



Policy of the Board

Executive Limitations

Global Executive Limitation

1. Staff Treatment
2. Compensation and Benefits
3. Financial Planning
4. Financial Condition
5. Asset Protection
6. Communication and Support to the Board
7. Communication to the Community
8. Emergency CEO Operations
9. Fundraising

POLICY TYPE: Executive Limitations
POLICY TITLE: Global Executive Limitation

The Executive Limitations policies describe boundaries for the Executive Director that are established by the Board of Directors. They are guided by the following governance principles:

- The Board needs to maintain control of internal operations because it is accountable for all organizational activity, yet the Board needs to be free from operational matters so it can get its own job done.
- The Board establishes boundaries of prudence and ethics and then allows the Executive Director latitude to use all means that fall within those boundaries attains optimal staff performance.
- The Executive Limitations policies establish the boundaries of acceptable actions, even when prohibited actions might be effective.
- The policies establish “pre-approval” for any staff decision or activity that does not violate a policy. The Executive Director is accountable for the decisions and activities of the entire staff.
- Policies begin at the most general, inclusive level and are further defined until the point at which any remaining reasonable interpretation by the Executive Director is acceptable to the Board.

Global Executive Limitation: The Executive Director shall not cause or allow any practice, activity, decision or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics, or in violation of regulations of funding agencies or regulatory bodies.

Monitoring Schedule:
Annual

Monitoring Method:
Internal Report

Board Secretary

Date Approved

POLICY TYPE: Executive Limitations
POLICY TITLE: Staff Treatment

1. With respect to treatment of paid and volunteer staff, the Executive Director may not cause or allow conduct of conditions that are unduly unfair, undignified, or offensive.

1.1 The Executive Director will not:

- A. Operate without written personnel policies that clarify personnel rules for staff.
- B. Operate without written volunteer policies.
- C. Discriminate among employees on other than clearly job-related individual performance or qualifications.
- D. Subject staff to unsafe or unhealthy conditions.
- E. Allow the organization to operate without a staff grievance procedure.
- F. Prevent staff from bringing grievances to the Board when internal procedures have been exhausted and the employee alleges either that a) Board policy has been violated to his or her detriment or b) Board policy does not adequately protect his or her human rights.

Monitoring Schedule:
Annual

Monitoring Method:
Internal Report

Board Secretary

Date Approved

POLICY TYPE: Executive Limitations
POLICY TITLE: Compensation and Benefits

2. With respect to employment, compensation and benefits to employees, consultants, contract workers and volunteers, the Executive Director may not cause or allow jeopardy to fiscal integrity or public image.
 - 2.1 The Executive Director will not change his or her compensation or benefits.
 - 2.2 The Executive Director will not promise or imply permanent or guaranteed employment.
 - 2.3 The Executive Director will not establish or change compensation or benefits that:
 - A. Deviate materially from the geographic or professional market for the skills employed.
 - B. Cause unfunded liabilities to occur or in any way commit the organization to benefits that incur unpredictable future costs.
 - C. Provide less than basic levels of benefits to all full time employees, though differential benefits to encourage longevity in key employees are not prohibited.
 - D. Allow any employee to lose benefits already accrued from any foregoing plan.
 - E. Treat the Executive Director differently from other full time employees.

Monitoring Schedule:
Annual

Monitoring Method:
Internal Report

Board Secretary

Date Approved

POLICY TYPE: Executive Limitations
POLICY TITLE: Financial Planning

3. With respect to planning for the fiscal year or a part of a fiscal year, the Executive Director may not jeopardize the fiscal or financial integrity of the organization or deviate materially from Board of Directors' Ends policies priorities.

3.1 The Executive Director will not submit a budget that:

- A. Contains too little detail to enable reasonably accurate projection of revenues and expenses, separation of capital and operational items, and disclosure of planning assumptions.
- B. Plans the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period.
- C. Allows operating reserves to be less than 25% of the annual operating budget.
- D. Deviates materially from board stated ends policies priorities in its allocation among competing budgetary needs.
- E. Does not include a three-year capital expenditure plan.
- F. Risks incurring those situations or conditions described as unacceptable in the board's financial condition policy.
- G. Fails to reflect anticipated changes in employee compensation, including applicable inflationary adjustments, expenses increases and benefit costs changes.
- H. Is not in a format understandable to the board and presented in a manner that allows the board to understand the relationship between the budget and the end policies priorities for the year.

