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INITIATIVE



OPERATIONS

UNITED WAY STANDARDS OF EXCELLENCE

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## OPERATIONS

**Scope:** Provide efficient and cost-effective systems, policies and processes that enable the delivery of United Way's mission-related work and ensure the highest levels of transparency and accountability.

aspire   envision   mobilize   involve   guide ➤ deliver

## introduction:

Every United Way, whatever its size, requires sound business operations to enable it to successfully carry out mission-critical work. First and foremost, effective and efficient business support functions such as financial management and control, human resources administration, technology, risk management—and other areas covered by the standards that follow—are critical to earning public trust in your United Way’s stewardship of donor/investor resources. Building on this foundation of trust, sound and cost-effective policies, processes and systems ensure your organization’s capacity to accomplish community impact goals, direct greater resources toward mission-critical work, and deliver on United Way’s Brand Value Proposition.

Large and small United Ways face different challenges in striving to achieve excellence in their back office operations. Larger United Ways may find that the complexity of their organization requires more disciplined and sophisticated processes and systems. Smaller United Ways may lack internal capacity to provide some of the functions described and therefore may need to seek alternative providers.

With respect to standards of financial accountability (i.e., financial policies, internal controls, legal compliance, public reporting and transparency, and investment policies), however, there is but one option, which is for your organization to strive to comply with the relevant standards in both spirit and letter. Your United Way’s dedication to excellence in financial accountability represents a prerequisite for the privilege of serving your community and your donors/investors.

**The first two standards presented in this component cover two categories of back office operations:**

- **Strategic Back Office functions provide operational support of your United Way’s core business activities—community engagement, impact strategies, resource development and investment.**
- **Administrative Back Office includes functions which support all of your United Way’s departments and activities, i.e., human resources administration, finance, technology and procurement functions.**

**For all United Ways, there are multiple, alternative ways to acquire operational (not necessarily organizational) capacity for excellence. These options, which have been pursued by United Ways across the country, include:**

- **Internal capacity**
- **Collaborating with neighboring or other United Ways to access shared services**
- **Adopting national or regional solutions**
- **Relying on external providers.**

## STANDARD 5.1: STRATEGIC BACK OFFICE.

United Way provides high-quality and cost-effective operational support of all core business functions through internal capacity, national and regional solutions, United Way collaboration, external professionals, or a combination thereof.

### Practices:

- 5.1(a) **Proper Providers.** Utilize large-scale providers of strategic back office services in order to realize increased effectiveness, cost savings and consistency.
- 5.1(b) **Community Engagement Support.** Provide processes and systems in direct support of your United Way's community engagement activities (e.g., event management, advocacy campaigns, etc.).
- 5.1(c) **Impact Strategies Support.** Provide processes and systems in direct support of your United Way's impact strategies (e.g., issue research and education, outcome measurement, distribution and reporting of United Way's investments, and/or eligibility screening).
- 5.1(d) **Resource Development & Mobilization Support.** Provide processes and systems in direct support of your United Way's resource development and mobilization, including the following:
  - **Donor Marketing and Solicitation.** Conduct targeted e-mail or direct mail campaigns, develop an investment guide (in place of traditional agency catalog) and create or purchase branded promotional products.
  - **Campaign/Donor Management System.** Maintain secure donor management system to house donation data for workplace campaigns, major donors/investors, grants, and other resource development programs. Ensure confidentiality of donor/investor information.
  - **Pledge Capture.** Design and provide pledge capture mechanisms (cards, websites, etc.) which are consistent (e.g., in presentation, content, options provided, look and feel, etc.) and which provide the proper balance between promoting United Way and collecting key donor/investor information. Disclose all associated fees and practices relevant to donations in a clear and understandable manner. Request release of donor/investor information to recipient organizations; however, provide option for anonymity in publications.
  - **Pledge Processing & Distribution.** Conduct transparent and cost-effective activities that receive, acknowledge and move pledge dollars appropriately.
  - **Donation Tracking.** Enable donors/investors to transparently review up-to-date status of the payment and distribution of their gifts online.

