



**BOYS & GIRLS CLUBS  
OF AMERICA**

## ***Policies and Procedures***

# **Participant's Guide**

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## Basics of Board Governance: Policies and Procedures

### Topic Objectives

By the end of this course, you will be able to:

- Recognize what to include in a conflict of interest policy, whistleblower policy, document retention and destruction policy, fraud prevention policy, among others
- Develop practices for financial oversight and the audit consistent with BGCA policies

### Lesson Titles

Within this course we will cover the following lessons:

- Important Policies
- Financial Oversight and Procedures

## LESSON 1: IMPORTANT POLICIES

### Policies

Policies are not just good ideas. They are guidelines that obligate an organization, its board and staff to operate within certain parameters. Policies fall into a hierarchy:

1. First come the *articles of incorporation* which are a legal document that outline the general purpose and structure of the Club and its intent to operate exclusively with a nonprofit purpose. The articles are filed with the state and federal government (if and) when the Club is incorporated. They usually follow a standard form and contain a minimum of detail because they are cumbersome to change.
2. *Bylaws* establish the governance structure of a Club. Following a fairly standard format, they define the duties, authority limits, and principal operating procedures for the board and board members. The highest level board policies are embedded in the bylaws. Boards should be aware that they are required to operate in accordance with the bylaws. If the bylaws no longer reflect desired practice, they need to be changed. The process for revising bylaws is outlined at the end of the bylaws.
3. *Policies* come next in the hierarchy. The purpose of having policies is to protect and guide board and staff as they fulfill the Club's mission. Policies are binding guidelines for action. They 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. Usually there are board policies, personnel policies, and financial policies.

4. At BGCA, the Standards of Organizational Effectiveness (SOEs) are very important. The overall purpose of the Standards of Organizational Effectiveness process is to be able to clearly document the overall effectiveness of organizations in the Boys & Girls Club Movement and to meet the benchmarks of the Movement's strategic plan in the area of increased capacity and to improve the level of service for young people.

Today we're going to focus on a few specific types of policies: conflicts of interest, whistleblower, document retention and destruction, background check, and sexual harassment. The first three have heightened importance with the revision of the IRS Form 990. The revised 990 contains a section on Governance and Management in which it asks organizations questions such as:

- Does the organization have a conflict-of-interest policy? If so, does it require key actors to report and interests that may be considered conflicts on an annual basis?
- Does the organization have a whistleblower policy?
- Does the organization have a written document retention and destruction policy?

While the IRS claims no direct authority over the structure of a nonprofit's governing body, it cites the relationship between governance and fiscal oversight as sufficient reason to ask questions related to a nonprofit's governing structure and managerial procedures. Clubs should take this seriously as insufficient answers may lead to a heightened audit profile.

### Conflict-of-Interest Policy

A conflict of interest exists when a board member or employee has a personal interest that may influence him or her when making a decision for the Club. While the law focuses primarily on financial interests and provides some guidelines, nonprofit organizations contend with a variety of potential and perceived conflicts of interest, only some of which

may be detrimental to the Club.

### Conflict of Interest — Sample Boys & Girls Club Policy

#### Reason for Statement

XYZ Club, as a nonprofit, tax-exempt organization, depends on charitable contributions from the public. Maintenance of its tax-exempt status is important both for its continued financial stability and for the receipt of contributions and public support. Therefore, the operations of XYZ Club first must fulfill all legal requirements. They also depend on the public trust and thus are subject to scrutiny by and accountability to both governmental authorities and members of the public.

Consequently, there exists between XYZ Club and its board, officers, and management employees a fiduciary duty that carries with it a broad and unbending duty of loyalty and fidelity. The board, officers, and management employees have the responsibility of administering the affairs of XYZ Club honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of XYZ Club. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with XYZ Club or knowledge gained there from for their personal benefit. The interests of the Club must have the first priority in all decisions and actions.

#### Persons Concerned

This statement is directed not only to board members and officers, but to all employees who can influence the actions of XYZ Club. For example, this includes all who make purchasing decisions, all other persons who might be described as “management personnel,” and all who have proprietary information concerning XYZ Club.

#### Key Areas in Which Conflict May Arise

Conflicts of interest may arise in the relations of directors, officers, and management employees with any of the following third parties:

- Persons and firms supplying goods and services to XYZ Club
- Persons and firms from whom XYZ Club leases property and equipment
- Persons and firms with whom XYZ Club is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property
- Competing or affinity organizations
- Donors and others supporting XYZ Club
- Family members, friends, and other employees

#### Nature of Conflicting Interest

A material conflicting interest may be defined as an interest, direct or indirect, with any persons and firms mentioned in Section [ABC]. Such an interest might arise, for example, through

- owning stock or holding debt or other proprietary interests in any third party dealing with XYZ Club
- holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) by any third party dealing with XYZ Club
- receiving remuneration for services with respect to individual transactions involving XYZ Club

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- using XYZ Club's time, personnel, equipment, supplies, or good will other than for approved XYZ Club activities, programs, and purposes
- receiving personal gifts or loans from third parties dealing with XYZ Club. Receipt of any gift is disapproved except gifts of nominal value that could not be refused without discourtesy. No personal gift of money should ever be accepted.

### **Interpretation of This Statement of Policy**

The areas of conflicting interest listed in Section [ABC], and the relations in those areas that may give rise to conflict, as listed in Section [DEF], are not exhaustive. Conceivably, conflicts might arise in other areas or through other relations. It is assumed that the trustees, officers, and management employees will recognize such areas and relation by analogy.

The fact that one of the interests described in Section [DEF] exists does not necessarily mean that a conflict exists; or that the conflict, if it exists, is material enough to be of practical importance; or that the conflict, if material enough, upon full disclosure of all relevant facts and circumstances, is necessarily adverse to the interests of XYZ Club.

However, it is the policy of the board that the existence of any of the interests described in Section [DEF] shall be disclosed on a timely basis and always before any transaction is consummated. It shall be the continuing responsibility of board, officers, and management employees to scrutinize their transactions and external business interests and relationships for potential conflicts and to immediately make such disclosures.

### **Disclosure Policy and Procedure**

Disclosure should be made according to XYZ Club standards. Transactions with related parties may be undertaken only if all of the following are observed:

- A material transaction is fully disclosed in the audited financial statements of the organization;
- The related party is excluded from the discussion and approval of such transaction;
- A competitive bid or comparable valuation exists; and
- The organization's board has acted upon and demonstrated that the transaction is in the best interest of the organization.

Staff disclosures should be made to the chief professional officer (or if he or she is the one with the conflict, then to the designated committee), who shall determine whether a conflict exists and is material, and if the matters are material, bring them to the attention of the designated committee. Disclosure involving directors should be made to the designated committee.

The board shall determine whether a conflict exists and is material, and, in the presence of an existing material conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to XYZ Club. The decision of the board on these matters will rest in its sole discretion, and its concern must be the welfare of XYZ Club and the advancement of the Club's purpose.

Excerpted from *The Nonprofit Policy Sampler, Second Edition* by Barbara Lawrence and Outi Flynn (BoardSource).

**Conflict of Interest — Sample Disclosure Form**

For purposes herein, “affiliated persons” include the following:

- Any immediate family member.
- Any corporation or organization of which you are an officer or a partner or are, directly or indirectly, the beneficial owner of 10 percent or more of any class or equity securities.
- Any trust or other estate in which you have a substantial beneficial interest or as to which you serve as a trustee or in a similar capacity.

