

A Guidebook for RC&D Directors



**National Association
of
Resource Conservation & Development Councils**

You – the volunteer Board Member – are the head and heart of the RC&D organization. Your service and passion to the mission of the organization is what makes it strong. As a board member, you have a right to be informed - and trained - to help you carry out your personal and corporate responsibilities in your RC&D governing body.

The purpose of this material is to provide the guidance and information you need to become an exceptionally prepared Board member.

The old saying “If you don’t know where you are going, any road will do” rings true in RC&D. High performance RC&D Councils do not passively and contentedly take one day at a time in their work in the community. Successful RC&D organizations share common characteristics.

1. They are dynamic organizations whose focus is on achieving their mission, meeting real human needs and sustaining a quality environment for everyone.
2. Take careful and calculated risks, have high energy and are **committed** to their mission.
3. Have board and staff relations with good chemistry, common vision, clear communication and mutual respect.
4. Do not encounter roadblocks, only detours.

It takes courage, passion, finesse and strategy to attain success ... and a lot of hard work. But few things are more satisfying than being part of a successful RC&D team making great things happen in a community. This workbook contains a collection of best practices in RC&D organizational management that have worked in RC&Ds and other nonprofit organizations across the country. NRCS has encouraged us to undertake this effort, but this guidebook is not presented as policy. RC&D people, for RC&D people, put it together.

**Guidebook
For RC&D Directors**



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“I slept and dreamt that life was joy. I woke and saw that life is service. I acted and behold, service was joy!”

Why do I need a Guidebook?

RC&D volunteer board members come from all walks of life. Some are highly experienced nonprofit organization leaders while some may be new to the world of nonprofits. RC&D councils take pride in recruiting and maintaining a regional focus and a diverse board composition that represents the communities they serve. In truth, this is one of the primary strengths of RC&D. All walks of life can work together and successfully under the RC&D umbrella. A guidebook is an excellent reference tool for all board members no matter what their experience. A guidebook is also important to help board members understand how their local RC&D is connected to the larger RC&D network.

How is it organized?

This guidebook is organized in sections to help you easily find the information you may need.

How should I use it?

Use this guidebook as a ready reference when you need to know more about the responsibilities of the RC&D governing body, your responsibilities as an individual board member or any time you want to know more about RC&D.



Use it as your filing system for your RC&D minutes, documents, plans, etc.

2. The Basics of RC&D: An Overview

The RC&D program is a unique combination of private enterprise and Federal assistance that encourages the blending of natural resource use with local economic and social values. Program objectives address improving the quality of life, including social, economic and environmental concerns; continuing prudent use of natural resources; and strengthening local citizens' ability to utilize available sources of assistance through Federal and State agencies, and other public and private entities. The RC&D program provides a form of "facilitated self-help" for conservation and economic development in communities across the Nation. RC&Ds respond to the needs of their local communities, both for conservation issues and for economic development through volunteer Councils.

Each RC&D is a multi-jurisdictional, locally defined geographic area designated by the Secretary of Agriculture through a competitive process to receive assistance. The designated RC&D area is sponsored and directed by a council consisting of volunteers representing public and private sector sponsors, other local organizations and the local communities. These organizations represent a diverse cross-section of community interests.

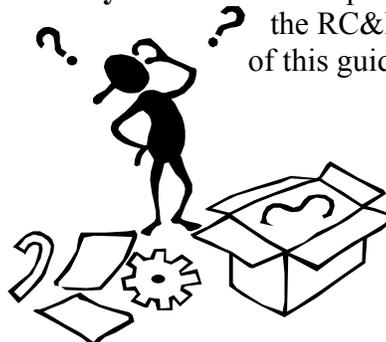
RC&D - Relationship with USDA Natural Resources Conservation Service

Basic support provided to designated RC&D areas by USDA is primarily through the Natural Resources Conservation Service and includes a full-time RC&D coordinator, part-time office administrator or other staff, some office space, some supplies, and a vehicle. This basic assistance allows the RC&D Councils to focus their efforts on improving their communities through project implementation rather than fundraising for base operations.

