



Creating a Policy and Procedure Manual

Overview of the process of creating a Policy and Procedure Manual for a Not for Profit agency

*Jobseekers2
Communities*



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Introduction

Not for Profit Organisations should have a Policy and Procedure Manual (PPM). This is an important document in any agency as it describes the way the Board has agreed that the Agency should be run. It is a document which delegates responsibilities from the Board to the staff to conduct certain operations of the organisation according to agreed parameters. This document would more than likely have been set up at the beginning of the organisation itself; therefore it will need to be updated periodically as procedures change and key personnel change.

In some organisations, the Board will only be concerned with authorising the Policies and will delegate the authority to describe the Practices of the organisation to the Chief Executive Officer or some other authorised person or group. The thinking behind this decision is that practices should be based upon the Policies, but may change more frequently as circumstances dictate. Other organisations will have both Policies and Procedures approved by the Board.

It is common for the Board to authorise the CEO to bring amendments or new policies in draft form to the Board to consider. The Board always has the authority to amend these as it sees fit. These amendments should be incorporated into the PPM which should be annotated to make note of what the changes were and when they were changed. This can be in the form of a simple table stating what the changes were, the date the Board approved the changes and the person implementing and responsible for the changes.

If a member of staff is asked to create, review or amend the PPM that person needs to understand the role of the Board and the way in which it will make its decisions and the timeframe in which such considerations will be given. Boards often meet monthly and have tightly packed agendas, so they may need several months to consider major amendments to a PPM.

The PPM should be provided to each new Board Member and each new Staff Member as part of their induction process.

The following steps are essential in creating a PPM. Many of these also apply to a review of the PPM.

Check the Constitution First

The Constitution of the organisation is a legal document which sets out the reason the organisation exists and how it is governed. It is important to become familiar with what the Objects of the Association are; who the Members are; how the Board and staff interact; according to the Constitution.

It may be helpful to set out the PPM using the Objects of the Association as the structural headings, under which all other documents exist.

For Example:

Section 1: Creating a Just and Sustainable Australia (*an Object in the Constitution*)

Advocacy Policy

Sustainability in our organisation-policy

Grievance policy

Employment policies and practices

Section 2: Providing services to those in need (*an Object in the Constitution*)

Client confidentiality policy

Client record keeping practices

Client eligibility policy

Check the Minutes of the Board Meetings

If the organisation is not a newly incorporated entity, there may have been Board Meetings which have made decisions which should be incorporated into the PPM. It is therefore important to access the Board Minutes and to check if there have been any decisions which would constitute a policy or become part of a draft policy.

Check if there are any Written Procedures or Policies, even in Draft Form

In some organisations there will have been several sets of PPMs created, some in draft form and some incomplete. It is helpful to check these as one begins the PPM project and most important to check back in to the Minutes to see if they, or any part of them, have been authorised.

It is helpful at this stage to save the document as a working document, clearly stating that this is the case. Watermarking the page with wording such as “*draft*” “*working document 2nd February 2011*” or similar, to clearly identify that the document is not the finished manual.. The watermark feature can be found under the Page Layout Icon in Microsoft Word documents.

Check the Format of the Policy

It is good practice for each policy document to have an indication within it of the date it was authorised or amended by the Board. This should be either at the beginning of each policy or at the end.

If it is just an amendment to wording then the responsible officer need not be named; however, if it is an amendment where someone will be required to be responsible for the upkeep of the policy, for example, maintaining regular fire checks, then the responsible officer should be named.

For example:

Information Technology Policy

Adopted at the Board Meeting 13/10/09

Amended by the insertion of Point 3.2 on 11/10/2010.

Authorised by:

Responsible Officer:

Compare any Policies with those of Like-Organisations

Other organisations within the same service or industry may often require policies and practices which are similar. If the other organisation is willing to share all or part of its PPM this will be an enormous help to any agency which is creating or reviewing its own PPM, particularly if creating a manual for the first time.

There are a number of online resources which can assist Not for Profit agencies with policies and practices – and often they provide templates which are provided by support organisations as constituting “Best Practice” in the industry.

These resources include:

Ourcommunity.com Policy Bank found at:

http://www.ourcommunity.com.au/boards/boards_article.jsp?articleId=1453

WACOSS also has a resource available to its members called Management Support Online.

Consider the List of Policies and Procedures

Are there any missing policies which it would be prudent for the Board to adopt?

The following are suggested sections which could be relevant to a not for profit in WA. : There are comments about them in the paragraphs below.

