



**United Way  
of Mid-Maine**

# Standards of Accountability

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**T**he mission of United Way of Mid-Maine is to “*improve people’s lives by mobilizing the caring power of our communities*”. In the United Way System, a key value we offer donors is an assurance that partner organizations are accountable for the funds they receive and spend.

Partner organizations of United Way of Mid-Maine are reviewed by a group of volunteers who serve on the Eligibility Committee. These volunteers determine if the not-for-profit organizations continue to meet the essential standards listed here.

All United Way of Mid-Maine partner organizations have substantially met the essential criteria. Many apply the “best practices” in their operations. All partner organizations are subject to review.

Agency Certification is another way that the United Way of Mid-Maine exemplifies that **together; we can do the most good!**

# UNITED WAY OF MID-MAINE

## *STANDARDS OF AGENCY ACCOUNTABILITY*

*Partner organizations 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.*

### STANDARDS CATERGORIES

Financial

Legal

Governance

Human Resources

Self Promotion Policy

Supplemental Fundraising Policy

Agency Compliance

Agency Signatures



## Financial Standards

**1** **ANNUAL AUDIT** - examination of agency financial statements, on a test basis, 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 partner organizations with annual revenue of \$300,000 or more.
- ★ Best Practice: Annual audit with unqualified opinion submitted within 6 months of fiscal year end.

*-OR-*

**INDEPENDENT REVIEWED STATEMENT** – 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, for partner organizations with annual revenue from \$25,000 to \$299,000.
- ★ Best Practice: Full audit, as defined above.

*-OR-*

**COMPILED STATEMENT** – a compiled statement of financial position, activities and cash flow, which is presented for supplemental analysis in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

- Essential Standard: Compiled statement reviewed by an outside agency with financial background for partner organizations with annual revenue of less than \$25,000.

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

- Essential Standard and Best Practice: Provision of auditor's management letter to United Way of Mid-Maine, if one exists.

**3** **MANAGEMENT RESPONSE** - the agency response to the management letter 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. If there are no material weaknesses, a management response is not required.
- ★ Best Practice: A management response letter on all recommendations and weaknesses. If there are no recommendations or weaknesses, a management response is not required.

**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 approved by the Board.
- ★ Best Practice: Projection of year, with comparison to past year and detailed breakdown of functional expenses (management & general, fund raising, etc.). Expenses should be separated by program services and support services.

**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 functional reports compare current month to previous month and current year-to-date with previous year-to-date. 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 cash reserves 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.

**7** EVENTS THAT MAY THREATEN VIABILITY OF ORGANIZATION - partner organizations must advise United Way of Mid-Maine 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 and Best Practice: Immediate notification of United Way of Mid-Maine of any event that may have a significant financial impact. The Eligibility Committee will be informed by United Way of Mid-Maine.

**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 and Best Practice: 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.

**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** MAINE SOLICITATION LICENSE/LETTER OF EXEMPTION - license or letter of exemption issued to tax-exempt not-for-profit organizations in the State of Maine 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 Maine 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.

- 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.**

- Essential Standard: Policy stating compliance with State and Federal non-discrimination laws.
- ★ 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 LIABILITY INSURANCE – There are five levels of liability insurance appropriate for non-profit organizational management:**

- ★ Comprehensive Insurance
- ★ Directors & Officers (D&O) Insurance
- ★ Professional Liability Insurance
- ★ Real and Personal Property Insurance
- ★ General Liability Insurance

**Coverage in all five areas is highly desirable, and for some activities may be considered essential by the governing body. D&O Insurance is highly desirable for all non-profit organizations.**

- ★ Best Practice: Periodic Board review of agency liability insurance needs and risk management as noted above and determination of appropriate action.

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

- ★ Best Practice: Board review of agency needs and determination of appropriate action in regards to bonding of all employees and volunteers who have fiduciary responsibility.



## Governance Standards

**15** ARTICLES OF INCORPORATION - legal documents that must be filed to form a Corporation in Maine that includes corporate name, its designation as a Charitable Organization, and certain additional information. United Way of Mid-Maine partner organizations 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.

**16** 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.

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

- Essential Standard: Statement of organizational purpose in the By-Laws.
- ★ Best Practice: Statement of mission and goals that provides the basis for organizational planning.

**18** 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 and Best Practice: A governing Board that is inclusive of the community and of the agency's clientele.

**19** 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.

**20** 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.

**21** 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.

**22** 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: Board and staff commitment to clearly stated ethical principles such as personal and professional integrity, conflict of interest, nepotism, commitment to diversity, confidentiality.

**23** CONFLICT OF INTEREST - statement that helps the agency to avoid conflicts of interest or the appearance of impropriety by any volunteer, board or staff member who could benefit directly or indirectly from the agency’s action.

