

Policy Samples Packet

Information to assist leadership and staff in reviewing and adopting policies identified in the new IRS Form 990 (Dec. 2007.)

The new form will be used in 2009 for the 2008 tax year. According to the IRS website, “Form 990 has not been significantly revised since 1979, and it is universally regarded as needing major revision. It has failed to keep pace with changes in the law and with the increasing size, diversity, and complexity of the exempt sector. As a result, the current form fails to meet the Service’s tax compliance interests or the transparency and accountability needs of the states, the general public, and local communities served by the organization.”

For a copy of Form 990, visit www.irs.gov/pub/irs-tege/f-990rcore.pdf

Be sure to utilize legal and accounting counsel before adopting policies.

This information supplements the article titled, “Year of the Policy Manual – 2008.”

Contents

- Document Destruction – Record Retention
- Conflict of Interest
- Audit – Audit Committee

For educational purposes only. Rely on legal and accounting counsel when reviewing governance, laws, etc.

Resources at Grant Thornton can be found at www.grantthornton.com.

Document Destruction

The Sarbanes-Oxley Act addresses the destruction of business records and documents and turns intentional document destruction into a process that must be carefully monitored.

Nonprofit organizations should have a written, mandatory document retention and periodic destruction policy. Policies such as this will eliminate accidental or innocent destruction. In addition, it is important for administrative personnel to know the length of time records should be retained to be in compliance.

This information is provided as guidance in determining your organization's document retention policy.¹

Type of Document	Minimum Requirement
Accounts payable ledgers and schedules	7 years
Audit reports	Permanently
Bank Reconciliations	2 years
Bank statements	3 years
Checks (for important payments and purchases)	Permanently
Contracts, mortgages, notes and leases (expired)	7 years
Contracts (still in effect)	Permanently
Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanently
Correspondence (with customers and vendors)	2 years
Deeds, mortgages, and bills of sale	Permanently
Depreciation Schedules	Permanently
Duplicate deposit slips	2 years
Employment applications	3 years
Expense Analyses/expense distribution schedules	7 years
Year End Financial Statements	Permanently
Insurance Policies (expired)	3 years
Insurance records, current accident reports, claims, policies, etc.	Permanently
Internal audit reports	3 years
Inventories of products, materials, and supplies	7 years
Invoices (to customers, from vendors)	7 years
Minute books, bylaws and charter	Permanently
Patents and related Papers	Permanently
Payroll records and summaries	7 years
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Tax returns and worksheets	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years

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Record Retention Sample NCNA 11-07.doc

¹ Be sure to seek legal and accounting counsel prior to adoption and implementation (RCH.)

ASSOCIATION
DOCUMENT RETENTION POLICY

This is the document retention policy of the _____ Association (“ASSOCIATION”).

ASSOCIATION shall retain records for the period of their immediate or current use, unless longer retention is necessary for historical reference or to comply with contractual or legal requirements. Records and documents outlined in this policy include paper, electronic files (including emails) and voice mail records regardless of where the document is stored, including network servers, desktop or laptop computers and handheld computers and other wireless devices with text messaging capabilities. Any employee of ASSOCIATION, or any other person who is in possession of records belonging to ASSOCIATION who is uncertain as to what records to retain or destroy, when to do so, or how to destroy them, may seek assistance from ASSOCIATION’s Document Retention Policy (DRP) manager who is _____.

In accordance with 18 U.S.C. §1519 and the Sarbanes Oxley Act, ASSOCIATION shall not knowingly destroy a document with the intent to obstruct or influence an “investigation or proper administration of any matter within the jurisdiction of any department, agency of the United States...or in relation to or contemplation of such matter or case”. If an official investigation is under way or even suspected, document purging must stop in order to avoid criminal obstruction. In order to eliminate accidental or innocent destruction, ASSOCIATION has the following document retention policy:

TYPE OF RECORD	SPECIFIC RECORD	RETENTION PERIOD
Accounting Records		
	Annual financial statements	Permanent
	Monthly financial statements	3 years
	General ledger	20 years
	Annual audit records	10 years
	Journal entries	8 years
	Special reports	8 years
	Canceled checks	8 years
	A/P paid invoices	8 years
	Business expense records	8 years
	Credit card receipts	3 years
	Cash receipts	3 years
	A/R invoices	8 years
	Data for acquired/divested assets	Permanent
	Data for nonacquired/nondivested assets	5 years
	Accounts payable	7 years
	Accounts receivable	7 years
	Audit reports	7 years
	Chart of accounts	Permanent
	Expense records	7 years
	Inventory records	7 years

TYPE OF RECORD	SPECIFIC RECORD	RETENTION PERIOD
	Loan documents	7 years after final payment
	Purchase orders	7 years
	Sales records	7 years
	Stop payment orders	3 years
	Bank reconciliations	3 years
Tax Records		
	Federal tax returns (not payroll)	Permanent
	State & local tax returns	Permanent
	Form 990 & supporting documentation	Permanent
	Form 990-T & supporting documentation	Permanent
	Supporting documentation for taxes	4 years
	City & State excise tax reports & supporting documentation	5 years (or longer if designated by state law)
	Unclaimed property filings & supporting documentation	6 years (or longer if designated by state law)
	1099 forms	8 years
	Magnetic tape & similar records	1 year
	Payroll taxes (W2, W3)	Permanent
	Payroll taxes (Form 941, state withholding forms, state unemployment returns)	8 years (or longer if designated by state law)
Payroll Records		
	Wage rate tables	3 years
	Cost of living tables	3 years
	Wage	6 years
	Salary	6 years
	Payroll deductions	6 years
	Time cards or forms	5 years
	W-2 forms	8 years
	W-4 forms	8 years
	Garnishments	4 years after termination
	Payroll registers	Permanent
	State employment forms	4 years
	State unemployment tax records	Permanent
	Cancelled payroll checks	8 years
	Deductions register	8 years
	Earnings records	8 years
	Changes or adjustments to salary	8 years

TYPE OF RECORD	SPECIFIC RECORD	RETENTION PERIOD
Insurance Records		
	Policies (including expired) Permanent Claims for loss/damage, accident reports, appraisals	5 years
Workplace Records		
	Incorporation records (including Bylaws)	Permanent
	Meeting minutes	Permanent
	Policy statements	Permanent
	Employee directories	5 years
Legal Records		
	General Contracts	3 years after termination
	Real estate contracts & records	Permanent
	Personal injury records	8 years
	Trademark registration	Permanent
	Copyright registration	Permanent
	Patents	Permanent
	Litigation claims	5 years following close of case
	Court documents & records	5 years following close of case
	Deposition transcripts	5 years following close of case
	Discovery materials	3 years following close of case
	Leases	6 years after termination
Personnel Records		
	Employment applications (persons not hired)	1 year
	Employment applications (persons hired)	3 years following termination of employment
	Employee resumes & employment history	3 years following termination employment
	Evaluations	3 years following termination of employment
	Promotions, raises, reclassifications & job descriptions	5 years following termination of employment
	Disciplinary warnings, demotion, lay-off & discharge	5 years following termination of employment
	Employment & termination agreements	Permanent
	Beneficiary information	Permanent
	Medical and safety records	6 years
	Accident reports	6 years
	Education assistance	While employed
	Sick leave benefits	While employed
	Retirement plans	Permanent

TYPE OF RECORD	SPECIFIC RECORD	RETENTION PERIOD
	Incentive plans (after expiration)	6 years
	Pension plans	Permanent
Technical Materials		
	Manuals	Permanent
	Standards	Permanent
	Committee Meeting Minutes	Permanent
	Correspondence	5 years after manual or standard becomes obsolete
	Invoices to customers	7 years

The retention periods described herein are guidelines. There are circumstances under which a record or document may have to be maintained longer than the guidelines. This will be a decision made by the Document Retention Policy Manager.

Code of Ethics
Board of Directors and Officers
Of the

Service on the Board of Directors of a national organization is an important honor and responsibility. Much is expected of officers and the governing Board of the _____. The membership of the association relies on its officers and Board to act in its best interests, to be knowledgeable about and proactive on the issues facing the early childhood care and education industry, to study the questions before it and to base decisions on reliable information, to be a good steward of the resources of the association, and to be honest and trustworthy in all actions. To assure the trust and ethical expectations of the members of the _____ Association, I affirm the following:

Duty of Care

In all matters affecting the _____ Association, I will act in good faith and exercise my best efforts in the performance of my duties.

