

# **POLICY BASED GOVERNANCE MANUAL OF PROGRAMS OF RELIGIOUS ACTIVITIES WITH YOUTH (P.R.A.Y.), A MISSOURI NONPROFIT CORPORATION**

## **1. DESIRED OUTCOME POLICIES**

1.1 MISSION STATEMENT - To foster the Christian growth of children, youth, and families through churches and youth serving agencies.

### 1.2 THOSE WE SERVE

1.2.1 Children, youth, and families through Protestant congregations.

1.2.2 Protestant churches at the national, regional, and local levels.

1.2.3 Youth serving agencies at the national, regional, and local levels.

### 1.3 OUTCOMES

1.3.1. An increasing number of children, youth and families grow closer to Christ and in their service to others.

1.3.2. Churches and youth serving agencies are made aware of the benefits to young people that come from these organizations working together.

## **2. BOARD SELF-GOVERNANCE**

### 2.1 ACCEPTING RESPONSIBILITIES

Directors have a responsibility to each other, to the employees, and to the supporters of P.R.A.Y. Therefore, Directors will:

2.1.1 Attend Board of Director (“Board”) meetings regularly, not missing more than two consecutive meetings.

2.1.2 Make every effort to be in attendance and fully prepared for the entire Board meeting.

2.1.3 Become familiar with this Policy Manual.

2.1.4 Participate in all official Board activities.

- 2.1.5 Make informed decisions by insisting on complete and accurate information.
- 2.1.6 Publicly support all decisions once they have been fully discussed and resolved by the Board.
- 2.1.7 Invest personal energy and skills in pursuit of the purposes and objectives of P.R.A.Y., seeking opportunities to apply individual skills and abilities and demonstrating support for the organization through personal financial support.
- 2.1.8 Relate to other individuals with integrity, honesty, and straightforwardness.
- 2.1.9 Identify and deal fairly and evangelically with the actions of any Directors that run counter to Board policy.
- 2.1.10 Bring to the President's immediate attention any condition or action that exceeds the Executive Limitation policy set forth herein.
- 2.1.11 Keep Board documents and discussions confidential, unless given permission by the Board acting as a whole. However, the Board Policy Manual, Board approved minutes and audited financial statements don't require permission as long as any Board discussion or information related to these documents remains confidential.
- 2.1.12 Ensure that P.R.A.Y. continues to be Christ-centered and maintains the highest ethical standards as it pursues its mission.

## 2.2 ENUNCIATING GOVERNING POLICIES AND VALUES

The Board will maintain written policies of four types:

- 2.2.1 Policies of Outcome Results: Affirmative statements setting forth the purposes, effects, and acceptable costs of operations of P.R.A.Y.
- 2.2.2 Policies of Executive Limitations: Statements that limit the ways the Chief Executive Officer (CEO) may pursue the desired outcomes of P.R.A.Y.
- 2.2.3 Policies of Board and CEO Relationship: Clarifying statements about delegation of authority to and monitoring of management activities.
- 2.2.4 Policies of Board Self-Governance: Statements setting forth the style and rules of the Board's own tasks and procedures.

## 2.3 GOVERNING PROCESS

### 2.3.1 Scope of Activities

All activities of the Board, its officers, committee(s) or Directors will relate specifically to the mission statement.

### 2.3.2 Group Action

The Board will exercise its governing authority as a whole. No individual Director may exercise such authority except as instructed by the Board.

2.3.2.1. No Director can enter into or break a contractual agreement without specific written Board approval.

### 2.3.3 Policy Development

Board policies are to be active and dynamic. They are meant to be changed and refined regularly, based on the values of P.R.A.Y., the intent of each section or policy, and the changing context within which P.R.A.Y. functions.

#### 2.3.3.1 Resolutions

All resolutions of the Board shall be consistent with the by-laws and official policy statements of P.R.A.Y.

#### 2.3.3.2 Executive Actions

As applicable, all Board actions governing the actions of the CEO will be done through policy development.

#### 2.3.3.3 Policy Review

Any Director, or the CEO, may ask for a review of specific policies. However, never does the responsibility for effective and appropriate policies rest with anyone other than the Board of Directors.

#### 2.3.3.4 Policy Review Calendar

The Board will establish an annual policy review calendar to coordinate the review of one policy area at each board meeting.

