



Ohio District – LCMS

Policy Based Governance

Revision September 28, 2007

1OHIO DISTRICT BOARD GOVERNANCE POLICIES

SECTION 1 – ENDS

1.0 Mega-Ends Policy

The Ohio District – LCMS exists to fulfill the Great Commission in ways that are faithful to Scripture and the Lutheran Confessions as demonstrated by:

- 1Congregations functioning as Mission Outposts through a growing lifestyle of Christian stewardship.
- 1Professional Church Workers (PCW's) effectively leading their unique ministries;
- 1Congregation, District and Synod resources effectively linked with each other.

1.1 Indicators of “Congregations functioning as Mission Outposts through a growing lifestyle of Christian stewardship” will include:

- 1An increase in the number of Mission Outposts and/or ministries.
- 1An increase in the number of cross-cultural ministries.
- 1An increase in the number of adult and child confirmations and baptisms.
- 1An increase in worship attendance as a percentage of total membership.
- 1An increase in worship attendance.
- 1An increase in Bible study participation.

1.2 Indicators of “PCW’s effectively leading their unique ministries” will include:

- 1An increase in PCW participation in development related programs.
- 1An increase in the number of “visionary” PCW’s.
- 1An increase in the number of “visionary” outposts.
- 1A decrease in congregational-staff controversies due to negative circumstances.
- 1A decrease in PCW turnover.

1.3 Indicators of “Congregation, District and Synod resources (being) effectively linked with each other” will include:

- 1An increase in partnership between Ohio District staff and their counterparts in other districts.
- 1An increase in partnership between Mission Outposts within the Ohio District.
- 1An increase in partnership between Mission Outposts, District Staff and Synodical resources for increased accessibility to these resources through people, programs, and technology.
- 1An increase in the number of Mission Outpost “success stories.”
- 1Increased accessibility to these resources through people, programs and technology.

SECTION 2 – BOARD OF DIRECTORS’ SELF GOVERNANCE POLICIES

2.0 Purpose

On behalf of the congregations of the Ohio District, the Board of Directors will govern the District in a manner that assures the accountability of the District in achieving appropriate results at appropriate costs by rigorously attending to its leadership role and improving its capability as a board to define vision, values, and empowerment in the service of our Lord.

2.1 Powers, Duties, and Job Description

The Board of Directors is to serve the Ohio District in its stewardship role of representing the congregations of the District, bringing about results that relate ownership expectations to organizational performance using the powers and performing the duties granted to the Board.

2.1.1 The Board shall have the powers and duties which have been accorded to it by the laws of the State of Ohio; the Articles of Incorporation of the District; the Constitution, Bylaws, and Resolutions of the Synod and District; Board policies; and requests in general as long as requests are not more appropriately the responsibility of the District staff, or other entities, as determined by the Board.

2.1.2 The Board shall be vested with the oversight of the District's business, legal affairs, and policies.

2.1.3 The Board's outputs/products shall be:

2.1.3.1 Linkage and communication between the District and the congregations.

2.1.3.2 Written governing policies that at the broadest levels address each of these areas:

2.1.3.2.1 Ends: Organizational products, effects, benefits, outcomes, recipients and their cost or relative worth.

2.1.3.2.2 Executive limitations: Constraints on executive authority that establish the prudence, ethics, and legal boundaries within which all administrative activity and decisions must take place.

2.1.3.2.3 Self-Governance Process: Specification of how the Board conceives, carries out, and monitors its own task.

2.1.3.2.4 Board-Staff Linkage: The delegation of power and how to monitor its use; authority and accountability of the District President's role.

2.1.3.3 Assurance of District President office performance.

2.2 Principles of Operation

The Board will govern in a manner which emphasizes:

- 1Outward vision rather than an internal preoccupation;
- Prudent leadership more than administrative detail;
- Clear distinction of Board and staff roles;
- Future orientation rather than past or present; and
- Proactivity rather than reactivity.

2.2.1 The Board will:

2.2.1.1 Govern with a vision, focusing on long-term results.

2.2.1.2 Govern with an encouragement of diversity, but speak with a singular voice and commitment. No individual member of the Board may exercise authority except as instructed and granted by the Board.

2.2.1.3 Make its decisions through consensus. However, if a consensus cannot be reached due to time constraints, the chairman may call for a vote by Board members.

2.2.1.4 Discipline itself to govern in such matters as attendance, preparation, conduct, respect of roles, and general support of Board decisions and actions.