I will faithfully prepare for discussions and decisions that affect the association by reading information sent to me by the association officers and staff and by striving to be knowledgeable on issues of importance to the association and its members.

I will be responsible for disseminating information I receive as a Director to all members, with my primary responsibility to inform my constituency, i.e., state association, national, or regional company, or at-large members. *(See attached examples)*

I will make decisions based on factual data rather than unsubstantiated opinions.

I will make decisions based on what is in the best interest of all members of the association, rather than any one group, individual, or special interest.

I will be honest in doing the work of the association and in speaking on behalf of the association and its leadership in order to foster trust among association members and the public.

I will respect my fellow Directors and the members of the association, acknowledging differences of opinion, providing for open and respectful discussion, and making decisions only after listening to all points of view and all available data.

I will publicly support the majority decisions made by the Board of Directors.

I will refrain from any discussion of tuition, fees, wages, etc. that might be construed as an infraction of anti-trust law or price fixing.

I will support and encourage participation in all association programs including endorsed programs.

I will hold my own business to the highest standards of professionalism, quality, and integrity, because the manner in which I conduct my individual business affairs can affect the public image of the _____ Association,

Confidentiality

I will not disclose, beyond its intended scope, any information which is marked, designated, or treated as confidential by the Board, officers, or staff and which I receive as a Director of the _____ Association.

I understand that my obligation to maintain confidentiality extends indefinitely beyond my term of office.

Conflict of Interest

I acknowledge that information, programs, research, services, and methods of operation are developed by _____ for all members and as a Director I am obligated to pass on this information to my constituencies. Therefore I will not expropriate for myself, my business, or another organization any information I receive as a result of my position as a Director of the _____ Association prior to disseminating this information to my constituents. *(See attached examples)*

I will not create any program that is in direct competition with an _____ program including the _____, the _____ credential, the Annual Conference, or other programs that the association may develop in the future.

I will openly declare any actual or perceived conflict of interest that may result from my taking part in discussion or decision making on an issue before the association while having business, professional, or personal interests that could bias my decisions. I further acknowledge the Board of Directors has the sole responsibility for determining whether my interests constitute a conflict and if so what the remedy will be. *(See attached example)*

Signature of Director or Alternate Director _____

Date _____

Example of Duty of Care:

"I will be responsible for disseminating information I receive as a Director to all members with my primary responsibility to inform my constituency, i.e., state association, national, or regional company, or at-large members."

_____ Director, John Doe, receives a notice on the _____ Board of Directors list serve about a grant available to child care centers in all states. John fails to pass this information on to his state association members.

- **As the representative of the membership as a whole, John is obligated to pass on this information to his constituency, and in the spirit of leadership, should make a reasonable effort to do so immediately in order to equalize the opportunity among members, including himself.**

Examples of Conflict of Interest:

"I acknowledge that information, programs, research, services, and methods of operation are developed by _____ for all members and as a Director I am obligated to pass on this information to my constituencies. Therefore I will not expropriate for myself, my business, or another organization any information I receive as a result of my position as a Director of the _____ Association prior to disseminating this information to my constituents."

1. **In the example above, John not only does not pass on the information he receives through the Board-only list serve, he applies for the grant for his own center.**
 - **John is taking advantage of information available to him in his capacity as a member of the Board of Directors of _____ and using this information for his personal gain.**
2. **_____ Board member John Doe conducts a training class for Field Counselors which is not the _____ prescribed training and/or charges a fee for the training.**
 - **John Doe is taking advantage of his position as a Director to profit when he charges a fee which is contrary to _____'s policy and interest. _____ provides this training free of charge.**
 - **John Doe is not using the prescribed training approved by _____ and therefore is negatively impacting the integrity of the _____ program.**
3. **_____ Director Mary Doe uses association-developed programs, data, papers, or other intellectual property (correspondence, procedure manuals, methods of operation, curriculum, presentations) without permission of the association and/or without citing the association as the creator or fails to report unauthorized use by his/her state association or company.**
 - **Even though the association material Mary uses may not be copyrighted, it is unethical to use the association's property for one's own benefit or to misrepresent the origin of the material. If the material is copyrighted, Mary's actions are also illegal.**

"I will openly declare any potential conflict of interest that may result from my taking part in discussion or decision making on an issue before the association while having business, professional, or personal interests that could bias my decisions. I further acknowledge the Board of Directors has the sole responsibility for determining whether my interests constitute a conflict and, if so, what the remedy will be."

