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Southern Early Childhood Association

SECA

SOUTHERN EARLY CHILDHOOD ASSOCIATION

The Leadership Letter

Personnel Policies & Procedures: Do We Really Need Those?

Every Association struggles with the same issues in regard to personnel:

1) We've been doing this for years with a volunteer board...do we really need to hire someone?
2) We don't have a lot of money. Will someone work for the amount of money we can spend?
3) Home office or outside office—how does that work?
4) Independent contractor or employee—what does that mean?

With the associations in the SECA region, the majority of the state groups are staffed by a part-time business manager who works out of his/her home. Only a few of the states have an "official" Executive Director who is full-time and whose primary responsibility is the management of the state association and its programs.

Finding the right person for the job is critical, but just as important is having the basics in place to make sure that the hiring process is effective and thorough. So what needs to be there to ensure that the process moves forward appropriately?

Personnel policies and procedures are designed to address these issues:

- **The initial interview process:** application forms, who will interview, job descriptions, etc.
- **The employment confirmation process**: hiring letter, contracting process if hiring an independent contractor, completion of forms to create an employee file, etc.
- **Performance evaluation**: who, when and how
- **Employment standards**: dress code, attendance policy, annual and sick leave availability and accrual, use of association resources, expense reimbursement, benefits, etc.
- **Employee Discipline and Termination:** the process and who is responsible.

In many associations, new employees are required to sign a statement that they have received a copy of the policies and procedures and that they have read them.

The purpose of having personnel policies and procedures is to maintain standard protocols whether there is a change of Board leadership or executive personnel. Regardless of "who's in charge", the policies under which an employee was hired are the ones under which they will continue to operate until the Board of Directors makes changes to those policies.

In this newsletter, we'll take you through some of the issues that you need to consider as you develop your policies and procedures or give them a good review. **If you'd like to see a copy of SECA's Personnel Policies, you'll find it in the *SECA Policies and Procedures Manual* on the Leadership page of the website.**

Inside this issue:

Leadership Commission Members

- *Anita Dailey, GA*
- *Cindy Ramagos, LA*
- *Marti Nicholson, OK*
- *Susan Barnes, VA*
- *Maureen O'Brien, KY*

Why an Employee Handbook is Important

According to the article, *Three VERY IMPORTANT Manuals for Non-profit Organizations*, "*The employment manual will help protect an organization against employee lawsuits and grievances. This manual will also help nonprofit employees understand key employment policies as well as the benefits available to them.*" *Source: http://www.nonprofitalternatives.org*

There are a wealth of templates on the Internet that you can purchase and insert the information that you require for your organization. These are usually prepared by attorneys and meet the legal standards required for larger companies.

Since our associations are small in scope and usually have only 1 or 2 employees, it's not as critical to have as detailed a manual; however, putting personnel policies in writing is always a good idea. It provides continuity and an historical basis for any personnel actions. It is also easily transferred as volunteer leadership transitions.

Here are some things to consider as you begin to put these policies together.

⇒ Assess whether your policies and procedures answer all questions put forth by any stakeholder in the organization. This is particularly important for a 501(c)(3) and should provide transparency for your business practices.

⇒ Identify organizational issues with your staff and board of directors. What expectations do you have of your staff?

⇒ Think through the special personnel issues that will relate to your organization. For example, what will you require of an employee if the decision is made to operate a home office—hours, telephone use, equipment, etc.?

⇒ Determine what type of benefits you can or are willing to provide to an employee. Can you provide health insurance, retirement, paid leave, etc.?

And the most important thing— if you have policies and procedures, are you actually following them? Does your daily practice follow the guidelines or have things changed? Do your policies and procedures need to change to reflect actual practice?

Here is a link to an article that contains a sample employee handbook….it's a very comprehensive and "legal" handbook but can give you language to utilize as your put your policies together. **http://www.nonprofitalternatives.org/page/three-very-important-manuals-for-nonprofit-organizations/**

What to Include in a Personnel File

Regardless of how large or small your staff is, each person should have an official personnel file.

This file should include the following:

- The completed employment application.
- A copy of the employee's resume/vita.
- Information on reference checks made prior to hiring.
- A copy of the W-4 (tax withholding certificate).
- An I-9 form (IRS citizenship form).
- A form acknowledging receipt of the handbook/policies.
- Employment letter or contract.
- Emergency notification form.
- A form acknowledging a drug free workplace policy.
- Annual performance reviews.

For associations that choose to utilize a home office, the issue of where these personnel records will be stored is one that must be resolved.

