PREAMBLE
America’s nonprofit sector serves the public interest and plays an essential role in our society and economy. Hard at work strengthening communities across the nation, nonprofits enrich our lives in a variety of ways by creating a broad array of benefits to society in fields such as charitable, religious, scientific, economic, health, cultural, civil rights, environment, and education.

Public investment and confidence drive the success of nonprofit organizations. Individuals, corporations, foundations, and federal, state, and local governments add value to the services that nonprofits provide by investing time, resources, and funds.

The Standards for Excellence Institute aims to raise the level of accountability, transparency, and effectiveness of all nonprofit organizations to foster excellence and inspire trust. The Standards for Excellence code (Standards, or code) provides a framework and step-by-step guidelines to achieve a well-managed and responsibly governed organization.

The code builds upon the legal foundations of nonprofit management, governance, and operations to embrace fundamental values such as honesty, integrity, fairness, respect, trust, compassion, responsibility, and transparency. The code consists of six Guiding Principles in 27 topic areas with specific performance benchmarks that characterize effective, ethical, and accountable organizations. The Institute helps the nonprofit sector operate in accordance with the Standards for Excellence code by providing educational resources, assistance, and a voluntary accreditation process.

The Standards for Excellence Institute encourages all nonprofit organizations to adopt the Guiding Principles of the Standards for Excellence code. By implementing the performance benchmarks in the code, nonprofit organizations will meet the highest ethical standards for effective service in the public interest.

STANDARDS FOR EXCELLENCE – GUIDING PRINCIPLES

I. MISSION, STRATEGY and EVALUATION
Guiding Principle: Nonprofits are founded for the public good and operate to accomplish a stated purpose through specific program activities. A nonprofit should have a well-defined mission, and its programs should effectively and efficiently work toward achieving that mission. Nonprofits have an obligation to ensure program effectiveness and to devote the resources of the organization to achieving its stated purpose.

II. LEADERSHIP: BOARD, STAFF, and VOLUNTEERS
Guiding Principle: Nonprofits depend upon effective leadership to successfully enact their missions and programs. Effective leadership consists of a partnership between the board and management, each of which plays an essential role. Understanding and negotiating these shared and complex elements of leadership is essential to the organization’s success. A nonprofit’s employees and volunteers are fundamental to its ability to achieve its mission.

Board members are in a position of trust to ensure that resources are used to carry out the mission of the organization. An organization’s board leadership should consist of volunteers who are committed to the mission and who demonstrate an understanding of the community served. An effective nonprofit board should determine the mission of the organization, establish management policies and procedures, assure that adequate human and financial resources are available, and actively monitor the organization’s allocation of resources to effectively and efficiently fulfill its mission.

Nonprofits should also have executive leadership which carries out the day-to-day operations of the organization, ensures financial and organizational sustainability, and provides adequate information to the board of directors. An organization’s human resource policies should address both paid employees and volunteers and should be fair, establish clear expectations, and provide meaningful and effective performance evaluation.
III. LEGAL COMPLIANCE and ETHICS
Guiding Principle: Nonprofits enjoy the public’s trust, and therefore must comply with a diverse array of legal and regulatory requirements. Organizations should conduct periodic reviews to address regulatory and fiduciary concerns. One of a leadership’s fundamental responsibilities is to ensure that the organization governs and operates in an ethical and legal manner. Fostering exemplary conduct is one of the most effective means of developing internal and external trust as well as preventing misconduct. Moreover, to honor the trust that the public has given them, nonprofits have an obligation to go beyond legal requirements and embrace the highest ethical practices. Nonprofit board, staff, and volunteers must act in the best interest of the organization, rather than in furtherance of personal interests or the interests of third parties. A nonprofit should have policies in place, and should routinely and systematically implement those policies, to prevent actual, potential, or perceived conflicts of interest. Ethics and compliance reinforce each other.

IV. FINANCE AND OPERATIONS
Guiding Principle: Nonprofits should have sound financial and operational systems in place and should ensure that accurate records are kept. The organization's financial and nonfinancial resources must be used in furtherance of tax-exempt purposes. Organizations should conduct periodic reviews to address accuracy and transparency of financial and operational reporting, and safeguards to protect the integrity of the reporting systems.

V. RESOURCE DEVELOPMENT
Guiding Principle: The responsibility for resource development is shared by the board and staff. Nonprofit organizations depend on an array of sources of financial support. An organization's resource development program should be maintained on a foundation of truthfulness and responsible stewardship. Its resource development policies should be consistent with its mission, compatible with its organizational capacity, and respectful of the interests of donors, prospective donors, and others providing resources to the organization.