3.2 The Executive Director will not allow a quarterly variance from the annual approved budget that is larger than 5% or \$2,500, whichever is greater, without bringing the variance to board attention.

Monitoring Schedule:

Annual
Quarterly

Monitoring Method:

Direct Inspection (Budget)
Internal Report

Board Secretary

Date Approved

POLICY TYPE: Executive Limitations
POLICY TITLE: Financial Condition

4. The Director may not cause or allow the development of fiscal or financial jeopardy or material deviation of actual expenditures from Board of Directors priorities established in Ends policies.

4.1 The Executive Director will not:

- A. **Limitation:** Expend more funds than have been received in the fiscal year to date unless the revenue is available through other legal means.
- B. **Limitation:** Indebt the organization in an amount greater that can be repaid by revenues within 90 days.
- C. **Limitation:** Allow unrestricted fund balances to drop below 3 months of budgeted operating expenses, without board approval.
- D. **Limitation:** Transfer funds between bank accounts in an amount that exceeds \$20,000 without contemporaneously notifying the Finance committee.
- E. **Limitation:** Open any bank, investment, or credit account or transfer money into a non-liquid account or an account with a fluctuating value without the approval of the Finance Committee.
- F. **Limitation:** Expend restricted funds for any purpose other than that designated by the donor, without receiving Board approval and having a concrete plan to restore the restricted funds within 90 days. The board must approve the use and the restoration plan before the Executive Director redirects the funds.
- G. **Limitation:** Allow cash to drop below the amount needed to settle payroll and debts in a timely manner.
- H. **Limitation:** Allow actual financial allocations to deviate from documented Board priorities established in Ends policies.
- I. **Limitation:** Fail to actively pursue receivables after a reasonable grace period.
- J. **Limitation:** Receive, process, or disburse funds under internal controls that don't comply with audit recommendations.

K. **Limitation:** Fail to keep complete accurate financial records of funds transfers, payments and account transactions.

L. **Limitation:** Allow tax payments and other government obligations to be overdue or inaccurately filed.

Monitoring Schedule:

Annual
Monthly

Monitoring Method:

External Report (Audit)
Internal Report

Board Secretary

Date Approved

POLICY TYPE: Executive Limitations
POLICY TITLE: Asset Protection

5. With respect to proper stewardship of the organizations assets, the Executive Director may not risk losses beyond those necessary in the normal course of business.

5.1 The Executive Director will not:

- A. Fail to insure against theft, casualty losses to at least 80% replacement value and against liability losses to board members, staff or the organization itself to beyond the minimally acceptable prudent level.
- B. Allow unbonded personnel access to material amounts of funds, unless the Board approves such access in advance on an annual basis.
- C. Subject facility and equipment to improper wear and tear or insufficient maintenance.
- D. Unnecessarily expose the organization, its board or staff to claims of liability.
- E. Make on their own authority any purchase of greater than \$20,000.
- F. Make any purchase of over \$10,000 without competitive bids.
- G. The Executive Director will not enter into any contract unless the service or product contracted is consistent with the organization's strategic goals and the annual approved budget.
- H. Receive, process or disburse funds under controls insufficient to meet the board appointed auditor's standards.
- I. Fail to place the organization's funds in accounts that do not risk loss of principal and are insured by the FDIC, unless the Board of Directors has approved an investment policy that gives the Executive Director wider discretion and, in such case, fail to follow the investment policy approved by the Board.
- J. Fail to protect intellectual property, information and files from loss or significant damage.
- K. Endanger the organization's public image or credibility, particularly in ways that would hinder its accomplishment of mission.