We would recommend that two folders exist: one will remain in the "official" files in the office and the second will remain and transition with the President.

The second file should include only the annual performance reviews and the employment letter or contract.

Independent Contractor or Employee?

The answer to that question will help you decide what type of manual you need.

Do you need both organizational and employee policies and procedures or is an organizational policy manual sufficient?

◊ If you hire an employee, you will need both.

◊ If you contract out functions, you will need the organizational manual.

So what's the difference and how do you know which way to go? If you're looking at a single individual to manage your association, you have both options.

Who is an Independent Contractor?

According to the IRS, a person is an independent contractor "**if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done**."

In this case, a contract will specify the work product that is produced, including any appropriate deadlines, but will not specify when, where or how it will be accomplished. That is the discretion of the independent contractor. For example, SECA utilizes an independent contractor for all publication design services.

Independent contractors are subject to self-employment tax and the payer (in our case the association) will not remit payroll tax (FICA, Social Security, etc.) *NOTE: Before you think this option is a money saving one (no payroll taxes), make sure you're comfortable with having no control over how and when that person performs the tasks. If you're going to dictate how and when the job is done, you've hired an employee*.

Who is an Employee?

Again, according to the IRS, "**Anyone who performs services for you is your employee if you can control what will be done and how it will be done. This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are performed**."

In this case, the association staff may work at home but has specified hours that the phone will be answered, mail will be picked-up, and hours that constituents/members have expectations of a person being available to answer questions and respond to member inquiries.

Employees are eligible for all benefits as defined in the policies and procedures and the association will pay the employer portion of payroll taxes on their behalf. The employer will also remit any taxes withheld from employee paychecks. The IRS requires that these taxes be remitted on a monthly basis.

If you'd like to get more information about these definitions, please to go http://www.irs.gov. Check under the Small Business category and then Nonprofit.

The 1099-MISC: Who Gets It?

The 1099-MISC is an IRS form that reports income for independent contractors. At the end of the year, you may be required to distribute a 1099. (A copy goes to the contractor and a summary/copy to the IRS).

Use this criteria (provided by the IRS) to determine if an independent contractor that you use must receive a Form 1099-MISC.

1) You made the payment to someone who is not your employee.
2) You made the payment for services in the course of your trade or business (including non-profits).
3) You made the payment to an individual, partnership or estate.
4) You made payments to the payee of at least $600 during the year. **If the amount paid is less than $600, a 1099 filing is not required.**

If you need more information, go to http://www.irs.gov.

Did You Know?

SECA has a series of nine Board orientation/ training modules that are available on-line on the Leadership page.

The modules include a background paper, a PowerPoint presentation (and questions) for Board training, and information about resources. Module #6 provides more background on topics in this newsletter.

Module 6:

Association Employees and Volunteers

All materials can be downloaded from the website at http://www.southernearlychildhood.org/leadership.php.

Click on Leadership Resources and scroll down to the bottom of the page.

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Promoting Quality Care and Education for Young Children and Their Families

SECA is a "Voice for Southern Children"

[www.southernearlychildhood.org]

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Volunteers: They Need Policies Too

You've put in place your employee handbook and now we're telling you to do another one? That's right, because it's just as important to outline the parameters for volunteers in your organization as it is for employees.

The purpose of this handbook is to keep volunteers safe and manage risks in programs staffed by volunteers. Here are things that should be included:

* Mission & history of the organization.
* Organizational chart & list of Board members.
* Description of programs and desired outcomes.
* Overview of the volunteer matching/selection procedure for assignments.
* Qualifications for specific volunteer positions.
* Expectations for conduct and behavior, including prohibited conduct such as violence or harassment.
* Conflict of interest policy.
* Policy on expense reimbursement, if applicable.
* Operational guidance about who to contact for such things as being late to report.
* Description of the association's policy on how to report a problem/concern/grievance.

These policies should be presented to all new volunteers and a volunteer orientation conducted. The topics covered in the manual should constitute the majority of the orientation process. Each new volunteer should sign an acknowledgement that they have been informed of the policies and these should be kept in a volunteer file, just as you would for an employee. *NOTE: For programs utilizing volunteers with children, many states now require that background checks be performed and the results of these checks should be kept in individual files.*

Seasoned volunteers need refreshers and these should be conducted regularly to be sure that everyone remembers what the policies and procedures are that relate to them. *Source: What to Include in a Volunteer Handbook, Minnesota Council of Nonprofits, http://minnesotanonprofits.org , Retrieved on 4/17/2013*