

Nonprofit Policies, Practices and Procedures 101

MCN Nonprofit Essentials Conference – August 15, 2019

Presenter

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Agenda

- Overview of Charities Review Council & Accountability Standards®
- Dive into Accountability Standards®
- Scheduling Review of Policies, Procedures and Practices



Transforming philanthropy

*Building donor and nonprofit relationships
for strong, vibrant and just communities.*



Accountability Standards[®]



**Charities
REVIEW
Council**
where donors & nonprofits meet

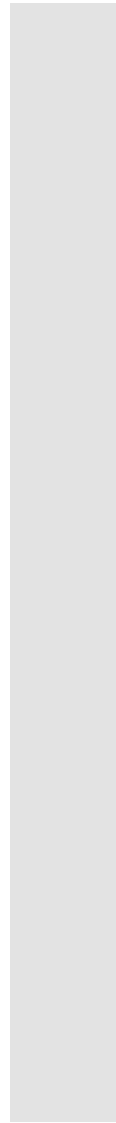
Accountability Standards[®]

Charities Review Council is building donors and nonprofits



Recommended Policies

Based on the
Accountability
Standards®



Annual Review & Approval



MISSION &
STRATEGY



CHIEF EXECUTIVE
ASSESSMENT &
COMPENSATION



BOARD
ORIENTATION &
SELF-ASSESSMENT



AUDIT & FEDERAL
TAX FILING REVIEW

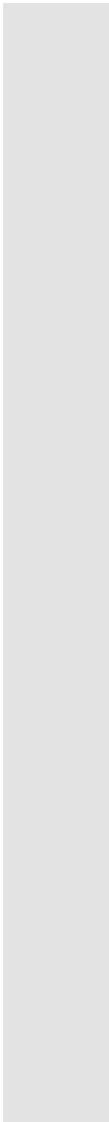


ANNUAL
OPERATING
BUDGET



Monitoring Mission and Strategy

Board completes an annual review of the organization's mission and strategy



Annual Report

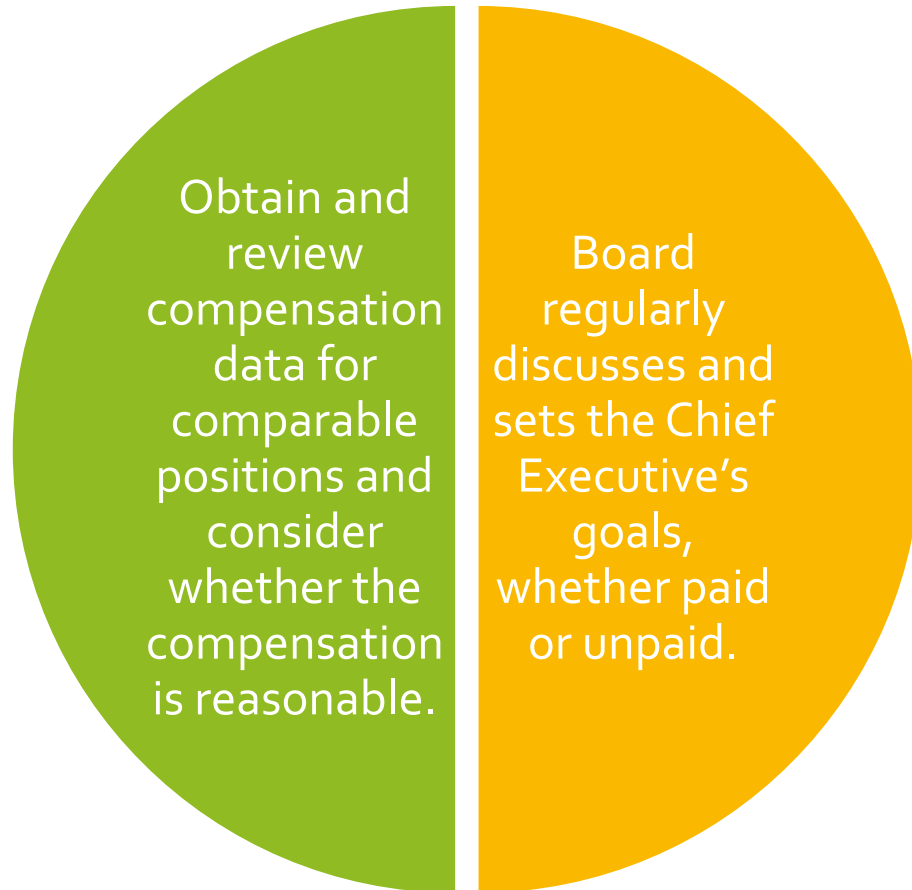
Charities Review Council's Annual Report Checklist



