

# Valley Unitarian Universalist Congregation

6400 W. Del Rio, Chandler, Arizona, 85266 [www.vuu.org](http://www.vuu.org)

## VUU Policy Book: (July, 2015)



A Guide to  
VUU Policy  
and Policy-  
Centered  
Governance

### VUU Governance

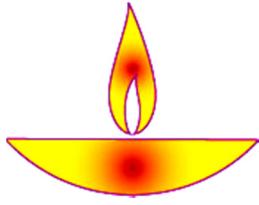
- By Laws
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### Policy Based Governance:

- Carver, Hotchkiss and others
- Comparison of Policy-Based Governance Models
- Policy-Centered Governance at VUU

**June, 2015 Edition.**

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<sup>1</sup> The term, “Policy Governance” is a trademark, copyrighted by John and Miriam Carver. Thus, “policy-based” or “policy-centered” governance is the more generic term applied to the models that do not follow all of the Carver stipulations.

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**Rev. Andy Burnette, Senior Minister**



**Rev. Kellie Walker, Music Minister**

## A Brief Introduction to Governance at VUU (by Anne Schneider)

VUU is governed by a 7-person Board of Trustees, elected by the congregation for two-year terms, with a maximum of 6 consecutive years. In 2005, VUU adopted a version of policy-centered governance based on the model being used by the Unity Church-Unitarian of St. Paul, Minnesota – a model also adopted by several dozen other UU congregations.

Since that time, VUU has modified its Board Policies ([www.vuu.org/policies](http://www.vuu.org/policies)) to adapt to our own particular circumstances, while staying true to several basic principles of good governance. These include:

- Governance is based on **policy**, rather than case-by-case decision making by the Board or unconstrained discretion.
- Governance is **mission-based**. The Board, in partnership with the Minister and professional staff, is responsible for periodically leading the congregation in an exercise to articulate VUU's expanded mission. VUU's mission (the "ends" in our Board Policy) was last updated in April, 2008, as part of a "Searching for Our Future" weekend workshop that involved the entire congregation.
- Decentralization is used whenever feasible, with authority, responsibility, and trust placed in the hands of those with the greatest expertise and day-to-day operational experience.
- A clear distinction is made between Board authority and Ministerial authority; but there is no "wall of separation." A vibrant partnership and communication flow is expected in relation to several shared aspects of governance and ministry.
- Board work is mainly "big picture" work (e.g., fiduciary responsibility, policy development, "big decisions," "where are we going now," oversight) with authority for "ministry work" belonging to the Senior Minister, who is responsible for all of VUU's ministries.
- The Board is assisted in performing its responsibilities by several standing and ad hoc committees, such as finance and facilities. Board committees, however, do not advise or supervise the work of the Senior Minister, staff, or committees that report to the Senior Minister unless specifically asked.
- VUU's ministries are organized into clusters of related activities and all report to the Senior Minister. Some are led by the Senior Minister, Music Minister, or professional staff, and others are lay-led. With the exception of facilities and finance, all other committees and projects report to the Senior Minister who has the authority to review, reorganize, and change their organizational arrangements.
- Ministers, staff, and the ministries / committees that report to the Senior Minister do not need to "seek permission" from the Board. The Senior Minister is empowered to determine the best means to achieve VUU's mission – within broad limitations established by Board Policy.



- The Board of Trustees and the Senior Minister work in partnership to insure VUU's future as a vibrant force in the lives of members and the larger community.
- The Board is committed to honesty, transparency, and integrity in all of its work for VUU.

VUU governing philosophy draws on ideas from Carver's Policy Governance™ but also from Dan Hotchkiss' *Governance and Ministry*, "mission-based governance," "adaptive leadership," and even "starfish" principles, such as those found in Ori Brafman's and Rod Beckstrom's book, *The Starfish and the Spider: The Unstoppable Power of Leaderless Organizations*.

Designing the best possible governance system for VUU is an on-going project, as we learn from our own experiences, adapt to our unique circumstances, and continue to search for good ideas found in the literature and research on governance models for non profits and religious organizations.

The Board works with the Senior Minister, Music Minister, professional staff, and other lay leaders in an on-going effort to insure that governance is a positive feature of VUU. Good governance will enable, empower, and support all those who wish to contribute their time, talent, and energy to VUU.



**BY-LAWS OF THE  
VALLEY UNITARIAN UNIVERSALIST CONGREGATION  
CHANDLER, AZ**

Dec. 1977; Dec. 1980; Dec. 1981; Dec. 1982; Dec. 14, 1986; Sep. 22, 1991; Apr. 25, 1993; Dec. 15, 1996; Dec. 14, 1997; Feb. 20, 2000; Apr. 23, 2000; Apr. 21, 2002, Apr. 3, 2005, June 4, 2006, June 6, 2010, June 5, 2011, June 2, 2013, June 1, 2014

**I. NAME.**

The name of this religious organization is the Valley Unitarian Universalist Congregation, hereinafter referred to as VUU.

**II. PURPOSE**

Mission Statement

Love is Our Doctrine; Service is our Prayer, Justice is Our Calling

Covenant

Love is the doctrine of this congregation;  
The quest of truth is our sacrament  
And service is our prayer.  
To dwell together in peace;  
To seek knowledge in freedom;  
To serve humankind in friendship;  
Thus do we covenant.

**III. MEMBERSHIP**

Section 1. Membership in VUU is open to all who desire to join our congregation in the great adventure of filling our spiritual lives with passion and richness, of reaching out to positively impact the world around us, and of meaningfully supporting our mission and growth.

Section 2. A full voting member must be in agreement with our principles and purposes, be active in congregational life, have attended New Member Classes, orientation, or equivalent, have signed the Membership Book, and contribute meaningfully of time and resources. A full member is listed on the membership rolls of the congregation and is included in the membership figures reported to the UUA.

Section 3. A long-time member of the congregation who, through age or infirmity, is no longer able to contribute meaningfully of their time or resources may request to be an emeritus member. VUU remains their home congregation, but they are not a voting member of the congregation and are not included in the membership figures reported to the UUA.

Section 4. Withdrawal and termination.

- (1) A member may withdraw from membership by written request.
- (2) The Board of Trustees may vote to terminate the membership of anyone who has shown no interest in VUU, including no identifiable contribution for a period of one year. Prior to taking

such action it must be determined that there is not a life change or other extenuating circumstance that has prevented the member's participation. Written notice of such proposed action shall be given to such member at the last known address at least thirty (30) days prior to the proposed termination date.

(3) The Board of Trustees may terminate the membership of any member who is determined by the Board to be intractably disruptive to the congregation. Written notice of such proposed action shall be given to such member at the last known address at least thirty (30) days prior to the proposed termination date.

#### IV. OPERATIONAL YEAR

The effective period for the terms of elected officials and the fiscal year for VUU shall be July 1 through June 30 of the following year.

#### V. MEETINGS

Section 1. Annual Meetings. A meeting of the membership shall be held annually before the end of the Operational Year. The purpose of that meeting shall be:

- (1) To elect members of the Board of Trustees;
- (2) To elect members of the Leadership Development committee;
- (3) To elect members of the Special Funds committee;
- (4) To approve an annual budget, and
- (5) To transact whatever other business is scheduled to be brought before the congregation.

Section 2. Special Meetings. Special meetings of the membership may be called by the Board of Trustees, and shall be called by it upon written request of at least fifteen percent (15%) of the official membership rolls of the congregation as last reported to the UUA.

Section 3. Notice of Meetings. The Secretary shall give notice of all congregational meetings to the membership at least ten (10) days but no more than sixty (60) days before the day of the meeting. This notice shall be given by mailing or e-mailing the notice. The notice shall be published in a regular or special edition of the VUU newsletter and on the VUU web page. The general nature of the business to be transacted at such meetings shall be specified in the notice.

Section 4. Quorum. A quorum at all annual and special meetings is required to conduct official business, except that in the absence of a quorum, the Board is authorized to pass a budget for the coming year. A quorum shall consist of 20% of the official membership rolls of the congregation as last reported to the UUA. The members present at a meeting at which a quorum is present may continue to do business until adjournment, even if there is the withdrawal of enough members to leave less than a quorum. A quorum must always be present when voting to amend these By-Laws per Article XIV.

Section 5. Organization. The President of the Board of Trustees or designated representative shall call meetings of the membership to order and shall act as chairperson of such meetings. The Secretary of the Board of Trustees shall act as secretary of all such meetings, but in the absence of the Secretary, the presiding officer may appoint any person to act as secretary of that meeting. Except where contrary to these By-Laws, *Robert's Rules of Order* shall govern the procedure of the meetings.

Section 6. Voting Details. Only those who have been members for at least thirty (30) days shall be permitted to vote. Voting may be done by voice or by written ballot at the discretion of the presiding officer, except that all elections shall be voted upon by secret written ballot. To ensure a one person one vote status, each member shall be issued a ballot as that person's name is checked off the membership list. All elections shall be decided by a plurality vote, except as otherwise specified by these By-Laws or provided by the laws of the state of Arizona.

The Leadership Development committee shall count ballots in secret for the various positions. In the event of a tie for any position, the committee shall bring the tie back to the congregation for a runoff balloting to determine the elected position.

Absentee voting will be allowed when a member is unable to attend due to illness or has to work or must be out of town. The "two envelope" method for return ballots will be used so members can be checked against the membership list without ballots becoming identifiable. The outer envelope must be dated and signed and presented to the presiding officer prior to the vote.

Section 7. Order of Business. The order of business at all annual meetings of the membership shall include the following:

- (1) Determination of quorum;
- (2) Approval of minutes of previous meeting;
- (3) Report of the President;
- (4) Financial Report;
- (5) Report of the Minister;
- (6) Other Reports (May be included in printed Annual Report);
- (7) Unfinished business;
- (8) New business;
- (9) Elections; and
- (10) Adoption of Budget.

## VI. BOARD OF TRUSTEES

Section 1. Number and Powers. The corporate powers, business and property of VUU shall be exercised, conducted, and controlled by a Board of Trustees composed of seven (7) trustees. All board candidates shall have been a full member of VUU for at least one (1) year prior to the annual elections. In addition to the powers and authority expressly conferred upon them by these By-Laws, the Board may exercise all such powers and do all such lawful acts as are not by statute or by these By-Laws directed or required to be exercised or done by the membership. In that connection, there is expressly reserved to the membership the following:

- (1) The statement of the Mission, Covenant And Purpose.
- (2) The employment or release of the Minister(s) and compensation.
- (3) The location of any VUU edifice and other building, and their cost and sale.
- (4) The requirements for membership.
- (5) Adoption of the budget.
- (6) Approval of any indebtedness that cannot reasonably be repaid by certain, otherwise unencumbered revenues within 90 days.

85Section 2. Term. The seven (7) Trustees, four of whom shall be elected in odd numbered years and three in even numbered years, shall serve for a term of two (2) years effective July 1 following election. The maximum number of consecutive years a person can serve on the Board of Trustees is six (6). After a total of six (6) consecutive years on the Board, there must be an interval of at least one (1) year until a member may again serve on the Board of Trustees. Any Trustee may be removed from office for cause by a two thirds vote of the full members present at a Special Meeting. The meeting may be called by the Board of Trustees or upon written request of at least fifteen percent (15%) of the official membership rolls of VUU as last reported to the UUA. The written request shall specify the name of the Trustee to be removed as well as the specific behavior which the requesting members believe constitutes cause for removal.

Section 3. Vacancies. In the event of any vacancy on the Board of Trustees, such vacancy shall be filled by appointment of a full member made by the remaining members of the Board. Until such vacancy is filled, the remaining members of the Board shall continue to perform the duties required of them, and all actions taken by them shall be deemed valid if taken pursuant to these By-Laws, the Articles of Incorporation, and the laws of Arizona. Persons appointed to fill vacancies shall serve until the next regular Annual meeting when their successors are elected and qualified for the length of the unexpired term. Except where good cause for absences is shown to the satisfaction of the Board, any member of the Board failing to attend any three (3) consecutive meetings of the Board shall be conclusively presumed to have resigned from office. Upon the third absence, or any following monthly meeting, the Board may at its discretion accept the presumed resignation and declare the office vacant effective as of that date.

Section 4. Meetings. The Board shall meet monthly on such dates as the Board shall fix. It shall not be necessary that notice be given to the members of the Board of any such meeting. Special meetings of the Board may be called by the President or by any two other members of the Board on twenty-four (24) hours notice to each member of the Board.

Section 5. Quorum. A majority of the members of the Board shall constitute a quorum for the transaction of business.

Section 6. Organization. The President of the Board, or, in the absence of the president, a designee, shall call meetings of the Board to order and shall act as chairperson of such meetings. The Secretary of the Board shall act as secretary of all meetings, but in the secretary's absence, the presiding officer may appoint any member of the Board to act as secretary. Except as otherwise provided herein, *Robert's Rules of Order* shall govern the procedure of the meeting.

Section 7. Voting. All members of the Board present shall be permitted to vote on any matter before the Board. There shall be no voting by proxy.

Section 8. Order of Business. The presiding officer shall determine the order of business at any given meeting.

Section 9. Action by Resolution. Except as otherwise provided by law, the Board shall have power to act in the following manner: Action agreed to orally by poll not during a meeting by the majority of the Board, or by email, shall be legal provided that it is confirmed at the next Board meeting.

## VII. OFFICERS

Section 1. **Election and Term.** Each year at its first regular meeting, the Board of Trustees shall elect a President and a Secretary, and such other officers as it deems necessary, from among its members. They shall serve for a term of one (1) year in the office. No officer may serve more than three (3) consecutive years in the same office. Any officer may resign by giving notice in writing to all Trustees or may be removed from office by action of two thirds (2/3) of all Trustees. Officer vacancies shall be filled by an election of the Trustees and shall serve until the next regularly scheduled officer election.

Section 2. **Duties.** The duties of the President, and Secretary, shall be as follows:

- (1) The President shall preside at all meetings of the membership and of the Board. The President may speak for and represent the congregation on positions of record that have been taken by the Board or Congregation, and shall perform such other duties as may be assigned by the Board.
- (2) The Secretary shall keep an accurate record of the transactions of all business meetings of the membership and the Board. The Secretary shall be responsible for giving notices of meetings and shall perform such duties as the Board may assign.

## VIII. FINANCES

Section 1. **Execution of Instruments.** Checks, drafts, and orders upon the funds or credits of VUU; bills, notes, and other obligations for the payment of money by VUU, and all contracts and instruments in writing by VUU shall be executed by such executive officers as may be designated and authorized by the membership of the Board.

Section 2. **Financial Responsibilities.** The Board shall assure that it receives monthly and annual financial reports of VUU's financial status as well as other appropriate financial information through the designation and authorization of such persons or committees as determined by Board Policy.

## IX. MINISTER(S)

Section 1. **Selection Process.** Upon a vacancy in the Senior Minister position, a meeting of the congregation shall be called for the purpose of electing a "Committee to Recommend a Minister" of seven (7) members. The "Committee to "Recommend a Minister" shall nominate one candidate who has the endorsement of the Unitarian Universalist Association. A candidate for Associate Minister shall be selected in the same way.

Section 2.      **Election.**      Call of senior or associate minister(s) shall be by written ballot and shall require a 90 percent affirmative vote of the full voting members at a meeting legally called for that purpose. Voting methods shall be as described in Article V Section 6. Salary and other conditions to be included in a letter of contract shall be approved by a majority vote of the members present. If such candidate fails of election or refuses the call, another candidate shall be nominated in a like manner.

Section 3.      **Rights and Responsibilities.**      The senior minister shall be directly responsible to the membership. The rights and responsibilities of the senior minister shall be as follows:

- (1) The senior minister shall be responsible for the regular and special religious services of the congregation.

- (2) The senior minister shall have freedom of the pulpit, as well as freedom to express opinions outside the pulpit.
- (3) The senior minister shall keep records of marriages, christenings or dedications, and funeral and memorial services involving VUU people and the ministry in a special book belonging to VUU.
- (4) The senior minister shall consult with and advise the Board of Trustees as to the management of the affairs of the congregation and shall attend all meetings of the Board as an ex-officio member.
- (5) As circumstances suggest and as time permits, the senior minister shall keep in touch with any and all phases of congregational activities, and shall have access to all congregation related records and files.
- (6) The senior minister shall be a member ex-officio, without vote, of all the committees except a "Committee to Recommend a Minister," and shall bring to the attention of the Board or other congregational organizations any matters, including recommendations, which seem pertinent to the welfare of VUU. The final decision as to policy or procedure, however, remains with the congregation or the Board.
- (7) The senior minister shall make reports at the regular business meetings.
- (8) The senior minister shall be available for consultation as to the designation of VUU personnel, and may request such consultation. The senior minister shall be in charge of the office and may confer individually and collectively with the staff of VUU.

Section 4. Salary. The senior minister shall have the opportunity to negotiate with and make proposals to the appropriate committee regarding the senior minister's salary package. The senior minister may be asked and required to withdraw from any meeting at which ministerial salary or allowances, or conduct in office is properly under consideration, but the reason for such request shall always be explained and without delay the senior minister shall be given the opportunity to speak. The senior minister shall be considered to have an indeterminate tenure. Salary and conditions of employment may be altered from year to year.

Section 5. Other Activities. The senior minister shall be expected to take an active part in the affairs of the Unitarian Universalist Association. The senior minister shall represent the congregation on suitable occasions in the community. The senior minister shall be free to participate personally in public affairs but shall distinguish between personal opinions and congregational positions. The senior minister may not undertake any additional employment for compensation without the approval of the Board of Trustees, except such honorariums or emoluments as may come as a part of the ministry.

Section 6. Additional Ministers. After consultation with the senior minister, assistant, consulting, or interim ministers are selected by the Board of Trustees in accord with procedures developed by the Board. Associate ministers may be called in the manner set forth in Article IX, Sections 1 and 8. All other provisions of this Article shall apply to any minister called by the congregation.

Section 7. Resignation. A minister wishing to resign is expected to give three (3) months notice.

Section 8. Dismissal. A minister may be dismissed by a two thirds (2/3) vote of the full members present at a congregational meeting called for that purpose. Voting methods shall be described

in Article V Section 6. In the event of a dismissal, a severance salary of the minister shall continue for three months.

## X. COMMITTEES

Section 1. Standing and Ad Hoc Committees. The Leadership Development committee, the Committee to Recommend a Minister, and the Special Funds committee are elected by the congregation and are responsible to the Board of Trustees. All other committees are populated by volunteers and are responsible to the Senior Minister or to the Board.

Section 2. Leadership Development committee. The name of the committee is the Leadership Development committee (formerly known as the Nominating committee), and it actively encourages the development of the lay leadership of the Congregation. The committee shall also solicit qualified candidates for vacant positions on the Board of Trustees, the Special Funds committee, the Leadership Development committee, and, as necessary, other Congregational committees. As needed, upon Board request, the committee will create a slate of candidates for a special purpose such as a committee to Select a Minister or delegate selection, subject either to Board approval and/or Congregational vote, as appropriate. These candidates will be voted on at the Annual Congregational Meeting. The Committee is also in charge of conducting the election at the Annual Meetings.

- (1) Number, Terms of Office, How Elected. The committee shall be composed of seven (7) voting members. All members shall be elected for two (2) year terms with elections of three (3) new members to the Committee in one year and four (4) members in the next, but in the opposite years of the Board's cycle of 3 and 4. No more than two terms may be served consecutively.
- (2) Qualifications. A qualified candidate for membership on the Leadership Development committee shall have been a full member for at least one year prior to the elections. A Leadership Development committee member may not concurrently serve on the Board of Trustees.
- (3) Vacancies. Should a member of the Leadership Development committee resign, the Board of Trustees shall appoint a qualified congregation member to fill the vacancy until the next regular Annual Meeting. At that time, a qualified member (not excluding the appointed member) will be elected to fill the unexpired term. Should a committee member fail to attend three or more consecutive regularly scheduled committee meetings, the remaining members of the committee may, upon majority vote, recommend that the Board of Trustees find said Leadership Development committee member has resigned *de facto*. The Board of Trustees may, after making such a finding, appoint a qualified new member to the Leadership Development committee who shall complete the term of the member found to have resigned *de facto*.

Section 3.Special Funds committee. The Special Funds committee shall have four main purposes as follows:

- (1) First, it shall promote, by publicity and solicitation, the donation of special contributions to VUU, including endowments, memorials, gifts, and insurance benefits.
- (2) Second, it shall keep orderly records of all special funds for reference by the membership.

- (3) Third, it shall prudently invest such funds so as to encourage their growth and security in a fiscally and socially responsible manner.
- (4) Fourth, it shall make the special funds available (subject to the limitations described in its charter) when needed by VUU. Funds established by VUU's annual budget shall not be included in the funds administered by the committee.

The Special Funds committee reports to the Board of Trustees and is governed by a special charter approved by a vote of the congregation. The charter can be amended only by a 2/3 majority vote of the full voting members voting at a congregational meeting.

Section 4.Committee to Recommend a Minister. The Committee to Recommend a Minister shall be elected at a time when a settled minister is to be called. The Leadership Development Committee shall offer at least seven (7) names for the Committee to Recommend a Minister to be presented and voted on at a congregational meeting.

## XI. NON-DISCRIMINATION

The congregation affirms and promotes the full participation of persons in all our activities and in the full range of human endeavor without regard to race, color, sex, gender or gender expression, physical or mental challenge, affectional or sexual orientation, age, class or national origin and without requiring adherence to any particular interpretation of religion or to any particular religious belief or creed.

## XII. AFFILIATES

The Board may accept organizations as VUU affiliates with such rights and responsibilities as determined by the Board.

## XIII. DISSOLUTION.

In the event of the dissolution of the Valley Unitarian Universalist Congregation, the net assets thereof shall be assigned to the Unitarian Universalist Association.

## XIV. AMENDMENT.

Section 1. Amendments may be proposed either upon the majority vote of the Board of Trustees or by not less than fifteen percent (15%) of the official membership rolls of the congregation as last reported to the UUA. All proposed amendments shall be set forth in full in the notice of the regular or special congregational meeting.

Section 2. These By-Laws, so far as allowed by law, may be amended by a two thirds (2/3) vote of the full voting members at a regular or special meeting of the congregation which has been properly noticed as provided in this article and where a quorum is present when the vote to amend is recorded.

## XV. ADOPTION.

The undersigned, being all of the duly elected members of the Board of Trustees hereby resolve that we adopt the foregoing By-Laws of this congregation.

In Witness Whereof, we have hereunto subscribed our names this \_\_\_\_\_ day of \_\_\_\_\_,

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The foregoing is a true copy of the By-Laws as adopted by the Board of Trustees on  
\_\_\_\_\_, as of this day, \_\_\_\_\_

#### REVISIONS

Dec. 1977; Dec. 1980; Dec. 1981; Dec. 1982; Dec. 14, 1986; Sep. 22, 1991; Creation of Special Funds committee; Apr. 25, 1993 Amending quorum requirements; Dec. 15, 1996 Affiliated ministers; Dec. 14, 1997 Committee on the Ministry; Feb. 20, 2000 Disruptive persons amendment; Apr. 23, 2000 Term limits, Socially responsible investing; Apr. 21, 2002 Membership definitions; church year definition; Apr. 3, 2005 Board restructuring, associate ministers, non-discrimination clause, various changes from fixed numbers to percentages and further definition of membership. June 4, 2006 Membership definition changes; Board qualification changed to one year; removal of committee operational procedures. June 6, 2010 Changed Church to Congregation or VUU, where appropriate, in accordance with change of name to VUU Congregation as approved at annual meeting. June 5, 2011 Changed voting to call a minister to 90%. Other minor editing changes. June 2, 2013 Clarified that absentee voting is appropriate for calling a minister; clarified that e-mail can be used to notify members about meetings. Granted nominating committee the ability to serve two terms up to four consecutive years; provided that the nomination for election to the nominating committee must be competitive; added clause that requires Board to assure that it is receiving adequate financial information; added clause that approval of indebtedness beyond 90 days has to be approved by congregation; used UUA language for the non discrimination clause; changed requirement to 2/3 majority to amend the special funds charter. June 1, 2014 Changed Nominating committee (Article X, Section 2) to Leadership Development committee and increased size to seven members.



VUU hikers on the petroglyph trail.

Valley Unitarian Universalist  
Board Policy Governance  
What good, for whom, at what cost?  
*On the path to greatness: Enriching people, Changing lives, and  
Reaching out to others.*

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## Valley Unitarian Universalist

I. Extended Mission Statement (Statement of Ends and Outcomes)  
What good, for whom, at what cost?

### Article I. Purpose of VUU

#### Section 1.01 VUU Mission

**Principles and Purposes:** Valley Unitarian Universalist Church is a welcoming community that honors diversity in all of its forms. We strive for social justice and environmental responsibility, nurture each person's life-long spiritual journey, and create a place of peace and celebration as we encounter the mystery of life.

