

***Unitarian Universalist Church of Spokane
Policy Governance Document***

1. ENDS: We, the members of the Unitarian Universalist Church of Spokane, join together to create an inspiring and nourishing liberal religious home

- Energizing, Inspiring Worship
- Caring, Welcoming Community
- Transformative Outreach
- Lifespan Religious Education

(revised 10-03-07)

2. MANAGEMENT TEAM LIMITATIONS: The Management Team *(as defined in 4.1)* shall not cause or allow any practice, activity, decision, or church circumstance that is either unlawful, imprudent, or in violation of our Unitarian Universalist principles or of commonly accepted business and professional ethics.

2.1 UNITY OF VOICE: The Management Team shall not fail to speak as one voice to all parties to whom the team is responsible or over whom it has authority.

Accordingly, Management Team members shall not:

- a. Fail to include and consult with each other on all material issues.
- b. Fail to honor and support each other's views and positions on issues within their primary realm of responsibility.
- c. Fail to support the recommendation of the minister regarding matters of mutual accountability when the Team does not reach consensus.

2.2 TREATMENT OF CONGREGANTS: With respect to interactions with congregants, the Management Team shall not cause or allow conditions, procedures, or decisions that are unsafe, undignified, unnecessarily intrusive, or that fail to provide appropriate confidentiality or privacy.

2.3 TREATMENT OF STAFF: With respect to the treatment of paid staff and volunteers, the Management Team may not cause or allow conditions that are unsafe, unfair or undignified.

Accordingly, the Management Team shall not:

- a. Operate without written personnel policies that clarify personnel rules for paid staff and provide for effective handling of grievances.
- b. Fail to apply the standards of the church's mission, covenant and ends to their interactions with staff and volunteers.
- c. Fail to provide in a prominent place current, established, internal complaint procedures or prevent staff or volunteers from using them.

2.4 COMPENSATION AND BENEFITS: With respect to employment, compensation and benefits to employees, consultants, contract workers and volunteers, the Management Team shall not cause or allow jeopardy to fiscal integrity or public image.

Accordingly, the Management Team shall not:

- a. Change individual Management Team members' compensation packages without Board knowledge and consent.
- b. Promise or imply permanent or guaranteed employment.
- c. Establish current compensation or benefits which:
- c. Deviate materially from the nonprofit or geographic market for the skills employed.
- d. Create obligations over a term longer than revenues can be safely projected.

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(2.4 a & d above as confirmed 2/23/2003)

2.5 FINANCIAL PLANNING AND BUDGETING: Financial planning for any fiscal year or the remaining part of any fiscal year shall not risk financial jeopardy, nor deviate materially from church bylaws or from Ends priorities set by the Board.

Accordingly, the Management Team shall not cause or allow:

- a. Fiscal projections that fail to:
 - a1. Fully disclose planning assumptions
 - a2. Use valid and reliable methods to project revenues and expenses
 - a3. Provide separate estimates of capital, endowment, and operating revenue and expenses
 - a4. Provide separate estimates of pledge and non-pledge income.
- b. A budget to be presented to the congregation that:
 - b1. Deviates materially from the priorities and requirements of the board in its allocation among competing fiscal expenditures.
 - b2. Has projected expenditures exceeding projected revenue.
 - b3. Fails to consider capital maintenance and improvement, and the means to pay for them.
 - b4. Does not take into account the need for reserves to fund sabbaticals for clergy.
 - b5. Does not include support for the Unitarian Universalist Association (UUA) and the Pacific Northwest District of UUA.
- c. A budget structure that does not allow the tracking of cash flow and subsequent audit trails.
- d. A budget revision to be submitted for congregational approval unless the deficit exceeds 6% of the approved operating budget.

2.6 FINANCIAL CONDITION AND ACTIVITIES: With respect to the actual, ongoing financial condition and activities, the Management Team shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from Board priorities established in Ends policies.

