

DEVELOPING POLICIES AND PROCEDURES

Organizational and Fiscal

This tool provides guidance for developing an organizational and fiscal policy and procedures manual. If your board currently has a policy and procedures manual, use this tool to evaluate your current manual. If your board does not have a formal policies and procedures manual, the tool provides information on how to develop one and identifies possible policies you may include in your manual.

Appendix A provides an outline of potential policies to include in a manual. Based on your Early Childhood Iowa Area structure, some policies identified in Appendix A may not be relevant. Your board may also identify policies not included in Appendix A.

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OVERVIEW

There are many significant benefits for Early Childhood Iowa Area (ECIA) boards to develop a policy and procedures manual. Policies and procedures document what the board is about and the rules and methods for conducting business. A well-laid out policy and procedures manual will help attract informed board members and allow the organization to operate more efficiently and effectively.

A policy and procedures manual can:

- **Save time and effort.** When issues arise, you can check the policy manual for existing policy. You avoid spending time reinventing the wheel or recreating a policy.
- **Help with new member recruitment.** The policy and procedures manual describes day to day operations of the ECIA. A potential member has a resource to understand the organizational structure and business practices in place.
- **Provide detailed job descriptions for board members and staff that support the work of the board.**
- **Provide an orientation for new board members, as well as, staff that support the work of the board and the fiscal agent.**
- **Provide continuity and consistency in decision making.** Policy and procedures ensure that the board stays on track even when:
 - Board members change
 - Staff that support the board are not able to complete the work of the board for an extended period of time (medical leave, etc.)
 - There is a change in staff that support the board
 - The fiscal agent changes
- **Set a positive direction for the organization.** Written policies and procedures provide a guide for leadership which takes a proactive approach to present and future issues.
- **Provide a way to review existing programs and services to ensure needs are met.**
- **Help avoid conflict and the potential for misunderstanding.**

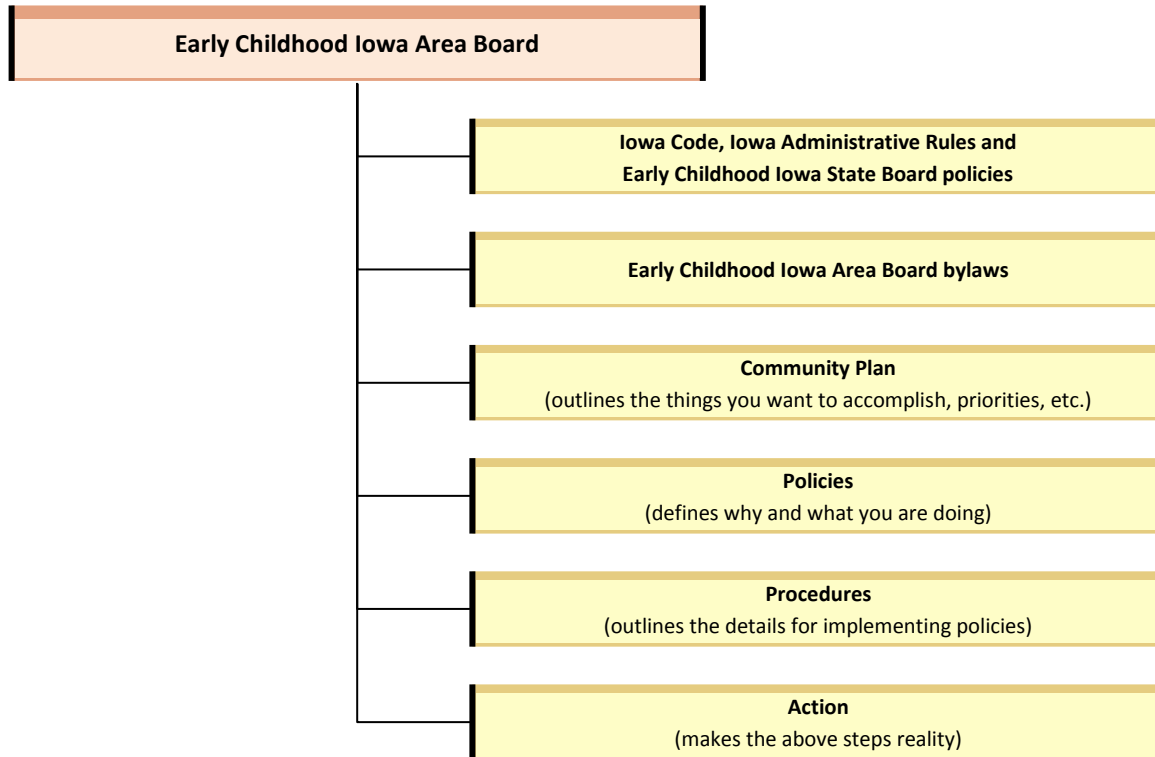
WHAT IS THE DIFFERENCE BETWEEN BYLAWS, POLICIES AND PROCEDURES?