1. Director John Doe owns a printing company. He lobbies the Membership Committee to have his company print the new membership brochures.

- **John must disclose his financial interest in the printing company. The Chair of the Membership Committee should then ask John to excuse himself from debate in committee and not to discuss the printing of the brochure with any Committee member.**

Conflict of Interest Disclosure Statement

This form was approved and adopted in 2003, in accordance with Section # of the Bylaws. It will be distributed to each director, officer, and staff member prior to the October Board meeting each year and must be submitted at that meeting for subsequent review by the Executive Committee of the Board of Directors.

In completing this form, please consider the following guidelines from the bylaws:

1. Any potential conflict of interest that could result in a direct or indirect financial or personal benefit to a Director, officer or staff member must be disclosed in good faith or known to the Board of Directors or committee authorizing a contract or other transaction.
2. All questions as to whether a conflict of interest exists shall be resolved by a vote of the Board of Directors in which the interested individual may not vote.
3. The interested individual may participate in the information-gathering stage of the Board of Directors' or committee's discussion, but shall retire from the room in which the Board of Directors or a committee thereof is meeting and shall not participate in the final deliberation or decision regarding such contract or other transaction. Such interested individual may not vote on such contract or other transaction.
4. In connection with all actions taken by the Board of Directors with respect to any contract or transaction between the Association and one or more of its directors or officers, or between the Association and any other corporation, firm, association, or other entity in which one or more of the directors or officers of the Association is a director or officer or has a substantial financial interest, affiliation, or other significant relationship, each such interested director or officer of the Association shall:
 - ♦ disclose to the Board of Directors the material facts as to such director's or officer's interest in such contract or transaction and as to any such common directorships, offices, or significant financial interest, affiliation, or other significant relationship, which disclosure shall be duly recorded in the minutes or resolutions relating to such actions, and
 - ♦ abstain from voting on any such contract or transaction.

At present, I am aware of the following potential conflict of interest in regard to my position on the Board of Directors or staff (if none, leave blank):

If I become aware of a potential conflict of interest in the future, I will disclose this potential conflict to the President. I understand that, when in doubt, disclosure is recommended.

NAME (please print) _____

SIGNATURE _____ DATE _____



In response to an ASAE Listserv query in February 2008, associations contributed the following examples. Be sure to rely on legal and accounting professionals for development of policies.

IRS References

3b			
4	Does the organization have a written whistleblower policy?	4	
5	Does the organization have a written document retention and destruction policy?	5	

whistleblower policy

A policy to encourage staff and volunteers to come forward with credible information on illegal practices or violations of adopted policies of the organization, specifies that the organization will protect the individual from retaliation, and identifies those staff or board members or outside parties to whom such information can be reported. (See Panel on the Nonprofit Sector June 2005 Final Report.)

General Definitions

One who reveals wrongdoing within an organization to the public or to those in positions of authority: *“The Pentagon’s most famous whistleblower is . . . hoping to get another chance to search for government waste”* (Washington Post).

The disclosure by a person, usually an employee, in a government agency or private enterprise; to the public or to those in authority, of mismanagement, corruption, illegality, or some other wrongdoing.

#1 Whistleblower Protection Policy

Association prides itself on its adherence to federal, state, and local laws and/or regulations, including business ethics policies. As such, even though it is not obligated to do so, the Association has decided to voluntarily adopt a whistleblower protection policy. Pursuant to this policy, any employee who becomes aware of any violation of federal, state, or local law or regulation, including any financial wrongdoing, should immediately report the violation to the Executive Vice President to allow the organization to investigate and, if applicable, correct the situation or condition.

