HR Council
for the Nonprofit Sector

Does Your Organization Have it Covered?

An assessment for small nonprofits

HR Council
for the Nonprofit Sector

The HR Council takes action on nonprofit labour force issues.

As a **catalyst**, the HR Council sparks awareness and action on labour force issues. As a **convenor**, we bring together people, information and ideas in the spirit of collaborative action. As a **research instigator** we are building knowledge and improving our understanding of the nonprofit labour force.

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The following existing tools and resources were reviewed by the HR Council during the development of this assessment framework:

The Capacity Checklist
United Way of Greater Toronto

Toronto Shelter Standards
Toronto Shelter, Support and Housing, City of Toronto, City of Toronto website

Organizational Development Tool Kit
Partners in Organizational Development (POD) Community Services Vancouver

Assessment Guide
Vancouver Arts Stabilization Team – Arts Partners in Organizational Development

Tool for Assessing Startup Organizations
La Piana Associates Inc., Grantmakers for Effective Organizations (GEO)

Capacity Assessment Grid
Venture Philanthropy Partners

Leadership and Partnerships
AIM, Achieving Improved Measurement

Checklist of Nonprofit Organizational Indicators
Free Management Library – Edited by Carter McNamara, MBA, PhD

This workbook is an interim document. The checklists and related materials in this workbook will be made available in an online tool available on hrcouncil.ca in the fall of 2010.

Overview

Small organizations (those with fewer than 10 employees) make up 75% of organizations in the nonprofit sector. In these organizations, small staff complements often must take on a range of functions and job responsibilities – responsibilities that often fall outside of one's standard job descriptions. Many of these core functions are essential, no matter the organization's mission, area of activity, geographic location or budget. The challenge that many organizations face is ensuring that their staff team has the necessary time, knowledge and skills required to fulfill these core functions.

The HR Council has developed a series of checklists to help small nonprofits evaluate their organization's performance and identify individuals with responsibility for key indicators in seven functional areas:

1. Governance

2. Financial Management & Sustainability

3. Information & Technology Management

4. HR Management

5. Programs & Services

6. Community Relations & Engagement

7. Fund Development

How to use these checklists

The checklists are intended to be used as an assessment tool and should be completed by your organization's board of directors and/or senior staff.

Each checklist includes a number of indicators (key components) that are identified as being either *Mandatory* or *Recommended* for each of the functional areas, allowing you to rate your organization's level of performance for each indicator. Each indicator in the checklist should be evaluated honestly so that your responses can be used to change or strengthen your organization's operations.

You may choose to ask an outside person or organization to conduct an evaluation of some or all of the functional areas in place of, or in addition to, your assessment.

Your organization may also have additional indicators of success that are unique to the environment in which it operates. We encourage you to make note of these and add them to the checklists.

Ideally you should use the checklists and your initial evaluation as a benchmark that you will revisit in the future, perhaps six months or a year from now, to see the progress that you and your organization have made in each of the functional areas.

Completing the checklists involves two steps:

1. Determine which of the seven functional areas will be assessed and who will conduct the assessment.

2. For each functional area to be assessed, use the checklist to:

- Assign a status to each indicator (Meeting, In Progress or Not Started)

- Assign responsibility for achieving each indicator to someone within your organization

There are two types of indicators. Indicators identified with an "M" are mandatory requirements that ensure your organization is compliant with the legislation under which it is incorporated and/or the requirements of the Income Tax Act and guidelines published by the Canada Revenue Agency. Indicators with identified as "R" are recommended as good practice as they generally result in more effective organizations.

It should be noted that there are additional requirements that a registered charity must meet and organizations need to ensure full understanding and compliance of the legislative and regulatory environment in which it operates.

Indicator Responses

You can rate your current performance for each indicator by selecting one of the following responses

Meeting. An indicator marked as Meeting indicates that your organization has fulfilled and is continuing to maintain this indicator.

In Progress. An indicator marked as In Progress indicates that additional work needs to be done to achieve this goal. Your organization is aware of the need for this indicator and is working towards it.

