



GOVERNANCE POLICY STATEMENT ON DISTINGUISHING POLICY FROM OPERATIONS

Purpose

To clarify the difference between the board's policy making responsibilities and management's operational responsibilities.

Policy

1. Policy may be generally defined as a recommended course of action, a guiding principle, or a procedure that is established to guide current and future decision making.
2. From time to time, the board will adopt and articulate policies that are designed to guide the work and decisions of management, employees, the medical staff, and the board itself.
3. The board will generally limit its policy making to broad, high level matters. The board will delegate to management and the medical staff the operational implementation of its policies, and it will hold them accountable for performance.
4. Several types of policies may be adopted by the board:
 - Ends policies: Policies that establish broad organizational ends, such as the mission statement and long-range vision.
 - Authority and limitations policies: Policies establishing the authority of, and setting limitations on, management or the medical staff. Examples include a position description for the CEO and a policy spelling out the CEO's maximum spending authority without consulting the board.
 - Board-management processes: Policies establishing how the board carries out certain responsibilities and how it works with management, such as policies describing the CEO evaluation and compensation process; strategic planning process; budget process; and financial planning and oversight process.
 - Standards: Policies articulating standards affecting the board, management, the medical staff or the organization as a whole. Examples include a conflict of interest policy; code of conduct; corporate opportunity policy; a policy establishing criteria for appointment to the medical staff; a policy on physicians who own competitive facilities; and a policy on patient safety.
 - Externally required: Policies that external accreditation and regulatory bodies require be approved by the governing board. These policies may also fit within one of the categories above.
5. The board will maintain and periodically update a policy manual. The manual will be distributed to all board members and be available for reference during all board meetings.