If the Executive Vice President is involved or is believed to be involved in the matter being reported, employees may, in the alternative, make a report to the Association's legal counsel. The Association will conduct an investigation and take appropriate action within a reasonable period of time. Such complaints will be held in confidence to the extent the needs of the investigation permit.

“Financial wrongdoing” may include, but is not limited to:

- Questionable accounting practices;
- Fraud or deliberate error in financial statements or recordkeeping;
- Deficiencies of internal accounting controls;
- Misrepresentations to company officers or the accounting department
(including deviation from full reporting of financial conditions).

If any employee reports in good faith what the employee believes to be a violation of the law and/or financial wrongdoing to the Association, its legal counsel, or to a federal, state, or local agency or assists in an investigation concerning financial wrongdoing, it is the Association's policy that there will be no retaliation taken against the employee.

Employees are reminded of the importance of keeping financial matters confidential. Employees with questions concerning the confidentiality or appropriateness of disclosure of particular information should contact the Executive Vice President.

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#2 Whistleblower Policy

Purpose

The Association is committed to high standards of ethical, moral and legal business conduct. In line with this commitment and association's commitment to open communication, this policy provides an avenue for employees to raise concerns. It also provides reassurance that employees will be protected from reprisals or victimization for whistleblowing. (For purposes of this policy, an employee is defined as any individual who is paid for providing services to association headquarters and includes both full-time and part-time employees.)

This whistleblowing policy is intended to offer protections if an employees raises concerns regarding association, including concerns regarding:

- incorrect financial reporting;
- unlawful activity;
- activities that are not in line with association policy; or
- any other activities that constitute serious improper conduct.

Safeguards

Harassment or Victimization - Harassment or victimization for reporting concerns under this policy will not be tolerated.

Confidentiality - Every effort will be made to treat the complainant's identity with appropriate regard for confidentiality.

Anonymous Allegations - This policy encourages employees to put their names to allegations because appropriate follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously will be explored appropriately, but consideration will be given to:
The seriousness of the issue raised;
The credibility of the concern; and
the likelihood of confirming the allegation from attributable sources.

Bad Faith Allegations - Although the employee is not expected to prove the truth of an allegation, the employee should be able to demonstrate to the person contacted that the report is being made in good faith. Allegations made in bad faith may result in disciplinary action.

Procedure: 1. Process for Raising a Concern

Reporting- The whistleblowing procedure is intended to be used for serious and sensitive issues. Such concerns, including those relating to financial reporting, unethical or illegal conduct, may be reported directly to the association General Counsel:

[Insert Contact Information Here]

Employment-related concerns should continue to be reported through your normal channels such as to a supervisor or the CEO.

Timing - The earlier a concern is expressed, the easier it is to take action.

Procedure: 2. How the Report of Concern Will be Handled

The action taken by association in response to a report of concern under this policy will depend on the nature of the concern. The Audit Committee of the association's Executive Committee shall receive information on each report of concern and follow-up information on actions taken.

Initial Inquiries - Initial inquiries will be made to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved without the need for investigation.

Further Information -The amount of contact between the complainant and the person or persons investigating the concern will depend on the nature of the issue and the clarity of information provided. Further information may be sought from or provided to the person reporting the concern.

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3 Reporting and Investigating Wrongdoing Policy

The Association has a responsibility for the stewardship of member and employee contributions and resources. In fulfilling that responsibility, the Association is committed to compliance to all laws and regulations to which it is subject.

In addition to complying with the law, it is the policy of the association to promote ethical practices and ethical treatment of its members and employees. Whether known or suspected, instances of misuse of Association resources or other improper activities should be reported and appropriately investigated. Members and employees have a responsibility to each other and to the organization to maintain an environment in which problems are addressed immediately, and they are therefore protected from retaliation for making such reports.

The association endorses and utilizes internal controls and operating procedures intended to detect and prevent improper activities. If, however, those controls or procedures fail to safeguard against irregularity, or if intentional or unintentional violation of laws or regulations occur, it is the policy of the association that members and employees are encouraged to report those irregularities and violations.

