The Board's Role in Policy Development

and Oversight

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Learning objectives:

1. To understand the essential role of policies in institutional life.
2. To embrace the Board's responsibility for policy creation, review, and oversight.
3. To recognize the policy framework for a faith-based institution.
4. To know how the Board can perform effective 'governance by policy' in codifying policy clusters.

"...policy never matters until it matters, and then it matters a lot."

—Marco Rubio, USA Senator

Table of contents:

- Models of governance
- Definition, role, and purpose of policies
- The policy universe for SDA institutions
- Policy clusters and policy documentation
  - Governance document policies
  - Board policies
  - Institutional policies
- Board role in policy development and oversight
- Conclusions
- Case studies

Four models of governance:

1. **Advisory model**—Board Members have little direct decision-making power. Offer influence and advice.
2. **Cooperative model**—Very little hierarchy. Decision-making primarily by group consensus.
3. **Management Team model**—Board split into committees with authority in specific areas.
4. **Policy Board model**— Board grants much authority to CEO and management. Board governs mostly through adoption of policies and performance oversight.

In most countries healthcare is a highly regulated industry due to fundamental concerns about the value of life in life-or-death situations.

The governing board is ultimately responsible for the success and reputation of the institution. Policy development is a primary methodology for governing boards to shape exceptional institutional performance.

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Policy—a working definition:

- A high-level overall plan embracing the general goals and acceptable procedures of a governing body.

- A definite course or method of action selected from among alternatives and in light of given conditions to guide and determine present and future decisions.

Specificity of policy can vary greatly:

Policies can thus range from <u>very general </u>(e.g. "…to participate in the healing ministry of Jesus") to <u>very specific </u>(e.g. "…paid time off shall accumulate at the rate of 1 hour for every 40 hours worked").

Policies and Procedures:

Policies: guiding principles used to set direction and clarify objectives. (Policies tend to be <u>descriptive</u> concerning the purpose to be achieved.)

Procedures: A series of steps to be followed as a consistent and repetitive approach to accomplishing a desired result. (Procedures tend to be <u>prescriptive</u>, identifying specific behaviors that ensure the policy will be achieved.)

(The General Conference Working Policy contains both Policies and Procedures, collectively described as policy.)
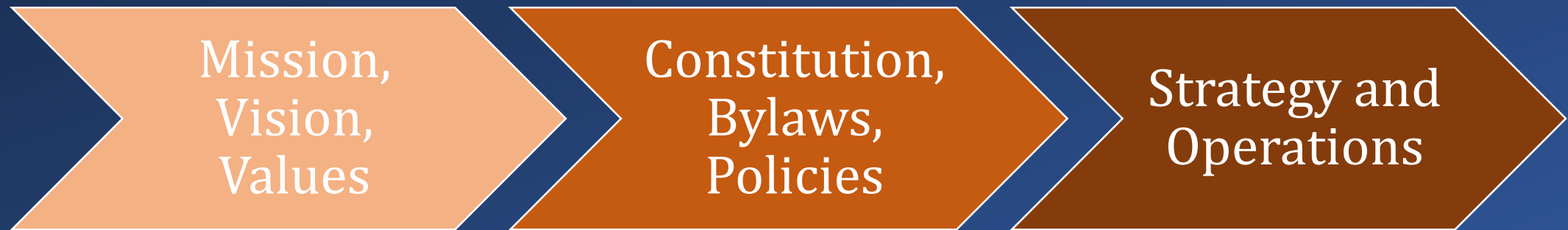
The role of policy in institutional life:

