

Monitoring Report: Global Executive Constraint (Policy 2.0)
Monitoring Period: FY23 and FY 24

Service Committee Meeting Review Date: 03/04/2025

Board of Directors Meeting Review Date: 03/20/2025

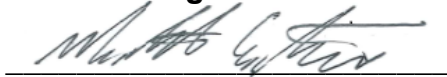
INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
<p>That the Board review this monitoring report and consider accepting it as:</p> <p>(A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations.</p> <p>(B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO’s stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.</p> <p>(C) 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation 2. For policy items x.x.x – the interpretation is not reasonable 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance 4. For policy items x.x.x – the Board acknowledges and accepts the CEO’s stated non-compliance and the proposed dates for compliance</p>
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<p>Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0). A Policy-Governance-consistent Monitoring Process is:</p> <ol style="list-style-type: none"> 1. CEO sends Monitoring Report to all board members 2. At Board meeting, board accepts Monitoring Report through majority vote (or if not acceptable, determines next steps)
ISSUE SUMMARY
<p>TheRide’s Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO’s interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board’s written goals. As</p>

with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.

Per Appendix A of the Board Policy Manual, this report was scheduled for monitoring in January and was submitted in March. The interpretation is significantly changed from previous versions.

I certify that the information is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance.

CEO's Signature



Date

ATTACHMENTS

1. Monitoring report for Global Executive Constraint (Policy 2.0)

CEO Interpretations and Evidence *(changed since previous)*

POLICY 2.0

The CEO shall not cause, allow or fail to address any practice, activity, decision, or organizational circumstance that is either unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics.

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to mean that the CEO must take proactive steps to prevent or resolve *any and all* situations that violate the Board’s expectations as defined below:

- A. **Prudence:** I define prudence as the practice of pursuing goals while minimizing risks by acting carefully and thoughtfully, with consideration for the future, sound judgment, and discernment. Acting imprudently implies carelessness, recklessness, or a lack of consideration, often leading to unwise choices. In other words, calculated risks rather than negligence. I interpret “commonly accepted business practices” to be an extension of the concept of prudence. The Board has fully outlined imprudent and unacceptable risks in the Executive Limitations policies.
- B. **Ethics:** I define ethics as the principles of morality that establish a clear distinction between right and wrong, focusing on integrity and guiding how we should act toward others and broader concepts like the environment and society. Ethics are inherently subjective and often dependent on the situation. The Board has fully outlined its ethical expectations in the Executive Limitations policies.
- C. **Lawfulness:** I define lawfulness as a matter of understanding and correctly applying approved laws and regulations passed by governments (i.e. the federal government of the US, the State of Michigan, or the local municipalities in which we operate) that are applicable to and binding on the organization. This can include sections of certain laws (e.g. the ADA) that are required across society, but not voluntary funding stipulations (which are addressed elsewhere).

Indicators/Targets

Compliance with this policy will be demonstrated when:

- A. **Prudence:** The Board has found all Executive Limitations policies to be compliant (A) or with an acceptable timeline to become compliant (B).
- B. **Ethical:** The Board has found all Executive Limitations policies to be compliant (A) or with an acceptable timeline to become compliant (B), especially policies 2.1.1, 2.1.4.1, 2.2.1.1, 2.2.3, 2.3.1.1, 2.3.3, 2.3.4.1, 2.3.5 B and C, 2.5.4.
- C. **Lawfulness:** 1) Periodic proactive review by staff and/or corporate counsel of legal requirements finds no instances of ongoing violation of law, 2) the agency is not found to be in violation of a law by the court system or regulators, 3) any action recognized as unlawful by the CEO is being resolved promptly.

Rationale

The interpretations regarding prudence and ethics are reasonable because the Board has already written their expectations in Executive Limitation policies. The Board should have identified *all*

broad instances of decisions and actions that it would find unethical, imprudent, or unacceptable in Executive Limitations. If the Board has accepted monitoring reports as A (compliant) or B (compliant, or being addressed), it suggests their collective proscriptions have been, or are being, addressed.

Further detailed definitions of ethical behavior from the CEO do include acting with integrity, respect, and compassion (for employees). Those expectations are codified in the non-union employee handbook and union contract material. However, because situations are so dependent on context, the CEO cannot presently offer a more refined definition of ethics against which proof of compliance or non-compliance could conclusively be offered.