Nationally, an annual appropriation for direct support to the RC&D program is made by Congress. This provides funds for each designated Council. These funds are dispensed directly from NRCS in each state and do not flow through the Council directly unless there is a cooperative agreement for services executed.

RC&D – The Nonprofit Organization

The USDA RC&D Program provides assistance to locally controlled, *independent RC&D Councils*, which are nonprofit organizations. The most effective and flexible form of nonprofit organization is the 501(C)(3) organization, which is tax exempt under the IRS. The nonprofit RC&D organization is the controlling local entity for the RC&D efforts in the region. **RC&D, the federal program works in close partnership with RC&D, the local nonprofit entity.** The RC&D nonprofit entity bears the legal and fiduciary responsibilities of the activities of the RC&D organization in the next section of this guidebook.



3. Mission, Purpose and Plans

Building on a Strong Foundation

A strong organization is built on a strong foundation. It is key to pay attention to the foundation of the organization including the structure, the membership and makeup of the board and the effectiveness of meetings. The very core of the RC&D program is its connection with people. The organization is built from the bottom up and we have a sacred trust to remain true to the people. High performance RC&D Councils develop programs and services based on three important components:

1. Broad-based public input guides the council's decisions
2. Services and activities are primarily regionally focused
3. The need is real not just perceived

Purpose and Mission

Nonprofits are founded for a compelling purpose that serves the public benefit and operates to accomplish a well-defined mission. The RC&D Council programs and operations as well as the employees and volunteers and governing body collectively work to achieve the mission.

A well-articulated mission is the basis for common understanding and direction of the nonprofit organization. It is an "ends" statement of the desired future condition. From the mission, the goals and activities of the nonprofit are developed. The mission is not easily achieved, but clearly is a compelling and worthy effort that **elicits passionate response**.

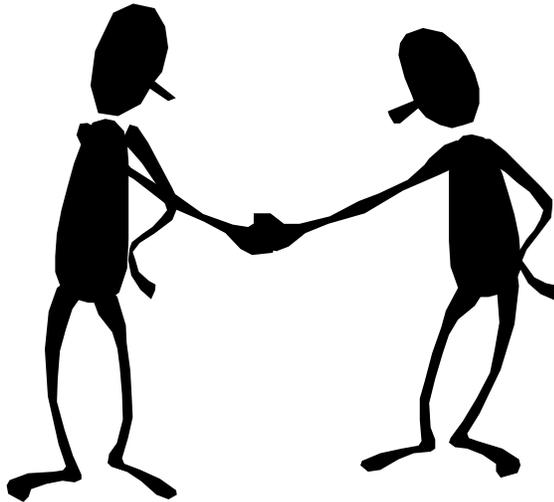
Mission:

- All activities flow from this understanding
- Clearly understood and accepted by each member
- This statement says why we are here
- It is a direct decision making guide for action

Function of Mission Statement

- Defines purpose for members (shared sense)
- Communicates purpose to World
- Attracts resources (money and people)
- Enables people to identify with purpose of organization
- Guides work of group
- Directs focus toward end result or outcome.
- Suggests goals, objectives, and strategies.
- Promotes cohesiveness among members
- Makes decisions easier for board, executive, staff
- Can help manage and resolve conflict

Here are some examples of mission statements. Is your mission statement this easily said? It's a good idea to practice introducing yourself and saying your mission statement before you try it out in public. Remember, when introducing your RC&D, you want to give the person(s) an opening to ask you questions. Simply stating your mission will often give them the chance to get involved (at least verbally).



EXAMPLES

- To Increase Employment and Promote Economic Development**
- To Promote Conservation and Wise Use of Natural Resources**
- To Ensure Quality Education for All Citizens**
- To Promote Mental Health and Prevent Mental Illness**

YOUR TURN.....(Can you write down your council's mission?)

Area Plan

Planning and implementation are the central functions of an RC&D. Area (strategic) planning can improve the organization's ability to capitalize on changing conditions, improve overall productivity, and make better strategic decisions that result in the implementation of a more efficient and effective program in an RC&D Area. A well-developed Area Plan provides a basis and direction for the RC&D Council to serve the area to the best of its ability. The Area Plan is open ended and dynamic, and it outlines the goals the Council wants to accomplish. It identifies needs and opportunities, as well as broad and specific objectives to reach each goal for a five year planning horizon.