**Mission Statement:** Love is our doctrine, service is our prayer, and justice is our calling.

#### Section I.02. Detailed Mission

##### I.02.01      **Spiritual, Intellectual, Philosophical Growth:**

We, the people of VUU (adults, youth, and children), have a deeply meaningful, transforming liberal religious experience. We:

- a. Find hope, joy, beauty, comfort and inspiration in our worship, music, and artistic expression
- b. Are free to explore all sources of ideas in our search for truth and meaning

- c. Deepen our individual spiritual, intellectual, and philosophical understanding and practices
- d. Are energized about who we are and what we can become

#### **I.02.02.02      VUU Community Values Held in Common**

We, the people of VUU, have a home at VUU and feel connected to our religious community. We:

- a. Are accepted for who we are, what we believe, and how we live
- b. Know that we belong here and we enjoy the friendships, fellowship, and camaraderie
- c. Find and offer comfort and help in times of illness and crisis
- d. Are an intentional community of people who share many basic principles and values
- e. Foster the rich, multigenerational character of our congregation and employ it as we educate our youth and children in a liberal religious tradition of thinking, tolerance, and kindness
- f. Embrace and support families of all types
- g. Value our beautiful facilities and grounds that serve as a continuing anchor and place of social interaction, meditation, memories, celebrations, dedications, and memory
- h. Maintain and improve our facilities so that they are safe, environmentally responsible, inspiring, and accessible to all ability levels
- i. Support our VUU community with our time, suggestions, and dedication

#### **I.02.03      Reaching Out to Others**

We, the people of VUU, live our liberal religious values in our families, workplace, neighborhoods, and the broader communities of which we are a part. We:

- a. Carry the good news about the VUU experience and UU principles to others
- b. Are a bold voice and active advocate for social justice, environmental responsibility, world-wide peace, liberty, the democratic process, and human rights
- c. Are a reliable partner with other organizations and religious traditions in community service and progressive social action
- d. Contribute to and learn from the broader UU community; we are an innovative voice and example of program excellence within PSWD and UUA
- e. Promote activities and programs that oppose identity-based discrimination wherever it is found.

#### **I.02.04      Relationships Within**

We, the people of VUU, participate in a self-governing community committed to principles of open communication, transparency, responsibility, efficiency, empowerment, fairness, predictability and continuity in processes. We

- a. Are encouraged to volunteer, participate, and lead; and we have the information we need to know how to become engaged in VUU
- b. Support our staff, have high expectations for them, and treat them fairly
- c. Encourage staff, committees, and ad hoc groups to be innovative and creative in designing and implementing new projects consistent with **the detailed mission statement**.
- d. Believe in the inherent worth and dignity of every person and the right of all adults, youth, and children to be safe from harassment, oppression, discrimination, and inappropriate or unwanted physical contact
- e. Have trust and confidence in our leaders that:
  - i. conflicts will be resolved fairly and responsibly

- ii. we will be informed accurately and in a timely manner about incidents or decisions that are important for VUU
- iii. they will never intentionally mislead or deceive in any form and will not violate by laws or governing policies
- iv. we may voice concerns or criticisms to them and will be heard, respected, and not subjected to retaliation, exclusion or creation of a hostile environment
- v. appropriate confidentiality will be maintained.

#### **I.02.05              Stewardship**

We, the people of VUU, are generous and responsible stewards. We

- a. Support VUU generously with our time, our talents, and our giving through the annual and capital campaigns, and special fund raising events
- b. Are confident that leadership will be responsible for insuring financial sustainability, and will use funds only for their designated purposes

#### **Section 1.03. Owners of the Mission**

VUU belongs to its members. In accomplishing its vision, VUU will prioritize its planning and resources toward primary stakeholders: congregation (members and families), friends of the church, visitors (actual and virtual), potential congregants, sister churches and other direct affiliates, and denominational affiliates. VUU's secondary stakeholders include others we touch professionally, commercially, and in the community at large.

#### **Section 1.04. Cost of the Mission**

VUU will insure financial sustainability.

#### **Section 1.05. Annual Goals and Strategic Planning.**

The Board of Trustees shall meet with the Senior Minister at least once during the year to articulate and publish specific goals for VUU for the coming year. The Board shall specify its own "action initiatives" and the Senior Minister shall facilitate the development of an annual plan for the program ministries that specifies how-annual goals and the detailed mission will be realized. The Board shall review the program plan to insure that the detailed mission and goals have been understood. The Board shall insure that there is a multi-year year strategic plan.

## **Valley Unitarian Universalist Leadership Responsibilities and Limitations**

#### **Article II. Leadership Responsibilities and Limitations**

##### **Section 2.01 General Leadership Responsibilities and Limitations**

#### **II.01.01              VUU Leadership Responsibilities**

- a. VUU leadership includes the Board of Trustees (Board), the Minister(s), paid professional staff and volunteers who chair committees, ministries, or task forces.
- b. The 7-person Board is elected by the congregation and is responsible to it for achieving the detailed mission statement as specified in Section I of this policy document. The Board exercises direct oversight over its committees. The Special Funds Committee, Committee To Call A Minister and the Leadership Development committee are elected by the congregation, but are responsible to the Board. Other Board committees are facilities management team and finance. The crisis management / safe environment team is appointed, as needed, by the Board.
- c. The Board allocates its authority, except that which is reserved to itself, to the Senior Minister. The Senior Minister also serves as chief of staff and has supervisory responsibility over other ministers and professional staff.
- d. The Minister(s) are expected to minister to and lead VUU toward its desired spiritual mission with specific responsibilities described in their contract(s) and consistent with the by-laws
- e. All Board committees and other Board-appointed standing entities operate under a charter approved by the Board.
- f. VUU professional staff and chairs of committees, ministries or task forces are responsible for initiating projects and activities pursuant to VUU's extended mission statement, developing and overseeing policies related to their activities and their sections of the annual budget.

#### **II.01.02 Primary VUU Leadership Limitations**

VUU Leadership shall not cause or allow any practice, activity, decision, or organizational circumstance that is in violation of the bylaws, Board policy, or UU principles or is imprudent, unlawful, or in violation of commonly accepted business and professional ethics.

#### **II.01.03 Misconduct and/or Dishonest**

Accordingly, VUU policies prohibit misconduct and dishonesty and meet accepted practices for non- profit organizations, including accepted accounting practices. For purposes of this policy, misconduct and dishonesty must include but not be limited to:

- a. Theft or other misappropriation of assets, including assets of the organization or others with whom VUU has a business relationship.
- b. Misstatements and other irregularities in organization records, including the intentional misstatement of the results of operations.
- c. Forgery or other alteration of documents.
- d. Fraud and other unlawful acts.
- e. Violations of Confidentiality.

#### **II.01.04 Illegal Activities**

VUU specifically prohibits any illegal activities in the actions of the VUU leadership, staff, volunteers, or members responsible for carrying out VUU activities, with the exception that non violent civil disobedience by members of VUU taking positions of conscience consistent with UU and VUU principles are not prohibited.

#### **II.01.05 Public Statements on Positions of Record**

All VUU leaders, staff, volunteers, and members must limit public statements about the official position of the congregation or Board on controversial social, political, and/or congregational issues to those which the congregation or Board has formally and explicitly adopted as positions of record.

**II.01.06. Limitation of 501(C)3 Status**

VUU specifically prohibits activities inconsistent with the requirements of a nonprofit (503.C.3) organization including the prohibition against VUU as an organization supporting or opposing candidates for political office.

**II.01.07 Positions of Conscience**

Nothing in this policy shall be construed to infringe upon the ability of any VUU leader, staff, volunteer, or member to take positions of conscience consistent with VUU and UU principles including engaging in non violent civil disobedience.

**II.01.08 VUU Activities**

Nothing in this policy shall be construed as prohibiting VUU from sponsoring activities such as forums, discussion, movies, performances, or speakers that may include controversial material or statements.

## **Section 2.02 Personnel Policies**

**II.02.01 Primary Personnel Policy Limitation**

With respect to treatment of employees and volunteers, VUU Leadership shall not cause or allow conditions that are inhumane, unfair, hostile, or unprofessional.

**II.02.02 Personnel Policy Development and Minimum Standards**

Personnel policies are developed by the Personnel committee and implemented by the Senior Minister, and other VUU Leadership. VUU Leadership:

- a. Shall not discriminate (as defined by city, state, and federal laws) among existing or potential employees or volunteers on other than clearly job-related criteria, individual performance, or individual qualifications; and shall not discriminate based on Lesbian, Gay, Bisexual, and Transgender (LGBT) orientation.
- b. Shall not subject employees or volunteers to unsafe or unhealthy conditions.
- c. Shall not withhold from employees or volunteers a due-process internal grievance procedure.
- d. Shall not prevent employees or volunteers from grieving to the Board when:
  - i. Other internal grievance procedures have been exhausted and
  - ii. The employee or volunteer alleges either that
    1. Board policy has been violated to his or her detriment, or
    2. Board policy does not adequately protect his or her human rights.

**II.02.03 Annual Performance Reviews**

The Senior Minister shall insure that a performance review of all employees is conducted annually. The Board shall conduct an annual performance review of the Senior Minister.

#### **II.02.04 Whistleblower Policy**

VUU policy prohibits adverse actions being taken against employees, volunteers, or any VUU member in knowing retaliation for any lawful disclosure of information on a matter of public concern, which information the person has probable cause to believe is (1) a violation of any law, (2) mismanagement, (3) gross waste or misappropriation of VUU funds or assets, (4) a substantial and specific danger to public health and safety; or (5) other alleged wrongful conduct. Any person found to have so violated this Policy shall be disciplined, up to and including termination from employment or expulsion from VUU membership. Allegations shall be referred to the Board and the Crisis Management / Safe Environment Team, which shall follow its procedures and make a recommendation to the Board.

### **Section II.03 Compensation and Benefits**

#### **II.03.01 Fiscal and Ethical Integrity**

With respect to employment, compensation, and benefits to exempt employees, consultants, and contract workers, VUU Leadership shall not jeopardize fiscal or ethical integrity. VUU Leadership shall not, except as approved by the Board:

- a. Cause or allow change in any current exempt employee's total compensation during the fiscal year;
- b. Cause or allow promises of or implied permanent or guaranteed employment.

For non-exempt employees, the hours worked are set by the supervisor, provided that fiscal and ethical integrity are maintained.

#### **II.03.02 Current Compensation Limitations**

The Board shall not recommend current compensation and benefits that:

- a. Deviate materially from the nonprofit or geographic market for the skills employed.
- b. Create obligations over a term longer than revenues can be safely projected, in no event longer than one year and in all events subject to losses of revenue.

#### **II.03.03 Deferred Compensation Limitations**

The Board shall not recommend deferred or long term compensation and benefits that:

- a. Cause unfunded liabilities to occur or in any way commit the organization to benefits that incur unpredictable future costs.
- b. Provide less than some basic level of compensation to all exempt employees, though differential benefits to encourage longevity in key employees are not prohibited.
- c. Allow any employee to lose benefits already accrued from any forgoing plan.

### **Section 2.04. Financial Planning and Policy**

#### **II.04.01 Financial Responsibility**

The Board, on behalf of the congregation, retains direct responsibility for the financial integrity of the organization. It is assisted in this by (a) Finance committee (a Board committee), which is responsible for financial policy, planning, and monitoring, (b) Senior Minister, who is responsible for implementation, documentation, and day to day operations, (c) Special Funds committee, which is responsible for the endowment fund, and (d) the financial analyst, a Board-elected position.

#### **II.04.02              Budget Development Limitations**

With respect to planning the annual budget, VUU Leadership shall not jeopardize either programmatic or fiscal integrity of the organization. The finance team presents financial planning (budget) information to the Board, including recommendations, and the Board makes budget recommendations to the Congregation, with the vote of the congregation being final and establishing the annual budget. The planning recommendations (budget):

- a. Shall contain sufficient detail to enable reasonably accurate projection of revenues and expenses, shall separate capital and operational projections, and shall disclose planning assumptions.
- b. Shall not plan the expenditure in any fiscal year of more funds than are projected to be available in that period.
- c. If there are to be capital expenditures, they shall be included in the budget as well as the means to pay for them. Capital expenditures are all repayments of debt and any building additions or large equipment purchases, and any expenses incurred as a result of a capital campaign.
- d. Shall not deviate materially from Board-stated priorities and requirements (see extended mission statement, Section I) in its allocation among competing fiscal needs.

#### **II.04.03              Financial Planning Limitations**

- a. The Finance committee, Special Funds committee, and Board shall not cause or allow financial policies that are incomplete, unclear, inconsistent with generally accepted accounting principles, or that lack clear implementation guidelines.
- b. The Senior Minister shall insure that VUU has clear policies for all VUU employees and volunteers regarding reimbursement of expenses, including travel.
- c. Capital campaign funds can be expended only for capital items including debt repayment above and beyond the regular principal and interest payments and for capital campaign expenses. Only with prior approval by the congregation may these funds be used for other capital improvements.

### **Section 2.05 Financial Limitations and Reporting**

#### **II.05.01 Financial Reporting: Finance committee**

The Finance committee shall monitor financial reports of on-going financial conditions and shall insure that the Board and Senior Minister are informed of any significant trends, problematic expenditures, or other issues.

#### **II.05.02 Financial Limitations: Senior Minister**

The Senior Minister shall not

- a. Cause or allow financial practices that fail to follow generally accepted accounting principles and other applicable rules as identified by the Finance committee and Board.
- b. Cause or allow inadequate documentation of financial procedures, or fail to establish clear staff responsibilities for carrying out the financial affairs of VUU.
- c. Cause or allow the Board to be uninformed or misinformed about VUU's financial conditions.

- d. Cause or allow expenditures of more funds from the operating budget (based on most likely end-of-year projections) than have been allocated without timely notification of the Board.

#### **II.05.03 Financial Limitations: Board of Trustees**

The Board:

- a. Shall not cause or allow the development of fiscal jeopardy or loss of allocation integrity
- b. Shall not cause or allow expenditure of more funds than have been received in the fiscal year to date unless the debt guideline (below) is met.
  - i. Shall not indebted the organization in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 90 days.
  - ii. Shall not allow cash to drop below the amount needed to settle payroll and debts in a timely manner.
- c. Shall not cause or allow the expenditure of any endowment or designated funds other than for the purposes determined at time of receipt or designation.
- d. Shall not conduct inter-fund shifting of restricted funds in amounts greater than can be restored to a condition of discrete fund balances by certain, otherwise unencumbered revenues within 30 days.
- e. Shall not cause or allow actual allocations to deviate materially from Board priorities in its detailed mission statement.
- f. Shall not borrow funds on other than the short-term basis as defined and outlined in these policies.
- g. Shall annually review VUU end-of-year financial reports including any submitted to state or federal agencies and any reports from auditors, CPAs, or accountants.
- h. Shall review monthly and other internal financial reports.
  - i. Shall not cause or allow a significant end-of-year deficit (based on most likely projections) beyond that approved by the congregation, without notification and consultation with the congregation. A significant end-of-year deficit is defined as a deficit of 3% or more of the total budget beyond any deficit approved by the congregation.

#### **II.05.04 Financial Limitations: All VUU Leadership**

VUU Leadership who have budget oversight within their area of responsibility

- a. Shall not cause or allow expenditures of more funds from their budgets than have been allocated (except as noted in "d" below).
- b. Shall not cause or allow expenditures to deviate materially from Board priorities in ends / outcome policies
- c. Shall not be prohibited from shifting funds within the budget categories for which they are responsible, provided that their total expenditures at the end of the year will not exceed their allocated revenue and other limitations have not been exceeded.
- d. Shall notify their immediate supervisor in a timely way of trends or unexpected large expenditures that could jeopardize fiscal integrity.
- e. Shall not be prohibited from applying for external grants, provided the grants are within their area of responsibility, are consistent with VUU detailed mission, and do not obligate VUU to expenditures that would jeopardize fiscal integrity. Immediate supervisors, Senior Minister, and Board should be notified of grant activity and grants (if offered) are formally accepted by the Board on behalf of VUU.

## **II.05.05 Financial Investments: All VUU Leadership**

Consistent with the UUA, it is the intention of VUU to avoid investment in fossil fuel companies in recognition of our 7th principle and the adverse effects of carbon on the earth's climate.

- a. To that end, neither the Board of Trustees nor the Senior Minister nor staff shall allow any funds to be invested directly in stocks of companies listed as "Carbon Underground 200 Fossil Fuel Companies."
- b. Furthermore, VUU will seek to invest only in pooled asset funds that do not include such fossil fuel companies or where divestiture of such companies is feasible by the year 2020.
- c. This policy pertains to VUU financial assets, and not to the UUA pension fund, which is governed by UUA policy guidelines.

## **Section 2.06 Asset Protection**

With respect to proper stewardship of VUUs assets, the Senior Minister shall not risk losses beyond those necessary in the normal course of business. Accordingly, the Senior Minister:

### **Section II.06.01 Senior Minister Responsibilities and Limitations**

The Senior Minister:

- a. Shall insure against theft and casualty losses at replacement value less reasonable deductible and/or co-insurance limits.
- b. Shall insure against corporate liability and personal liability of Board members and staff, taking into account pertinent statutory provisions for indemnification and exemptions applicable to Arizona non-profit organizations.
- c. Shall not allow unbonded personnel access to material amounts of funds.
- d. Shall not subject facilities and equipment to improper wear and tear or insufficient maintenance.
- e. Shall not unnecessarily expose the organization, its Board, or staff to claims of liability or risk the nonprofit status.
- f. Shall not make any purchase of over \$500.00 without at least two competitive bids, when there are multiple vendor possibilities.
- g. Shall not receive, process, or disburse funds under controls insufficient to meet accepted nonprofit financial practices or other government standards.
- h. Shall not invest operating capital in insecure instruments, including uninsured checking accounts and bonds or CDs of less than 'A' rating.
- i. Shall not fail to protect intellectual property, information, and files from significant damage, excluding the work of called Minister(s) of the church, the Director of Music Ministries, and the Director of Life Span Religious Education who are the sole owners of their intellectual property.

## **Section 2.07 Conflict of Interest**

### **II.07.01 Loyalty to VUU**

VUU Leadership must represent unconflicted loyalty to the interests of the congregation. The accountability supersedes any conflicting loyalty such as that to advocacy groups and affiliation with other employers. This accountability supersedes the personal interest of any leader as an individual church member.

### **II.07.02 Fiscal Conflicts of Interest**

VUU Leadership must avoid any conflict of interest with respect to their fiduciary responsibility.

- a. There must be no self-dealing or any conduct of private business or personal services between any leader and the organization except as procedurally controlled to assure openness, competitive opportunity, and equal access to “inside” information.
- b. Leaders must not use their positions to obtain for their family members or close associates employment with the organization.

#### **II.07.03 Conflicts in Public Statements**

VUU Leadership’s interaction with the public, press, or other entities must recognize the same limitation and the same inability of any trustee except the president or the presidents’ representative to speak for the Board. Nothing in this policy shall be construed to infringe upon the fundamental principal of freedom of the pulpit.

#### **II.07.04 Annual Notifications and Acknowledgements**

The Senior Minister shall insure that all VUU Leadership are notified of this policy annually and that the Board, Senior Minister, and all benefit-eligible employees sign a “conflict of interest” form acknowledging their understanding of the policy.

### **Section 2.08. Communication and Counsel to the Board**

With respect to providing information and counsel to the Board, the Senior Minister shall not cause or allow the Board to be uninformed or misinformed.

#### **II.08.01 Senior Minister Responsibilities and Limitations**

##### **The Senior Minister:**

- a. Shall inform the Board in a timely manner of relevant trends, public policy initiatives, public events of the organization, and material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.
- b. Shall submit the monitoring data required by the Board policy (see Policy IV Chart: Frequency and Method of Regular Monitoring) in a timely, accurate, and understandable fashion.
- c. Shall gather as many staff and external points of view, issues, and options as needed for fully informed Board choices.
- d. Shall not present information in unnecessarily complex or lengthy form.
- e. Shall recommend changes in Board policies, the need for which become known to them.
- f. Must limit public statements about the official position of the congregation or Board on controversial social, political, and/or congregational issues to those which the congregation or Board has formally and explicitly adopted as positions of record (See Policy III.C). Nothing in this policy shall be construed to infringe upon the fundamental principle of freedom of the pulpit.

g. The Senior Minister shall, if requested by the Board, prepare, implement, and share with the Board, within three months of the annual performance review, a professional development plan that responds to the evaluation in its entirety.

## Valley Unitarian Universalist III. Governance Process

### **Article III. Governance Process**

#### **Section 3.01 Board Governing Style**

The Board will approach its task with a style that emphasizes strategic leadership rather than administrative detail, clear distinction of Board and staff roles, future rather than past or present, and proactively rather than reactivity. In this spirit, the Board will:

##### **III.01.01 Board Long Term Focus**

Focus chiefly on intended long-term impacts or ends, not on the administrative or programmatic means of attaining those effects.

##### **III.01.02 Board Policy Structure**

Direct, control, and inspire the organization through the careful establishment of the broadest organizational values and perspectives (policies). Policies will address:

- a. Ends / outcomes: Organizational products, impacts, outcomes, or what benefits for which needs at what cost
- b. VUU Leadership Responsibilities and Limitations: General responsibilities of leadership and limitations on leadership authority that establish the prudence and ethics boundaries within which lies the acceptable arena of operational activity, decisions, and organizational circumstances to be observed by all VUU Leadership.
- c. Governance Process: Specification of how the Board conceives, carries out, and monitors its own roles and responsibilities.
- d. Board/ VUU Leadership Relationship: Linkage between the Board and other leaders, including the Senior Minister and how power is delegated and its proper use monitored.

##### **III.01.03 Board Performance Monitoring**

Monitor and regularly discuss the Board's own process and performance.

#### **III.01.04 Board Governance Discipline and Speak With One Voice**

Enforce upon itself whatever discipline is needed to govern with excellence.

- a. Discipline will apply to policy-making principles, respect for defined roles, and attendance.
- b. After subjects have been discussed and voted upon, both majority and minority will support the action taken during its implementation and will not attempt to thwart implementation.

#### **III.01.05 Board Accountability**

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 this discipline.

#### **III.01.06 Board Institutional Memory**

Ensure the continuity of Board improvements through systematic treatment of its own institutional memory.

#### **III.01.07 Board Initiation of Policy**

Be an initiator of policy, not merely a reactor to staff initiatives. The Board, not the staff, will be responsible for Board performance.

### **Section 3.02 Board Contributions**

The Board's specific contributions are unique to its trusteeship role and necessary for proper governance and management.

#### **III.02.01 Board Contribution Responsibilities**

The job of the Board shall be to:

- a. Link between VUU and its stakeholders.
- b. Assure financial integrity and long range planning
- c. Write governing policies that, at the broadest levels, are in accordance with III.01.02
- d. Assure Senior Minister performance through monitoring and evaluation in accord with responsibilities, limitations, and Board/Leadership relationship.
- e. Set goals that lead VUU to desired outcomes and publish these annually.

### **Section 3.03 Process for Taking a Position of Record**

When considering whether to take a position of record, the Board shall take into account the actual or expected extent of controversy, consistency with UU and VUU principles, importance of the statement to VUU's mission, capacity of VUU to take action consistent with the position of record, protection of tax exempt status, and other factors relevant to the specific situation. The Board may consult with the congregation or request congregational approval for a position of record.

## **Section 3.04 Officers' Roles**

### **III.04.01 Board President**

The job of the President is to assure the integrity of the Board's process. The President or his/her designated representative is the only person authorized to speak for the Board.

- a. The job output of the President is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
  - i. Meeting discussion content will be only those issues that, according to Board policy, clearly belong to the Board to decide, not other leaders.
  - ii. Deliberation will be timely, fair, orderly, and thorough, but also efficient, limited to time, and to the point.
  - iii. Roberts' Rules are observed except where the Board has suspended them.
- b. The authority of the President consists of making any decision on behalf of the Board that falls within or is consistent with Board policies on governance process and the Board-leadership relationship.
  - i. The President or designated representative is empowered to chair Board meetings with all the commonly accepted powers of that position (e.g., ruling, recognizing).
  - ii. The President's authority does not extend to making decisions within ends / outcomes or waiving leadership limitations.
  - iii. The President's authority does not extend to supervising, interpreting Board policies to, or otherwise directing the Senior Minister, employees, or other VUU leadership. Nothing in this policy is intended to interfere with mutual interaction about individual understandings of policies.

### **III.04.02 Board Secretary**

The job of the secretary is to assure the integrity of the Board's record. The secretary is responsible for ensuring the:

- a. Recording and distribution of accurate minutes of Board and Congregational meetings.
- b. Recording of amendments and distribution of current policies to Board members.
- c. Public announcement of the annual meeting and other duties as assigned by the bylaws.

### **III.04.03 Financial Analyst**

The job of the financial analyst is to assure the integrity of the financial information provided to Board and Congregation. The financial analyst is appointed by the Board for a two-year renewable term and may be a member of the Board. The financial analyst is a voting member of the Finance committee, and is responsible for:

- a. Advising Board, Finance committee, and Senior minister on VUU's financial

status.

- b. Monitoring, analyzing and interpreting financial information (including bank statements) for VUU staff and leaders including bookkeeper/administrator, Finance committee, Board, and Congregation.
- c. Reviewing financial reports prepared by office staff and producing income and expense tracking reports.
- d. Participating in financial aspects of long-range planning.
- e. And other duties as assigned by the Board.

### **Section 3.05 Board Trustee Code of Conduct**

The Board expects of itself and its members ethical and businesslike conduct. This commitment includes proper use of authority and appropriate decorum in group and individual behavior when acting as Board members.

#### **III.05.01 Trustee Loyalty**

Trustees must represent unconflicted loyalty to the interests of the congregation and adhere to all parts of the "Conflict of Interest" statement (Policy II G, above).

#### **III.05.02 Considering a Trustee for Employment at VUU**

In addition, should a trustee be considered for employment by the organization, he or she must temporarily withdraw from Board deliberation, voting, and access to applicable Board information. Should a trustee be employed by the organization or act as a paid consultant, he or she must resign from Board service.