It is also the policy of association not to hide, destroy, alter or falsify documents to prevent their use in litigation or other official proceedings. Toward that end, the Association will have and regularly review a document retention policy. Officers, members, and employees of the association are expected to adhere to this policy.

Last, the association (through its Conflict of Interest Policy) has asked the Board of Directors to disclose any real, perceived, or potential conflicts of interest that relate to board duties or deliberations, and to recuse him/herself when the board makes decisions affected by the conflict. Refusal to abide by the organization's conflict of interest policy may result in removal from office and a referral to the Association's Ethics Committee for review. Employees may not engage in any activity, paid or unpaid, that conflicts, or gives the appearance of conflicting with their obligations to association.

The provisions of this policy statement do not negate or minimize the effect or import of the association's Code of Ethics, Membership Standards and Sanctions, or the Employee Handbook. Individual complaints about the professional conduct of members or of employees will be handled according to those governing documents.

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Whistleblower Policy

PURPOSE OF THIS POLICY: A key defense against fraud occurring in an organization is the availability of a means for employees and other constituents to anonymously report suspected wrongdoing (whistleblowing). Respondents to a 2004 survey by the Association of Certified Fraud Examiners (ACFE) revealed that various forms of fraud are detected 40 percent of the time by tips, the leading method for detecting fraud.

While whistleblower programs are not required of not-for-profit organizations, CRS believes that it is a prudent practice to follow. In addition, some states have adopted whistleblower provisions, and federal law prohibits retaliation against anyone “blowing the whistle” with respect to a violation of a federal law or regulation. These would include:

- Forgery or alteration of documents
- Unauthorized alteration or manipulation of computer files
- Fraudulent financial reporting
- Pursuit of a benefit or advantage in violation with the CRS conflict of interest policy
- Misappropriation or misuse of CRS resources, such as funds, supplies, or other assets
- Authorizing or receiving compensation for goods not received or services not performed
- Authorizing or receiving compensation for hours not worked

CRS Whistleblower Policy

General

The CRS Code of Conduct (hereinafter referred to as the Code) requires directors, other volunteers, and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Employees and representatives of the organization must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations.

The objectives of the CRS Whistleblower Policy are to establish policies and procedures for:

- The submission of concerns regarding questionable accounting or auditing matters by employees, directors, officers, and other stakeholders of the organization, on a confidential and anonymous basis.

- The receipt, retention, and treatment of complaints received by the organization regarding accounting, internal controls, or auditing matters.
- The protection of directors, volunteers and employees reporting concerns from retaliatory actions.

Reporting Responsibility

Each director, volunteer, and employee of CRS has an obligation to report in accordance with this Whistleblower Policy (a) questionable or improper accounting or auditing matters, and (b) violations and suspected violations of CRS's Code (hereinafter collectively referred to as Concerns).

Authority of Executive Committee

All reported Concerns will be forwarded to the Executive Committee in accordance with the procedures set forth herein. The Executive Committee shall be responsible for investigating, and making appropriate recommendations to the Board of Directors, with respect to all reported Concerns.

No Retaliation

This Whistleblower Policy is intended to encourage and enable directors, volunteers, and employees to raise Concerns within the Organization for investigation and appropriate action. With this goal in mind, no director, volunteer, or employee who, in good faith, reports a Concern shall be subject to retaliation or, in the case of an employee, adverse employment consequences. Moreover, a volunteer or employee who retaliates against someone who has reported a Concern in good faith is subject to discipline up to and including dismissal from the volunteer position or termination of employment.

Reporting Concerns

Employees

Employees should first discuss their Concern with their immediate supervisor. If, after speaking with his or her supervisor, the individual continues to have reasonable grounds to believe the Concern is valid, the individual should report the Concern to the Chief Executive Officer (CEO) or the Vice President of Operations (VPO). In addition, if the individual is uncomfortable speaking with his or her supervisor, or the supervisor is a subject of the Concern, the individual should report his or her Concern directly to the CEO or Vice President of Operations.