The RC&D statute requires that a council must have a current area plan and that the council is making sufficient progress in implementing it as the basis for receiving USDA assistance. The Area Plan must be signed by the Council and the State Conservationist and should have a letter of support from the Governor.

Your RC&D is required to have an Area Plan in order to receive RC&D assistance through NRCS.

Annual Plan

The Annual Plan of Work details what the RC&D will do over a one to two year timeframe. It is based on the Area Plan and includes specific strategies and action steps, assignments of tasks and funding information. The Annual Plan of Work is essentially the funding document for USDA RC&D assistance each year. This Plan of Work should be presented and approved at the annual meeting of the Council.

The Annual Plan of Work serves as the formal agreement that supports NRCS annual funding for the RC&D staffing and office support for the year. The adoption of the plan may be made either at the beginning of the NRCS fiscal year, the beginning of a calendar year, or the beginning of the Council's business year. The adoption dates should be by mutual agreement between the RC&D Council and the NRCS State Conservationist. The NRCS State Conservationist should concur with any major changes in the plan during the year.

Project Plans

Project plans are prepared on individual projects in the Annual Plan of Work. Project plans are often grant proposals.

An RC&D project is the primary tool for implementing a Council's Area Plan and Annual Plan of Work to achieve goals and objectives. Projects are identified in the Council's current Annual Plan of Work. A project is a term used by NRCS to track the accomplishments of the Council. The Council is requested to use this term when referring to work that requires a significant level of resources. A project is a major effort undertaken by an RC&D Council designated to help reach a specific objective and results in a defined outcome, or service that provides public benefits. Projects have a distinct cycle of planning, implementation and results. Council activities may be many in any given year and may not lead to a measurable project. Both projects and activities should be tracked on an annual basis.

4. RC&D: The Nonprofit Organization

Benefits of Nonprofit Status

RC&D councils organized and recognized as nonprofit entities under individual state laws and designated as 501(C)(3) tax exempt organizations by the Internal Revenue Service enjoy certain and significant benefits, especially if the RC&D is incorporated.

Credibility and Identity: People and agencies recognize and understand the value of nonprofit entities

Legal protection: Nonprofit organization governing bodies and individual members of the board as volunteers generally receive some significant legal protection under state law as long as the organization operates with prudent judgment. This varies greatly from state to state and every RC&D council should investigate their state tort laws.

Structure: The structure of the nonprofit organization ensures control by a board of directors, which operates in the public good, and is representative of those served.

Tax advantage: Charitable gifts to the 501(C)(3) organization are generally tax deductible.

Fund Raising: 501(C)(3) organizations have the most flexible and powerful structure for obtaining public funds.

Marketing: Nonprofit status for the educational and charitable good of the public is a powerful marketing tool.

Support and Governance

The two roles of support and governance encompass different tasks. In the role of supporters, board members strive to ensure the success of the organization. Boards raise money, bring contacts and clout to the organization, provide special skills such as in law or accounting, and act as ambassadors to the community.

The governance role, on the other hand, has as its goal protection of the public interest. Governance responsibilities for boards reviewing and authorizing plans and commitments, ensuring compliance with legal and contract requirements, and evaluating the organization's work.

What is the role of governance?

In the aftermath of every "nonprofit mismanagement" news story is the question: Why didn't the Board do something? Yet the boards of the United Way of America, Covenant House and others did not do any less than most nonprofit boards. The reality is that many nonprofit boards are ineffective in their governing function. Only when gross mismanagement occurs does a failure at governance come to the fore.

The overlooked reason is that the prevailing "team" model for the relationship between boards of directors and their staff is only half of the story. "Team" members are understood to bring different skills and play different roles to support and build the organization, working toward common goals. But while board members should and do act as supporters and builders, they have another role to play as questioners and monitors of the organization. As part of the team, the board stands with their well-intentioned organization as it operates in a demanding world. In contrast, in their governing role, the board must stand outside the organization and hold it accountable to the public interest.