#### **III.05.03 Trustee Individual Limitations**

Written policies, adopted by majority vote of the Board, shall exercise authority over the organization. Individual trustees shall not attempt to exercise authority over the organization. The Board will speak with one voice through its adopted policies.

- a. Trustees' interaction with Senior Minister, Minister(s), staff, or committees must recognize the lack of authority in any individual Trustee or subgroup (committee, task force, ministry team).
- b. Trustees' interaction with the public, press, or other entities must recognize the same limitation and the similar inability of any Trustee except the President to speak for the Board.
- c. Trustees will make no official, independent judgments of the Senior Minister, Minister(s), or staff performance except as that performance is assessed as part of explicit Board policies by a formal evaluation process.
- d. Trustees are encouraged to continually self-monitor their individual performance as Trustees against policies, against the qualifications listed in the current Trustee position description, and against any other current Board evaluation tools.

### **Section 3.06 Board Task Forces**

#### **III.06.01 Task Force Principles**

The Board may establish task forces (which may also be called committees) to help carry

out its responsibilities. Task forces will be used sparingly to preserve the Board functioning as a whole when other methods have been deemed inadequate. Task Forces will be used so as to minimally interfere with the wholeness of the Board's job, and so as never to interfere with delegation from Board to the Senior Minister.

#### **2III.06.02 Task Force Responsibilities**

- a. Task Forces will assist the Board chiefly by preparing policy alternatives and implications for Board deliberation. Board Task Forces are not to be created by the Board to advise staff.
- b. Board Task Forces shall have a fixed time limit with defined deliverables.

#### **III.06.03 Task Force Limitations**

- a. Board Task Forces shall not speak 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 Senior Minister.
- b. Board Task Forces are to help the Board do its job, not to help the staff do its job.
- c. Board Task Forces cannot exercise authority over staff. Board task forces will not ordinarily have direct dealings with current staff operations. Further, the Board will not impede its direct delegation to the Senior Minister by requiring approval of a Board Task Force before the Senior Minister takes action.
- d. This policy applies only to task forces that are formed by Board action, whether or not the Task Forces include non-Board members. It does not apply to Task Forces or committees formed under the authority of the Senior Minister.

#### **Section 3.07 Board Complaint and Inquiry Process**

Complaints and Inquiries concerning policy violations will be handled in accordance with the flowchart (see end of document for narrative and flow chart)

## **Valley Unitarian Universalist IV. Board Relationship to Minister and Executive Team**

#### **Section 4.01 Delegation to the Senior Minister**

##### **IV.01.01 Board Delegation and Policy Limitation**

The Board's job is generally confined to establishing topmost policies, leaving implementation and subsidiary policy development to the Senior Minister. Ends / outcomes policies direct the Senior Minister to achieve certain results; Leadership Limitations policies constrain the Senior Minister to act within

acceptable boundaries of prudence and ethics. All Board authority delegated to staff is delegated through the Senior Minister, so that all authority and accountability of staff can be phrased, insofar as the Board is concerned, as the authority and accountability of the Senior Minister. The Board may request information from the Senior Minister at any time, including but not limited to the specific reports mentioned in this document.

#### **IV.01.02 Senior Minister Delegation and Policy Limitation**

The Senior Minister is authorized to establish or delegate development of all further policies, make or delegate all decisions, take or delegate all actions and activities that are true to the Board's policies and are not otherwise specified in this document. The Board may, by extending its policies, undelegate areas authority but will respect the Senior Minister's choices so long as the delegation continues. This does not prevent the Board from obtaining information about activities in the delegated areas.

#### **IV.01.03 Board Information Requests**

No individual member or officer of the Board, or Board committee has authority over the Senior Minister. Any individual member, officer, or committee may request information, but if such request in the Senior Minister's judgment requires a material amount of staff time, it may be refused with explanation.

#### **IV.01.04 Senior Minister Enforcement of Board Policy**

The Senior Minister shall not perform, allow, or cause to be performed any act that is contrary to explicit Board constraints (see Limitations policies).

#### **IV.01.05 Senior Minister Limitation With Respect to the Board**

Senior Minister's authority does not extend to supervising, interpreting Board policies to, or otherwise directing, individual members of the Board, or Board subgroups regarding Board policy; nothing in this policy is intended to interfere with mutual interaction about individual understanding of policies.

### **Section 4.02 Performance of the Senior Minister**

#### **IV.02.01 Senior Minister Authority and Accountability**

As the Board's official link to the operating organization, the Senior Minister is accountable for all organizational performance and exercise all authority transmitted into the organization by the Board via VUU's governing policies.

#### **IV.02.02 Senior Minister Contributions**

Consequently, the Senior Minister's contributions can be stated as performance in three areas:

- a. Progress toward organizational ends / outcomes and Board goals.
- b. Organization operation within the boundaries of prudence and ethics established in Board policies on Leadership limitations.
- c. Appropriate use and delegation of power.

## **Section IV.03 Monitoring of the Senior Minister**

### **IV.03.01 Senior Minister Monitoring Style**

Monitoring Senior Ministerial performance is synonymous with monitoring organizational performance against Board policies on ends / outcomes and Board goals on leadership limitations. Monitoring will be as automatic as possible, using a minimum of Board time so that meetings can be used to create the future rather than review the past.

### **IV.03.02 Senior Minister Monitoring Purpose**

The purpose of monitoring is simply to determine the degree to which Board policies are being fulfilled. Information that does not do this will not be considered to be monitoring.

### **IV.03.03 Senior Minister Monitoring Techniques**

A given policy may be monitored in one or more of three ways:

- a. Internal Report: Disclosure of information to the Board from the Senior Minister or its individual members.
- b. External Report: Discovery of information by a disinterested external auditor, inspector, or judge who is selected by and reports directly to the Board. Such reports must assess performance only against policies of the Board, not those of the external party, unless the Board has previously indicated that party's opinion to be the standard.
- c. Direct Board Inspection: Discovery of information by a trustee, a Board Task Force, or the Board as a whole. This is a Board inspection of documents, activities, or circumstances directed by the Board that allows a "prudent/reasonable person" test of performance.

The Chart below specifies the regular reports. As often as possible these reports should be included in the material sent to the Board before regularly scheduled Board meetings so that members may thoroughly review them prior to the meeting.

## Chart of Regular Monitoring Reports (Data)

<b>Title</b>	<b>Description</b>	<b>Frequency</b>	<b>Responsibility</b>
Financial condition	<u>Internal Report:</u> (a) detailed income/expenses, profit and loss or variance report for operations account, capital campaign account, and reserve (b) assets / balance sheet report. Information must include monthly and YTD income/expenses against budget.	Monthly	Administration provides QuickBooks reports to finance team and financial analyst; FA to Board
Special funds	<u>Internal Report:</u> income/expense report on special funds, including endowment.	Monthly	Special Funds committee
Senior Minister Report	<u>Internal Report from Senior Minister:</u> This report may include (a) new and ongoing initiatives, projects, programs; (b) minister(s) leadership activities (c) Update on staff/volunteer leadership activities (c) leadership development and meetings (d) link of activities to VUU annual goals and detailed mission statement	Monthly	Senior Minister
Staff / volunteer report	<u>Internal Report:</u> (a) staff recruitment or changes (b) changes in key volunteer committees, congregants, or personnel (c) staff/volunteer complaints, concerns, and issues.	As the need arises	Senior Minister
Budget Financial planning	<u>Internal Report:</u> Proposed budget alternatives and accompanying documents (revenue projections and proposed expenditures).	Annual (Spring)	Financial committee / financial analyst
Staff compensation / benefits	<u>Internal Report:</u> Review of staff compensation and benefits vis a vis UUA guidelines (includes Minister).	Annual (Spring)	Personnel committee to Sr. Minister
Ministers' package(s)	<u>Internal Report:</u> Proposed contract including salary (which includes housing), insurance, pension, professional expenses, and job responsibilities; and justifications.	Annual (Spring)	Special committee: representatives from Personnel, Finance, and Board
Facilities conditions	<u>Internal Report:</u> Facilities Team Chair. May include (a) new and ongoing facilities initiatives or projects, upkeep and repair issues.	As Needed	Facilities Team
Financial processes and protection of assets	<u>External Report:</u> external financial compilation with disclosure, financial review, or audit. <u>Internal Report:</u> VUU audit team	Periodic, as needed	Board authorizes, Financial team implements
VUU annual congregational survey	<u>Internal Report:</u> Annual survey of congregation to assess satisfaction with VUU (programs, governance, detailed mission statement, etc.).	Annual	Board
Staff evaluation	<u>Internal Report:</u> Annual report on performance review process for staff (except Minister).	Annual	Senior Minister
Leadership assessment	<u>Internal Report:</u> Annual 360 degree survey (review) of, by, and for Board and Senior Minister	Annual (Spring)	Board

	(and optionally top-level staff).		
Membership and attendance report	<u>Internal Report:</u> Annual report of membership and attendance.	Annual <b>(fall / winter)</b>	Membership to Senior Minister to Board
Inactive Member Report	<u>Internal Report</u> of persons recommended for removal by Board from membership roll.	Annual (fall)	Membership to Senior Minister to Board

## Section IV.04 Accountability Policy

### IV.04.01 Board Response to Policy Violation

The Board will pursue the following process in the event that it determines a policy violation has occurred by the Senior Minister and judges the degree and seriousness of the violation warrants initiating a disciplinary process:

- a. Verbal conversation regarding the Board's concerns (noted as such in writing to establish appropriate documentation of said step). The Team will prepare a response that addresses the concerns and provide that to the Board in writing before its next meeting
- b. Second conversation or written concern. This step will be taken if the Board's concerns have not been effectively resolved within a reasonable period of time after the first conversation. The Board will determine at the time of the second conversation or written warning whether to take further action.
- c. Any employee or volunteer in a leadership position charged with a criminal offence may be suspended by the Senior Minister, the Board, or other appropriate supervisor (with or without pay, if a paid employee) pending the outcome of said charges.

### IV.04.02 Policy Violation and a Called Minister

If the Board determines through its annual evaluation process or other processes that a called Minister has violated policy or has failed to perform responsibilities adequately, and judges that the degree and seriousness warrants a response, the following process shall be followed: the Board will inform the Minister of their concerns and the Minister will be asked to respond. If the Board believes that violations are likely to continue to occur, or that performance will not meet the desired standard, the Board shall make their concerns known to the congregation. The Board is authorized to call a meeting of the congregation in compliance with VUU's By Laws (Section 7) for the specific purpose of considering the possible removal of a called Minister.

## Section IV.05 Ministerial Compensation

With regard to ordained Ministerial compensation, VUU recognizes and supports the compensation recommendations as ratified by the most recent UUA General Assembly.

#### **IV.05.01 Ministerial Compensation Components**

Ministerial compensation consists of salary (which includes housing) and benefits.

Professional expenses are not part of compensation but as a cost of doing business are included in the total cost of ministry.

#### **IV.05.02 Ministerial Compensation Special Committee**

The Board will annually request a report from the Special committee (representatives from Personnel, Finance, Committee on the Ministry, if there is one, and Board) regarding their recommendations on the Ministerial package. The committee will take into account relevant information, such as the results of the annual **Congregational Survey**, the Ministerial Evaluation conducted by the Board, the UUA salary guidelines, and the financial condition of VUU.

#### **IV.05.03 Ministerial Compensation Adjustment Types**

Annual increases for ordained Ministers are in two separate categories: merit and cost of living.

- a. For merit raises: Results of an ordained Minister's performance evaluations for the time period since the last increase will be compiled and used in determining such merit increase. A merit increase is compensation for increased skill and growth in two areas
  - (i) Accomplishment of organizational Ends / Outcomes and Board goals as stated in Board policies and
  - (ii.) Organization operation within the boundaries of prudence and ethics established in Board policies on leadership limitations.
- b. For cost of living raises: The financial condition of VUU will be analyzed, along with information on cost of living changes and considerations of other staff increases.

#### **IV.05.04 Ministerial Compensation Approval**

The Board will review the report from the Special committee and will determine the amount of increase in each ordained Minister's salary that is appropriate to performance and to current financial conditions. The Board will make this recommendation to the congregation as part of the annual congregational vote on the VUU budget.

#### **IV.05.05 Ministerial Compensation Records**

The Board will insure that records of Ministerial salary increases and review this policy annually.

## **Complaint Process (Converted to Narrative. See page 38 for flow chart)**

### **Board member receives a complaint**

Board member informs Senior Minister and Board as a courtesy.

### **Is the Board the correct level to hear the complaint or is the Board the Subject of the complaint?**

If no-- advise complaining parties to take the issue directly with person or group against whom the complaint is lodged, through ministry coordinator and Senior Minister as necessary. Exceptions include serious issues of conflict, threat, dangerousness, or fear of retaliation.

If yes, Is the incident a violation or potential violation of Board Policy or By Laws?

1. If Yes, (a violation or potential violation of Board Policy or By Laws?)
  - i. Board member informs President of Board and Senior Minister as a courtesy
  - ii. Chair puts the issue on the Board agenda for next meeting
  - iii. Board president (or designee) institutes review of applicable policy and asks Senior Minister interpretation of the policy
  - iv. Board deliberates and discusses complaint and policy review.
- In the Board's opinion is the incident a violation of policy? That is, the incident is outside of "any reasonable interpretation" of Board Policy?
  - a) If yes, Board determines degree of seriousness and takes appropriate action.
  - b) If no, Is a policy update required? Board may amend policy to make the incident a violation in the future, or may leave policy as it is.
2. If no, (Board determines it is not a violation or potential violation)
  - i. Board decides whether a policy update is required?
  - ii. Board informs Senior Minister and other relevant parties of its decision.

### **Legislative History: Summary of changes and rationales for May, 2013 amendments. (Previous changes were not documented, although older copies of Board Governing Policy are available).**

Section 1.01. VUU Mission. Retitled the section that policy governance calls "ends" to "detailed mission statement". Rationale: various people have been uncomfortable with calling these "ends" (which is the policy-governance term). The detailed sub statements came from the 2009 "searching for our future" all-congregational (all weekend) retreat.

Section 1.05. Annual goal-setting exercise. Reworded this to provide flexibility as to when the annual goals-setting exercise is done; includes Board and Senior Minister in development of these goals (not just Board.)

Section 2.05.02. Financial limitations of Senior Minister. Added section (d) that says the Senior Minister should notify the Board in a timely way if end of year projections indicate expenditures will exceed allocations. This provision would require the Senior Minister to notify the Board if there are large expenditures they know about and which are not on the regular monthly reports that everyone gets.

Section 2.05.03. Financial limitations of Board.

Clarifies section (d) that prohibits "interfund shifting" to prohibit shifting of restricted funds, unless funds will be available to restore in 30 days. This prohibits raiding the restricted department 30 funds but permits transfers of designated funds and grants.

Adds section (h) which requires Board to review monthly and other internal financial reports.

reports

Adds section (l) I that requires Board to notify congregation and consult with them if end of year projections indicate a deficit of 3% or more of the total budget, beyond the deficit approved by congregation. It was intentional that the congregation is not asked to approve or disapprove.

Section 3.07. complaint process. Refers to the flow chart on the web and to the narrative description of VUU's complaint process that is at end of the policy governance document.

Section 4.01.05. Clarifies relationship between Senior Minister and the Board. This is just a punctuation change to connect phrases and insure they are interpreted together.

4.03.04 Clarifies monitoring by removing 4.03.04 as a separate section and attaching it to the previous section which explains how monitoring is to occur.

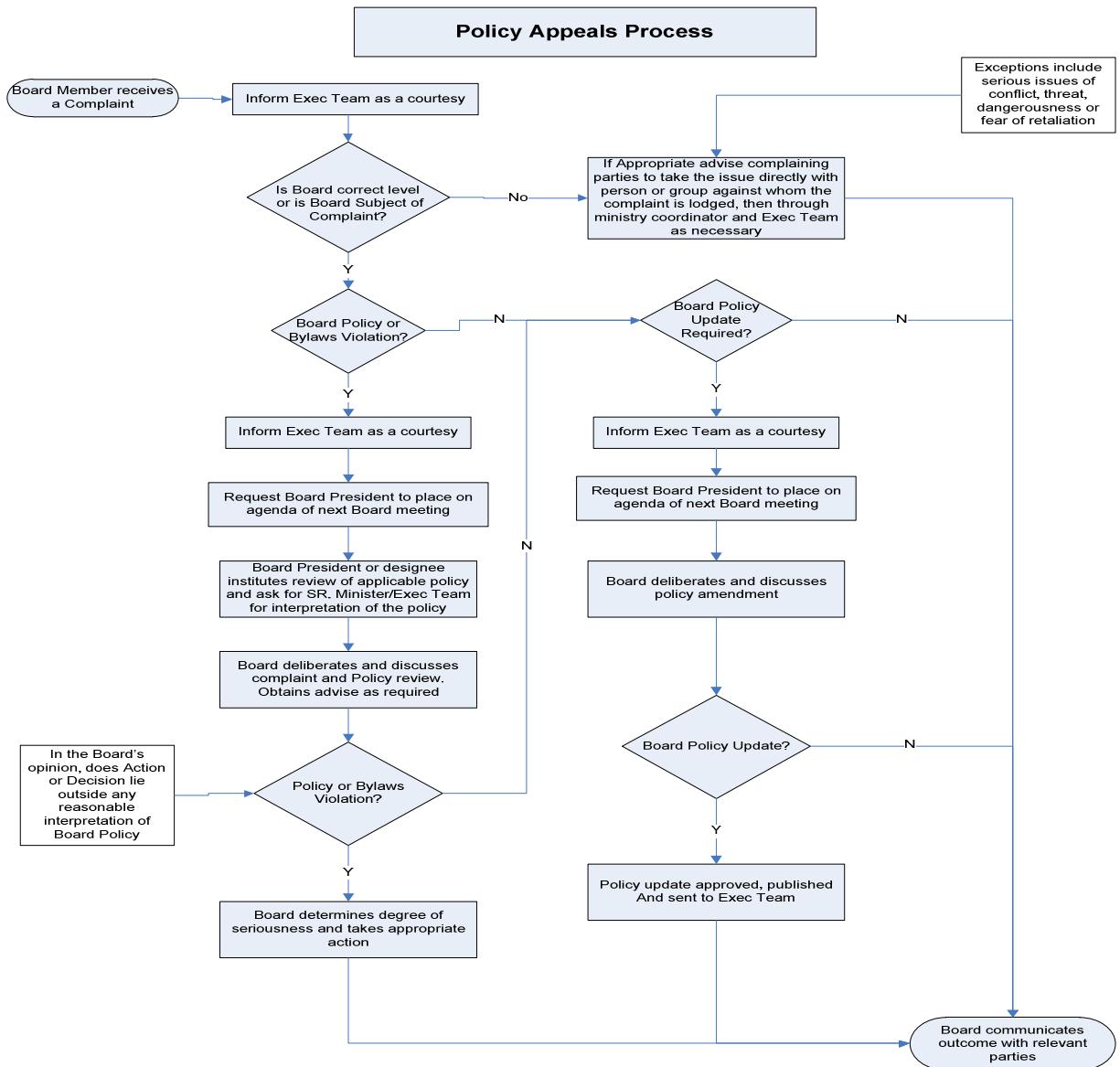
**CHART:** Changed the titles on the reports to more clearly reflect what the report is (e.g., changed "ministerial evaluation" to "leadership assessment" and changed VUU ends/outcomes to "annual congregational survey". Added an annual report of persons recommended for removal by Board from membership roll.

**Appeals process: 3.07.** Added clarification that Board first considers where the complaint should be heard, with assumption that complaint should first be heard at the lowest level where the issue arose, and then work its way through to the Senior Minister and then the Board, but with exceptions for unusual cases.

**Summary of changes for 2015 amendments:**

Removed most all references to the Executive Team: the Sr. Minister is the Executive for VUU.

Added section (II.05.05) Financial Investments fossil fuel divestment policy for all VUU accounts outside the endowment was added.



## VUU ORGANIZATION as of 7/1/2015 with CURRENT leaders

1. Board (Policy Governance-based) (Janice Miller, President; Barbara Face, Vice President; DeeAnne McClenahan, Financial Analyst, Paul Schneider, Secretary, Melanie Cloonan and Ann Sebren).
  - a. Independent Committees (Elected by congregation; Responsible to Board)
    - i. Leadership Development Committee
    - ii. Special Funds
    - iii. Search Committee
  - b. Finance (Appointed by Board) (Bill Haskell, chair)
    - i. Budget task force
    - ii. Audit subcommittee
  - c. Facilities (Appointed by Board) (Debbie Dinyes)
    - i. Property Maintenance
    - ii. Use and Rentals
    - iii. Safety
    - iv. Aesthetics
    - v. Sanctuary Renovation
    - vi. Memorial Garden
    - vii. Facilities LRP
  - d. Policy/ Bylaws subcommittee (as needed)
  - e. Long-range Planning (function)
  - f. Mission Assurance (function)
  - g. Crisis Management / Safe Environment Task Force (CM/SE) (as needed)



**VUU's adult and children's choirs**

2. Ministries (Guided by Senior Minister, Music Minister, DLRE, and Office Administrator)
  - a. Pastoral Care & Small Group Ministry (Senior Minister)
    - i. Pastoral Care Associates
    - ii. Chalice Circles
    - iii. Caring and Concerns
  - b. Music Ministry: (Minister of Music, Rev. Kellie Walker, )
    - i. Choir
    - ii. Accompanist (Aleks Izotov)
    - iii. Children's Choir
    - iv. House Bands
    - v. Musical events (e.g., Cabaret; VUUSICA)
    - vi. Voices Lifted
    - vii. Spirit Dancers
    - viii. Drumming Circle
    - ix. Sunday Morning: (song leading, sound & video Technicians, special music)
    - x. Heart to Heart Songs
    - xi. Heartsongs Circle
  - c. Education Ministry: (Director of Life Span Religious Education. Marci Beaudoin)

- i. Children/Youth Sunday School
- ii. Coming of Age
- iii. Adult Education
  - 1. Great Books (Kevin Erdman)
  - 2. Not so Great Books (Johnnie Godfrey)
  - 3. Bookstore / Library (Johnnie Godfrey)
  - 4. Covenant Groups
  - 5. Classes
    - a. Building Your Own Theology
    - b. Dalai Lama (Scott Henderson)
    - c. 4<sup>th</sup> Friday Films
    - d. Spirit of Life Reading Circle (Mary Rothschild)
  - 6. Forums
- iv. Our Whole Lives
- v. Social Groups
  - 1. Wee Uus
  - 2. MUUGS
  - 3. YRUU
- vi. Youth Interest Groups
  - 1. RUUTs & ShUUts
  - 2. Planeteers
- vii. Family events / outings
  - 1. Halloween Party
  - 2. Prescott Retreat
  - 3. Youth Camps
  - 4. Family skate
  - 5. Wave Pool Outing
- d. Worship Ministry (Senior Minister)
  - i. Worship Associates
    - 1. Alternative Services (including solstice and Seder)
  - ii. Ushers (Ken St. John)
  - iii. Altar Flowers
  - iv. Sunday Morning Setup (Lauree Perry)
- e. Denominational Ministry: (Anne Schneider)
  - i. UUA
  - ii. PWSO
  - iii. Chalice Lighters
  - iv. SAWUURA
  - v. UUSC/Guest at Your Table
  - vi. GA r\representatives and preparation
- f. Social Action Ministry: (Senior Minister)
  - i. Focus Charity –Paz de Cristo, Barb Quijada, monthly meal, first Sunday plates(6); Souper Bowl, Shoebox ministry (Dorothy Schultz), five-percent fundraisers, Christmas eve share the plate)
  - ii. UUSC
  - iii. Educational Programs
    - a. Movie Nights
  - iv. Green Sanctuary (Laurel Hardin)

- a. Adopt a Highway
- b. Vegetable Garden (Karen Stucke)
- c. Recycling
- d. VUU Campus Sustainability
- vii. IHelp (Cathi Miller)
- viii. Arizona Legislative Alert and UU Day at Legislature (Anne Schneider)
- ix. Pride Parade (TBD, contact Patrick Whorton)
- g. Membership Ministry: (Rev. Kellie Walker)
  - i. Lead Ambassador (Ken St. John)
  - ii. New Members (Chair, class facilitators, chair of member mentors) Melissa Bush & Carl Anderson
  - iii. Volunteer Management Chair Skills and Interests records (Diane Haskell)
  - iv. Member Contact Program Chair /ZIP code neighborhoods
  - v. Member directory Chair
  - vi. Childcare Coordinator (for meetings)
  - vii. Hospitality chair
    - 1. Sunday Coffee
    - 2. Café & Potlucks
    - 3. Memorial Service Receptions
- h. Fellowship Ministry (Jan Waters)
  - i. Women's Group
  - ii. Thanksgiving Gobble
  - iii. Circle Suppers
  - iv. Bridge Club
  - v. Knit Wits
  - vi. Young Adults
  - vii. Singles group
- i. Communications Ministry: (Senior Minister)
  - i. IT (Mark Schufletowski, Mike Anderson)
  - ii. Webmaster (Bill Maxwell)
  - iii. Newsletter (Gilda Czerwonka)
  - iv. Publicity (Beverly McCormick)
- j. Stewardship Ministry (Lay leader. TBD)
  - iii. Pledging / Annual Campaign
  - iv. Dining for Dollars (Debbie Simpkins)
  - v. VUU4U (Linda Horton)
  - vi. VUU Vendor Ads
  - vii. Arts & Cookie Sale (Kat Henderson)
  - viii. Financial Literacy
  - ix. Fundraiser Coordination / Approvals
  - x. Shopping Rebates (Stacey Loughrey)
  - xi. UU're Home B&B (Joanne Smith)
- k. Personnel Task Force Ad Hoc Task Force (as needed) (Lay Leader, Nancy Harrell)

## PART II. RESOURCE MATERIALS ON POLICY GOVERNANCE™ AND POLICY-BASED GOVERNANCE

**Summary of Basic Principles of Policy Governance (Carver and Carver, 1996), also found at <http://archive.uua.org/ga/ga00/217.html#basic>**

Some very useful internet sites on Policy Governance:

<http://www.unityconsulting.org/consultants.html> <http://cerguua.org/threshold/?p=287>  
<http://www.uua.org/governance/policybased/63121.shtml>

Note: These are the Carver and Carver principles but with VUU applications and examples

1. **The Board governs on behalf of the congregation.** It is a moral obligation to act in what the Board believes is the best interests of the congregation. To do this, the Board is responsible for staying in touch with membership and obtaining information on their needs, preferences, ideas, and concerns. This information can be obtained through open microphone information sessions, surveys, personal contacts, open sessions at Board meeting, etc.
2. **The Board speaks with one voice, or it does not speak at all.** This does not mean the Board members all agree with one another or that votes have to reflect consensus. It means
  - (a) That once the Board makes a decision by vote, no member can attempt to thwart implementation of the decision or to "go around" the Board to generate opposition;
  - (b) That no one Board member can instruct the minister, staff, or a committee to do (or not do) something that is part of their responsibility, nor can a single Board member say that the Board will (or will not) agree to X;
  - (c) That no Board member can speak for VUU on a controversial social, political, or internal topic unless the Board has taken an explicit position of record on that topic;
  - (d) That no Board member undertakes unilateral ("loose cannon") action.

