

POLICY MAKING

Policies govern the direction and operations of an organization. They provide a framework for decision making within which the organization can do its work. But while the board does set policy, it is not responsible for setting ALL policies.

The board of director's role regarding policy is to:

- ◆ Establish and/or approve the broadest and most strategic policies
- ◆ Ensure that policy is being developed and implemented
- ◆ Review policy periodically

The board reviews policies, when necessary, in order to reflect the changing needs of a community. It also ensures the organization's compliance with legal requirements. Some policy-setting responsibility, however, should be passed through to the staff. In order to understand which policies the board should address directly and which policies the board should delegate, distinction must be made among various kinds of policies.

The broadest policies are those that address the governing functions of the organization. These **governing policies** include issues about strategic direction and leadership development, and can be found within the strategic plans and bylaws. The board is directly responsible for the formulation of these policies.

The central governing policy of an agency is the *mission statement*. The board is responsible to see that the mission is clearly defined. This will ensure that potential clients and customers will understand the organization's purpose and goals, that staff will know how to direct their efforts, and that investors will know what they are supporting. The mission statement is defined further through *goals and objectives*. These are established through a cooperative effort of the board, with input by the staff and volunteers.

The second policy level is **executive policy**, such as financial policies, endowment policies and personnel policies. These policies are usually established by committees or staff, and approved by the board. Unlike the broadest governing policies that are reviewed and revised on a more infrequent basis, executive policies tend to be part of the regular deliberation of the board.

A third level of policy is **administrative policy**. This includes policies about managing the workplace and communicating among staff. These policies are developed and administered entirely by the staff. The board does not establish these policies, but is aware of them, assuring they conform to legal requirements and to the governing and executive policies.

It is through the regular approval and review of these policies (not micro-management of individual activities) that a board maintains contact with the day-to-day operations of the organization and fulfills its accountability to the organization's constituencies.