**5.1(e) Customer Relationship Management (CRM) Support.**

Configure systems and processes to capture, analyze and report data that supports a “360-degree view” of customers and partners. Utilize CRM systems and data to enhance relationships with customers and partners via regular contact reminders, etc.

**STANDARD 5.2: ADMINISTRATIVE BACK OFFICE.**

United Way provides high-quality non-core business functions (i.e., human resource administration, finance, information technology and procurement) through internal capacity, national and regional solutions, United Way collaboration, external professionals, or a combination thereof.

**Practices:**

- 5.2(a) Proper Providers.** Utilize large-scale providers of administrative back office services in order to recognize increased effectiveness, cost savings and consistency.
- 5.2(b) Human Resource Administration.** Become the employer of choice in the nonprofit sector through delivery of thoughtful and comprehensive HR programs, systems and policies. These should address such areas as total rewards, diversity, executive compensation, training and retention.

- 5.2(c) Finance.** Leverage leading-edge financial applications to provide comprehensive general ledger, accounts payable, accounts receivable, budgeting, and financial reporting functionality.

- 5.2(d) Technology.** Provide a reliable and redundant IT environment, including infrastructure, training, maintenance and support. Develop a technology plan that leverages leading-edge applications and architecture to support open access, integrated solutions and high degree of security and information availability.

**At United Way Processing and Information Center (UWPIC), participating United Ways receive support for their Information Technology needs, for a fee, through a set of managed contracts. In addition to e-mail and application hosting services (including campaign, allocations, 211, volunteer matching, accounting, and human resources), UWPIC provides 24 x 7 help desk support on most Microsoft Office, LAN, computer and printer issues via a 1-800 number. In addition, UWPIC provides next-business-day dispatch services to diagnose and repair computers, printers and related equipment.**



- 5.2(e) Procurement.** Provide procurement systems, policies and protocols to leverage competitive bidding, bulk purchasing, nonprofit pricing and preferred vendor relationships for the highest quality products at the lowest possible cost.

### **STANDARD 5.3: COST ANALYSIS.**

United Way utilizes its resources effectively and efficiently, yielding maximum value while incurring minimum cost.

#### **Practices:**

- 5.3(a) Cost/Benefit Analysis.** Perform cost/benefit analyses on all major resource development, investment and community engagement activities. Eliminate redundancy. Examine the relative lifecycle costs associated with these activities and ensure they are generating the greatest return on investment (e.g., net present value). Accurately align expenditures with your United Way's selected priority issues and impact strategies.
- 5.3(b) Transaction Cost Tracking.** Track and calculate transaction costs for specific activities such as processing designations, processing unrestricted gifts, disbursing funds to agencies, agency verification, etc. Ensure that costs are as low and reasonable as possible.
- 5.3(c) Staff Deployment.** Perform human capital cost/benefit analyses so that resources are appropriately deployed

within your organization. Evaluate and align the distribution of staff and staff time against selected priority issues and impact strategies.

- 5.3(d) Examining Options.** Evaluate projects and resources taking into consideration available options (e.g., other United Ways, shared approaches, external providers). Benchmark services and costs, including in-house options.

### **STANDARD 5.4: RISK MANAGEMENT.**

United Way is intentional and comprehensive in the protection of the organization's assets (brand, financial, property, and people).

#### **Practices:**

- 5.4(a) Insurance.** Purchase and maintain comprehensive insurance programs including director and officer, general liability, crime/fraud, internet, worker's compensation, unemployment, content and personal property insurance.
- 5.4(b) Legal.** Maintain comprehensive legal representation, whether internal general counsel or outside counsel, on a paid or pro-bono basis. All significant, legally binding documents should be reviewed by counsel (e.g. contracts, memorandum-of-understanding, merger documents, bylaws, etc.).

**5.4(c) Media Response Plan.** Develop a media response plan to address reputation-damaging incidents within the local organization and anywhere within the United Way system. Designate and train individuals to respond to media during emergencies.

**5.4(d) Policies.** Circulate, as appropriate, an up-to-date policy manual regarding organizational rules for key policies, such as:

- Material (gift acceptance policy, etc)
- Real Estate (environmental, tax, ownership, disposability)
- Art/Furnishings
- Stock
- Behavioral (ethics, online, etc.).