3. **Board decisions should predominately be policy decisions.** The Board governs and leads the organization through policy tools and leadership tools related to written policy, not through "command and control" type of management tools. Policy governance and policy-based governance mean that most decisions are decided by policy, not by case-by-case decisions. In policy-based governance, no group or individual has unlimited discretion. In policy-based governance, Board policy empowers staff and volunteers to select the most appropriate means to achieve the mission. There are four areas of policy that the Board is expected to develop:

- Ends (the expanded mission statement, which reflects the reasons for existence of the congregation. The Board facilitates congregational input),
- Responsibilities and constraints on leaders, including Board, staff, and members;
- Governing philosophy and process; and
- Linkage between the Board and those who carry out the executive function.

*Policies are authoritative statements that direct or limit the actions of others.*

All policies should fit within one of these four categories. However, the Board is responsible for assuring the performance of those responsible for the executive function and this requires data and

reports. These are “after the fact,” however rather than prior approvals. Board agendas almost never contain items for “Board approval” of something that has been proposed by staff , minister or committees.

**4. Board policy begins with the broadest policy statements.** For example, VUU Board Policy prohibits actions that are unlawful, unethical, imprudent or in violation of UU or VUU principles. Imprudent is defined as thoughtless, reckless, dangerous, etc.

**5. The Board should define and delegate rather than react and ratify.** The Board should resist the temptation to approve plans of staff or committees that report to the Minister; and should agree to approve plans from Board committees only when the plan requires more resources than in the Board committee’s budget, or when congregational approval will also be needed, or when the plan has significant long-term consequences. Responsibility and accountability are placed in the hands of those with the greatest expertise and day-to-day experience in operating a particular function; the Board trusts them to do their job.

*The Board is mainly concerned with “ends” – that is, mission—  
staff are mainly concerned with “means”*

**6. The Board is primarily concerned that the “Ends” are achieved; not the means or processes through which they are achieved.** The choice of “ends” (that is, the reason for existence of the organization) belongs to the Board, according to Carver and Carver. The means chosen to achieve ends are left to the Ministers, staff, or committees where the expertise and experience is greatest.

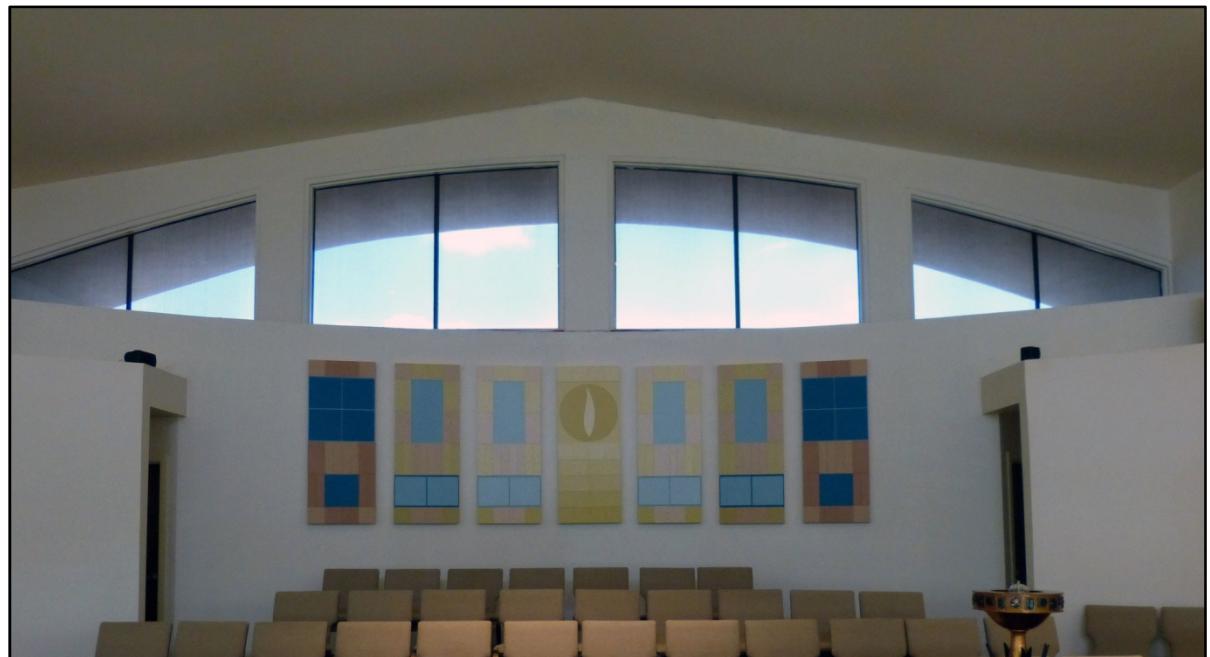
**7. The Board controls the means that are chosen by proscribing – placing limits on what categories of means are not acceptable – rather than by prescribing how something is to be done.** This helps insure that the Board does not interfere with the work of the Ministers, staff, or committees and does not impose its judgment and expertise on staff. Limitations are usually broadly stated – the means chosen must not be unlawful, unethical, imprudent, ineffective, contrary to UU or VUU principles.

**8. The Board designs its own processes and products.** The Board uses committees only when they are necessary to help the Board gets its job done—never to help the staff (or anyone connected to the executive function) to get their job done. Those involved in executive activities should create their own committees, the Board does not do it for them. The Board creates its own code of conduct.

**9. The Board linkage to management (that is, whoever is in charge of the executive functions) must be both empowering and safe.** The Board must strike the appropriate balance between micromanaging (specifying too much detail about means or taking on direct action itself) and “undermanaging,” that is, paying too little attention to what those who are responsible for the executive function are actually accomplishing. “The Board and CEO constitute a leadership team... Their contributions are formally separate ... but are supportive and respectful” (Carver and Carver Basic Principles, p. 19). The executive functions are to insure that the organization accomplishes expectations as set out by the Board and does not use means that are prohibited. At VUU we have prohibited certain means broadly – means should not be unlawful, imprudent, inefficient, ineffective, or in violation of UU or VUU principles. If something is not working well, then it is ineffective or inefficient or both, and those responsible for the executive function are expected to take appropriate action.

**10. Performance of the executive functions must be monitored—but only against policy criteria.** The Board is responsible for assessing progress toward VUU ends/outcomes and is expected to collect and analyze the data needed to determine if sufficient progress is being made. In recent years, the Board has

performed its monitoring responsibilities through regular reports and two annual surveys. The first is a “leadership assessment” in which the Board and Minister request input from one another, from professional staff, and from chairs of standing committees regarding their work over the past year. The second is an annual survey of the congregation with the focus on satisfaction with the extent to which VUU is meeting the “ends” – the expanded mission statement.



**VUU's Sanctuary. Artwork by Janice Pittsley**

## Excerpts from:

### **Carver's Policy Governance® Model in Nonprofit Organizations** **by John Carver and Miriam Carver**

For the full article, see: <http://www.carvergovernance.com/pg-np.htm>

: "Effective governance by a Board of trustees is a relatively rare and unnatural act . . . trustees are often little more than high-powered, well-intentioned people engaged in low-level activities" (Chait, Holland, and Taylor, 1996, p. 1). "There is one thing all Boards have in common . . . They do not function" (Drucker, 1974, p. 628). "Ninety-five percent (of Boards) are not fully doing what they are legally, morally, and ethically supposed to do" (Geneen, 1984, p.28). "Boards have been largely irrelevant throughout most of the twentieth century" (Gillies, 1992, p. 3). Boards tend to be, in fact, incompetent groups of competent individuals.

..... Greater effectiveness in the governing role requires Board members first to understand governance in a new way, then to be disciplined enough to behave in a new way. Boards cannot excel if they maintain only the discipline of the past any more than managers of this new century can excel if they are only as competent as those of the past. Does this ask too much of Boards? Perhaps it does ask too much of many of today's Board members. Yet there are other Board members—or potential Board members who thus far have refused to engage in either the rubber-stamping or the micromanaging they see on Boards—who would rejoice in greater Board discipline.

### **Board as Owner-Representative and Servant-Leader**

..... The Policy Governance model conceives of the governing Board as being the on-site voice of that ownership. Just as the corporate Board exists to speak for the shareholders, the nonprofit Board exists to represent and to speak for the interests of the owners.

A Board that is committed to representing the interests of the owners will not allow itself to make decisions based on the best interests of those who are not the owners.....

Who are the owners of a nonprofit organization? For a membership organization, its members are the owners. .....

Traditionally, Boards have developed their relationships largely .... with staff. Policy Governance demands that Boards' primary relationships be outside the organization—that is, with owners. ....

It is the Board as a body that speaks for the ownership, not each Board member except as he or she contributes to the final Board product..... Hence, Board practices must recognize that it is the Board, not Board members, who have authority.....

The Board speaks authoritatively when it passes an official motion at a properly constituted meeting. Statements by Board members have no authority. In other words, the Board speaks with one voice or not at all. The "one voice" principle makes it possible to know what the Board has said, and what it has not said. This is important when the Board gives instructions to one or more subordinates. "One voice" does

not require unanimous votes. But it does require all Board members, even those who lost the vote, to respect the decision that was made. Board decisions can be changed by the Board, but never by Board members.

## The Necessity for Systematic Delegation

On behalf of the ownership, the Board has total authority over the organization and total accountability for the organization. But the Board is almost always forced to rely on others to carry out the work, that is, to exercise most of the authority and to fulfill most of the accountability. This dependence on others requires the Board to give careful attention to the principles of sound delegation.

.....The Board must therefore increase the likelihood that management will be successful, while making it possible to recognize whether or not it really is successful. This calls upon the Board to be very clear about its expectations, to personalize the assignment of those expectations, and then to check whether the expectations have been met. Only in this way is everyone concerned clear about what constitutes success and who has what role in achieving it.

At this point, we wish to introduce the chief executive (CEO) role. (Policy Governance works in the absence of a CEO role, but the governing job is more difficult than with a CEO.) .....

Naturally, it is essential that the Board delegate to this position all the authority that such extensive accountability deserves..... Therefore, all the authority granted by the Board to the organization is actually granted personally to the CEO. All the accountability of the organization to meet Board expectations is charged personally to the CEO. The Board, in effect, has one employee.

.....Consequently, in every case, the Board is totally accountable for the organization and has, therefore, total authority over it—including over the CEO.....

We have said being accountable in leadership of the organization requires the Board (1) to be definite about its performance expectations, (2) to assign these expectations clearly, and then (3) to check to see that the expectations are being met. Traditional governance practices lead Boards to fail in most or all of these three key steps.

.....Traditional governance allows Boards to instruct staff by the act of approving staff plans, such as budgets and program designs..... Board approvals are not proper governance, but commonplace examples of Boards not doing their jobs.

## Using the Ends/Means Distinction

.....The Board need not control everything, but it must control the definition of success. It is possible to control too much, just as it is possible to control too little. It is possible to think you are in control when you are not. The zeal of a conscientious Board can lead to micromanagement. The confidence of a trusting Board can lead to rubber stamping. .....Boards have had a very hard time knowing what to control and how to control it. Policy Governance provides a key conceptual distinction that enables the Board to resolve this quandary. The task is to demand organizational achievement in a way that empowers the staff, leaving to their creativity and innovation as much latitude as possible. This is a question of what and how to control, but it is equally a question of how much authority can be safely given away. We

55argue that the best guide for the Board is to give away as much as possible, short of jeopardizing its own accountability for the total.

..... But the model calls for a very narrow and careful definition of purpose: it consists of **what results for which recipients at what worth**.

.....In Policy Governance, ...." Ends" are always about the changes for persons to be made outside the organization, along with their cost or priority. ....Ends are about the organization's impact on the world .... that justify its existence.....

Any decision that is not an ends decision is a "means" decision. .....

- a. Using input from the owners, staff, experts and anyone in a position to increase the Board's wisdom, the Board makes ends decisions in a proactive, positive, prescriptive way. We will call the Board documents thus produced "Ends policies."
- b. Using input from whoever can increase Board wisdom about governance, servant leadership, visioning, or other skills of governance and delegation, the Board makes means decision about its own job in a proactive, positive, prescriptive way. We will call the Board documents thus produced "Governance Process policies" (about the Board's own job) and "Board-Staff Linkage policies" (about the relationship between governance and management). Both of these categories are means, but they concern means of the Board, not the staff.
- c. Using input from whoever can increase its sense of what can jeopardize the prudent and ethical conduct of the organization, the Board makes decisions about the staff's means in a proactive, but negative and boundary-setting way. Because these policies set forth the limits of acceptable staff behavior, that is, the unacceptable means, we will call the Board documents thus produced "Executive Limitations policies."

At this point in our argument, we have used the ends/means concept to introduce new categories of Board policies. These categories of Board policies are exhaustive, that is, no other Board documents are needed to govern except bylaws. (Articles of incorporation or letters patent are required to establish the nonprofit as a legal entity, but these are documents of the government, not the Board.) We will not discuss bylaws here, except to say they are necessary to place real human beings (Board members) into a hollow legal concept (the corporate "artificial person") (Carver, 1995). However, so that we might continue to discuss the concepts represented by the words "ends" and "means," yet distinguish the titles of policy categories, we will capitalize Ends, Executive Limitations, Governance Process, and Board-Staff Linkage.

.....It is to the Board's advantage to allow the staff maximum range of decision-making about means, for skill to do so is exactly why staff were employed. If the Board determines the means of its staff, it can no longer hold the staff fully accountable for whether ends are achieved, it will not take advantage of the range of staff skills, and it will make its own job more difficult. Happily, it is not necessary for the Board to tell the staff what means to use. In Policy Governance the Board tells the staff or—more accurately—the CEO what means not to use!

.....Therefore, it is the Board's job to examine its values to determine those means which it does not want in its organization, then to name them.

.....This unique delegation technique has a number of advantages. First, it recognizes that Board interference in operational means makes ends harder and more expensive to produce. Therefore, delegation which minimizes such interference is in the Board's interest. Second, it accords to the CEO as much authority as the Board can responsibly grant. Therefore, there is maximum empowerment inside the organization to harness for ends achievement. Third, it gives room for managerial flexibility, creativity and timeliness. Therefore, the organization can be agile, able to respond quickly to emergent opportunities or threats. Fourth, it dispels the assumption that the Board knows better than the staff what means to use. Therefore, the Board does not have to choose between overwork and being amateurs supervising professionals. Fifth, in this system all means that are not prohibited are, in effect, pre-approved. Therefore, the Board is relieved from meticulous and repetitive approval of staff plans. Sixth, and perhaps most importantly, by staying out of means decisions, except to prohibit unacceptable means, the Board retains its ability to hold the CEO accountable for the decisions that take place in the system.

.....

## **Expressing Expectations in Nested Sets**

.....Board values about ends and unacceptable means, as well as the Board's own means, then, can be stated broadly, or more narrowly. The advantage of stating values broadly is that such a statement is inclusive of all smaller statements. The disadvantage, of course, is that the broader the statement, the greater is the range of interpretation that can be given to it. To take advantage of the fact that values or choices of any sort can be seen as nested sets, the Policy Governance Board begins its policy making in all four categories by making the broadest, most inclusive statement first.

## **....Board Discipline, Mechanics, and Structure**

It is clear that the Policy Governance model requires a Board to govern in an organized, planned and highly disciplined manner. Boards which are accustomed to talking about issues simply because they interest individual Board members will find agenda discipline to be a major challenge, as will Boards that rely on their staffs to supply their agendas. Not everything is appropriate for Board discussion just because it is interesting or even because the staff wants the Board to make the decision. Matters that have been delegated to the CEO should not be decided by the Board or by Board committees, for in making such decisions, the Board renders itself unable to hold the CEO accountable.

Policy Governance Boards know that their job must result in the production of three deliverables. (1) The first deliverable is a systematic linkage between the organization and the ownership. This is not public relations. The Board connects with the ownership in order to ascertain the range of ownership values about the purpose of the organization. If the Board is to make Ends decisions on behalf of the owners, it must know what the owners in all their diversity think. (2) The second deliverable is written governing policies in the four areas, using the principles we have described. (3) The third deliverable is the assurance of organizational performance, that is, performance which can be shown to be a reasonable interpretation of the Board's Ends and Executive Limitations policies.

.....Accordingly, the Board must plan meetings that enable and guarantee the production of these deliverables. Being entertained or intrigued by staff jobs is no substitute for the Board's accomplishment of its own job. While the Board is entitled to any information it wants, it must be aware that collecting information about staff activities and even conscientiously listening to many staff reports does not

substitute for governance. Let us again reiterate that the Board, not the staff, is responsible that a Board's meetings fulfill its governance responsibilities.

.....It is usual for nonprofit Boards to expect the Chair to supervise the CEO, but in Policy Governance there is no need for the Chair to have authority over the CEO. Only the Board has authority over staff operations, and it exercises that authority through carefully crafted policies. It is not only unnecessary, but harmful for the Chair to tell the CEO what the Board wants, for the Board speaks for itself. Consequently, both the Chair and the CEO work for the Board as a whole, but their roles do not overlap because they are given authority in different domains. The Chair's job is to see to it that the Board gets its job done—as described in Governance Process and Board-Staff Linkage policies. The CEO's job is to see to it that the staff organization gets its job done—as described in Ends and Executive Limitations policies.

.....Board Treasurers, as commonly used, threaten CEO accountability as well as the one voice principle. Treasurers are typically expected to exercise individual judgment about the financial dealings of the organization. But Policy Governance Boards do not allow Treasurers to exercise authority over staff.

.....The typical use of a Treasurer, when a Policy Governance Board is required by law to have one, is to assist the Board in making financial policy, never to judge CEO compliance against the Treasurer's own expectations.

.....In keeping with the "one voice" principle, the Board can allow no structures or practices in which Board members or Board committees exercise authority over staff, any function of staff, or any department of staff. Typical nonprofit Boards have a myriad of traditions that violate the one voice principle, such as placing the Chair between the Board and the CEO. So it is common for Boards to underestimate the amount of Board member interference in operations. Such interference, even when well-intended, undermines the Board's ability to hold the CEO accountable, for the CEO can argue that his or her actions were taken in compliance with a Board member instruction.

Advice is a concept often carelessly used in nonprofit Boards. This seemingly innocuous and well-intended practice can have the same deleterious effect as direct instruction by individuals or committees. It is common for the Board, Board committees, or individual Board members to give advice to staff. But advice, if it is really advice, can be rejected. If staff has any doubt that advice given by the Board or one of its components cannot safely be turned down, the clarity of Board-to-staff delegation will be undermined. Policy Governance Boards refrain from giving advice or allowing their members to give advice unless advice is requested. This protects the Board's ability to hold the CEO accountable for his or her own decisions. The CEO and any of the staff can request advice if they need it, and they can request it from wherever they wish.

Traditional Boards frequently create committees to assist or advise the CEO or staff, such as committees on personnel, finance, program, property maintenance, and other such staff means issues. In Policy Governance, such committees are illegitimate. They constitute interference in the CEO's sphere of authority and accountability, and damage the Board's ability to hold the CEO accountable.

If, for example, the staff wishes to have an advisory committee, it is perfectly free to create one, then to use the advice or not as it deems wise. If, however, the Board controls the mechanism of advice, a very different relationship between advisors and advisees is established. The wisest route is for the Board to govern and leave advice and advisory mechanisms to the staff's own initiative. This way the staff gets all

the advice it needs, role clarity and accountability are maintained, and Board members are frequently spared unnecessary work.

Policy Governance Boards use committees only to help the Board to do its own job. Hence, a committee which explores methods of ownership consultation about Ends options is legitimate, as is a committee that studies possible sources of fiscal jeopardy that the Board might address in an Executive Limitations policy. But a human resources committee that advises on or intervenes in personnel issues is not. To request advice or assistance with one's own job is acceptable and does not compromise accountability, but to foist help or advice on subordinates is not only unnecessary but destructive of accountability as well.

Policy Governance takes seriously the normally rhetorical assertion that Boards be visionary and provide long term leadership.

## Evaluation

Evaluation of performance ....is as integral to the Board's job as it is to any manager's. But, as we have shown, proper evaluation is impossible unless the Board has first stated its expectations and assigned them to a specific delegate. That is, evaluation of staff performance cannot occur appropriately unless the Board has done its job first.

Moreover, if the Board has a CEO, the results of proper evaluation of organizational success is the only fair evaluation of CEO performance. ....and the Board may wish to have a formal evaluation of the CEO once each year. However, the CEO's formal evaluation is only a summary of the accumulated monitoring data, not something in addition.

.....Monitoring or evaluative information must speak *directly* to whether Board expectations are being fulfilled. Consequently, it is always related to expectations set by the Board in its Ends and Executive Limitations policies. .....

## Board Meetings

Because in Policy Governance the Board is in charge of its own job, Board meetings become the Board's meetings rather than management's meetings for the Board. Board meetings occur because of the need for Board members to learn together, to contemplate and deliberate together, and to decide together. Board meetings are not for reviewing the past, being entertained by staff, helping staff do its work, or performing ritual approvals of staff plans. As a result, many Board meetings may not look like traditional Board meetings at all, but learning and studying sessions or joint meetings with other Boards, particularly in communities where Boards rarely talk with each other.

The CEO is always present, but is not the central figure. Other staff might be present when they have valuable input on matters the Board is to decide. For community Boards, with rare exceptions meetings would be open—not to please the law, but because a Board commitment to transparency. The Board is not merely a body to confirm committee decisions, but the body that makes the decisions. Board committees might be used to increase the Board's understanding of factors and options, but never to

assume Board prerogatives or remove difficult choices from the Board table. In contrast to the old bromide that "the real work takes place in committees," in Policy Governance the real work takes place in the Board meeting.

Board meetings should thus be more about the long term future than the present or short term future . . . more about ends than means . . . more about a few thoroughly considered large decisions than many small ones. And by their very character, meetings should demonstrate that the Board's primary relationship is with owners, not with staff.

## Summary

The Policy Governance model recognizes that any governing Board is obligated to fulfill a crucial link in the "chain of command" between owners—whether legal or moral in nature—and operators. The Board does not exist to help staff, but to give the ownership the controlling voice. The Board's owner-representative authority is best employed by operating as an undivided unit, prescribing organizational ends, but only limiting staff means, making all its decisions using the principle of policies descending in size. The model enables extensive empowerment to staff while preserving controls necessary for accountability. It provides a values-based foundation for discipline, a framework for precision delegation, and a long term focus on what the organization is *for more than what it does*.

The Policy Governance model provides an alternative for Boards unhappy with reactivity, trivia, and hollow ritual—Boards seeking to be truly accountable. But attaining this level of excellence requires the Board to break with a long tradition of disastrous governance habits. And it offers a challenge for visionary groups determined to make a real difference in tomorrow's world.

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<http://www.churchBoardchair.ca/54-review-article-4-dan-hotchkiss-governance-and-ministry-rethinking-Board-leadership/>

## 54: Review Article #4. Dan Hotchkiss, Governance and Ministry. Rethinking Board Leadership

Published by Dr. Larry Perkins on December 7, 2010 in Board, Board Chair, Board Governance, Board Member and Book Reviews. Closed Tags: church Board leadership, congregational organization, governance and ministry, job of the church Board.

Dan Hotchkiss, *Governance and Ministry. Rethinking Board Leadership*. Herndon, Virginia: The Alban Institute, 2009. 249 pages.

[Note: text inserts have been added].

