

Policies

Developing Policies to Guide the Organization, Board and Staff

Introduction to Policy Development

Rationale & Importance of Policies

Sample Policies

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Introduction to Policy Development

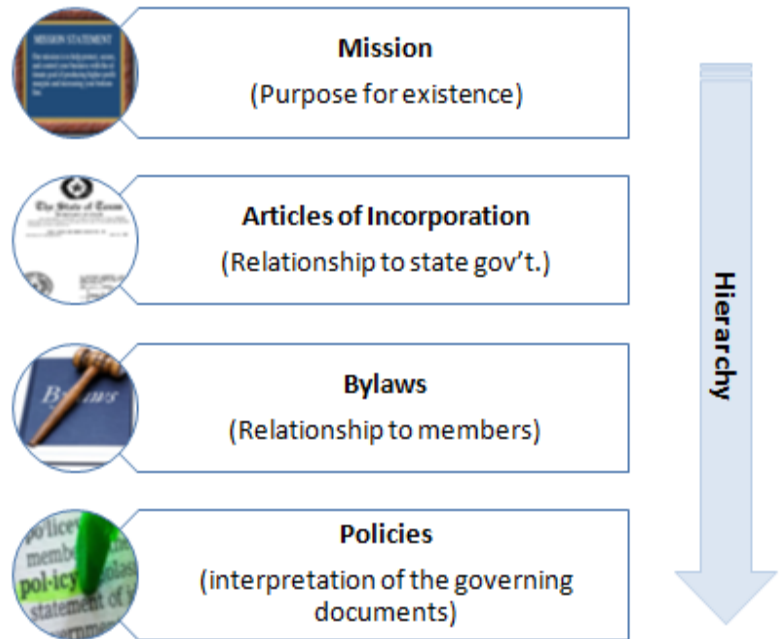
About Policy

There are four governing documents that create the framework for a nonprofit organization.

This toolkit focuses on policy development.

Policies are a set of rules or guidelines adopted by an organization's governing body to support its long-term goals.

They are designed to influence and guide all major decisions and actions. All activities should take place within the boundaries set by the policies.



Steps to Policy Development

There are five steps to policy development.

Step 1: Issue Identification

The need for a policy arises when the organization identifies a subject or issue that requires attention. This may come from legal or tax requirements (i.e. the IRS), a new project or program, changes to the bylaws or other governing documents, or a concern or issue that has been brought forward that requires guidance. This toolkit provides the rationale and importance of several standard policies for consideration.

Step 2: Policy Formation

Drafting the policy may include consultation from a task force, key volunteer, staff member, attorney, accountant or other organizations. Policies typically include the following sections:

- *Purpose Statement*: details why the policy is being issued and the desired outcomes
- *Scope Statement*: describes who the policy affects
- *Effective Date*: indicates the date a policy comes into use
- *Responsibilities*: dictates who is responsible for carrying out the policy
- *Policy Statement*: outlines specific regulations or requirements the policy is creating (meat of the policy)
- *Background*: describes the history or reasons policy was created
- *Definitions*: clearly defines terms and concepts used within the policy

Step 3: Decision

Most organization's bylaws require policies to be officially adopted by (voted on) the governing Board. Please also check your state's nonprofit statutes, which are available through your organization's state of incorporation's Secretary of State. A complete listing of Secretaries of State can be found here: <http://www.e-secretaryofstate.com>.

Step 4: Implementation

Once a policy has been officially adopted by the governing Board, it is important to ensure implementation so that it does not "sit on a shelf" unused. To ensure full adoption of a new or existing policy, follow these steps:

- Assign an appropriate individual or group to carry out the policy (staff, committee, or individual volunteer)
- Inform/educate all groups or individuals who the policy will affect (staff, volunteer leaders, members, etc.)
- Incorporate the policy into the current policy manual; this may include archiving on the Web
- Define appropriate procedures to carry out policy goals
- Provide volunteers with a policy summary document. A policy summary document lists the policy, when it was adopted and its use. The full details of the policy are not necessary but should include a hyperlink. This helps to ensure that policies are always top of mind

