

What Makes a Good Policy Manual?

By Bob Harris, CAE

Policies are the collective wisdom of the board; passed on to future leaders. Policies interpret the bylaws and articles of incorporation; which are purposely broad in scope.

Without a policy manual, staff must search decades of meeting minutes to find what and why decisions were made. Future leaders will rehash discussions by previous boards because they don't have access to policies.

The policy manual is a cornerstone of governance and management. What makes a good policy manual?

UNLIKE OTHER MANUALS

The policy manual is distinct from other manuals. A *procedures manual* is based upon administration and developed by staff. An *employee handbook* or *personnel manual* is based on state case law with significant legal implications. These manuals should *not* be consolidated as the "policies and procedures manual."

CONTRASTS IN POLICIES AND PROCEDURES

Non-profit organizations often use the phrase "policies and procedures." The terms have unique definitions. Policies are originated by the board and found in the minutes, recorded as motions and transcribed into a manual. Procedures originate with the staff and are stored in a procedures manual.

DUTY OF OBEDIENCE

For a board to understand the organization's history and future – and to uphold the legal principle of "duty of obedience," it should receive and read a policy manual. Distribute it at the time of leadership orientation or post it on a secure website.

WHO WRITES POLICY?

The board adopts some policies easily. Someone may say, "We need a policy on who gets to use credit cards." Directors discuss the issue and then pass a motion to reflect their recommendation.

On the other hand, staff may recommend more elaborate policies that require research or outside counsel. For example, staff may ask a financial counselor to recommend a policy on investments. It is presented to the board to review and adopt as a motion and policy.

BLAME IT ON POLICY

Questions will arise from volunteers, committees and chapters that should be supported by board rationale. If the staff answers, "Sorry, we don't allow that," volunteers can misunderstand it. If the answer is, "The board has carefully considered and developed a policy on that issue," the volunteer is more understanding.

TOO MANY POLICIES

Some organizations have a policy manual that covers decades and requires 50 or so pages. Others operate with a handful of key policies recorded in a manual of 10 pages or less. The most common policies in non-profit organizations include:

- Record Retention – Document Destruction
- Logo Usage
- Apparent Authority – Stationery Usage
- Confidentiality
- Investments
- Insurance Coverages
- Strategic Governance
- Antitrust Avoidance
- Savings Reserves
- Credit Card Usage
- Check Signing Authority

- E-mail – Computer Usage
- Software Licenses and Downloads
- Liquor and Hospitality Suites
- Endorsements – Affinity Programs
- Sexual Harassment
- Committees and/or Chapters
- Whistleblowers
- Executive Sessions
- Privacy
- Listservs – Bulletin Boards
- Diversity – Inclusivity

SUNSETTING POLICIES

Because policies are adopted at board meetings, the policy manual should be updated after each meeting – or at least annually.

Well-managed organizations review their policy manual on a periodic basis (i.e. every three years) for the purpose of updates and clean up. A task force, the elected secretary or staff should recommend to the board which policies to keep, drop or amend. The sunset process voids the entire policy manual if it is not reviewed and updated by the specified date; one way to be sure the board has read the manual and it remains current.

CONCLUSION

A few non-profit organizations operate without a policy manual, relying on boards to tackle every issue or requiring searches of decades of minutes. Good governance and management is carried out with confidence and consistency when a policy manual is created. ♦

Bob Harris conducts strategic planning and governance audits. He is author of "How to Create a Policy Manual." Visit www.nonprofitcenter.com for more information.

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