

Executive Limitations Policies

Policy: Global Executive Constraint
Category: Executive Limitations
Status: Adopted 2006-09-11

The CEO shall not cause or allow any organizational practice, activity, decision, or circumstance that is either unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices.

Policy: Treatment of Consumers
Category: Executive Limitations
Status: Adopted 2006-09-11

With respect to interaction with consumers or those applying to be consumers, the CEO shall not cause or allow conditions, procedures, or decisions that are unsafe, untimely, undignified, or unnecessarily intrusive.

The CEO will not:

1. Elicit information for which there is no clear necessity.
2. Use methods of collecting, reviewing, transmitting, or storing client information that fail to protect against improper access to the material.
3. Fail to operate facilities with appropriate accessibility and privacy.
4. Fail to establish with consumers a clear understanding of what may be expected and what may not be expected from the service offered.
5. Fail to inform consumers of this policy, or to provide a way to be heard for persons who believe they have not been accorded a reasonable interpretation of their protections under this policy.

Policy: Treatment of Staff
Category: Executive Limitations
Status: Adopted 2006-09-11

With respect to the treatment of paid and volunteer staff, the CEO shall not cause or allow conditions that are unfair, undignified, disorganized, or unclear.

The CEO will not:

1. Operate without written personnel policies that (a) clarify rules for staff, (b) provide for effective handling of grievances, and (c) protect against wrongful conditions such as nepotism and grossly preferential treatment for personal reasons.
2. Retaliate against any staff member for nondisruptive expression of dissent.
3. Fail to acquaint staff with the CEO's interpretation of their protections under this policy.
4. Allow staff to be unprepared to deal with emergency situations.

Policy: Financial Planning / Budgeting
Category: Executive Limitations
Status: Adopted 2006-09-11

The CEO shall not cause or allow financial planning for any fiscal year or the remaining part of any fiscal year to deviate materially from the board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a multiyear plan.

The CEO will not allow budgeting to:

1. Risk incurring those situations or conditions described as unacceptable in the board policy "Financial Condition and Activities."
2. Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Provides less for board prerogatives during the year than is set forth in the Cost of Governance policy.

Policy: Financial Condition and Activity
Category: Executive Limitations
Status: Adopted 2006-09-11

With respect to the actual, ongoing financial condition and activities, the CEO shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in the End policies.

The CEO will not:

1. Expend more funds than have been received in the fiscal year to date, unless the debt guideline (below) is met.
2. Incur debt in an amount greater than can be repaid by certain, otherwise unencumbered revenues within sixty days.
3. Use any long-term reserves.
4. Conduct interfund shifting in amounts greater than can be restored to a condition of discrete funds balances by certain and otherwise unencumbered revenue within thirty days.
5. Fail to settle payroll and debts in a timely manner.
6. Allow tax payments or other government-ordered payments or filing to be overdue or inaccurately filed.
7. Make a single purchase or commitment or greater than \$1000. Splitting orders to avoid this limit is not acceptable.
8. Acquire, encumber or dispose of real estate.
9. Fail to aggressively pursue receivables after a reasonable grace period.

Policy: Asset Protection
Category: Executive Limitations
Status: Adopted 2006-09-11

The CEO shall not allow the assets to be unprotected, inadequately maintained, or unnecessarily risked.

The CEO will not:

1. Fail to insure against theft and casualty or against liability losses to board members, staff, and the organization itself.
2. Allow unbonded personnel access to material amounts of funds.
3. Subject facilities and equipment to improper wear and tear or insufficient maintenance.

4. Unnecessarily expose the organization, its board, or staff to claims of liability.
5. Make any purchase (a) wherein normally prudent protection has not been given against conflicts of interest; (b) of over \$500 without having obtained comparative prices and quality; (c) of over \$2000 without a stringent method of assuring the balance of long-term quality and cost. Orders will not be split to avoid these criteria.
6. Fail to protect intellectual property, information, and files from loss or significant damage.
7. Receive, process or disburse funds under controls that are insufficient to meet the board-appointed auditor's standards.
8. Compromise the independence of the board's audit or other external monitoring or advice, such as by engaging parties already chosen by the board as consultants or advisors.
9. Invest or hold operating capital in insecure instruments, including uninsured checking accounts and bonds of less than AA rating at any time, or in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.
10. Endanger the organization's public image, credibility, or its ability to accomplish ends.
11. Change the organization's name or substantially alter its identity in the community.
12. Create or purchase any subsidiary corporation unless: (a) more than 80 percent is owned by this organization; (b) initially capitalization by this organization is less than \$10,000 or 50% of the reserve fund; (c) no staff member has an ownership interest; (d) there is no reasonable chance of resultant damage to the reputation of this organization.

Policy: Compensation and Benefits

Category: Executive Limitations

Status: Adopted 2006-09-11

With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the CEO shall not cause or allow jeopardy to fiscal integrity or public image.

The CEO will not:

1. Change the CEO's own compensation and benefits, except as those benefits are consistent with a package for all other employees.
2. Promise or imply permanent or guaranteed employment.
3. Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.
4. Create obligations over a longer term than revenues can be safely projected, in no event longer than one year, and in all events subject to loss in revenues.
5. Establish or change pension benefits so as to cause unpredictable or inequitable situations, including those that
 - a. Incur unfunded liabilities.
 - b. Provide less than some basic level of benefits to all full-time employees, though differential benefits to encourage longevity are not prohibited.
 - c. Allow any employee to lose benefits already accrued from any foregoing plan.
 - d. Treat the CEO differently from other key employees.

Policy: Communication and Support to the Board

Category: Executive Limitations

Status: Adopted 2006-09-11

The CEO shall not permit the board to be uninformed or unsupported in its work.

The CEO will not:

1. Neglect to submit monitoring data required by the board in Board-Management Delegation policy “Monitoring CEO Performance” in a timely, accurate, and understandable fashion, directly addressing provisions of board policies being monitored, and including CEO interpretations consistent with Board-Management Delegation policy “Delegation to the CEO,” as well as relevant data.
2. Allow the board be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy of the board regardless of the board’s monitoring schedule.
3. Allow the board to be without decision information required periodically by the board or let the board be unaware of relevant trends.
4. Let the board be unaware of any significant incidental information it requires including anticipated media coverage, threatened or pending lawsuits, and material internal and external changes.
5. Allow the board to be unaware that, in the CEO’s opinion, the board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of board behavior that is detrimental to the work relationship between the board and the CEO.
6. Present information that is unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.
7. Allow the board to be without a workable mechanism for official board, officer, or committee communications.
8. Deal with the board in a way which favors or privileges certain board members over others, except when (a) fulfilling individual requests for information, or (b) responding to officers or committees duly charged by the board.
9. Fail to submit to the board a consent agenda containing items delegated to the CEO yet required by law, regulation, or contract to be board-approved, along with applicable monitoring information.

These policies are adapted from *Reinventing Your Board: A Step-by-Step Guide to Implementing Policy Governance*, by John Carver and Miriam Carver, San Francisco: Jossey-Bass, 2006, ISBN 0-7879-8181-8.