Step 5: Evaluation

As organizations grow and evolve, policies may become obsolete or require updating. Set a regular policy review schedule for your organization. It is recommended that organizations perform a review of all policies every three years. Changes to policies typically require Board approval although many organizations allow for staff or a Board volunteer (Secretary or President) to make minor grammatical changes without Board approval. Also, review Part VI, Section B of the IRS form 990 (<http://www.irs.gov/pub/irs-pdf/i990.pdf>) to ensure that all policies referenced are in place. As of the 2013 Form 990, the following policies are encouraged:

- Gift Acceptance
- Whistleblower Protection
- Document Retention and Destruction
- Conflicts of Interest

Common Mistakes

- Lack of process to develop, adopt, implement and evaluate policies
- Lack of ownership over policy maintenance therefore resulting in outdated policies
- Policies do not have a standard format (i.e. policies from each committee look different)
- Policies that are cumbersome and too detailed, therefore not used
- The wrong person is assigned to writing policies. They must have balance of writing ability and understanding of good governance/best practices
- Policy summaries (a summary of the policies in effect without detail) is not provided regularly to the leadership
- Failure to perform periodic review of policies

Rationale and Importance of Key Policies

Whistleblower Protection

Under Sarbanes-Oxley Act, federal law prohibits all corporations, including nonprofits, from retaliating against employees who “blow the whistle” on the organization’s accounting practices, illegal practices or violations of adopted policies. Even organizations without paid staff should enact a Whistleblower Protection policy to encourage volunteers to bring forward concerns without fear of retaliation. When developing a whistleblower protection policy be sure to consult with state law for any specific provisions within your organization’s state of incorporation.

According to the IRS “A whistleblower policy encourages staff and volunteers to come forward with credible information on illegal practices or violations of adopted policies of the organization, specifies that the organization will protect the individual from retaliation, and identifies those staff or board members or outside parties to whom such information can be reported.” *Source: Instructions to the Form 990, page 20.*

Document Retention & Destruction

Organizations should establish a policy and process for document retention along with a schedule for document destruction. According to the IRS, "A document retention and destruction policy identifies the record retention responsibilities of staff, volunteers, board members, and outsiders for maintaining and documenting the storage and destruction of the organization’s documents and records." *Source: Instructions to the Form 990 page 23.*

The Sarbanes-Oxley Act prohibits the destruction of documents that are subject to review in litigation and provides additional rationale for every nonprofit adopting a document retention policy. In conjunction with this policy, each organization should establish a regular process for systematic document destruction. When developing a document retention policy your organization should consider the types of documents and records (both hard copy and electronic files) generated by the association, determine the appropriate length of time for retention (complying with legal and tax forms) and develop a schedule for destruction of each type of paperwork/electronic file. It is important to keep in mind available storage space as you develop your policy. Certain documents should be permanently retained. These include:

1. Articles of Incorporation
2. IRS Determination Letter
3. Insurance policies
4. Meeting Minutes
5. Corporate resolutions

Check & Contract Signing Limits and Authorities

Limiting check and contract signing authority reduces the opportunity for fraudulent checks to be written and signed and protects the organization from entering into unauthorized contracts. Internal controls such as limiting who can sign checks and contracts helps ensure the organization is using its assets efficiently and protects against loss, waste and abuse.

Net Assets

Organizations should establish a net assets policy that details the amount of funds that should be kept in reserves as a percentage of the total operating budget. A net assets policy insures the long-term sustainability of an organization by maintaining reserves that will:

- Keep the Association viable should extremely challenging times occur
- Provide a mechanism to invest in the long term future of the Association
- Provide funding for Strategic Initiatives
- Offer protection from unforeseen shortfalls

Investment

Another important financial policy is an investment policy. An investment policy is established between a portfolio manager and an association that outlines general rules for the manager.

The policy should provide general investment goals and objectives of the association and describe the strategies that the manager should employ to meet these objectives. The policy should include specific information on matters such as asset allocation, risk tolerance, and liquidity requirements.