1. Name (please print) \_\_\_\_\_

2. Capacity:  board  advisory council  officer  
 committee member  staff  
 other, specify: \_\_\_\_\_

3. Have you or any of your affiliated persons provided services or property to XYZ Club in the past year?  Yes  No

If yes, please describe the nature of the services or property:

\_\_\_\_\_  
\_\_\_\_\_

4. Have you or any of your affiliated persons purchased services or property from XYZ Club in the past year?  Yes  No

If yes, please describe the purchased services or property:

\_\_\_\_\_  
\_\_\_\_\_

5. Please indicate whether you or any of your affiliated persons had, have, or will have any direct or indirect interest in any business transaction(s) in the past year to which XYZ Club was or is a party.  Yes  No

If yes, describe the transaction(s):

\_\_\_\_\_  
\_\_\_\_\_

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6. Were you or any of your affiliated persons indebted to pay money to XYZ Club at any time in the past year (other than travel advances or the like)? ( ) Yes ( ) No

If yes, please describe the indebtedness:

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7. In the past year, did you or any of your affiliated persons receive, or were entitled to receive, directly or indirectly, any benefits from, or as a result of your relationship with XYZ Club that in the aggregate could be valued in excess of \$1,000 that were not or will not be compensation directly related to your duties to XYZ Club? ( ) Yes ( ) No

If yes, please describe the benefit:

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8. Are you or any of your affiliated persons a party to or have an interest in any pending legal proceedings involving XYZ Club? ( ) Yes ( ) No

If yes, please describe the proceeding(s):

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9. Are you aware of any other events, transactions, arrangements, or other situations that you believe should be examined by XYZ Club's board or the executive committee in accordance with the terms and intent of XYZ Club's conflict-of-interest policy? ( ) Yes ( ) No

If yes, please describe the situation(s):

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I HEREBY CONFIRM that I have read and understand XYZ Club's Conflict-of-Interest Policy and that my responses to the above questions are complete and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Excerpted from *The Nonprofit Policy Sampler, Second Edition* by Barbara Lawrence and Outi Flynn (BoardSource).

### Conflict of Interest — Sample Boys & Girls Club Policy

**RESOLVED:** That the Board of Governors of Boys & Girls Clubs of Anytown hereby assigns to the Audit Committee the following duties and responsibilities in the area of Conflict of Interest and Ethics:

1. To implement the long-standing policy of Boys & Girls Clubs of Anytown:

That the board members and other employees of the organization any should avoid any situation which does or may involve a conflict between their personal interests and the interests of Boys & Girls Clubs of Anytown; and

That it is in the best interest of Boys & Girls Clubs of Anytown that continuing efforts be made to determine whether any such conflicts of interest do now, or may in the future, exist and, if so, to see that the conflicts are eliminated and/or that the interests of Boys & Girls Clubs of Anytown are properly protected; and

That all board members and other employees of Boys & Girls Clubs of Anytown should be alert and diligent to avoid situations or transactions involving conflicts of interest, and where such conflicts of interest do exist, to report the same to Boys & Girls Clubs of Anytown to the end that the interests of Boys & Girls Clubs of Anytown may be properly protected; and

That such board members and other employees of Boys & Girls Clubs of Anytown should bear in mind that counsel has advised the Board that a "conflict of interest" might exist in any situation in which the individual may be in a position to use his position with Boys & Girls Clubs of Anytown for personal gain to the possible detriment of Boys & Girls Clubs of Anytown, whether or not detriment to Boys & Girls Clubs of Anytown actually results;

2. To cause the Chief Professional Officer of Boys & Girls Clubs of Anytown, at least annually, to transmit to all board members and such other employees as may be designated by the chief volunteer officer, a letter which shall conform in all respects to the intent of this resolution, inquiring whether any such board members, officers or other employees are involved in conflict of interest situations of transactions;
3. To cause all such board members, and other employees promptly to report to the Chief Professional Officer of Boys & Girls Clubs of Anytown any situation presently existing, or which shall in the future exist, which might involve a conflict of interest as above defined; and to cause the Chief Professional Officer of Boys & Girls Clubs of Anytown promptly to transmit all such reports to the Audit Committee which Committee shall review and act upon any such conflict of interest which may be reported to it, and in any case which shall be deemed appropriate by the Committee, report the matter to the Board which will review such report and vote upon the action that should be taken in the absence of any board member who may be implicated in such alleged conflict of interest. (SAMPLE DISCLOSURE LETTER)

### Conflict of Interest — Sample Disclosure Letter

To the Board of Directors:

The attached copy of a resolution passed by the Board of Directors deals with Boys & Girls Clubs of Anytown's policy on conflicts of interest and ethics. As a matter of practice we require the statements to be filed annually. Please become familiar with the policy and respond to the statement below. If your response is negative, please separately describe each exception resulting in your negative response.

*I have read and understand the Board resolution dealing with the Boys & Girls Clubs of Anytown's policy on conflicts of interest and ethics. To the best of my knowledge and belief:*

*A. I am in compliance with such policy*

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*Signature*

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*Printed Name*

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*Date*

*B. I am not in compliance with such policy (explanation attached)*

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*Signature*

---

*Printed Name*

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*Date*

Please return to: Chief Professional Officer  
Boys & Girls Clubs of Anytown  
1234 Main Street  
Anytown, XY 99999

The key for nonprofit boards is *not* to try to avoid all possible conflict of interest situations, which would be impossible; rather, boards need to identify and follow a process for handling them effectively.

Examples of conflicts of interest might include:

- The Club needs legal advice related to a zoning issue. A lawyer on the board recommends a member of his law firm.
- Club policy requires competitive bidding on purchases of more than \$1,000, but a printing firm owned by a relative of the chief financial officer receives the \$15,000 contract for the annual report and no other bids are solicited.
- A board member serves on two boards in the same community and finds himself or herself in the position of approaching the same donors on behalf of both the Club and the other nonprofit.

What should be included in a conflict-of-interest policy?

- Define what constitutes a potential conflict of interest
- Define what board members should do if they have a conflict of interest; this usually includes;
  - Full disclosure — Board members and staff members in decision-making roles should make known their connections with groups or individuals doing business with the organization. This information should be provided annually.
  - Board member abstention from discussion and voting — Board members who have an actual or even a possibly perceived conflict of interest should not participate in discussions or vote on matters affecting transactions between the Club and the other party. Their refusal should be noted in the minutes of the meeting.

### Code of Ethics

- Define how to handle potential conflicts of interest involving key staff members; this may include
  - Disclosure to the supervisor (or in the case of the CPO, to the board chair).
  - Scrupulous adherence to policies and procedures related to purchases, such as requirements for competitive bids and rationale in writing for the decision that was made.
- Consequences for violating the policy.

The BGCA Standards of Organizational Effectiveness also require that there is a board-approved ethics policy with a conflict of interest statement that is signed annually by all board and staff. The policy should set forth principles intended as a guide in making sound judgments and decisions on behalf of BGC and its mission.

***SAMPLE***



**BOYS & GIRLS CLUBS  
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***A Matter of Trust:  
Boys & Girls Club of \_\_\_\_\_  
Code of Ethics for Board Members***

The purpose of “A Matter of Trust: Our Code of Ethics” is to help ensure that all Board Members of Boys & Girls Club of \_\_\_\_\_ (“BGC”) adhere to and promote proper ethical standards, abide by the law, and preserve the organization’s integrity, reputation, professional and business relationships.

Recognizing it is not possible to address all ways in which ethical issues may arise, the following principles are intended as a guide in making sound judgments and decisions on behalf of BGC and its mission.

**Pledge of Personal and Professional Conduct**

- **Integrity** -- I will demonstrate the highest standards of individual conduct, personal accountability, trustworthiness, fair dealings, considerations of the rights of others, and the highest principles of good business relationships.
- **Excellence** -- I will strive to meet the highest standards of performance, quality, service and achievement.
- **Honesty** -- I will communicate directly, respectfully, honestly and openly, and avoid misrepresentation, including misrepresentation through omission.
- **Diversity** -- I will support and value diversity -- promoting an environment that embraces the similarities and differences all people bring to the organization.
- **Respect** -- I will respect and act fairly toward all those with whom I come into contact and refuse to engage in or tolerate any form of discrimination or harassment.
- **Responsibility** -- I will take responsibility for my actions and decisions and remain a careful steward of BGC funds and resources.
- **Compliance** -- I will comply with BGC’s Code of Ethics and all laws and regulations affecting BGC.

### Professional Practices

As volunteer leaders of Boys & Girls Club of \_\_\_\_\_, Board Members should model the highest standards of ethics and individual conduct. While the “Pledge” outlines general principles guiding our ethical conduct, the following points illustrate important applications that are relevant to the work of BGC’s Board Members. ***The points below are not intended to be all-inclusive. Board Members are encouraged to utilize their own good judgment in maintaining the highest standards of ethics.***

#### Governance:

- I will commit myself to faithfully carrying out my duties and advancing the mission of BGC.
- I will work cooperatively with others, determined to be a cohesive and integrated member of the team working towards a common purpose and celebrating a shared set of principles.
- I will encourage the full and open discussion of issues entrusted to me and will ensure that others have a genuine opportunity to be heard.
- I will fairly and frankly state my opinions on matters and carry out final decisions of the Board or management, even if I originally disagreed.
- I will reveal any perceived, potential or actual conflicts of interest to either the Chair of the Board or any other designated person and will withdraw from the meeting room during any discussion, review and voting in conjunction with such matter.