Bylaws are the basic rules of the organization. They are clear statements about the rules of operation. Bylaws determine the responsibility and authority of the ECIA board. They must be consistent with Iowa Code, Iowa Administrative Rules and Early Childhood Iowa State Board policies. Once bylaws are in place, policies and procedures naturally follow. Bylaws provide the overall framework, while policy and procedures cover day-to-day operations of your ECIA. Policies and procedures also further the implementation of your community plan.

Policies answer the questions “WHY?” and “WHAT?” Policy statements identify the rule rather than how to implement the rule.

Procedures answer the question “HOW?” How are you carrying out the policies you create? Procedures are specific conduct, methods, routines, processes and actions used to comply with policies. Procedures are the details that put the policies into action.

The chart below shows how all these pieces fit together.



WHO SHOULD YOU INVOLVE WHEN DEVELOPING POLICIES AND PROCEDURES?

Policy ideas and suggestions can come from anyone. Board members, staff, fiscal agent, advisory committees, the general public, or the Early Childhood Iowa State Board may see a need requiring policy development. As you develop the manual, encourage members of these groups to share potential policy statements. Then, in consultation with those affected, develop and bring the policy before the board for final approval.

Policies can only be approved by the ECIA board and all policy has legal implications. **Board members are ultimately responsible for the policy, procedures and actions of the ECIA board.**

WHAT MAKES GOOD POLICY?

A policy and procedures manual must be usable. Since board members are not the only people reviewing the manual, write your policies and procedures for a wide audience. The overall goal for any policy and procedures document is for the design to be simple, consistent and easy to use. Keep the following items in mind during the development stage to help ensure the success of the manual.

Good Policy:

- Is written in clear, concise, simple language. The following links provide more information on writing in plain language. <http://www.plainlanguage.gov/howto/guidelines/reader-friendly.cfm> or <http://www.techcommunicators.com/pdfs/style-diction.pdf#page=14>
- Is always consistent with the requirements of your bylaws, Iowa law and Early Childhood Iowa State Board policies.
- Reflects your board's mission, goals and values.

- Includes why the policy is needed, what are the intentions, when it becomes effective and who it affects.
- Is based on fact, not opinion.
- Is future-oriented and proactive.
- Is a general guide to aid your board in decision making.
- Can be created, adapted or changed at any regular meeting.

WHAT MAKES GOOD PROCEDURES?

Good procedures:

- Are easily understood by a new board member or ECIA staff.
- Provide action steps for achieving the policy.
- Set boundaries for achieving the policy.
- Use information that does not out date quickly (e.g., use position titles instead of names).
- Spell out an acronym the first time you see it.

5 STEPS TO DEVELOPING POLICY AND PROCEDURES

We've talked about policy and procedures separately to identify the differences between the two. However, policy and procedures are developed at the same time and presented for board approval as a package.

