

LIVE UNITED™



United Way
of the Greater Triangle

Standards of Partner Agency Accountability 2010

Every year, partner agencies in Durham County, Orange County, and Wake County are reviewed by a group of volunteers who serve on the county Certification Committees. These volunteers, who are experts in the fields of business, accounting, human resources and management, determine if the not-for-profit organizations applying for certification have met the essential standards listed here.

All United Way of the Greater Triangle partner agencies must meet every essential criteria. Many apply the “best practices” in their operations. Those agencies meeting all “best practice” standards receive the United Way of the Greater Triangle **Agency of Excellence Award**.

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UNITED WAY OF THE GREATER TRIANGLE STANDARDS OF AGENCY ACCOUNTABILITY

*Partner agencies are certified annually according to the essential standards listed below.
Best practices of agency accountability are not required; rather they are encouraged as a means of promoting
excellence in agency governance and management.*

Financial Standards

- 1. ANNUAL AUDIT** – examination of agency financial statements by an independent Certified Public Accountant in accordance with generally accepted auditing standards, to include an opinion regarding the presentation of the agency's financial statements.

Essential Standard: Annual audit, including opinion, submitted within 9 months of fiscal year end, for agencies with annual revenue of \$300,000 or more. Signed statement from Board Chair acknowledging receipt of the audit, management letter and management response, if applicable.

Best Practice: Annual audit with unqualified opinion submitted within 6 months of fiscal year end.

-OR-

INDEPENDENT FINANCIAL REVIEW – annual review of agency financial statements, in accordance with Statements on Standards for Accountability and Review Services issued by the American Institute of Certified Public Accountants.

Essential Standard: Financial review by an independent Certified Public Accountant, submitted to the agency within 9 months of fiscal year end, for agencies with annual revenue of less than \$300,000.

Best Practice: Financial review or audit with unqualified opinion submitted within 6 months of fiscal year end.

- 2. MANAGEMENT LETTER** – communication from the accountant or firm conducting an audit, in addition to the audit opinion report, regarding significant financial or governance issues discovered in the audit process that recommends management action related to internal procedures and practices.

Essential Standard: Auditor's management letter, if one exists.

- 3. MANAGEMENT RESPONSE** – the agency response to the management letter and/or audit findings of material weaknesses or significant deficiencies with explanatory detail or a plan of action regarding the issues contained in the letter. This response is written by the agency Executive Director to the agency Board. Board minutes should reflect the receipt of the response.

Essential Standard: A management response letter indicating actions to be taken on material weaknesses and/or significant deficiencies. If there are no material weaknesses or significant deficiencies, a management response is not required. Board minutes reflecting receipt of response.

Best Practice: A management response letter on all material weaknesses, significant deficiencies and recommendations. Board minutes reflecting receipt of response.

4. **ANNUAL BUDGET** – a summary of projected agency revenue and expense with sufficient detail to allow regular monitoring and correction of actual expenses by management and governing body. For example, an annual budget should contain line items which summarize projected Salaries; Benefits; Travel; Outside Consultant Fees; Building Maintenance; Printing & Related; Supplies; Program Expense and Revenue. Agency Board minutes should reflect approval of the budget.

Essential Standard: Current operating budget and Board minutes reflecting approval.

5. **FINANCIAL REPORTS** – regular reports to the governing body with clear information regarding actual expenses as they relate to the annual budget, and actual revenues compared to projected income.

Essential Standard: Financial reports at each agency governing body meeting; reports are part of the minutes.

Best Practice: The reports compare current year-to-date with previous year-to-date. Also compare year-to-date actual to year-to-date budget. Minutes include the report and any actions taken.

6. **FINANCIAL RESERVE POLICY** – a practice, approved by the governing body, that promotes the building and retention of agency cash reserves in an amount sufficient to keep the agency solvent in the event of unforeseen disruption of incoming revenue for a time period determined to be sufficient by the governing body. Such a policy often represents a target that is being achieved through a specific plan to set aside funds on a regular basis.

Essential Standard: A Board-specified policy of retaining funds readily convertible into cash within 30 days sufficient to maintain agency operations through periods of cash flow shortfalls or other crises, generally three to six months.

Best Practice: Documented retention of reserve funds sufficient to cover operational expenses for a Board-specified period of time, generally three to six months. The Board receives regular reports regarding financial reserves.