Compliance with all laws is what the policy requires. Practical difficulties arise in inventorying all applicable laws (there is no pre-existing list and some are obscure) and dealing with laws that are unclear. Staff are most familiar with the legal requirements and are in the best position to judge daily compliance. Corporate Counsel and the FTA can provide independent perspectives when needed or available. The courts or regulators may be required when a situation is unclear. Accusations of illegality (e.g. discrimination, etc.) are not reported because they may not be true and need to be adjudicated first to ensure due process (innocent until proven otherwise) and avoid scapegoating. Settlements can be reported to the board but may not imply impropriety.

Some regulations, for example the ADA's requirements regarding paratransit, are not legal *requirements* so much as conditions to qualify for federal funding. As such they will be addressed under policy 2.5.2 in the future.

Only significant lapses of prudence, ethics or lawfulness are covered in this interpretation. The indicator's use of words like "ongoing violation", "in violation" and "being resolved" are intended to allow the CEO some discretion in developing staff without reporting every minor mistake. This is reasonable because, in a large organization, it can be difficult to ensure every individual decision and action is *always* prudent, ethical and lawful. As part of natural learning staff occasionally make mistakes, in which case coaching may be appropriate. In my experience, there is no replacement for a leadership culture that is clear about expectations, does not jump to conclusions, and coaches or holds staff accountable as appropriate. Also, the 'No Surprises' clause (policy 2.9.1.5) already requires the CEO to notify the Board of *significant* emergent legal or other risks that could jeopardize the organization. The Board can always monitor specific decisions if necessary.

It is reasonable that the CEO is accountable to arrange matters in order to prevent or respond to non-compliance as this is what the policy requires, and the Board has given the corresponding authority to the CEO (policy 4.3.3).

Evidence

Source of Data: Board policy monitoring reports, Legal compliance and compliance with other funding requirements as noted below.

Date of Data Review: 01/29/2025- 2/10/2025 as verified by DCEOs, Manager of Public Affairs and Community Engagement and the Manager of Human Resources.

Data:

A. Prudence: Compliance with all executive limitations was as shown below (Corporate Strategy & Performance Officer. 2/13/2025)

Policy	FY23	FY24
2.1	Compliant	Compliant
2.2	Partially Compliant* – high attrition rates.	Partially Compliant* -no whistle blower policy. (Now compliant)
2.3	Compliant	Compliant
2.4	Compliant	Compliant
2.5	Compliant	Compliant
2.6	Compliant	Compliant
2.7	TBD -new policy 2.7.2 was similar to existing policy 2.5.3, interpretation TBD	Partially Compliant* - Logo is not trademarked. (In progress. Paperwork submitted.)
2.8	N/A -monitored every other year.	Compliant
2.9	Partially Compliant* – no whistleblower policy, less than 90% of monitoring reports were submitted as scheduled,	Partially Compliant* - a notification of contract award was not submitted on time and less than 90% of monitoring reports were submitted on time.
2.10	Compliant	Compliant
2.11		Partially Compliant* - New policy.

Notes for partially compliant policies*

At the writing of this report,

- a) The attrition rates are back to industry average.
- b) The Board reviewed and revised the two redundant policies i.e., 2.7.2 and 2.5.3, and staff presented an interpretation that the Board accepted
- c) The agency now has an operational whistleblower policy.
- d) Logo is currently in the process of being trademarked. Timeline is based on the Trademark and Patent Office workload. Paperwork submitted. Compliance expected in the next monitoring period.
- e) All awards are notified to the Board in the CEO report within two months of when they happen.
- f) Less than 90% of our monitoring reports were submitted on time.

Compliance Timeline: We anticipate compliance within the next monitoring period.