#### Conflicts of Interest:

- I will not place my personal interests in conflict with the interest of BGC and will avoid any conduct that may impair my judgment with respect to BGC.
- I will not, directly or indirectly, benefit improperly from my position or from any sale, purchase, or other activity of the organization.
- I will avoid situations involving impropriety or conflict, or the appearance of impropriety or conflict between duty to the organization and personal interest.
- I will not accept from or give to any current or potential supplier, customer, competitor, or donor any payment, service, gratuity, gift, or favor.
- I will not ask for or receive cash, kickbacks, bribes, gifts or favors.
- I will avoid any outside business relationships with donors, other businesses or competitors if that relationship creates a conflict of interest by influencing decisions made by me in the performance of my regular duties for BGC.
- I will ensure that travel, entertainment and related expenses are incurred on a basis consistent with the mission of BGC and not for personal gain or interests or benefit any other related party.
- I will reveal to the Chair of the Board any perceived, potential or actual conflicts of interest.

### **Assets, Financial Reporting and Transactions:**

- I will do my part in ensuring that BGC complies with prescribed accounting policies and procedures at all times.
- I will do my part in ensuring that organizational assets and transactions are handled with the strictest integrity, and that each transaction is executed in accordance with applicable procedures, authorization and documentation.
- I will not use, directly or indirectly, the organizational name or logo, organizational funds, property, computer connectivity, equipment, assets, copyrighted material or other organizational resources for any unethical, unlawful or inappropriate purpose.

### **Fundraising:**

- I will enthusiastically promote genuine voluntary giving and prevent or inhibit any solicitations made under duress or coercion.
- I will be accurate and truthful in our fundraising requests and information.
- I will respect the informed choices of our donors by fairly and truthfully reporting our fundraising costs and overhead.
- I will be clear about how donated resources will be utilized.
- I will do my part to ensure that donated resources are used in the manner in which they were intended or transparently informing donors of any important alterations in the planned use of the funds.

### **Confidential Information:**

- I will not release business information that has not been made public to private individuals, organizations, or government bodies unless demanded by legal process.
- I will not use confidential information obtained in the course of my affiliation with BGC for the purpose of advancing any private interest or otherwise for personal gain.
- I will keep confidential all information shared on sensitive issues, such as compensation and performance data.

### **Political Contributions:**

- I will refrain from making - or create the appearance of making - any contributions to any candidate for public office or political committee on behalf of BGC.
- I will refrain from using any organizational financial resources, facilities or personnel to endorse or oppose a candidate for public office.
- I will clearly communicate that I am not acting on behalf of the organization, if identified as an official of BGC, while engaging in political activities in an individual capacity.
- I will engage in personal political activities on my own time and at my own expense.

### **Reporting and Investigations**

**Upon receipt of the Code of Ethics, each Board Member will agree in writing to comply with the Code of Ethics (Certificate on Page 4).**

## Basics of Board Governance: Policies and Procedures

### **Questions and Reporting:**

- Any questions regarding the Code of Ethics, its interpretation or application should be directed to the Chair, \_\_\_\_\_ Committee.
- If a Board Member knows of a violation of the Code of Ethics, he/she should immediately report it to the Chair of the Board. If reporting to that person creates a conflict, it should be reported to \_\_\_\_\_.
- In the alternative, a Board Member can utilize the BGC confidential Ethics Hotline to report a violation of the Code of Ethics via the telephone or the Internet.
- If a Board Member is concerned that he/she may not be in compliance with the Code of Ethics, he/she should complete the appropriate Disclosure Statement (copy on page 5), and the Chair of the Board will provide a written response.

### **Follow-Up:**

- The Chair of the Board will promptly investigate all alleged Code of Ethics violations and will recommend action if required, to the full Board.



**BOYS & GIRLS CLUBS  
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**A Matter of Trust:  
The BGC Code of Ethics  
for Board Members  
Certificate**

I acknowledge that I have received and read my personal copy of Boys & Girls Club of \_\_\_\_\_ Code of Ethics for Board Members. I understand that I am responsible for adhering to the principles of the Code of Ethics, and I confirm that I will conduct myself in accordance with the principles of the Code of Ethics. The certificate process is mandatory for all Board Members.

I am in compliance with the policy.

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*Printed Name*

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*Signature*

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*Date*

Please sign and date this certificate and return it to:

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*Thank you!*



**BOYS & GIRLS CLUBS  
OF AMERICA**

**A Matter of Trust: The BGC Code of Ethics  
for Board Members Disclosure Statement**

*I acknowledge that I have received and read my personal copy of Boys & Girls Club of \_\_\_\_\_ Code of Ethics for Board Members. I understand that each member of the Board is responsible for adhering to the principles of the Code of Ethics, and I confirm that I will conduct myself in accordance with the principles of the Code of Ethics.*

*I may not be in compliance with such policy, due to:*

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*Print Name*

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*Signature*

*Date*

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Please sign and date this certificate and return it to:

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\_\_\_\_\_ Committee's Review and Comments

- You are in compliance with the Code of Ethics Policy.
- You are not in compliance with the Code of Ethics Policy. In order to be in compliance:

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Chair, \_\_\_\_\_

Signature

Date

### Whistleblower/Speak-Up Policy

In addition to the new IRS Form 990 questions, there is another reason all Clubs should have whistleblower and document retention and destruction policies. The two aspects of Sarbanes-Oxley Act (SOX) that are applicable to nonprofit and for-profit entities alike is that all must have whistleblower policies and policies dealing with document retention and destruction. While such policies are not required by law, SOX makes it a federal crime to retaliate against whistleblowers and to destroy documents during investigations.

Often a whistleblower policy functions as an extension of a code of conduct/ethics. In developing this policy, consider the relationship between this and other policies.

So what should a whistleblower policy include?

- State that fraudulent actions will not be tolerated and list other improprieties that will not be tolerated (e.g., misuse of Club assets, sexual harassment, discrimination in enforcement of personnel policies).
- Outline a process for raising concerns; having a confidential reporting mechanism sends the message that whistleblowers are protected. That mechanism might be automated, such as online services or phone lines. Or, it may include a hierarchy of levels within the Club, from the human resource manager and the CPO to the audit committee and the CVO.
- Describe actions that will be taken as a follow-up to the concern raised.
- Establish protections for those that raise concerns; define what constitutes retaliation (e.g. firing, etc.)

Finally, it is essential to enforce the policy.

It may also be important to clarify that a whistleblower protection policy is different from a grievance policy. The latter should be part of the human resource policy for use when a staff person feels unjustly treated.

### Whistleblower Policy — Additional Samples

#### **Sample 1**

The whistleblower policy is intended to provide a mechanism for the reporting of illegal activity or the misuse of XYZ Club assets while protecting the employees who make such reports from retaliation.

#### **Questionable Conduct**

This policy is designed to address situations in which an employee suspects another employee has engaged in illegal acts or questionable conduct involving XYZ Club's assets. This conduct might include outright theft (of equipment or cash), fraudulent expense reports, misstatements of any accounts to any manager or to XYZ Club's auditors, or even an employee's conflict of interest that results in financial harm to XYZ Club. XYZ Club encourages staff to report such questionable conduct and has established a system that allows them to do so anonymously.

#### **Making a Report**

If an employee suspects illegal conduct or conduct involving misuse of XYZ Club assets or in violation of the law, he or she may report it, anonymously if the employee wishes, and will be protected against any form of harassment, intimidation, discrimination, or retaliation for making such a report in good faith.

Employees can make a report to any of the following XYZ Club executives at any time: chief professional officer, chief financial officer, or the head of human resources. XYZ Club will promptly conduct an investigation into matters reported, keeping the informant's identity as confidential as possible consistent with our obligation to conduct a full and fair investigation.

Alternatively, employees can make a report by calling either the chief volunteer officer or the chair of the audit committee. Their names and phone numbers are posted on XYZ Club's intranet.