7. **EVENTS THAT MAY THREATEN VIABILITY OF AGENCY** – partner agencies must advise United Way of the Greater Triangle of any event that may threaten viability and have significant negative financial impact on agency operations or service delivery. Examples include incidents of internal fraud or embezzlement, discontinuation of funding or service.

Essential Standard: Notification of United Way of the Greater Triangle of any event that may have a significant negative financial impact.

8. **ADMINISTRATIVE EXPENSES** – those support activities which are essential to the agency's existence that are not identifiable with a single program or fund raising activity, such as oversight, business management, general record keeping, budgeting, finance, and all management and administration except for the direct conduct of program services or fund raising activities.

Essential Standard: Together with fund raising expenses, management and general costs, expenses should be 25% or less of total revenue as stated on the agency's IRS Form 990. If an agency's expenses are over 25%, the cost of the required audit will be considered.

Legal Standards

- 9. IRS 501 (c) (3) LETTER OF TAX EXEMPTION** – notification that agency is a qualified tax-exempt not for profit organization under Federal law, and is in conformance with all Federal requirements under the statute.

Essential Standard: Required by Federal law.

- 10. NORTH CAROLINA SOLICITATION LICENSE/LETTER OF EXEMPTION** – license or letter of exemption issued to tax-exempt not-for-profit organizations in the State of North Carolina permitting the licensed agency to solicit funds from State residents within guidelines established by the State. A Letter of Exemption can be issued to not-for-profit organizations that do not engage in any fund raising activities and/or comply with exemption status qualifications in the state. The State of North Carolina requires that every not-for-profit organization maintain either the License or a Letter of Exemption.

Essential Standard: Required by State law.

- 11. IRS FORM 990** – information forms which are required by the IRS, and which must be filed annually by all tax-exempt organizations. For purposes of submitting Certification Review documentation, the 990 should match the year of the audit and should include all schedules.

Essential Standard: Required by IRS.

- 12. NON-DISCRIMINATION POLICY** – a written policy adopted by the agency’s governing body that stipulates factors such as race, color, religion, sex, disability, national origin or age will not be used in hiring of staff, recruitment of volunteers and Board members or in delivery of service. For an agency to receive county program funding, the specific county’s nondiscrimination policy must be followed. This standard does not prohibit an agency from operating specific programs based on age, gender or disability designed to meet the special needs of a target population with those characteristics.

Essential Standard: Agencies receiving funds to support programs in Durham County and Wake County must provide services to clients without discrimination on the basis of age, sex, race, color, religion, national origin, disability, or sexual orientation. In relation to staff and volunteers, including board members, agencies must operate without discrimination on the basis of age, sex, race, color, religion, national origin, or disability.

Agencies receiving funds to support programs in Orange County must operate at all levels without discrimination on the basis of age, sex, race, color, religion, national origin, disability or sexual orientation. “All levels” refers to recipients of program services, volunteers (including board members) and staff of the agencies.

Agencies receiving funds to support programs in Johnston County must operate at all levels without discrimination on the basis of age, sex, race, color, religion, national origin or disability. “All levels” refers to recipients of program services, volunteers (including board members) and staff of the agencies

Best Practice: A written policy adopted by governing body that stipulates factors of race, color, religion, sex, disability, national origin, age or sexual orientation will not be used in hiring of staff, recruitment of volunteers and Board members or in delivery of service.

- 13. WHISTLE-BLOWER POLICY** – a written policy adopted by the agency’s governing body that protects employees who report inappropriate or illegal activities in the organization. The policy must outline a formal process to deal with complaints and prevent retaliation. It is illegal for a corporate entity to punish the whistle-blower in any manner according to the Sarbanes-Oxley Act (2002).

Essential Standard: Policy that protects employees who report inappropriate or illegal activities in the organization. Board minutes reflecting approval.

14. **DOCUMENT DESTRUCTION POLICY** – The Sarbanes-Oxley Act (2002) makes it a crime to alter, cover-up, falsify or destroy any document to prevent its use in an official proceeding. The policy should cover financial records, significant contracts, employment files, and fund raising obligations. The policy should include guidelines for electronic files.

Essential Standard: Policy that outlines document retention and destruction policies. Board minutes reflecting approval.

15. **LIABILITY INSURANCE** – There are three levels of liability insurance appropriate for non-profit organizational management: Directors & Officers Insurance, Professional Liability Insurance, General Liability Insurance. Coverage in all areas is highly desirable, and for some activities may be considered essential by the governing body. Directors & Officers Insurance is highly desirable for all non-profit organizations. Comprehensive auto and real and personal property insurance are also recommended if applicable.