- ★ Best Practice: Board and staff commitment to avoid conflicts of interest or the appearance of impropriety in order to ensure that the agency acts with integrity and carries out decisions according to the policy.

**24** ORGANIZATIONAL PLANNING - regular review of organizational goals and development of strategies to meet organizational goals through key objectives.

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



## Human Resources Standards

**25** 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 by the Board every two years.

**26** STAFF JOB DESCRIPTIONS - list of specific responsibilities and accountabilities for each Board approved position.

- ★ Best Practice: Annual review of each job description in conjunction with annual performance review.

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

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

**28** 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.

**29** 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.



## Agency Self Promotion Policy

### PREFACE

The United Way of Mid-Maine believes that an undesignated gift to United Way is the best way to give. The reason it is the best way to give is because more than 88 cents of every dollar raised is strategically allocated to produce the greatest results. Funds collected by United Way are distributed by knowledgeable volunteers who address regional prioritized needs in health and human services. They examine program effectiveness, managerial practices and governance, fiscal activities, and the community's need for the programs.

In cooperation with many employers, workplace and corporate solicitation is under management of United Way of Mid-Maine. The United Way is the vehicle for individual and corporate support of partner organizations receiving program funding through the annual campaign. This policy is designed to provide an equal opportunity for all United Way supported partner organizations. It is also intended to maximize dollars for services, minimize dollars spent on promotion, and reduce the competition among partner organizations and confusion for contributors.

### DEFINITION

Organization self promotion is any effort or activity designed to encourage donors, when giving to the United Way, to designate financial gifts to a specific agency rather than making contributions to the United Way's unrestricted fund. **Partner organizations will be held responsible for the actions of employees, volunteers, clients and other supporters.** Therefore, partner organizations are strongly encouraged to communicate the self-promotion guidelines to all parties.

Self promotion of partner organizations participating in the Combined Federal Campaign (CFC) is governed by the rules and regulations established by the federal government. Partner organizations participating in the CFC are not permitted to encourage designations to a specific agency or federation.

### PERMISSIBLE SELF PROMOTION PRACTICES

Agency self-promotion efforts must be in compliance with the United Way Supplemental Fundraising Policy and Agency Agreement. Permissible fundraising activities are defined in the Supplemental Fundraising Policy.

### SELF PROMOTION RESTRICTIONS

1. **Individuals:** United Way requires partner organizations to refrain from solicitation at the workplace (other than the United Way campaign and their own internal campaign. This restriction includes:

- Solicitation of monetary contributions from employees
  - Solicitation by a company or person on behalf of an agency
  - Promotion of campaign designations, and
  - Special arrangements for payroll deductions to be paid directly to the agency
2. General: The use of mass media (i.e. radio, television, newspapers, billboards, or other publications) other modes of electronic advertising, or agency publications may not be used at any time to encourage the designation of United Way funds to a specific agency. Agency employees, volunteers, clients, and other supporters may not encourage contributors to designate their United Way gift to a specific agency.



## Supplemental Fundraising Policy

### PREFACE

The United Way's community-wide fundraising campaign has proven to be an efficient and effective fundraising system. However, UWMM recognizes that partner organizations must seek additional funding from other sources within the region. Further, UWMM actively encourages these efforts, but is sensitive to the problems inherent in supplemental fundraising activities. If implemented inappropriately, independent fundraising can weaken the UWMM's annual campaign and dilute the integrity of the United Way concept.

This policy permits greater flexibility to partner organizations in conducting independent fundraising while ensuring the best possible results for the United Way campaign. The policy is intended to promote the mutual interests of United Way and its funded organizations, preserving the integrity and viability of the campaign while enabling partner organizations to raise needed funds.

### GENERAL GUIDELINES

1. All supplemental fundraising activities must be approved by the organization's board. Partner organizations are expected to include all anticipated fundraising activities as a part of its proposed and final budgets to United Way, including projected gross and net revenues. The Eligibility committee will review and approve the partner organizations activities in conjunction with the complete budget package.

During the year, if an agency decides to conduct a fundraising activity that was not included in the proposed budget, the agency should request approval of this activity by submitting a Supplemental Fundraising Request Form to the Eligibility committee.

2. United Way expects all members and contract partner organizations to be supportive of activities designed to ensure the success of the annual community-wide campaign for generating funds for services to the community. Specifically, United Way expects funded partner organizations to:

Assist in the annual campaign by encouraging financial contributions from agency staff and board members

Support the United Way's campaign efforts by providing tours for contributor groups and potential contributors, providing speakers for campaign activities and prominently displaying the United Way logo at all facilities and in all public and promotional materials.