### 2.4 CONNECTING WITH MEMBERS

The main responsibility of the Board of Directors is to govern P.R.A.Y. on behalf of its members. The Board is responsible for the general oversight of the organization on behalf of its members and those served by the organization (member organizations, God and Country users, donors, and other supporters of P.R.A.Y.), primarily through the development and definition of the outcomes of the organization. To fulfill this obligation:

- 2.4.1 The Board will, on an ongoing basis, identify P.R.A.Y.'s primary benefactors.
- 2.4.2 The Board will plan on-going dialogue sessions with members.
- 2.4.3 The membership dialogue shall center on the two core questions of outcomes: Who benefits from the services offered by P.R.A.Y.? What are the desired outcomes of the services offered?

### 2.5 BOARD SELF-REVIEW

#### 2.5.1 Board self-appraisal

The Board will annually conduct a self-appraisal in the following areas, and identify areas and actions for improvement. The self-appraisal will focus on:

- 2.5.1.1. The Board's openness and communication among its Directors.
- 2.5.1.2. The Board's ability and skill in developing and monitoring policy.
- 2.5.1.3. The Board's adherence to policy, and to its policy based governance.
- 2.5.1.4. The Board's communication with the CEO.

## 2.5.2 Policy-Based Governance Review

At least every three years the Board will review the ability of policy-based governance to provide organizational effectiveness. This will include a discussion of its continued use or modification.

## 2.6 MEMBERSHIP OF THE BOARD OF DIRECTORS

Directors will be elected by the membership and will meet in a manner consistent with the by-laws and articles of incorporation of P.R.A.Y.

- 2.6.1 P.R.A.Y. values diversity (gender, race, church membership, age, expertise...) and seeks to honor that value in those nominated to the Board.
- 2.6.2 Directors new to the Board will receive a thorough orientation to P.R.A.Y. and to the responsibilities of the Board prior to beginning their service on the Board.
- 2.6.3 The Board President and CEO will ensure that all Directors receive an exit interview when leaving office to help assess their experience as a Director and to determine areas of future service

## 2.7 OFFICERS OF THE BOARD

- 2.7.1 Officers of the Board will be the president, vice-president, and secretary/treasurer.
- 2.7.2 The Board officers will be elected by the full membership of P.R.A.Y.
- 2.7.3 The Officers of the Board will not assume any part of the day-to-day management of the organization. Their efforts will be focused on coordinating and assisting the Board to govern through official policies.
- 2.7.4 The responsibilities of the Officers to the Board will be to:
  - 2.7.4.1 President
    - 2.7.4.1.1 Together with the CEO, develop and present agendas for Board meetings that focus on policy review, reports, ownership feedback, executive evaluation, and special topics and presentations that help the Board and staff grow in vision and service.
    - 2.7.4.1.2 Preside at all meetings of the Board.

- 2.7.4.1.3 Arrange for an annual performance appraisal of the CEO.
  - 2.7.4.1.4 Discuss and review corrective actions with individual Directors when they violate their responsibilities (ref. Policies 2.1).
  - 2.7.4.1.5 Any actions taken by the President, or any which may be or have been approved through the President, will be considered only in light of the appropriate governing policies.
  - 2.7.4.1.6 Act in all areas of Board management left unstated within these policies.
  - 2.7.4.1.7 Sign official Board correspondence or legal documents when requested by the Board.
- 2.7.4.2. Vice-President
- 2.7.4.2.1. Preside at meetings of the Board in the absence of the President.
  - 2.7.4.2.2. Sign official Board correspondence or legal documents when requested by the Board.
- 2.7.4.3. Secretary/Treasurer
- 2.7.4.3.1 Record the official minutes and collect the financial statements at Board meetings and direct their distribution to the Directors and the CEO.
  - 2.7.4.3.2 Preserve the approved minutes and financial statements as well as regular and special reports to the Board.
  - 2.7.4.3.3 Sign official Board correspondence or legal documents when requested by the Board.

## 2.8 COMMITTEES OF THE BOARD

The Board may from time to time use committees, but always consistent with the following principles:

- 2.8.1 Committee responsibilities will flow directly from the Board's description of its job, shall be set forth in a formal written charge with an appropriate period for existence, and shall not impinge upon responsibilities delegated to the CEO.
- 2.8.2 Committees will not be appointed to do staff work.
- 2.8.3 All committees report their findings to the Board, and have no authority to take final action on any matter except when they have been explicitly authorized by the Board to do so, and when such authorization is in keeping with Board policies.
- 2.8.4 Committees will not manage any part of P.R.A.Y.
- 2.8.5 Any staff services needed by committees shall be approved by the CEO.

