

# Exhibit to Agenda Item #3

Board Policy Committee and Special SMUD Board of Directors Meeting  
Wednesday, April 18, 2018, scheduled to begin at 5:30 p.m.  
Customer Service Center, Rubicon Room

## **BL-1 Board-Chief Executive Officer and General Manager Relationship**

### **6 Board Members responded to the survey**

The Board of Directors governs the Sacramento Municipal Utility District and is the policy-making body of SMUD. The Board operates under the provisions of the Municipal Utility District Act of the State of California (the MUD Act) and all other applicable statutes and laws.

a) The Board of Directors is responsible for the following:

i) Identify and define the purpose, values and vision of SMUD, along with the results that are acceptable and not acceptable for SMUD to achieve, and communicate them in the form of policy.

ii) Make certain operational decisions as are designated by law.

iii) Hire, evaluate, and terminate the Chief Executive Officer and General Manager.

### **Compliance Scores:**

**High 6**

**Med**

**Low**

b)The Chief Executive Officer and General Manager is responsible for the following:

- i) Manage all operations and business affairs of SMUD.
- ii) Achieve the results established by the Board within the appropriate and ethical standards of business conduct set by the Board.
- iii) Prepare and submit to the Board for approval each year a budget to achieve the Board's strategic directives.
- iv) Enforce SMUD ordinances, administer the civil service system (including hiring and terminating of all officers and employees except the Chief Legal Officer and General Counsel and the Board Special Assistant), attend meetings of the Board and report on the general affairs of SMUD, and keep the Board advised as to the needs of SMUD.
- v) Establish and enforce a code of ethics applicable to all employees, which provides clear guidelines for ethical standards and conduct.
- vi) Implement and maintain an integrated enterprise risk management process that identifies, assesses, prudently manages and mitigates a variety of risks facing SMUD.

vii) Ensure the smooth continuous operation of SMUD in the event of the planned or unplanned absence of the Chief Executive Officer and General Manager.

viii) Interact with the public and other utilities and government agencies, pursuant to policies adopted by the Board. The Chief Executive Officer and General Manager shall assure, in cooperation and consultation with the Board, that SMUD is appropriately represented in the community it serves.

ix) Perform other responsibilities as may be delegated by the Board either by resolution or through the Chief Executive Officer and General Manager's contract of employment.

**Compliance Scores:**

**High 6**

**Med**

**Low**

## **BL-2 Board-Chief Legal Officer and General Counsel Relationship**

### **6 Board Members responded to the survey**

The Chief Legal Officer and General Counsel provides legal counsel to SMUD and to the Board. The Chief Legal Officer and General Counsel reports both to the Board and to the Chief Executive Officer and General Manager.

The Board of Directors is ultimately responsible for hiring and terminating the Chief Legal Officer and General Counsel. As a general practice, the Board and the Chief Executive Officer and General Manager shall participate jointly in hiring and terminating the Chief Legal Officer and General Counsel.

The Chief Executive Officer and General Manager is responsible for evaluating the Chief Legal Officer and General Counsel's performance. The Chief Executive Officer and General Manager shall solicit the Board's input in evaluating the performance of the Chief Legal Officer and General Counsel, and the Board may, at its discretion, participate in that evaluation.

### **Compliance Scores:**

**High 6**

**Med**

**Low**

- a) Serve as the Board Secretary.
- b) Give his or her advice or opinion whenever he or she deems necessary or when required by the Board.
- c) Inform the Board of material legal issues impacting SMUD or the Board.
- d) When necessary, act independently of the Chief Executive Officer and General Manager.
- e) Provide counsel to the Board and individual Board members with regard to conflict-of-interest issues.
- f) Provide counsel to the Board and individual Board members with regard to other ethical matters.
- g) Assist the Board and Board members in complying with applicable statutes and laws.

The Chief Legal Officer and General Counsel shall not provide legal counsel to Board members except in their role as Board members.

### **Compliance Scores:**

**High 6**

**Med**

**Low**

## **BL-3 Board-Internal Auditor Relationship**

### **6 Board Members responded to the survey**

The Internal Auditor provides independent, objective assurance and consulting services to the Board and management designed to improve the organization's operations. The Internal Auditor reports to the Chief Executive Officer and General Manager for all administrative matters. The Board may provide input into the audit planning process and may require that special projects and reviews be conducted.

The Chief Executive Officer and General Manager is responsible for hiring and terminating the Internal Auditor with the concurrence of the Board. As part of the hiring process, the Chief Executive Officer and General Manager will recommend two qualified final candidates to the Board for its consideration. The Chief Executive Officer and General Manager may rank the candidates in order of preference. The Chief Executive Officer and General Manager is responsible for the evaluation of the Internal Auditor's performance. The Board, at its discretion, may participate in the Internal Auditor's performance evaluation.

The Internal Auditor shall conduct audit reviews as identified in the annual audit plan and special projects requested by management, Chief Legal Officer and General Counsel, or the Board. The work of the auditor shall provide reasonable assurance regarding the achievement of objectives in the following areas: a) Adherence to plans, policies and procedures. b) Compliance with applicable laws and regulations. c) Effectiveness and application of administrative and financial controls. d) Effectiveness and efficiency of operations. e) Reliability of data. f) Safeguarding assets. g) Accuracy of the Strategic Direction monitoring reports.

**Compliance Scores:**

**High 6**

**Med**

**Low**



The Internal Auditor in the performance of his or her duties shall have unlimited access to all activities, records, property and personnel of SMUD.

**Compliance Scores:**

**High 6**

**Med**

**Low**

**Comment: Need to review how we verify this. - BS**

The Board shall receive the results of all audits it requests and all results from the annual audit plan. Audit reports from the annual audit plan will be placed on a Board committee agenda for discussion as an information item. In addition, the Internal Auditor shall inform the Board of the results of any other audit when he or she reasonably determines that the audit indicates a significant financial, operational, or reputational risk to SMUD. In all cases, reports will be sent to individuals, be it the Board or management, who are in positions to see that action is taken on audit findings and recommendations.

**Compliance Scores:**

**High 6**

**Med**

**Low**

## **BL-4 Board-Special Assistant Relationship**

### **6 Board Members responded to the survey**

The Special Assistant helps the Board fulfill its various responsibilities. The Special Assistant serves under the direction and control of the Board.

The Board is responsible for hiring, evaluating, and terminating the Special Assistant. The General Manager shall have input into the Special Assistant's performance evaluation. The General Manager determines the compensation of the Special Assistant, but the Board may, at its discretion, provide to the General Manager its recommendation regarding the Special Assistant's compensation.

### **Compliance Scores:**

**High 6**

**Med**

**Low**

The Special Assistant shall: a) Communicate board members' requests to SMUD management and staff related to constituent affairs. b) Coordinate with SMUD management and staff in responding to Board member requests related to constituent affairs. c) Handle all other matters that are properly delegated to him or her by the Board. d) Notwithstanding these activities, the Special Assistant is not empowered to instruct or direct SMUD management or staff.

### **Compliance Scores:**

**High 6**

**Med**

**Low**

### **Comments:**

**No changes required but from an operations perspective, it might be helpful to clarify situations when a Board Member would communicate directly with SMUD management. - BR**