Essential Standard: Provision of certificate(s) of insurance or Board minutes reflecting discussion of agency liability insurance needs as noted above and determination of appropriate action.

16. **BONDING** – Insurance related to agency employees who regularly handle or manage cash and/or bookkeeping responsibilities.

Essential Standard: Provision of certificate of insurance or Board minutes reflecting discussion of agency needs and determination of appropriate action in regards to bonding of all employees and volunteers who have fiduciary responsibility.

17. **ARTICLES OF INCORPORATION** – legal documents that must be filed to form a Corporation in North Carolina that includes corporate name, its designation as a Charitable Organization, and certain additional information. United Way of the Greater Triangle partner agencies whose parent organizations are incorporated in another state and are a legal entity of the parent organization may submit the Articles of the parent organization to satisfy this standard.

Essential Standard: State law requirement.

Governance Standards

18. **BY-LAWS** – organizational operating principles, including statement of organizational purpose, governance definitions and procedures, principal officers and their duties and other relevant operating principles.

Essential Standard: Description of purpose, a minimum of 5 Board positions, voting procedures, description of Board officers, definition of annual meeting of members, and quorum defined as a minimum of 3 or more Board members.

Best Practice: In addition to above, a minimum of 12 Board members and quorum defined as a majority. Definition of term limits and number of consecutive terms allowed. Description of standing sub-committees and their duties, and title and duties of chief staff person. Governing body meets at least quarterly.

19. MISSION STATEMENT – statement of primary purpose of the organization. Often contained in the By-Laws, this statement should be regularly updated by the governing body to accurately reflect the principle goals and objectives of the organization.

Essential Standard: Statement of organizational purpose.

20. BOARD ROSTER – current list of all Board members with designation of officers, including names, addresses and indication of each member’s profession/occupation and/or community affiliations.

Essential Standard: Detailed Board roster that is inclusive of the community and of the agency’s clientele.

21. MAINTENANCE OF BOARD MINUTES – file records of governing body proceedings, including notation of all key actions taken. Minutes are records of organizational history and reference points for organizational accountability.

Essential Standard: Written documents of each governing body meeting, including those in attendance, summary of proceedings and record of actions taken.

Best Practice: In addition to above, follow-up notation on results of actions taken at prior meetings, and written records maintained of all permanent organizational sub-committees of the Board.

22. JOB DESCRIPTIONS FOR BOARD MEMBERS – written description of responsibilities, accountability and limits of authority for Board members.

Best Practice: Clear written description of duties and responsibilities that can be discussed during volunteer recruitment and used as reference points in the course of agency business.

23. BOARD ORIENTATION – sessions tailored to explicate goals/objectives of organization, organization plan of action, duties and responsibilities of Board members, Board officers and organization staff.

Best Practice: Orientation session outline and content for annual orientation for new members and annual “refresher segment” for veteran members.

24. CODE OF ETHICS – statement of principles and standards that guide the decisions and actions of the organization, and that connect those values and ideals to the day-to-day work of the agency.

Best Practice: Policy reflecting Board and staff commitment to clearly stated ethical principles such as personal and professional integrity, conflict of interest, nepotism, commitment to diversity, confidentiality.

25. STRATEGIC PLANNING – annual review of organizational goals and development of strategies to meet organizational goals through key objectives.

Best Practice: Annual review of key organizational goals and clear measurable objectives for a specified period of time approved by the governing body.

Human Resources Standards

26. PERSONNEL POLICIES – practices and procedures for hiring, supervision, evaluation and compensation of organization staff, including employment rights, benefits and appeal procedures.

Best Practice: Personnel policies are maintained and reviewed regularly and by the Board at least every five years. Board minutes reflect review of policies.

27. STAFF JOB DESCRIPTIONS – list of specific responsibilities and accountabilities for each Board approved position.

Best Practice: Provision of each job description.

28. PERFORMANCE REVIEW – means of assessing staff performance against expected accomplishments, with feedback oriented to personal and professional growth.

Best Practice: Annual review of objectives with emphasis on changes in performance needed to reach measurable goals, including Executive Committee or Board review of Chief Staff person.

29. STAFF ORIENTATION – a systematic process to train and orient new staff to their duties, responsibilities and reporting requirements.

Best Practice: Thorough orientation within two weeks of new hire.