Participate in United Way campaign promotional activities

## **DEFINITION**

**Supplemental Fundraising** is any fundraising effort or activity planned to raise funds on behalf of the agency from sources other than private foundations and government entities. Typically, these efforts or activities are designed to solicit contributions for capital expenditures, operating expenditures or any other purpose (e.g., an operating reserve fund)

These activities can be conducted by the following:

An agency

An agency sub-group, component or program

A partner organizations auxiliary or guild

Any other organization, entity or corporation that raises funds on behalf of a given agency

**Supplemental fundraising** also includes the solicitation of individuals, corporations (including corporate foundations), other business enterprises, and other organizations.

## **APPROVED SUPPLEMENTAL FUNDRAISING PRACTICES**

Supplemental fundraising activities include:

Earned income – includes client fees, service contracts, third-party reimbursements, rentals or charges to a client's participation in an agency program.

Program activity income – includes incidental income from activities related to an agency's regular community-service program. Incidental income is defined as those charges that are intended to offset the costs of conducting the activity.

Government grants

Grants from community and/or private foundations

Corporate foundations

In-kind contributions or volunteer services

Unsolicited gifts

Planned giving bequests

Product sales – the sale of products should bear a reasonable ratio of value to price

Special events – special events are viewed as a method of generating additional income while increasing public awareness of an agency and its programs. All events must be scheduled in accordance with the stipulation of the United Way’s Supplemental Fundraising Policy.

#### Holiday Solicitations

Special interests contributions – Some partner organizations have a special group of individuals who are particularly interested in their program, and who customarily contribute to that agency without apparent reduction in their support of United Way campaign. **Recognizing these pre-existing relationships**, solicitation of these individuals for such gifts is permissible as long as it is restricted to that group. Further, the United Way recognizes that some corporate leaders have special interests in the ongoing programs of one or more partner organizations and choose to support those programs over and above their United Way contribution. In those instances, the method of support for an agency is solely determined by that corporate leader.

## SUPPLEMENTAL FUNDRAISING RESTRICTIONS

It is hoped that supplemental fundraising events and/or activities will not interfere with the United Way campaign. However, it is recognized that an agency (or an entity raising funds on its behalf) has no option but to schedule a special event during the United Way campaign period or immediately thereafter, all solicitation activities must be concluded by or temporarily halted during the campaign period, September 1<sup>st</sup> to November 15<sup>th</sup>.

There are some partner organizations that have previously approved traditional fundraising events at the end of the United Way campaign. Related publicity during the United Way campaign may be necessary to ensure a successful event. However, these partner organizations should limit promotion of the event to personal letters of invitation, brochures, posters, etc. The use of mass media – radio, television, and newspapers – should be avoided. **In all instances, the agency should ensure that the United Way logo is prominently displayed on all publications and promotional material.**

In any given year, some partner organizations have received special United Way approval to hold events that, because of uncontrollable circumstances, have been scheduled in violation of this policy. These events have been approved for that given year on a one-time basis only. United Way partner organizations should refrain from developing any new supplemental fundraising events that are not in line with this policy.

Specific Restrictions:

Individual Solicitation (e.g. payroll deduction, cash) at the workplace; United Way requires partner organizations to refrain from solicitation at the workplace of any organization other than the agency's own employees. This restriction includes:

- Solicitation of monetary contributions from employees,
- Solicitation by a company on behalf of an agency
- Promotion of campaign designations
- Special arrangements for payroll deductions to be paid directly to the agency

Corporations: Many corporations prefer to support partner organizations through their United Way contribution and, accordingly, do not contribute directly to United Way partner organizations. United Way requires partner organizations to refrain from soliciting these corporations except for special events underwriting and/or capital improvements

Capital Campaigns – Partner organizations are permitted to conduct United Way approved capital campaigns for the purpose of improving, replacing, acquiring or constructing facilities and other major fixed assets. Capital campaign plans should be presented to United Way in advance, including such information, as need, goal, cost, timetable and who will be solicited.

Emergency Situations – Special incidents occasionally occur that will require flexibility in regard to the application of the Supplemental Fundraising Policy. It is emphasized that this policy is formulated to provide guidance and direction during normal circumstances. Extraordinary events must be dealt with on a case-by-case basis.



## AGENCY COMPLIANCE

The Eligibility Committee is charged with reviewing incidents of agency infractions of the United Way's Standards of Accountability.

If the review confirms that a violation of these standards or policies has occurred, the committee will recommend sanctions, which may include:

Exclusion from the United Way's promotional materials,

Removal from the United Way's list of agency speakers and agency tours,

Forfeiture of all or a portion of the partner organizations current allocation

Change in the agency's status of eligibility for future funding

## AGENCY SIGNATURES

These Standards and Policies have been reviewed by the agency Board of Directors

Chairman of Board

Signature

\_\_\_\_\_ Print \_\_\_\_\_ Date \_\_\_\_\_

Chief Professional Officer / Agency Executive

Signature

\_\_\_\_\_ Print \_\_\_\_\_ Date \_\_\_\_\_