

United Way of Greater Kansas City Agency Standards



The United Way Agency Standards establish a minimum expectation with regard to the management and governance accountability of United Way funded agencies. The agencies' adherence to the standards helps to protect the investment of United Way donor funds in programs that meet the health and human service needs of the community. The United Way Certification review is intended to assess agency compliance with the standards through agency self-assessment, the review of certain documents and interviews with agency staff and volunteer leaders.

The nature of the review is not such that it may assure absolute compliance with the standards in all respects or verify the accuracy of information gathered in the course of the review. However, it provides a forum for the constructive exchange of information based on mutual trust, which is essential to an effective partnership between United Way and funded agencies.

The intent of the review is not to compare the relative strength of an agency against others but rather to consider the agency in the context of its unique circumstances and to identify opportunities for improvement and uncover critical concerns that may compromise the effective delivery of program services. United Way respects the autonomy of funded agencies and acknowledges the role of their governing bodies in ensuring their accountability to the government, their supporters and the public. United Way representatives protect the confidentiality of information provided in the course of the review and do not share their findings with any party outside of United Way staff and volunteer leadership.

Management and Governance Standards

1. The agency is incorporated as a nonprofit corporation in either the State of Missouri or Kansas (except in the case of a local chapter whose national organization is incorporated in another state) and submits an annual corporate report, if required.
2. The agency has nonprofit, IRS Section 501(c)(3) status.
3. The organization has bylaws that govern the agency's operation. The board and staff adhere to the agency's bylaws in exercising their governance authority. The agency has submitted a conformed copy of the bylaws with the IRS.
4. The agency has a volunteer board of directors, or other governing/advisory body and is responsible for policy setting, fiscal guidance, planning and ongoing governance. The agency's board roster should include the year to which the roster applies, the board officers by office held, address for board members, affiliation of board members (employment or other), and term of service of board members indicating the years of their current term.

If the agency's governing body is national, a local advisory board or equivalent body assists the board of directors in fulfilling its oversight role, particularly as it pertains to the agency's local services and finances.

5. The agency's board of directors, or other governing/advisory body, exercises responsible oversight of the organization's operations and staff, and, as such:
 - a. Meets at least four times a year, with a quorum in attendance.
 - b. Has a minimum of five board members that are elected for specific terms and rotation which provides for new members. (Term limits may be used to achieve board rotation but are not a requirement.)
 - c. Board members are not compensated, except to the extent that the agency's chief executive officer (or other senior staff) may serve on the board in an ex-officio, non-voting capacity. In that event, compensated board members do not represent more than ten percent of members (or one person for boards under ten in membership.)
 - d. Maintains minutes that include a record of board members in attendance and a record of action taken.
 - e. Conducts a regularly scheduled written appraisal (at least every two years) of the CEO's performance.
 - f. Reviews and approves the annual agency budget in advance of each fiscal year.
 - g. Regularly reviews the year-to-date financial statements.

- h. Establishes, and periodically reviews, the organization's financial, personnel, and other management policies.
6. The agency is in compliance with all Federal, state and local rules, regulations and codes and all applicable licensing requirements governing its operation. This policy includes, but is not limited to, tax filings (including submission of the IRS Form 990), employment law, the Americans with Disabilities Act (if applicable), and health and safety regulations.
 7. Written policies, adopted by the board, and management practices are in place to help ensure accountable and effective operations, including, but not limited to, those listed below. The agency demonstrates that it adheres to the policies and practices it has established.
 - a. A policy that addresses conflicts of interest involving board members, other volunteers and staff.
 - b. Personnel policies and procedures (for agencies with more than one employee) to ensure efficient and accountable operations.
 - c. A policy of nondiscrimination in hiring, board member recruitment and client participation in services.
 - d. If the agency has a religious affiliation or operates any programs with religious content, a policy that ensures there is a clear separation between religious programs and social service programs, that establishes that participation in religious activities is not a requirement to receive services and that affirms that programs are open on an equal basis to people of all faiths.
 - e. If the agency charges fees for its services, a policy that ensures a consistent method for determining fees for those clients with no ability, or limited ability, to pay the fees.
 - f. A policy establishing a mechanism and procedure for client and constituent grievance. The policy should cover both complaints by clients/former clients of the agency's programs, as well as other constituents, such as donors, vendor's, members of the public, etc.
 - g. A policy to address privacy concerns of donors that allows both new and continuing donors to inform the agency if they do not want their name and address and other personal information to be shared outside the organization. The privacy policy is made available to the public upon request, via website, or other means of accessibility.
 - h. A policy that establishes protocols for document retention and destruction.
 - i. A policy that establishes a code of ethics for staff and board members.
 - j. A policy that establishes whistleblower protections for the reporting of illegal actions or actions that violate the organization's code of ethics or other policies.
 - k. Policies and procedures to ensure the well-being and safety of clients who are in the care of agency staff and volunteers who work directly with clients. This should include, at a minimum, appropriate screening of staff and volunteers, and may include criminal and abuse/neglect background checks. This policy may also include the establishment of—and adherence to—minimum employment qualifications standards, training on client safety and identification of inappropriate behaviors for all who come in direct contact with clients of agency programs. The policy should include the process for reporting any inappropriate behaviors to administration and /or the appropriate authorities as required by law.
 8. The agency's board and staff leadership engage in periodic planning and assessment of organizational performance to establish future direction with regard to the agency's mission, programs, finances, and overall management.
 9. The agency carries insurance coverage to protect the public interest and safeguard the assets of the organization. Such coverage may include a blanket fidelity bond, general liability insurance, real and personal property insurance, officers and directors liability insurance (which may be extended to include the agency's chief executive officer), and applicable professional liability insurance.
 10. The agency demonstrates a commitment to diversity at all levels in the organization, including board of directors, management and other staff, to ensure involvement by a broad array of people who are representative of the community it serves.