Mission,
Vision,
Values

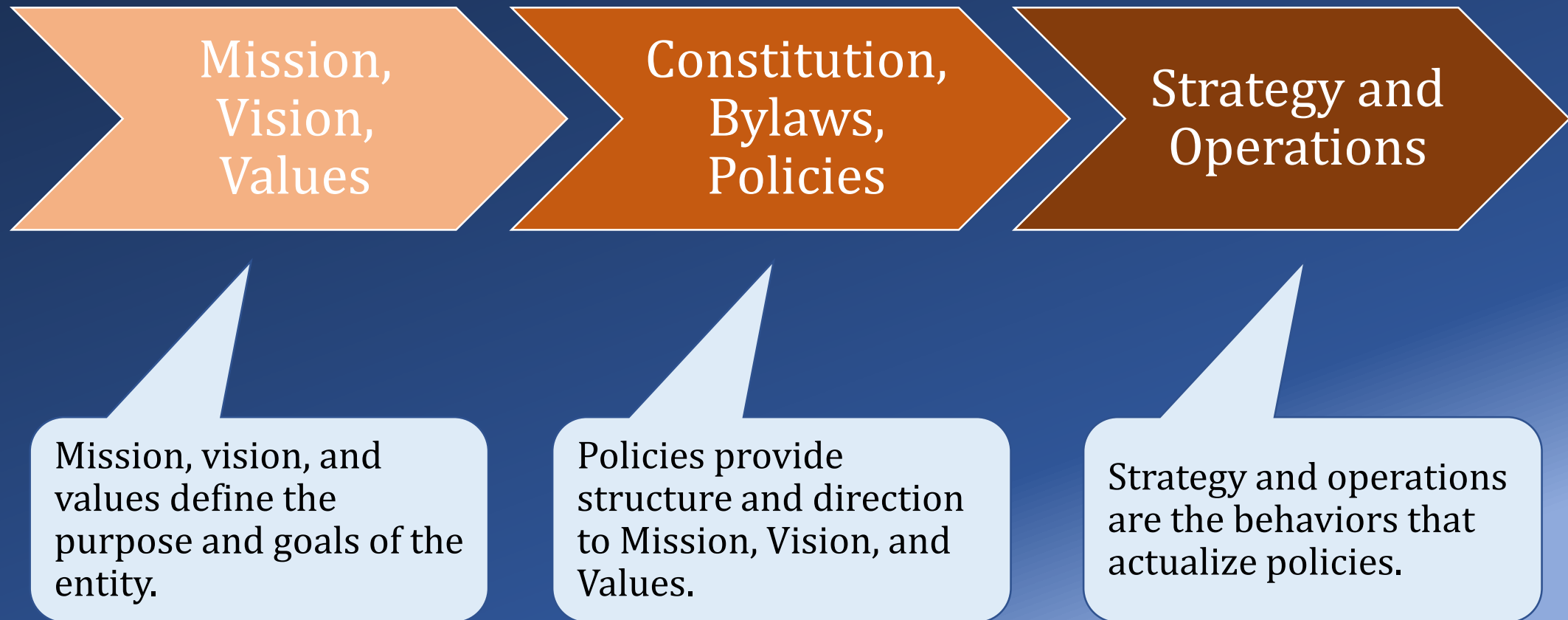# The role of policy in institutional life:

Mission, Vision, Values → Constitution, Bylaws, Policies
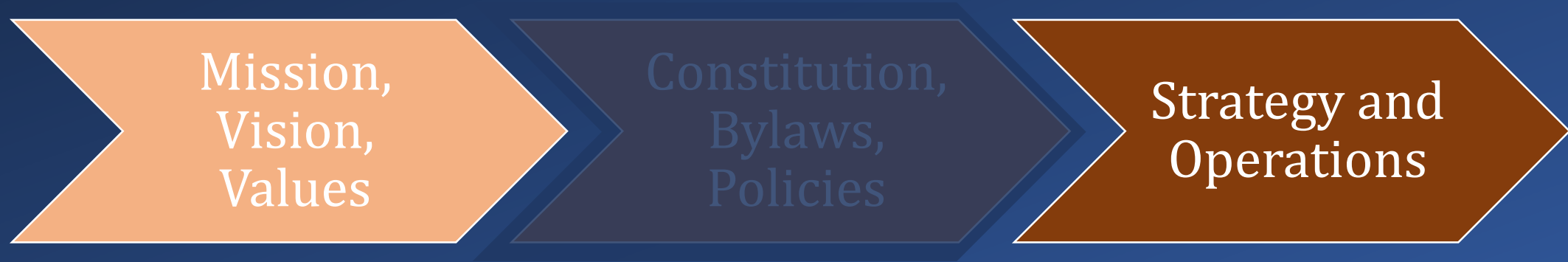
The role of policy in institutional life:

Mission, Vision, Values → **Constitution, Bylaws, Policies** → **Strategy and Operations**

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The role of policy in institutional life:

Mission, Vision, Values → **Constitution, Bylaws, Policies** → **Strategy and Operations**

Mission, vision, and values define the purpose and goals of the entity.

Policies provide structure and direction to Mission, Vision, and Values.

Strategy and operations are the behaviors that actualize policies.

The role of policy in institutional life:

Mission, Vision, Values ➤ Constitution, Bylaws, Policies ➤ Strategy and Operations

The absence or inadequacy of policies in an organization dissolves or weakens the connection between Mission, Vision, Values and Strategy and Operations.

How much policy is needed?

The volume of policies appropriate in an organization is heavily dependent on:

- the nature of institutional mission
- the regulatory environment for the institution
- the size and workforce of the institution
- the scope and complexity of institutional activity

An organization can be <u>paralyzed</u> by an excess of policy.

An organization can be at a <u>loss of direction</u> by a deficit of policy.

The Governing Board is ultimately responsible for the development of policies appropriate to the institution's situation.

Healthcare institutions serving in economically disadvantaged environments often must address priority setting before policy setting.

Limitations in resources, facilities, equipment, and expertise can present seemingly insurmountable challenges in the face of a patient's need for medical care. Sometimes you can only do your best with what you've got.

The Purpose of Policy:

1. To create/preserve organizational culture.
2. To provide efficiency, stability, continuity, and relational symmetry from standard procedures .
3. To initiate change or to address its impact.
4. To reduce the need for direct management supervision.
5. To create standards of quality.
6. Serve as a resource for staff, particularly new personnel.

The Purpose of Policy: —cont'd

7. Reduce reliance on memory, which, when overtaxed, has been shown to be a major source of human errors or oversights.

8. To protect the organization from:
    - individuals (autocratic, Lone Ranger types)
    - merely reactive decision-making
    - widely differing patterns of action
    - unnecessary repeated analysis of frequently occurring situations

9. To identify accountability issues/procedures:
    - health/safety of employees and/or clients
    - areas of legal liability (employment practices, etc.)
    - regulatory requirements

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SDA institutional policy environment:

1. Statement of Fundamental Beliefs
2. State policy (non-profit corporation code)
3. General Conference/Division *Working Policy*
4. The *Church Manual* (for Local Churches and Companies)
5. Union/Local Conference policies
6. Constitution and Bylaws (for entities with 'Conference' status)
7. Operating Policy (for entities with 'Mission' status)
8. The local civil/industrial regulatory environment

In addition to the policy environment provided by external entities (see previous slide) additional internally created policies must be established by the institution's membership/constituency meeting and by the Governing Board. These might be described as:

- Governing document policies
- Board policies
- Institutional and operational policies

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Articles of Incorporation:

- Name and type of organization (religious, charitable, not-for-profit, etc.).
- Organization's purpose.
- Civil registration authority.
- Membership.
- Frequency of Membership meetings.
- Membership functions: (elect Board, create Bylaws, etc.)
- Dissolution and disposition of assets.
- Amendments.

Bylaws:

- Organization's general mandate.
- Location of headquarters
- Board composition, size, and selection.
- Length of board member term and tenure.
- Conditions for removal of board member.

- Board quorum.
- Selection of officers.
- Authority of Board to delegate to committees.
- Fiscal year.
- Requirement for audit.
- Amendments to Bylaws.
- Indemnification for trustees.
- Dispute resolution protocols.

