



## **Board of Directors Policy Governance**

The board governs through written policy:

- Ends Policies – outcomes for the co-op to achieve. Often as what, for whom, at what cost.
- Executive Limitations Policies – specifies the limits to management’s authority. Detailing the activity that is prohibited.
- Board Process Policies – describes the board’s job and how it operates.
- Board-CEO Relationship Policies – defines how the board exercises its authority, grants authority to the CEO and holds the CEO accountable.

The board must ensure that the cooperative makes progress towards achieving the outcomes defined in the Ends Policies while operating within the Executive Limitation boundaries. The CCM Board of Directors holds management accountable for delivering the outcomes identified in the board’s written Ends Policies and for avoiding the actions and activities prohibited in the Executive Limitation Policies. The ongoing monitoring of Ends and Executive Limitations policies constitutes the CEO’s performance evaluation.

Management provides the board written monitoring reports that include management’s interpretation of the policy and data that demonstrates the progress made by the cooperative on achieving the outcomes described in the Ends Policies and the cooperative’s avoidance of activities prohibited by the board’s Executive Limitation Policies.

The board’s acceptance or rejection of management’s monitoring reports determines management’s compliance with the board’s policies. In order to accept a monitoring report, the board must accept management’s interpretation of each policy as reasonable and must also accept the data provided by management as adequate to demonstrate compliance based on management’s interpretation.

The board considers each policy separately and must determine compliance for each. If a majority of the board finds management’s interpretation to be reasonable and the data provided to be sufficient, the board votes to accept the report as demonstrating compliance.

Any board member is free to question the reasonableness of any interpretation and share what aspects of management’s interpretation they believe is incomplete, incorrect or not relevant. Should a majority of the board agree, the board will ask management to revise its interpretation and resubmit the monitoring report. In some cases, the board may determine that management’s interpretation is reasonable, but the policy needs to be more specific in order to better reflect what the board seeks through a particular policy. The board is free to revise its policies at any time.

Any board member is free to question the data submitted by management – is it complete, does it address management’s interpretation of the policy, is it sufficient, etc.? Should a majority of the board find that it is not, the board will ask management to provide additional data and resubmit the report.