When developing policy, start with the most general then move on to the more specific. Some policy issues may be appropriate in more than one place (e.g., conflict of interest). Group policy into categories that are meaningful to your board (for example, board operations, financial management, etc.). The following steps provide a solid process for developing policies and procedures:

STEP 1: IDENTIFY ISSUES

- Review underlying concerns. Ask, "Do we have a policy about...?" Then, "Do we need a policy about...?"
- Collect information that will help you draft the policy. Contact other ECIA directors that have a similar situation or the Early Childhood Iowa Office.
- Review state-level guidance, including Iowa Code, Iowa Administrative Rules, Early Childhood Iowa State Board policies and Tool Kit Tools, to determine if a policy is needed and how to implement.
- Consult with people who will be affected. Get the big picture and remember good policy is based on fact, not opinion.
- Describe the desired outcome. What do you want this policy to do when implemented?
- Outline alternatives that will give you the desired outcome.
- List positive and negative reactions that may occur. Look for weaknesses and limitations. Try to eliminate major gaps.
- Choose the best alternative.

STEP 2: DRAFT POLICY AND PROCEDURES

- Make it as clear as possible. Use plain language, be brief and to the point.
- Review the policy with anyone it affects.

- Verify that the policy is in agreement with your bylaws, Iowa law and the Early Childhood Iowa State Board’s policies.

STEP 3: APPROVE POLICY AND PROCEDURES

- Discuss and vote to adopt the policy and procedures at a regular or special board meeting.
- Record the board’s decision in the meeting minutes.
- Add the new policy and procedures to the policy and procedures manual.

STEP 4: IMPLEMENT

- Communicate policy and procedures to all affected.
- Put it into action.

STEP 5: REVIEW AND EVALUATE

- Review the policy regularly.
- Does everyone understand the policy as written?
- Is it working?
- Adapt it to meet changing situations.

ORGANIZING YOUR POLICY AND PROCEDURES MANUAL

Policy and procedures manuals are usually organized by topic or business function (such as, board operations, financial management, etc.). The method you use to organize your manual must allow readers to find information quickly. Also, try to organize the manual so that it is easy to update and revise.

If you are beginning to develop a policy and procedures manual, begin with a flexible table of contents. For updating purposes, it is easier to write one policy per page. Individual policies and procedures are like short articles on a specific topic. Since you may be updating your manual frequently, simple page numbering and document labeling is important. For example, your policy document number for your board’s conflict of interest policy is “Conflicts of Interest – 5.0.” Number the pages of the policy. This is one technique that allows for maximum flexibility. Also, for updating purposes, it may be easiest to put the policies and procedures in a three ring binder.

Below is one example of how to organize a policy and procedures manual.

Introduction	Tab 1
Table of Contents	Tab 2
A. Organizational Structure	Tab 3
1.0 Board Operations	Tab 3a
1.1 Board Member Roles and Responsibilities	
2.0 Staff	Tab 3b
3.0 Fiscal Agent	Tab 3c
4.0 Business Conduct	Tab 3d
5.0 Conflicts of Interest	Tab 3e
B. Procurement and Contracting	Tab 4
C. Financial Management	Tab 5

To maintain consistency, it is important to keep the format and layout the same. One way to get consistency is to develop a template to document policies and procedures. For two different policy template styles, see Example 1 and Example 2 in the Appendix.

You can personalize your documents, but each policy and procedure should:

- State its purpose or intent
- Explain how it relates to the overall functions of the ECIA
- Clarify its scope
- Provide definitions that will help clarify the document
- List the responsibilities and tasks
- Identify who is responsible for performing the tasks
- Describe the tasks
- Specify how and when to perform the tasks
- List any materials and supplies required
- List any tools and equipment required

HOW DO YOU GET STARTED?

Developing a policy and procedures manual takes time. The amount of time depends on the board's knowledge, writing skills and amount of material the board wants to cover. Generally, you may want to plan 1 to 4 hours per page – start to final edit.

