

Montana Municipal Interlocal Authority

Policy Manual

Document Name:	Chief Executive Obligations to the Board of Directors, Responsibilities & Limitations of Authority		
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Policy Statement:

MMIA's policy is to provide an organizational environment where its Chief Executive can provide the direction and leadership essential to achieving the mission, strategy and annual goals and objectives of the MMIA organization while complying with board policies.

I. Purposes/Outcomes

The purposes of the policy are to identify the expected Chief Executive linkage to the Board of Directors, his/her responsibilities and limitations on authority.

II. Obligations to the Board of Directors

As the Board's single link to the MMIA, the Chief Executive is to marshal staff and Board knowledge and insights and translate the organization's values into reality. The Board expects the chief executive to fulfill the following obligations:

- A. Provide guidance to the Board regarding governance decisions and policies.
- B. Access to staff and information regarding areas of Board policy development.
- C. Assurance of compliance with Board policies.
- D. Not violate policies on Executive Limitation.
- E. Direct operations so as to realize organizational values and mission as established by the Board.

III. Delegation of Authority

The Board is to deliberate and to establish, not to implement, policies of the organization. The Board delegates to the Chief Executive Officer authority to achieve ends defined by the Board, holding the Chief Executive Officer accountable for successful achievement. The authority is considered total except where selectively withheld by written and explicit policy limitations.

- A. With regard to policy and executive authority, the Board will establish those values which, at a minimum, must be observed in the development of further executive policy and in executive action. The Board may develop its policies further at any time to be more inclusive or less so.

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- B. The authority of the Chief Executive Officer to act begins where the explicitly stated policy of the Board leaves off. Neither the Board nor any member of the Board shall instruct the Chief Executive Officer or staff within any area which at the time is within the purview of the Chief Executive Officer. This does not prevent Board inspection of Areas within that purview, nor Board requests of information and opinions from staff. Nor does it preclude the Board from establishing policies previously deemed to be within the purview of the Chief Executive Officer.
- C. With respect to any area of organizational activity where the Board has rendered no policy guidance, the Chief Executive Officer is free to recommend and carry out policy which is legal, ethical and in compliance with the spirit of the organizational mission, values and of other policies which have been stated. The Chief Executive Officer will keep the Board apprised when actions relating to these Executive prerogatives are taken.
- D. The Chief Executive Officer is empowered to assign and utilize resources; to employ, promote, discipline and deploy staff within budgetary parameters established by the Board; to translate Board policies into action; to speak on behalf of the corporation as agent of the Board; and to organize and delegate for results as s/he or he deems appropriate.
- E. The Chief Executive Officer, acting with this blanket authority granted by the Board, may not perform, allow or cause to be performed any act which is unlawful, unacceptable under commonly accepted business and professional ethics, less prudent than the "reasonable person" test nor in violation of explicit Board constraints on executive authority.
- F. Should a situation arise wherein the Chief Executive Officer deems it unwise to comply with an explicit policy of the Board, s/he shall inform the officers of the Board before taking (or refusing to take) action. Informing does not exempt the Chief Executive Officer from subsequent Board judgment of the action, but only guarantees that no such violation may be intentionally kept from the Board.
- G. Notwithstanding the authority granted to the Chief Executive Officer herein, s/he should remain sensitive when developing executive policy in areas which the Board has not theretofore considered. At a minimum, the Chief Executive Officer should inform the Chair of the Board of such policy development before substantial resources are expended or put at risk.

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IV. Limitations on Authority

This Board policy section deals with the limits placed on executive authority. The executive has broad authority. The executive authority is “taken back” selectively by these policies. If it is not taken back or limited by these policies, or other policies adopted by the Board, the presumption is that the executive will communicate with the Board to determine if this is an area where policy needs to be established, or the executive has the authority to act.

Having this policy in place saves the Board from endless attention to executive methods. It particularly saves the Board from having to approve executive actions. This policy makes it unnecessary for the Board to become entangled in the bits and pieces of executive actions in order to approve them. The more the Board does its job proactively and precisely, the less it every needs to approve anything.

A. Treatment of MMIA Members, Member Organizations, Employees & the Public.

The Chief Executive Officer’s authority is limited in the level of care which must be exercised in the treatment of people upon whom the MMIA has an effect.