11. The agency ensures the accessibility of its programs and services to the people it serves. This commitment to accessibility is demonstrated not only in the physical accessibility of its facilities, but also in how the agency addresses other barriers that program participants may face. This may impact the hours of operation and location of programs, outreach and intake methods and specific accommodations made to ensure that those in need and eligible for services are able to access them.
12. The agency obtains feedback from its constituents, which may include program participants, volunteers, and other supporters.

Financial Accountability Standards

Budget and Financial Reporting

1. The agency prepares an annual line item budget outlining projected revenue and expenses by program, fund raising and administration. The budget is finalized prior to the start of the agency's fiscal year. The budget is consistent with the major line items and programs in the audited financial statements.
2. The agency prepares periodic financial statements (at least quarterly), including a statement of financial position (balance sheet), a statement of activities (income and expenses), and a statement of functional expenses. The statement of activities and statement of functional expenses are consistent with the organization's budget (i.e., include the same natural income and expense categories) to enable the management and board members to track progress with regard to budget projections.

Audit or Review

3. The agency annually obtains an independent audit or review of its financial statements. For agencies with annual revenue over \$250,000, an independent audit of the agency's financial statements by a Certified Public Accountant is completed annually no later than nine (9) months after the close of the fiscal year. For agencies with annual revenues under \$250,000, an independent review of the agency's financial statements by a Certified Public Accountant is completed no later than nine months after the close of the fiscal year.
4. The agency receives an unqualified opinion in its independent audit report. If the audit opinion is qualified or adverse, or if the auditor issues a disclaimer of opinion, the agency's board and management take prompt and appropriate action to address the issue that resulted in the modified opinion.
5. The agency's board and staff leadership considers the concerns identified in the management letter accompanying the audit report and prepares a written response, which may outline actions planned to address any identified problems or clarify the agency management's position with respect to any issues raised by the auditor.

Fiscal Oversight

6. The agency utilizes its annual budget as a tool to manage the organization. Significant variances in budgeted revenues and expenses, should they occur, are discussed and understood by agency management and board leadership. Appropriate action is taken to address revenue shortfalls or expense overages.
7. The agency maintains sufficient cash flow to ensure the timely payment of obligations and strives to maintain appropriate cash reserves.
8. The agency uses debt financing only after careful planning and deliberation, with a clear plan to satisfy debt obligations.

Financial Policies and Practices

9. The agency is in compliance with generally accepted accounting principles or an other comprehensive basis of accounting.

10. Policies and procedures are in place to ensure sound financial management. Examples of areas addressed by financial policies and procedures include:
 - a. financial reporting,
 - b. internal controls,
 - c. creation and maintenance of an operating reserve,
 - d. management of investments.

11. Administrative and fundraising costs are reasonable, generally not exceeding 25% of total revenues. In the event that such costs exceed 25%, the agency is able to explain why its costs are justified.

12. The agency adheres to funding restrictions and has a reliable system in place to account for the use of such funds in accordance with any funding restrictions.

13. The agency makes timely filings and payments with all appropriate tax authorities, including local, state and federal agencies.

14. The agency engages in ethical fundraising practices, and as such:
 - a. ensures that fundraising solicitations accurately disclose the intended use of funds;
 - b. provides donor acknowledgments in accordance with IRS requirements;
 - c. honors donor restrictions on contributions;
 - d. complies with requests by donors who wish to remain anonymous;
 - e. safeguards the confidentiality of information about donors that they would reasonably expect to remain private; and
 - f. refrains from compensating fundraising personnel on a percentage of the amount raised or other commission basis.

15. If the organization operates under religious auspices, it separates its budget for its social service programs from its religious activities. This separation is clearly distinguishable in the agency's audited financial statements.

16. The agency publishes an annual report that provides an account of activities for the previous fiscal period, including: the organization's purpose; a report of the agency's service delivery for the previous fiscal period; a list of the agency's board of directors; and information about financial activities and financial position. This report is made available to stakeholders and constituencies and is prepared within nine months of the end of the agency's previous fiscal year.