To get started, review the boards meeting minutes for the past 3-4 years to identify policies the board adopted. Also review the board's bylaws to determine what "rules of operation" need further clarification in the form of a policy and procedures to put the "rule" into action.

Appendix A provides an outline of topics for your board to consider as you develop a policy and procedures manual.

REFERENCES

Copedia. "Writing Policies and Procedures."

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Linking Families & Communities. (2010). "Board Member Conflict of Interests."

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Siouxland Human Investment Partnership. (January 2008). "Organizational & Financial Policies and Procedures Manual."

APPENDIX A

Possible Items to Include in a Policy and Procedures Manual

- Organizational Structure
 - Board Operations
 - Board membership requirements
 - Board member roles and responsibilities
 - Election of officers
 - Board officer roles and responsibilities
 - Attendance requirements (includes procedures when a member does not meet requirements)
 - Board Recruitment
 - New board member orientation
 - Resignation/removal of a board member
 - Evaluation of board functioning
 - Membership terms limits
 - Notice of meetings
 - Meetings
 - Special meetings
 - Telephonic meetings
 - Closed session meetings
 - Quorum requirements
 - Meeting agenda (setting the agenda, adding to the agenda, order of business, etc.)
 - How the board reaches decisions
 - Strategic planning
 - Committees – roles and responsibilities, selection of members, etc.
 - Annual report – process for developing, approving, and submitting
 - Community plan – process for gathering public input, updating and approving
 - Signature authority
 - Public input
 - Responding to public inquiries
 - Responding to inquires from the State
 - Disbursement of information the ECIA director or chair receives to board members (correspondance from the State, etc.)
 - Confidentiality
 - Eligibility for services and funding
 - Appeals
 - Use of ECIA name and logo
 - Expense reimbursement for board members
 - Lobbying
 - Political support/endorsements

- Staff
 - Roles, responsibilities and duties of director and other staff
 - Contracting with an entity or individual contractor
 - Job vacancies
 - Hiring/selection process
 - New staff orientation
 - Leave of absence
 - Annual performance evaluation
 - Unscheduled performance reviews
 - Salary
 - Expense reimbursement for staff
- Fiscal Agent
 - Selection
 - Roles and responsibilities
 - Evaluation of performance
- Business Conduct
 - Practice of Ethical behavior
 - Compliance with laws, regulations, and organizational policies
 - Compliance with Iowa Open Meetings Law
 - Business meeting conduct
- Conflicts of Interest
- Policy for Suspected Misconduct
- Liability Insurance
- Legal Representation
- Accessing records
- Record retention and storage
- Record disposal
- Security
 - Storage of back-up files
 - Storage of sensitive data
 - General office security
- Technology and Electronic Communications
 - Acceptable use of organizational property
 - Confidentiality
 - Backing up electronic files and records
 - E-mail communications
 - Website
 - Social marketing
 - Disposal of computer equipment
 - Disciplinary action for violations
 - Reporting of suspected violations
- Indirect Cost Rate

- General Ledger and Accounts
 - Maintaining records of legislated ECI categories of funds
 - Maintaining records for other funding the ECIA receives

Procurement and Contracting

- Procurement
 - Informal (for example, application) – includes process, who will review and make recommendations, schedule, post award procedures, negotiations, etc.
 - Formal (for example, request for proposal) – includes process, who will review and make recommendations, schedule, post award procedures, negotiations, etc.
- Contracting
 - Requirements for formal contract (contract language)
 - Review of contract
 - Sign off of contract
 - Monitoring (contract requirements – fiscal & performance)
 - Performance review (reviewing performance measures data)
 - Non-compliance with contract requirements
 - Under expenditure of funds
 - Closing out a contract
- Fiscal – Revenue and Cash Receipts
 - Billing/invoicing policies
 - Responsibilities for billing and collections
 - Billing and financial reporting
 - Cash receipts
 - Processing of checks and cash received in the mail
 - Endorsement of checks
 - Timeliness of bank deposits
 - Reconciliation of deposits
 - Cost sharing and matching (in-kind)
 - Donations
 - Interest earned
 - Grants receivable management
- Fiscal – Expenditures and Disbursements
 - Purchasing (including leases)
 - Responsibility for purchasing
 - Code of conduct in purchasing
 - Competition
 - Authorization and purchasing limits
 - Renting equipment
 - Receipt and acceptance of goods
 - Accounts Payable Management
 - Invoice requirements
 - Invoice/payment approval
 - Accounts payable cut off date

