

**Policies, Procedures, and Protocols (PPP)
Suggested Minimum Recommendations
Prepared by John H. Taylor Consulting, LLC**

This document highlights policies, procedures, and protocol (PPP) recommended for most nonprofit organizations. Needs vary between organizations, and between organization types. This document is only a suggested outline of what documents should be in an organization's portfolio of PPP.

Generally:

- **Policies**—Definitions and guidelines of “what” and “why” management desires activities to be performed. The Board of Directors/Trustees usually approves these.
- **Procedures**—Define and describe “how” things are to be done. They can be promulgated by the division with oversight for those actions.
- **Protocols**—Combine policies and procedures into a single document. Advancement/Development promulgates these under the delegated authority of the Board of Directors/Trustees.

Until an organization first defines and documents its policies, procedures, and protocols will be difficult to formalize.

PPP must be consistent with external requirements and laws, such as IRS regulations, FASB/GASB/GAAP pronouncements, and established best practices for charitable fundraising activities. In higher education institutions, the CASE Global Reporting Standards offer guiding practices. In hospital/medical center settings, the AHP Standards Manual for Reporting and Communicating Effectiveness are germane.

The office responsible for most compliance issues as pertains to philanthropy (usually Advancement/Development Services/Operations) should be familiar with the following web sites and their resources, among others:

- Internal Revenue Service www.irs.gov
- Financial Accounting Standard Board www.fasb.org
- Association of Fundraising Professionals www.afpnet.com
- Association of Advancement Services Professionals www.advserv.org

A key document to be created and shared throughout the organization should be a glossary of Advancement/Development (and related systems) terms. A starting point for developing such a document for any nonprofit is the glossary Charlie Hunsaker, and I developed for the 3rd edition of the CASE Advancement Services book published in December 2015.

An institution need not take time to write their glossary of terms but instead reference this publication. However, terms that are unique or different for an institution should be referenced in their document.

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What follows is a list of suggested PPPs. The relative importance and priority for establishing any or all is the responsibility of each organization to determine. However, the below category order is intentional (and listing within each category), suggesting the relative order of importance for the establishment of these documents, based on personal observation and practice:

Compliance, Control, & Confidentiality

- **Gift Acceptance Policy (often a Protocol)** for all non-standard gifts (primarily real & personal property gifts) – This policy document should include a complete section on the handling of various security donations including publicly traded, restricted, and closely held, as well as bargain sales, services, and partial interest. This document should also outline the requirement for – and composition of – a Gift Acceptance Committee. In my opinion, this committee must include, at the very least, the head of Development/Advancement or their designee, the Director of Advancement Services/Operations, an attorney, a representative from the business/investment office, and the Planned Giving Officer. I also suggest that the organization CEO appoint the committee *by name* and that a formal meeting schedule be articulated.

This document should outline the steps necessary for the acceptance of an in-kind donation to the organization, i.e., a checklist a department should follow upon receipt of a GIK, as well as those steps that must be taken should the in-kind donation be sold or transferred to another organization. There were significant changes in this area, thanks to the Pension Protection Act of 2006. In particular, the establishment of a “recapture rule” related to requirements organizations – and donors – must follow if an in-kind donation is sold within one year of it being gifted, and other requirements should the gift be sold or disposed of after the first year through the third. There are additional new requirements regarding our validation to the donor as to whether the gift was for related or unrelated purposes. Such a document should be reviewed on an annual basis due to changes in tax law.

- **Gift, Grant, Contract Guidelines** – Often contained within the Gift Acceptance Policy. However, it is urged that this document is jointly developed and promulgated separately from the Gift Acceptance Policy by Advancement and Finance. A recommended set of definitions may be found in the CASE Guidelines.
- **Donor/Data Confidentiality & Information Release Policy** – Such a policy and form would usually be included in orientation and training material for new employees, and a signature required before gaining access to any online or offline (paper) philanthropy material. I believe that when an employee logs into the Advancement system, there is a confidentiality memo/reminder; this should be repeated when accessing the donor and membership databases.
- **Gift Entry Protocol** – This protocol is different from a procedure manual. It addresses things such as how to determine the legal donor, what record to record a gift on,

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handling of Donor Advised Funds (DAFs), and gifts from Private (Family) Foundations, non-inclusion of matching gifts in personal pledge amounts, etc.

- **Event Protocol** – These will outline who can conduct an event and under what circumstances. This protocol is particularly important in situations where individuals outside the immediate institutional family want to conduct an event on their behalf. The protocol should emphasize the desire for the organization always to incur all event expenses – and pay for them – directly. Should the event host wish to cover those expenses, they may make a tax-deductible gift to the organization. The protocol should also explain the process for handling gift credit in the rare case that the event host covered the expenses themselves. In those situations, gift-in-kind credit can typically be given. But only after the organization has reviewed the various invoices and receipts and ensured they were reasonable and customary, and has proof (canceled check or credit card statement) indicating who paid the various bills.

These protocols should also have detailed instructions regarding the conduct of charity auctions, including IRS requirements, and offering guidelines to assist in calculating the fair market value of donated auction items. The IRS has very little information here, but what does exist may be found here: <http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Charity-Auctions>

Event protocol should also address the issues of payments for an event – which may be partially for a benefit/quid pro quo and partially for a tax-deductible gift amount. Events could include dinners, conferences, trips, and other activities with a quid pro quo. It will be important for the institution to document these protocols both for internal organization staff and for prospective or actual donors/attendees.