#### **No Retaliation**

An employee who has made a report of suspicious conduct and who subsequently believes he or she has been subjected to retaliation of any kind by any XYZ Club employee is directed to immediately report it to the chief professional officer, the chief financial officer, or the head of human resources as appropriate.

Reports of retaliation will be investigated promptly in a manner intended to protect confidentiality as much as practicable, consistent with a full and fair investigation. The party conducting the investigation will notify the employee of the results of the investigation.

XYZ Club strongly disapproves of and will not tolerate any form of retaliation against employees who report concerns regarding XYZ Club's operations. Any employee who engages in such retaliation will be subject to discipline up to and including termination.

### XYZ Club Reporting Procedures

The “whistleblower” procedure is intended to describe the process through which concerns about the possible misuse of XYZ Club assets are handled pursuant to XYZ Club’s whistleblower policy.

1. An employee makes a report of suspected misuse of XYZ Club assets by reporting in person to an XYZ Club executive, or reporting confidentially to the chief volunteer officer or the audit committee chair.
2. The report is promptly reviewed by the chief professional officer, as well as the chief financial officer, to determine whether the report constitutes a complaint or a non-complaint, unless one of them is allegedly involved in the misconduct, in which case the report should be reviewed by only one of them. (If both of them are alleged to be involved, the report should go directly to the CVO or the audit committee chair.)
  - A *complaint* means any report involving (i) questionable accounting, auditing, financial reporting, or internal controls; (ii) suspected fraud, theft, or improper use of company assets; (iii) a violation of XYZ Club’s conflict-of-interest policy that results in a financial harm to XYZ Club; or (iv) a claim of retaliation against any employee making a good-faith report regarding any of the preceding matters.
  - A *non-Complaint* means a report of any other matter not involving a misuse of XYZ Club’s assets.
3. If the report is deemed to be a complaint, it will be promptly investigated and forwarded to the audit committee chair. If the report is deemed to be a non-complaint, it will be referred to the appropriate executive or manager for follow-up. Some non-complaints may involve serious matters and may require prompt investigation, but may nevertheless not involve misuse of XYZ Club’s assets.
4. Each complaint is fully investigated, and as far as possible handled so as to protect the privacy of the employee making the complaint. A written report of the outcome of each investigation is prepared and delivered to the audit committee chair.
5. The audit committee chair decides whether the report involves a matter that is material. If it is deemed material, it is reviewed by the full committee, which may forward it for disposition to the board or may direct senior management to take actions to resolve the situation. If the report is deemed nonmaterial, it is not reviewed by the committee but is instead addressed by the chief financial officer, as appropriate.

Excerpted from *The Nonprofit Policy Sampler, Second Edition* by Barbara Lawrence and Outi Flynn (BoardSource).

### **Sample 2**

#### **SPEAK UP!**

You are encouraged to bring your questions, suggestions, and complaints to the appropriate supervisor's attention. Careful consideration will be given to each of these in a continuing effort to improve operations.

If you feel you have a problem, you should present the situation to your immediate supervisor so the problem can be settled by examination and discussion of the facts. It is hoped that (s)he will be able to satisfactorily resolve most matters.

If you find that you still have questions after meeting with your supervisor or that you would like further clarification on the matter, you may request a meeting with the department head or the Regional Vice President. (S)he will review the issues and meet with you to discuss possible solutions.

If after meeting with the department head or the Regional Vice President, you continue to have questions or need further explanation, you may request a meeting with a Senior Vice President.

Finally, if you still believe that your problem has not been fairly or fully addressed, you may request a meeting with the President. Based on the authority and position of the President, his/her decision is final.

The Vice President, Human Resources is available to assist you in addressing your concerns at any time during the problem solving process.

Your suggestions and comments on any subject are important and you are encouraged to take every opportunity to discuss them. Your job will not be adversely affected in any way because you choose to use this procedure.

Source: BGCA, The Way We Work Handbook

### Record Retention and Document Destruction Policy

The Sarbanes-Oxley Act of 2002 forbids purging of documents when any organization — nonprofit or for-profit — is under federal investigation. Document destruction policies provide guidelines for the proper disposal of records and prevent destruction of relevant documentation if the organization is involved in litigation.

The document retention policy should cover employee records, accounting and tax records (e.g., bank statements, audits, IRS forms), legal documents (e.g., articles of incorporation, tax-exempt application, the determination letter, contracts, intellectual property documents, real estate records), board-related records (minutes, policies, resolutions), and e-mails and voicemails.

In some cases, the applicable retention period is dictated by statute. In other cases, it is a matter of judgment.

The policy should indicate the legal and/or desired retention periods for all records (and double check with legal counsel regarding retention periods for your Club).

Also, when under federal investigation or where litigation is either ongoing or imminent — or even if that becomes a possibility — state clearly that all document destruction must stop and documents must be preserved.

## Records Retention and Document Destruction Policy

### BOYS & GIRLS CLUBS OF AMERICA RECORDS RETENTION POLICY January 15, 2006

#### General Statement of Policy

It is the policy of the Boys & Girls Clubs of America ("BGCA") to retain records for so long as they are useful to BGCA unless a longer retention period is required by law or business judgment. The attached Records Retention Policy Schedule specifies the length of time that records are to be maintained. It is imperative that all records are destroyed in accordance with the procedures of this Policy unless they are deemed pertinent or required by an audit, litigation, or investigation, about which BGCA has notice.

#### 1. Definitions

As used in this Policy, the term "Records" includes anything that BGCA creates or receives in the form of written, printed, or electronic material, including, but not limited to, letters, correspondence, reports, price lists, invoices, statements, policy manuals, contracts, leases, purchase orders, photographs, catalogues, memoranda, computer messages, and e-mail. The term "Records" also includes all copies, reproductions, microfilm, and computer tapes or disks of the foregoing.

As used in this Policy, the term "Temporary Records" refers to those Records that are not of a permanent nature such as notes, announcements, routine interoffice memoranda, checklists, junk mail, and informal summaries and reports.

As used in this Policy, the term "Draft Records" refers to those Records that are not in their final form, regardless of whether a final form was ever created.

#### 2. Records Retention Officer

The Senior Vice President Information Technology is designated the Records Retention Officer of BGCA and has responsibility for implementing and carrying out this Policy.

#### 3. Employees and Departments

Employees are responsible for Records in their possession. **Employees should regularly destroy Temporary Records and Draft Records that are no longer useful to BGCA.** Employees shall also participate in a department-wide review of Records in each year (the "Annual Records Review") to identify and destroy Records for which the Retention Period has expired. The Annual Records Review shall be conducted at the end of each calendar year with certification to be completed by January 31.

Department heads are responsible for Records in the department's possession and those that are stored in warehouses. During January of each year, each department head shall ensure that the department's employees have reviewed all files in the department and that Records for which the Retention Period has expired are identified for destruction. In making this determination, the department head should consult the attached Records Retention Policy Schedule. Each year each department head shall complete an Annual Records Review form (see attachment A) certifying that his or her department has conducted this review and that the appropriate Records have been destroyed. The Records Retention Officer will keep a file of departmental reports by year.

#### **4. Destruction of Documents**

Each department head is responsible for assuring that all records are destroyed in a timely and proper manner pursuant to the terms of this Policy.

Prior to the first day of February, each department head shall confirm in writing to the Records Retention Officer that all records not involved in an audit, litigation, or investigation have been stored and / or destroyed in accordance with the Policy.

#### **5. E-Mail and Electronic Data**

BGCA routinely creates back up copies of e-mail, databases, files located on network drives, and computer based business application programs. These files are backed up at the close of each business day and stored off-site for a period of 13 months. Files stored on laptop and desktop workstations and PDAs are NOT backed up.

E-mail should be discarded after use or 1 year whichever is sooner, unless it pertains to specific items listed in the attached Schedule (E-mail items so identified should be placed in subject matter folders). E-mail that is needed for reference purposes should be placed in subject matter folders created by the user but must be deleted in accordance with the procedures and reviews located elsewhere in this policy. As part of the Annual Records Review, employees must review all electronic files and destroy all records for which the Retention Period has expired.

Annually BGCA will automatically delete e-mails that exceed current year plus 3 years from the employees' inbox.