Bylaws and Policies compared:

Bylaws

- Relate to the functioning and authority of the Board.
- Brief "enabling" statements with some limitations.
- Established and amended by membership or constituency.
- More difficult to amend than policies.

Policies

- Relate to the functioning of committees and personnel.
- More specific principles and practices defined.
- Established by Board and can be changed by Board.
- Permits Board to "govern by policy."

Board policies re: Board functioning:

- A set of policies adopted by the Board for its own guidance and reference. The Board Policy Manual establishes a road map for how the Board functions.

- The Board Policy Manual should be readily available to all trustees and serves as a primary orientation resource for new/prospective Board members.

Board policies re: Board functioning: —cont'd

- Articles of Incorporation
- Bylaws
- Mission, Vision, Values statements
- Board meeting attendance policy
- Board roles and responsibilities
- Board committees and committee terms of reference (committee charter)
- Trustee expectations (if not already in Bylaws)
- Conflict of Interest and Confidentiality Commitment

Board policies re: Board functioning: —cont'd

- Compensation, reimbursement of travel expenses
- Personal contributions from trustees
- Code of conduct in meetings
- Term limits for trustees
- Removal from Board membership

Board policies—governance process:

- Board member and executive evaluations
- Executive compensation
- Whistleblower protection
- Document retention/destruction
- Corporate minutes
- Spending authority
- Investment policy

Board policies—governance process: —cont'd

- Creation, approval, and preservation of Minutes from all Board meetings and committee meetings that are authorized to act on behalf of the Board (e.g. Executive Committee).

- Document retention policies…

- Remuneration policies…

- Whistleblower protection policy…

- Gift acceptance policy…to govern the receipt of "non-cash" gifts.
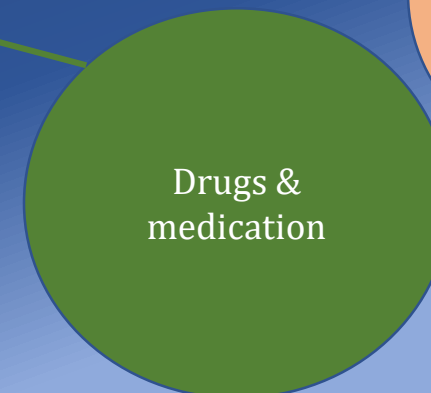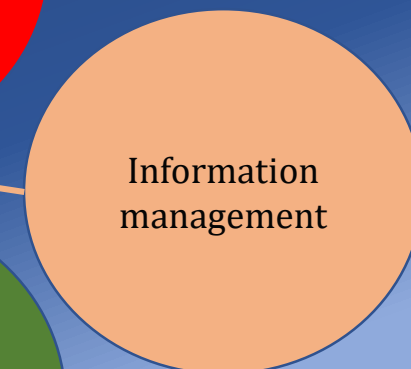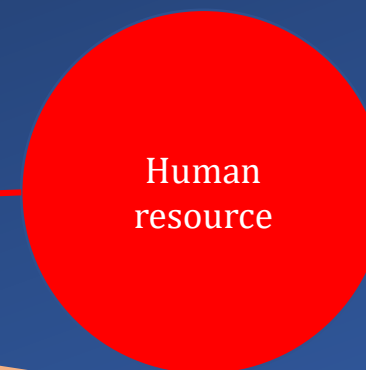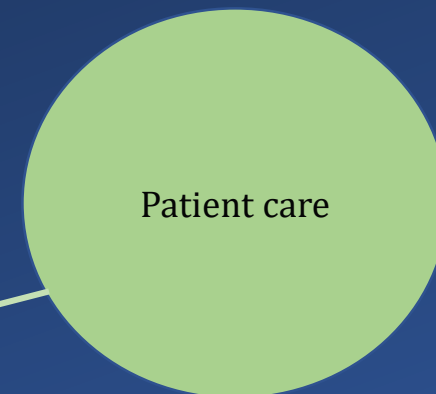
Board policies—governance process: —cont'd