- **Planned Giving Protocol** – This protocol is separate from but like the Gift Acceptance Policy, specifically addressing planned gifts. It is important for this to be a stand-alone protocol from the Gift Acceptance Policy given the frequency of changes in both tax law and planned giving instruments.
- **Campaign Counting Policy** – as an institution anticipates initiating a major campaign effort, there should be a separate policy documenting what will be counted (or not counted) in this campaign. Handling of planned gifts, major gifts given before the start date of the campaign, and other similar issues must be addressed. While nationally recognized counting standards can be referenced as a foundation, those standards often leave certain counting criteria to institutions to determine. This policy need not, therefore, be lengthy but, rather, acknowledge the national standards and then list exceptions/additions.
- **Pledges and Pledge Write-off Protocol** – A document coordinated between Advancement and Finance identifying which pledges should “go across” from Advancement to the general ledger (e.g., larger, multi-year pledges) and which should not (e.g., smaller pledges, phonathon pledges, etc.). Based on the pledge recording

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policies, the responsibilities will be assigned for writing off pledges, which are deemed uncollectible.

- **Third-Party Fundraising Protocol** – Addresses the protocol required for volunteer groups and individual departments to follow should they decide to engage in fundraising activities. Such a policy ultimately requires that no such fundraising activity occurs without the prior approval of the Advancement Office. These policies must also address crowdfunding activities.

Donor-Specific, Donor Relations, & Donor Stewardship

- **Donor Recognition/Soft-credit Protocol** – This document should be separate from the gift entry procedures (below) so that Advancement staff members know what to expect from a recognition perspective when they forward a gift for data entry. Within such a document, we would expect to find a simple table outlining when and how an entity is to be given recognition/soft-credit. The protocol should also clarify which if any soft-credits may be eligible for Giving Club recognition. Guidelines for handling (recording, receipting, and acknowledging) related party (husband/wife/partner, closely-held companies, family foundations, other groups, etc.) donations should also be part of this policy.
- **Anonymity Protocol** – This is a very important document to have. Donors do not always understand the ramifications of their request for anonymity. Typically, only the Advancement/Development Services Office can accommodate requests for any one of the anonymity options:
 - a. Entire record
 - b. individual gift-based
 - c. Internal or external only

All Advancement officers and staff members may work with the donor in determining which option should be assigned. Care should be taken when speaking with the donor to make sure that the correct coding, if any, is selected. We also need to make sure that the donor understands the possible permanent implication of selecting any of these options.

- **Endowment Policy Manual** – Such a manual will explain the processes for establishing endowments outlining endowment minimums, payout rates, timeframes for the establishment, etc. It will also include standard endowment agreement templates, ideally no more than 1-2 pages in length previously approved by the Board.
- **Naming/Un-naming Policy** – This goes hand-in-hand with the above endowment policy, but goes well-beyond that discussing other naming opportunities (usually related to facilities). Moreover, this policy document must address the issue of un-naming. Such a companion policy is needed to address:

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- a. When an individual is imprisoned or otherwise falls from public grace and would shed an unfavorable light on the organization
 - b. When we desire to refurbish an older facility and offer a “renaming” opportunity
- **Prospect Management & Tracking Protocol** – As a general rule, such protocol should address prospect assignment, the various types/forms of “moves,” and when those should be recorded in the Advancement system, etc. Such a guideline should also identify by title the individual who is responsible for oversight of the prospect management process, a suggested plan or outline for standard handling of prospects, and the process through which an individual prospect can be reassigned.

Structural/Institutional Procedures

Once policies and protocols are defined, we recommend that the organization initiate a program of defining and documenting all associated procedures. Please note that many of these will require an institutional initiative as they can impact many divisions.

I recognize that you should already have documented certain procedures required by your vendor in processing your gift and biographic transactions. These procedures should be reviewed against the above documentation for consistency. Procedures should include the following:

- **Data Entry Standards** (needed for the entire organization for anyone having access to the Advancement system) – If nonexistent, you may need to consider the formation of a data standards team that crosses divisional lines and reviews practices and policies and then develop these standards. This important document between policies and procedures (a protocol), documenting how does organization wishes to standardize key pieces of information – names, addresses (Street vs. ST vs. St.), salutations, titles, and other coded fields so that data is consistent in your databases.
- **Gift Entry Procedures** – The shell for these are normally provided by the software vendor, but adapted to reflect changes and nuances within an organization. Recognize that this set of procedures may include many detailed procedures for handling different types of gifts and pledges – cash, securities, gift-in-kind, property, planned gifts, credit card gifts, payroll deductions, and many others. Pledge and membership processing should be addressed here with all types of appeals, reminders, receipts, acknowledgments, etc.
- **Data Entry Procedures** – The shell for these are normally provided by the software vendor, but adapted to reflect changes and nuances within an organization. Recognize also here the different types of information gathered and recorded – basic name & address, phone and email, employment and matching gift company data, relationships, mail & solicitation codes, attributes, notes, documents, etc. These procedures should be documented for all constituents.

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- **Advancement/Development System Training Manual** –There need to be several forms of training documents geared toward different categories of users: A detailed manual for “super users;” an overview manual for “causal users;” cheat-sheets, or other forms of 1-page FAQs for quick refreshers, etc.
- **Report/List Request Procedures** – This typically includes a specific report request form and procedures for requesting ad hoc queries.