#### **6. Personal Files**

Any paper or electronic document, including drafts and copies, created or received by an employee that relates to BGCA's business is the property of, and attributable to, BGCA for purposes of audit, litigation, investigation. Employees, therefore, shall not maintain "personal" copies of documents for which the Retention Period has expired. Department heads are responsible for providing employees with a copy of this Policy and the attached Records

Retention Policy Schedule, issuing employees an annual reminder, and taking other reasonable steps to insure that all employees comply with this Policy.

### **7. Audits, Litigation or Investigations**

Whenever BGCA is served with legal process by a party in a lawsuit, has knowledge that it is being audited or investigated, or has knowledge of clearly foreseeable legal proceedings, all Records in any way pertaining to the audit, lawsuit, or investigation shall be retained until the audit, lawsuit, investigation have been concluded. This provision supersedes any other provision in this Policy that would require the destruction of such Records at an earlier date. All Records retained for these purposes shall be listed on an inventory maintained by the head of the department in possession of these Records and submitted to the Records Retention Officer. Judgments will be made by the Records Retention Officer on a case-by-case basis as to how long such files will be retained after the conclusion of the litigation, investigation, or audit.

### **8. General**

Managers that have any questions regarding the maintenance of any document should contact the Records Retention Officer for guidance. All employees should use good judgment and professional language when creating memoranda or other documents.

### **9. Amendments to Policy**

Any changes to this Policy or the Records Retention Policy Schedule will be documented, and forwarded to each department head.

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President

**Attachment A**

**BGCA Annual Records Review Form**

A review has been completed of all records in the possession of the \_\_\_\_\_ department in consideration of the Records Retention Policy Schedule.

- All records identified on the Schedule older than the prescribed retention schedule, which are not involved in known investigation, litigation or audit, have been destroyed.
- All records not identified in the Schedule have been destroyed.
- Any records being retained as exceptions to the Schedule have been identified to the Records Retention Officer.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

## BGCA Records Retention Policy Schedule

To enable the recovery of relevant information in a consistent and responsible manner, a policy is being established to guide the retention and destruction of records. Whether the information is in paper or electronic format is immaterial to the policy.

The periods set forth below apply to all computer records and hard-copy records. Each employee or department head is responsible for ensuring the compliance of his or her own records (and the records of employees and contractors under his or her supervision) whether in file cabinets, computer hard drive, computer disks or elsewhere.

Official documents with Permanent retention periods will be retained by the Corporate Office. Individual employees should discard non-original documents appropriately after use.

Record Classification Retention Period	
<b>Corporate Records</b>	
<ul style="list-style-type: none"> <li>Articles of incorporation, constitution, corporate by-laws, registrations to do business, and any amendments to the foregoing</li> </ul>	Permanent
<ul style="list-style-type: none"> <li>Minutes and resolutions of the Board of Directors or Executive Committee including associated board books</li> </ul>	Permanent
<ul style="list-style-type: none"> <li>Minutes and resolutions of committees required by the constitution and bylaws (Executive Committee, Board Governance Committee, National Area Council Committee and Audit Committee) including associated board books</li> </ul>	Permanent
<ul style="list-style-type: none"> <li>Minutes and board books for all other Board committees</li> </ul>	5 years unless more time is required for subject category elsewhere in this policy
<ul style="list-style-type: none"> <li>Annual reports</li> </ul>	Permanent
<ul style="list-style-type: none"> <li>Deeds, leases, easements, mortgages and other documents relating to real property</li> </ul>	Permanent
<ul style="list-style-type: none"> <li>Insurance policies, endorsements thereto and related correspondence from insurers or insurance brokers</li> </ul>	Current plus 7 years from expiration
<ul style="list-style-type: none"> <li>Patent, trademarks, service marks, copyrights</li> </ul>	Permanent
<b>Legal Records (Litigation and Administrative Proceedings)</b>	
<ul style="list-style-type: none"> <li>Consent decrees, administrative decrees, final orders, judgments and settlement issues</li> </ul>	Permanent
<ul style="list-style-type: none"> <li>Requests for information by government agency or court of law</li> </ul>	3 years after matter fully resolved
<ul style="list-style-type: none"> <li>Notice of demand letters</li> </ul>	5 years after matter fully resolved
<ul style="list-style-type: none"> <li>Notices of violations / citations / complaints</li> </ul>	5 years after matter fully resolved

## Basics of Board Governance: Policies and Procedures

<ul style="list-style-type: none"> <li>Records that relate to ongoing or threatened litigation or other proceedings</li> </ul>	Until matter concluded and then subject to the schedule determined by the Records Retention Officer.
<b>Tax Records</b>	
<ul style="list-style-type: none"> <li>Tax exemption application</li> </ul>	Permanent
<ul style="list-style-type: none"> <li>Information returns (Form 990)</li> </ul>	6 years from due date of return or date of filing or audit date, whichever is later
<ul style="list-style-type: none"> <li>Other tax returns (e.g. Form 990-Ts), bills and statements</li> </ul>	6 years from due date of return or date of filing or audit date, whichever is later
<ul style="list-style-type: none"> <li>Records, returns, schedules, and statements relating to wages paid, federal and state income tax withheld, social security tax paid and withheld from employee wages and documentation of employee business expenses</li> </ul>	4 years after the due date of the tax or the date the taxes were paid whichever is later
<ul style="list-style-type: none"> <li>Permanent books of account or records, including inventories, sufficient to establish the amount of gross income, deductions, credits, etc., and all supporting records of details (e.g., payroll records, canceled checks, invoices, vouchers, etc.)</li> </ul>	7 years after the returns are filed
<ul style="list-style-type: none"> <li>Records of property for which a basis must be determined to compute gain or loss upon disposition.</li> </ul>	Retain until a taxable disposition is made
<b>Accounting and Financial Records</b>	
<ul style="list-style-type: none"> <li>Audited financial statements</li> </ul>	Permanent
<ul style="list-style-type: none"> <li>All ledgers, accounts payable and receivable schedules, and other similar documents</li> </ul>	6 years plus current
<ul style="list-style-type: none"> <li>Bank records (including deposit and withdrawal slips), bank statements, check registers, check receipt journals, canceled checks and other similar documents</li> </ul>	6 years plus current
<ul style="list-style-type: none"> <li>Expense account, vouchers, petty cash records and other similar documents</li> </ul>	6 years plus current
<ul style="list-style-type: none"> <li>Management Reports                             <ul style="list-style-type: none"> <li>Year-end</li> <li>Monthly</li> </ul> </li> </ul>	3 years 1 year plus current
<ul style="list-style-type: none"> <li>Treasurers Reports                             <ul style="list-style-type: none"> <li>Year-end</li> <li>Monthly</li> </ul> </li> </ul>	3 years 1 year plus current
<ul style="list-style-type: none"> <li>Contracts</li> </ul>	5 years from completion of performance
<ul style="list-style-type: none"> <li>Payroll registers</li> </ul>	6 years plus current
<ul style="list-style-type: none"> <li>Invoices (paid and unpaid)</li> </ul>	5 years
<ul style="list-style-type: none"> <li>Federal grant documentation including agreements, letters of understanding, reports, underlying grants</li> </ul>	6 years from end of grant period unless additional time is stipulated by grantor.

## Basics of Board Governance: Policies and Procedures

<ul style="list-style-type: none"> <li>• Pension Records</li> </ul>	
<ul style="list-style-type: none"> <li>• Pension plans, amendments thereto and related documents</li> </ul>	Life of the plan plus 3 years after the filing of the last annual report for the plan after its termination
<ul style="list-style-type: none"> <li>• Retiree and beneficiary records (e.g., names addresses, SSNs, periods of employment (including breaks in service), pay, eligibility information, benefits calculations)</li> </ul>	6 years after last owed payment
<ul style="list-style-type: none"> <li>• Audit reports</li> </ul>	Permanent
<ul style="list-style-type: none"> <li>• Records of payments to employees or beneficiaries</li> </ul>	6 years after death of payee
<b>Personnel Records</b>	
<ul style="list-style-type: none"> <li>• Records pertaining to a claim of discrimination</li> </ul>	Closed and inactive cases up to the statute of limitations on the charge or action. Active cases until matter concluded and then subject to closed case retention.
<ul style="list-style-type: none"> <li>• Any personnel or employment records including application forms, records concerning hiring, background checks, promotion, demotion, transfer, layoff, termination, rates of pay, or other terms of compensation and selection for training or apprenticeship</li> </ul>	Duration of employment plus 7 years from the date of termination of employment
<ul style="list-style-type: none"> <li>• EEO-1 Form</li> </ul>	Most recent must be on file
<ul style="list-style-type: none"> <li>• Employee medical records (except health insurance claims records, one-time first aid treatment records if made on-site by a non-physician and maintained separately from the employee's medical records, and medical records of employees who have worked less than one year and who are provided with their medical records upon termination of employment)</li> </ul>	Duration of employment plus 30 years
<ul style="list-style-type: none"> <li>• All records of not hired job applications, resumes, any other employment inquiry in response to an advertisement or anticipated job opening, including records pertaining to failure or refusal to hire</li> </ul>	Current plus 2 years from date the personnel action takes place
<ul style="list-style-type: none"> <li>• Job orders submitted to employment agency or labor organization for recruitment of personnel for a job opening</li> </ul>	1 year
<ul style="list-style-type: none"> <li>• Test papers completed by applicants or candidates for any position which discloses the results of any employer administered aptitude test or other test considered in connection with any personnel action</li> </ul>	Current plus 2 years from date of personnel action
<ul style="list-style-type: none"> <li>• Advertisements or notices to the public or employees concerning job openings, promotions, training programs and opportunities for overtime work</li> </ul>	2 years from the date of the related personnel action