- Finance (budgeting, indebtedness, employee loans, etc.)
- Investment: asset mix, asset quality, diversification.
- Risk management
- Reserves
- Fiscal period
- Signing of checks/use of credit cards
- Endowment management
- Audits

Institutional policies

Both staff and board can be involved in policy formulation. However, the final 'blessing' is the task of the board. <u>The board adopts/approves each major organizational policy to show its responsibility</u> — it does not get involved in detailed staff processes and procedures. Often staff recommends new policies or identifies a need for them. Staff involvement in the process is important, particularly as it will be personally responsible for implementing many of the policies.

The Institution's Policy Library

Administrative

Patient care

Human resource

Information management

Health & Safety

Drugs & medication

Administrative policy cluster:

- Address the smooth operation of the institution's activities across all departments.
- Ensure that staff, patients, and visitors are interacting in an appropriate manner.

- *Examples only, not a comprehensive listing*
- Patient admission/discharge
- Employee dress code
- Visitation schedules and rules
- Sabbath activity/schedules
- Equipment acquisition
- Chaplaincy services
- Financial assistance
- Vendor requirements

Human resource policy cluster:

- Ensure that staff understand obligations to the employer and comply with rules.
- Ensure that staff well-being is protected.
- Address opportunities for advancing skill set.

- *Examples only, not a comprehensive listing*
- Equal employment
- Code of conduct
- Personal hygiene
- Work schedules
- Definition of full/part time
- Substance abuse
- Social media use
- Disciplinary issues (grievances, termination)
- Discrimination, harassment, retaliation
- Compensation and benefits (leave, etc.)
- Performance reviews
- Employee Handbook

Pharmacy & medicine policy cluster:

- Ensures proper handling of all medications.
- Rigorous protocols to help reduce errors/accidents.
- Clarification of supply line, access, distribution.
- Parameters for drug inventory.

- *Examples only, not a comprehensive listing*
- Medicine purchasing and dispensing
- Prescriptions protocols
- Drug sample protocols
- Distribution/administration of medication
- Recording/charting of medication
- Inventory controls and rectification
- Procedures for handling/reporting errors
- Disposal after expiry date
- Mixing of medication
- Outpatient vs inpatient servicing

Information management policy cluster:

- Ensures appropriate systems are in place for the collection, use, and protection of personal or institutional information.

- Incorporate guidelines for compliance with regulatory agencies on privacy of patient info.

- *Examples only, not a comprehensive listing*
- Information governance principles:
  - Accountability
  - Transparency
  - Integrity
  - Protection
  - Compliance
  - Availability
  - Retention
  - Disposition
- Nature and extent of information collected.
- Preservation of confidentiality.
- Security and integrity of information.
- Medical records distribution.
- Compliance with regulatory policies on patient information.
- Permanence or volatility of records.

Patient care policy cluster:

- Probably the most comprehensive set of policies.
- Many of these policies are primarily procedural.
- Serve as protocols for how patients are cared for by hospital clinicians/staff.

- *Examples only, not a comprehensive listing*
- Patient rights and responsibilities
- Patient admission and discharge
- Patient visitation
- Charting processes
- Patient nutrition
- Patient safety
- Infection prevention
- Handling of biohazard waste
- Abuse and neglect
- Use of restraints
- Medical emergencies, referrals, transfers

Health and safety policy cluster:

- Addresses protection of employees—vital assets of the institution.
- Healthcare professionals face greater health risks than employees in most industries.
- Focus is on safety in the workplace.