5.2 The Executive Director will not allow the organization to operate without the following policies in place:

- A. A whistleblower policy that encourages the reporting of fraudulent or dishonest conduct and protects individuals who make such reports from retaliation.
- B. A conflict of interest policy that enables the Diversity Council to identify individuals with financial decision-making authority who have potential conflicts of interest and to manage such conflicts of interest in order to serve the best interest of the organization.
- C. A document retention and destruction policy that sets out the procedures and time requirements for the retention of documents required for responsible governance and public disclosure.

Monitoring Schedule:

Annual
Semi-annual

Monitoring Method:

External Report (Audit)
Internal Report

Board Secretary

Date Approved

POLICY TYPE: Executive Limitations
POLICY TITLE: Communication and Support to the Board

6. With respect to providing information and support to the board, the Executive Director may not intentionally cause the board to be misinformed.

6.1 The Executive Director will not:

- A. Withhold information from the Board about material external circumstances that affect the suitability or advisability of Ends policies established by the Board.
- B. Let the Board be unaware of public events of the organization or adverse media coverage about the organization.
- C. Present information or advice to the Board that lacks timeliness, completeness, or accuracy or fail to acquaint the Board with issues or options of which the Executive Director is aware that are pertinent to Board decision-making.
- D. Neglect to submit monitoring data required by the board at least one week in advance (unless extenuating circumstances apply), and in an accurate and understandable fashion, directly addressing provisions of board policies being monitored.
- E. Fail to report, in a timely manner, an actual or anticipated noncompliance with any policy of the board.
- F. Fail to advise the board if, in the Executive Director's opinion, the board is not in compliance with its own policies on Governance Process and Board-Executive Director linkage, particularly in the case of board behavior that is detrimental to the work relationship between the board and the Executive Director.
- G. Fail to deal with the board as a whole except when fulfilling individual requests for information or responding to officers or committees duly charged by the board.

Monitoring Schedule:
Monthly

Monitoring Method:
Internal Report

Board Secretary

Date Approved

POLICY TYPE: Executive Limitations
POLICY TITLE: Communication to the Community

7. With respect to providing information to the community, the Executive Director may not cause or allow the board's position to be misinterpreted or misrepresented.

7.1 The Executive Director will not:

- A. Speak publicly on issues (as Executive Director) that are not pertinent to the field, unless otherwise given approval by the board.
- B. Take a position on or advocate for public policy or legislation, or express a personal opinion without clearly dissociating it from the organization, in accordance with guidelines approved by the Board on September 20, 2006.

Monitoring Schedule:
Quarterly

Monitoring Method:
Internal Report

Board Secretary

Date Approved

POLICY TYPE: Executive Limitations
POLICY TITLE: Essential CEO Operations

8. The Executive Director will not allow the organization to operate without a written plan to continue essential organizational operations during any absence of the Executive Director.

8.1 The Executive Director will not:

- A. Fail to keep at least one additional staff person informed of Executive Director and Board issues and processes in order to take responsibility for the Executive Director's duties in his or her absence.
- B. Fail to keep the Board advised of the person delegated to assume the responsibilities of the Executive Director during the absence of the Executive Director.

Monitoring Schedule:
Annual

Monitoring Method:
Internal Report

Board Secretary

Date Approved

POLICY TYPE: Executive Limitations
POLICY TITLE: Fundraising

9. The Executive Director will not allow the organization to solicit donations or raise funds in any manner that is unethical or violates Minnesota law.

9.1 The Executive Director will not:

- A. Allow the organization to violate any provisions of the Minnesota Charitable Solicitations Act.
- B. Allow the organization to operate without the following policies in place:
 - 1. A Discontinue Contact upon Request policy that includes a procedure and recordkeeping mechanism to ensure that the organization honors a person's expressed preference to be removed from solicitation and other mailing lists.
 - 2. A Donor Privacy policy that describes how donor information is collected and used and allows donors to opt out of making their private information available or shared.
- C. Solicit funds without creating a secure environment for collecting donations and maintaining internal controls governing the safekeeping of all confidential donor financial and personal information.

Monitoring Schedule:
Annual

Monitoring Method:
Internal Report

Board Secretary

Date Approved