Legislative Documents

Legal Compliance – detail the documents necessary and expand on how this compliance fits in with the organisation – for example: “*The various acts are held on site and are accessible on the Internet. Staff and students are made aware of the above requirements through such*

means as orientation, weekly staff meetings, student meetings, handbooks, bulletins and noticeboards” and “The organisation has all the insurance cover necessary to carry out business, including insurance for workers compensation, public liability, professional indemnity, building and contents”.

Does the organisation have these legislative documents readily viewable, that are up to date and pertinent to the organisation? Are these clearly referred to in the various sections of the policy and procedure manual?

For example the following list itemises some Acts and Standards, most of which should form the backbone of the Policy and Procedure Manual:

- Associations Incorporations Act
- Corporations (Consequential Amendments) Act
- Constitution
- Privacy Act & Privacy Amendment Act (Private Sector)
- Labour Relations Reform Act
- Industrial Relations Act
- Social and Community Services Industry – Community Service Workers – Western Australia Award
- Australian Quality Training Framework Standards
- Quality Improvement Council Standards
- Occupational Health and Safety Act
- Anti-Discrimination Act
- Equal Employment Opportunity Training and Employment Act
- Commission for Children and Young People Act
- Minimum Conditions of Employment Act
- Acts Amendment (Equality of Status) Act
- Dealing with Workplace Bullying - A Guide for Employees – Worksafe Western Australia Commission
- A new Tax System (Goods and Services) Act
- Superannuation Guarantee (Admin) Act
- Taxation Administration Act
- Fringe Benefits Taxation Assessment Act
- Social and Community Services Western Australian Award
- Funding or Consultancy Agreements
- Association Incorporations Act
- AS/NZS 4360:1999 Risk Management Standards

Internal Related Documents

The full documents relating to section in the policy and procedure manual should also be listed in each section. This will give a clear guide to where information which formed the policies in the manuals was accessed.

Board Operations and Governance

Board Charter Policy

Briefly describe the Board Charter – a paragraph or two.

Conflict of Interest Policy for Board Members

Detail requirements for Conflict of Interest.

Privacy Policy

Detail the organisation's Privacy Policy relating to the Board (make a similar entry for the organisation's staff under Operational Section).

Conduct of Meetings of the Board and Election of the Board Chairperson

Itemise the duties and requirements of the Board, including such statements "make no improper use of information acquired as a Board member" and "do not disclose to any other person confidential information other than as agreed by the board or as required under law".

Board Member Positions and Election of Members and Board Chairperson

Detail how often the Board meets, how Board Members are recruited, elected, tenure. If a Board member is elected to an internal committee, state where they report back to – for example "if a representative of the Board is chosen, the representative reports directly to the Board. If a staff representative is chosen, they report to the Executive Director".

Itemised the specific requirements of each member of the Board; ie what does the Chairman do; what does the Secretary do; what does the ordinary Board Members do?

Honoraria and Gift policy

If there is a policy, state it clearly here.

Finance Committee

Is there a Finance Committee? Describe their function, responsibilities; frequency of meeting etc.

Operational

Are there clear defined lines of management – from the CEO downwards – make a pyramid or other operational chart for easy reference.

Risk Management Framework

This is an important part of any organisation and should be well documented in the Policy and Procedure Manual. For example, create a table detailing aspects of Risk Management – this may need to be in consultation with a specialist.

Areas of Activity	Processes and/or Documentation Where Risk Management Has Been Integrated	Frequency
Business Activity:		
<ul style="list-style-type: none"> Inadequate service provision to clients 	<ul style="list-style-type: none"> Business Plan Annual Customer Survey 	Annually Annually
<ul style="list-style-type: none"> Inadequate planning and evaluation processes 		Audit
<ul style="list-style-type: none"> Non-conformance against organisational procedures 	Review of organisational procedures.	Determined by respective Unit Managers in accordance with Standards Australia "The Audit Skills Handbook" CB029-2003
Contractual/Legal:		
<ul style="list-style-type: none"> Breach of contracts 	<ul style="list-style-type: none"> Investigation of complaints; Acquittal Reporting Requirements; 	<ul style="list-style-type: none"> Upon receipt of complaint. As per acquittal requirements
<ul style="list-style-type: none"> Product liability 	Design Procedure	As stipulated on procedure
<ul style="list-style-type: none"> Public liability 	<ul style="list-style-type: none"> Ordering Procedure Public Liability Insurance Assessment 	<ul style="list-style-type: none"> As Stipulated on Procedure Annually
<ul style="list-style-type: none"> Statutory breaches 	Board of Management Performance Plan	Annually
<ul style="list-style-type: none"> Errors and omissions 	Legal Advice	As required
<ul style="list-style-type: none"> Directors and officers liability 	Board of Management Performance Plan	Annually
Areas of Activity	Processes and/or Documentation Where Risk Management Has Been Integrated	Frequency
Financial:		
<ul style="list-style-type: none"> Asset/liability management 	Financial Mgt Plan	Annually
<ul style="list-style-type: none"> Inadequate insurance 	Financial Mgt. Plan	Annually
Business Interruption:		
- Interruption of supply	Financial Management Plan	Annually
- Record losses	Financial Management Plan	Annually