From the first days of the church, governance and ministry (Acts 6) have linked themselves together in ways that directly affect the ability of a local congregation to grow and function well as a community. Today many consider governance as detrimental ministry. Yet, governance and ministry must find ways to co-exist within local churches because both are essential to church health and pursuit of a church's mission. Somewhere in the mix there is a group, a "Board" that seeks to develop a congregation's capacity to achieve God's mission in their time and place. Dan Hotchkiss, a senior consultant for the Alban Institute, writes with the conviction that the "governance question", i.e. the processes that enable a congregation to make good decisions about major changes, empower "people to make it happen and hold them accountable for the results," lies at the heart of any congregation's ability to sustain its mission fulfillment.

Hotchkiss is careful to set the discussion about governance and ministry within the spiritual framework of a church. Governance within a church serves to balance "the transforming power of religion and the stabilizing power of organization" (p.1). The Holy Spirit's work cannot be controlled or bounded by any governance structure. Yet, life within a Christian community needs some order lest prejudice, unethical conduct, or religious zeal run amuck. So organization or governance is necessary both for disciplined empowerment and for healthy structure. Hotchkiss acknowledges that "there is no one right way to organize a congregation" but he also knows that congregations keep making the same mistakes when it comes to governance. Governance principles in his view can provide good guidance and prevent congregations from experiencing needless harm.

He offers three key measures that demonstrate the presence of effective governance:

1. "a unified structure for making governance decisions;"
2. "a unified structure for making operational decisions;"
3. "a creative open atmosphere for ministry", but with firm and well-marked boundaries (p. 5-6).

Other factors affect the shape of good governance, including the size of the congregation and the appropriate linkage of spiritual oversight and financial oversight. For Hotchkiss "governance is an expressive art, like preaching — the forms of our organizations must reflect the values at their heart" (p.15).

*Effective governance requires a UNIFIED structure for making ministry decisions, a UNIFIED structure for making governance decisions ....*

In his view three distinctive governance patterns dominate in churches and they are related to congregational size.

1. Smaller churches tend to be “Board-centered.” Board members tend to be “leaders of programs and administrative areas” with a chair, secretary and treasurer. Churches often begin with a structure like this and it works well so long as the congregation is small. However, as a church grows, such a structure becomes limiting because it encourages a Board to be managing and members to be advocating for some aspect of church ministry.

2. The second pattern is the “committee-centered congregation.” Hotchkiss identifies this structure when “both governance (deciding “what” and making sure it happens) and ministry (deciding “how” and doing it) are delegated by the Board to its committees” (p.40). Such structures generate “the Map Theory of Committees, in which every inch of programmatic territory belongs to a standing committee.” The result is that authority gets lodged in committees, not the Board. In this arrangement the Board is basically a clearinghouse for issues and spends most of its time dealing with committee requests. A committee-centered congregation often finds itself in conflict because of the problem of triangular relationships, i.e. a particular committee or staff person does not know where the authority for decision-making lies. As more staff are added, committees multiply, and ministries increase in complexity the problems escalate. The results are a passive Board, poor delegation, and fragmented staff.

3. The third model is the “staff-centered congregation” (p.48). A charismatic or entrepreneurial leader establishes the vision, recruits ministry teams to carry it out, and the Board functions primarily in an advisory role. Such congregations can become vulnerable to the leader’s weaknesses or resignation, leaving the congregation in a fragile state.

Hotchkiss considers all of these arrangements to be somewhat flawed because they do not permit the four leadership roles of oversight, strategy, discernment and management to be accomplished effectively.

In his view oversight is a Board responsibility. Management is something the staff does. Discernment and strategy are shared responsibilities between the Board and staff. However final decisions may be processed, the decisions regarding big issues (major capital expenditures, program philosophy, outreach goals) have to be shared in some way. The congregation gets involved in some governance (i.e. it makes some key decisions), in some discernment (i.e. their input about major issues is required), and some management (i.e. as ministers of the Gospel). Where specific boundaries are drawn will be different due to issues of church polity, giftedness, and local traditions. With clarity about structure and governance, the congregation can pursue its mission vigorously and effectively.

Hotchkiss gives considerable attention to defining the work of the Board. He emphasizes that a congregational Board is a “fiduciary,” i.e. an entity “whose duty is to act in faithfulness to the interests of another, even at cost or peril to himself” (p.83). In his view the “owner” that the Board serves is the congregation’s mission, “the small piece of God’s will that belongs to it” (p.85). In some sense the mission involves “changed human beings.” To accomplish their responsibility well, Board members must exercise the duty of care (commit adequate time and energy to know the mission and act responsibly), the duty of loyalty (the congregation’s mission is paramount), and the duty of obedience (act in compliance with the congregation’s foundational documents).

Boards accomplish their work by establishing policies that define how they will take responsibility for oversight, discernment, strategy and management. In some cases the Board acts directly (oversight), share responsibility (discernment and strategy), and delegates them

*Traditional church organizational models (NON policy governance).... Board-centered, committee-centered, or staff centered. None of these works well as congregations grow.*

(management). The Board's agenda must focus on the most important items and insure that it is discussing those matters that by policy are indeed its responsibility. Creating a Board covenant is encouraged as means to institutionalize good Board practices. Such a document defines basic duties of a Board member and explains shared spiritual practices, expectations regarding financial support, and how the Board makes decisions and handles conflict.

In his seventh chapter Hotchkiss reviews what a productive clergy-lay partnership looks like. His formula is to have deep, trusted collaboration that functions within firm, clearly-defined boundaries. The Board needs to learn how "to delegate generously" (p.135), but to understand that such delegation still enables effective accountability. He encourages the Board to define one staff leader, who normally will be the lead pastor. To sustain an effective partnership staff evaluation will be necessary, because "firm boundaries require accountability and accountability requires an atmosphere in which people give each other feedback" (p.143). He outlines what good evaluation entails (p.144).

Hotchkiss devotes a chapter to implementing changes in governance. He compares changes in a congregation to reprogramming a computer. Because congregations are social systems, significant change only happens when the congregation's values are challenged in a motivational and deep manner. "A system changes willingly when it sees change as a necessary way to continue being what it truly is" (p.160). He provides a three year process that can guide a Board and congregation successfully through such significant changes.

His final chapter is entitled "Bumps along the Road." His basic premise is that stressful situations cause people to use default responses. Thus well-designed structures, policies, and practices can help a Board and/or congregation ride out the storm well and counter unproductive, default responses. A sense of humor, openness to forgive, and appreciation that change is always slow and learning-intensive, help leaders to find their way. In such situations the leaders must rise to the challenge, not the system. Hotchkiss refers to T.S.Eliot's observation that we will never design "systems so perfect that no one will need to be good" (p.183). Even in churches people are never so good that they can dispense with good systems. Transitions of leadership can be particularly stressful. Problems with people and problems with money are given special attention. It is good to remember that "a flow of minor conflicts, complaints, and criticism is part of the normal 'noise level' of a congregation's life" (p. 198).

His book concludes with a brief bibliography, a Board time analysis process, and a policy book outline.

.....[Note: for more of the reviewer's comments, see original article].

I think Dan Hotchkiss has provided a very helpful guide for church Boards and church leaders to gain a deeper understanding of the integral relationship between governance and ministry, such that both are done well, for the benefit of the congregation.



The VUU "Bridge of Love" as the children  
are sung out to their classes

## Who owns your congregation?

*A congregation's owner isn't its Board, minister, or members; it is its mission.*

By Dan Hotchkiss UU World. Spring 2010 2.15.10 (Adapted from his book, Governance and Ministry).

As a conversation starter, I sometimes ask church Board members, in my work as a consultant, to tell me what their job is. I hear a variety of answers. Someone usually says, "We represent the members of the congregation. They elected us, and we should do what they would do." The Board, in this political perspective, is like a city council or the U.S. Congress: representatives elected by the people to make law on their behalf. But "doing what the people who elected us would do" is no simpler for a Board than for a legislator.

Should a Board do what its constituents want, or what they *would* want if they understood the issues better and had spent more time thinking deeply about long-term implications? A problem with democracy in congregations (and elsewhere) is that future voters do not vote. Since most congregations plan to be around for more than a short time, the Board must represent not only current members but the disenfranchised future also. Clearly, this responsibility requires an understanding of the Board's job that goes deeper than "we represent the members."

Board members sometimes say, "Our job is to give the members what they want." This idea depicts members of the congregation as customers and the congregation as a store. The customer is king, and the chief end of the congregation is to please the customer. The key metrics of success are quantitative: membership, attendance, contributions, and participation. This perspective on the Board's job explains quite a lot of what an effective Board does—especially when it pays attention to the changing culture, tastes, and demographics of its service area and leads the congregation to refresh its program and recharge its appeal. But is this really the point of a congregation?

Congregations do some of their best work when, instead of giving people what they want, they teach them to want something new. It is not unusual to hear a person thank a congregation for the fact that he or she now volunteers to help the needy or takes risks for social justice. The idea of "giving the members what they want" fails to grasp the value of a congregation that intends to influence, not simply to reflect, its members' preferences and values.

Another answer I occasionally hear is, "We are ministers alongside the pastor." This is a powerful idea, personified in Reformed theology as the ruling elder, ordained to lead along with teaching elders, also known as pastors. In current Presbyterian practice, ruling elders are elected and serve terms like most other Board members, but the rite of ordination (and the lasting honorary status it confers) makes ruling elders more than simple representatives. Elders, as scholar Edward LeRoy Long Jr. put it, rule "according to the guidance of their own nurtured consciences and not merely as spokespersons of particular interest groups."

The idea that a lay Board member's work is a form of ministry is worth considering in any congregation. Making a Board member part of the congregation's ordained leadership recognizes "gifts of the spirit" in the individual, and acknowledges that Boards sometimes need to lead constituent opinion rather than reflect it. While the idea of Board-member-as-minister deepens our understanding of an individual Board member's role, it does less to clarify the work of the Board itself.

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A Board is not simply the sum of its members. It has a role to play and products to turn out collectively. In order to work happily and in harmony, Board members need to know with some precision what role they are to play and what results they should produce.

Sometimes when I ask, “What is the Board’s job?” someone (often a lawyer or banker) uses an obscure word that speaks rather deeply to the nature of the Board’s role: “The Board is a fiduciary.” Many people connect this word exclusively with money, but the concept actually is much broader. A fiduciary (in Latin, *fiduciarius*, “trust,” from *fides*, “faith”) is anyone whose duty is to act in faithfulness to the interest of another, even at cost or peril to himself. A parent, for example, is a fiduciary for his or her children and must care for them, no matter how much sacrifice that might require. The Board of a business corporation holds the corporate assets as fiduciary for the stockholders. Since the stockholders’ main interest, ordinarily, is to make money, the duty of a corporate Board is to increase stockholder value.

A congregation’s Board is a fiduciary, also. Like a for-profit Board, it controls property on behalf of its real owner. But who is the *owner*? Who owns a church? Or a synagogue? Often Board members answer this question too quickly: “The members are the owners!” And the owners’ interest? Satisfactory worship, education, social action, and so on.

The fiduciary duty of a congregation’s Board, in this view, is to know what the congregation wants and to provide it—a concept not so different from the political and commercial concepts of the Board described above. This way of thinking sometimes produces good results, but it is based on a false assumption. A congregation does exist to serve its owner—but the members of a nonprofit corporation do not “own” it as stockholders own a business. Corporate stockholders can vote to liquidate the corporation’s property, pay its debts, and divide the proceeds among themselves. A congregation—or any other nonprofit—that did likewise would be violating several state and federal laws.

The most fundamental legal principle of nonprofit corporations is that they must use their resources exclusively for the specific purposes for which the state has chartered them. In the case of congregations, the charter purposes are relatively broad. For that reason, and because a congregation is exempt from many of the tax reports required of other charities, it is easy to forget that there is any limitation at all. But a congregation may not distribute its resources for the “personal benefit” of anyone—especially an officer or Board member—except as reimbursement of expenses or fair compensation for services provided. For-profit corporations are required to benefit their stockholders, while nonprofits are forbidden to benefit their members. To call the members “owners” under these conditions stretches the idea of ownership quite far.

**The most fundamental legal principle of nonprofit corporations is that they must use their resources exclusively for the specific purposes for which the state has chartered them.**

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Who, then, is the owner of a congregation? Who plays the role of the stockholders in a business? Not the members. Not the Board. Not the clergy or the bishop or the staff. All these are fiduciaries whose duty is to serve the owner. Symbolically, we might say God or the divine is the owner, and that might be the correct interpretation. But this concept is too big to guide decision making helpfully. The “owner” that the Board must serve is the congregation’s mission, the covenant the congregation has set its heart to and the piece of the Divine Spirit that belongs to it. Or to put it differently, the congregation’s job is to find the mission it belongs to, the real owner for whose benefit the leaders hold and deploy resources.

Any effort to improve the governance of a congregation begins by recognizing that its primary measure of success is not the balance in the bank, the shortness of Board meetings, or the happiness of congregants. A congregation’s “bottom line” is the degree to which its mission is achieved. The mission, like stockholders in a business, has the moral right both to control the congregation’s actions and to benefit from them. Because the match between a congregation’s mission and a corporation’s stockholders is so close, it seems to me helpful to say that the owner of a congregation is its mission.

An interesting corollary of this line of thought is that when members of the congregation vote, they, too, are fiduciaries for the mission. When a member's interests conflict with the congregation's mission, the member's duty is to vote the mission. Like the Board, each member has a duty to make sure the congregation serves its mission—to vote as a fiduciary for the owner—even if that goes against the member's private preferences or wishes.

And what is the mission? The great management consultant Peter Drucker wrote that the core product of all social-sector organizations is "a changed human being." A congregation's mission is its unique answer to the question, "Whose lives do we intend to change and in what way?" A congregation that limits its vision to pleasing its members falls short of its true purpose. Growth, expanding budgets, building programs, and such trappings of success matter only if they reflect positive transformation in the lives of the people touched by the congregation's work.

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*Adapted from Governance and Ministry: Rethinking Board Leadership by Dan Hotchkiss, (Alban Institute, 2009). See sidebar for links to related resources.*



Rev. Andy Burnette (2012 - ), Marci, and the children "Time for All Ages"

## How I am Different from John Carver

Apr 1st, 2010 by Dan Hotchkiss

"How is your model different from the Carver model?" Since Governance and Ministry came out, I hear this question now and then, especially from people in the United Church of Canada, the Mennonite Church, and the Unitarian Universalist Association, where John Carver's Policy Governance is widely known.

I have benefited from John Carver's writings and agree with him on many things, for instance:

- Boards should focus primarily on long-range, big-picture matters,
- Boards should record their most important decisions in written policies.
- Boards should delegate substantial day-to-day management authority so decisions can be made away from the Board table. In organizations with staff, it makes sense to delegate management authority to the staff leader.
- Boards should exercise effective oversight of those to whom it has delegated authority without involving themselves too much in management.

Where Carver is well-known, you don't need to say much more than this for some people to peg you as a Carverite—not because any of this is original with Carver or unique to him, but simply because people who know the "Carver model" may not know much about the broader conversation about nonprofit governance. Especially in churches and synagogues, where "normal" decision-making practice tends to be quite chaotic and diffuse, there is a tendency for any good advice to sound like any other, simply because it is so different from what we're used to.

I appreciate Carver's contributions to thinking about governance and have benefited from the clarity of his thinking. But I have some disagreements with him, and some reservations about the use of his model in congregations. Here are some areas of difference:

- Carver relies heavily on the distinction between ends and means—what we intend to accomplish versus how we are going to do it. I agree that this is a useful distinction, but do not agree that decisions can be clearly classified one way or the other. Like many clear distinctions, this one is a polarity or spectrum, not a set of pigeonholes. This may be especially true in congregations, where "how" we do things is a major part of "what" we want to accomplish.
- Carver's seems to me to picture an organization as a machine that can be programmed to follow a set of rational directions. I take a more systemic or organic point of view. The official rules governing decision-making account for very little of what happens even in well-ordered groups. The special nature of a congregation, with its overlapping constituencies and multiple relationships among people, make systemic and organic metaphors especially useful.
- Carver states in many places that "chief executive performance is identical to organizational performance." This may be a useful fiction in some organizations, but in a church it is can be

quite pernicious, both because “performance” is so difficult to define and measure, and because the job of a senior clergy leader is only partly to lead the organization. Clergy contribute a great deal through their personal ministry, and congregations succeed or fail for many reasons—clergy performance being only one of them.

- The separation of Board and staff functions in Carver, while clear, seems to me less than ideal. I have never seen a Board that could discern mission or cast vision without participation—nay, leadership—from staff leaders. In the book I define a zone of overlap between the Board and staff that includes both discernment and strategy. While it needs to be clear what bucks stop where, only a shared process can produce the wide support such decisions require.
- Like me, Carver says the Board is a fiduciary for the organization’s “true owners.” But Carver’s “owners” are always human beings. If there are members, they must be the owners. For me, the true owner of a congregation is its mission. The Board’s core responsibility to ensure that the congregation serves its mission; likewise, when members vote, they vote not as owners, but as fiduciaries for the mission.

I am a grateful reader of John Carver’s writings and respect the effort some congregations have made to follow Policy Governance as closely as they can. My approach is similar in some ways, different in others.

Perhaps the most important difference of all is that my “model” is not a model at all. Congregations are different, and they can and should govern themselves in a variety of ways. I’m always delighted when my readers and consulting clients invent wildly unexpected variations on the basic themes of *Governance and Ministry*.

Posted in [Board governance](#), [Congregations](#)



VUU members at immigration rights rally

## Alternatives to Bureaucracy

### The mission-driven organization is a better organizing form

The bureaucratic organizing model is so pervasive that many executives are unable to even imagine that there are alternatives to bureaucracy, or any other way of organizing an enterprise. Many organizations have achieved success simply by changing one of the underlying principles. These have been amply documented by various people.



Some of the best performing companies have converted to a customer-focused mission, or flattened out to reduce hierarchy, or become sensitive to the human needs of their customers, or converted to multi-functional work teams, etc.

**Start-up organizations could bypass the bureaucratic model from the beginning.**

As this was being written, in the early 1990s, the Republics (once part of the Soviet Union), Cuba, the nations of eastern Europe, China, and currently (2004) Iraq, will all need their citizens to start enterprises from the ground up. These new enterprises will be faced with competing in an increasingly global economy dominated by huge, well-capitalized organizations.

The mission driven model is offered as a model that start-up organizations can use. In this model, the energy of the employees–focused by the mission, strategy, and vision of the organization, can make up for the start-up capital they may lack. I believe that the creative new organizations forming today have the opportunity to attract global capital as they take the concepts of product quality and customer satisfaction to new heights.

**Existing bureaucratic organizations can use this model as of one of the alternatives to bureaucracy that they might seek.**

In many ways, it is more challenging to be part of an existing bureaucratic organization that seeks to transform itself into a global competitor than it is to start a new enterprise from scratch.

To achieve significant change requires a change in mission, at a minimum. It is traumatic for an established bureaucratic organization to change its mission. There is an immediate impact on the culture. Employees will be cynical, and people will be slow to adopt the desired change.

In the book "[Busting Bureaucracy](#)," we discuss the special challenges of transforming existing bureaucratic organizations. For all but a few existing organizations, the "mission-driven" model will be too extreme a change. Most existing organizations will likely settle for some part of this vision. For those few that have the capacity, the freedom and the leadership to strive to become "world class" organizations, I offer the mission-driven model as an ideal.

## The Four Possibilities

**The mission-driven organization will have a customer focused mission.**

*Mission-driven organizations,* will choose a mission that is focused on the customer. The specific mission will depend on the nature of the products or services that the organization intends to provide to its customers.

**Product-based organizations might define their mission in terms of customer satisfying, product quality.**

For manufacturers, whose customer loyalty will be most deeply influenced by the customer's perception of product quality, the mission of the organization might be to produce the highest possible product quality.

**Service-based organizations will aim for extraordinary customer service.**

For organizations like banks and insurance companies, whose customer satisfaction depends on the organization's policies, practices and procedures—in combination with the human interactions of its people—the mission could be to deliver service that pleases, delights or dazzles customers.

**Hybrid organizations will make it their mission to achieve customer dazzling service and satisfying product or service quality.**

Hybrid organizations, whose customer's loyalty depends not only on the quality of the product or service that they offer, but also the customer service, must choose a mission that combines quality and service—always with the focus on achieving customer satisfaction.

**What's the difference between an in-focused mission and a customer-focused mission?**

Sometimes, executives from bureaucratic organizations "think" they already have customer-focused missions. They point to their mission statement, which says something like, "Customers come first with us," and they wave their internal campaign literature proclaiming, "We're nothing without our customers," or "Quality is our future."

The difference between an in-focused mission and a customer-focused mission shows up best in the trenches. When you truly have a customer-focused mission, then virtually all employees will "strongly agree" with the statement, "The number one priority with both employees and management is satisfying the customer," (or product quality).

If you have an in-focused mission masquerading as a customer- focused mission, then employees will be ambivalent, or they will strongly agree with a statement like: "While we talk a lot about quality or customer satisfaction, the most important thing to management is profits," (or cost savings, or market share, or avoiding commission complaints).

The primary measures that define organizational success will be based on customer satisfaction, rather than in-focused measures like profit or funding.

## **Guidelines and other levels of empowerment will largely replace rules.**

In bureaucracies, people are empowered to make decisions based on their level within the organizational hierarchy. In mission-driven organizations, people are empowered to make decisions based on their experience, skill, training or capability, rather than their level. This means that an individual in an entry-level position can gradually become more and more empowered to make decisions without being forced to rise in organizational level. There are several levels of empowerment.

- No empowerment
- Pre-action empowerment
- Empowerment with guidelines
- Post-action empowerment
- Total empowerment

## **Business needs will be balanced with human needs.**

The mission-driven form actively encourages balancing business needs with the human needs of both customers and employees. This is in stark contrast with the bureaucratic form, which seeks to treat all customers the same, whatever their individual needs, and encourages employees to "leave their personal lives at the door."

## **Multi-functional teams will replace specialization by job function.**

The mission-driven organization will seek to eliminate functional "walls" or "boundaries" that must be crossed to achieve the mission. The idea is to put every function that will be needed by a business unit on the same team.

Hiring will be based on both human and business skills, and job security will be a function of mission achievement.

## Policy-based Governance... Instead of WHAT?

By Anne L. Schneider

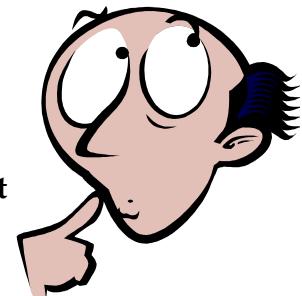
### Policy Based Governance, instead of.... WHAT?

- Instead of case by case decisions making
- Instead of unconstrained discretion
- Instead of inconsistency
- Instead of arbitrary decisions



### But why NOT Micro-Manage?

- It disempowers committees and individuals
- Does the Board really know more than they do?
- Committee cannot be held accountable if Board tells them what to do
- Board doesn't have the details and expertise to make the best decision
- Staff who are persistently micro-managed will eventually quit (if they are really good at their job).



### What is “policy” anyway?

- An authoritative statement that determines or limits other decisions.

*What is the first question the Board should ALWAYS ask itself when presented with a new issue or topic?*

- Whose responsibility is this, anyway! What is the Board's role, if any? Is someone already doing this?

This is worth repeating:

*In bureaucracies, people are empowered to make decisions based on their level within the organizational hierarchy. In mission-driven organizations, people are empowered to make decisions based on their experience, skill, training or capability, rather than their level. (from "busting bureaucracy.com")*

**Comparisons of Carver, Hotchkiss, Jonasson** (compiled with commentary by Anne Schneider, based on power point presentation to Board, 2011)

**I. Carver & Carver on “What is the Board Actually Supposed to DO?”**

What the Board actually should do depends on which version of policy governance is being used as the guide, and to some extent, on which “expert” on policy governance one is consulting. Here’s what Carver and Carver say the Board should do:

Carver (from Carver & Carver, pages 12-13).

**Carver: Hand’s On!! Examples of what the Board Should Do Hands On**

- Set the Board’s work plan and agenda for the year and each meeting
- Determine Board training/development
- Attend to discipline in attendance,
- Follow by laws and Board’s own policy
- Become expert in governance
- Meet with and gather wisdom from the “owners” (congregation)
- Establish limits of the CEO (minister/exec committee) authority to budget, administer finance and compensation, establish programs, etc.
- Establish results/costs that justify organization’s existence
- Examine regular monitoring data and determine whether minister/exec team have used reasonable means to achieve ends

**Carver: Hand’s Off!! Examples of What the Board Should Keep Hands Off**

- Do Not: Establish services, programs, curricula, budgets
- Do Not: approve the minister/exec teams personnel, programs, or budget plans
- Do Not: judge minister/exec team unless previous Board expectations have been stated
- Do Not: determine staff development needs, terminations or promotions
- Do Not: design staff jobs or instruct staff members who are subordinate to the minister..
- Do Not: decide on the table of organization and staffing requirements

From my perspective, this “Hand’s on” role of the Board is quite passive and does not take advantage of leadership opportunities nor does it provide examples of how the Board is to provide any leadership to the organization, at all. In fact, even the strictest versions of Carver’s Policy Governance could provide far more ideas about Board leadership than articulated in Carver’s own work.

In terms of the “Hand’s off,” some of these are unrealistic, given the kind of turnover that some congregations have in the minister’s position! Even so, VUU has generally not gotten involved in these decisions except in isolated cases, or when the minister continually requested Board approval, as was the case in 2010-11 on the table of organization. Also, VUU “undelegated” the financial responsibility in 2008 and placed this in the hands of the Board.