VI. PUBLIC AWARENESS, ENGAGEMENT, and ADVOCACY
Guiding Principle: Nonprofits should represent the interests of the people they serve through public education and public policy advocacy, as well as by encouraging board members, staff, volunteers, and stakeholders to participate in the public affairs of the community. When appropriate to advance the organization’s mission, nonprofits should engage in promoting public participation in community affairs and elections. As such, they should communicate in an effective manner to educate, inform, and engage the public.

ABOUT THE STANDARDS FOR EXCELLENCE INSTITUTE
The Standards for Excellence Institute is a national initiative established to promote the highest standards of ethics and accountability in nonprofit governance, management and operations, and to facilitate adherence to those standards by all nonprofit organizations. The Institute uses as a vehicle the Standards for Excellence program, a system of nonprofit sector industry self-regulation originated by the Maryland Association of Nonprofit Organizations and currently replicated by licensed partners in Alabama, Central Virginia, Colorado Springs, Delaware, Ohio, Oklahoma, and Pennsylvania. The program is also being offered to chapters of The Arc nationwide through The Arc of the United States, to the American Nurses Association, and to Catholic nonprofit organizations nationwide through the National Leadership Roundtable on Church Management.

The centerpiece of the Institute’s program is the Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector. The Institute also makes available to member organizations a comprehensive system of educational tools to enable individual nonprofit organizations to improve their governance and management practices. Standards for Excellence accreditation is available to individual organizations through a rigorous peer review process in selected locations and nationwide through the Standards for Excellence Institute.

For more information about joining the Standards for Excellence Institute or to obtain additional copies of the booklet or educational resource packets visit our website at www.standardsforexcellenceinstitute.org.
PERSONNEL POLICIES AND EMPLOYEE ORIENTATION

As the Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector states:

Staff and volunteers should be recruited, screened (including required background checks), selected, trained, supervised, evaluated, and recognized appropriately. Staff and volunteers should be oriented to their positions, the organization, and the Standards for Excellence code, and should be provided with appropriate professional development opportunities.

A nonprofit should have written, board-approved personnel policies and procedures that govern the work, actions, and safety of all employees and volunteers of the organization. The policies should cover the basic elements of the relationship (e.g., working conditions, telecommuting (if applicable), employee benefits, vacation, and sick leave). The policies should address orientation to the organization, employee evaluation, supervision, hiring and firing, grievance procedures, employee growth and development, and confidentiality of employee, client, and organization records and information.

Benefits of Personnel Policies

Personnel policies offer a clear roadmap for managing potentially complicated employee-employer relationships. Clearly written policies clarify what employers expect of their employees and provide clear guidance to both employers and employees when difficult situations arise. Additionally, in the increasingly litigious environment of today’s workplace, it is important that employers protect themselves and their employees with written policies that are consistently followed in order to resolve workplace problems. Even the smallest organizations must deal with leave policies, benefits, and disciplinary actions, which, if applied differently to each employee, leave an employer vulnerable in litigation matters and can contribute to staff resentment and organizational dysfunction. Moreover, if you already have a handbook, but it is poorly written or outdated, your handbook may be a litigation time bomb and a useless tool for managing constructive employer-employee relations.

Since an employee handbook can be used as a way to deal with complaints, it is important that the organization follows through with what it states in the handbook. If a supervisor sticks to the policies in the handbook and doesn’t change them to fit each employee’s complaint, employees will learn that the handbook contains the “rules of the workplace” for the organization and will respect it as that.

Many employers are fearful that written handbooks create an implied contract for employment. You may have heard of an employee who claimed that an employer breached an employment contract when the employer failed to follow a particular policy. Such a fear should not be grounds for eliminating your handbook and relying on unwritten rules to guide employment
practices. It is much riskier to have unwritten rules because it is harder to prove the substance of an unwritten policy than one that is unambiguously set forth in a policy manual or handbook.

How can an employer deal with the fear of its handbook being used as an implied contract? First, state in the very beginning of your handbook that the handbook and the policies contained therein do not create an express or implied contract. You will find sample language to this effect on the third page of the Model Employee Handbook. Next, make sure that your organization’s policies are clearly drafted, and consistently follow and practice those policies throughout the organization. A well-written handbook, applied in a consistent manner, can be an employer’s best defense in an employment matter.