Selection of Board Members

A selection of Board members policy or sometimes referred to as Board Appointment or Nomination Policies details the selection process and terms of Board members. A selection policy should define the Board terms, process for selecting Board members, how to handle a lack of qualified candidates, and eligibility requirements. The bylaws should dictate how members are selected, elected or appointed to the Board and the policy should further define the procedures to ensure compliance with the bylaws.

Code of Ethics

The Council of Nonprofits encourages all nonprofits to craft an appropriate code of ethics. The code of ethics should reflect the organization's unique mission, activities, and interaction with clients, volunteers, and the public. Whatever the nomenclature, crafting a written document that articulates the core beliefs of the organization helps ensure that all transactions are aligned with the values of the organization.

Conflict of Interest and Disclosure

Organizations are frequently subject to public scrutiny, especially where they appear to have inappropriately benefited their officers, directors or trustees. It is important for organizations to avoid the appearance or actuality of private benefit to individuals who are in a position of substantial authority. A conflict of interest occurs where individuals' obligation to further the organization's mission is at odds with their own financial interests. A conflict of interest policy is intended to help ensure that when actual or potential conflicts of interest arise, the organization has a process in place under which the affected individual can disclose the conflict and be excused from voting on such matters.

Gift Acceptance

Schedule M (Non Cash Contributions) of the new Form 990 asks whether the filing organization has a gift acceptance policy. Schedule M must be filed by organizations that either: (1) received more than \$25,000 in non-cash contributions; or (2) received contributions of art, historical treasures, or similar assets, or qualified conservation contributions. Even if an organization is not required to complete Schedule M, it should consider adopting a gift acceptance policy.

A gift acceptance policy typically guides a nonprofit in the types of gifts it can accept and educates the staff and board about critical issues triggered by certain gifts. Alternatively, a gift acceptance policy may also be geared more towards board and staff in terms of what types of gifts they, as volunteers and staff, can personally accept for speaking arrangements, etc. while representing the non-profit.

Ends

Ends policies define which needs are to be met and for whom. Ends policies should be written with long-term planning in mind and reflect strategic goals and objectives by which the organization will carry out its mission. Ends policies address the following questions:

- What Good or Benefit? (Results, changes, or benefits that should come about)
- For Whom? (Recipients, beneficiaries, or otherwise defined impacted groups)
- At What Cost? (The relative priority or allocation of organizational resources devoted to achievement)

Limitations (aka Means Policy)

Limitations policies define the boundaries by which officers, staff and Board members can deliver the Ends. Limitations policies can also be called Means Policy as they define how the Ends will be achieved. Limitations policies should be put in place for each officer, the staff, and Board as a whole. Limitations policies provide another layer of protection to an organization by limiting the authority and activities of officers, staff and Board members.

Confidentiality

A Confidentiality policy provides staff and volunteers with the organization's understanding of confidentiality and clear guidelines regarding handling of confidential information. A Confidentiality policy helps to protect the confidential work product and proprietary or sensitive activities of the organization.

Sample Policies

Whistleblower Protection

Purpose: The purpose of this policy is to encourage staff and volunteers to come forward with credible information on illegal practices or violations of adopted policies of the organization, specifies that the organization will protect the individual from retaliation, and identifies those staff or board members or outside parties to whom such information can be reported

Policy Statement: [ORGANIZATION] prides itself on its adherence to federal, state, and local laws and/or regulations, including business ethics policies. As such, [Organization] requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Pursuant to this policy, any [ORGANIZATION] volunteer or staff who becomes aware of any violation of federal, state, or local law or regulation, including any financial wrongdoing, should immediately report the violation to the Executive Director to allow the association to investigate and, if applicable, correct the situation or condition.

“Financial wrongdoing” may include, but is not limited to:

- questionable accounting practices;
- fraud or deliberate error in financial statements or recordkeeping;
- deficiencies of internal accounting controls;
- misrepresentations to company officers or the accounting department (including deviation from full reporting of financial conditions).