## 2.9 5-year Strategic Plan

- 2.9.1 The Board will develop a five-year strategic plan
- 2.9.2 The Board will review the strategic plan every 2 years for soundness and relevancy and amend it as needed and extend it another 2 years

# 3. BOARD AND STAFF RELATIONSHIP POLICIES

## 3.1 APPOINTMENT OF THE CHIEF EXECUTIVE OFFICER

Responsibility for appointing a person to serve as Chief Executive Officer of P.R.A.Y. rests with the Board. The appointment of the CEO requires two-thirds (2/3) approval of the total Board. Likewise, terminating the appointment of a person as CEO may only be done through Board action. Termination of the CEO requires approval of two-thirds (2/3) of the total Board.

## 3.2 MANNER OF DELEGATING

The CEO will be empowered to take all actions and make all administrative decisions that are deemed necessary to attain organizational results except (a) violation of law, application regulations, orders of courts or commonly accepted business and professional ethics and (b) violation of specific further constraints stated by the Board in policies constraining executive authority.

3.2.1 Except for assignments of its own work (policies) to committees, consultants or officers, the Board will delegate authority only to the CEO. Any other subordinate party operating with the authority of P.R.A.Y. will receive that authority from the CEO.

3.2.2 The Board will address only broad levels of issues in policies of purpose and constraint, leaving other levels to the discretion of the Chief Executive Officer. The Chief Executive Officer may develop guidelines, rules or procedures and may make decisions in any way deemed fitting as long as the policies adopted by the Board are observed.

3.2.3 The authority of the CEO will begin where the explicit pronouncements of the Board end. Except as required by Board policies of constraint or law, decisions of the CEO do not need approval by the Board.

3.2.4 Where Board approval is required by a higher governing policy such as by-laws or legal constraints, the CEO shall bring a recommended action to the Board for consideration and approval.

## 3.3 EXECUTIVE ACCOUNTABILITY

The Chief Executive Officer will be accountable to the Board for:

3.3.1 Achievement of P.R.A.Y. outcomes through personal and staff action as established in outcomes policies.

3.3.2 Compliance of personal and staff actions to limits established in executive limitations policies.

3.3.3 Provision of adequate counsel to the Board through personal and staff action, including social, legal, or other changes relevant to the Board's decision areas.



3.3.4 Definition and refinement of the CEO's job description within personnel constraint policies.

3.3.5 Relating with integrity, honesty, and straightforwardness to the Board.

#### 3.4 EXECUTIVE PERFORMANCE REVIEW

The Board will annually assist the CEO by implementing an evaluation process to review performance related to the pursuit of outcomes policies, adherence to limitations policies, personal health and well-being, and personal/professional growth goals.

#### 3.5 EXCEEDING EXECUTIVE LIMITATIONS

When it appears that executive limitation policies have been ignored or exceeded, the Board will address this concern to the CEO verbally and in writing and together formulate a plan of corrective action. While the Board itself will not ordinarily take a direct corrective action, it retains the right to terminate the Chief Executive Officer's employment, in keeping with any procedures set forth in Board policy, if the Chief Executive Officer violates Board policy or fails to take proper action to rectify the violation of policy by others.

##### 3.5.1 Notice of Exceeding a Limitation

The CEO will give immediate notice to the Board once a limitation has been recognized to have been exceeded. If the limitation has been exceeded for an excessive period of time and has gone unnoticed, the CEO will develop a better monitoring system.

##### 3.5.2 Corrective Action

3.5.2.1 If the exceeded limitation is immediately correctable, the CEO will take the necessary action within policies and report the results to the Board.

3.5.2.2 If the exceeded limitation is not immediately correctable, the CEO will establish and implement corrective actions, reporting such action and gaining from the Board approval

of a deadline for completion of the correction from the Board. The CEO will continue to report in a timely fashion on the action taken and the results until the exceeded limitation is corrected. The CEO will give immediate notice when it is recognized that a deadline will be missed, and present a new plan of action when the Board determines that the delay is excessive.