B. Ethics: Compliance with all executive limitations was as shown above, further other identified ethical executive limitations are as shown below (Corporate Strategy & Performance Officer, 2/13/2025)

Policy	FY23	FY24
2.1.1	Compliant	Compliant
2.1.4.1	Compliant	Compliant
2.2.1.1	Compliant	Compliant
2.2.3	Non-Compliant -no whistleblower policy.	Non-Compliant -no whistleblower policy. (Now compliant)
2.3.1.1	Compliant	N/A-monitored every other year
2.3.3	Compliant	N/A-monitored every other year
2.3.4.1	Compliant	N/A-monitored every other year
2.3.5 B	Compliant	N/A-monitored every other year
2.3.5 C	Compliant	N/A-monitored every other year
2.5.4	Compliant	Compliant

C. Lawfulness: Applicable Laws and other requirements.

A review of the following laws, regulations and other legal requirements was conducted by respective Deputy CEOs and department managers and found to be in compliance during the monitoring period (FY23 and FY24). Staff believes the list above is complete. However, there is no resource that lists all applicable federal, state and local laws, and it is possible some have been missed. Local laws are still being reviewed. Staff will work with corporate counsel to update this list.

An FTA Triennial Review is occurring in 2025 but the results will likely not be finalized until 2026. There have been no formal charges of illegality against the organization during the monitoring period, nor court findings of illegality.

Major Laws and Regulations

<u>Law</u>	<u>Staff Review (2024)</u>	<u>FTA Findings (2022 most recent)</u>	<u>Court/Regulator Findings</u>
<u>Title 49 Transportation Law</u> (Applicable Policies: 2.1, 2.2., 2.11) Reviewed By: Deputy CEO, Operations, 02/04/2025			
- Regulatory compliance, liability	Compliant	No findings	None
- Contract negotiations	Compliant	No findings	None
- Dispute resolution	Compliant	No findings	None
- Safety standard and environmental impact	Compliant	No findings	None

State/Local Transportation Laws (Applicable Policies: 2.1, 2.2, 2.7 Reviewed By: Deputy CEO, Operations, and DCEO, Planning 02/07/2025			
– Act 432: Motor Bus Transportation Act	Compliant	NA	None
– Act 55: Mass Transportation System Authorities (Incorporation)	Compliant	NA	None
– Safety equipment requirements	Compliant	NA	None
– Vehicle registration regulations	Compliant	NA	None
– Traffic Violations (i.e. tickets)	None	NA	None

	<u>Staff Review (2024)</u>	<u>FTA Findings (2022)</u>	<u>Court/Regulator Findings</u>
<u>Nondiscrimination Acts:</u> (Applicable Policies: 2.2) Reviewed By: HR Manager, 02/07/2025			
– Age discrimination in Employment Act	Compliant	No findings	None
– Equal Employment Opportunity		No findings	None
– Fair Labor Standards Act.	Compliant	No findings	None
– Genetic Information Nondiscrimination Act (GINA)	Compliant	No findings	None
– Pregnancy Discrimination Act	Compliant	No findings	None
– Immigration and Nationality Act	Compliant	No findings	None
– Civil Rights Act 1964 (Title VI)	Compliant	No findings	None
– Uniformed Services Employment and Reemployment Rights Act	Compliant	No findings	None
– Older Workers Benefit Program Act	Compliant	No findings	None
<u>Labor Statutes</u> (Applicable Policies: 2.2) Reviewed By: HR Manager, 2/7/25			
– National Labor Relations Act	Compliant	No findings	None
– Michigan At-Will Employment	Compliant	NA	None
– Worker Adjustment and Retraining Notification Act	Compliant	No findings	None
<u>Data protection Acts</u> (Applicable Policies: 2.7, 2.2) Reviewed By: HR Manager, 02/07/2025			
– Consumer Protection Act	Compliant	No findings	None
– Fair Credit Reporting Act	Compliant	No findings	None
– Health insurance Portability and Accountability Act (HIPPA)	Compliant	No findings	None