Accordingly, the Management Team shall not:

- a. Expend funds inconsistently with budget priorities and requirements as established by the Board.
- b. Expend any Endowment or restricted donations other than for purposes determined at the time of receipt or designation without approval of the Board and donor of said funds.
- c. Expend more funds than have been received in the fiscal year to date unless there is a reasonable expectation that revenues and/or Contingency Funds will be available to cover the expenditures.
- d. Allow the balance of cash accounts to drop below the amount needed to meet payroll and debts in a timely manner.
- e. Indebt the church in an amount greater than can be repaid, using funds intended for that purpose, in a timely manner.
- f. Borrow funds on other than a short-term basis.
- g. Make loans between funds that cannot be repaid within three months.
- h. Receive, process or disburse funds under controls insufficient to meet generally accepted standards. These standards shall include, at a minimum, the following:

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- h1. Authorizing limited access to operating and investment accounts
- h2. Requiring two signatures on all checks over \$500, unless approval can be obtained from an authorized signer other than the single signer
- h3. Requiring monthly bank reconciliations.
- h4. Requiring, at a minimum, quarterly financial reporting to the Board.
- h5. Posting of monthly financial statements.
- i. Allow the church to operate without maintaining the following funds:
 - i1. An Endowment Fund, as specified in Article XVI of the Bylaws.
 - i2. A Contingency Fund, comprised of monies from the operating fund or other sources, with a goal that the balance of this fund be at least equal to an average of two months expenditures.
 - i3. A Capital/Replacement Reserve to be maintained and managed per the Capital Repair/Replacement Plan.
 - i4. Special Funds, allowing ministries, teams, committees, and other groups to segregate their non-operating fund monies from all other monies of the church.

2.7 GRANTS AND CONTRACTS: The Management Team may not enter into any grant or contract arrangements that fail to emphasize primarily the production of Ends and, secondarily, the avoidance of unacceptable means.

Accordingly, the Management Team shall not:

- a. Allow contracts for unbudgeted expenditures.
- b. Accept a grant without consulting the Finance Team and the Treasurer.

2.8 ASSET PROTECTION: The Management Team shall not allow the assets to be unprotected, inadequately maintained, or unnecessarily risked.

Accordingly, the Management Team shall not

- a. Fail to adequately insure against theft and casualty losses at replacement value less reasonable deductible and/or co-insurance limits.
- b. Fail to insure against corporate liability and personal liability of Board members and paid staff, taking into account pertinent statutory provisions for indemnification and exemptions applicable to Washington non-profit organizations.
- c. Allow volunteer personnel access to material amounts of funds without prior training and without having established fiscal controls.
- d. Allow plant and equipment to be subjected to improper wear and tear or insufficient maintenance.
- e. Unnecessarily expose the church, its Board or staff to claims of liability or risk the nonprofit status.
- f. Make any non-emergency purchases not provided for in either the capital expenditure or operational projections; nor make any purchase over \$1,000 without at least two competitive bids.
- g. Invest operating capital in insecure instruments, including uninsured checking accounts and bonds or CDs of less than "A" rating.
- h. Purchase, encumber or dispose of real property without prior approval of the Board of Trustees.
- i. Endanger the church's public image or credibility particularly in ways that would hinder accomplishment of its mission and Ends policies.

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2.9 ASSET UTILIZATION: The Management Team shall not fail to devote church assets to endeavors that support Ends policies and are congruent with Unitarian Universalist principles.

Accordingly the Management Team shall not:

- a. Allow church facilities to be lent or contracted to individuals or groups that implicitly or explicitly discriminate against persons on the basis of race, color, age, physical or mental capabilities, gender, sexual orientation, national orientation, or income.

2.10 GIFTS: The Management Team shall not allow accept any gift that fails to emphasize primarily the production of Ends and, secondarily the avoidance of unacceptable means.

Accordingly the Management Team shall not:

- a. Allow unrestricted gifts exceeding \$1,000 to be accepted without review and negotiation by the Finance Committee.
- b. Allow restricted gifts and bequests to be designated for any other purpose
- c. without a reasonable attempt to contact and renegotiate with the donor.

(Revised 04/05)

3. GOVERNANCE PROCESS: The Board of Trustees will assure, on behalf of the congregation, that the Church furthers its chosen Ends, with appropriate use of its resources, and avoids unacceptable actions and situations.