#### **STANDARD 5.5: BUSINESS CONTINUITY.**

United Way has a comprehensive business continuity plan to ensure appropriate and timely internal actions following major crises, disasters or loss of key staff.

##### **Practices:**

**5.5(a) Community Partners.** Work collaboratively with community partners to develop your United Way's continuity

response recovery plan. Identify and confirm roles of community partners, if any.

**5.5(b) Test Disaster Readiness.** Institute and test your disaster readiness plan including evacuation, disaster recovery and emergency procedures to ensure continued operations in case of disaster. Plan to include off-site staging areas and backup lists of contact information for all staff and volunteers.

**5.5(c) Knowledge Retention.** Implement procedures (documentation, document retention, cross-training, shadowing, etc.) to ensure institutional knowledge retention in the event that key resources are no longer available.

#### **STANDARD 5.6: FACILITIES.**

United Way provides a safe, welcoming physical environment that is accessible, practical, recognizable, and expressive of the organization's mission.

##### **Practices:**

**5.6(a) Mission Support.** Provide facilities that support the mission of the organization (e.g. safe, clean, and well-branded). Provide access to practical meeting space for community engagement activities.



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Effective leadership **is putting first things first.**

Effective management is **discipline,**

ACCOUNTABILITY



# arrying it out

Stephen Covey



TRANSPARENCY

- 5.6(b) Location.** Ensure that facilities are conveniently located, recognizable and highly visible within the community.
- 5.6(c) Safety.** Provide a safe work environment through the creation and implementation of a building security plan, procedures and protocols, and a physical structure that is up to code, including compliance with the Americans with Disabilities Act (ADA), Occupational Safety and Health Administration (OSHA) regulations and other applicable laws and regulations.
- 5.6(d) Productivity.** Maintain a healthy and productive workplace by providing job-appropriate workspace and equipment designed to enhance productivity.

#### **STANDARD 5.7: FINANCIAL POLICIES.**

In order to maintain the public's trust, written policies and procedures are in place to ensure strong financial management, compliance with legal and regulatory requirements, compliance with all UWA membership requirements and internal controls over all United Way resources.

##### **Practices:**

- 5.7(a) Annual Audit.** Each fiscal year, your board of directors (or the audit committee with the approval of the board) engages a Certified Public Accountant to perform an

independent audit in accordance with Generally Accepted Accounting Principles (GAAP), Generally Accepted Auditing Standards (GAAS) and UWA's implementation requirements for Membership Requirement H. The United Way achieves an Unqualified Opinion and requests a management letter; the auditors (or the audit committee) must present the audit and management letter to your board for their review and approval. Make copies of the audit available on your United Way's website and provide a copy of the full audit report to the public when requested.

- 5.7(b) IRS Form 990.** Prepare and file IRS Form 990 in a timely and accurate fashion. Ensure that the form is prepared in accordance with Internal Revenue Service regulations and instructions and UWA's implementation requirements for Membership Requirement A. Make the form available on your United Way's website and provide a copy to the public when requested.
- 5.7(c) Reporting to Board.** The finance committee and the board review and approve the annual financial plan and budget. Present to your board, at least quarterly, the internal financial statements and the statement of financial position, identifying and explaining any variation between actual and budget results.

- 5.7(d) Annual Budget.** Develop your budget to ensure prudent use of the organization's financial and human resources in alignment with the strategic plan. Prepare and present the annual budget to the finance committee, which recommends it to the board for approval. The finance committee monitors actual performance against the budget.
- 5.7(e) Capital Expenditures.** Establish procedures to ensure accountability for all capital expenditures with a useful life of more than one year. Such policies set a reasonable minimum value to capitalization, identification of each capital asset and a depreciation schedule.
- 5.7(f) Campaign Accounting.** Establish and maintain campaign accounting policies and procedures in accordance with Financial Accounting Standards Board (FASB) pronouncements, Internal Revenue Service regulations and UWA Total Resources Generated Policy. Ensure that all costs deducted from designated gifts are in compliance with Membership Requirement M.
- 5.7(g) Contracts.** Institute contract procedures and approval processes for the purchase of all goods and services, including, but not limited to, consultants, professional services, hotel and convention space, computer hardware and software, and capital purchases. Contracts should have legal review when appropriate.