- 3.5.2.3 The CEO is not limited in the resources, whether internal or external to the organization, that he may employ to correct the exceeded limitation except through the limitation policies. However, the CEO is accountable for the results of the use of the resources at all times.
- 3.5.2.4 The CEO will develop or improve processes to avoid recurrence of any exceeded limitations.
- 3.5.2.5 The Board will review any limitation policy that has been exceeded, for its soundness as a test of ethical and prudent behavior. The Board will not dictate what are appropriate actions by the CEO except for compliance with policies. The Board will rewrite policies when appropriate.
- 3.5.2.6 The Board will not allow regular exceptions to policies. If an action is acceptable under certain conditions, then those conditions will be stated in the policies.
- 3.5.2.7 The Board will not enact any punitive actions, other than what is appropriate in a performance review as prescribed through personnel policies.
- 3.5.2.8 In the case of continued occurrences of exceeding an executive limitation, continuing to exceed an executive limitation through missed deadlines, or exceeding different executive limitations, the President will confront these occurrences either during the annual performance review, or, if necessary, by conducting a special review at any time during the year. This review will be reported to and discussed by the Board.

## 3.6 MONITORING

The Board of Directors will employ various means of monitoring internal and external conditions that may affect the Board's work. The Board will

also monitor compliance with Board policies. It will specifically inform the CEO, through policy, about specific information to be provided the Board so that it can monitor effectively.

### 3.6.1 Financial

- 3.6.1.1 Statements of activities and financial position, with comparisons to budget and prior year and summary and analytical comments to aid in understanding, will be provided at each regular Board meeting.
- 3.6.1.2 Reports of investment funds status, with analytical comments to aid in understanding, will be provided at each regular Board meeting.
- 3.6.1.3 Reports of investment management performance, with analytical comments to aid in understanding, will be presented at each regular Board meeting.
- 3.6.1.4 The report of the independent auditors, with analytical comments to aid in understanding, will be presented annually to the entire Board.

## 4. EXECUTIVE LIMITATION POLICIES

**Major Limitation:** When representing P.R.A.Y., the CEO will not act in a manner that is unethical, imprudent, illegal or inconsistent with the Articles of Incorporation, By-Laws and policies of P.R.A.Y.

### 4.1 FINANCIAL

4.1.1 The CEO will not cause or allow a financial plan and budget which:

- 4.1.1.1 Develops after the fiscal year begins.
- 4.1.1.2 Builds on unsound assumptions about financial conditions. Financial conditions are defined as sales, projected contributions, operating costs, other income/expense, and transfers from investment income.

4.1.1.3 Continues without review and appropriate adjustments whenever any one or more of the assumptions of financial conditions under which it was constructed has a negative impact of 10% or more.

4.1.2 Investments, Transfers, and Withdrawals

4.1.2.1 The CEO will maintain funds within parameters of the Board of Directors.

4.1.3 The CEO, in reporting financial activities and position, shall not allow deviation from other comprehensive basis of accounting.

4.1.4. The CEO will not allow capital expenditures in excess of \$1,000 of the budgeted amount in any fiscal year to be made without prior Board approval.

4.2 ORGANIZATIONAL STRUCTURE

4.2.1 The CEO will not change the structure of the organization resulting in a neutral or negative effect on the desired outcomes of P.R.A.Y.

4.3 PERSONNEL

4.3.1 The CEO will not allow P.R.A.Y. to operate outside established personnel policies.

4.3.2 The CEO will not allow positions to be undefined or that inaccurately reflect the responsibility and tasks assigned to the position.

4.3.3 The CEO will not allow positions to exist where there are inadequate resources available for a qualified person assigned to the position to succeed.

4.4 PLANNING

4.4.1 The CEO and staff will not be allowed to develop its operational plan without due consideration of present and future conditions that affect P.R.A.Y.

4.4.2 The CEO will not allow the development of an operational plan that fails to consider the desired outcomes of P.R.A.Y.

4.5 PROGRAM

4.5.1 The CEO will not allow any programs, resources, and services which do not contribute to the achievement of the Board's outcome policies.

4.6. FUND DEVELOPMENT

4.6.1 The CEO and staff will not be allowed to develop its fund development plan without due consideration of present and future conditions that affect P.R.A.Y.

4.6.2 The CEO will not allow the development of a fund development plan that fails to consider the desired outcomes of P.R.A.Y.