## Basics of Board Governance: Policies and Procedures

<ul style="list-style-type: none"> <li>Payroll records with names in full, identification number or symbol, if used, home address, sex, occupation, date of birth if under 19, time of day and day of week on which workweek begins, regular hourly rate of pay, hours worked each work day and total for workweek, total daily or weekly earnings for wages due, total premium pay for overtime, total additions or deductions to wages per pay period with dates and amounts deducted or added on individual records, total wages, payment each pay period and date of payment with pay period covered</li> </ul>	Duration of employment plus 3 years from the last date of entry
<ul style="list-style-type: none"> <li>Records of retroactive payments, including amount, period covered, date of payment and receipt</li> </ul>	3 years from the last date of entry
<ul style="list-style-type: none"> <li>Basic employment and earnings records, wage rate tables, work time schedules, job evaluations, merit or seniority systems or other matters which describe or explain the basis of payment of wages, and records of deductions from or additions to pay</li> </ul>	Duration plus 7 years
<ul style="list-style-type: none"> <li>Employee benefit plans, such as insurance plans, seniority and merit systems</li> </ul>	Life of plan plus 1 year after termination of the plan
<ul style="list-style-type: none"> <li>Immigration and Naturalization Service Form I-9 (copies of supporting documentation recommended, but not required)</li> </ul>	3 years after hire or 1 year after termination whichever is later
<ul style="list-style-type: none"> <li>Records providing the basis for all required ERISA plan descriptions or reports or those necessary to certify any information contained therein, including vouchers, worksheets, receipts, and applicable resolutions</li> </ul>	6 years from the filing date of the documents
<ul style="list-style-type: none"> <li>Records pertaining to each employee-participant in the ERISA plan for determination of benefits that are due or may become due</li> </ul>	As long as relevant
<ul style="list-style-type: none"> <li>Any personnel or employment record made or kept and records regarding complaints of discrimination against veterans under the Vietnam Era Veterans Readjustment Assistance Act and action taken thereunder.</li> </ul>	2 years from date of last activity
<ul style="list-style-type: none"> <li>Individual personnel files including non-pension-related materials such as:                             <ul style="list-style-type: none"> <li>performance evaluations</li> <li>medical records</li> <li>Other documents</li> </ul> </li> </ul>	Current plus 5 years 30 years after termination Current plus 5 years
<ul style="list-style-type: none"> <li>Employee Handbook, Code of Ethics, posted legal notices</li> </ul>	Until superceded
<b>Legislative and Other Materials</b>	
<ul style="list-style-type: none"> <li>Federal or state lobbying reports</li> </ul>	5 years

## Basics of Board Governance: Policies and Procedures

<b>Internal Publications / Library</b>	
• President's Blast E-Mails	1 year
• Chairman's Message	1 year
• In-house position papers and other similar documents	Current plus 1 year after superceded
• Directories, speeches, manuals, documentation of computer systems and programs, guidelines, reports and other library materials	Until no longer useful as reference materials
• Magazines, newspapers, press releases and other similar documents	Only while current
<b>Membership Records</b>	
• BGCA Member Organization Applications, Charters, Agreements, Modifications, other significant letters memorandums pertaining to member organization	Permanent
• Membership Annual Reports filed with BGCA	Permanent
• Membership fee records	5 years
<b>Safety and Security Records</b>	
• Visitor clearances	3 years
• Security violations, infractions	3 years
• Fire, theft investigations	3 years
• Emergency conditions	3 years
<b>Office Supplies and Services</b>	
• Office equipment records	3 years
• Records of inventories	1 year
• Request for service	1 year
• Requisitions for Supplies, purchase orders	1 year
<b>Internal Memoranda and Correspondence</b>	
• Internal memoranda	
○ Drafts of all documents (whether typed or written)	Dispose of when final version prepared
○ Handwritten or other informal notes (e.g., "to do lists, notes, from telephone calls meetings)	Dispose of after use or 6 months, whichever is sooner
○ Voicemail message	Dispose of after use or 30 days, whichever is sooner
○ General E-mail messages (both incoming and outgoing)	Dispose of after use or 1 year whichever is sooner – All e-mail is automatically removed from the system after 3 years from date of origination

## Basics of Board Governance: Policies and Procedures

<ul style="list-style-type: none"> <li>○ E-mail specifically pertaining to litigation, or a category of documents referenced for specific retention period should be maintained with those records and destroyed in accordance with the appropriate memorandum.</li> </ul>	Per applicable retention memorandum
<ul style="list-style-type: none"> <li>○ Telephone messages (both incoming and outgoing)</li> </ul>	Dispose of after use or 30 days whichever is sooner
<ul style="list-style-type: none"> <li>○ Copies of routine interdepartmental or other company correspondence (except officials statements of BGCA policies or positions)</li> </ul>	Dispose of after use
<ul style="list-style-type: none"> <li>○ Agendas</li> </ul>	Dispose of after use
<ul style="list-style-type: none"> <li>○ Calendars, schedule book, appointment books, daily planners and similar scheduling documents)</li> </ul>	Dispose of after use
<ul style="list-style-type: none"> <li>○ Chronological files</li> </ul>	5 years
<ul style="list-style-type: none"> <li>○ General statements of BGCA policies or positions</li> </ul>	Permanent or until superceded
<b>Routine Correspondence</b>	
<ul style="list-style-type: none"> <li>○ Letters and notes that required no acknowledgement or follow-up (e.g., letter of transmittal, travel plans for meetings)</li> </ul>	After use or 1 year whichever is sooner

### Record Retention and Document Destruction — Sample Boys & Girls Club Policy

XYZ Club takes seriously its obligations to preserve information relating to litigation, audits, and investigations. The Sarbanes-Oxley Act makes it a crime to alter, cover up, falsify, or destroy any document to prevent its use in an official proceeding. Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against XYZ Club and its employees and possible disciplinary action against responsible individuals (up to and including termination of employment). Each employee has an obligation to contact the chief professional officer or chief financial officer of a potential or actual litigation, external audit, investigation, or similar proceeding involving XYZ Club. The information listed in the retention schedule below is intended as a guideline and may not contain all the records XYZ Club may be required to keep in the future. Questions regarding the retention of documents not listed in this chart should be directed to the CPO.

From time to time, the chief professional officer may issue a notice, known as a “legal hold,” suspending the destruction of records due to pending, threatened, or otherwise reasonably foreseeable litigation, audits, government investigations, or similar proceedings. No records specified in any legal hold may be destroyed, even if the scheduled destruction date has passed, until the legal hold is withdrawn in writing by the CPO.