#### **STANDARD 5.8: INTERNAL CONTROLS.**

To properly ensure the accuracy of financial statements, safeguard assets and maintain an appropriate separation of duties for all financial transactions and functions, United Way maintains effective internal controls, policies and procedures which are reviewed by auditors and approved by the audit committee of the board of directors.

##### **Practices:**

- 5.8(a) Petty Cash.** Provide adequate documentation supporting the business purpose for each petty cash reimbursement. Replenish petty cash only from checks drawn on the organization's bank account. The board establishes a dollar limit on the amount of petty cash available for disbursements.
- 5.8(b) Business-Related Expense Reimbursement Policy.** Put in place a business-related expense reimbursement policy that specifies authorized expenses, required documentation, and necessary levels of approval. The audit committee or an appropriately authorized board member regularly reviews and approves all CEO business-related expenses.
- 5.8(c) Uncollectibles.** Establish policies and procedures for monitoring collection of pledges that include dual approval for write-off, tracking historical loss levels,

and estimation of future uncollectible rates. The policies ensure that an adequate level of allowance for uncollectibles is maintained without overestimating the amount.

- 5.8(d) Accounts Payable.** Put in place policies governing payment practices, the disbursement of funds (including documentation requirements), signing authority, payment schedules and verifications. (Make payments by electronic funds transfer whenever possible.) Bring overpayments to vendors to the attention of the CFO and, as appropriate, the audit committee.
- 5.8(e) In-Kind Donations.** Establish “receive and receipt” in-kind donation policies in accordance with FASB pronouncements, Internal Revenue Service regulations, and UWA Standards and Guidelines for Accounting for In-Kind Gift transactions.
- 5.8(f) Electronic Funds Transfer (EFT).** When EFT is utilized, take added care to ensure adequate control that is approved by the auditing firm.

#### **STANDARD 5.9: SARBANES-OXLEY LEGISLATION (SOX).**

Although SOX legislation primarily applies to publicly traded companies and the audit firms that serve them, two provisions of the law apply to all corporate entities, including nonprofits.

#### **U.S. law requires the following two policies for all United Ways:**

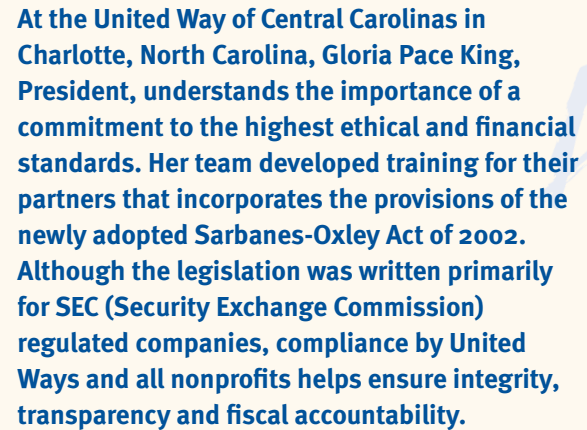
- 5.9(a) Whistle-Blower Protection.** Establish a policy to protect whistle-blowers from retaliation. Your board of directors (or audit committee) establishes policies and procedures for handling complaints, including anonymous ones, about accounting and financial matters. Prohibit retaliation for good faith complaints or concerns.
- 5.9(b) Tampering With or Destroying Records.** Put in place a policy to prevent individuals from tampering with or destroying records so as to impede an official proceeding. Individuals may not “corruptly alter, destroy, mutilate, or conceal any document with the intent to impair the objective’s integrity or availability for use in an official proceeding.” Your board establishes policies and procedures concerning the intentional destruction of documents and electronic data so that the process is monitored, justified and carefully administered.

#### **The following practice is not required for all United Ways by SOX or U.S. law, but is required as a matter of UWA policy:**

- 5.9(c) Code of Ethics.** Adopt a code of ethics and make it publicly available.

