

# ASSOCIATION OF GOVERNMENTAL RISK POOLS GOVERNANCE POLICIES

Revised: 111307, 070507, 030506, 013106, 111305, 031505, 020705, 101704, 061304, 032104, 020204, 042103, 011403, 110402, 100802, 061402, 032502, 020102, 101901, 080801, 121900

## ORDER BY POLICY TYPE

### Governance Process (GP)

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- GP-2 .....Governing Style
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- GP-4 .....Monitoring Governance Process and Board-Staff Relationship Policies
- GP-5 .....President's Role
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### Board/Staff Relationship (B/SR)

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### Executive Limitations (EL)

- EL-1 .....Global Executive Constraint
- EL-2.....Emergency CEO Succession
- EL-3.....Treatment of Members/Others
- EL-4.....Staff Treatment
- EL-5.....Staff Compensation
- EL-6.....Staff Evaluation
- EL-7.....Budgeting
- EL-8.....Financial Management
- EL-9.....Asset Protection
- EL-10.....Communication and Counsel to the Board
- EL-11.....Conduct of Board Elections, Appointments and Certification of Eligibility
- EL-12.....Educational Programming

### Ends (E)

- E-1 .....Vision Statement and Organization Mission
- E-2 .....Effective Governance/Management
- E-3 .....Member Satisfaction
- E-4 .....Advocacy

**Global Governance-Management Connection and Unity of Control**

The Board's sole connection to the operational organization is the Chief Executive Officer. Only decisions of the Board acting as an entity are binding on the CEO.

Accordingly:

1. Decisions or instructions of individual Directors, officers or committees are not binding on the CEO except when the Board has specifically authorized such exercise of authority by individuals or committees.
2. In the case of Directors or committees requesting information or assistance without Board authorization, the CEO may refuse such requests that require, in the CEO's opinion, a material amount of staff time or resources or that are disruptive or unreasonable.

**Monitoring Method:** *Board self-assessment*  
**Monitoring Frequency:** *Annually at the January Board Meeting*

**Accountability of the CEO**

The CEO is the Board's only link to the operation of the organization. All authority over and accountability of staff is considered to be the responsibility of the CEO.

Accordingly:

1. The Board shall never give instructions to persons who report directly or indirectly to the CEO.
2. The Board shall not formally evaluate any staff member other than the CEO.
3. Other than stating its values through policy, the Board shall not participate in decisions or actions involving the hiring, evaluating, disciplining or dismissal of any employee other than the CEO.

**Monitoring Method:** *Board self-assessment*  
**Monitoring Frequency:** *Annually at the January Board Meeting*

**Delegation to the CEO**

The Board shall instruct the CEO through written policies that prescribe the organizational ends (Ends Policies) to be achieved and describe organizational situations and actions to be avoided (Executive Limitations Policies). The Board shall support any reasonable interpretation of those policies by the CEO.

Accordingly:

1. The Board shall develop policies instructing the CEO to achieve defined results for identified recipients at a specified cost. These policies shall be developed systematically from the broadest; most general level to more defined levels, and shall be called *Ends* policies.
2. The Board shall develop policies that limit the latitude the CEO may exercise in choosing the organizational means. These policies shall be developed systematically from the broadest, most general level to more defined levels, and they shall be called *Executive Limitations* policies.

3. As long as the CEO uses any reasonable interpretation of the Board's *Ends* and *Executive Limitations* policies, the CEO is authorized to establish all further policies, make all decisions, establish all practices and develop all activities the CEO deems appropriate to achieve the Board's *Ends* policies.
4. The Board may change its *Ends* and *Executive Limitations* policies at any time, thereby shifting the boundary between Board and CEO domains. By doing so, the Board changes the latitude of choice given to the CEO. However, as long as any specified delegation of responsibility is in place and the CEO reasonably interprets existing policies, the Board shall respect and support the CEO's choices even though CEO choices may not be the choices the Board or its directors may have made.

**Monitoring Method:** *Board self-assessment*  
**Monitoring Frequency:** *Annually at the January Board Meeting*

**B/SR-4**

### **Monitoring CEO Performance**

The Board shall view CEO performance as identical to organizational performance. CEO job performance shall be monitored systematically against the only CEO job expectations: reasonable progress toward organizational accomplishment of the Board's *Ends* policies, and organizational operation within the boundaries established in the Board's *Executive Limitations* policies.