A written handbook provides many other benefits, as well. It:

- Promotes a congenial work atmosphere and productive work habits;
- Reduces employee stress and dissatisfaction;
- Signals to employees that they are all covered by the same workplace rules and will be treated fairly and consistently;
- Gives managers and supervisors clear and consistent guidelines,
- Ends confusion over what your policies are;
- Helps orient new employees;
- Provides a reference for new and existing employees;
- Provides the employer with an effective tool for training supervisors,
- Can counteract “implied agreement” lawsuits;
- Saves hours and money from having to revisit and decide again your workplace policies;
- Clarifies the relationship of employees to the organization; and
- May prevent employment-related disputes.

Developing an employee handbook will also help your organization comply with the Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector. The Standards for Excellence code states that nonprofit organizations should have written personnel policies, approved by the board of directors, governing the work and actions of all employees and volunteers of the organization. In addition to covering basic elements of the employment relationship (e.g. working conditions, employee benefits, vacation and sick leave), the Standards for Excellence note that employment policies should address employee evaluation, grievance procedures, confidentiality of employee, client and organization records and information, and employee growth and development. In summary, an employee handbook is a valuable workplace tool and a necessary one if your organization seeks to comply with the Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector.

Contents of the Model Employee Handbook

The Model Employee Handbook found in the attachments is divided into nine major topics, with subsections titled and numbered as indicated in the Table of Contents. A brief discussion of the topic and items for you to consider are found in an introduction to each of the sections. Notes
within the policy text and endnotes have been added to some policies in an effort to explain the
legal nature of some of the provisions or to point out important items in the policy.

It is impossible to write a model handbook that fits all sizes. Every policy will require some
editing, but it’s always easier to edit than create! The Model Handbook was drafted with a
certain management structure in mind. Specifically, this Handbook was written as if the
organization is governed by a Senior Management Team, consisting of an Executive Director or
President, and a second layer of management consisting of a Vice President(s) or Deputy
Director. Members of the Senior Management Team supervise the department directors referred
to in these policies. All three levels of management serve as part of the Directors circle.

Your organization may have a much different management structure; perhaps you have only two
levels of management, an Executive Director and supervisors. Or you may use very different
names to describe your organizational structure. You must read each of the policies carefully
and substitute the appropriate person or position wherever such an individual is referred to in the
policies.

The Model Handbook refers to the employer throughout the policies as “the Nonprofit
Organization,” “the Organization,” or “our Nonprofit.” If you edit our policies from
the electronic version (available to members of the Standards for Excellence Institute for a small
fee), you should be able to use a global replace command for each policy to insert the name of
your organization in place of those words. But because many decisions will need to be made
regarding the final handbook, each policy will need to be carefully considered before finalizing
and submitting to your board for approval.

Development of Personnel Policies

Your organization should develop personnel policies by combining input from management,
employees, and third parties.

1. **Employee Participation** -- Small group meetings between employees and management,
with and without first line supervisors present, indicate that the organization is seriously
interested in the employees’ viewpoints on personnel policy. As a continuing process,
such meetings provide a means of gauging employees’ attitudes and the need for change.

2. **Supervisor Participation** -- Participation by supervisors in policy development should
be more formalized and extensive than participation by employees. By establishing a
standing personnel policy advisory committee comprised of representative supervisors,
an employer can involve supervisors in several levels of policy development.

3. **Outside Participation** -- In addition to employee and supervisor participation, outside
consultants may be utilized, as well. For example, an insurance broker, a benefits
consultant, or an attorney may be very helpful when making decisions on insurance
matters. Additionally, labor consultants and attorneys should be consulted at the
development stage and whenever you make substantive changes to the Handbook.
4. **Board of Directors** -- Through the personnel committee, the human resource committee, or the whole board, board members should take part in developing the personnel policies and should ultimately approve the policies. The board of directors is ultimately responsible for the operations of the organization.

**Drafting Your Employee Handbook**

Start by reviewing the policies carefully to determine whether each policy contained in the Model Handbook is appropriate for your organization. For example, the Model Handbook contains a policy on tuition assistance. If you are a struggling nonprofit, it may be impossible to offer your employees such a benefit. The Handbook also contains a retirement policy that refers to an employer match for employee contributions. Again, your organization may offer a retirement plan, but it may not be able to afford an employer match.

The Model Handbook contains policies that incorporate certain ideas or philosophies that may not fit your organizational goals. For example, the Handbook contains a policy entitled Electronic Communications, a fairly extensive policy regulating use of all electronic business tools in the office. Your organization may not desire such a detailed policy, but you may find that adopting some aspects of the policy will help you exert some control over internet, email, and other technology use. This Handbook also offers a detailed telecommuting policy and related telecommuting forms and checklists. Additional background on telecommuting can be found in the attachment, *A Charitable Nonprofit’s Guide to Telecommuting*.