Both these roles--supporting and governing--are critical to effective work by nonprofit organizations. Rather than try to eliminate the contradictions and tensions of their governance role, boards must find

techniques for strengthening their independence and creatively using this tension for the good of the organization and the purpose it was created to serve.

Board/Council Responsibilities

The Board of Directors are trustees who act on behalf of the organization's constituents, including service recipients, funders, members, the government, and taxpayers. The board of directors has the principal responsibility for fulfillment of the organization's mission and the legal accountability for its operations.

This means that as a group the board is:

1. in charge of establishing a clear organizational mission
2. forming the strategic plan to accomplish the mission
3. overseeing and evaluating the plan's success
4. working with a competent Coordinator (through area plan and plan of work)
5. providing adequate support
6. ensuring financial solvency of the organization
7. interpreting and representing the community to the organization
8. instituting a fair system of policies and procedures for human resource management.

Board Member Responsibilities

Serving as a board member is one of the most challenging and rewarding of volunteer assignments and should not be taken lightly.

While appointment is an honor, board members have important legal and fiduciary responsibilities that require a commitment of time, skill and resources. The dedication and commitment of board members, their working relationship with each other and the staff and their subscription to the mission and regional concept of the RC&D are what makes an RC&D Council a success.

The function of individual board members is to provide governance to the organization, represent it to the community and accept the ultimate legal authority for it. RC&D board members wear two hats. They are policy board members, but they also roll up their sleeves and get involved in the work of the organization by participating in projects and activities. Board members should expect to spend 4 to 8 hours per month on RC&D related activities.

Duties as a Board Member

3 Basic Duties: Care, Obedience, Loyalty

Officers and directors owe three basic fiduciary duties to a nonprofit organization: the duties of obedience, loyalty and due care. Further definition of these duties are found in Section 11 under Ethics, Conflicts of Interest and Code of Conduct.

A board of directors should follow several practices to guard itself against the threat of lawsuits. While even the best practices are no guarantee that the board will not be sued, good board practices can be a strong defense in the case of unjustified allegations.

•**Informed and regular review of financial statements**



Board members should understand the sources of income for the nonprofit and know where those resources are being expended. If a professional fundraiser is used, the board should determine that the fee charged by the fundraiser is comparable to that charged for similar services by other companies.

At least once each year, the audit committee of the board should meet with the auditor without management present.

•**Regular attendance at board meetings**

As a board member, ignorance of a problem in the agency is not a good defense. Board members must make informed decisions about the governance of the organization by thorough review of board packets and regular attendance and participation at meetings. It is important for board members to vote against proposals with which they do not agree. Silence may well be interpreted as agreement by a court of law.

•**Have a clear understanding of the board's role in personnel situations**

The Board of Directors of the RC&D Council has the authority and responsibility to hire, supervise and fire staff not provided by USDA/NRCS. The RC&D Coordinator as a federal employee provided in a partnering relationship can provide leadership to RC&D staff in project and program implementation, but cannot serve as supervisor of record of RC&D Council employees.

Federal Coordinators cannot hire, fire or rate the performance of Council employees.

•**Avoid conflicts of interest**

Board members who receive any compensation from the organization must fully disclose the nature of services provided and the amount of the compensation received. The board of directors must make a determination, independent of the compensated director, that the arrangement is in the best interests of the nonprofit and that a more favorable arrangement for the nonprofit could not be obtained elsewhere. There are specific guidelines about how these matters must be handled to avoid the possibility of sanctions. A council should consult its attorney for advice in this area.

While nonprofits should never make a loan to a director, it is also unwise for the director to make a loan to a nonprofit. A board member with a loan to a nonprofit is in a situation of potential conflict; is he or she acting in the best interests of the nonprofit or in a manner most likely to get the loan repaid?

Boards with a director who provides insurance or real estate broker services to a nonprofit must be especially careful. While it may appear that that individual is providing the best possible service through a reduced commission or a donation to the organization, the nonprofit periodically should confirm that the services it is receiving are satisfactory and that the broker is not unfairly benefiting from his or her relationship with the nonprofit.

•**Be Professional**



Officers Responsibilities

Officer positions will vary in RC&D Councils. The specific roles and responsibilities should be outlined in the bylaws of the organization. Officers in every case have a duty to be role models to other board members. They should expect to spend more hours than other board members in behalf of the council.