Required Items of a Meets Standards® Annual Report:

| ✓ | Item | Examples/Helpful Hints |
|---|--|--|
| | Mission Statement | To increase K–12 student success in math and science. |
| | Description of each Major Program (should match what is provided in the IRS Form 990 Part III) | 1. After school tutoring 2. Summer camps 3. Parent training (with a brief description of each) |
| | Major Program Accomplishments (specific & objective) | We serve 25% of students in our service area. Schools report increased academic performance of students participating in tutoring & summer camps. Parents indicate they are better able to assist their students with math & science homework. |
| | Geographic Location(s) & Population(s) Served | Families with children in K–12 schools in the Twin Cities Metro area. |
| | List of Board of Directors | Include officer titles (e.g. President, Secretary, Treasurer, etc.) |
| | List of Key Paid or Volunteer Staff | At a minimum, include the Executive Director |
| | Balance Sheet (assets & liabilities) | See Charities Review Council Example |
| | Financial Statement (revenue & expenses) | See Charities Review Council Example |
| | Functional Expense Allocation (dollar amount) | See Charities Review Council Example Should include Programs, Fundraising, & Management costs, as reported in the IRS Form 990. |
| | Total Cost for each Major Program | See Charities Review Council Example This is listed in Part III of the IRS Form 990. If you have only one program, this is the same as the total program costs. |

Annual communications can exist in various formats including: print, web-based, and/or video. However, this information should be easy to access online requiring less than three web clicks from the home page.



CEO Assessment & Compensation

Board Orientation & Self Assessment



New board members receive orientation within one year of election.

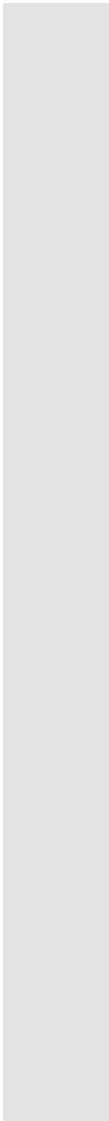


Board will conduct an annual self-assessment to ensure its effectiveness and capacity to govern



Federal Tax Filing Review

Board will conduct an annual review of the complete IRS Form 990 and all attachments



Audit



Minnesota State Statute 309



Organizations with annual budgets greater than \$750,000 need to complete an audit



Make board approved audit available on request

Annual Budget

- Board will approve an operating budget (or draft budget) before the end of the first month of the fiscal year.

Three-year Review Schedule



BYLAWS AND
ARTICLES OF
INCORPORATION



CONFLICT OF
INTEREST POLICY



WHISTLEBLOWER
POLICY



DIVERSITY, EQUITY
& INCLUSION
CONVERSATION



DISCONTINUE
CONTACT POLICY



EXPENSE
REIMBURSEMENT
POLICY



DONOR PRIVACY
POLICY

Governing Document Review

- Board will review the nonprofit's Bylaws and organizational policies (Articles of Incorporation) every three years

Conflict of Interest Policy

Audiences to Include

- Directors
- Officers
- CEO/Executive Director
- Employees

What it Covers

- Define conflicted relationship or transaction
- Requires full disclosure
- Prohibits voting by interested parties
- Annual written disclosure of real or perceived conflicts
- Consistently enforced



Whistleblower Policy

Diversity, Equity & Inclusion Conversation

Collect

Collect info on participants, volunteers, vendors, staff, partners, board, practices and programs

Review

Review to ensure the organization reflects who it serves

Identify

Identify goals, opportunities, gaps and progress

Document Retention Policy



Clear timelines for retaining governing, legal, audit and financial documents



Destruction requirements once documents have exceeded their retention period

Expense Reimbursement Policy



Applicable to both board and staff



Describes acceptable expenses



Sets reasonable limits



Outlines procedures for reimbursement

Donor Privacy Policy

What donor information is collected

How donor information is collected

How donor information is used

How to edit their information

Allow for donors to opt out of making information public

Maintain a written policy to discontinue contacting any person on their request

Maintain records of their request

Discontinue Contact Policy



Review Every
5 Years

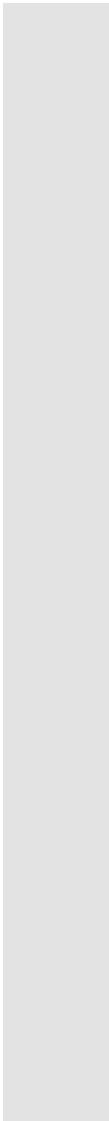
Strategic Plan





Review Schedule

Set a review schedule so you know when you should be reviewing which policy, practice or procedure.