3.1 GOVERNING STYLE: The Board will govern with an emphasis on (1) outward vision and future focus, (2) expression of diverse viewpoints, (3) strategic leadership more than administrative detail, (4) clear distinction of Board and Management Team roles, (5) collective rather than individual decisions, and (6) proactivity rather than reactivity.

In this spirit, the Board will:

- a. Focus chiefly on *Ends*, not on the administrative or programmatic *Means* of attaining those effects.
- b. Enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to policymaking principles, respect for defined roles, and to attendance. After subjects have been discussed and voted upon, both majority and minority will support the action taken and speak with one voice.
- c. Be accountable to the congregation and other stakeholders for competent, conscientious and effective accomplishment of its obligations as a body. It will allow no officer, individual, or committee of the Board to usurp this role or hinder effective governance process.

3.2 BOARD JOB DESCRIPTION: The job of the Board is to represent and lead the membership in determining and requiring appropriate organizational performance.

Consequently, the “products” or job contributions of the Board shall be:

- a. The link between the church and its stakeholders.
- b. Written governing policies that, at the broadest level, address each category of organizational decision:
 - b1. *Ends:* Organizational mission, impacts, benefits, outcomes and priorities.

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- b2. *Management Team Limitations:* Boundaries of prudence and ethics to be observed by the Management Team and those it oversees.
- b3. *Governance Process:* How the Board conceives, carries out and monitors its own tasks.
- b4. *Board-Management Team Linkage:* How power is delegated and its proper use monitored.
- c. The assurance of Management Team performance against *Ends, Limitations* and *Linkage* policies.
- d. An annual budget to recommend to the church's membership that is not allocated so narrowly as to constrain the discretion of the Management Team.
- e. An annual evaluation of the minister's job performance. Since the minister is called by the congregation, and the board is the representative of the congregation, the board recognizes it is the only body authorized to evaluate the minister's job performance.
- f. The minister's job performance will primarily be equated with organizational performance, but the minister will also be expected to demonstrate ethical behavior and fulfill the responsibilities described in his employment contract.
- g. Minister valuation will be accomplished by the following methods:
 - g1. Review of the organizational ends monitoring (*Section 4.6*)
 - g2. Interviews lay leaders and other members of the church
 - g3. Direct observations by board members
 - g4. Other methods, such as congregational surveys or outside consultation, as deemed suitable by the board

3.3 AGENDA PLANNING: To accomplish its tasks with a governance style consistent with Board policies, the Board will follow an annual agenda that:

- a. continually reviews Board *Means* policies in the light of current issues
- b. completes re-exploration of *Ends* policies annually
- c. continually improves Board performance through Board education and expert input and deliberation.
- d. The Board shall not fail to invite the Team on Ministry to attend Board of Trustees meetings three times a year to discuss the ministry of the church.

(revised 10-03-07)

3.4 PRESIDENT'S ROLE: The president (1) assures the integrity of the Board's process and (2) typically represents the Board to congregants and outside parties.

Accordingly,

- a. The job of the President is to ensure that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the congregation.
- b. The board President or designee is responsible for new board member orientation and education regarding Board policies and duties.
- c. The authority of the President consists of making decisions on behalf of the Board that fall within or are consistent with policies on *Governance Process* and *Board-Management Team Linkage*.

(3.4 above as confirmed 11/04)

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3.5 BOARD MEMBERS' CODE OF CONDUCT: The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Accordingly,

- a. Board members must represent unconflicted loyalty to the interests of the congregation. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. This accountability supersedes the personal interest of any member acting as an individual congregant.
- b. Board members must avoid any conflict of interest with respect to their fiduciary responsibility.
- c. Board members may not attempt to exercise individual authority over the UUCS except as explicitly set forth in Board policies.
- d. Board member interaction with the Management Team or with staff must recognize the lack of authority in any individual member or group of Board members except as noted above.
- e. Board member interaction with the public, press, or other entities must recognize the same limitations and the similar inability of any member to speak for the Board.
- f. Board members will make no judgments of the Management Team or staff performance except as that performance is assessed against explicit Board policies by the official process.

