



CREATING POLICIES

What is a policy?

Policies are the operational guidelines for an organization. The purpose of the policies is to protect and steer the staff and the board as they fulfill the mission of the organization. They are a reference tool for appropriate action, ethical decision making, and for dealing with potential or actual conflicts. Policies can paraphrase a law, explain a procedure, clarify a principle, or express a desired goal. They are the protocol to follow which, when properly used, helps diminish embarrassing or potentially harmful situations, improper behavior, and ineffective decision making. An organization usually has board-related, personnel, and financial policies.

Bylaws

The primary policies for an organization are most likely found in its original bylaws. These policies define the role of the board members, how they are elected, how they function during board meetings, and how their work is structured. Also, the bylaws clarify how amendments are made to the original document: Bylaws are an evolving document that needs to be reviewed by the board on a regular basis. However, bylaws normally only create the very basic structure for the board's operative functioning. This document should not be cluttered by every conceivable rule and recommendation.

How are policies created?

Proactive process New policies are regularly needed to deal with situations that arise in the life of an organization. Ideally policy development is a proactive process which foresees eventual conflict situations and thus provides a firm, existing guideline for the staff and the board. Many difficult situations can be avoided if an appropriate policy is already in place to serve as a reference.

Teamwork Both staff and board can be involved in policy formulation. However, the final 'blessing' is the task of the board. The board signs each major organizational policy to show its responsibility — it does not get involved in detailed staff processes and procedures. Often staff recommends new policies or identifies a need for them. Staff involvement in the process is important, particularly as it will be implementing many of them.

Research Drafting and assessing the applicability of new policies takes research, brainstorming, and team effort. It is necessary to know legal requirements as well as to

stay tuned to new societal trends. Before voting on a specific policy, the board should accumulate facts and recommendations from knowledgeable sources, deliberate and take a clear position, and afterwards enforce the policy, and revise it as a need arises.

Board policy manual

The secretary or a designated staff member is responsible for keeping all board records easily accessible and up-to-date. A board policy manual is a reference manual that contains all adopted policies in a chronological order. This manual is also an excellent tool for new board member orientation.

Types of policies

An organization must identify the policies necessary to direct its activities and decision making. Here is a sample, but by no means an exhaustive list of policies that can prepare the organization to function in a more effective and accountable manner.

Board-related policies Eligibility, powers, duties • Election of officers • Conflict of interest • Code of conduct • Confidentiality • Compensation • Reimbursement: Travel expenses • Personal contribution • Meeting attendance • Indemnification • Diversity • Term limits • Removal from office • Nepotism, fraternization • Media/public relations

Personnel Policies Equal Employment • Anti-harassment • Substance abuse • Performance review • Personnel files • Working schedules: working hours, overtime, flex-time, inclimate weather • Compensation and benefits: paid/unpaid leave, deferred compensation, severance pay, displacement expenses, travel expenses • Disciplinary issues: termination, grievances • Nepotism • Personal appearance • Personal phone/e-mail/Web usage

Financial policies Investment: asset mix, asset quality, diversification, cash flow, risk management • Reserves • Acceptance of gifts • Fiscal period • Audits • Signing of checks • Endowment management • Use of credit cards • Request for checks

References:

Better Bylaws. The Policy Sampler. Available at www.boardsource.org or by calling 202-349-2500.

BoardSource © 2013. Text may not be reproduced without written permission from BoardSource. For more information, call 1-877-892-6273 or e-mail learningcenter@boardsource.org.