Accordingly:

1. Monitoring determines the degree to which Board policies are being met. Information not formally presented as monitoring data and that does not contribute to this purpose is not considered monitoring data.
2. The Board shall acquire monitoring data on *Ends* and *Executive Limitations* policies by one or more of three methods:
  - a. by **internal report**, in which the CEO discloses information and certifies compliance to the Board.
  - b. by **external report**, in which an external, disinterested third party selected by the Board assesses compliance with Board policies.
  - c. by **direct Board inspection**, in which the Board assesses compliance with the appropriate policy criteria.
3. In every case, the standard for compliance shall be whether the CEO has reasonably interpreted the Board policy being monitored and determination of whether reasonable progress is being made toward achieving the Board's *Ends* policies. The Board shall make the final determination as to whether a CEO interpretation is reasonable and whether reasonable progress is being made.
4. All policies that instruct the CEO shall be monitored on schedule according to a frequency and by a method chosen by the Board. The Board may monitor any policy at any time by any method, but ordinarily shall depend upon the schedule set forth in GP-8-E.
5. During the last quarter of each year, the Board shall conduct a formal summative evaluation of the CEO. The summative evaluation shall be based upon the monitoring of Board policies on *Ends* and *Executive Limitations*. The Board shall prepare a written evaluation document. The CEO and the Board shall review the document in closed session.

The evaluation document shall consist of:

- a. A summary of the data derived throughout the year from monitoring the Board's policies on *Ends* and *Executive Limitations*.
- b. Conclusions based upon the Board's prior action during the year relative to whether each *End* has been achieved or whether reasonable progress has been made toward its achievement.
- c. Conclusions based upon the Board's prior action during the year relative to whether the CEO has properly operated within the boundaries established in the *Executive Limitations* policies.
- d. A summary of the CEO's strengths and weaknesses relative to achievement of the *Ends* policies and operation within the boundaries established in the *Executive Limitations* policies. **Nothing in this policy is intended to imply the establishment of any personal rights** not explicitly established by statute, contract or Board pol-

icy. All employment decisions related to the CEO remain within the sole and continuing discretion of the Board.

6. The salary range for the CEO should be adjusted each year by the Board to reflect changes in the cost-of living. The Board shall determine any cost-of-living adjustment, merit adjustment or bonus annually accordingly:
  - a. The CEO shall be eligible for a cost-of living adjustment for Partial Compliance with the Ends and Executive Limitations policies.
  - b. The CEO shall be entitled to a cost-of living adjustment and for an additional merit adjustment for achieving Substantial Compliance with the Ends and Executive Limitations policies.
  - c. For Exemplary Performance, the CEO shall be eligible for a bonus (one-time payment) in addition to a salary adjustment.

***Monitoring Method:***

***Board self-assessment***

***Monitoring Frequency:***

***Annually at Institute for the Management and Leadership***

**B/SR-5**

**ANNUAL SUMMATIVE EVALUATION  
Of the Chief Executive Officer**

Policy Reference: B/SR-5: The Board will conduct a formal summative evaluation of the CEO. The summative evaluation will be based upon accumulated data derived from monitoring Board policies on Ends and Executive Limitations. The Board will prepare a written evaluation document. The CEO will have the opportunity to review the document with the Board in executive session. The CEO and the Board President will sign the report.

The evaluation document will consist of:

- a. A summary of the data derived throughout the preceding year from monitoring the Board's policies on Ends and Executive Limitations.
- b. Conclusions relative to whether each end has been achieved or whether reasonable progress has been made toward its achievement.
- c. Conclusions relative to whether the CEO has properly operated within the boundaries established in the Executive Limitations policies.
- d. An improvement plan addressing any insufficient progress toward meeting the Ends.
- e. An improvement plan addressing any deficiencies in operation within the boundaries of the Executive Limitations policies.

The purpose of the annual evaluation of the CEO is to summarize the actions previously taken by the Board as it monitored *Ends* and *Executive Limitations* policies during the year, and to draw conclusions on the basis of that on going monitoring process relative to organizational performance and consequently the CEO's performance.