• Fraud	Financial Audit	Annually
• Inaccurate accounting and/or reporting systems	Financial Audit	Annually
• Poor cash-flow	Financial Audit	Annually
• Cash/fund management shortfall	Financial Audit	Annually
• Inadequate costing systems (leading to unsustainable pricing)	Financial Audit	Annually
• Bad debts	Financial Audit	Annually
• Negligence	Financial Audit	Annually
• Problems with staff:		
- Inadequate/inappropriate training	Performance, Planning & Review	Annually
- Inappropriate skills mixes	Recruitment & Selection	Upon position becoming vacant.
- Insufficient technical skills	Performance, Planning and Review	Annually
- Equal employment opportunity/anti-discrimination disputes/litigation	Recruitment & Selection	Upon position becoming vacant.
- Claims of sexual harassment	Performance, Planning & Review	Upon complaint
- Occupational injury, illness, physical security	Workplace Health & Safety	Annually
- Loss of key staff	Succession Planning	Annually
- Industrial disputes	HR Policy	In response to issues arising
- Unfair dismissal/litigation	HR Policy	In response to issues arising
- Badly designed workplaces	Workplace Health & Safety Policy	Annually
- Wrongful acts	1) Performance, Planning & Review; 2) Credentialing of external suppliers.	Annually Annually
Areas of Activity	Processes and/or Documentation Where Risk Management Has Been Integrated	Frequency
• Problems with contractors:		
- Over-reliance on a small number of contractors	Program Plans	Annually
- Contract disputes	Legal Advice	Upon issues arising
- Inadequate service provision by contractors	Performance, Planning & Review	Ongoing

- Professional indemnity	Subcontracting Conditions	Annually
Marketing:		
• Competitors may innovate successfully	Business Plan	Annually
• Limited range of products	Business Plan	Annually
• Undetected changes in market/customer demands	Business Plan	Annually
• Loss of distribution rights or marketing channels	Business Plan	Annually
• Competition	Business Plan	Annually
• Sabotage/vandalism	Relevant Policies	As stipulated on policies.
Operational Management:		
• Fire	Fire & Safety Audit	Annually
• Staff exposure to long term hazards and pollution	Workplace Health & Safety	
• Superseded equipment	Information Technology Plan	Annually
• Equipment:		
- Breakdown	Maintenance Checks	As per maintenance contract
- Unavailability of parts	Maintenance Checks	As per maintenance Contract.
• Supply delays	Ordering Policy; Contracting Policy	As stipulated on policies
• Contaminated or unsafe	Workplace Health & Safety Audit	Annually
• Badly designed product	1) Affiliation 2) Product Design Policy; 3) Evaluation Framework.	1) Annually 2) As stipulated on policy. 3) As stipulated On policy
• Breaches of Trade Practices and Fair Trading Acts	Investigation of complaints	Upon issues arising
Technological Change:		
• Processes may be made obsolete	Information Technology Plan;	Annually
Project Design and Development:		
	Business Planning	As stipulated on policy.

Set out the likelihood of a risk eventuating – for example – “not likely” through to “highly probable”. Then set out the results should this event happen – “insignificant” through to “catastrophic” where the organisation would be in severe danger of folding. Set out the steps to deal with such an event ie who reports to whom.

Copyright

Is there a policy on this important aspect – for example : “Staff shall abide by copyright laws when downloading, uploading, copying or otherwise dealing with any manner of software or applications or other material from the Internet or across the computer network or on any stand-alone computers”. A link to on-line copyright information would be advantageous to include in the manual.

Logo

Is there a policy on Logo usage?

Media Policy

Are there clear guidelines who talks to the Media?

Events Management, Marketing and Promotion

Does the policy manual mention ensuring ethical compliance with AQTF Standards?
Is there a clear diagram of how event procedure is to follow?

Archiving/ Information Technology/ Document Control

Is there a policy for documents to be issued outside of the organisation – for example:

Before issue and release all controlled documents shall be:

Authorised by the document author

Recommended for approval by the author’s manager (unless the author is a manager)

Approved by the Executive Director.