- *Examples only, not a comprehensive listing*
- Exposure to chemicals and drugs
- Exposure to infectious agents
- Personal protective equipment (PPE)
- Physical hazards—sharp objects, back injuries, latex allergy
- Wellness programs
- Workplace violence and security threats
- Workplace stress mitigation
- Environmental control
- Housekeeping
- Employee training and empowerment
- Adverse incident reporting

Hospital policies and procedures:

- www.policymedical.com
- https://resources.rldatix.com/en-us-blog/types-of-hospital-policies-and-procedures
- https://www.psqh.com/analysis/policies-and-procedures-for-healthcare-organizations-a-risk-management-perspective/
- https://www.ipfcc.org/bestpractices/changing-policies-sample-guidelines.html

Policy clusters for Academic Institutions:

- HR policies (An Employee Handbook is generally written for and directed to employees. It may not be a full presentation of HR policies.)
- Faculty policies (qualifications, academic rank, tenure, employment, compensation, discipline, etc.)
- Student policies (attendance, code of conduct, bullying, cell phone use, dress code, fighting, respect, discipline, search and seizure, etc.)
- Substitute teacher policy
- Academic policies (degrees, certificates, transfers, release of academic records, etc.)
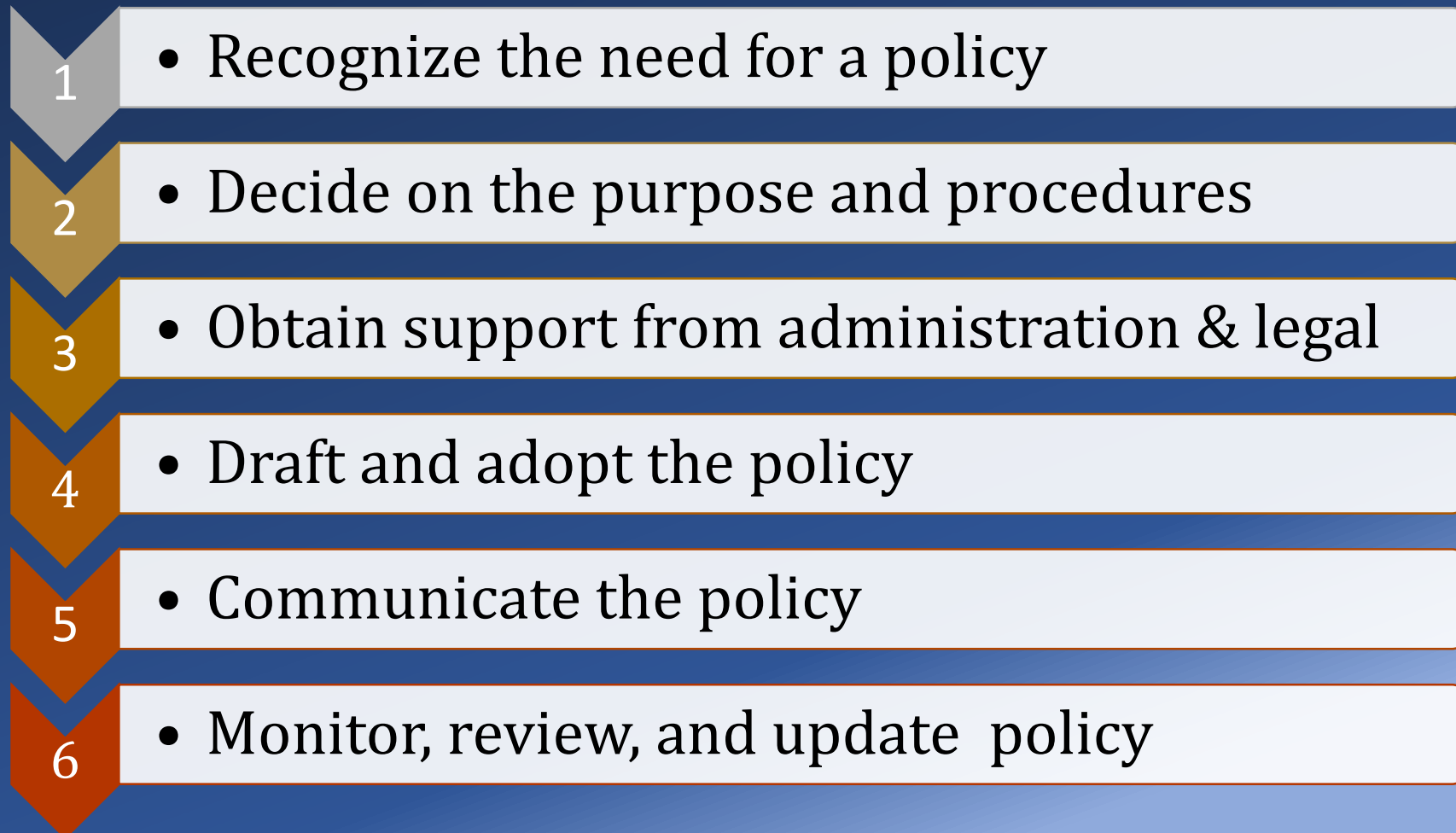
Policy format and organization