- Director/Staff Expense Reports/Reimbursements
 - Documentation and report requirements
 - Travel advances
 - Reasonableness of travel costs
 - Spouse/partner travel
- Cash Disbursement (Check-Writing) Policies
 - Check preparation
 - Check signing
 - Mailing of checks
 - Review of check registers
 - Voided checks and stop payments
- Credit cards
 - Issuance of corporate credit cards
 - Cardholder responsibilities
 - Employee credit cards
- Payroll and related policies
 - Preparation of timesheets
 - Review and processing of timesheets
- Fiscal – Specific Asset Accounts
 - Cash and cash management
 - Cash accounts
 - Authorized signers
 - Bank reconciliations
 - Property and equipment
 - Property log
 - Depreciation and useful lives
 - Dispositions of property and equipment
- Fiscal – Financial and Tax Reporting
 - Financial statements – types (budgeted vs. expended, final SFY report, etc.), frequency, reviewers and distribution
 - Reconciliation of financial records with the fiscal agent
 - Government returns – filing and public access to information returns
- Fiscal – Financial Management Policies
 - Budgeting
 - Preparation and adoption
 - Modifications
 - Audit requirements – role of independent auditor, frequency of audit, selecting an auditor, preparation for audit, conducting the audit
 - Record retention

POLICY EXAMPLE 1

Policy ID A – 4.0	Title CONFLICTS OF INTEREST	Date Approved 9/15/08
Effective Date: 9/16/08	Approved by: Motion recorded in 9/15/08 minutes	

Policy: ABC Board members and staff shall declare conflicts of interest.

Bylaw Reference: Article IX: Conflicts of Interest

Purpose: To acknowledge and manage potential conflicts of interest that allows the Board to make unbiased, independent decisions. The policy requires Board members and staff to:

- Serve the mission and vision of the Board as a whole rather than any special interest or constituency.
- Maintain independence and objectivity with a sense of fairness, ethics and personal integrity.
- Never accept (or offer) favors or gifts from (or to) anyone who does business with the Board.
- Avoid the appearance of a conflict of interest.

Scope: This procedure applies to all current board members and staff.

Responsibilities: The Director is responsible for distributing and storing completed Conflicts of Interest Statements.

Definitions: Conflict of Interest – Happens when a person with decision-making power may benefit, directly or indirectly, from a decision. Conflicts of interest include both financial and non-financial (personal relationships, status, power, etc.) concerns.

Procedure:

A. CONFLICTS OF INTEREST STATEMENT

1. At the first board meeting of the fiscal year, ABC Board members and staff shall complete, sign and date the Conflicts of Interest Statement.
2. If a Board member is not present at this meeting, the Director will either mail or email the Conflicts of Interest Statement to the member. The Board member must complete, sign, date and return the Conflicts of Interest Statement to the ABC Early Childhood Iowa Area office before the next scheduled board meeting. If the Board member does not return the completed statement, the Director will ask the Board member to complete the statement at the next scheduled board meeting.