Does the manual set out how documents are to be recorded, how they are archived and who is responsible for maintaining such document records?

Does the manual clearly set out (and are staff aware) of sections in the filing and computer system where documents should be kept.

For example include a table similar to the following

#	Document type	Scope Notes
1	Governance	Documents relating to the function and responsibilities of the Board of Directors.
2	Policy	Broad statements of intention by the organisation at management level.

#	Document type	Scope Notes
3	Procedure	Defines activities at the organizational level. Written by management.
4	Form	Used for the recording of data.
5	Register	A list of documents. E.g. Procedure register
6	Work Instruction	Describes how jobs are accomplished.
7	Human Resource Management	For documents relating to staff recruitment, training and performance appraisal,
8	Program Evaluation	Refers to reviews and assessments of services
9	Project Management	Includes management of contracts
10	Training Course	Training provided internally to staff or externally to customers.
11	Other QA	Includes internal audit tools and reports
12	Other internal	Documents not included in other categories.
13	External	Documents that are not produced or published by the organisation.
14	Template	An electronic document that includes a pattern or style to be followed.
15	Marketing	Newsletters, press releases, brochures, marketing materials

Standard Operational Procedures

Make a list of the responsibilities which are involved in running the organisation at a practical level. In the list describe which staff position includes responsibilities for key organisational processes. These might include items such as who is responsible for the office key register? Who is responsible for responding to calls when the alarm is triggered and who are allowed to keep and view the Personnel Files? If there are any financial cards such as Fuel cards or Credit cards – who will be responsible for those.

Maintenance of Building / Fixtures / Equipment

This procedure covers the maintenance of building, fixture and furniture, which includes air-conditioning, electrical, plumbing, roofing, lifts, fire-fighting equipment, cleaning, gardening, pest control, waste treatment, disposal services, and furniture in the learning areas.

Computers, audio-visual equipment, lab equipment and teaching aids/equipment may be covered in a different section.

Human Resource Management

Recruitment

Is there a set practice for recruiting new staff? Are staff found within the organisation itself, or is the vacancy for new staff advertised widely.

Does the organisation have a preferred agency to assist them with obtaining staff, or is the vacancy offered on-line via such sites as SEEK and My Career. What newspapers are used?

Who is responsible for creating the proposed advertisement? Will it need approval from the EO or CEO before the advertisement can be placed externally. Will the organisation's logo be used in the advertisement and if so, are there several to choose from. Are there clear instructions as to the format of the desired advertisement?

Who is responsible for placing the advertisement either on-line or in the newspapers? Will the advertisement need to be paid for at the time of placing it externally, or is there an account with the entity where it is being placed? If it is being paid for at the time of placement, who has the authority to pay via phone credit card?

What is the procedure for receiving applications – for example, do the applications go to one person, are the applications acknowledged immediately with a standard email reply?

What is the selection process? Who makes the selection? Who carries out interviews? Will this be one on one interviews or will the candidate need to face a panel? Who makes the final selection? Who signs the letter of offer or contract?

What is the desired timeframe for the recruitment process?

Will the unsuccessful candidate receive a letter either by email or mail to advise them of the outcome of their application?

Many organisations will make templates for standardised letters which are used in recruitment processes, and include them in their PPM.

Staff Orientation

It is good practice for to have a formal induction process for new staff on the first day of employment. PPMs should indicate the responsible staff member, and what is included in this induction.

Will there be forms for the new employee to complete? For example:

- Privacy and Code of Conduct Form
- Contact Details including superannuation details and emergency contact details
- Tax File Declaration form

- Any other forms deemed necessary, such a Police Clearance Certificate or Working with Children Card.
- Drivers licence check. If in Western Australia, a licence can be checked to be current on-line, also a cancelled licence can be checked on-line. These would be useful links to include in the manual.

If the PPM includes an OH&S policy document –it is good practice to induct the new employee into its practices.

Performance Management and Training

Most PPMs would include processes for the regular performance reviews for staff. These may include templates for recording the results of the performance reviews and procedures for raising issues which may arise as a result.

The organisation may choose to have a policy of training which describes such things as whether it pay for its employees to take part in external training and workshops?

Sick Leave / Holiday Leave / Maternity Leave / Long Service Leave

PPMs should describe the agency's policies regarding the way leave is applied for and accrued.

Templates of leave application forms may be included.

Are there forms to be completed and where are they located. Who signs the forms?

What procedures are in place for Maternity/ Paternity/ or Carer's Leave?