Not Yet Started. An indicator marked as "Not Yet Started" indicates that your organization was not aware of the indicator or is aware, however no action has been taken to date.

Responsibility

This column should indicate the position/s with assigned/delegated responsibility for the indicator. If no one is taking active responsibility for the indicator please show N/A to ensure that your results accurately reflect what is currently taking place in your organization. Your organization when planning can then ensure that responsibility is assigned.

Note: *The indicators in these checklists are informative and thought-provoking. They can be used to achieve not only an initial level of sound management, but also greater stability, reliability and success. They help to pinpoint organizational weaknesses and facilitate remedial action. Such remedial action may include seeking professional assistance. All organizations should conduct periodic reassessments to ensure compliance with strategic plans, established rules and regulations, and to continue improving administrative health.*

Keep in mind that these checklists are not comprehensive as each organization may have additional legal and or other additional requirements. You may choose to add other expectations that are unique to your organization to the checklists.

1 Governance

Indicator	Type	Current Status			Responsibility
		Meeting	In Progress	Not Started	
1.0 Mission, vision and strategic plan					
1.1 A mission statement, vision statement and strategic plan have been developed and approved by the board of directors (the board) – and communicated to all key stakeholders internally and externally.	R				
1.2 There is a process for monitoring and evaluating the organization's work to ensure it is in keeping with its mission, vision and strategic plan.	R				
1.3 The board has a process for monitoring and reviewing the strategic plan.	R				
2.0 Roles and responsibilities					
2.1 The roles and responsibilities of the board and executive director are documented.	R				
2.2 Board members receive an orientation package and regular training and information about their responsibilities.	M				
2.3 The board has effective ways of organizing itself (e.g. agendas, committees, reports, etc.).	M				
2.4 The board has effective ways of documenting its decisions (e.g. minutes are kept for every meeting).	M				
2.5 The board has a process for handling urgent matters between meetings.	R				
2.6 The board recruits and selects the executive director.	R				
2.7 The board monitors and evaluates the executive director.	R				
2.8 The board evaluates its own performance annually, both individually and collectively.	R				
Indicator types: M = Mandatory; R = Recommended					
Notes					

Indicator	Type	Current Status			Responsibility
		Meeting	In Progress	Not Started	
3.0 Board structure and composition					
3.1 The board is structured in a way that supports the governance needs of the organization.	R				
3.2 The board has set board terms and a succession planning process in place for new directors and board leadership.	R				
3.3 The board has the skills and knowledge important to the organization and reflects the diversity of the community it strives to serve (e.g. age, gender, language, race, sexual orientation, ethnicity, religion, income, disability, etc.).	R				
4.0 Legal obligations and compliance					
4.1 The board meets based on an established meeting schedule and achieves quorum at all meetings.	R				
4.2 If appropriate to the organization, the board has directors and officers liability insurance.	M				
4.3 The board understands and complies with its constitution and bylaws and all relevant legislation, regulations and reporting requirements.	M				
4.4 A conflict of interest policy is in place.	M				
4.5 The board regularly reviews the bylaws.	R				
4.6 Board meeting minutes, documentation of board decisions and financial records are kept in a secure place.	R				
Indicator types: M = Mandatory; R = Recommended					