Sample Review Schedule

Example of schedule Charities Review Council uses to keep track of which policies are reviewed when, by whom and what approval is required.

DOCUMENT REVIEW SCHEDULE

1. Have there been any legal changes since last approved?
2. Sector expectation changes regarding this type of policy since it was last reviewed?
3. Is the document /policy clear in its intent and procedure so it can be applied without bias?
4. Does this policy support the Council's goal for an inclusive environment?

Updated 06-29-2018

Per our Accountability Standards® and per the policies themselves, the Council created a rotating three-year schedule to ensure review of key Council documents and policies. As new policies are created, they are added to the document review schedule. **Note:** Unless otherwise specified, review schedule sets frequency for review once every three years.

| Document | Schedule for Review | Committee Responsible | Reviewed by Committee | Approved by the Board | Frequency of Review | Comments |
|----------------------------|---------------------|-----------------------|--|-----------------------|--|---|
| Gift Acceptance Policy | 2019 | Executive | Scheduled to be reviewed at August 2019 EC Meeting | 4/25/2018 | Every 3 years, requires board approval | Executive Committee recommended reviewing this policy again in 2019 given new Tax law. |
| Internal Controls Policy | 2019 | Executive | Scheduled to be reviewed at 6/3/2019 EC Meeting | | Every 3 years | Kris asked that this policy (previously approved in 2017) be reviewed and approved again to include clarify around contract signing. Audit Committee felt the Executive Committee should review and recommend for approval. |
| Operating Reserves Policy | 2019 | Executive | Scheduled to be reviewed at 7/22/2019 EC Meeting | | Every 3 years | |
| Disaster Recovery Plan | 2019 | Executive | Scheduled to be reviewed at 9/23/2019 EC Meeting | | Every Year | Last reviewed in 2018; approved by board 6/21/2018 |
| Website Privacy Policy | 2019 | Staff | N/A | N/A | Every 3 years | Reviewed and revised by legal counsel (Kelcey Patrick-Ferrer) |
| Website Terms of Use | 2019 | Staff | N/A | N/A | Every 3 years | Reviewed and revised by legal counsel (Kelcey Patrick-Ferrer) |
| Donor Privacy Policy | 2019 | Staff | Scheduled for review in Q3 | N/A | Every 3 years | Reviewed and revised by legal counsel (Kelcey Patrick-Ferrer) |
| Discontinue Contact Policy | 2022 | Staff | | 3/26/2019 | Every 3 years, requires | Bring back to review in next |

Accountability Wizard®

Online capacity-building tool based on the Accountability Standards®

The Accountability Wizard is..

- A learning tool
 - *Key definitions,*
 - *Sample policies,*
 - *Links for more information*
- Self-paced
- Risk-free

About this Question

To demonstrate accountability to donors and constituents and to prevent abuse, a nonprofit should provide a means for reporting perceived or possible illegal practices or violations of organizational policies.

The Standard states the nonprofit maintains a policy and communicates procedures for the reporting and investigation of complaints about perceived or possible illegalities, questionable practices or policy violations. The policy provides for the confidentiality of the individual who reports the complaint and protects him/her from retaliation by the organization.

[Sample Whistleblower Policy \(PDF\)](#)

Electronic Voting: If your board of directors ever votes electronically, be aware that many states require that such a vote must be unanimously consented and verified through either physical signatures or authenticated electronic communications from all board members, unless the organization's **articles of incorporation** (not just the bylaws) override the requirement. For example, see [Minnesota Statute 317A.239](#).

Standards related to this Question

- Whistleblower Policy

The Benefits

- Build stronger relationships between board & staff
- Ensure strong internal policies, practices and procedures are in place
- Earn the Meets Standards® Seal, a visual marker of nonprofit strength
- Gain additional exposure through Council communications & promotions
 - Promoted on Social Media
 - Listed in the Smart Giver Newsletter
 - Listed on the Council's Website





Q&A