#### **The following practices are not required of all nonprofits by SOX or UWA policy, but are strongly recommended as “effective governance”:**

- 5.9(d) Code of Ethics and Ethics Officer.** Adopt a code of ethics and publicly designate an ethics officer (or the equivalent) to help the board and management implement and realize the values and standards articulated in the code of ethics.
- 5.9(e) Independent Audit Committee.** Appoint and charge an independent and competent audit committee. The majority of the audit committee, including its chair, report directly to the board. At least one member of the audit committee is, and has been identified as, a “financial expert”. The audit committee pre-approves all non-audit services provided by the external auditors. The lead and reviewing (sometimes termed “concurring”) partners of the audit firm rotate every five years or you must change firms.
- 5.9(f) Loans to Leadership and Staff.** Prohibit loans (or the equivalent) to directors or executives and have a policy restricting or severely limiting loans to staff.
- 5.9(g) Management Assessment of Internal Controls.** All United Ways should ensure that their financial policies, procedures and internal controls are documented and monitored to verify operational compliance. These policies, procedures and controls should be reviewed by the audit and finance committees at least every three years in conjunction with the self-assessment stipulated by Membership Requirement I. The audit



**At the United Way of Central Carolinas in Charlotte, North Carolina, Gloria Pace King, President, understands the importance of a commitment to the highest ethical and financial standards. Her team developed training for their partners that incorporates the provisions of the newly adopted Sarbanes-Oxley Act of 2002. Although the legislation was written primarily for SEC (Security Exchange Commission) regulated companies, compliance by United Ways and all nonprofits helps ensure integrity, transparency and fiscal accountability.**

committee should evaluate the cost/benefit of periodic external review and testing of the effectiveness of the organization’s internal controls.

- 5.9(h) Certification of Financial Statements.** The CEO and CFO certify the appropriateness of financial statements and that they present fairly the financial condition and operations of your United Way.

#### **STANDARD 5.10: PUBLIC REPORTING AND TRANSPARENCY.**

United Way is open and candid about its activities and operations. It provides public access to appropriate documents to ensure transparency in governance, finance, allocation and ethics matters.

##### **Practices:**

- 5.10(a) Culture of Openness.** Create and sustain a culture of openness and accessibility of information concerning stewardship practices.
- 5.10(b) Public Document Requests.** Make available the following documents on your United Way's public website: mission statement, annual report, names and business affiliation for current members of the board of directors, resource distribution policies and list of recipients, code of ethics, ethics officer or designated contact person, IRS Forms 990 or 990-T, and any schedules (excluding donor/investor names) or amendments thereto. Release other documents as appropriate.

#### **STANDARD 5.11: INVESTMENT POLICIES.**

United Way has board-approved, sound and prudent investment policies and financial practices that adhere to fundamental fiduciary duties of loyalty, impartiality and prudence in maintaining overall portfolio risks at a reasonable level.

- 5.11(a) Handling of Gifts, Property and Stocks.** Institute sound policies and procedures that clearly articulate the organization's position regarding the acceptance of gifts of property and stock and their prudent use and disposition.
- 5.11(b) Cash Flow Analysis.** Ensure a clear understanding of cash flow needs (cycles/amounts) and implement systems to enable proper management of revenue and expenses to avoid cash flow problems.
- 5.11(c) Reserves.** Establish policies and procedures that govern acceptable organizational reserves and usage. Allocate cash reserves to institutions according to the limits of FDIC protection.
- 5.11(d) Diversification.** Diversify investments to the greatest extent possible to minimize risks while achieving desired investment returns. For all reserves, investments, endowment funds, and interest-bearing accounts, the portion of investable reserves kept in the form of cash are allocated to institutions according to the limits of FDIC protection and other long-term reserves are invested according to the "prudent man rule".
- 5.11(e) Endowment Funds.** Make sound investment choices within the constraints required by the donor/investor and with the oversight of your board of directors.

**Mission:** To improve lives by mobilizing  
the caring power of communities

**Vision:** We will build a stronger America  
by mobilizing our communities to improve  
people's lives



what matters.®

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