File Category	Item	Retention Period
<b>Corporate Records</b>	Bylaws and Articles of Incorporation	Permanent
	Corporate resolutions	Permanent
	Board and committee meeting agendas and minutes	Permanent
	Conflict-of-interest disclosure forms	4 years
<b>Finance and Administration</b>	Financial statements (audited)	Permanent
	Auditor management letters	Permanent
	Payroll records	Permanent
	Journal entries	Permanent
	Check register and checks	[7 years/ Permanent]
	Bank deposits and statements	7 years
	Charitable organizations registration statements (filed with [State] Attorney General)	7 years
	Chart of accounts	7 years
	Expense reports	7 years
General ledgers and journals (includes bank reconciliations, fund accounting by month, payouts allocation, securities lending, single fund allocation, trust statements)	7 years	

## Basics of Board Governance: Policies and Procedures

File Category	Item	Retention Period
	Accounts payable ledger	7 years
	Investment performance reports	7 years
	Investment consultant reports	7 years
	Investment manager correspondence	7 years
	Equipment files and maintenance records	7 years after disposition
	Contracts and agreements	7 years after all obligations end
	Investment manager contracts	7 years after all obligations end
	Correspondence — general	3 years
<b>Insurance Records</b>	Policies — occurrence type	Permanent
	Policies — claims-made type	Permanent
	Accident reports	7 years
	Fire inspection reports	7 years
	Safety (OSHA) reports	7 years
	Claims (after settlement)	7 years
	Group disability records	7 years after end of benefits
<b>Real Estate</b>	Deeds	Permanent
	Leases (expired)	7 years after all obligations end
	Mortgages, security agreements	7 years after all obligations end
	Purchase agreements	7 years after disposition requirement
<b>Tax</b>	IRS exemption determination and related correspondence	Permanent
	IRS Form 990s	Permanent
	Withholding tax statements	7 years
	Correspondence with legal counsel or accountants, not otherwise listed	7 years after return is filed
	Timecards	3 years
<b>Communications</b>	<b>One set of all communication documents kept on-site and one set kept off-site</b>	
	Press releases	Permanent
	Annual reports	Permanent (5 copies)
	Other publications	7 years
	Photos	7 years
	Press clippings	7 years
<b>Donor Services</b>	Fund agreements (paper and digital copies)	Permanent
	Correspondence — acknowledgment of gifts and grant requests	Permanent
	Donor fund statements	Permanent
<b>Human Resources</b>	Employee personnel files	Permanent
	Retirement plan benefits (plan descriptions, plan documents)	Permanent
	Employee medical records	Permanent
	Employee handbooks	Permanent
	Workers comp claims (after settlement)	7 years

## Basics of Board Governance: Policies and Procedures

File Category	Item	Retention Period
	Employee orientation and training materials	7 years after use ends
	Employment offer letter	7 years after all obligations end
	Employment applications	3 years
	IRS Form I-9 (store separate from personnel file)	Greater of 1 year after end of service, or 3 years
	Résumés	1 year
<b>Technology</b>	Software licenses and support agreements	7 years after all obligations end
<b>General Administration</b>	Correspondence — CPO and general	7 years
	Appointment calendars — CPO	7 years

By: \_\_\_\_\_  
Board Secretary

### Background Check Policy

Another important policy for boards to have in place is the background check policy. BGCA's Requirements for Membership indicates that Clubs must:

- Conduct criminal background checks of all employees and volunteers who have repetitive direct contact with children. Such checks should be of the type that would disclose, at minimum, sexual offenders and include a social security number trace and a national criminal file check. Such checks shall be conducted prior to employment and at regular intervals, not to exceed 24 months of employment.

Clubs can look to the Standards of Organizational Effectiveness for guidance.

**For a sample, see the BGCA Standard Practices for Hiring Staff and Selecting Volunteers of High Character.**

While we will not spend much time on it today, it's important to mention that all Clubs should have an anti-sexual harassment policy. It is typically a personnel policy – but should apply to all employees, volunteers, and vendors. Sexual harassment is not only an infringement on personal dignity but it can create serious legal consequences for an individual and the entire organization. A good policy should define sexual harassment, set forth a procedure for bringing a sexual harassment complaint, and define the responsibility of the nonprofit organization in responding to the complaint. The rights of both the accused and the accuser should be specified in the policy. The policy should also address the process for handling allegations, investigations, disciplinary actions, and retaliation.

### Sexual Harassment — Sample Boys & Girls Club Policy

#### NON-HARASSMENT

It is Boys & Girls Clubs of America's policy to prohibit harassment of employees on any basis including, but not limited to, veteran status, race, color, religion, marital status, national origin, gender, physical or mental disability and/or age. In addition to the above, sexual orientation, medical condition (cancer), pregnancy, childbirth or related medical condition, political activity and ancestry are protected classes in California. In addition, it is an unlawful business practice for an employer to refuse to permit an employee to wear pants on account of the sex of the employee.

Citizenship status, ancestry, unfavorable discharge from military service, military status and use of lawful products off-premises during non-working hours are protected classes in Illinois.

Pregnancy, childbirth, and mental or physical handicap, including HIV infection, are protected classes in Maryland.

Sexual orientation, pregnancy and ancestry are protected classes in Massachusetts.

Creed, arrest record and participation in lawful activities outside the workplace are protected classes in New York.

Pregnancy, childbirth and related medical conditions are protected classes in Texas.

The purpose of this policy is not to regulate employees' morality. Rather, it is to assure that, in the workplace, no employee harasses another on any of these bases.

While it is not easy to define precisely what harassment is, it certainly includes slurs, epithets, threats, derogatory comments, unwelcome jokes and teasing.

Any employee who feels that (s)he is a victim of such harassment should immediately report the matter to the Vice President, Human Resources. All such reports will be investigated as confidentially as possible. Adverse action will not be taken against an employee who reports or participates in the investigation of a violation of this policy. Violations of this policy will not be permitted and may result in disciplinary action, up to and including discharge.

#### SEXUAL HARASSMENT (Massachusetts Employers)

Sexual harassment of one employee by another employee, supervisor or third party is against organization policy and is unlawful under state and federal law. Harassment of third parties by our employees is also prohibited. The purpose of this policy is not to regulate the morality of employees. It is to assure that in the workplace, no employee is subject to sexual harassment.

## Basics of Board Governance: Policies and Procedures

Sexual harassment of any kind will not be tolerated. Violations of this policy may result in disciplinary action, up to and including discharge. We will not unlawfully retaliate or take any adverse action against employees who report violations of this policy or participate in the investigation of such violations.

While it is not easy to define precisely what sexual harassment is, it includes:

1. Unwelcome sexual favors.
2. Requests for sexual favors.
3. Verbal or physical conduct of a sexual nature when submission to that conduct is made either explicitly or implicitly as a condition of employment.
4. Verbal or physical conduct of a sexual nature when submission to or rejection of such conduct by an individual is used as a component of the basis for employment decisions affecting that individual.
5. Verbal or physical conduct of a sexual nature that has the effect of interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

Examples of sexual harassment include, but are not limited to: drawings, pictures, jokes, teasing, uninvited touching or other sexually-related comments.

Any employee who feels that (s)he is a victim of sexual harassment should immediately report such actions in accordance with the following procedure. All complaints will be promptly and thoroughly investigated.

1. Any employee who believes (s)he has been sexually harassed or retaliated against for complaining of sexual harassment should report the situation immediately to either Nell Fielden at 1230 West Peachtree Street, Northwest; Atlanta, GA 30309 (404) 815-5768 (who has been designated to receive such complaints), or to his/her supervisor, or to Kay McIver at 1230 West Peachtree Street, Northwest; Atlanta, GA 30309 (404) 815-5769. If an employee prefers not to discuss the matter with these individuals, (s)he may go directly to any other member of management.
2. The organization will investigate every reported incident immediately. Any employee, supervisor or agent of the organization who has been found to have sexually harassed another employee may be subject to disciplinary action, up to and including immediate discharge.
3. The organization will conduct all investigations in a discreet manner. Our organization recognizes that every investigation requires a determination based on all the facts in the matter. We also recognize the serious impact a false accusation may have. We trust that all employees will continue to act responsibly.

4. The reporting employee and any employee participating in any investigation under this policy have the organization's assurance that no reprisals will be taken as a result of a sexual harassment complaint made in good faith. It is our policy to encourage discussion of the matter, to help protect others from being subjected to similar inappropriate behavior.

We strongly encourage our employees to file a complaint of sexual harassment using our organization's complaint procedure.

If you are dissatisfied with the resolution of your concern, you may contact:

- Massachusetts Commission Against Discrimination Boston office: One Ashburton Place, Room 601; Boston, MA 02108 (617) 727-3990 Springfield office: 436 Dwight Street, Suite 315; Springfield, MA 01103 (413) 739-2145.
- Equal Employment Opportunity Commission: 1 Congress Street; Boston, MA 02114 (617) 565-3200 (voice) (617) 565-3204 (TDD).