If the Executive Director is involved or is believed to be involved in the matter being reported, [ORGANIZATION] volunteers or staff may, in the alternative, make a report to [ORGANIZATION]’s legal counsel or President. [ORGANIZATION] will conduct an investigation and take appropriate action within a reasonable period of time. Such complaints will be held in confidence to the extent the needs of the investigation permit.

It is contrary to the values of [ORGANIZATION] for anyone to retaliate against any board member, officer, staff member or volunteer who in good faith reports an ethics violation, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any regulation governing the operations of [ORGANIZATION]. An employee or volunteer who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment or removal from the volunteer position.

Anyone filing a written complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Violations or suspected violations may be submitted on a confidential basis by the complainant. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Document Retention and Destruction

Purpose: The purpose of this policy is to ensure that [ORGANIZATION] manages data in an efficient and effective manner, maintains historical records, and purges documents as part of its normal processes. By establishing a specific timeline for document purging, this shall also ensure compliance with the Sarbanes-Oxley Act, which prohibits the alteration, falsification or destruction of documents that are part of any official proceeding.

Policy Statement: Records will be retained for a predetermined period of time and destroyed in a manner as detailed in the below chart.

If anyone associated with [ORGANIZATION] becomes aware of any investigation, the Executive Director and President shall be notified immediately so that document purging will cease and all relevant documents will be appropriately identified and protected.

All files, both hard copy and electronic, shall be labeled by topic and year (if applicable). Electronic copies shall be saved in appropriate folders on network drive. Hard copies shall be stored in file cabinets, or archived in storage. Archived hard copy files shall be stored in firm, water and animal proof containers, clearly labeled with the topic and year.

Review and purging of files may take place in an ongoing manner, but must occur at least every two years in even numbered years, and must follow the minimum retention requirements stated below. Such review and purging must also occur prior to archival storage of any files.

Record Type	Retention Period	Destruction Method
Accounting		
Accounts receivable reports	7 years	Shred, Delete
Accounts payable reports	7 years	Shred, Delete
Auditors' reports/work papers	Permanent	Shred, Delete
Bank deposit slips	7 years	Shred, Delete
Bank statements, reconciliations	7 years	Shred, Delete
Budgets	7 years	Recycle, Delete
Cancelled checks	7 years	Shred, Delete
Cash disbursements journal	Permanent	Shred, Delete
Cash receipts journal	Permanent	Shred, Delete

Record Type	Retention Period	Destruction Method
Depreciation records	Permanent	Shred, Delete
Employee expense reports	7 years	Recycle, Delete
Volunteer expense reports	7 years	Recycle, Delete
Independent contractor expense reports	7 years	Recycle, Delete
Employee payroll records (W-2, W-4, annual earnings records, etc.)	7 years	Shred, Delete
Financial statements (annual)	7 years	Shred, Delete
Financial statements (interim/internal)	7 years	Shred, Delete
General journal or ledger	Permanent	Shred, Delete
Inventory lists	Permanent	Recycle, Delete
Invoices	7 years	Recycle, Delete
Payroll journal	7 years	Shred, Delete
Petty cash vouchers	7 years	Recycle, Delete
<u>Corporate Records</u>		
Annual Report (State of Illinois)	Permanent	N/A
Constitution	Permanent	N/A
Bylaws	Permanent	N/A
IRS Determination Letter	Permanent	N/A
Contracts, sales (UCC)	7 years	Shred, Delete
Contracts, generally	7 years	Shred, Delete
Contract, government	7 years	Shred, Delete
Minutes (board executive session)	Permanent	N/A
Minutes (board and committees with board authority)	Permanent	N/A