2.2.1.5 Be responsible for excellence in governing.

2.2.1.6 Direct and encourage the District as an organization through careful establishment of policies written by the Board.

2.2.1.7 Be an initiator of policy, not merely a reactor to staff initiatives.

2.2.1.8 Regularly monitor and discuss the Board's process and performance.

2.2.1.8.1 Monitoring will measure the activities of the Board against Self-Governance and Board-Staff Linkage policies.

2.2.1.8.2 Not less than annually evaluate the Board's effectiveness in carrying out its responsibilities and in reviewing, developing, and administering the Board's policies.

2.2.1.9 Ensure continuity of its governance capability by orientation of new members in the Board's governance policies and process.

2.3 Board of Directors' Administrative Guidelines

2.3.1 Quorum: At least two-thirds of the members of the Board shall constitute a quorum at any meeting of the Board.

- 2.3.2 Requests for Action: The Board shall conduct business as required by the Synod and District Constitutions and Bylaws, Board Policies, and requests in general as long as the requests are not more appropriately the responsibility of the District Staff, or other agencies, as determined by the Board.
- 2.3.3 Meetings: The Board shall meet at least four (4) times per year. Special meetings and/or other functions needing the Board's attendance may be scheduled on an as needed basis.
- 2.3.4 Policy and Action Review: Any member of the Board may ask the Board to call up for review policies or past actions of the Board or other actions or activities which may be appropriate for a Board-level review.
- 2.3.5 In the event of a vacancy on the Board, the Board shall appoint a successor to hold office for the unexpired term of the member whose position has become vacant.

2.4 Board of Directors' Members Responsibilities

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

2.4.1 The Board will:

- 2.4.1.1 Expect all members to attend scheduled meetings, retreats, and other special meetings.
 - 2.4.1.2 Notify the Board Chairperson if unable to attend a meeting.
 - 2.4.1.3 Prepare in advance for meetings in order to participate productively in discussion and decisions.
 - 2.4.1.4 Serve on ad hoc committees or other special assignments as requested by the Board.
- 2.4.2 Follow and support decisions and actions once they have been discussed and resolved by the Board actions.
 - 2.4.3 Honor confidentiality of all Board discussion, issues, or other information of a sensitive nature.
 - 2.4.4 Disclose conflicts of interest with respect to fiduciary responsibility and in accordance with District Bylaws, Board Policies, and/or ethical standards. When a member has an unavoidable conflict of interest about an issue the Board is to decide upon, that member shall abstain and not comment, vote, or deliberate on that issue.
 - 2.4.5 Not use their position to obtain employment as District staff for themselves, family members or close associates. Should a member desire employment, he/she must first resign.

2.4.6 Use the expertise of individual members to enhance the ability of the Board as a body rather than to substitute individual judgments for the Board's values.

2.5 Board of Directors' Officers and Responsibilities

Officers of the Board of Directors shall consist of a Chairperson and a Secretary who shall serve by virtue of his election as Secretary of the District. The Chairperson assures the integrity of the Board's process and, when needed, represents the Board.

2.5.1 Officers shall not assume any part of the management or governing authority of the District, including District staff and Board members, except as instructed by the Board.

2.5.2 The chairman and vice-chairman shall be elected for the triennium from and by the Board membership. The District President shall not serve as chairperson due to the responsibilities of his office.

2.5.3 Chairperson responsibilities shall include the following actions:

2.5.3.1 Establish the time, place, and agenda for meetings, and distribute this information to members in advance of Board meetings.

2.5.3.2 Preside at meetings or arrange in advance for another Board member to fulfill the appropriate Chairperson responsibilities, as necessary.

2.5.3.3 Ensure that Board Process Policies are followed.

2.5.3.4 Discuss with Board members any violations of their responsibilities and possible corrective actions. If a resolution cannot be obtained working with the affected individual, the entire Board shall review the violation and determine the appropriate action(s).

2.5.3.5 Call special meetings of the Board, as necessary. Special Board meetings may also be called by a simple majority of Board members.

2.5.3.6 Notify Board members if a limitation of Board policy is violated, or potentially violated, and initiate appropriate action.

2.5.3.7 Ensure new Board members receive adequate training and orientation to the Board to help them become effective and active members as quickly as possible.

2.5.4 The role of the Secretary is to ensure the integrity of Board documents. The Secretary's responsibilities shall be:

2.5.4.1 Record and distribute the official minutes of Board meetings within two (2) weeks to members. Distribute minutes to other individuals or organizations as directed by the Board.