If the Concern was reported verbally to the CEO or VPO, the reporting individual, with assistance from the CEO or VPO, shall reduce the Concern to writing. The CEO or VPO is required to promptly report the Concern to the Chair of the Executive Committee, who has specific and exclusive responsibility to investigate all Concerns. If the CEO or VPO, for any reason, does not promptly forward the Concern to the Executive Committee, the reporting individual should directly report the Concern to the Chair of the Executive Committee. Contact information for the Chair of the Executive Committee may be obtained either through the Leadership Manual or by calling the CRS office. Concerns may be also be submitted

anonymously. Such anonymous Concerns should be in writing and sent directly to the Chair of the Executive Committee.

Directors and Other Volunteers

Directors and other volunteers should submit Concerns in writing directly to the Chair of the Executive Committee. Contact information for the Chair of the Executive Committee may be obtained from the CEO.

Handling of Reported Violations

The Executive Committee shall address all reported Concerns. The Chair of the Executive Committee shall immediately notify the Executive Committee, the CEO and the VPO of any such report. The Chair of the Executive Committee will notify the sender and acknowledge receipt of the Concern within five business days, if possible. It will not be possible to acknowledge receipt of anonymously submitted Concerns.

All reports will be promptly investigated by the Executive Committee, and appropriate corrective action will be recommended to the Board of Directors, if warranted by the investigation. In addition, action taken must include a conclusion and/or follow-up with the complainant for complete closure of the Concern.

The Executive Committee has the authority to retain outside legal counsel, accountants, private investigators, or any other resource deemed necessary to conduct a full and complete investigation of the allegations.

Acting in Good Faith

Anyone reporting a Concern must act in good faith and have reasonable grounds for believing the information disclosed indicates an improper accounting or auditing practice, or a violation of the Codes. The act of making allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly, or with the foreknowledge that the allegations are false, will be viewed as a serious disciplinary offense and may result in discipline, up to and including dismissal from the volunteer position or termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.

Confidentiality

Reports of Concerns, and investigations pertaining thereto, shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Disclosure of reports of Concerns to individuals not involved in the investigation will be viewed as a serious disciplinary offense and may result in discipline, up to and including termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.

Whistleblower Policy - Sample

Introduction

[ORGANIZATION NAME] Code of Ethics and Conduct requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Organization, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Definition: One who reveals wrongdoing within an organization to the public or to those in positions of authority.

A key element of Sarbanes Oxley.

Reporting Responsibility

It is the responsibility of all directors, officers and employees to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy.

Retaliation

No director, officer or employee who in good faith reports a violation of the Code shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Organization prior to seeking resolution outside the Organization.

Reporting Violations

The Code addresses the Organization's open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee's supervisor is in the best position to address an area of concern. However, if you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with someone in the Human Resources Department or anyone in management whom you are comfortable in approaching. Supervisors and managers are required to report suspected violations of the Code of Conduct to the Organization's Compliance Officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when you are not satisfied or uncomfortable with following the Organization's open door policy, individuals should contact the Organization's Compliance Officer directly.

Compliance Officer¹

The Organization's Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code and, at his discretion, shall advise the Executive Director and/or the audit committee. The Compliance Officer has direct access to the audit committee of the board of directors and is required to report to the audit committee at least annually on compliance activity. The Organization's Compliance Officer is the chair of the audit committee.

Accounting and Auditing Matters

The audit committee of the board of directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the audit committee of any such complaint and work with the committee until the matter is resolved.

Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

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Whistleblower Sample NCNA 11-07.doc

¹ Note: Compliance officer could be a committee of the board, a designated director, or a third party such as an HR Specialist or the board attorney (rch.)

Audit Committee

Audit Committee

Members of a board of directors who are responsible for dealing with the external and internal auditors.

Audit

The result of an independent accountant's review of the statements and footnotes to ensure compliance with generally accepted accounting principles (GAAP) and to render an opinion on the fairness of the financial statements.

Audit Report

A report issued by an independent CPA that expresses an opinion about whether the financial statements present fairly a company's financial position, operating results, and cash flows in accordance with generally accepted accounting principles (GAAP).

Review

Performing inquiry and analytical procedures that provide the accountant with a reasonable basis for expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles (GAAP)

Compilation

Information resented in the form of financial statement information that is the representation of management without undertaking to express any assurance on the statements. It is a cursory review of an organization's financial operations.