- Title (use brief subject title that is easily searchable)
- Effective date
- Contact person in the case of questions, etc.
- Introduction (purpose, basis of authority such as legislation, state law, Board policy, etc.)
- Policy statement (description of rule or standard)
- Procedures (usually listed separately from the policy)

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The development of policy:

1. Recognize the need for a policy
2. Decide on the purpose and procedures
3. Obtain support from administration & legal
4. Draft and adopt the policy
5. Communicate the policy
6. Monitor, review, and update policy

The Board's role in policy development:

1. The Board comprehends and accepts its external policy environment.
2. The Board develops its own policies regarding Board functioning.
3. The Board looks to administration for the drafting and recommendation of appropriate internal policies.
4. The Board approves and periodically reviews policies.

Policy development realities:

- Policy development should occur in consultation with those who will be responsible to follow them.
- Policies must be ethical and legal.
- Policies are dynamic—they can be changed by the body that adopted them.
- Policy non-compliance can attract serious consequences.

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Conclusions:

1. Much if not most of Board governance is accomplished through policy formation and oversight.
2. Policies must be documented and communicated.
3. Policies are dynamic and need review and updating.
4. Policy development needs the input of those responsible for implementing policy.
5. The Board is ultimately responsible/accountable for institutional policies.

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Case Study #1:

A few weeks ago the hospital administration terminated an employee over a workplace conduct violation. The institution has no dispute resolution policy. The terminated employee is contesting the matter by initiating a court case for wrongful dismissal. Do we really need a dispute resolution policy? To what extent can an employee be obligated to resolve matters outside of litigation? Can an employee be subject to a dispute resolution procedure that comes into effect after the date of employment? Can an employee be represented by counsel in a dispute resolution?

Case Study #2:

I am a layperson and board member for a small healthcare institution located in an economically disadvantaged rural area. We have board meetings perhaps twice a year. How much policy does a small institution need? Wouldn't it be acceptable just to do our best in any given situation? If we surround ourselves with many policies, we will have to curtail the services we now provide to needy clients.

Case Study #3:

I am a Board member for a healthcare institution whose Board meets once a year. The Board agenda is comprised primarily of reports from management—with a heavy focus on financials. I do not recall a Board meeting that discussed policies of any kind. I really have no idea what policies exist for this organization. What can or should I do to fulfill my fiduciary obligations to this organization?

Case Study #4:

The CEO of the institution where I serve as a Board member says that administration is responsible for establishing and implementing policies in the entity. There really is no need for the Board to waste its time in talking about policies. The chairperson agrees with the CEO. The institution seems to be doing well. What is the harm in the Board leaving all policy matters with management?

Case Study #5:

The Board on which I serve is rather dysfunctional. Notice of meetings is given only a day or two in advance. There is erratic attendance. No one seems to be aware of any Board policies relating to the operation of the Board. However, the institution seems to be doing all right. What should we be doing differently?