Record Type	Retention Period	Destruction Method
Minutes (committees without board authority)	Permanent	N/A
Qualifications to do business	Permanent	N/A
<u>Insurance</u>		
Accident reports	7 years	Shred, Delete
Insurance claims	7 years	Shred, Delete
Insurance policies	Permanent	N/A
<u>Miscellaneous Legal</u>		
Claims and litigation files	7 years	Shred, Delete
Copyright, patent and trademark registrations	Permanent	N/A
<u>Personnel</u>		
Applications	1 year	Shred, Delete
Employee earnings/payroll records	7 years	Shred, Delete
Employee files	Permanent	N/A
Employee pension records, including service, eligibility, personal information, pensions paid	Permanent	N/A
Employment contracts	7 years	Shred, Delete
Garnishments	7 years	Shred, Delete
Government reports	7 years	Shred, Delete
Pension, profit-sharing plans	Permanent	N/A
Time cards/sheets	7 years	Recycle, Delete
<u>Taxes</u>		
Income tax returns and cancelled checks (federal, state and local)	Permanent	N/A
Payroll tax returns	Permanent	N/A

Record Type	Retention Period	Destruction Method
Sales and use tax returns	Permanent	N/A
<u>General</u>		
Supporting correspondence and notes re patents, copyrights, licenses, agreements, bills of sale, permits, liabilities, etc.	Permanent	N/A

Check and Contract Signing Limits and Authorities

Purpose: To define check and contract signing limits and authority.

Policy Statement: It is the fiduciary responsibility of the Board to establish limits of authority in regards to check and contract signing.

The [ORGANIZATION] Executive Director is authorized as the sole signer of all Association checks. The [ORGANIZATION] Executive Director is authorized to sign all Association checks up to [Dollar Amount Based on Budget Size] without seeking approval of the Treasurer. All Association checks greater than [Dollar Amount Based on Budget Size] must be sent to the Treasurer for electronic approval before signature by the Executive Director.

The Executive Director is authorized as the sole signer of all Association contracts. Contracts greater than [Dollar Amount Based on Budget Size] must be sent to the President for review and approval prior to signing. Approval can be given through email or fax communication. A report of all contracts signed within each quarter will be provided to the Executive Committee in March, June, September and December.

Net Assets

Purpose: To insure the long-term sustainability of [ORGANIZATION] by maintaining reserves that will:

- Keep the Association viable should extremely challenging times occur
- Provide a mechanism to invest in the long term future of the Association
- Provide funding for Strategic Initiatives
- Offer protection from unforeseen shortfalls

Policy Statement: [ORGANIZATION]'s target range is to maintain the Net Asset to be equal to the Operating Expenses (excluding Non-Operations) between 50% and 60%, with a minimum of no less than 45% and a maximum of no greater than 70%. Maintaining the minimum target range is essential should an event or events take place that would have a significant negative financial impact to the Association.

The Finance Committee shall strive to create a budget that will allow the organization to stay within its target net assets range. The [ORGANIZATION] Board should be made aware and separately vote that they are

approving a budget that is not within the target range. The Finance Committee shall additionally notify the Board quarterly if the Annual Forecast does not maintain the target range.

Should the Net Assets increase to greater than 70%, the Board may approve spending up to one half of the excess and the funds would need to be used for strategic initiatives.

Investment

As investment policies are extremely unique to each organization, we instead provide guidelines for creating a policy. The following is an excerpt from John S. Griswold's, Executive Director, Commonfund Institute and William F. Jarvis', Managing Director, Commonfund Institute August 2011 article "The Investment Policy Statement" published by the Commonfund Institute

Endowed institutions differ in their missions, capabilities and resources, and investment policy statements naturally mirror these differences. In that sense, there is no single 'right' investment policy statement; each institution's board must craft a statement that responds to the needs of the institution and the preferences and risk tolerances of the trustees. Annual review of the statement by the board can help to ensure that it remains an appropriate distillation of the institution's investment philosophy and practice.

It can be said, however, that a properly-drafted investment policy statement should address, at a minimum, the following issues:

- What is the purpose of the investment pool? What is its role in supporting the mission of the institution?
- Is the fund intended to be perpetual in duration, or will it have a finite life? To what extent is maintenance of purchasing power an explicit goal?
- Who will have responsibility for investment decisions? What are the required qualifications of these individuals, and how are they to be recruited?
- If the board of trustees intends to delegate its authority to an investment committee or some other body or entity, how should that delegation be evidenced and documented? Which investment decisions, if any, should be delegated to outside advisors or investment managers? How should these and other service providers be selected and monitored?
- What is the investment pool's target return, both in nominal and real (i.e., after inflation) terms? What is its expected annual contribution as a proportion of the institution's operating budget or other relevant criterion?
- What should be the overall investment strategy of the fund, including asset allocation targets and ranges, permitted and prohibited investment strategies and instruments?
- What kind and degree of risk is the board prepared to take in pursuit of its investment goals? How are risks to be defined and measured?
- How much liquidity should be maintained by the fund, either for investment needs within the fund or for wider institutional purposes?
- How much of the endowment should be spent and how much reinvested? What rules determine how this amount is calculated?
- To what extent is the fund expected to assist in maintaining the balance sheet of the institution (for example, by supporting its credit rating)?

Selection of Board Members

Purpose: To define procedures that will ensure that highly qualified individuals are elected to the Board in a fair process.

Policy Statement: [ORGANIZATION]'s officers and Board of Directors (Board) will be [selected/appointed/elected] by [who] in accordance with [ORGANIZATION] bylaws.

Notification of open Board positions will be announced via [ORGANIZATION] publications, website and other electronic means.

Candidates for open Board and Committee positions must meet the following minimum eligibility requirements:

- Must have completed the Candidate Application by published deadline
- Must be an active [ORGANIZATION] member in good standing for past five (5) years
- Must sign and adhere to the [ORGANIZATION] Conflict of Interest policy
- Must have [XYZ] Certification
- Must have demonstrated experience on a [ORGANIZATION] committee or Chapter Board within the last five (5) years;
- Nominating Committee members may not be a candidate for any of the open positions.

Applicants must apply online via the electronic Candidate Application by the stated deadline in order for the Nominating Committee to consider their application.

Nominating Committee members shall review the candidate applications and conduct applicant interviews via phone. After review of all candidate applications, the Nominating Committee shall hold a special meeting for committee members to present their applicants for consideration of the open positions.

Within seven (7) days of the final approval of the slate of candidates the Nominating Committee Chair or designee shall notify all applicants of his or her candidate status.

[ORGANIZATION] members shall be notified thirty (30) days prior of the balloting process via electronic means. The ballot shall be available to active members via a secured electronic process and member must complete ballot within the established deadline. The Executive Director will verify election results with the Nominating Committee Chair. The number of votes received by each candidate will be kept confidential. *(Not all organization bylaws require a vote by the Membership)*

The Nominating Committee Chair or designee shall notify the Board and Nominating Committee of the election results. The Chair or designee shall notify all candidates of his or her election status within five (5) business days upon confirmation of the election results via telephone.

[ORGANIZATION] members shall be notified of the election results within five (5) business days following candidate and Board notification of the election results.

Code of Ethics

Purpose: The Board recognizes that collectively and individually, all members of the Board must adhere to an accepted code of ethics in order to fulfill [ORGANIZATION]'s mission.

Policy Statement: In accordance with this code, each member of the Board shall commit to the following:

1. Obey all applicable state and federal laws regarding official actions taken as Board members;
2. Uphold the integrity and independence of the Board members office;
3. Avoid impropriety in the exercise of the Board' and Board member' official duties;
4. Perform faithfully the duties of the office;
5. Endeavor to make policy decisions only after full discussion at Board meetings;
6. Render all decisions based on the available facts and independent judgment and refuse to surrender that judgment to individuals or special interest groups;
7. Encourage the free expression of opinion by all Board members;
8. Avoid being placed in a position of conflict of interest and refrain from using the Board member's position on the Board for personal or partisan gain; and
9. Take no private action that will compromise the Board or administration and respect the confidentiality of information that is privileged under applicable law.

Upon the effective date of this policy all existing Board members are expected to sign a code of ethics statement. In subsequent years, upon taking office, all newly elected Board members are expected to sign a code of ethics statement.

