

Governing Board to Executive Director Delegation

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

Global Governance – Executive Director Linkage

The Board's sole administrative 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 an individual board member or a committee requesting information or assistance without governing Board authorization, the Executive Director can refuse such requests if fulfilling them would, in the Executive Director's judgment, require a material amount of staff time or organizational resources, subject the organization to unnecessary or unreasonable risks, or be disruptive to the organization's operations and effectiveness. Members have the option of elevating the request to the governing board for who could turn the request into a directive.

Executive Director's Authority Over Staff

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

Limits of Board Authority

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

Delegation to the Executive Director

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

End Results Policies

The Board develops policies instructing the Executive Director to achieve specific results for Minnesota within 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 Executive Director's discretion and authority in choosing how the organization will work towards achieving 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 Policies 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 the full force and authority as if these decisions were made by the Board.

Policy Changes

The Board may change the End Results and Executive Director 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.

Policy Violation Communication

If the Executive Director believes it is necessary to violate a policy or believes a violation has occurred because compliance would pose significant risk to the organization or conflict with or violate enterprise or agency requirements or applicable laws or regulations, the Executive Director will immediately verbally inform the Board chair or, in the Board chair's 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 simply to guarantee that no violation may be intentionally kept from the board rather than 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 possible, using a minimal amount of Board time so that meetings can be used to focus more broadly on the organization's charge to protect individuals, state and local governments, health plan companies, providers, pharmacies, employers, and other health care system stakeholders from unaffordable costs of 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 provide an operational interpretation of the relevant policies, compliance measurement indicators, and supporting data to demonstrate the degree of compliance.

External Report A (make this optional) neutral, independent auditor or expert, chosen by the **Board**, conducts a reasonable and appropriate audit or investigation and reports to the Board on the Executive Director's degree of compliance with the Board's policies. If the Board decides to do this, the Board must inform the Executive Director of that decision.

(Include possible hyperlink to a Board Procedures Guide to set process for how to secure an external report.)

Direct Board Inspection The Board, itself, or a committee of board members appointed and authorized by the Board inspects and investigates 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 their policy.
- **Data in Support of Interpretation:** Whether the data provided demonstrate compliance 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

The Board will determine how and when each End Result and Executive Limitation Policy will be monitored and place the information in the table below. However, the board can choose to monitor any policy or part of a policy out of its standard sequence and method should a concern arise.

(insert monitoring schedule)