	<u>Staff Review (2024)</u>	<u>FTA Findings (2022)</u>	<u>Court/Regulator Findings</u>
<u>Equitable Accessibility Act</u> (Applicable Policies: 1.0, 2.1, 2.2) Reviewed By: DCEO, Planning and Manager of Public Affairs and Community Engagement 02/07/2025			
– Americans with Disabilities Act	Compliant	Minor findings. Resolved.	None
– Section 508 of the Rehabilitation Act (info accessibility for people with disabilities)	Compliant	No findings	None
	<u>Staff Review (2024)</u>	<u>FTA Findings (2022)</u>	<u>Court/Regulator Findings</u>
<u>Financial Laws and Regulations</u> (Applicable policies: 2.3) Reviewed By: DCEO, Finance 02/07/2025			
– Equal Pay Act	Compliant	No findings	None
– Earned Sick Time Act	Compliant	No findings	None
– Minimum Wage Law	Compliant	No findings	None
– Davis Bacon Act - sub/contractors minimum worker pay for federally funded construction projects	Compliant	No findings	None
– Fair Labor Standards Act	Compliant	No findings	None
– Paid Medical Leave Act	Compliant	No findings	None
– Family and Medical Leave Act	Compliant	No findings	None
	<u>Staff Review (2024)</u>	<u>FTA Findings (2022)</u>	<u>Court/Regulator Findings</u>
<u>Financial</u> (Applicable policies: 2.3,2.4, 2.5, 2.6) Reviewed by: DCEO, Finance 02/07/2025			
– Management and Budget Act	Compliant	No findings	None
– Public Law 98-502- Single Audit Act (1984)	Compliant	No findings	None
– Buy America Act	Compliant	Minor Findings. Resolved.	None
– IRS Tax code	Compliant	No findings	None
– The Bipartisan Infrastructure Law (BIL) (2021)	Compliant	No findings	None
– The Brooks Act- procuring engineering and architectural services	Compliant	No findings	None
– Title 41 U.S.C. 3301-3311 Independent Government cost Estimates (IGCE's)	Compliant	No findings	None

- Uniform Guidance (2 CFR Part 200) - guidance to procurement and financial oversight.	Compliant	Minor Findings. Resolved.	None
- Title 48 U.S Chapter 1 - Federal Acquisition Regulation (FAR)	Compliant	No findings	None
	<u>Staff Review</u> <u>(2024)</u>	<u>FTA Findings</u> <u>(2022)</u>	<u>Court/Regulator</u> <u>Findings</u>
<u>FTA & State stipulations for receiving funding *</u> <u>(not necessary laws and regulations)</u> (Applicable policies: 2.5.2 Reviewed by: DCEO, Finance, and DCEO, Planning 02/07/2025			
- Legal (notifications, False Claims Act, restrictions on lobbying)	Compliant	No findings	None
- Financial Management and Capacity	Compliant	Minor finding. Resolved.	None
- Award Management	Compliant	No findings	None
- Subrecipient Oversight	Compliant	No findings	None
- Project Management	Compliant	No findings	None
- Transit Asset Management (TAM)	Compliant	No findings	None
- Satisfactory Continuing Control	Compliant	No findings	None
- Maintenance	Compliant	Minor finding. Resolved.	None
- Procurement	Compliant	Minor finding. Resolved.	None
- Disadvantaged Business Enterprise (DBE)	Compliant	Minor finding. Resolved.	None
- Title VI (Civil Rights Act)	Compliant	No findings	None
- Americans with Disabilities Act (ADA)	Compliant	Minor findings. Resolved.	None
- Equal Employment Opportunity (EEO)	Compliant	No findings	None
- School Bussing Prohibition	Compliant	No findings	None
- Charter Bus Prohibition	Compliant	No findings	None
- Drug Free Workplace Act	Compliant	No findings	None
- Drug and Alcohol Program	Compliant	No findings	None
- 5307 Program Requirements (grant)	Compliant	No findings	None
- 5310 Program Requirements (grant)	Compliant	No findings	None
- 5311 Program Requirements (grant)	Compliant	No findings	None
- Public Transit Agency Safety Plan	Compliant	No findings	None
- Transportation Planning	Compliant	No findings	None
- Public participation	Compliant	No findings	None

- LAC participation	Compliant	NA (state law)	None
- During major service changes and major fare changes	Compliant	No findings	None
- Data reporting (NTD)	Compliant	No findings	None
- Environmental Compliance (NEPA)	Compliant	No findings	None
- Project funding (requiring a local match)	Compliant	No findings	None

*The CEO intends to move this section on funding conditions to the interpretation for policy 2.5.2.

Policy Trendlines

Policy	FY20	FY21/22	FY23/24
2.0			

LEGEND	
	Policy is not compliant
	Policy is partially compliant
	Policy is compliant

Board's Conclusion on Monitoring Report

Board's conclusion after monitoring the report.

Following the Board's review and discussion with the CEO, the Board finds that the CEO:

- (A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations.**

Board Notes: (If Applicable)

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