Conflict of Interest and Disclosure

The following example is largely based off of the IRS Form 1023 – Additional Materials

Purpose: The purpose of the conflict of interest policy is to protect [Organization]'s interest when contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Procedures:

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an Board member, Officer, Committee member or Committee Chair (Volunteer Leader) must disclose the existence of the conflict and be given the opportunity to disclose all material facts to governing board or committee considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the actual or possible conflict of interest and all material facts, and after any discussion with the potentially conflicted volunteer leader, he/she shall leave the governing board or committee meeting

while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. A potentially conflicted volunteer leader may make a presentation at the governing board or committee meeting, but after the presentation he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arraignment involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflict of Interest Policy

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action

Records of Proceedings:

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Compensation:

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who

receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Annual Statements:

Each director, officer and member of a committee shall annually sign a disclosure statement that:

- a. Acknowledges that person has received, read and understands the conflict of interest policy;
- b. Indicates that person has agreed to comply with the policy; and
- c. Discloses any potential or actual conflicts of interest.

Gift Acceptance

The following is an example of a simple gift acceptance policy. Depending on the level of funding an organization receives; a more complex policy may be required. Additional policy samples can be found at the [National Council of Non-Profits](#).

Purpose: The Board has adopted this policy to guide the organization in the types of gifts it can accept.

Policy: [ORGANIZATION] solicits and accepts gifts that are consistent with its mission and that support its core programs, as well as special projects. Gifts of Real Property, Personal Property or Securities may only be accepted upon approval of the [name of appropriate reviewing body]. Donations and other forms of support will generally be accepted from individuals, partnerships, corporations, foundations, government agencies, or other entities, subject to the following limitations:

- a. [describe limitations here]

ENDS

Ends policies are extremely unique to each organization. A sample policy would be:

Policy:

Our members will have access to quality programs and services, at a cost not to exceed 10% of the annual budget.

The What = X

The Who = Members

The Cost = less than 10% of the annual budget

Limitations

Purpose: Through Limitations policies, [ORGANIZATION] establishes the boundaries of acceptability within which Officer, Staff and Board methods and activities can take place.

Policy: The [ORGANIZATION] has established the following limitations:

- I. President: The President is not authorized to engage in any practice, activity, or cause, which detracts from [ORGANIZATION's] purpose or which is unethical, illegal or is in disregard of [ORGANIZATION]'s Ethics Policy. In particular, the President may not engage, support, or authorize:
 - A. Activities that do not support [ORGANIZATION]'s mission, vision and strategic plan
 - B. Activities that could jeopardize [ORGANIZATION]'s 501(c)(3)/(6) exempt status under the U.S. Internal Revenue Service tax code, including:
 - C. Activities or communications that can lead to or be perceived to result in, a conflict of interest
 - D. Making decisions that are beyond [ORGANIZATION] policies
 - E. Entry into agreements, or committing of [ORGANIZATION] resources to activities, not approved by the governing Board
- II. Treasurer: The Treasurer is not authorized to engage in any practice, activity, or cause, which detracts from [ORGANIZATION's] purpose or which is unethical, illegal or is in disregard of [ORGANIZATION]'s Ethics Policy. In particular, the Treasurer may not engage, support, or authorize:
 - A. Activities that do not support [ORGANIZATION]'s mission, vision and strategic plan
 - B. Activities that could jeopardize [ORGANIZATION]'s 501(c)(3)/(6) exempt status under the U.S. Internal Revenue Service tax code, including:
 - C. Activities or communications that can lead to or be perceived to result in, a conflict of interest
 - D. Making decisions that are beyond [ORGANIZATION] policies
 - E. Entry into agreements, or committing of [ORGANIZATION] resources to activities, not approved by the governing Board
 - F. Reimbursements above the limit established in the Travel Reimbursement Policy without prior concurrence of the Finance Committee and the governing Board
 - G. Disbursement of unbudgeted funds over \$XXX without first gaining approval by the Board
- III. Chief Staff Officer/Executive Director: The Executive Director is not authorized to engage in any practice, activity, or cause, which detracts from [ORGANIZATION's] purpose or which is unethical, illegal or is in disregard of [ORGANIZATION]'s Ethics Policy. In particular, the Executive Director may not engage, support, or authorize:
 - A. Activities that do not support [ORGANIZATION]'s mission, vision and strategic plan
 - B. Activities that could jeopardize [ORGANIZATION]'s 501(c)(3)/(6) exempt status under the U.S. Internal Revenue Service tax code, including:
 - C. Activities or communications that can lead to or be perceived to result in, a conflict of interest
 - D. Making decisions that are beyond [ORGANIZATION] policies
 - E. Entry into agreements, or committing of [ORGANIZATION] resources to activities, not approved by the governing Board
 - F. Use or commitment of resources, including staff time and facility resources, that could be

