NORTHERN MICHIGAN REGIONAL ENTITY
ADMINISTRATIVE MANUAL

POLICY NAME:	**BOARD GOVERNANCE POLICY**
CHAPTER:	**TWO - GOVERNANCE**
POLICY #:	**02-01-001**
EFFECTIVE DATE:	**January 1, 2014**

I. Governance Process

1. Governance Commitment
   On behalf of the Members named in its Bylaws, the Board, engaging in a continual refinement of its values, mission, and vision, guarantees the accountability of NMRE by assuring that:

   A. It achieves appropriate results for appropriate persons at appropriate costs and avoids unnecessary risks; and that
   B. Governance decisions are made after full and fair consideration of the views of diverse stakeholders.

2. Governance Style
   The Board will govern with an emphasis on:

   A. Encouragement of diversity in viewpoints;
   B. Outward vision rather than internal preoccupation;
   C. Strategic leadership rather than administrative detail;
   D. Clear distinction of Board and CEO roles;
   E. Collective rather than individual decisions;
   F. Future goals rather than past or present programs; and
   G. Proactivity rather than reactivity.

3. Board Job Descriptions
   The Board will represent the Members named in its Bylaws in determining and demanding appropriate organizational performance by:

   A. Establishing the link between the Board and the Members; and
   B. Writing governing policies which at the broadest level address:

      i. Organizational Goals: Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost;
      ii. Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive authority and decisions must take place;
      iii. Governance Process: Specification of how the Board conceives, carries out, and monitors its own task;
      iv. Board – CEO Linkage: How power is delegated and its proper use monitored; the CEO role, authority, and accountability.

   C. Assurance of successful CEO performance.

4. Board Chair Functions
   The Chair ensures the integrity of the Board's governance process as the Board carries out its governance obligations.

   A. Powers of the Chair – The Chair

      i. Reviews Agendas for meetings of the Board with the CEO;
      ii. Limits consideration of issues to those properly before the Board and within the scope of its authority as set forth in Board Governance Policies;
      iii. Ensures that Board deliberation is fair, open, thorough, timely, orderly, and on task;
      iv. Exercises the procedural authority accorded the position of the Chair by Roberts Rules of Order;
      v. Subject to the Bylaws, names and charges ad hoc committees as needed;
      vi. When and to the extent authorized by the Board to do so, serves as spokesperson for the Board to the media and the public concerning the positions taken on issues by the Board as a whole.

   B. Limits of the Powers of the Chair – The Chair shall not exercise the powers granted to the Chair hereunder for any of the following purposes:

      i. To preclude Board consideration of a decision to employ or terminate a CEO;
      ii. To unilaterally amend or modify a Board Governance Policy;
      iii. To supervise or direct the CEO; or
      iv. To publically represent a personal position on and issue as that of the Authority.

5. The Role of the Executive Committee
   The Executive Committee shall consist of the Board Chairperson, Vice Chairperson, Secretary, and two others; one each from the remaining two Members that do not have an elected official on the entity Board. The Executive Committee:

   A. Shall have the authority to advise the CEO during the period between the meetings of the Board, subject to any prior limitation imposed by the Board and with the understanding that all matters of major importance be referred to the Board.

   B. Shall not exercise the powers granted to the Executive Committee hereunder for any of the following purposes:
      i. To preclude Board consideration of a decision to employ or terminate a CEO;
      ii. To unilaterally amend or modify a Board Governance Policy;
      iii. To supervise or direct the CEO; or
      iv. To publically represent a personal position on an issue as that of the Authority.

6. Annual Board Planning Cycle
   The Board shall accomplish its job with a governance style consistent with its policies and follow an annual agenda which:

   A. Completes a re-exploration of goals policies annually; and

B. Continually improves its performance through attention to Board education to enrich input and deliberations.

II. Board – Staff Relationship

1. <u>CEO Role</u>
   The CEO is accountable to the Board acting as a body. The Board shall instruct the CEO through written policies, delegating to him or her interpretation and implementation of those policies.

2. <u>Delegation to the CEO</u>
   All Board authority delegated to the staff is delegated through the CEO, so that all authority and accountability of staff is considered to be the authority and accountability of the CEO.

3. <u>CEO Job Description</u>
   As the Board's single official link to the operating organization, the CEO's performance will be considered to be synonymous with organizational performance in:
   A. Organizational accomplishment of established goals as monitored semiannually; and
   B. Organizational operation within the boundaries of prudence and ethics established in Board Policies on Executive Limitation as monitored semiannually.

III. Executive Limitations

1. <u>General Executive Constraint</u>
   The CEO shall not cause or allow any practice, activity, decision, or organizational circumstance which is either illegal, imprudent, or in violation of commonly accepted business and professional ethics or resulting in contractual sanctions.

2. <u>Treatment of Clients</u>
   With respect to interactions with clients or stakeholders, the CEO shall not cause or allow conditions or decisions which are unsafe, disrespectful, undignified, intrusive, or which fail to provide appropriate confidentiality and privacy. Accordingly, he or she may not:

   A. Use forms or procedures that elicit information for which there is no clear necessity;
   B. Use methods of collecting, reviewing, or storing client information that fail to protect against improper access to the information elicited;
   C. Fail to provide procedural safeguards for the transmission of information;
   D. Fail to have client services that reflect the diversity found in the community.