Notes

2 Financial Management & Sustainability

Indicator	Type	Current Status			Responsibility
		Meeting	In Progress	Not Started	
1.0 Risk management					
1.1 The organization is aware of and complies with all regulatory, legal, fiduciary and funder requirements (e.g. Canada Revenue Agency requirements – tax receipts, returns, T3010 information etc.).	M				
1.2 The organization follows generally accepted accounting practices.	M				
1.3 The organization has written financial policies (e.g. financial reports, bank reconciliations, signing authority – financial and contractual, approval of expenses, etc.).	M				
1.4 The organization can demonstrate that it is in a good financial position, that is, it has sufficient reserves to support existing obligations and commitments.	M				
1.5 The organization has an effective system to control and protect financial resources, assets and liabilities.	M				
1.6 The organization makes training available for board and appropriate staff to ensure an adequate level of financial literacy.	R				
2.0 Budgeting and planning					
2.1 The organization uses a process for the allocation of expenses to individuals, projects or other sub-category.	R				
2.2 The organization prepares, implements and monitors its annual operating and capital budgets.	M				
2.3 The board approves and monitors the annual budget and any significant variances from the budget.	M				
2.4 The organization has an annual and long term planning and budgeting process that is connected to its strategic plan.	R				
2.5 Forecasting and trends analysis in revenues and expenses is part of budgeting and ongoing monitoring.	R				
Indicator types: M = Mandatory; R = Recommended					

Indicator	Type	Current Status			Responsibility
		Meeting	In Progress	Not Started	
3.0 Asset and cash management					
3.1 The organization's human, financial and physical resources are appropriately allocated throughout the organization.	R				
3.2 The organization makes decisions about how to allocate resources considering ethics, values, social costs and benefits.	R				
3.3 If the organization has investments it has an Investment Policy.	R				
3.4 The board reviews and approves financial statements.	M				
3.5 The board reviews auditor reports (including management letters) and directs and monitors any necessary changes to financial statements and procedures.	M				
3.6 The financial statements, audited or otherwise, and any annual report, is made available to stakeholders.	M				
Indicator types: M = Mandatory; R = Recommended					

Notes

3 Information & Technology Management

Indicator	Type	Current Status			Responsibility
		Meeting	In Progress	Not Started	
1.0 Technology considerations					
1.1 Available resources and the organization's needs are considered in implementing IT/M systems.	R				
1.2 Internal skill levels are supported and strengthened.	R				
1.3 Processes are in place to continuously assess and maintain or improve quality of IT/M systems.	R				
2.0 Security and storage					
2.1 Data security policies are developed and adhered to ensuring all records (paper and electronic) are stored securely and systematically.	M				
2.2 Policies are in place to ensure the systematic back up of electronic data.	R				
2.3 Policies are in place for accessing and using information.	M				
2.4 The organization understands and is compliant with privacy, confidentiality and The Personal Information Protection and Electronic Documents Act (PIPEDA).	M				
2.5 Policies and procedures are in place for the destruction of documents outlining what documents need to be kept indefinitely, when documents may be destroyed, and in what manner documents must be destroyed.	R				
Indicator types: M = Mandatory; R = Recommended					

4 HR Management

Indicator	Type	Current Status			Responsibility
		Meeting	In Progress	Not Started	
1.0 HR policies and procedures					
1.1 HR policies and procedures are in place, are followed and regularly reviewed and updated specifically concerning: a) Clearly defined authority, responsibility and accountability b) Recruitment, hiring, employment and/or contractor's contracts and termination practices c) Compliance with all government regulations including Canada Revenue Agency, Employment Standards, Health and Safety and collective agreements where applicable. d) Confidentiality requirements for paid staff and clients e) Agreement of workplace and hiring practices to human rights legislation	M				
1.2 Paid staff and volunteers reflect the diversity of the community/ies the organization strives to serve.	R				
1.3 A code of conduct outlining professional behaviour for paid staff and volunteers is in place.	R				
1.4 A conflict resolution policy is in place.	R				
1.5 Staff are cross-trained (where appropriate) to support organization productivity.	R				
Indicator types: M = Mandatory; R = Recommended					
Notes					

Indicator	Type	Current Status			Responsibility
		Meeting	In Progress	Not Started	
2.0 Working environment					
2.1 Paid staff and volunteers receive a complete orientation.	R				
2.2 Paid staff receive ongoing professional development opportunities.	R				
2.3 Job descriptions for paid staff and volunteers are completed for all positions and include qualifications, skills and knowledge required, duties, reporting relationships and performance indicators.	R				
2.4 Performance appraisals are conducted, documented and reviewed with paid staff on an annual basis.	R				
2.5 Compensation is established with due reference to market –based labour rates.	R				
2.6 A succession planning process is in place that addresses both emergency and future paid staff and volunteer requirements.	R				
2.7 Paid staff and volunteers are adequately protected from injury and liability through policies and insurance.	M				
Indicator types: M = Mandatory; R = Recommended					
Notes					

