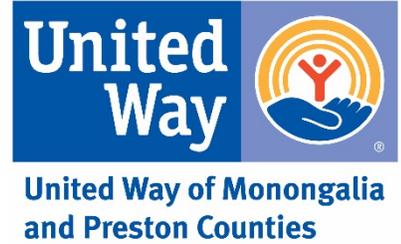


# 2017 Standards of Funded Partner Accountability

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Any Non-Profit, Health and Human Services Agency seeking funding as a Funded Partner of the United Way of Monongalia and Preston Counties must adhere to each of the standards outlined in this document prior to applying for funding. Funded partners are certified annually according to the essential standards listed below. Best practices of funded partners 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 \$100,000 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 organization’s 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 the fiscal year end, for agencies with annual revenue under \$100,000.

Best Practice: Annual review 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, when applicable.

3. **MANAGEMENT RESPONSE**– The agency response to the management letter and/or audit findings or material weaknesses or significant deficiencies with explanatory details 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 expenses 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 Consulting Fees; Building Maintenance; Printing; Supplies; Program Expenses; 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 actions taken.

6. **FINANCIAL RESERVE POLICY** – A practice, approved by the governing board, 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 THREATEN VIABILITY OF AGENCY** – Funded partners must advise the United Way of Monongalia and Preston Counties 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 services, loss of an Executive Director, President of the Board of Directors, or key employee, and/or an inability to meet financial obligations.

Essential Standard: Notification to United Way of Monongalia and Preston Counties of any event that may have a significant negative financial impact.

## Legal Standards

8. **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 status.

Essential Standard: Current 501 (c) (3).

9. **WEST VIRGINIA REGISTRATION OF CHARITABLE ORGANIZATIONS/LETTER OF EXEMPTION**– registration or letter of exemption issued to tax-exempt nonprofit organizations in the state of WV by the WV Secretary of State.

Essential Standard: Current Registration / Letter of Exemption.

10. **WEST VIRGINIA BUSINESS LICENSE**–current Business License in the state of WV. Any person who is engaging in any business activity in the State of West Virginia must register with the West Virginia State Tax Department before commencing business activities in this State.

Essential Standard: Current Business License.

11. **IRS FORM 990 or FORM 990EZ** – Information forms which are required by the IRS, and which must be filed annually by all tax exempt organizations.

Essential Standard: Current 990 Form.

Best Practice: For purposes of submitting Certification Review documentation, the 990 must match the year of the audit and should include all schedules.

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

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

Best Practice: A written policy adopted by governing board that stipulates factors of race, color, religion, sex, sexual orientation, national origin, or age 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 and /or referenced in the audit.

- 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, and 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, real and personal property insurance, and Workers Compensation with paid employees are also recommended if applicable.

Essential Standard: Provision of certificate(s) of insurance or Board minutes reflecting 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 certification 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 West Virginia that includes corporate name, its designation as a Charitable Organization, and certain additional information. United Way of Monongalia and Preston Counties’ funded partners 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. BYLAWS** – 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. The governing body must meet at least four times a year.

Best Practice: In addition to the above, a minimum of 12 Board members and quorum defined as a majority. Definition of term limits and number of consecutive terms allowed (Ex. 3 year terms per member with the ability to serve two consecutive terms). Description of standing sub-committees and their duties, and title and duties of chief staff person. Governing body meets at least quarterly. Bylaws should be reviewed at least every five years.

- 19. MISSION STATEMENT** – Statement of primary purpose of the organization. Often contained in the bylaws, this statement should be updated by the governing body to accurately reflect the principal goals and objectives of the organization when reviewing the bylaws.

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 professional/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 at least quarterly volunteer 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 the 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. 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.

Essential Standard: Policy reflecting Board and staff commitment to clearly stated principles such as personal and professional integrity, conflict of interest, nepotism, commitment to diversity, and confidentiality. Document to be signed by all Board and committee members annually or new Board members as added.

- 23. STRATEGIC PLANNING** – Annual review of organizational goals and development of strategies to meet organizational goals through key objectives.

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

## **Human Resources Standards**

- 24. PERSONNEL POLICIES** – Practices and procedures for hiring, supervision, evaluation and compensation of organization staff, including employment rights, benefits, and appeal process.

Essential Standard: Personnel policies are maintained and reviewed by the Board at least every three years. Board minutes reflect the policies have been reviewed.

- 25. STAFF JOB DESCRIPTIONS** – List of specific responsibilities and accountabilities for each Board approved position.

Essential Standard: Provision of each job description.

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

Essential Standard: 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.

- 27. STAFF ORIENTATION** – A systematic process to train and orient new staff to their duties, responsibilities and reporting requirements.

Essential Standard: Thorough orientation within two weeks of new hire.

- 28. 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.

Essential Standard: Board review of salary structure, benefits and other personnel policies, including comparative data from other organizations biannually. Board minutes reflecting most recent review.