Carver’s PG model was developed before the Sarbanes-Oxley decision and even though that decision does not technically apply to non profits or religious organizations, almost all have revised their understanding of the Board’s role as the fiduciary agent of the organization. Since at VUU and in most

congregations, the membership has to approve the budget, it is reasonable for the Board to assume responsibility for preparing the budget including recommendations about revenue estimates and recommending to the congregation the allocation of funds across various programs. Financial failure of any kind has significant implications for the organization and the Board (not the Senior Minister) is ultimately responsible if a financial crisis emerges.

## **II. Dan Hotchkiss on: What Is the Board Supposed to DO?**

To understand Hotchkiss's ideas about what the Board should do requires some additional background about his model. First, Hotchkiss defines four types of decisions and who should be involved in making these:

- **Hotchkiss: Four Types of Decisions**

- **Oversight** – Board responsibility. Delegate whole programs (not just “tasks”) and then expect accountability.
- **Strategic decisions** – Shared Board/Minister - “big” decisions and long-range plans for achieving mission- (such as capital investments, staffing, program philosophy, outreach goals, capital campaign )
- **Discernment** – Shared work - identifying mission / vision and values of organization
- **Management** – Ministry work - Staff work. What to do (to achieve mission) and how to do it. Board stays out of this.

He then further distinguishes between “governance” and “ministry” as follows:

- **Hotchkiss: Governance and Ministry – definitions and responsibilities**

- “A unified structure for **governance decisions** (governance decisions are: articulating the mission; selecting strategies to get there; making sure it happens; protect people from harm.” P. 58). These are BOARD decisions.
- “A unified structure for making **operational (ministry) decisions** (ministry decisions are operational decisions – program leaders (paid and unpaid) create programs within a structure that delegates authority and requires accountability.” P. 5 Board should NOT be involved in these.
- “...responsibility is assigned to the program leader, and sufficient power delegated so that it is fair to hold the leader accountable...” staff decide what to do and how to do it, in conjunction with goals.”
- “A firm and well-marked boundary with mutual communication and accountability, between governance and ministry.” p. 6:

He goes on to say: “Even the military, which highly values obedience, has learned that delegating as many decisions as possible to lower-level people...reduces errors and improves adaptability.... Programs and ministries “bubble up” continually from outside the formal leadership.” (page.....)

According to Hotchkiss, the Board has three kinds of responsibilities:

- **Direct responsibilities**, such as oversight and policy development

- **Shared responsibilities** (with minister and/or executive team, or congregation), such as discernment of mission and values and “big” strategic decisions such as when to start a capital campaign
- **Delegation responsibilities**, such as the roles it delegates to management (e.g., minister, staff, committees).

Hotchkiss then gives examples of the Board’s role in various types of decisions:

#### **Board Role in Policy development**

The Board should spend its time making policy, not deciding cases. Why? Because:

- Avoids dealing with individual decisions on a case by case basis
- Avoids staff or committees (shopping) for a decision they like
- Avoids being reactive.

#### **Board Role in Discernment (mission / vision / values)**

The Board, along with minister and executive time, lead the congregation in articulating the mission (broadly understood), vision, and mission statement. [Note: “Discernment” of mission and values for Hotchkiss is basically the same as developing the “Ends” statements as explained by Carver]. This includes:

Vision statement that is broad and expansive;

A list of core values (expanded mission statement or values statement that is designed to last for several years.

An ANNUAL vision of ministry. Hotchkiss frames the question this way: in what new and different ways will we transform lives in the next one to three years? Board/staff retreat is a good time to develop the “annual” vision of ministry.

#### **Board role in Strategy (“big” decisions). Decisions are shared with the minister / executive team.**

(Note: not entirely clear who Hotchkiss believes should actually have final decision making authority here, but at VUU most of these require congregational approval and therefore the Board has “final” authority to present the recommendation(s) to the congregation. There is nothing in terms of policy that would prevent a minister from also making an alternative recommendation, but that has not been done at VUU.). Hotchkiss describes these as “macro-decisions” rather than “micro decisions.” Here are examples of Board work:

When to start a capital campaign?

Set the overall operating budget and allocations across programs.

Approve hiring or dismissal of principal staff members.

Develop a strategic long-range plan.

**Board role in Management (“Ministry” decisions).** Ministry decisions, in the terminology used by Hotchkiss, range from actual ministry and programs, to the day-to-day operational decisions including administrative ones such as paying the bills or fixing the air conditioning. Hotchkiss says to delegate all of this to the minister or executive team.

#### **Additional Advice from Hotchkiss on the Board’s Role:**

- Resist temptation to review, approve, or second guess decisions it has delegated (p. 98)
- Boards often don’t delegate enough.
- Be absolutely clear in what is delegated.

### III. Stefan Jonasson: (Based on presentation at 2011 General Assembly).

In a healthy governance model, Jonasson says, the Board will:

- Deal with big picture issues
- Not micromanage staff or committees; Does not rework committee reports
- Does not micro “govern” – that is, doesn’t run small groups with strict Robert’s Rules
- Is efficient. Does not process everything to death; does not postpone decisions until consensus is reached. Sometimes, just vote!
- Board is the fiduciary agent and takes responsibility
- Not maintain a strict hierarchy vis a vis the minister – but a strategic partnership
- Be visionary
- Develop policy and extend the philosophy and principles throughout the organization
- Be good stewards including evaluation of the minister against goals
- Be among the most generous members of the congregation
- Be advocates for the congregation and the Board; act as cheerleaders. Explain the Board’s work and decisions to muckrakers and critics both inside and outside.
- Consult with staff ONLY IF SPECIFICALLY ASKED
- Not give “advice” to staff unless specifically asked
- Model what it means to be in a community

### IV. What Does Policy Governance Say about Committees and Organizational Structure?

Hotchkiss has outlined several points about organizational structure that are generally consistent across all of the variants of policy-based governance that I have encountered, including Carver. Some of these are:

- Don’t have Board committees that do the same thing as minister/staff or minister/staff committees.
- If minister or staff needs an advisory committee, let them create it, and it reports to them.
- Professional staff do not report to a lay-led committee, not even one intended to “give advice” and certainly not to one that has supervisory or oversight responsibility.
- Professional staff report to the Minister or to an executive team led by the minister.
- Minimize number of individuals and groups that report to the Board
- Match delegated responsibility with delegated power so that staff can reasonably be held accountable for results
- Encourage staff to form a strong and self sufficient team; take responsibility; manage their own relationships; resolve their own differences
- Final decisions are clearly in one and only one place. (Clear lines of authority; no “dotted lines” of authority.)

In terms of Board committees, Hotchkiss is considerably more flexible than Carver, but for larger congregations (Hotchkiss puts this at 150 or more members), they are generally in agreement.

- Carver: **all Board committees should be temporary and ad hoc.**
- Hotchkiss: **most Board committees should be temporary and ad hoc.**

- Carver: Finances, personnel, and facilities committees should be eliminated and these responsibilities turned over to the professional administrative staff.
- Hotchkiss: Smaller churches may want to retain finance, personnel, and facilities committees but larger ones should eventually turn these responsibilities over to professional administrative staff who reports to the minister.



The VUU choir and the Rev. Kellie Walker

## Other Models of Governance for Religious Organizations:

- **Board-centered;**
- **Committee-centered;**
- **Minister/Staff centered.** (*Summarized from Hotchkiss, Governance and Ministry, Chapter 3, by Anne Schneider*).

Hotchkiss (in *Governance and Ministry*) describes the three basic ways that congregations tend to organize themselves (other than policy-based governance). When policy-based governance begins to be blamed for organizational failure, these tend to be the fall-back positions. He acknowledges that any of these might work for small congregations (150 or fewer members), but problems multiply with them as the congregation grows.

**Board-centered organizations.** In this model, the Board is the center of all activity (p. 36-39). The Board typically is large, and each member is the chair of a satellite committee that reports directly to the Board. If a new function becomes an important part of church life, its leader would be added to the Board, since all important functions should be represented on the Board.

Hotchkiss views this as a natural organizing pattern for small organizations and for small groups, it is a good workable structure. The Board agenda mainly consists of a round-robin of reports. As the congregation grows, however, so do the disadvantages of a Board-centered structure, according to Hotchkiss. Each program area tends to become a special interest group; the Board seldom works on anything together; no one has time for “big picture” work since each Board member is engaged only in his/her own area of expertise. Beyond about 150 members, this structure – according to Hotchkiss – doesn’t work at all. The Board-centered model tends to gravitate eventually toward the Board having liaisons to each committee, rather than chairing it. This also is not a good idea, according to Hotchkiss.

**Committee-centered congregation.** Hotchkiss (p. 40-43) says that this is the most common organizational model for religious organizations. It is so common, he says, that many think it is the only way for a congregation to organize itself. In this model, the Board delegates to the committees not only the “how” to do something – the means-- but also the “what.” Authority tends to reside with the committee, not with the Board or the minister. Committees adhere to the “map theory” of organizations in which every part of program territory belongs to one standing committee – as though

“the congregation’s ministry were a country needing to be split up into states, with no frontiers or unincorporated territories open to homesteaders. According to the map theory, if an idea involves music, it has to go to the music committee, and so on.” (p. 41).

Hotchkiss says that the “map theory” protects the status quo because existing committees are already too busy to take on a new idea and are reluctant to grant authority to anyone else to do it, either. Board-centered organization shifts gradually to this model, Hotchkiss says, as a committee “liaison” on the Board replaces Board members serving as chairs, but the Board continues to think of itself as the clearinghouse for issues. Gradually, however, the real power shifts from the Board to the committees, as they reappoint themselves, choose their own chair, do their own recruiting and the Board spends its time responding to their requests for funds or approval of projects. Some committees become super committees, such as finance and property, where all other committees first have to go through them before taking their case to the Board.

When a staff member is added, things get very complicated. The relationship between Board and clergy is unclear. Most committees report to the Board and many of them oversee staff even though the clergy is technically the staff supervisor. Triangulation becomes rampant. With even more staff, another super committee appears – personnel – or in some cases, “ministerial relations.” These committees may set goals for staff, evaluate staff, recommend individual salaries, even invite members to express

criticisms of staff to them. Congregants take their complaints to the personnel committee, or committee on ministry, rather than to the minister; or to the Board. Sometimes the personnel committee or ministerial relations committee views itself as a problem solver, mediator, or ombudsperson, Hotchkiss says, with even more triangulation.

Hotchkiss criticism of the committee-centered structure are these:

- A passive Board that spends its time listening to reports, responding to proposals and arbitrating conflicts rather than envisioning the future, creating long term goals and policies or insuring organizational performance (p. 46).
- A miserly approach to delegation in which committees bring their proposals back to the Board over and over again for approval or revision, making it impossible to hold anyone accountable for results.
- A fragmented staff whose members connect mainly to their primary committee constituency.

The overall result, Hotchkiss says, is a strong resistance to change.

**The Staff-Centered congregation (p. 48-52).** As a strategy to unlock the problems with committee-centered governance, many congregations shifted to “purpose-driven” organizations that Hotchkiss calls staff-centered. The pastor is the clear leader, along with other staff and laypersons serving as “ministry teams.” The pastor’s role is visionary and entrepreneurial. Most decisions are made at the top and lay participation falls off.

The main problems with this model are its lack of democracy; lack of involvement of congregation; lack of group discernment of values.

Hotchkiss also describes some “even worse” ideas, which include the congregation electing every committee chair and perhaps the worst of all: staff reporting to committees (p. 51). His concluding statement on this model is worth repeating: “a staff member reports to a committee is one of those things that you can say in English but that makes no sense, like ‘rite of castor fish.’ Committees simply cannot supervise paid staff because they are not present when the work is done and it is too difficult for them to speak with one voice.” I would add my own comment here – they almost certainly do not have as much expertise and certainly not the day to day experience of the staff member. Thus, their “advice” and “supervision” can be expected to lead to worse performance.

#### Other references:

Bradshaw, Patricia and Bryan Hayday, (2007). Nonprofit Governance Models: Problems and Prospects, the Innovation Journal: The Public Sector Innovation Journal, Vol. 12(3),2007, article 5.



## VUU and Policy – Based Governance Models (by Anne Schneider)

VUU is generally consistent with the principles of policy-based governance, and also with the original Carver principles. Periods of the greatest deviation have occurred when we did not have a full time minister. This began with Rev. Lone Jensen sabbatical in 2008, and when she returned at three-fourths time she gave up the “administrative” part of her position. When she later resigned, there were several months before an interim was hired. After the first interim resigned, it was several months before a second interim began. In August, 2012 we called a settled minister, Rev. Andy Burnette.

Here are some of the major differences I see between VUU Policy-Based Governance and Policy Governance as trademarked by Carver and Carver.

- **Board committees.** Policy governance generally suggests that all Board committees should be advisory, ad hoc, and temporary. Hotchkiss, however, notes that some congregations will want to retain some Board-based standing committees. VUU, with the reorganization of 2010-2011, included finance, personnel, facilities, and stewardship as Board committees but in 2012 returned stewardship and personnel to the Minister / executive team and then the next year also returned stewardship. Crisis management / safe environment is a Board committee but is only appointed when needed to resolve a specific crisis situation. The Board maintains a finance committee and a facilities committee, both appointed by the Board that report directly to the Board. The finance arrangement is consistent with most of the current non-profit “best practices” guidelines, which now strongly recommend Board responsibility for finances and have not only a finance committee, but also an audit committee.
- **Delegating administrative work to office administration.** Policy governance generally says that responsibility and accountability for **finance, budget, facilities, and personnel** lie with the staff (the minister and/or top administrative staff member). Carver’s model especially says that congregations should not have committees with these names unless the administrator creates these as advisory to him/her. At VUU, three of these are standing committees, with finance/budget and facilities reporting to the Board. Personnel now is an ad hoc task force that reports to the Minister/executive team. VUU has not turned over responsibility for several administrative areas that policy governance says should be in the hands of the minister/executive team and professional administrative staff. One of the reasons is that VUU has only one full time administrative staff person plus a part-time maintenance technician.
- **Solo minister or executive team?** Policy governance generally suggests that the organization should be led by a single person – the senior minister – who serves as the CEO, rather than an executive team. However, most of the PG models have acknowledged that religious organizations may need to have an executive team, not a solo minister. In 2010-11, VUU returned to the Executive Team model, with the team consisting of the Senior Minister, the Minister of Music, and the other professional staff (religious education, and administrator). It returned to the Solo Minister model in 2014-15 whereby the organization is led by a single person – the Senior Minister – who serves as the CEO.
- **Clear distinction between Board work and minister work.** Policy Governance advises that there be a “clear bright line” that divides Board work from Minister work. For Carver, this has sometimes been viewed as a “wall of separation” so that there is (apparently) almost no

communication across the “wall.” For Hotchkiss, however, there are shared responsibilities and constant communication. Hotchkiss’ book is not entirely clear sometimes on where the “final” decision would be made on strategic “big decisions.” VUU has attempted to have a clear line of distinction, but there still are “fuzzy” areas and areas of shared responsibility.

- **Hierarchical delegation of responsibility.** Policy governance is a hierarchical model in terms of official authority and oversight responsibilities even though its principles are to delegate to the point of practice, whenever possible. At VUU, delegation has worked well for music and religious education as they can calibrate their activities to fit their (currently) three-fourths time commitments. Delegation has not worked as well for administration as lay leaders have found it difficult to turn everything over to an administrator at least partly because VUU is seriously understaffed and the work load is extensive. And, there is some lingering concern about relinquishing too much of the financial responsibility.
- **Oversight. Everyone is responsible to someone (in a hierarchy).** Even though VUU generally adheres to the PG principle of delegating and not micro-managing, there are a number of committees and one-person projects that technically belong to one of the ministries or committees (see page 39), but in fact operate largely independently of any official oversight.
- **Relationship with minister and ministerial committees.** VUU has had difficulty knowing how to handle a situation when the minister or a committee that reports to the minister / executive committee requests “permission” from the Board for something that the minister / executive committee or committee already has the authority to do. Should the Board just remind them that they have the authority? Should the Board review the project or plans and give its concurrence? In some cases VUU has thanked the group and acknowledged receipt of the information and assured them that they have been delegated the authority to carry it out.
- **Micro-managing.** VUU Board as well as the Minister / executive team have occasionally had difficulty exercising oversight without taking on the task itself. The Board sometimes has difficulty figuring out how to get “committee X” to do “Y” when that committee reports to the Minister / Executive committee rather than to the Board. The tendency has sometimes been to take this on as a Board initiative, thereby disempowering the committee itself, making it impossible to hold anyone accountable, and confusing the distinction between Board work and ministry work.
- **Periods without a full time minister (how do you do policy governance without a CEO?)** VUU has gone through several periods of time without a full- time settled minister. With the development of an executive team, VUU has named a member of the Board as a “stand-in” for the settled minister who chairs the executive team when there is no Senior Minister to fill this role. It is not clear what any of the policy governance models would recommend doing when the organization does not have a Senior Minister to serve as “CEO.”



**Interim Minister 2011-12 The Rev.  
Earl Holt**

# "How to" Guidebook

## A REFERENCE MANUAL

for

Working with the minister, office and congregational committees

June, 2014

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## **Accounting, Finance & Administration**

### **How do I Contact the Board & Officers**

You can email the Board President at

This year's Board of Trustees are:

Janice Miller (Pres.)

[jamiller2847@hotmail.com](mailto:jamiller2847@hotmail.com)

Barbara Face (V-P)

[Barbara.face@gmail.com](mailto:Barbara.face@gmail.com)

DeeAnne McClenahan (FA)

[deeannemcc@gmail.com](mailto:deeannemcc@gmail.com)

Paul Schneider (Sec)

[cpaulsey@gmail.com](mailto:cpaulsey@gmail.com)

Ann Sebren

[asebren@gmail.com](mailto:asebren@gmail.com)

Melanie Cloonan

[melanieandan@msn.com](mailto:melanieandan@msn.com)



Our Board of Trustees meets in the Board Room on the third Tuesday of each month. Congregants are welcome to informally share their thoughts and concerns at 6:30; the "official" meeting starts at 6:45 and non-Board members must have requested space on the agenda 48 hours before the meeting to be assured of the opportunity to speak during the meeting. To have something put on their monthly agenda, contact the Board President. Check with the office to be sure times have not changed.

### **How do I Purchase Supplies and Spend Money**

The budget of the Valley Unitarian Universalist Congregation is set approximately two months in advance of the beginning of the fiscal year, being approved at the yearly congregational meeting each June. This means that each year we gather as much information as possible before and after the pledge drive and try to decide what the total income of the church will be for the next fiscal year.



What does this mean to you?

- All expenses must fit into the framework of the approved budget, or new sources of income must be found to fund the project, such as a special fund-raising lunch. Special fundraisers must be approved by the Stewardship Committee and Senior Minister.
- Keep in mind that you cannot spend more money than your budget allows.
- The chairperson of your committee must approve all expenditures purchased for the committee.
- If your budget is set up with many line items, (sometimes this is done for tracking only), you are obligated to the bottom line only. Please make good choices with your expenditures. If you have not spent all your committee's

- budgeted funds by the end of the fiscal year on June 30, the balance will help to offset any deficit in the congregation budget for the year.
- No one is allowed to spend money from another committee's budget. The Administrator must approve all general fund expenditures in advance.

## How do I Request Reimbursement or Payment for an Item

A special form called a "Request for Payment Voucher" must be completed and authorization signed by the Chair of your committee. The forms are located in the form bin next to the mailboxes in the office building. You can download one from our web site, or the office will email you one upon request. (See page 106 ff).



Original receipts must be attached to the voucher. Complete the form with your name and address, the expense category, a description of the item and your signature, in addition to the signature of your chair person. The checks will be mailed to the address on the form within one week of the completed request. If the voucher is not complete, the receipts are not attached, or the voucher does not include authorization, the voucher will not be paid and will be returned.

Put the completed forms in the Bookkeeper's box located in the office copy room, or send them to the office by mail or email ([office@vuu.org](mailto:office@vuu.org)).

## How do I Find Out How Much Money My Committee or Group Has



You can get an updated budget amount available by contacting the VUU Office Administrator at [office@vuu.org](mailto:office@vuu.org) or by calling 480-899-4249.

## How do I Prepare Next Year's Budget

Budgeting begins in February or even earlier. July 1st starts the new fiscal year and a new budget as approved by the congregation. Your committee will be contacted in when the process begins with a request and instructions for submitting your committee's budget plan for the upcoming year. The budgets must be submitted by the deadline date determined by the Budget Committee and are reviewed by the Senior Minister, the Budget subcommittee, the Finance committee, and then the final amount is recommended by the Board to the Congregation.



Your committee will be asked for an explanation of the request.

If you have questions regarding your committee's budget or the budget process, you can contact the Finance Committee or contact the Office Administrator who will put you in contact with the appropriate committee member.

## How do I Collect and Deposit Funds into My Committee's Group Account



Two people should tally the checks and cash from the event or project and place the money in an envelope with the totals written on the outside along with the names of the person(s) doing the counting, the name of the event, and the date. There is a “cash handling / deposit form” you can use (see page 107). Seal the envelope and turn it in to the office administrator the next day. If you are collecting money on Sunday, you may give it to Lauree Perry to place in the safe. If Lauree is not there, designate one person to turn it in to the office, preferably on Monday. The office will deposit the money into the appropriate account. If there are expenses to be paid out of the monies collected either before or after the event, a voucher is to be made out by the Chair with the receipts attached and a check will be cut within a week. Do not pay expenses directly out of cash. All money is to go through the VUU accounting process.

The chair of an event may designate a “petty cash” amount to be held back if ticket sales proceed over several weeks. Turn this in at the end. If money is collected over several weeks, it is appropriate to turn it in to the office each week.

**Please do not place proceeds from an event in the offering plate unless it is in a tightly sealed envelope and the event, totals, and name of the person submitting the proceeds are clearly marked on the envelope.**

## **How do I Prepare an Annual Report**

The Annual Report to the Congregation is presented to the congregation at the Annual Meeting held in June. As Committee Chair you are requested to submit a short 150-200-word summary of your committee's activities during the fiscal year to the Administrator three weeks before the Annual Meeting. You will receive notification as a reminder it's time to submit your report.

### **Publicity**



#### **How do I Get Information in the Order of Service**

Deadline for announcements to be included in each week's Sunday Order of Service is Noon on Tuesdays. Announcements must be complete and submitted in writing or by e-mail ([office@vuu.org](mailto:office@vuu.org)) and must include the date, time, place and all pertinent information, **PLUS** the dates you wish it to appear. In addition, please include the author's name and phone number and committee/group involved. No information will be taken over the phone. If you are unable to email your copy, please place completed copy in the Office Administrator Mailbox located in the Administration Building. If you wish the same announcement to go into the next month's newsletter, please indicate that as well. Separate flyers/inserts may be included in the Order of Service to advertise an event, at the discretion of the Administrator in consultation with the Minister, if advance notice is given (at least one week).

## **How do I Get a Sunday Service Announcement Made (Community Highlight)**

### **Scheduling**



VUU Community Highlights **must** be scheduled in advance through VUU Office Administrator. Write out what you want said (keep it short, less than two minutes please) and turn it in to the Office to be forwarded to the Worship Associate and Minister who actually will read the highlight. Two VUU Highlights slots are available for any given Sunday. In the event multiple VUU Highlights are requested for the same Sunday, preference will be given to the earliest event. Additionally, any single event/topic can have up to two consecutive VUU Highlights.

Please be aware that while every attempt is made to retain the VUU Highlight schedule, the VUU Worship leaders reserve the right to make last minute changes in order to accommodate other service priorities. Therefore, the VUU Worship leaders highly recommend that other methods of communicating the information such as the Order of Service and the Newsletter be used in addition to VUU Highlights.

### **Writing / Presenting VUU Highlights**

The Minister(s) or Worship Associates present all of the highlights, based on the written material they are provided by the sponsor of the event.

It is your responsibility to write a 2 minute (or shorter) script, that may not be read word for word. Be aware that not all people who attend the service speak “UU”, or are members. Use any “inside” references sparingly. Include all essential information including:

- A brief introduction of who the sponsor(s) are
- Provide a summary of the event or information you are communicating
- Include all pertinent date/s and location/s
- Contact information
- Where additional information can be found

## **How do I Get Information in the Newsletter**

**Newsletter** Articles are sent to Gilda Czerwonka, Editor



The deadline is the third (3<sup>rd</sup>) Sunday of each month. The *VUUPoint* is published, emailed and mailed by the last Monday of the month. When the third Sunday falls on a Holiday Week (i.e. Thanksgiving/Christmas) the deadline will move up to the 2<sup>nd</sup> Sunday of the month. Watch for announcements about this. Articles are cheerfully accepted prior to deadlines. Articles in electronic form, via email ([penguin1@cox.net](mailto:penguin1@cox.net)) are preferred. Fax is okay too: (480-899-2408). No information will be taken over the phone. Space is limited, so please do your best to make your article short and sweet. Gilda will format, spell check and provide graphics, as needed, but will not write the article for you.

Special permission is needed from the Administrator for extra pages/inserts. Please plan ahead as much as possible.

The following page allocations are set each month (subject to change as needed):

Sermon Titles and Description (1) page

Address Label ½ page

Minister (1)

Board (1)  
RE (2-3)  
Music (1-2)  
Stewardship (1)  
Caring & Concerns (neighborhood contacts) (1)  
Membership Anniversaries ½ page  
VUU Community (everything else limited to ½ page per topic)

## **How do I get something on the Website, Email, & General Communications?**

### **Contact the Minister, Office, Board or a Congregational Committee**

You can find a contact email list at [www.vuu.org](http://www.vuu.org) or you can go directly to the following link:  
<http://www.vuu.org/contactus>

### **Add Content to the Congregation's Web Site**

Our website is a major publicity tool to the outside world. Most of our visitors find us through our website. To add information to the web site, please send your request to the office administrator at [office@vuu.org](mailto:office@vuu.org) who will then forward your request to the VUU webmaster.