5 Programs & Services

Indicator	Type	Current Status			Responsibility
		Meeting	In Progress	Not Started	
1.0 Approach to service					
1.1 The organization delivers services and makes decisions in accordance with its own values and code of ethics.	R				
1.2 The organization is responsive to the diverse cultural and language needs of service users.	R				
1.3 For direct service organizations, the organization has developed, adopted and posted a written policy concerning the responsibilities of service users.	R				
1.4 For direct service organizations, the organization responds to all complaints from service users and has policies and internal processes for resolving complaints.	R				
2.0 Monitoring, evaluation and learning					
2.1 The organization measures the impact of its efforts.	R				
2.2 Paid staff, volunteers, clients and other partner organizations participate in the evaluation of the organization's performance.	R				
2.3 The organization uses research and good practice information to guide and improve its performance and outcomes.	R				
2.4 Plans are adapted according to changing community needs including the organization's resources, strengths, weaknesses, opportunities and threats.	R				
3.0 Communications					
3.1 The organization's role, services and impacts are communicated to its community/ies through a variety of means.	R				
Indicator types: M = Mandatory; R = Recommended					
Notes					

6 Community Relations & Engagement

Indicator	Type	Current Status			Responsibility
		Meeting	In Progress	Not Started	
1.0 Partnerships and collaboration					
1.1 Positive partnerships are formed and maintained with individuals, organizations, funders and other stakeholders.	R				
2.0 Understanding of community					
2.1 Community issues affecting the organization's programs and services are analyzed.	R				
2.2 The vision, mission and design of programs and services are informed by the organization's knowledge of its community and service users.	R				
2.3 The organization regularly consults with the community in order to understand assets, issues and needs.	R				
3.0 External relationship building					
3.1 The organization has a marketing or external communications plan that is appropriate to the different audiences it wants to reach or engage.	R				
3.2 A communication strategy is created and implemented to clearly link to vision, mission and strategic goals.	R				
3.3 Communication materials and approaches are clear and accessible.	R				
3.4 The organization has clear guidelines as to who speaks for and represents the organization.	R				
Indicator types: M = Mandatory; R = Recommended					

Notes

7 Fund Development Activities

Indicator	Type	Current Status			Responsibility
		Meeting	In Progress	Not Started	
1.0 Fund development planning					
1.1 As a part of the strategic planning process, a fundraising strategy is developed reflective of vision, mission, values and objectives.	R				
1.2 The organization understands the role of communication and marketing in securing funding and support.	R				
2.0 Fundraising					
2.1 The organization has an approach to fundraising that is realistic and reasonable for the organization's situation.	R				
2.2 The organization's funding comes from a variety of sources.	R				
2.3 The organization prepares and writes effective grant applications, proposals and reports.	R				
2.4 Legislative, regulatory requirements and standards of fund raising are understood and followed.	M				
Indicator types: M = Mandatory; R = Recommended					

Notes

Indicator	Type	Current Status			Responsibility
		Meeting	In Progress	Not Started	
3.0 Roles and responsibilities					
3.1 Board and staff are knowledgeable about the fundraising process and their roles in it.	R				
3.2 Fundraising initiatives showcase the effective outcomes of programs and services.	R				
3.3 Funders' granting cycles are incorporated into work plans.	R				
3.4 Grant applications and funding proposals are submitted in a timely manner.	R				
4.0 Relationship building					
4.1 Productive relationships with existing and potential donors are nurtured.	R				
4.2 There are clear lines of communication within the organization to facilitate fundraising efforts.	R				
4.3 The organization is accountable to donors and other constituencies and demonstrates their stewardship through comprehensive communication.	R/M				
Indicator types: M = Mandatory; R = Recommended					

Notes