Termination of Employment

The PPM may helpfully guide staff about processes to be followed in the case of a resignation from an employee and dismissal of an employee. This may include processes for conducting an exit interview and questions which may be asked.

Accident Procedure

There should be clear procedures for staff to follow in case of an accident. These could include an accident report form which is specific to the organisation; an accident report form specific to a leasing company; medical record form to be used in case of worker's compensation.

In the case of a vehicle accident, there may be more forms to complete, including police traffic accident report forms. It is possible to produce a traffic accident report on-line. Copies need to be kept the organisation's files. Give clear timelines for form submissions.

Where do these forms go once completed?

The PPM may include a hyperlinks to the on-line reporting and hyperlinks to forms in the Appendices for easy access.

Grievance / Warning / Praise

Most agencies would be wise to have a section in which policies and procedures are clearly identified regarding matters such as dealing with grievances, giving warnings for serious misconduct and ways of acknowledging outstanding service.

The Industrial Relations Act should form part or at least be mentioned in the manual.

Make a clear process on the way a grievance should be addressed.

Staff Support

Many agencies offer staff a Employee Assistance program which provides confidential counselling. Staff need to be assured that the process of accessing this service will be confidential.

Financial Management and Financial Controls

A short policy statement could read as *“Financial practices are to comply with legal and accounting requirements and are to be based on good business practice. The organisation’s financial management is to function accountably, effectively and efficiently across all systems. This will be achieved by good financial management practices involving the control of business assets, the creation and maintenance of sound internal control systems and appropriate staff delegations”*.

Purchasing

Make a list of who is responsible for making purchasing decisions and the limits on their delegation.

Many Boards would provide a minimum and maximum amount which their CEO could authorise without reference to the Board, for example.

Cheques and requisitions of purchases – are these presented on a regular basis for approval to the CEO ie fortnightly, weekly by accountant or book-keeper?

A similar policy should be in place for petty cash and reimbursement items for expenditure over a certain specific \$amount that petty cash cannot handle.

Debtors

Is there a policy on how to deal with debtors?

Payroll / Timesheets

The section of the PPM which covers payroll may need to include these items:

- Does the organisation use timesheets? Which department will be responsible for these?
- How is the payroll processed – for example: Salaries are paid on a fortnightly basis. They are paid directly by EFT into the employee’s bank account.

Who is responsible for making a list of the people to be paid and responsible for including sick leave, holiday, etc. Is there a set chart? The Accountant will process the payroll. Payroll advice is to be distributed to each employee.

Bank Accounts for the Organisation

Is there a clear policy on bank accounts and signatories for the organisation. For example the bank accounts could be:

General Account

Trust Account

All accounts require the signatories of xxxxx authorised persons to be registered with the bank for each account, which include xxxxx Board members, xxxxx Executive Officer or other.

All bank transactions are to be signed by two of the above positions.

No blank cheques are to be signed in advance at any time.

Is there a clear policy of EFT payments? Who will authorise these?

Is there a clear policy on Credit card payments? Who will authorise these?

Is there an in-organisation account or is the financial procedure placed with off-site accountants, if this is the case, is there a clear chain of responsibility to enable smooth running of the financials for the organisation, such as how often will invoices/bills be paid ie one a month, one a fortnight or weekly.

Financial Reporting

Budget – a clear policy is essential to an organisation for budgeting. For example:

“The annual budget will be prepared by 30 June each year, to cover the upcoming twelve months of operation. This will include cost centres for income and expenditure for units and activities”. This could then be broken down to departments for example “all departments should prepare and present monthly budgets to the CEO, who will then forward them to the Board”.

Asset Register

A policy should be clear and make a statement similar to : “An Assets Register detailing the following elements is to be maintained for all assets.

Asset Identification Number

Date Asset Purchased

Description of Asset

Cost

Depreciation Schedule

Date of Disposal

Details of Disposal”

These items should then be more fully described in the manual.

Insurance

Is there a policy covering insurance?

Definitions of Recurrent And Non-Recurrent Expenditure

This could be a useful inclusion at the end of the financial section.

General

Aids to find sections

Hyperlinks – use these in the main body of the report to link directly to such things as a certain Appendix; they work in the same way as a www. address. Hyperlinks will save the reader much time in scrolling pages to find a specific appendix.

Watermarking

As mentioned earlier, watermark the document as being in draft. Once the document is completed, the watermark can be removed.

Saving the Document

Once the document has been finalised, save it as a .pdf file for general consumption, this will maintain its integrity. However, a word version needs to be retained for future amendments. This word document should be stored in a safe, secure, preferably password protected file, available to the CEO and selected staff.