With respect to MMIA members, employees, and the public:

1. Employees, members and the public may not be treated with less than dignity, respect and courtesy and as otherwise required by law.
2. No member may be refused appeal to the Board pursuant to established policies and internal grievance procedures.
3. Procedures for grievance may not be inaccessible to those persons and members who might conceivably benefit from them.
4. Procedures for compliant may not be inaccessible to those who might conceivably need them; the procedures will not make it difficult for persons or members to be heard nor will they leave a complainant unprotected more than is reasonable.
5. No facility or machinery may be operated which jeopardizes the safety of employees and the general public.
6. Staff and the public will not be left unprepared for prompt action in case of

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fire, tornadoes or other threatened disasters.

7. Employees' health may not be endangered by allowing conduct or activity that may cause harm.

B. Compensation & Benefits

The Chief Executive Officer's authority-with respect to paying compensation and benefits of employees, consultants, contract workers and volunteers-is limited as follows:

Only the Board can set compensation of the Chief Executive Officer.

Current compensation and benefits of all other employees:

1. Must be reasonably consistent with the geographic or professional market in which the corporation operates, as established by policy and by a periodic market analysis approved by the Board.
2. Must be as objective and free from claims of favoritism and class related bias as possible.
3. May not be committed over a longer term than twelve months into the future.
4. May only be promised contingent upon sufficient corporation revenues.

C. Financial Planning

The Chief Executive Officer shall not:

1. Operate without a plan of receipts and expenditures in sufficient detail to allow prudent management of funds as approved by the Board each year.
2. Expend in any fiscal year more funds than are received either by incurring debt or by reduction of capital reserves in excess of limits established by the Board.
3. Violate generally accepted accounting procedures.
4. Fail to assure that the budget is in keeping with the Board's long range service priorities.

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5. Achieve a rate of return on retained earnings, excluding consideration for member dividends and/or premium credits that is approved by the Board of Directors.

D. Employee Protection

The Chief Executive Officer's authority, with respect to the treatment of paid and volunteer staff, is limited so as to assure that the rights of volunteers and employees to lawful, fair, equitable and humane treatment are not impeded.

1. The Chief executive Officer shall establish a grievance procedure that is approved by the Board.
2. The Chief Executive Officer shall be responsible to ensure that the MMIA operates in accordance with all applicable State and Federal Employment laws.
3. With the exception of areas calling for personal privacy and personnel record confidentiality, the decision process within the MMIA will be transparent.
4. After an employee has exhausted the internal grievance mechanism, s/he may not be hindered from grieving to the Board of Directors pursuant to the MMIA internal grievance policy.

V. Monitoring Chief Executive Performance

The Board will track Chief Executive performance in such a way as to assure continuing policy compliance. This will leave the Board free to concentrate most of its time on its responsibilities. The Board's approach to monitoring will be based on its governance philosophy and carried out in a relatively automatic way. Board meetings are not, in general, to be used for monitoring.

The Board, or its designee or a designated committee, will monitor those MMIA policies which the Board has addressed ahead of time in explicit statements of policy. The purpose of such monitoring is simply to determine, in fact, if Board policies are being met. Since the Board speaks to the executive through policies and limitations on executive authority, monitoring will determine whether MMIA's mission and policies are being achieved and if executive authority is being violated.

A. Monitoring will occur in one or a combination of three ways:

1. Internal Reports: Periodic reports from the Chief Executive to the Board.

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2. External reviews: Auditors, site inspectors or other external assessors shall be retained to answer certain monitoring questions.
 3. Direct Inspection: Directors, assigned by the Board Chair, select at random a policy for on-site monitoring. The Chief Executive Officer will “walk through” implementation of the policy. Directors involved have only the authority to state whether, in their opinion, the policy is being implemented.
- B. Upon specific request from a Board member, and with the approval of the Board, any policy can be monitored at any time.

It should be noted that monitoring done this way is a continual measurement of corporate performance. It is synonymous with chief executive performance. Since the CEO is employed to manage Board Policies into reality, s/he is successful to the extent that is accomplished. No extra evaluation of the CEO is needed. If a topic is important enough to evaluate the CEO on, it is important enough to include in the policies to be monitored.