interpreted as operating outside the [ORGANIZATION] budget

- G. Disbursement of funds for member-leader travel costs, except where a BOARD policy applies
- IV. Governing Board: Governing Board members are not authorized to engage in any practice, activity, or cause, which detracts from [ORGANIZATION's] purpose or which is unethical, illegal or is in disregard of [ORGANIZATION]'s Ethics Policy. In particular, Board members may not engage, support, or authorize:
- A. Activities that do not support [ORGANIZATION]'s mission, vision and strategic plan
 - B. Activities that could jeopardize [ORGANIZATION]'s 501(c)(3)/(6) exempt status under the U.S. Internal Revenue Service tax code, including:
 - C. Activities or communications that can lead to or be perceived to result in, a conflict of interest
 - D. Making decisions that are beyond [ORGANIZATION] policies
 - E. Entry into agreements, or committing of [ORGANIZATION] resources to activities, not approved by the governing Board
 - F. Use or commitment of resources, including staff time and facility resources, that could be interpreted as operating outside the [ORGANIZATION] budget
 - G. Disbursement of funds for member-leader travel costs, except where a BOARD policy applies
 - H. Commercialism, including the endorsement of products, patents, processes, services, individuals or ideas, except as specifically authorized by the governing Board
 - I. Use [ORGANIZATION]'s official letterhead for communications unless approved by the governing Board

Confidentiality

Purpose: Volunteer leaders owe fiduciary duties of care and loyalty to [ORGANIZATION]. This policy will minimize the potential for confidential, sensitive and proprietary information or data to be compromised. Further, this policy will minimize the risk of [ORGANIZATION] members, non-members, and staff members being accused of inappropriate activity or the appearance of impropriety.

Policy: All volunteer leaders of [ORGANIZATION] shall attest that they maintain the confidential, sensitive or proprietary activities of [ORGANIZATION] in strict confidence. Volunteer leaders must not discuss or disclose confidential activities to any individual who is not also an appropriate [ORGANIZATION] volunteer leader without the express permission of the governing Board.

Examples of Confidential Activities: Information that is confidential, sensitive or proprietary may result from various activities and sources. These may include but are not limited to:

- Current and prospective membership records, including personal/business data
- Employee personnel matters and actions, including compensation information
- Information generated by ethics and professional conduct investigations, certification, standards-setting, accreditation or other business or governance enforcement
- Opinions and other privileged information received from inside or outside legal counsel or other learned experts, including staff
- Governing board resolutions or discussions unless permission given by the governing Board
- Monthly financial statements

- Information about programs, projects, products and services under development
- Programs, products, and services being developed but not yet made public

This policy establishes a clear, reasonable and fair standard for confidentiality applicable to [ORGANIZATION] member and non-member volunteers and staff members.

Participation on [ORGANIZATION] governing Board or committees constitutes acceptance of the terms of this Policy and its requirements.

All volunteer leaders and staff will sign a form acknowledging [ORGANIZATION]'s Confidentiality Policy as a condition of participation on any committee, task force, or the governing Board.

Apparent violations of this policy will be forwarded to the appropriate individual as described in [ORGANIZATION]'s ethics policy and may be further referred to the Ethics Review Committee.

Find this Tool Helpful?

Additional Resources and Tools are available through Association Options

We Can Help You With The Following

- Full-Circle Strategic Planning
- Strategic Plan Execution
- Strategic Planning Articles, Tools and Templates
- Board Training
- Association Audits
- Management Restructuring and Searches
- Executive Director Recruitment
- Association Management Company Search
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