2.5.4.2 Preserve regular and special reports made to the Board, and make summaries or copies available to Board members, as requested.

- 2.5.4.3 Issue a call for nominations for Board appointments, and obtain and provide background information on nominees.
- 2.5.4.4 Assist the Board Chairperson in communicating Board actions, as requested.
- 2.5.4.5 Attest formally to the legitimacy of Board documents.

2.6 Board of Directors' External Help Guidelines

The Board may, as needed, establish committees and task forces, or request assistance from individuals to help carry out its responsibilities. These individuals or groups will be established to assist in carrying out board functions and responsibilities, never conflicting with what the Board has delegated to the District President.

- 2.6.1 These groups or individuals will normally be used sparingly and ordinarily in an ad hoc capacity.
- 2.6.2 Expectations and authority shall be carefully communicated to each group and/or individual in order to avoid confusion and potential conflict with Board policies.
- 2.6.3 A group and/or individual, who has helped the Board create policy on a specific topic, will not normally be used to monitor organizational performance on that same topic, except under extraordinary circumstances and with Board approval.

2.7 Board of Directors' Ministry Partner Guidelines

The Board of Directors is a partner in ministry with various entities in the Ohio District. It may request information, reports and meetings with ministry partners to serve the District more effectively. Ministry Partners are defined as:

- 2.7.1 Primary Ministry Partners: District Staff personnel, District committees, task forces, and other volunteers who serve the District.
- 2.7.2 Special Ministry Partners: organizations which independently fulfill certain mission and service purposes in common with the District. These include Lutheran Women in Mission and the International Lutheran Laymen's League, and other church service organizations.

2.8 Annual Board Planning Cycle

- 2.8.1 In its diligence to accomplish its stated outputs consistent with its policies, the Board will follow an annual schedule which (a) assures a review of all its policies, especially a more critical review of its ends policies; and (b) seeks to improve board performance through regular offerings of board education that enhance the Board's ability to provide strategic leadership for the District.

First Meeting of the Year

- 2.8.1.1 Board Education: Review Vision - Purpose – Mission of District
- 2.8.1.2 Review Executive Limitations Policies

Second Meeting of the Year

- 2.8.1.3 Board Education: Policy based governance
- 2.8.1.4 Review Ends Policies and Board Performance
- 2.8.1.5 Review Audit

Third Meeting of the Year

- 2.8.1.6 Board Education: Policy based governance
- 2.8.1.7 Review Board Governance Policies

Fourth Meeting of the Year

- 2.8.1.8 Board Education: Review Vision - Purpose – Mission of District
- 2.8.1.9 Election of Chairperson and Vice Chairman
(in District Convention year)
- 2.8.1.10 Review of Board/Staff Linkage Policies
- 2.8.1.11 New Board member Orientation (in District Convention year)

Fifth Meeting of the Year

- 2.8.1.12 Board Education: Policy based governance
- 2.8.1.13 Performance appraisal of District President
- 2.8.1.14 Review Ends Policies
- 2.8.1.15 Annual Budget

SECTION 3 – BOARD-STAFF RELATIONSHIP

3.0 Board of Directors and District President Relationship

The Board retains all of its authority under the Synodical *Handbook*, and the District's *Code of Regulations* but delegates to its District President interpretation and implementation of Ends Policies within the Executive Limitations Policies in Section 4 of this Policy Manual.

3.1 Board of Directors' Manner of Delegating

- 3.1.1 The Board shall not assign or delegate to the District President the duties reserved in the current Synodical Handbook for the Board.
- 3.1.2 As long as the District President uses any reasonable interpretation of the Board Ends or Executive Limitations Policies, he is authorized to use his discretion to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities in delegating to the District's departments the responsibility to carry out tasks to accomplish the Board's Ends.
- 3.1.3 Only decisions of the Board acting as a body are binding upon the District President. Decisions or instructions of individual Board members, officers or committees are not binding on the District President except in rare instances when the Board has specifically authorized such exercise of authority. In the case of Board members or committees requesting information or assistance without Board authorization, the District President can refuse such requests that require, in the District President's judgment, a material amount of staff time, funds or is disruptive.

3.2 Matters Requiring Board of Directors Action.

Where specific Board actions are required, the District President shall ordinarily bring recommendations to the Board for action.