30. SALARY RANGE AND BENEFIT REVIEW – review by Board of current organizational salary ranges and benefits with a comparison of salaries and benefits in similar organizations.

Best Practice: Periodic Board review of salary structure, benefits and other personnel policies, including comparative data from other organizations. Board minutes reflecting most recent review.

Miscellaneous Standards

31. MEMORANDUM OF UNDERSTANDING – defines our work together as collaborative partners.

We agree to work together as Collaborative Partners to achieve a common purpose of Community Impact by sharing risks, responsibilities, and rewards. This partnership includes exchanging information, participating in activities together, sharing resources and enhancing the capacity of one another for mutual benefit to attain our shared vision.

As *Collaborative Partners*, we must commit to ways of work that:

- Reduce competition and build consensus,
- Are inclusive of a diversity of cultures, fields, and sectors,
- Are focused on comprehensive strategies and long-term results.

In carrying out our respective roles, we understand that the following Critical Elements are essential to facilitate a successful Collaborative Partnership for Community Impact:

Valuing Community Impact – Walking the Talk

- Understanding Community Impact
- Ensuring Consistent Messages
- Practicing Continuous Improvement
- Promoting the Community Care Fund
- Focusing on Community Level Change

Partnering With One Another

- Identifying & Seizing Opportunities

- Valuing Our Multiple Roles
- Positioning - Sharing Credit & Co-Marketing
- Valuing the UWGT Agency Partnership
- Making a Commitment to the Relationship

Generating Resources

- Supporting the Campaign
- Committing to Fund Raising Agreement
- Diversifying and Leveraging Resources

Ensuring Accountability

- Committing to Excellence
- Focusing on Results
- Making Informed Planning and Funding Decisions
- Having Clear Policies and Procedures

Being Responsive to One Another

- Valuing Trust, Integrity & Respect
- Ensuring Open Communication
- Responding to Requests for Information and Reports
- Participating with One Another
- Being Considerate of Each Other's Time
- Offering Support & Assistance to Enhance Capacity

Essential Standard: signed agreement between the agency and United Way of the Greater Triangle.

32. COUNTERTERRORISM COMPLIANCE – complies with the US Patriot Act and other counterterrorism laws.

In compliance with the spirit and intent of the USA PATRIOT Act and other counterterrorism laws, United Way of the Greater Triangle requests that each funded agency (“Organization”) certify that it is in compliance with United Way of the Greater Triangle and the United Way of America’s (“UWA”) compliance program.

This Organization is not on any federal terrorism “watch lists,” including the list in Executive Order 13224, the master list of specially designated nationals and blocked persons maintained by the Treasury Department, and the list of Foreign Terrorist Organizations maintained by the State Department.

This Organization does not, will not and has not knowingly provided financial, technical, in-kind or other material support or resources* to any individual or entity that is a terrorist or terrorist organization, or that supports or funds terrorism.

This Organization does not, will not and has not knowingly provided or collected funds or provided material support or resources with the intention that such funds or material support or resources be used to carry out acts of terrorism.

This Organization does not, will not and has not knowingly provided financial or material support or resources to any entity that has knowingly concealed the source of funds used to carry out terrorism or to support Foreign Terrorist Organizations.

This Organization does not regrant to organizations, individuals, programs and/or projects outside of the United States of America with out compliance with IRS guidelines.

This Organization takes reasonable, affirmative steps to ensure that any funds or resources distributed or processed do not fund terrorism or terrorist organizations.

This Organization takes reasonable steps to certify against fraud with respect to the provision of financial, technical, in-kind or other material support or resources to terrorists and terrorist organizations.

* In this form, “material support and resources” means currency or monetary instruments or financial securities, financial services, lodging, training, expert advice or assistance, safehouses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel, transportation, and other physical assets, except medicine or religious materials.

Essential Standard: signed compliance statement.

33. FUND RAISING AGREEMENT – outlines partner agency fund raising restrictions

Principles guiding this policy are:

- Preserving the fund raising capacity of the United Way of the Greater Triangle.
- Maintaining the independent decision-making authority of agencies.
- Implementing the policy with minimum burden to the agencies and the United Way of the Greater Triangle.

United Way of the Greater Triangle agrees to:

- Raise dollars for the general fund, which provides allocations to partner agencies.
- Accept donations that are specifically designated to Partner Agencies.

