


**Monitoring Report for Policy 2.0: Global Executive Constraint
Monitoring Period: Oct 2020-Sept 2021**

Due to the Board in January 2022

Service Committee: January 5th, 2022

Board Meeting: January 20th, 2022

INFORMATION TYPE:
Decision
RECOMMENDED ACTION:
That the Board review this monitoring report and consider accepting it as (B), in compliance, except for items noted.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
The Board monitored organizational performance through set executive limitations in FY 2021.
ISSUE SUMMARY:
<p>The board has monitored organization performance through executive limitation monitoring reports, financial reports, service reports and other ad-hoc reports and updates. Due to the pandemic and staff capacity some reports were omitted or postponed as the Board chose to focus on pandemic-related matters.</p> <p>I certify that the information in this report is true and complete to the best of my ability, and I request that the Board accept this as indicating an acceptable level of compliance.</p> <p align="center"> CEO's Signature Date  December 21, 2021 </p>
BACKGROUND:
Executive limitation policies limit the unilateral authority of the CEO and address what the Board values as imprudent or unethical conditions or actions. Although sections and subsections are numbered, the numbering is not intended to indicate the importance or weight of the underlying section, unless otherwise stated.
ATTACHMENTS:
Global executive constraint monitoring report.

Policy 2.0: Global Executive Constraint

Preliminary CEO Interpretations and Evidence

POLICY 2.0

The CEO shall not cause, allow, or fail to address any practice, activity, decision, or organizational circumstance that is either unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics.

Degree of Compliance: Partially compliant

Interpretation

I interpret this policy to mean that we must ensure that the organization’s actions comply with relevant laws, demonstrate forethought and care for the consequences of our actions, demonstrate good judgement, and take only reasonable risks. As the Board has fully interpreted these areas in the other policies of sections 2.1-2.12, compliance with those policies will constitute compliance with policy 2.0.

Evidence of compliance will be demonstrated when the Board reviews all scheduled monitoring reports for Executive Limitations in the monitoring period, finds the interpretations reasonable, and accepts them at a favorable level of compliance, either A or B. This is reasonable because the Board has detailed areas of specific concern in other policies, and the interpretations and evidence adequately cover the areas of legality, prudence and ethics in regard to those specific concerns.

Evidence

While most policies were found to be in compliance during the monitoring period a few policies, or portions of policies, were found to not be in full compliance due to inadequate interpretations or evidence.

All monitored reports are available [online here](#). The Board requested updates to some of the policies that were partially compliant or non-compliant and the CEO responded to those requests within the agreed timeline.

ALL POLICIES	Monitored in FY21?	Policy monitored?	Level of compliance accepted by Board	Notes
2.0 Global Executive Constraint	Yes (1/21/21)	Yes	B. Is in compliance except for items noted	
2.1 Treatment of The Traveling Public	Yes (12/16/21)	Yes	B. Is in compliance except for items noted.	Board concerns with some interpretation and evidence. While accepted, Board requests updates in February 2022.
2.2 Treatment of Staff	Yes (6/17/21)	Yes	D. Is not in compliance or is not making reasonable progress toward compliance	Concern with low engagement scores (evidence). Board requested updated, delivered on time in October. Efforts to

				improve compliance ongoing.
2.3 Compensation & Benefits	Yes (11/18/21)	Yes	A: Is in compliance	
2.4 Financial Planning/ Budgeting	Yes (9/23/21)	Yes	A: Is in compliance	
2.5 Financial Condition & Activities	Yes (2/18/21)	Yes	B. Is in compliance except for items noted	
2.5.12 Fares	Yes (9/23/21)	Yes	B. Is in compliance except for items noted	2.5.12.1 found to be only partially compliant.
2.6 Cash & Investments (July 20 - Dec 20)	Yes (3/18/21)	Yes	A: Is in compliance	
2.6 Cash & Investments (Jan 21-June 21)	Yes (8/19/21)	Yes	A: Is in compliance	
2.7 Asset Protection	No	Not scheduled	N/A	Monitored in June of even numbered years
2.8 Emergency CEO Succession	No	Not scheduled	N/A	Monitored in Oct of even numbered years
2.9 External Relationships	Yes (5/20/21)	Yes	B. Is in compliance except for items noted	At the May 20, 2021, Board meeting, the Board accepted the policy at level (B). Items noted were further reviewed in the Governance Committee
2.10 Communication & Support to Board	Yes (3/18/21)	Yes	B. Is in compliance except for items noted	
2.11 Construction	Yes (10/21/21)	Yes	E: Cannot be determined	First review of Report. Found to be D as there were no construction projects during the period.

For policies that were determined to not be fully in compliance, the CEO should note a deadline for expected compliance. This was done in most, but not all, instances. This deficiency contributes to the finding of 2.0 being only in partial compliance.

Guidance on Determining “Reasonableness” of CEO Interpretations

The International Policy Governance Association has developed the following guidance for Board members to use in deciding whether a CEO’s interpretation is “reasonable”:

An interpretation is deemed to be reasonable when it provides an operational definition which includes defensible measures and standard(s) against which policy achievement can be assessed...

Defensible measures and standards are those that:

- *Are objectively verifiable (e.g., through research, testing, and/or credible confirmation of observable phenomena.)*
- *Are relevant and conceptually aligned with the policy criteria and the board’s policy set.*
- *Represent an appropriate level of fulfillment within the scope of the policy.*

- “What makes an Interpretation Reasonable and What are the Expectations for the Operational Definition: Policy Governance Consistency Framework Report Number 2”. International Policy Governance Association. June 11, 2016. Available on the IPGA website.

Board’s conclusion on monitoring report

The Board has received and reviewed the CEO’s Monitoring Report references above. Following the Board’s review and discussion with the CEO, the Board makes the following conclusions:

Ends Report (select one)

The Board finds that the CEO:

- A. Is in compliance
- B. Is in compliance, except for item(s) noted.
- C. Is making reasonable progress toward compliance.
- D. Is *not* in compliance or is *not* making reasonable progress toward compliance
- E. Cannot be determined.

Board notes: (If applicable)

Was not submitted to Board.