- 3.2.1 Approval of the annual operating budget of the District, including its allocation to boards, commissions and departments within the context of a common vision.
- 3.2.2 Approval of the annual capital budget for the District.
- 3.2.3 Approval of spending deviations from the budgets as stipulated in Board Policy 4.2.
- 3.2.4 Authorization of District-wide fund appeals of the District and Synod (exclusive of normal development and planned-giving activities and special Sunday emphasis, which shall be approved by the Synod).
- 3.2.5 Nominations for calling an executive or professional staff member serving the District, or a missionary serving under a call by the District.
- 3.2.6 Fix the compensation of the District President

- 3.2.6.1 At the Board meeting immediately following the District Convention, the Board shall set the compensation of the District President, which compensation shall be in effect for the remainder of that year and may be in effect for the next year.
- 3.2.6.2 In the intervening (non-convention) years, the Board shall set the compensation of the District President at the last meeting of the year, which compensation shall remain in effect for the following year.
- 3.2.6.3 If the District President does not complete his term of office, the Board shall fix the compensation of the new District President at the first meeting of the Board after he takes office, which compensation shall be in effect for the remainder of that year.

3.3 Board of Directors' Executive Accountability

The District President shall be accountable to the Board in accordance with Board policies, District *Code of Regulations*, and the *Synodical Handbook*.

3.4 Exceeding Board of Directors Executive Limitations

Notice by District President

Upon recognition that a limitation has been exceeded, the District President shall give immediate notice to the Board Chairperson. If the exceeded limitation is immediately correctable, the District President shall take immediate action within policies and report the results to the Board. If the exceeded limitation is not immediately correctable, the District President shall share with the Board his plan for corrective action.

3.4.2 Notice by a Board Member

Board members shall bring to the Board Chairperson's immediate attention any condition or action believed to exceed any Executive Limitation Policy. Depending on the nature of the exceeded limitation, the Chairperson may request the District President to take immediate action or develop a plan for corrective action, or may bring the matter to the Board for evaluation of the policy and appropriate action.

3.5 Means of Monitoring by Board of Directors

The Board shall utilize the following avenues of monitoring organizational performance of the President:

- 3.5.1 Receive and review management reports. (These are periodic reports that provide information and counsel to the Board on programs, trends and developments that may affect its work and which report on District President's compliance with Board policies.)
 - 3.5.1.1 Receive and review yearly reports from the District President on the economic and demographic conditions and trends that affect the Lutheran Church-Missouri Synod in the Ohio District which will help the Board make decisions.

3.5.1.2 Receive and review quarterly reports from the District President on the fulfillment of the mission of the Ohio District.

3.5.2 Direct Monitoring

Members of the Board of Directors shall review for compliance with Board policies on Ends and on Executive Limitations:

3.5.2.1 Annually, the District President's report outlining the outcomes of the District in relationship to the Ends policies and that there is compliance with executive limitations.

3.5.2.2 Annually, the current accounting policies in light of the external audit report are in compliance with Generally Accepted Accounting Principles.

3.5.2.3 Quarterly reports on property transactions delegated to the District President and the Business Manager.

3.5.2.4 Annually, the report of insurance levels.

3.5.2.5 Annually, the current employee handbook and salary administrative guidelines as approved by the Board of Directors.

SECTION 4 - EXECUTIVE LIMITATIONS

4.0 Board of Directors' Executive Limitations Policies

In carrying out the responsibility of achieving the Board's desired outcomes, the District President shall act in a Christian manner and not cause or allow any practice, activity, decision or organizational circumstance which is illegal, unethical, imprudent or inconsistent with these policies, the Word of God, the Constitution and the *Code of Regulations* of the Ohio District, Lutheran Church – Missouri Synod, the Constitution, and the Bylaws of The Ohio District Lutheran Church - Missouri Synod and within such limitations, violate applicable federal and state laws.

4.1 Board of Directors' Executive Limitation on Financial and Operating Plans

With respect to the actual, ongoing financial health of the Ohio District, the District President shall not cause or allow the development of fiscal jeopardy through unsound and/or imprudent fiscal actions.

4.2 Board of Directors Executive Limitation on Budget Matters

The District President is responsible for presenting a multiple-year financial plan to the Ohio District Board of Directors at its November-December meeting. At this meeting, the District President shall submit for Board approval the annual operating and capital budget for the Ohio District for the first year of the proposed multiple-year financial plan. In carrying out these responsibilities, the District President shall NOT:

- 4.2.1 Allow more than a ten (10%) percent deficit of the total budget during the course of the fiscal year without prior Board approval.
- 4.2.2 Carry out actions which will cause a fiscal year end negative balance in unrestricted net assets.
- 4.2.3 Modify Board policies for budgets and revenue.
- 4.2.4 Accept or reject unbudgeted restricted gifts without reporting them to the Board at the next regularly scheduled meeting.
- 4.2.5 Close nor substantially reduce funding for any District-funded, long-standing ministry without notifying the Board prior to the action.

