, governance, records management, privacy, cybersecurity, and operational implications?
- [ ] Are emerging technologies such as AI evaluated even where statutes or governing documents do not yet provide detailed guidance?
- [ ] When a new risk emerges that isn't specifically addressed by our existing documents or policies, do we have a process for determining how to respond?

Ask: When was the last time we looked at law, governing documents, board policies, management procedures, and technology together?

BRING IT TO YOUR BOARD

Take The Conversation Back To Your Board

Start with these four questions:

1. What are the risks we're not talking about?
2. Where does risk cross between the board, association leadership, operations, management and outside partners? Is responsibility clear when it does?
3. Are our governance practices keeping pace with changes in law, technology, operations, and the risk environment?
4. Do we have the right resources and professional partners around us to help identify emerging risks and work through them effectively?

WHAT DID THIS CONVERSATION IDENTIFY?

An area where we're strong:

An area we'd like to better understand:

A question we need help answering:

Our next step:

Who will own it:

Strong governance isn't about eliminating every risk. It's about creating a framework and having the right people and resources around you to recognize risk, communicate it, make informed decisions, act, and follow through.

Keep The Conversation Going

Every association's governance structure is different. The questions raised through this exercise may identify areas where additional discussion, review, or specialized expertise would be helpful. Vacatia's Association Governance team works alongside boards, association leaders and management teams to help navigate governance requirements, strengthen processes, clarify responsibilities, and respond to evolving association risks.

HJ

Hannah Jones

Director of Association Governance, Vacatia

Hannah.jones@vacatia.com