### **Have an Email Sent to the Congregation**

Email the text of your message to the office ([office@vuu.org](mailto:office@vuu.org)). The subject line should say e-mail blast to bring it to staff's attention. Indicate when it needs to be sent. Please make your message clear and concise



### **Get Mail or Intra-Committee/Staff Correspondence**

Mailboxes are provided in the Copy Workroom for most committee chairs. Please *empty* these boxes weekly. They are for communication and not for storage. This mode of communication saves the church money in postage and staff telephoning or emailing time. If you are a new Committee and need a mailbox, please let the office know and one will be set up for you.

## **How do I get Administrative/Secretarial Help**

### **Obtain help from the Office For Typing, Graphic Design, Mailing Materials Etc.**

Committees are responsible for handling all their own typing and mailing.  
The Congregation Office can provide the following:

Paper  
Computer  
Envelopes, Labels



## Copier

Committee members should be available to help with the project if there is folding, collating, stuffing and or stapling involved. Please check with the office prior to your mailing to make sure the paper stock you will need is available, as it may need to be ordered. The Board Room or the conference room in the Administration Building are available most weekdays for special projects you may have. If it becomes necessary to request a project of the Congregation Office, please call the Office Administrator with specific details about your need. You must be able to allow the office **one week** for completion and have a backup plan if the office is not available to assist you.

## Get Materials Reproduced and Other Committee Support Aids

### Photocopying and Printing:

The congregation photocopier is available for committee copying Monday through Friday during congregation office hours and before and after church on Sunday. Use copy code (800). If you need copies during the week, please contact the office to make sure the copier is not tied up with special runs (i.e. newsletter) when you wish to stop by. The office will supply paper and is limited to stock on hand. If you wish a particular color, please bring the paper you need with you or let the office know in advance, so that it can be ordered. The office does not have the capacity to print or copy in color at this time. If this is necessary for your event, we recommend using a copy service and submit the expense (using an expense voucher) charging your committee budget item. Please make sure that your committee chair approves the expenditure and signs the expense voucher for approval.



## Facilities

### How do I Arrange Meeting/Event Space



Reserve meeting space and events at the church in advance by contacting the Administrator for availability. On-going meetings are scheduled for up to one year in advance; please let the Administrator know if your meeting will be on-going. (i.e. 1<sup>st</sup> Monday evening of the month) Also, let the Administrator know if your meeting is cancelled, in order to free up the space for someone else.

You can check availability on the VUU Calendar on our website [www.vuu.org](http://www.vuu.org), before you make your request. **Please do not schedule your meeting/event without confirming availability with the Administrator.**

**You must set up your own tables and chairs and return them as you found them. If tables or chairs are taken from a room or the Sanctuary for an event elsewhere, they MUST be returned. Rooms 1 and 2 are used for outside rentals and must be returned to standard. Cleanup your own coffee cups, refreshments, etc. and take your garbage to the dumpster. Cleanup supplies are found in the kitchen of Room 1, the hospitality room, and kitchenette in the Administration Building. Our cleaning staff DO NOT put items away. If items are left out on counters, tabletops etc, they may be discarded. PLEASE DO NOT leave food in the refrigerators.**

## **How do I get a Key**

Keys may be loaned to committee chairs or others on a temporary or permanent basis for access to the building to hold meetings or work on projects. All users of the building are asked to secure the building after use. Copying or loaning the church key you have borrowed is prohibited. \$5.00 will be charged for lost keys.



## **How do I Get Events in the Calendar**

See above. To reserve a spot on the VUU Event Calendar, contact the Administrator at [office@vuu.org](mailto:office@vuu.org) in writing or by email to reserve your event date and times.

## **How do I Request Sexton/Custodial Support**

To schedule a Sexton or custodial support for an event, please contact the VUU Office Administrator at [office@vuu.org](mailto:office@vuu.org) or call 480-899-4249.



## **How do I request General Repair and Sanctuary/Facility Alteration**

Contact the Office Administrator or the chair of the VUU Facilities Team (see VUU Organization, page 39) by email, phone, or in person. You should describe the repair that is needed.

## **How do I get information about Membership**

Contact the office at [office@vuu.org](mailto:office@vuu.org).

## **How do I recruit Volunteers**

### **Recruit Volunteers for My Committee/Event**

Contact Dianne Haskell at [dlhaskell2004@yahoo.com](mailto:dlhaskell2004@yahoo.com) or 480-203-2870 for names of people who have expressed interest in volunteering in a way that might meet your needs. She can also create sign-up sheets for the Volunteer Opportunities Table and post information in the Order of Service announcements about the volunteers that are needed. It is suggested that new people are recruited for short-term tasks and committee members be chosen with care from those folks who have been effective in the execution of the short-term tasks.



It is also important to have a clear sense of what is being asked of the volunteer before you begin recruiting. Unless it is a very simple task, it is suggested that a job description be drafted.

## **How do I Volunteer for a Committee**

Contact Dianne Haskell at [dlhaskell2004@yahoo.com](mailto:dlhaskell2004@yahoo.com) or 480-203-2870 and give her your contact information, skill set and volunteer interests.



## **FORMS (see Stewardship Policy, pages 103 and 104)**

Contact Administrator or check the VUU website for forms.

### **Voucher: Request for Payment (to vendor or reimbursement)**

### **Deposit Submission Form**

### **Work Request Form**

### **Facility Rental Checklist**

### **Key Request Form**

---

Building Address:   **Valley Unitarian Universalists Congregation  
6400 W Del Rio Street  
Chandler, AZ 85226**

## **WHAT TO DO IN CASE OF...?**

### **A medical, fire, or other dangerous emergency?**

Call 9-1-1

### **An electrical outage?**

- Reset circuit breakers to see if the problem is a short-circuit in the building's electrical system.
- Report a power outage to SRP's automated Residential Customer Services line by calling (602) 236-8888. Be sure to enter your account number (456-860-005) so that we'll know where the power outage is.
- Turn off all lights and major appliances, including your computer, air conditioner, television, or VCR. This will help SRP restore power more quickly while protecting your equipment from voltage fluctuations and circuit overloads when power returns. Surge protectors for your computer and electronic equipment provide extra protection.
- Keep the refrigerator and freezer doors closed.
- When power returns, wait a few minutes before turning on lights and appliances (one at a time).



### **A heating or air conditioning failure?**

- Check thermostats to see if they are programmed correctly. If still not working, check circuit breakers and/or power source. The A/C Company is Brewers A/C. They can be reached at 480-893-8335.



### **A telephone failure?**

Call Cox Communications at 1-800-979-5118 and reference account #0018501 151756401

### **The alarm in office goes off?**

- See instructions in the front office at the control box on the wall.
- If it is a false alarm call the non-emergency # 602-495-5555 to report the false alarm.
- If there is an actual fire, the Chandler Fire Department will be dispatched.

### **Building & Grounds Contacts**

[office@vuu.org](mailto:office@vuu.org) or call 480-899-4249

Facilities Team members – Debbie Dinyes (480-949-1286) or John Fretz (480-897-



### **Plumbing Problems**

- Contact the office administrator (480 899 4249).
- Water shut off valve is located ....



VUU Congregation, 2013

## **Valley Unitarian Universalist Behavioral Covenant**

As members and friends of this congregation with a common purpose to nurture each other in our religious community, we hereby covenant:

- To welcome everyone who comes to VUU on an honest and responsible spiritual quest or search for community
- To accept and respect the differences among us
- To listen actively and respectfully
- To trust in the inherent good faith of each other
- To create an atmosphere where all of us feel safe
- To practice forgiving each other and ourselves
- To focus our discussions on topics, ideas, and issues rather than on people
- To speak directly to those with whom we disagree and work toward resolution
- To speak out with loving kindness when we witness inappropriate behavior or disrespectful interactions
- To be respectful of our staff's time and commitments as professionals
- To take responsibility for our behavior, hold ourselves accountable, and keep the commitments we make
- To practice replacing "they" with "we" to begin the phrase "...ought to do something"
- To trust the process, accepting and supporting our democratic decisions while acknowledging that we may not always agree
- To remember that building our beloved community requires active participation

Approved: June 2010



## Governance Made Simple: VUU's Policy-Based Governance Model

*October 9th, 2011*

### **What is Policy Governance?**

Policy governance is a *shared* system of leadership that empowers people at all levels to use their creativity and expertise to achieve VUU goals without micromanagement. It empowers the Board to establish "ends / outcomes" (the broadest level reasons that VUU exists), to exercise oversight of the executive arm of VUU, and to evaluate progress toward ends/outcomes. It empowers staff and volunteers to choose the most appropriate means to achieve VUU ends. At VUU, policy governance documents are simply called "Board Policies" and can be found at <http://www.vuu.org/policies> under "Board of Trustees."

### **What Does the Board of Trustees Do?**

Under policy governance, the Board is responsible for establishing VUUS' extended mission statement, also called "ends / outcomes," which are the overall purposes and reasons for existence of VUU. It delegates to other leaders the authority and responsibility for choosing the most appropriate means to achieve these ends, without meddling or micromanagement. The Board does not say how something should be done, but it establishes policies that limit discretion to insure that leaders do not act in ways that are unlawful, unethical, that violate UU principles, or that threaten fiscal or organizational integrity. The Board represents the interests of the congregation and links the congregation to management. The Board is also responsible for:

1. Oversight of the Senior Minister
2. Set annual goals for VUU and for evaluating progress toward goals
3. Oversee VUU finances and make sure a budget is prepared
4. Deal with "Big" issues; or that rare issue that for whatever reason cannot be dealt with in committee or by the staff.

### **What Does the Leadership Council Do?**

The Leadership Council at VUU is chaired by the Senior Minister and consists of the leaders of the ministries, stand-alone committees and task forces. Every ministry has a related collection of committees and groups with their own leadership and areas of responsibility. The coordinator's job is to coordinate; to recruit as necessary, but mostly to send people, information and ideas where they will be most useful and to enable the groups, committees and staff to work together. Collaboration with Senior Minister and Lay leadership throughout the congregation is essential. An important task for the coordinator is to plan. To think ahead, identify the ministry's needs & direction, to understand what is not there.

Each ministry and committee is responsible for its own budget and is able to move funds across categories within that budget. Whereas the Board establishes broad-based ends and goals, the Senior Minister, paid staff, Coordinators and Committees choose the means toward those ends. They do not need to ask permission of the Board for their activities.

### **How Do Problems Get Addressed at VUU? What Are "Board Task Forces For"?**

Most problems are addressed at the level where they occur, by the staff or committee responsible for those activities, or by the Senior Minister.

From time to time, however, the Board's evaluation of VUU's progress toward its goals may indicate that concentrated attention is needed on an issue or on a barrier that prevents VUU from

fulfilling its purposes. The Board may establish a short-term task force of Board members and volunteers to address the problem.

Board task forces are to help the Board do its job; they are never used to help or advise the staff or some other committee with its work nor direct the staff or Senior Minister. Its sole responsibility lies in providing advice and counsel to the Board.

A task force helps the Board mainly by studying a problem and recommending alternatives to the Board. The Board may take action if appropriate, or may delegate the continuing action to an existing or new committee. Task forces generally are short-lived and disband as soon as they have completed their work; they are not permanent.

### **What are “Board Committees”?**

Under our modified policy governance Board has created some standing committees that provide continuing expert advice and continued monitoring that the Board does not have time or resources to conduct:

Facilities: 4 person team appointed by the Board to help oversee and maintain the property

Finance:: 7 Person team appointed by the Board to review detailed financial reports, create detailed budgets and perform internal audits.

Crisis Management / Safe environment: This committee has a charter (on the web) and is appointed by the Board after a crisis has been referred to the Board.

### **What Are the Benefits of Policy Governance at VUU?**

- The Board is able to focus on broad-based mission (“ends / objectives”) and goals and avoid micromanagement.
- Empowerment flows down so that staff and leaders at all levels use their creativity and expertise to choose the best means to achieve VUU goals.
- Staff, individuals and committees do not need to approach the Board for permission to act provided that action does not violate Board policies. The Board does not direct (nor second-guess) the means chosen by VUU leaders.
- If the Board’s oversight and evaluative processes indicate specific areas of concern, the Board may revise policies, “undelegate” certain areas of responsibility, or establish short-term task forces to focus concentrated attention on a problem and then spin it off to an existing or new committee.
- The organization encourages flexibility, creativity, and innovation at all levels as it grants maximum latitude for people to initiate actions and projects that further VUUs purposes.

## **Frequently Asked Questions (Frequently Expressed Complaints) About Policy – Based Governance at VUU**

### **1. Where can I find VUU Policies?**

All official VUU policies are on the VUU web site <http://www.vuu.org/policies>. The policy governance documents are under “Board Policy”. Other policies are found under the name of the committee or ministry.

**2. Who actually runs VUU? Do we have a “CEO?”**

VUU has a Senior Minister who runs VUU on a daily basis. Core staff currently includes the Administrator, Minister of Music, Director of Lifespan Religious Education.

**3. Policy governance permits leaders at all levels to take whatever actions they want, provided these are not limited by policy. But what if some leaders just don't do anything at all or just don't get things done?**

VUU's Board policies specifically state that the Board, Minister(s), and Senior Minister shall not “cause or allow...VUU to be inefficient, ineffective, inconsistent with UU principles or inconsistent with VUU ends/outcomes.” Thus, these top-level leaders at VUU are expected to “get things done.” If someone under their supervision does not get things done, it is their responsibility to re-energize that person or ask them to step aside.

**4. Does the Board maintain fiduciary responsibility? Doesn't policy governance typically delegate financial matters to the executive branch –Senior Minister at VUU?**

At VUU, the Board does not delegate fiduciary responsibility to the Senior Minister. Following the recommendations from Sarbanes – Oxley, VUU has modified its policy governance model so that the Board is responsible for preparation and review of budget alternatives, and is responsible for the budget presented to the Congregation for their approval. To assist in this task, the Board has appointed a Finance committee and has a Board-appointed position called “Financial Analyst” that develop proposed revenue projections and proposed expenditures for the Board to consider. The Senior Minister is involved throughout the process and carries considerable influence in determining how funds are allocated among programs and committees that report to the Senior Minister. Board, working with the Finance committee, determines what will be presented to the congregation for their consideration. VUU policy prohibits incurring more expenditure during the year than readily-available revenue projections for that year.

During the year, the office staff provides monthly comprehensive financial documents to the Senior Minister and Financial Analyst. The Financial Analyst reviews and interprets these reports, and prepares a monthly memo to the Board that summarizes VUU's financial situation vis a vis the budget. Board members are expected to understand the spreadsheets and gain the expertise needed to insure the financial integrity of VUU. The Board makes a mid-year report to the Congregation.

**5. What If I have an issue or problem with the way something is done at VUU? What should I do? Do I take the complaint to the Board?**

No. The Board does not deal directly with complaints except as a last resort or in direct response to a Board action or after all other avenues of consideration are exhausted and there clearly is a policy issue. The first step is to take the problem directly to the person or group you believe responsible for the problem or responsible for “fixing” it. For example, if you have a problem with something in religious education, take the issue to the Director of RE.

**6. What if they do not respond to my issue?**

If you are not satisfied with the response at the first level, you may take the issue to the next level (e.g., the Senior Minister). In some circumstances, the Board may refer the issue to the Conflict Management / Safe Environment team. The Board does not attempt to resolve interpersonal conflicts or other issues unless policy changes are needed.

**7. What if my issue is about something that is NOT being done at all?**

You would need to talk with the Senior Minister to ascertain who you believe should be doing something that is not done. In some cases, you might be asked to take the lead on the activity yourself!

#### **8. What If I have an issue with the Board or Senior Minister?**

If it pertains to something the Board has done, or if a policy change is needed, you should contact the Board President about your issue. The President may satisfy your concern, or bring the issue to the Board for discussion, and in some cases may invite you to present your concern directly to the Board. If your issue is about something you want the Board to do that they have not done, you need first to be sure it is within the responsibility of the Board rather than the Senior Minister, or some other staff.

If you have an issue with the Senior Minister, the appropriate process is for you to contact the Senior Minister and request a meeting to explain your concern.

If these responses are not satisfactory, you may contact the Board.

#### **9. But what if no one will deal with my issue?**

VUU by laws provide that 15% of the members may require the Board to call a congregational meeting. So, if you cannot find relief anywhere, you may draw up a petition that clearly states the issue, obtain signatures from 15% of the membership, and the Board will call a congregational meeting with your concern on the agenda.

#### **10. Who appoints committee members? Shouldn't VUU have term limits for committee chairs and members?**

The Congregation elects the Board for two-year terms, with a term limit of 6 years, followed by one year hiatus and then the person can run again. The congregation also elects the Leadership Development committee, the Special Funds committee, and the Committee to Appoint a Called Minister.

The Board appoints members of any other Board Task Forces and Board committees.

All other committees are appointed by the Senior Minister, staff or provide for their own recruitment and membership. Some of these committees limit their membership and also set term limits on members or chairs. [Committee policies are posted on the web]. Others have open (unlimited) membership and generally do not have term limits, since there is no need for one person to leave just because a new person was included. Term limits are set by the committee itself, not by the Board.

#### **11. Does the Board have a liaison to the committees? How does the Board keep track of what the committees are doing?**

The Board does not have a liaison to committees, although Board members may serve on committees. The Board keeps track of what is being done through regular reports from the Senior Minister and Leadership Council who, in turn, are expected to stay in touch with committees, and through other monitoring reports as named in Board Policy.

#### **The VUU Web (downloaded June 11, 2014)**

*All VUU official policies and procedures are found on the VUU web site: [www.vuu.org/policies](http://www.vuu.org/policies). In fact, a policy or guideline is not official and not "in effect" unless it is posted on the web site!.*

*Here is the introduction along with the committees and groups that have policies or procedures on the web.*

*One of these, the "How Do I...." is repeated in its entirety. Otherwise, please click on the appropriate link to go directly to the policy you are looking for.*

## Policies, Processes, and Job Descriptions

- View(active tab)
- Edit
- Outline
- Track

- Clone content

The operation of Valley UU church is governed by policies for each organizational entity from the Board down to the various committees. Each committee also has processes that govern their major activities and job descriptions that describe each role in the organizational unit.

This site is intended to be the official copies of the VUU policies and processes, etc. All new documents must be sent to the webmaster for inclusion on this site. To update a document, the official copy from this site must be downloaded, updated, reviewed, and approved before returning it to the webmaster. The webmaster shall ensure that the above procedure has been followed or it will be returned to the sender.

Click on any of the following links to view the policies and processes. The easiest way to download a copy is to right-click on the link and then go to "Save Target As...".

## **Policy Development Instructions and Templates**

- Policy and Process Development Instructions
- Policy Template
- Job Description Template
- Ministry Web Page Template
- Ministry Web Page Template

## **General Rules and Guidelines**

- VUU Childcare Guidelines
- Bulletin Board Guidelines
- Spending Authority Policy
- How Do I ...? (How To Work With the Church Office) -- Manual

## **VUU's Governance Model -- General Information**

- Governance and Structure Brochure
- VUU Policy Book (2014 Update)
- VUU Governance Made Simple (FAQs)

## **BOARD OF TRUSTEES AND ITS COMMITTEES**

### **Board of Trustees**

- Board of Trustees Member Job Description
- Bylaws
- Board Governing Policy - 2013
- Conflict Management and Conflict Resolution Policy
- Conflict Management and Conflict Resolution Job Description

### **Special Funds Committee**

- Special Funds Committee Job Description
- SFC Charter
- SFC Policy and Process
- SFC Leadership Fund Process
- SFC Recognition Sunday Process

### **Finance Team**

- Finance Committee Charter (Updated 2012)
- Finance Committee Job Description
- Budget Process (Approved 07/18/11)
- VUU Accounts Policy

### **Nominating Committee**

- Nominating Committee Member Job Description
- Nominating Committee Policy

### **Facilities**

#### **Memorial Garden Committee**

- Memorial Garden Policy
- Memorial Garden Fees Application
- Memorial Garden Authorization for Inhumation

#### **Art and Aesthetics**

- Art and Aesthetics Policy
- Artist List
- Artist Agreement
- Sanctuary Aesthetics Coordinator Job Description

## **Personnel Committee**

- Personnel Policies and Procedures
- Personnel Hiring Procedure

## **Stewardship**

- Stewardship Policies and Procedures
- Capital Campaign Funds Use Policy (2009)
- VUU Home stay Policies and Procedures

## **PROGRAM MINISTRIES**

### **Administration**

- VUU Accounts Policy
- How Do I ...? (How To Work With the Church Office) -- Manual

### **Music Ministry**

- Music Ministry Policy
- Music Ministry Procedures

### **Religious Education**

- Code of Ethics
- Background Information Consent
- VUU Liability Release
- YRUU movie Permission Slip

### **Adult RE**

- Adult RE Policies and Procedures

### **Social Action Ministry**

- Social Action Ministry Policy
- Focus Charity Selection Process
- Focus Charity Nomination Form
- Social Action Project Leader Position Description
- Green Sanctuary Policy

## **Communication**

- Communications Ministry Coordinator Job Description
- Communication Policy
- Web Site Policy
- Social Media Policy
- Webmaster Job Description
- Web Site Team Member Job Description
- Podcasting Policy
- Email Policy
- Publicity Policy

## **Pastoral**

- Caring and Concerns Policy
- Caring and Concerns Job Description
- Lay Pastoral Care Provider Job Description

## **Membership Committee**

- **Membership Committee Policies and Procedures**
- Café Policies
- Membership Coordinator Job Description
- Ambassador Job Description

## **Worship Associates**

- **Worship Associates Policy**
- Animal Policy in Sanctuary
- Sound Technician Job Description
- Head Usher Job Description
- Usher Job Description

## **Auctions** Heart & Hand Auction Donation Policy

## **Denominational Connections**

## **Fellowship**



VUU members at immigration rally

## **Selected VUU Financial Policies**

### **...Excerpt from the By-Laws**

#### **VIII. FINANCES**

Section 1. Execution Of Instruments. Checks, drafts, and orders upon the funds or credits of VUU; bills, notes, and other obligations for the payment of money by VUU, and all contracts and instruments in writing by VUU shall be executed by such executive officers as may be designated and authorized by the membership of the Board.

Section 2. Financial Responsibilities. The Board shall assure that it receives monthly and annual financial reports of VUU's financial status as well as other appropriate financial information through the designation and authorization of such persons or committees as determined by Board Policy.

### **....Excerpt from Board Governance Policy**

#### **Section 2.04. Financial Planning and Policy**

##### **II.04.01 Financial Responsibility**

The Board, on behalf of the congregation, retains direct responsibility for the financial integrity of the organization. It is assisted in this by (a) Finance Committee (a Board committee), which is responsible for financial policy, planning, and monitoring, (b) Senior Minister, who is responsible for implementation, documentation, and day to day operations, (c) Special Funds Committee, which is responsible for the endowment fund, and (d) the financial analyst, a Board-elected position.

##### **II.04.02            Budget Development Limitations**

With respect to planning the annual budget, VUU Leadership shall not jeopardize either programmatic or fiscal integrity of the organization. The finance team presents financial planning (budget) information to the Board, including recommendations, and the Board makes budget recommendations to the Congregation, with the vote of the congregation being final and establishing the annual budget. The planning recommendations (budget):

- e. Shall contain sufficient detail to enable reasonably accurate projection of revenues and expenses, shall separate capital and operational projections, and shall disclose planning assumptions.
- f. Shall not plan the expenditure in any fiscal year of more funds than are projected to be available in that period.
- g. If there are to be capital expenditures, they shall be included in the budget as well as the means to pay for them. Capital expenditures are all repayments of debt and any building additions or large equipment purchases, and any expenses incurred as a result of a capital campaign.

- h. Shall not deviate materially from Board-stated priorities and requirements (see extended mission statement, Section I) in its allocation among competing fiscal needs.

#### **II.04.03 Financial Planning Limitations**

- a. The Finance Committee, Special Funds Committee, and Board shall not cause or allow financial policies that are incomplete, unclear, inconsistent with generally accepted accounting principles, or that lack clear implementation guidelines.
- b. The Senior Minister shall insure that VUU has clear policies for all VUU employees and volunteers regarding reimbursement of expenses, including travel.
- c. Capital campaign funds can be expended only for capital items including debt repayment above and beyond the regular principal and interest payments and for capital campaign expenses. Only with prior approval by the congregation may these funds be used for other capital improvements.

### **Section 2.05 Financial Limitations and Reporting**

#### **II.05.01 Financial Reporting: Finance Committee**

The Finance Committee shall monitor financial reports of on-going financial conditions and shall insure that the Board and Senior Minister are informed of any significant trends, problematic expenditures, or other issues.

#### **II.05.02 Financial Limitations: Senior Minister**

The Senior Minister shall not

- a. Cause or allow financial practices that fail to follow generally accepted accounting principles and other applicable rules as identified by the Finance Committee and Board.
- b. Cause or allow inadequate documentation of financial procedures, or fail to establish clear staff responsibilities for carrying out the financial affairs of VUU.
- c. Cause or allow the Board to be uninformed or misinformed about VUU's financial conditions.
- d. Cause or allow expenditures of more funds from the operating budget (based on most likely end-of-year projections) than have been allocated without timely notification of the Board.