4.3 Board of Directors' Executive Limitation on Accounting Policies.

The District President is responsible for establishing policies and procedures for the Ohio District which comply with Generally Accepted Accounting Principles for not-for-profit organizations as determined by the Financial Accounting Standards Board and the American Institute of Certified Public Accountants. In carrying out these responsibilities, the District President shall NOT:

- 4.3.1 Allow accounting policies and procedures that:
 - 4.3.1.1 Allow the traveler to approve expense vouchers.
 - 4.3.1.2 Fail to define the levels of approval of purchase orders and disbursements.

- 4.3.1.3 Designate and restrict the net assets without prior Board approval.
- 4.3.1.4 Provide the audited financial statements of the Ohio District to appropriate District personnel or others who request such statements or provide summaries thereof for publication in the official periodicals of the Ohio District until they are officially received by the Board.
- 4.3.1.5 Engage outside auditors without prior approval of the Board.
- 4.3.1.6 Keep from the Board the audit reports and management letters of the auditors.
- 4.3.1.7 Restrict direct access to the Board by the outside auditors.
- 4.3.1.8 Permit writing-off bad debt which exceeds \$5,000.00 without prior Board approval.
- 4.3.1.9 1Withhold crucial information, situations, or litigious issues from Board Members.

4.4 Board of Directors' Executive Limitation on Financial Transactions

The District President of the Ohio District is responsible for establishing and maintaining policies and procedures for handling financial transactions. In carrying out these responsibilities, the District President shall NOT:

4.4.1 Allow financial transaction policies to:

- 4.4.1.1 Harm the working relationship with Lutheran Church Missouri Synod (LCMS) Foundation, and the Ohio District Lutheran Church Extension Fund (ODLCEF).
- 4.4.1.2 Exclude procedures for depositing surplus funds with the Synod and obtaining cash flow loans from the Synod by other Synodical entities as defined by the Synodical Handbook, and the ODLCEF.
- 4.4.1.3 Exclude long term borrowing from the ODLCEF.
- 4.4.1.4 Exclude use and investment or loaning of temporarily or permanently restricted funds within the restriction specified on such funds.

4.4.2 Allow borrowing on behalf of the District, except in the case of a Residence Assistance Loan on behalf of a District employee, from the Ohio District Church Extension Fund, without Board approval.

4.5 Board of Directors Executive Limitation on Property

The District President is responsible for establishing administrative policies and procedures for handling property matters. The Chief Financial Officer serves as the District President's representative on property matters involving other corporate and trust entities. In carrying out these responsibilities, the District President shall NOT:

4.5.1 Make non-budgeted capital expenditures.

4.5.2 Establish or change policies regarding the acquisition or disposition of property without reporting them to the Board.

4.6 Board of Directors' Executive Limitation on Insurance

The District President is responsible for establishing administrative policies and procedures for handling insurance matters and communicating these policies to the Board. In carrying out these responsibilities, the District President shall NOT:

4.6.1 Allow changes to the type of insurance policies or minimum policy limits and maximum deductibles without Board approval.

4.7 Board of Directors' Executive Limitation on Human Resources

The District President shall NOT:

4.7.1 NOT allow human resource policies and procedures which would fail to conform to federal and state law and the provisions of the Synodical Handbook regulations so as to avoid expense. (9-28-2007 clarified).

4.7.2. Allow the District to operate without the guidance of an up-to-date employee handbook.

4.8 Board of Directors' Executive Limitation on Legal and Governmental Matters

With respect to the responsibility for maintaining liaison with the District's Legal Counsel and for making certain legal decisions, the District President shall NOT:

4.8.1 Allow changes in legal policies without prior Board approval.

4.8.2 Engage the District's general counselor or independent counsel in special cases without prior Board notification.

4.8.3 Shall not fail to report to the Board by its next scheduled meeting the commencement of any litigation against the District.

4.8.4 Initiate litigation or respond to litigation without prior Board approval.

4.8.5 Shall not fail to report to the Board by its next scheduled meeting decisions to participate in legal proceedings as Amicus Curiae ("Friend of the Court Brief") or in support of any member congregation.

4.8.6 Shall not fail to report to the Board by its next scheduled meeting the granting of any powers of attorney.

4.8.7 Form new legal entities without prior Board approval.