Organization handbooks must be carefully drafted to ensure that they do not unintentionally create contractual obligations to which the employer or the employee will be bound. Courts have ruled that organization statements of personnel policy, whether contained within or maintained separately from an employee handbook, can be enforced by employees as binding contracts where the policies: (a) limit the organization’s right to terminate the employment of an at-will employee; (b) specify a required procedure for termination of the employee’s employment; or (c) provide that the employee will only be discharged for cause.

To avoid contractual obligations, *a clear and conspicuous disclaimer* of contractual intent should be included in all handbooks and employment applications, similar to that in the beginning of the Model Handbook. The disclaimer should state that your handbook is not contractually binding and that the employee serves at the will of the organization. The disclaimers must be prominently placed to be effective. In addition, you should include a disclaimer reserving management’s rights to amend or delete any provision or policy. All of this language is contained in the Model Handbook.

Because of their complicated purpose, organization handbooks should be written in a straightforward style and well organized as an easy reference. The format should serve the needs of the organization. One organization's handbook may include a list of rules, while another may utilize a question and answer format. There may be examples of how the policy will affect an employee or a chart to show whom is covered by a particular policy and how they are affected.
Keep your handbook upbeat and friendly. In keeping with that suggestion, the Model Handbook tries to avoid the more impersonal term “the employee” and instead refers to the employee as “you.” We also suggest that you give examples of more complicated or unusual topics, such as employee vacations.

Charts and graphs will brighten up your presentation, as will graphics and photographs. Bold type communicates more clearly. Make sure the cover of your handbook is attractive and positive.

**Distributing the Handbook**

Distribute the handbook to all employees so that they will be aware of the organization’s expectations of them. Distribute new and revised policies to all employees as amendments or additions to a handbook, if you already have one. Make sure that all employees sign an acknowledgement of receipt of your handbook. Two examples are provided at the beginning of the Handbook. Having staff sign off as they receive personnel policies emphasizes the seriousness of each policy and gives an organization legal protection when violation of a policy occurs.

**Some Further Thoughts**

The Model Employee Handbook does not cover all possible employment policies. You may want to consider drafting your own policies to cover certain topics not addressed in this Handbook, such as:

- Medical examinations, employment testing
- Lost and found
- Lockers
- Outstanding service award program
- Safety and accident prevention
- Other communication policies (ombudsman, personnel representative, rap sessions, bulletin board, suggestion box, sounding boards, open door policy)

You may use the electronic version of the Model Handbook to change any of the policies to suit your organization. You have limited permission to copy sample policy language from this publication for the purpose of incorporating it into your organization’s own employee handbook. Drafting an employee handbook is a big task, but well worth the effort. We hope the Model Handbook will help you along the way.

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<th>KEY TERM</th>
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Employee Orientation

A new employee’s orientation should be an introduction to an organization’s procedures and job responsibilities. Orientations may also cover pay information, work schedules, office layout, etc. New employees should be introduced to and given copies of the organization’s personnel policies. Following an orientation, the new staff member should sign an acknowledgment form, ensuring that they were properly oriented to their responsibilities and to the organization. The executive director should designate one person or the director of Human Resources to collect and file signed acknowledgment forms.

An orientation checklist may be developed to help supervising staff make sure new hires receive all the appropriate information. A checklist is a brief tool that lists specific issues that a supervisor should discuss with new staff. Developing a checklist can eliminate the possibility that certain items may never be addressed and eliminates any assumptions by the new staff member regarding procedures or duties. A sample employee orientation checklist is provided as part of the Model Handbook.

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Selected Resources for Personnel Policies and Employee Evaluation

Attachments

Books and Articles


Websites

Economic Research Institute (ERI) Salary Surveys  

BenefitsLink  
http://www.benefitslink.com - BenefitsLink (TM) - The National Employee Benefits Web Site

Columbia University Employee Policies  
http://hr.columbia.edu/policies - Policy manual for the University. Some good examples.

Drexel University Human Resource Policies  
http://www.drexel.edu/hr/resources/policies/dupolicies/ - Human Resources: Policies Employment policies for Drexel University; good samples.

Idealist.org  
http://www.idealist.org/ - A resource website that provides links to every aspect of the nonprofit world.

Nonprofit Risk Management Organization  
http://www.nonprofitrisk.org - Good advice on how to avoid and protect against risk in your organization. Free information and advice line.

Society for Human Resource Management  
http://www.shrm.org - Some free information. Very useful employment advice and samples for just about everything related to human resources, if you become a member.

United States Department of Labor  
http://dol.gov - This part of the website contains information about the federal employment laws.  