3.6 BOARD COMMITTEE PRINCIPLES: Committees of the Board, when used, will be assigned so as to reinforce the wholeness of the Board's job and so as never to alter or interfere in communication and delegation from Board to Management Team.

Accordingly,

- a. Board committees may not speak for or act for the Board except when formally given such authority for specific and time-limited purposes. Such authority will be carefully stated in order not to conflict with authority delegated to the Management Team.
- b. Board Committees will assist the Board chiefly by preparing policy alternatives and implications for Board deliberation. Board committees are not to be created by the Board to advise or help staff do its job.
- c. This policy applies only to committees that are formed by Board action, whether or not the committees include non-Board members. It does not apply to committees formed under the authority of the Management Team.

3.7 COST OF GOVERNANCE: Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity. *Accordingly,*

- a. Board skills, methods and supports will be sufficient to assure governing with excellence.
- b. Training and retraining will be used annually to orient new members and candidates for membership, as well as to maintain and increase exiting member skills and understandings.
- c. Internal or external monitoring assistance will be arranged at least every three (3) years so that the Board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal review.

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- d. Outreach mechanisms will be used as needed to ensure the Board's ability to listen to the viewpoints and values of the congregation.

Revised 04.18.04

4. BOARD-MANAGEMENT TEAM LINKAGE: *The Board will hold the Management Team accountable for church operations, achievements, and conduct.*

4.1 COMPOSITION OF THE MANAGEMENT TEAM: The Management Team shall consist of 3-5 members including the Minister, the Administrator, the Director of Religious Education, and at least one member from the congregation appointed by the Board of Trustees. Congregational members cannot concurrently serve on the Board of Trustees and the Management Team.

Revised 03-20-08

4.2 UNITY OF VOICE: Only decisions of the Board as a body are binding on the Management Team.

- a. Decisions or instructions of individual Board members, officers, committees or church members are not binding on the Management Team except in rare instances when the Board has specifically authorized such exercise of authority.
- b. In the case of Board members or committees requesting information or assistance without Board authorization, the Management Team is expected to decline such requests that require, in the Management Team's opinion, a material amount of staff time or funds or are disruptive.

4.3 ACCOUNTABILITY OF THE MANAGEMENT TEAM: The Management Team is the Board's link to operational achievement and conduct. All authority and accountability of staff is considered by the Board to be the authority and accountability of the Management Team.

- a. The Board will not give instructions to persons who report directly or indirectly to the Management Team.
- b. The Board will refrain from evaluating, either formally or informally, any staff other than the Management Team.
- c. The Board will view Management Team performance as equivalent to organizational performance, so that organizational accomplishment of Board-stated *Ends* and avoidance of Board-proscribed *Means* will be viewed as successful Management performance.

4.4 DELEGATION TO THE MANAGEMENT TEAM: The Board's job is generally confined to establishing topmost policies, leaving implementation and subsidiary policy development to staff and lay leaders with oversight by the Management Team. The Board will instruct the Management Team through written policies that prescribe the organizational *Ends* to be achieved and describe organizational situations and actions to be avoided, allowing the Management Team to use any reasonable interpretation of these policies.

- a. The Board will articulate the church's mission and develop policies that instruct the Management Team in directing staff and volunteer energies and church resources to achieve this mission. These policies will be developed systematically from the

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broadest mission to more defined aims and achievement, and will be called *Ends Policies*.

- b. The Board will develop policies that limit the latitude the Management Team and those it oversees may exercise in choosing organizational *Means*. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called *Management Team Limitations Policies*.
- c. As long as the Management Team uses any reasonable interpretation of the Board's *Ends* and *Management Team Limitations* policies, the Management Team is authorized to establish further policies, make decisions, take actions, establish practices, and develop activities. Should the Management Team deem it necessary to violate Policy, it shall inform in advance the Board President or another Board member if the President is unavailable. Informing is simply to guarantee no violation may be intentionally kept from the Board, not to request approval. Response from the Board President or individual Board members, either approving or disapproving, does not exempt the Management Team from subsequent Board judgment of the action, nor does it impede any Management Team decision.
- d. The Board may change its *Ends* or *Management Team Limitations* policies, thereby shifting the boundary between Board and Management Team domains. By doing so, the Board changes the latitude of choice given to the Management Team. But as long as any particular delegation is in place, the Board will respect and support the Management Team's choices.

