

## [BC03] Monitoring CEO Performance

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Monitoring CEO performance is synonymous with monitoring organizational performance against Board policies on *ENDS* and on *Executive Limitations*. Any evaluation of CEO performance, whether formal or informal, may be derived only from this monitoring data.

1. The purpose of monitoring is solely to determine the degree to which Board policies are being fulfilled. Information which does not serve this purpose will not be considered monitoring. Monitoring will be as automatic as possible, using a minimum of Board time so meetings can be used to create the future, rather than to review the past.
2. A given policy may be monitored in one or more of three ways.
  - (1) Internal report – disclosure of compliance information to the Board from the CEO directly.
  - (2) External report – discovery of compliance information by a disinterested, external auditor, inspector, or judge who is selected by and reports directly to the Board. Such reports must assess executive performance only against policies of the Board, not those of the external party unless the Board has previously indicated the party's opinion to be the standard.
  - (3) Direct Board inspection – discovery of compliance information by a Board member, committee, or the Board as a whole. This is a Board inspection of documents, activities, or circumstances directed by the Board which allows a “prudent person” test of policy compliance.
3. Upon the choice of the Board, any policy can be monitored by any method and at any time. For regular monitoring, however, the Board will classify each *ENDS* and *Executive Limitations* policy according to the frequency and method.
  - (1) In April, an in-depth internal report for policies: Treatment of Clients, Asset Protection, Budget, Actual, Treatment of Staff, and *ENDS*.
    - (1.1) Internal reports in August and December provide supplemental information for the complete report provided in April.
  - (2) Annual external reports for policies: Actual, Asset Protection, and Compensation and Benefits.
  - (3) Semi-annual direct inspection for policies: Budget, Actual, and Communication and Counsel to the Board.

4. Each April, the Board will have a formal evaluation of the CEO. This evaluation will not only consider monitoring data as defined here, but as it has appeared over the intervening year.

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Approved:

Reviewed:

Modified: 04/25

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