

Governing Board to Executive Director Delegation

Each policy will receive its own unique number once governing board has completed this review.

Purpose of this quadrant of policies: Defines how authority is given to the Executive Director and organizational performance is monitored.

Global Governance – Executive Director Linkage

The Board's primary official connection to the operating organization, its achievement, and conduct will be through the Executive Director.

Responsibility to Act

The Executive Director is only required to follow instructions from individual Board members, officers, or committees when the governing Board has specifically authorized that instruction.

Executive Director's Right of Refusal

In the case of members or committees requesting information or assistance without governing Board authorization, the Executive Director can refuse such requests that require, in the Executive Director's opinion, a material amount of staff time or funds or is disruptive to the organization's operations and effectiveness. Members have the option of elevating the request to the governing board who could turn the request into a directive.

Executive Director's Authority Over Staff

The Executive Director is responsible for staff. Therefore, the Board has no authority to direct staff other than the Executive Director. Accordingly,

Limits of Board Authority

The Board will not give instructions to employees, contractors, or agency contractors who report directly or indirectly to the Executive Director unless within an established project relationship.

Delegation to the Executive Director

The Board communicates authority and direction to the Executive Director through written policies that set the organizational goals to achieve and the organizational situations or risks to avoid. The Executive Director is allowed to use any reasonable interpretation of these policies. Accordingly,

Ends Policies

The Board develops policies instructing the Executive Director to achieve specific results for specific stakeholders for a specific investment of resources. These policies will be created from the broadest, most general level to more defined levels and will be called End Results Policies.

Executive Director Limitation Policies

The Board will develop policies that limit the choices the Executive Director may make in choosing how the organization will work towards the results expected by the Board. These policies will be created from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies.

Executive Director Authorization

As long as the Executive Director reasonably interprets the Board's End Results and Executive Director Limitations policies, the Executive Director is authorized to create operational policies, make decisions, take actions, establish practices, and pursue activities in a manner consistent with the policies. Given this, the decisions of the Executive Director will have full force and authority as if these decisions were made by the Board.

Policy Changes

The Board may change the Ends and Executive Limitations policies. When this happens, the Executive Director's authority and/or instructions to staff may change. However, the Board will respect and support the Executive Director's new interpretations and actions made in response to the revised policy unless and until the policy is changed by the board.

Policy Violation Communication

If the Executive Director believes it is necessary to violate a policy because compliance would pose significant risk to the organization or conflict with or violate enterprise or agency requirements or applicable laws or regulations, or the Executive Director believes a violation has occurred, the Executive Director will immediately verbally inform the Board chair or, in their absence, another officer of the governing Board. Then the Executive Director will inform the entire Board as soon as is reasonable. Informing the board is to ensure that no violation is intentionally kept from the board, not a request for approval. Officer or board responses, either approving or disapproving, does not exempt the Executive

Director from subsequent board judgement of the action or from possible consequences or impede any Executive Director decision.

Monitoring the Executive Director's Performance

The Executive Director's job performance will be based upon the accomplishment of End Results policies and organizational operation within the boundaries established in Executive Limitations policies. Monitoring will be as automatic as practical, using a minimal amount of Board time so that meetings can be used to focus more broadly on the organization's charge to protect residents, state and local governments, health plan companies, providers, pharmacies, employers, and other health care system stakeholders from unaffordable costs of certain prescription drugs. Accordingly:

Monitoring Purpose

Monitoring is simply to determine the degree to which Board policies are being met. Information that does not do this is not to be considered monitoring information.

Monitoring Options

Internal Report The Executive Director submits written reports that interpret relevant policies, provide compliance measurement indicators, and data to demonstrate the degree of compliance.

External Report A neutral, independent auditor, chosen by the Board, reports on the Executive Director's degree of compliance with the Board's policies. The Board can choose to have the auditor evaluate the Executive Director's performance based on the board's policies, on the auditor's policies instead of the Board's policies, or a combination of the board's and the auditor's policies. If the Board decides to do use an auditor's policies in whole or part, the Board must inform the Executive Director of that decision.

(Hyperlink possibly included here to a Board Procedures Guide for how to secure an external report.)

Direct Board Inspection The Board, itself, inspects the internal documents, activities, and situations to determine the degree of policy compliance.

Monitoring Report Judgement

In every case, the Board will judge:

- **Reasonable Interpretation:** The reasonableness of the Executive Director's interpretation of board policy.
- **Data in Support of Interpretation:** Whether the data provided demonstrated accomplishment with the interpretation.

Reasonable Interpretation

In every case, the standard for compliance shall be *any reasonable interpretation* by the Executive Director of the policy being monitored rather than how the Board would have interpreted the policy. If the Executive Director's policy interpretation is reasonable, but not what the Board expected to see happen, the Board's response is to consider clarifying and updating their policy.

Monitoring Schedule

Any policy can be monitored by any method at any time. However, each Ends and Executive Limitations policy will be organized by the Board according to how often it should be monitored and which of the monitoring options will be used. The Board will follow the schedule shown below.

(Monitoring schedule will be inserted here, when all Executive Limitations and Ends policies are complete)