### **SEXUAL HARASSMENT (All other Employees)**

It is Boys & Girls Clubs of America's firm policy to prohibit sexual harassment of any employee by another employee, supervisor, vendor, volunteer or the general public. The purpose of this policy is not to regulate the morality of employees. Rather, it is to assure that in the workplace, no employee is subject to sexual harassment. While it is not easy to define precisely what sexual harassment is, it certainly includes unwelcome sexual advances, requests for sexual favors and/or verbal or physical conduct of a sexual nature including, but not limited to, drawings, pictures, jokes, teasing, other sexually related comments, or uninvited touching. Sexual harassment of an employee will not be tolerated. Violations of this policy may result in disciplinary action, up to and including discharge. There will be no adverse action taken against employees who report violations of this policy or participate in the investigation of such violations. Any employee who feels that (s)he is a victim of sexual harassment should immediately report such actions in accordance with the following procedure:

1. Any employee who believes that (s)he is a victim of sexual harassment should report the act immediately to the Vice President, Human Resources.
2. The organization will investigate every reported incident immediately. Any employee, supervisor or agent of the organization who has been found to have sexually harassed another employee may be subject to appropriate disciplinary action, up to and including immediate discharge.
3. The organization will conduct all investigations in a discreet manner. The organization recognizes that every investigation requires a determination based on all the facts in the matter and recognizes the serious impact a false accusation can have. All employees are expected to continue to act responsibly.

## Basics of Board Governance: Policies and Procedures

4. The reporting employee and any employee participating in any investigation under this policy has the organization's assurance that no reprisals will be taken as a result of a sexual harassment complaint.

All complaints will be promptly and thoroughly investigated.

### Other Policies

Fraud awareness is another important policy that Clubs can have in place. While BGCA does not yet have a sample policy – they have identified an example from the Association of Certified Fraud Examiners that boards can use as an example.

Regarding crisis management, Clubs should have in place a crisis response/management policy to address the systems and procedures to have in place in case of a crisis. The Standards of Organizational Effectiveness can provide some guidance. They state that Clubs should:

- Review the organization's safety and facility policies,
- Review the organization's insurance coverage,
- Review existing and pending facility use agreements,
- Establish an active Facilities and Property Committee which addresses safety policies and procedures [note: this should not be a committee of the board],
- Maintain reasonable staff ratios and provide regular staff training,
- Consistently document procedures, accidents and incidents,
- Establish a realistic safety budget, and
- Take the long view on risk management.

Boards are also increasingly implementing CPO succession planning policies. The policy might be as simple as stating: "In order to provide for orderly and effective succession planning and transitions, the CVO may at any time appoint a task force to anticipate and recommend any policies or actions. Whenever a vacancy is known or imminent, the CVO shall appoint a search committee and a committee chair to conduct the search for a new chief executive." Alternatively, the policy might outline a process for assessing Club's leadership needs and resources at the time of transition followed by the search, hiring, orientation, and transition support.

## SAMPLE FRAUD POLICY

***BGCA does not yet have a sample policy. However, the Association of Certified Fraud Examiners has a sample that Clubs can adapt.***

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### BACKGROUND

The corporate fraud policy is established to facilitate the development of controls which will aid in the detection and prevention of fraud against ABC Corporation. It is the intent of ABC Corporation to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

### SCOPE OF POLICY

This policy applies to any fraud, or suspected fraud, involving employees as well as shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with ABC Corporation (also called the Company).

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the Company.

### POLICY

Management is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to \_\_\_\_\_, who coordinates all investigations with the Legal Department and other affected areas, both internal and external.

### ACTIONS CONSTITUTING FRAUD

The terms defalcation, misappropriation, and other fiscal wrongdoings refer to, but are not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account belonging to the Company
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of company activities
- Disclosing confidential and proprietary information to outside parties
- Disclosing to other persons securities activities engaged in or contemplated by the company
- Accepting or seeking anything of material value from contractors vendors or persons providing services/materials to the Company.
- Exception: Gifts less than \$50 in value.
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related inappropriate conduct

## Basics of Board Governance: Policies and Procedures

### OTHER INAPPROPRIATE CONDUCT

*Suspected improprieties* concerning an employee's moral, ethical, or behavioral conduct, should be resolved by departmental management and Employee Relations of Human Resources rather than \_\_\_\_\_.

If there is any question as to whether an action constitutes fraud, contact \_\_\_\_\_ for guidance.

### INVESTIGATION RESPONSIBILITIES

The \_\_\_\_\_ has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the \_\_\_\_\_ will issue reports to appropriate designated personnel and, if appropriate, to the Board of Directors through the Audit Committee.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

### SAMPLE FRAUD POLICY CONFIDENTIALITY

The \_\_\_\_\_ treats all information received *confidentially*. Any employee who suspects dishonest or fraudulent activity will notify the \_\_\_\_\_ immediately, and *should not attempt to personally conduct investigations interviews/interrogations* related to any suspected fraudulent act (see **REPORTING PROCEDURE** section below).

Investigation results *will not be disclosed or discussed* with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Company from potential civil liability.

### AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD

Members of the Investigation Unit will have:

- Free and unrestricted access to all Company records and premises, whether owned or rented; AND
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

### REPORTING PROCEDURES

Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will *contact* \_\_\_\_\_ *immediately*. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Investigations Unit or the Legal Department. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." *Under no circumstances* should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

## Basics of Board Governance: Policies and Procedures

### REPORTING PROCEDURES

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Legal Department or \_\_\_\_\_.

### TERMINATION

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated representatives from Human Resources and the Legal Department and, if necessary, by outside counsel, before any such action is taken. The \_\_\_\_\_ does not have the authority to terminate an employee. The decision to terminate an employee is made by the employee's management. Should the \_\_\_\_\_ believe the management decision inappropriate for the facts presented, the facts will be presented to executive level management for a decision.

### ADMINISTRATION

The \_\_\_\_\_ is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

### APPROVAL

\_\_\_\_\_  
(CEO/Senior Vice President/Executive) Date

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## LESSON 2: FINANCIAL OVERSIGHT AND PROCEDURES

**TOTAL TIME: 4 MINUTES**

### **Budgeting and Financial Oversight: board Policies and Procedures**

In addition to having policies to guide the work of the board and the Club, it is important to establish procedures to guide the board's work. One area in which this can be particularly relevant is as it relates to budgeting, financial oversight, and the audit. Clubs should ensure they have procedures for:

- Approving a budget that reflects the Club's goals and board policies.
- Reviewing monthly or quarterly financial statements as well as understanding implications of what is reported.
- Ensuring adequate financial controls and that financial reports are in accordance with accounting practices.
- Approving the Club's reserve and investment policies and reviewing them annually.

### **Board and the Audit**

- PPT 12

Clubs receiving federal funding normally must conduct an audit. BGCA's Requirements for Membership clearly outline expectations for Clubs as it pertains to the annual audit. The requirements state:

Cause an audit of its financial accounts to be made and reported upon annually by an independent certified public accountant and cause a copy of such audit and management letter, if issued, thereof to be sent to Boys & Girls Clubs of America and shall maintain its financial records in accordance with generally accepted accounting principles for nonprofit organizations. Member organizations with annual revenues totaling less than \$250,000 may submit a review of financial statements by an independent public accountant in lieu of such audit.

Regarding the audit, it's important to remember that the board, not the staff, hires the external auditors. Also, it is important that at least one person on the committee that is charged with arranging for the audit has financial expertise.

If your board has separate Finance and Audit Committees (which is recommended for Clubs with budgets over \$2 million), the majority of the members of the audit committee should not also serve on the finance committee. If the Finance Committee is charged with the audit, it is crucial to have members with financial expertise.

Additionally, it is a leading practice that at the end of the audit process, the full board should meet with the auditors in an executive session to review the audit and address any questions or concerns. This is also a good opportunity for board members to learn more about how to read and understand financial statements.

Providing all the needed reports, documents, and information that can help the board and particularly the audit committee do its work is a key staff responsibility. During the actual audit, financial staff make themselves available for consultation and, in general, facilitate the work of the auditors during a process that can take weeks.

Any concerns or recommendations raised in the management letter must be addressed by staff and reported to the board.