#### **II.05.03 Financial Limitations: Board of Trustees**

The Board:

- a. Shall not cause or allow the development of fiscal jeopardy or loss of allocation integrity
- b. Shall not cause or allow expenditure of more funds than have been received in the fiscal year to date unless the debt guideline (below) is met.
  - i. Shall not indebted the organization in an amount greater than can be repaid by certain, otherwise unencumbered revenues within

90 days.

- ii. Shall not allow cash to drop below the amount needed to settle payroll and debts in a timely manner.
- c. Shall not cause or allow the expenditure of any endowment or designated funds other than for the purposes determined at time of receipt or designation.
- d. Shall not conduct inter-fund shifting of restricted funds in amounts greater than can be restored to a condition of discrete fund balances by certain, otherwise unencumbered revenues within 30 days.
- e. Shall not cause or allow actual allocations to deviate materially from Board priorities in its detailed mission statement.
- f. Shall not borrow funds on other than the short-term basis as defined and outlined in these policies.
- g. Shall annually review VUU end-of-year financial reports including any submitted to state or federal agencies and any reports from auditors, CPAs, or accountants.
- h. Shall review monthly and other internal financial reports.
- i. Shall not cause or allow a significant end-of-year deficit (based on most likely projections) beyond that approved by the congregation, without notification and consultation with the congregation. A significant end-of-year deficit is defined as a deficit of 3% or more of the total budget beyond any deficit approved by the congregation.

#### **II.05.04 Financial Limitations: All VUU Leadership**

VUU Leadership who have budget oversight within their area of responsibility

- a. Shall not cause or allow expenditures of more funds from their budgets than have been allocated (except as noted in "d" below).
- b. Shall not cause or allow expenditures to deviate materially from Board priorities in ends / outcome policies
- c. Shall not be prohibited from shifting funds within the budget categories for which they are responsible, provided that their total expenditures at the end of the year will not exceed their allocated revenue and other limitations have not been exceeded.
- d. Shall notify their immediate supervisor in a timely way of trends or unexpected large expenditures that could jeopardize fiscal integrity.
- e. Shall not be prohibited from applying for external grants, provided the grants are within their area of responsibility, are consistent with VUU detailed mission, and do not obligate VUU to expenditures that would jeopardize fiscal integrity. Immediate supervisors, Senior Minister, and Board should be notified of grant activity and grants (if offered) are formally accepted by the Board on behalf of VUU.

#### **Section 2.06 Asset Protection**

With respect to proper stewardship of VUUs assets, the Senior Minister shall not risk losses beyond those necessary in the normal course of business. Accordingly, the Senior Minister:

## **II.07.02 Fiscal Conflicts of Interest**

VUU Leadership must avoid any conflict of interest with respect to their fiduciary responsibility.

- a. There must be no self-dealing or any conduct of private business or personal services between any leader and the organization except as procedurally controlled to assure openness, competitive opportunity, and equal access to "inside" information.
- b. Leaders must not use their positions to obtain for their family members or close associates employment with the organization.

## **Policy for Use of VUU Accounts**

Approved February 21, 2012 by VUU's Board of Trustees

(Also see "Spending Authority" in the Administration Section)

### **1. Operating Account (Balance Sheet, 101.80)**

The cash operating account is used for day-to-day expenses and for all cash not specifically reserved for any other account. At the end of each fiscal year, amounts in excess of 5% of the new fiscal year's estimated expenses may be transferred to the reserve (101.95) account.

### **2. Department 30 Accounts:** Department 30 Accounts are the responsibility of a designated committee or person who is to insure that all revenue from the activity goes through the VUU accounting system and is deposited into the account. Expenditures from the accounts are to be used in support of the activities.

**(a) Designated Accounts (101.90).** Department 30 Designated Accounts are for specific VUU activities. After expenses are paid, the funds not needed for the next iteration of the activity or for directly related projects to improve the activity are transferred to the operating account (101.80). Most of these accounts involve the sale of goods or services with any excess revenue intended to be used for the general support of VUU (e.g., Art and Cookie Sale, bookstore, cabaret, café, grocery program, home hospitality/B&B, etc.) The amount left in a Department 30 Designated Account for future activities is determined by the Administrator, the board-appointed Financial Analyst, and designated representative of the account. In case of a disagreement, the issue is referred to the Finance team.

**(b) Restricted Accounts (101.90).** Department 30 Restricted Accounts are for VUU activities in which the income is permanently restricted to the use for which it was collected. Any cash remaining after expenses are paid remains in the account to be used for future iterations of that activity. Restricted accounts include such things as external grants, facility deposits from renters, property reserve fund, income from the leadership endowment, donations for specific projects or programs and flow-through accounts where VUU collects money for a specific purpose and then uses it exclusively for that purpose (e.g., OWL, COA, and the Prescott Retreat).

If a restricted account has excess cash after the project is completed, the original donors should be contacted regarding an alternative use, or to return their donation to them, if practical to do so. If not, the use of the money should be recommended by the responsible party, approved by the Board, and made public so that contributors even

though not individually identified are aware of how the excess cash was used.

**3. Reserve Account (101.95) (Previously, “savings account.”)**

Cash in the VUU reserve account is used for short-term cash flow shortages, end-of-year cost overruns, and other expenses as determined by the Board. The office administrator is the responsible party for the reserve account and is authorized to transfer amounts up to 1% of the annual operating budget to handle cash flow shortages in which there is a reasonable expectation that the reserve account will be reimbursed from operating revenue before the end of the fiscal year. If reimbursement by the end of the fiscal year is not a reasonable expectation, the Board must approve the transfer.

**4. Capital Campaign account. (102.00)**

Income from capital campaigns is used in accord with the priorities established by the Board.

**5. Special Funds (151).**

Special funds are the VUU endowments, managed by the Special Funds Committee elected by the congregation.

**6. Bunny Clark Leadership (152).** This fund was earmarked from an endowment for leadership purposes.

## **STEWARDSHIP COMMITTEE POLICY**

### **Revisions September, 2013 and May, 2014**

[Related Policies: “Café Rules” [www.vuu.org/policies](http://www.vuu.org/policies) “Cafe”)

Related Policies: Café Coordinator Job Description [www.vuu.org/policies](http://www.vuu.org/policies)

The mission of the Stewardship Committee is to create a culture of generosity at Valley Unitarian Universalist Congregation that will enable VUU to grow and prosper in value to our members and our community.

#### Meetings

The Stewardship committee meets once a month and more often during the annual campaign, as needed. Meetings are at a time and place determined by the committee.

#### Membership

Membership is open to all VUU members and friends. There are no term limits for members.

A minimum of five (5) members will constitute a quorum at all Stewardship meetings.

The chairpersons of the annual stewardship campaign and any capital campaign are expected to be active members of the committee.

#### Committee Responsibilities

1. Conduct the annual Stewardship Campaign.

2. Coordinate the scheduling of all other VUU fundraisers except as provided below under Fundraising Policies.
3. Appoint a chairperson for the Stewardship Campaign, the other major fund raisers (Dining for Dollars, VUU4U and VUU Ads) ~~Heart and Hand Auction~~, and for the Capital Campaign when needed.
4. Fundraisers will be designed and calendared to support the following goals:
  - To strengthen the culture of generosity and financial health of VUU.
  - To be sensitive to the need to maintain traditions that are important to the life of the congregation as much as practicable.
  - To support some fundraisers that are open to the public for the purposes of targeting “outside money”, to provide a link between the congregation and the community in which it resides, and to make VUU visible within the community.
5. To establish a tradition of giving back to the community as follows:
  - Five (5) percent of the net proceeds from major fundraisers will be used to support our UU principles and purposes by directly assisting the community of which we are a part (e.g., donated to charity, etc.).
  - Unspecified cash donations from the collection plate on the first Sunday of each month will be contributed to the same designated charity. The designated charity will be selected by the congregation, in accord with policies developed by the Social Action Committee.
6. Provide the Finance Committee and Board with an estimate of funds expected to be raised during the following year through all fundraisers.

## **Detailed Fund Raising Policy**

The VUU Board of Trustees recognizes that fund raising activities represent a valuable source of revenue for the special needs of VUU programs as well as for the general operating budget of the congregation. This policy on fund raising is stated in order to provide guidance to those wishing to hold fundraisers and to the Stewardship Team, which coordinates them. The policy is intended to establish a central point for coordinating fund raising events and to assure that the interests of the Congregation are protected.

**DEFINITION:** A fundraiser is any activity undertaken at VUU, or by a VUU ministry, program, committee, group, or by an individual on behalf of VUU, for the purpose of securing money for VUU or for an affiliate organization of VUU, or for a special activity or cause.

**PURPOSE:** Each fundraiser must provide something of direct benefit to VUU, its members or its committees.

**PROCEDURE:** The Stewardship committee is the approving authority for fundraisers not separately approved by the Senior Minister. No fundraiser may be conducted without Stewardship committee or Senior Minister approval. (The Board of Trustees is required to approve any contracts but not fundraisers unless the Stewardship committee believes that a fundraiser might violate Board Policy. Note that Board policy prohibits activities that are illegal, unethical, violation of UU or VUU principles, or "imprudent." "Imprudent" includes activities that would jeopardize VUU's nonprofit status.)

**CALENDARING:** The frequency of fundraisers should be scheduled through the Stewardship committee to maximize potential for success. Generally, only one major fundraiser will be approved per month to support this goal. Ongoing established fundraisers such as the Bookstore and Food Certificates are not subject to this rule as they are on-going throughout the Congregation year. Standing fundraisers, such as the VUU FUUND, Dining for Dollars, Cabaret and the Holiday Sale will normally be run according to their historical schedule without a specific request to the Stewardship Team; however, the calendaring of these events will be coordinated with the Stewardship Team and placed on the congregation calendar by the Administrator.

**PROCEEDS:** The proceeds from all fundraisers, after expenses are paid, are to accrue to the general operating budget of the congregation, with the exception of fundraisers such as special offerings during congregation services and those sponsored by children and youth (i.e., YRUU and MUUGS) which shall not be required to contribute to the operating budget. All special cafes, however, regardless of sponsorship need to provide up to \$50 to the operating budget. In the case of large goals, which require a series of events over a long period of time, a percentage of the proceeds may be negotiated with and approved by the Stewardship committee to accrue to a fundraising account for the specified goal. Seed money (for set up expenses) will be charged to the income account for the fundraiser until the proceeds are deposited to balance the initial expenses.

#### Obtaining Permission to Hold a Fundraiser

**All fundraisers must be approved by the Senior Minister or Stewardship committee and scheduled by the Stewardship committee. Under no circumstances will a fundraiser be permitted to take place without first being reviewed, approved and scheduled.**

Any group, committee, or individual wishing to raise funds on behalf of VUU or at VUU, must submit a proposal (preferably written or by e-mail) to the Committee. The proposal will be discussed by the Stewardship committee at a regular or special meeting, or by e-mail, and if accepted, the activity will be calendared.

Generally, the Stewardship committee will consider fundraisers only for VUU charities or events. Non VUU charities and events are worthy enterprises, but the VUU calendar is generally filled with fund raisers for VUU.

Generally, the Stewardship committee will not approve fund raisers for specific programs at VUU where the funds are earmarked for that program except as part of the “Café” program. This includes events as well as earmarking the plate for certain activities. The purpose of this restriction is to prevent various programs (e.g., music, RE, green sanctuary, social action) from having to compete with one another to raise funds for their own activities. Activities should be supported through the general operating fund. However, exceptions can be made by the Stewardship committee.

Once a fundraising proposal has been accepted and calendared, the committee will provide the following information to the fundraisers:

- the date for the event;
- the earliest date they can begin to recruit volunteers;
- and the earliest date they can begin to publicize their event through highlights and notifications in the Order of Service.

Except for the annual Stewardship Campaign, fundraisers are limited to no more than two Sunday service highlights. The Committee may approve additional exceptions to this policy for major fundraising activities

All monies raised through fundraisers (except for Capital Campaign and Special Funds) will be deposited into the Operating Fund. Projects that receive money for goods or services or to attend events will have their funds deposited into a special account (a “designated department 30” account) and expenses will be paid out of that account. Any funds remaining in these accounts at the end of the fiscal year, that will not be needed for up-front expenses in the next year, will be moved to the general operating account. Exceptions to this policy may be made on a case-by-case basis. In some cases, funds are raised for a specific purpose and are placed in a restricted department 30 account, and used only for the purpose for which they were raised. To honor “donor intent,” surpluses in these accounts are not “swept” into the general operating account at the end of the year.

## OFFICERS

A chair and vice chair will be elected by the Stewardship committee each year near the end of the annual campaign or after it is complete, to serve during the coming year. A “Fundraising Coordinator” person will also be named by the committee. The Fundraising Coordinator handles requests from members of the congregation to hold fund raisers. The Fundraising Coordinator is responsible for explaining VUU stewardship policies, helping the person understand whether their request meets VUU policy, and provide other assistance. The Fundraising Coordinator may refer requests to the full Committee for consideration but also may apply the relevant policy and inform the individual of the decision, with notification to the Stewardship Committee.

## COMPONENTS

### Annual Campaign

Each member and friend household is asked in the spring each year to make a pledge of the amount they expect to give the congregation over the next fiscal year. (July

1 - June 30). Based on this amount, a congregation budget for the upcoming year is developed and presented to the congregation by the Board at the annual congregational meeting. Those wishing to have their monthly donation on an automatic payment may make arrangements with their bank.

To obtain the level of revenue VUU needs to support our staff, programs, and care for our facility, we urge members of VUU to contribute 5% of total income to the annual stewardship campaign; and once they reach 5%, to increase their contribution to 10%. We recognize that not all members will be able to reach these levels immediately, but that each will "get on a path" to value-based giving at this level.

#### Auction

Each year our congregation holds a service auction, where fellow congregants offer up dinners, summer vacation homes and various social events for auction. In fact, some people have commented that if it were not for the Auction, they would not have a social life! Beginning in 2014-15 this will be called the "Dining for Dollars" program with "bids" made on line and on Sundays over a period of three Sundays, probably in February.

#### Holiday Arts Festival

Early in December we host a community Arts & Crafts event where holiday gifts and goodies can be purchased. Tables are made available for a nominal cost, and vendors are asked to contribute a small percentage of their sales to the congregation. A percentage of income from the Holiday Arts festival is donated to our focus charity for the year; the rest supports the congregation budget.

#### VUU4U

This is a new program as of 2014 in which VUU will publish a professional directory of VUU members who offer professional services to the congregation. Each entry will be charged a fee.

#### VUU ADS

Another new program in 2014 will be ads for vendors that VUU uses that will be placed in the Order of Service and/or the Newsletter.

#### Endowment Fund

The Endowment Funds of the Congregation are managed by the Special Funds Committee, elected by the congregation. See <http://www.vuu.org/policies> for policies and procedures regarding the endowment funds, including how to make a contribution to the fund.

#### Cabaret

Cabaret is sponsored by the music program and held in the fall of each year at VUU. Cabaret features VUU musicians, artists, comedians, and others in a fun-filled evening. Proceeds go into the Cabaret "Department 30" account to seed the next event, and any funds not needed for the next year are contributed to the general operating account.

## VUUSICA

VUUSICA programs are held three or four times per year at VUU. These programs are sponsored by the Music Ministry and are primarily for the purpose of offering opportunities not only for VUU members to enjoy a concert, but to bring people in from beyond VUU. Musicians from the Phoenix metropolitan area, and occasionally from beyond, perform in a concert setting. Funds are deposited into the VUUSICA "Department 30" account to be used for VUUSICA -related expenses including seed money for the next concert. At the end of the year, any additional funds not needed for the next concert are contributed to VUU's general operating account.

## Cafes

Beginning in the fall of 2013, the VUU Stewardship committee will solicit applications from VUU committees and groups to hold a café after the Sunday morning service. Cafes are an important social activity for VUU, and they also enable a committee or group to raise money for its own projects and to contribute some funds to the VUU operating account. Usually, only one will be scheduled in any month.

The committee or group is responsible for all aspects of the café including publicity, coordinating with the Sunday morning hospitality group (Marilou Coy), food preparation, serving, clean-up, and handling the funds. Publicity should include a notice to the office for the OOS, highlights and inclusion in the "what's happening" e mail blast. Notices also may be put in the newsletter, and usually a "sandwich sign" the morning of the service helps increase participation.

All revenue (including donations) is turned in to the VUU office for processing. No funds should be "taken off the top" to pay for expenses. The event should contribute \$50 to the VUU operating fund and the remainder (after expenses) is credited to the department 30 "café" account in the name of the group or committee that sponsored the café. If the group does not have a "department 30" account, they should request the office to create one for them.

## Other fundraisers and projects

VUU has other projects such as book sales, grocery program, T-shirts, buttons, etc. in which funds raised are deposited into a "Department 30" designated account to enable the project to sustain itself. One or more times during the year, funds that are not needed for the project are contributed to the general operating account.

**HANDLING THE REVENUE.** Money collected for all fundraisers and any other sales whether "official" fundraisers or not, (including VUU's Charity(ies)), must be turned into the congregation office for processing. All expenses will be paid through the VUU Expense Voucher reimbursement system ( see Spending and Contracting Authority Policy under "administration" at <http://www.vuu.org/policies>.) Funds should never be taken directly from proceeds and paid for expenses prior to deposit of the said proceeds.

## CASH HANDLING FORM & DEPOSIT SUBMISSION FORM

Committee or Budget Section: \_\_\_\_\_

Deposit into: \_\_\_\_\_

Event: \_\_\_\_\_

CASH \$\_\_\_\_\_

COIN \$\_\_\_\_\_

Checks \$\_\_\_\_\_

Total Deposit \$\_\_\_\_\_

[All funds collected are included here; no funds collected were used to pay for expenses]. Place all money into an envelope, along with this form, seal it, sign across the seal, and provide to the office the next business day.

Counted by \_\_\_\_\_ and

(signature)

\_\_\_\_\_

(signature)

Date: \_\_\_\_\_

**Valley Unitarian Universalist Church**  
**Voucher: Request for Payment**

**Instructions:**

- Complete form legibly
- Attach all receipts or invoices
- Show which Committee or Budget Section purchased the item (see list, back)
- Obtain approval signature from person responsible for Committee or Budget Section prior to remitting
- Show who is to be reimbursed (payee)
- In Detail section fill in appropriate sections (date, description, amount, category).
- Submit completed form to the office
- Check will be mailed unless you note otherwise.

Committee or Budget Section \_\_\_\_\_  
(see back of form)

Payee: Name (print) \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_

Approved by: (Signature) \_\_\_\_\_

Date	Description	Amount	Category #

## **Special Funds Charter**

### **VII. Special Funds.**

The Special Funds Committee may invest or reinvest assets of special funds in any manner permitted by the laws of the state of Arizona.

Distributions from any special fund described below shall be made only upon specific approval of the Committee, and, to ensure coordination with other Congregation endeavors, special approval of the Board of Trustees. The Board of Trustees may not distribute any special funds on its own.

The Committee shall maintain written procedures for requesting, approving, and distributing funds. The Board of Trustees shall follow these procedures whenever making a request for distribution.

The Committee shall establish and administer the following funds:

#### Endowment Fund.

Earnings shall be defined as all cash income, such as dividends and interest, accumulated after May 2005. Monies not identified as Earnings shall be considered Principal. Principal consists of a base principal balance of \$100,000, which was achieved at May 2005, plus all subsequent contributions to the fund and capital gains.

Earnings may be distributed. Earnings will remain in the fund until their distribution. All earnings shall be distributed before distributions can be made from principal. Principal may not be distributed except for the two exceptions listed below.

Funds contributed to the Congregation (past, present, or future) in memory of deceased persons shall be placed in this fund unless specified otherwise by the donor.

#### a. Allowable Distributions of Earnings

Distributions (including loans) may be made for major capital improvements or repairs to the buildings and grounds, or to debt reduction of the Valley UU Congregation.

Other distributions may be for outreach to the community including, but not limited to, grants to UU camps and conferences, theological schools, local social service agencies or institutions to which this congregation relates, and to special programs designed for those persons in our community who are in spiritual or economic need.

Distributions may also be made for the wider mission of Unitarian Universalism including, but not limited to, grants to the UUA for new Congregation development, professional leadership, educational ministries, world mission, and capital financing. Distributions may also be made as scholarships or grants to members of the Valley UU Congregation for the purpose of attending college, theological, nursing, or medical school; for UU-related camping and leadership conferences; or such other training which enables members of this congregation to grow in faith and service to Unitarian Universalism.

b. Exceptions to Prohibition of Use of Principal

The first exception to the restriction on the use of the Principal is that a part of it may be loaned to the Congregation for major capital improvements or emergency repairs to the buildings or grounds, but in no event shall the amount given and loaned for this purpose exceed more than one-half of the total amount of the fund.

The second exception to the restriction on the use of the Principal is that up to five percent per year of the fund's Principal may be used for any purpose if requested by the Board of Trustees and ratified by a majority vote of the Congregation members attending a duly called congregational meeting. Such payment shall not exceed 5% of the Congregation's annual operating fund for the year requested. Any such request must be furnished in writing to the congregation in advance according to the same requirements as apply to proposed amendments to the Congregation bylaws.

Other Funds.

The Committee may establish other special funds as necessary to prudently manage monies or property given to the Congregation or to give effect to the donor's intents.

**VIII. Disposition or Transfer of Funds.**

Special Funds are an asset of the Valley UU Congregation, and in the event the Congregation ceases to exist either through merger or dissolution, disposition or transfer of special funds shall be in accordance with provisions of the Congregation bylaws pertaining to dissolution.

**IX. Amendments to This Charter**

This charter may be amended only per the bylaws of Valley Unitarian Universalist Congregation.

## **Board Response to “Fraud Checkup”**

The Board has reviewed the Fraud Check-Up Report and has summarized the “next steps” in the Table below where each part of the report has been assigned to one or more VUU committees. The Board requested a response from each relevant committee by November 1, 2014. A copy of the full Fraud Checkup Report can be found on the vuu web, as can all VUU policies that are official policies <http://www.vuu.org/policies>. Relevant policies that include sections on finance are:

- Board Governance Policy
- Accounts Policy
- Stewardship Policy
- How Do I .... Guide (including the forms attached to it as PDF files).
- Spending and Contracting Authority
- Personnel Policy

<b>Section</b>	<b>Refer to</b>	<b>Comment</b>
1. Cash handling policy	Finance; Senior Minister, Leadership Council for communication.	Cash handling Policy exists (see “How to..” Guide; Stewardship policy. Is additional policy needed? Needs communication to all VUU members who handle events, projects, and cash.
2 Acquire a safe	Facilities;	Current Safe is a wooden box.
3 Reconciliation for events & bank account	Finance; assign special funds to special funds committee	MAJOR FINDING. Who, when, how should this be done?
4 fraud policies & procedures;	Finance; Personnel	Some policy exists, see “How to... Guide,” Accounts policy; and the “Spending and Authority” policy. Personnel manual sections D and H also deal with this issue.
4.b approval reimbursement requests	Finance	Do budget managers need to be formally assigned? By whom?
4c. who can approve their own reimbursement requests?	Finance/ Senior Minister	Is this an issue? Policy says that committee chairs submit their own reimbursement; so presumably staff can too. Currently, committee chairs and staff approve their own reimbursement requests. We have 2 persons who review (office administrator who cuts the check and the check signer).
4d. dollar amounts of	Finance	Current policy is found in the spending and authority policy; accounts policy;

expenditures that require special approval		and board policy.. is anything else needed?
4e-g. documentation for expenditures; debit/credit cards	Finance	See How To Guide for procedures. Are more instructions needed for debit/credit cards?
5 Job descriptions and org chart	Senior Minister Board	Personnel responsible for updating job descriptions, Board / Senior Minister responsible for updating org chart. Communication ministry could help with this.
6. Internal audit	Finance	Should Board Policy include Audit team? Should finance charter or other policy add more information? Should current procedures of audit team be documented? Where?
7. Catchall category: too many accounts? How much detail in which reports? etc	Finance / Board	Does VUU have too many accounts? Does Board spend too much time on finance and receive too much detail?
8. Staffing issues; not enough staff; sometimes members ask staff to perform tasks...	Board / Personnel	Board is aware of staff shortages and overwork. Who should educate lay leaders / members regarding staff jobs vis a vis lay leaders and members?
9. Background checks	Personnel / Board	This has been done for 5 years now but is not part of policy. Do we want to make this Board Policy?
10. Anti-fraud/ ethics	Senior Minister / Finance	Anti Fraud Education. Finance can help define and Senior Minister does the communicating.
11. Vacations	Senior Minister	What are current policies regarding taking vacation within the year? How much can be carried forward?
12. Employment of relatives	Personnel	Personnel Section H also addresses conflict of interest, but no policy on hiring a relative. Board policy II.07.02B specifically mentions caution in terms of hiring relatives. Should this be added to personnel policy?

13. purchase of items from members or staff	Finance	Not just staff, but hiring members as well. (see Board Policy, II.07.02). Is additional policy needed?
14. office administrator job description	Senior Minister	Is job description adequate?
15. Compile all financial policies	Finance committee, then Senior Minister / Web Committee /	Finance should compile all financial policies into a web-based data base or financial policy document. Cross index.
16. "internal financial review"	Finance	VUU has an internal financial review (audit team). Should there be a regular report added to Board policy? ?

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