3. If a new Board member joins the Board after the first board meeting of the fiscal year, the Director will ask the member to complete the Conflicts of Interest Statement at the new board member orientation meeting. See policy **A – 1.6, New Board Member Orientation**
4. When a new staff person is employed, the person must complete the Conflicts of Interest Statement. See policy **A – 2.5, New Staff Orientation**

B. CONFLICTS OF INTEREST AT BOARD MEETINGS

1. If a board meeting agenda item presents a perceived conflict of interest for a Board member, the member must not participate in decision making, vote or use personal influence, such as, participate in board discussion, on the matter.
 - a. When Board members vote on the motion, the member with the perceived conflict must abstain from voting.
 - b. The meeting minutes must state the name and reason the Board member abstained from voting.
2. If the Board member with a perceived conflict of interest does not disclose the conflict, it is the duty of the other board members present to encourage the member to disclose the perceived conflict of interest and request that the member abstain from voting.
3. Staff with a perceived conflict of interest with an agenda item must not use personal influence, such as, participate in board discussion, on the matter.

C. PARTICIPATION ON COMMITTEES

A board member with a perceived conflict of interest shall not participate on committees that may pose a potential conflict of interest. See policies **B – 1.1, Informal Procurement**, **B – 1.2, Formal Procurement**, and **G – 1.0, Budgeting**

Forms: Conflicts of Interest Statement

POLICY EXAMPLE 2

Policy ID D – 1.4	Title: Purchase Authorization and Purchase Limits
Policy: The ABC Early Childhood Iowa Area Board shall monitor the purchases of normal operating expenditures and when possible, get bids or quotes to insure competitive pricing.	
Procedures:	
<p><u>DEFINITIONS</u></p> <ul style="list-style-type: none">• Bid – Projected (estimated) cost of the expenditure.• Capital expenditure – Expenditures with value over time (fixed asset), such as, furniture, equipment, etc.• Operating expenditure – Expenditures with a limited time value (day-to-day expense), such as, supplies, postage, etc.• Quote – Actual cost of the expenditure. <p><u>BYLAW REFERENCE</u></p> <p>None</p> <p><u>RESPONSIBILITIES</u></p> <p>The Director is responsible for monitoring purchases of normal operating expenditures and getting quotes and/or bids for capital expenditures.</p> <p><u>LIMITS ON AUTHORITY</u></p> <p><u>Budgeted Operating Expenditures</u></p> <ol style="list-style-type: none">1. Approval by the Director <p><u>Budgeted Capital Expenditures up to \$2,500.00</u></p> <ol style="list-style-type: none">2. Approval by the Director with agreement by the Board chair or designee, or Finance Committee Chair <p><u>Budgeted Capital Expenditures more than \$2,500.00</u></p> <ol style="list-style-type: none">3. Approval by the Director and the ABC Board <p><u>All Non-Budgeted Capital Expenditures</u></p> <ol style="list-style-type: none">4. Approval by the Director and the ABC Board <p><u>BIDS/QUOTES</u></p> <ul style="list-style-type: none">• For capital expenditures up to \$2,500.00, the Director must get price quotes or bids.• For capital expenditures more than \$2,500.00, the Director must get price bids.	

GENERAL

Vendors that ABC Early Childhood Iowa has continuing and ongoing relationships on a “best price” basis are exempt from the budgeted operating expenditures procedure above. The Director shall avoid conflicts of interest or, if found, shall fully disclose the conflict to the Board. In situations with a conflict of interest, the expenditure requires Board approval without regard to the amount or type (operating or capital) of the expenditure.

The Director and ABC Board shall have flexibility to give preference to the “quality” of a bid or quote over the lowest price if the Director or ABC Board can provide adequate justification. “Quality” for this purpose includes, but is not limited to, timeliness and the character of the good or service purchased from one vendor compared to another vendor.

EXCLUSIONS

- This policy does not apply to program expense recommendations issued by the Grant Review Committee. See policy **B – 1.2, Request for Proposal**
- Existing contracts shall follow the terms of the contract.

Effective Date: March 1, 2006

Approved by: Motion recorded in February 28, 2006 minutes.