

Administrative and Financial Policies Manual Guide

Disclaimer: *This document is not intended as legal advice. Your organizational goals, purpose, bylaws, and values should drive the creation of this document.*

The Administrative and Financial Policies Manual is a collection of policies that relate to running the nonprofit business and ensuring the financial accountability of the organization. A separate set of policies that apply to employees is often collected in an Employee Manual or Employee Handbook. The Administrative and Financial Policies Manual addresses the organization's founding principles and operating rules and outlines policies and procedures to ensure the organization's financial viability and resiliency.

No policy can attend to every decision or circumstance within an organization. However, every effort should be made to attend to the policies that ensure legal and ethical compliance and accountability and overall set a tone for responsibility and transparency in the use of resources to further mission.

As a matter of good practice, leadership staff and the board should review this manual at a minimum of every three years unless circumstances require review of specific policies in the interim.

Each member of the board has a fiduciary duty to the organization to safeguard its assets and ensure compliance with the law and the rules of the organization. All board members should have access to the policies of the organization to ensure the full board is using them to make collective decisions as outlined in those policies

Administrative and financial policies generally achieve the following:

- Focus on mission continuity and ensure that the purpose and values of the organization are aligned with all the policies and decisions of the organization
- Articulate the legally binding decisions of the board and provide a pathway for staff, board, and volunteers to follow
- Ensure the continued liquidity of the organization (sufficient cash to meet current and future obligations)
- Maintain the long-term solvency of the organization (assist in risk management with timely and accurate reporting to the Board)
- Achieve and document compliance with laws and restrictions

To ensure the long-term success of the organization, it is necessary that assets are safeguarded and that financial activities are properly reported to the board. Timely and relevant reporting provides the board with the financial information necessary to budget and plan for the organization's future.

The policies also provide an ongoing opportunity to evaluate the performance of plans over accounting periods with consistency and accuracy. The set of standards and controls detailed in the policy manual ensures the conformity of reporting necessary to understand the financial health of the organization, while at the same time ensuring that the assets and obligations are correctly reported.

The financial systems outlined in the manual will detail rules for:

1. Authority and responsibility over the financial reporting process
2. Access to assets and accounts
3. Financial budget, planning and reporting activities
4. Summarizing, categorizing, and reporting financial transactions
5. A system of internal control
6. The process for financial risk management

Sample Table of Contents

Note: Every organization will right-size the need for policies based on its complexity. Below is a typical set of policies found in an Administrative and Financial Policies Manual.

- Articles of Incorporation (policy for review)
- Bylaws (policy for review)
- Policies and Resolutions, including a process for overall review of the manual and responsibilities
- Code of Ethical Behavior, including conflict of interest policy (required by IRS for Form 990)
- Fiscal Year
- Financial Authority and Internal Controls
- Audit Policy (process for RFP, oversight, use of a third party, etc.)
- Special Audit
- Late Payment and Penalties
- Investment Fund (definitions, risk allocation, purpose, etc.)
- Long-term Investment Fund and/or Endowment, including oversight responsibilities
- Board Operating Reserve, including oversight responsibilities (definition of purpose, savings devise, process for allocation)
- Business Travel
- Insurance Coverage (definitions, review, renewal)

- Procurement
- Board Giving
- Charitable Gift Acceptance
- Document and Information Management (aka, document retention policy)
- Data Sharing
- Social Media and Media Contact
- Public Policy, including decision-making criteria
- Emergency Preparedness and Continuity Plan (Natural disasters, human-caused business disruptions, technology outages, loss of essential revenue, etc.)
- Cybersecurity/Data Breach Response Plan

Note that if your organization does not have employees or an employee manual, the following policies should be included in this manual to ensure compliance with IRS 990 tax filings.

- Conflict of Interest Policy
- Employee Protection Policy, aka Whistleblower Protection Policy (required by IRS Form 990)
- Board and CEO Succession Planning Policy and Plans