4.4d as approved 5/05

4.5 **EMERGENCY MANAGEMENT TEAM SUCCESSION:** In the event a member of the Management Team is unable to serve due to an emergency, the Management Team will continue operating without that member until the Board has designated a temporary replacement.

4.6 **MONITORING MANAGEMENT TEAM PERFORMANCE**

- a. Systematic monitoring of Management Team job performance will be evaluated against the expected M Team outputs; namely, organizational accomplishment of Board policies on *ENDS* and organizational operation within the boundaries established in *M Team Limitations*.
- b. Monitoring will be done to evaluate compliance with Board decisions, and with established M Team responsibilities. Data that does not meet these criteria will be received as informational only.
- c. Monitoring and evaluation will be the responsibility of the Board.
- d. Monitoring will be accomplished by one or more of the following methods:
 - d1. By internal report, in which the M Team discloses compliance information to the Board
 - d2. By external report, in which an external, disinterested third party selected by the Board assesses compliance.
 - d3. By direct inspection, in which a Board member or members, or the Board as a whole assesses compliance.
- e. In every case, the standard for compliance shall be A Reasonable Interpretation of the action being monitored.
- f. Monitoring shall occur at a frequency and by a method chosen by the Board.

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- g. The Board can monitor any action at any time by any method, but formal monitoring, with a written summary and report shall be performed at least annually, and reported to the Congregation.

Revised 3/06

4.7 MONITORING BOARD PERFORMANCE: The Board will regularly monitor its own performance against *Ends*, *Governance Process*, and *Board-Management Team Linkage* policies.

This shall be accomplished by:

- a. New member orientation.

The board will determine the degree to which new Board members have been adequately oriented. Orientation will occur between May Congregational meeting and first Board business meeting of the church year by the President or designee.

- b. At least annually, the Board shall review the *Ends*, as stated in this document, and produce a written evaluation of its compliance with those *Ends*. At that time, it may become necessary to modify the *Ends* to match the goals and objectives of the Congregation for the coming year.

4.8 MANAGEMENT TEAM REVIEW

- a. The Management Team, through its periodic communication to the Board, shall not fail to report specific incidents where the Board as a whole, or individual Board members, have failed to address *Ends* while communicating with the Management Team, or have fallen out of compliance with the *Governance Process*.

- b. Given that the Board is ultimately responsible to the Congregation for the fiscal health of the church and this will be part of the evaluation by the Congregation (*as defined in policy 4.9*), the Management Team shall not fail to inform the Board President immediately of any budgetary issues that will prevent the MT from exercising prudent discretion in carrying out the stated mission of the church.

4.9 CONGRESSIONAL REVIEW

- a. Board members shall not fail to identify themselves as members of the Board at all Church functions they attend.
- b. Board members shall always be open to comment from the Congregation, and shall actively solicit comments during regular conversation with Congregation members.
- c. Board members shall request from Congregation members a written description of comments and criticisms of Board performance that are deemed to be of a serious enough nature to be presented to the Board. This is in compliance with the Complaint and Inquiry Process.
- d. The Board shall not fail to establish and disseminate to the Congregation a statement of Board Visions, preferably at the start of the church year, to which it will be accountable to the Congregation. (Some Visions may be ongoing from year to year.)
- e. Annually, prior to the Congregational meeting, input from the Congregation shall be obtained soliciting their evaluation of the Board's performance against *Ends*, *Governance Process* and the statement of Board Visions, and the results of this inquiry shall be included in the President's Annual Report. Ideas and comments

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about modifications or additions to the *Ends* portion of this document shall also be solicited in this survey.

(4.9 as confirmed 10/05)

5. COMPLAINT AND INQUIRY PROCESS
(see Addendum A)

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ADDENDA

Unitarian Universalist Church of Spokane
Board and Management Team
Complaint and Inquiry Process
revised 11-30-03