United Way of the Greater Triangle encourages all partner agencies to consider and pursue multiple income sources that might include: grants from foundations, government funding, direct mail fund raising appeals, membership drives, fees for services, special events

United Way of the Greater Triangle Partner Agencies agree to:

1. **Contact businesses** or corporations for agency operational, capital or special event funds any time during the year **except between September 1 and November 15**. This 2 ½ month period is when United Way volunteers are working to raise funds in workplaces throughout the Triangle.
 - Agency special events may take place during this period as long as the business/corporate support has been solicited prior to September 1.
 - Agencies may solicit in-kind donations for events such as auctions during this period.
 - Agencies may make follow-up calls to businesses during this period as long as the initial request for funds was made before Sept. 1 or after Nov. 15.
 - Agencies may have on-going conversations about funding with current Board members that represent businesses.
2. Conduct no new **payroll deduction solicitations** from Triangle businesses and corporations.
3. Conduct no **self-promotion campaigns** for the purposes of designations. Self promotion campaigns are defined as direct mailings, emails or advertising *exclusively and specifically* to encourage donors to designate to the agency. Agencies may not publish their designation code numbers in print, mail, electronic, or any other form.
 - Agencies may communicate with constituencies through typical channels such as regular newsletters in the following manner: "We encourage your support of the United Way of the Greater Triangle community campaign. *Human Service, Inc.* is a partner agency of United Way of the Greater Triangle and is listed in this year's campaign materials. *Human Service, Inc.* is eligible to receive designated gifts."

Essential Standard: signed agreement as required by United Way of the Greater Triangle.

34. CO-MARKETING AGREEMENT – defines the co-marketing activities to visibly convey our collaborative partnership.

United Way of the Greater Triangle agrees to:

- Promote agencies through logo signage in United Way of the Greater Triangle's facility, agency tours, speaker's bureau and United Way fairs.
- Encourage corporate and community support of agency needs through Volunteer Solutions web page.
- Provide a link to agency web sites. (Please include your URL in the blank provided on the front of this form.)
- Recognize successful United Way funded programs through videos, client stories, PSAs and other materials, where appropriate.

- Encourage promotion of partner programs via workplace publications, e-mail, web sites, campaign tools and other opportunities.
- Promote agencies at special events such as the annual awards celebration meeting and kickoff event.
- As available, provide agencies with all necessary signage and logos to support the Co-Marketing Agreement to meet UWA standards.
- Provide resources for agency communicators to develop Marketing and Public Relations skills.

Essential Standards for Agency Certification

- Display the approved United Way of the Greater Triangle logo prominently on the outside of the buildings or in the lobby. UWGT will conduct random visits to agencies during the summer of 2009.
- Use the approved United Way of the Greater Triangle logo on primary publications and materials for programs supported by United Way funding (i.e. newsletters, organization brochures, annual reports or posters). Logos and Logo Usage Guidelines are available on our web site under Partner Agencies.
- In order to participate in the Speakers Bureau, attend the mandatory Speakers Bureau training to support the 2009 United Way workplace campaign.
- Add the approved United Way logo and a link to United Way of the Greater Triangle's homepage (www.unitedwaytriangle.org) to your web site where it is visible.
- Non-Disparagement Clause – Agree to not disparage the name of United Way of the Greater Triangle or any of its employees, board members or volunteers in their roles at United Way of the Greater Triangle in the media (broadcast, print, interactive or mobile/text).

Best Practices

- Register volunteer opportunities throughout the year via UWGT's Volunteer Solutions web page at www.volunteersolutions.org/triangle/volunteer/. Notify us of successes of this program with regard to volunteer recruitment for agency.
- Invite UWGT staff to agency special events and participate in UWGT special events (MLK Day of Service or Community Care Day of Service) to promote partnerships and services when applicable. (Invitations should be sent to the attention of Jennifer Bosk to coordinate participation).
- Acknowledge United Way support in any publication/program where other sponsors or contributors are listed such as annual reports.
- Identify yourself as a United Way of the Greater Triangle partner agency whenever possible on program fact sheets, business cards, news releases/media advisories/boilerplates, and special promotional flyers, etc. "(Agency name/logo) is a United Way of the Greater Triangle partner.
- Provide United Way of the Greater Triangle staff with updated agency contact data for media spokespersons including name, email, cell phone #, and daily availability of spokesperson and/or clients for media interviews.
- Regularly provide current success stories (with client releases) that tie to United Way of the Greater Triangle funded programs and focus areas.

Essential Standard and Best Practices: signed agreement as required by United Way of the Greater Triangle.