3. <u>Treatment of Staff</u>
   With respect to treatment of staff, the CEO may not cause or allow conditions which are unfair, undignified, or unsafe. Accordingly, he or she may not:

   A. Operate without approved procedures which clarify personnel rules for staff, provide for effective handling of compliance, and protect against wrongful conditions;
   B. Discriminate against any staff member for expressing an ethical dissent;
   C. Fail to acquaint staff with their rights under this policy; or

D. Fail to consider human diversity in all dealings with staff.

4. Budgeting
Budgeting any fiscal year or the remaining part of any fiscal year shall not deviate materially from Board goal priorities, risk financial jeopardy, or fail to be derived from a multi-year plan. Accordingly, he or she may not cause or allow budgeting that:

A. Contains too little information to enable projection of revenues and expenses, separation of capital and operational items, and cash flow;
B. Plans the expenditure in any fiscal year of more funds than are conservatively projected to be available.
C. Provide less than is sufficient for Board prerogatives, such as costs of fiscal audit, Board development, Board and committee meetings, and Board legal fees; or
D. Endangers the fiscal soundness of future years or ignores the building of organizational capability sufficient to achieve Board goals in future years.
E. Results in unbudgeted expenditures greater than $10,000 without Board approval.

5. Financial Condition
With respect to the actual, ongoing condition of the organizations financial health, the CEO may not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from Board priorities established in Board Goals Policies. Accordingly he or she may not:

A. Expend more funds than are available in the fiscal year to date;
B. Use any designated reserves other than for established purposes;
C. Conduct inter-fund shifting in amounts greater than can be restored to a condition of discrete fund balances by certain unencumbered revenues within the fiscal period;
D. Fail to settle payroll and debts in a timely manner;
E. Allow any payments to be overdue or inaccurately filed; or
F. Acquire, encumber, or dispose of real property.

6. Asset Protection
The CEO shall not allow assets to be unprotected, inadequately maintained or unnecessarily risked. Accordingly, he or she may not:

A. Fail to insure against theft and casualty losses to one-hundred (100) percent replacement value less any reasonable deductible and against liability losses to Board members, staff, or the organization itself in an amount greater than the average for comparable organizations;
B. Allow unbonded personnel access to material amounts of funds;
C. Unnecessarily expose the organization, its Board, or staff to claims of liability;
D. Make any purchase wherein normally prudent protection has not been given against conflict of interest, or that requires competitive procurement pursuant to Circular A-87;
E. Fail to protect intellectual property, information, and files from loss or significant damage;
F. Receive, process, or disburse funds under controls insufficient to meet auditor's standards;
G. Invest or hold operating capital in insecure instruments, including uninsured checking accounts, and bonds of less that "AA" rating, or in non-interest bearing accounts except where necessary to facilitate ease in operational transactions; or

H. Endanger the organization's public image or credibility, particularly in ways that would hinder its accomplishment of mission, including changing the name of the organization.

7. Compensation and Benefits
With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the CEO may not cause or allow jeopardy to fiscal integrity or public image. Accordingly, he or she may not:

A. Change his or her own compensation and benefits;
B. Promise or imply permanent or guaranteed employment;
C. Establish current compensation and benefits which:

i. Deviate materially from the geographic or professional market for the skills employed; or
ii. Create obligations over a longer term than revenues can be safely projected, in no event, longer than one year with the exception of labor contracts and in all events, subject to loss of revenue; or

D. Establish or change pension benefits so the pension provisions:

i. Cause unfunded liabilities to occur or in any way commit the organization to benefits which incur unpredictable future costs;
ii. Provide less than some basic level of benefits to all fulltime employees, though differential benefits to encourage longevity in key employees are not prohibited;
iii. Allow any employee to lose benefits already accrued from any foregoing plan;
iv. Treat the CEO differently from other comparable key employees;
v. Are instituted without a prior monitoring of those provisions.

8. Executive Succession
In order to protect the Board from sudden loss of chief executive services, the CEO shall not have less than one (1) other executive familiar with Board and CEO issues and processes.

9. Community Resources
With respect to the attainment of the Board's goals, the CEO shall not fail to take advantage of collaboration, partnerships, and innovative relationships with agencies and other community resources.

10. Communication and Counsel to the Board
With respect to providing information and counsel, the CEO shall not permit the Board to be uninformed. Accordingly, he or she may not:

A. Neglect to submit monitoring data required by the Board in a timely, accurate, and understandable fashion, directly addressing provisions of the Board Policies being monitored.
B. Let the Board be unaware of relevant trends, anticipated adverse media coverage, material external and internal changes, particularly changes in the assumptions upon which any Board Policy has previously been established.

C. Fail to advise the Board if, in the CEO's opinion, the Board is not in compliance with its own Policies on Governance Process and Board-Staff Relationship, particularly in the case of Board behavior which is detrimental to the work relationship between the Board and CEO.
D. Fail to marshal for the Board as many staff and external points of view, issues, and options, as needed for fully informed Board choices.
E. Present information in unnecessarily complex or lengthy forms;
F. Fail to provide a mechanism for official Board, officer, or committee communications;
G. Fail to deal with the Board as a whole except when fulfilling individual requests for information.
H. Fail to report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

IV. Goals

Focusing on goals ensures the Board tackles the difficult questions by mobilizing Board time, mechanics, and concern around what good is to be done for whom and at what cost. To this end, the Board will annually review and adopt Goals Policies.

REFERENCE:

REVISED: **December 23, 2015**

REVIEWED: **October 22, 2014**

APPROVED: **November 20, 2013**

Signed copy is on file with NMRE
Dave Schneider
Northern Michigan Regional Entity Chief Executive Officer

Date

Signed copy is on file with NMRE
Joe Stone
Northern Michigan Regional Entity Board Chair

Date