Coordinator Responsibilities

The RC&D coordinator assists the Council in carrying out its objectives and goals by providing guidance, advice, recommendations and leadership of staff assistance. The coordinator serves as the primary staff person of the Council and may provide day-to-day direction for the implementation of the council's Area Plan and Plan of Work. The Coordinator works closely with the Council Chairman in the conduct of duties. In short, the Council Board of Directors set policy and the Coordinator provides technical assistance in seeing that it is carried out. When the RC&D Coordinator is a federal employee, it is important for the Council to recognize and understand the restrictions placed on the Coordinator. Excerpts from the NRCS RC&D Policy Manual concerning the federal Coordinator responsibilities, limitations and ethics are found in the Appendices.

In brief, federal RC&D Coordinators cannot:

- sign checks or Council documents
- make decisions that are the Board of Directors responsibility
- hire, fire, or rate the performance of RC&D Council non-federal employees.

Nonprofit Business Management

Non-Profit does not mean broke!

RC&D organizations are nonprofit businesses and should be operated as such. There is a wide spread misunderstanding that nonprofit means "broke". This is not true. Nonprofit businesses should invest their proceeds back into the mission of the organization in order to grow their programs. A successful RC&D should have a healthy balance sheet, cash reserves and cash flow to support the mission and plans of the organization. It takes resources to accomplish mission.

Human Resources

Volunteers and employees are essential elements of a nonprofit's ability to achieve its mission. Volunteers are unique to nonprofits, and are a vital resource in governance, administrative, and service capacities. Many RC&D organizations also hire staff to help carry out the work of the RC&D. These staff members are RC&D Council employees that work along side of the NRCS employees provided by USDA NRCS. Before an RC&D hires an employee, employment policies must be developed and approved by the governing body. Employees are a big responsibility and need to be taken very seriously. Council employees should have job descriptions that detail their duties and responsibilities. Policies should contain clear expectations, be fair and include effective performance evaluation.

It is important to remember that federal RC&D coordinators may not hire, fire or directly supervise RC&D Council employees. Federal coordinators may provide daily leadership on work activities for employees as they directly relate to the Area Plan and the Annual Plan of Work.

Personnel Considerations for Councils

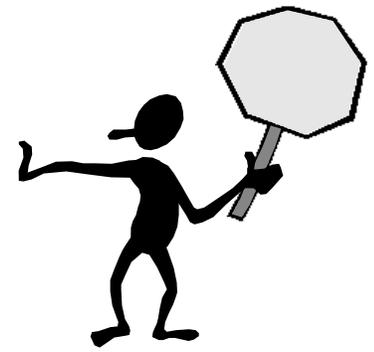
- Employment polices
- Job Descriptions
- Performance evaluations
- Orientation
- Hiring/firing/supervision
- Training
- Benefits

5. Structure

A strong organization is built on a strong foundation. It is key to pay attention to the foundation of the organization including the structure, the membership and makeup of the board and the effectiveness of meetings.

Governance structure of the RC&D nonprofit is set out in the organizing and legal documents including the Articles of Incorporation, Bylaws and Charter. Structure varies widely among RC&D Councils and is developed to best meet the particular needs of the local RC&D. Structure should be reviewed periodically to make changes as warranted. There is wide variety in structure – board of directors, executive committees, committees, membership, etc. Each RC&D should make a careful decision concerning the best structure to carry out their Plan of Work.





6. Legal Issues and Risk Management

Most RC&D nonprofits are corporations exempt from the federal income taxes applicable to corporations. However, corporations do not automatically qualify for exemption from federal income taxation simply because they are nonprofit. A nonprofit corporation may qualify for exemption from federal income tax as a 501(C)(3) organization if it is organized and operated exclusively for charitable, religious, educational, literary or scientific purposes. A sample Legal Checklist is included in the Appendices that may be of benefit to the nonprofit.

Articles of Incorporation and Bylaws

The Articles of Incorporation and the Bylaws are the governing instruments of the nonprofit. The Articles of Incorporation are filed with the appropriate State office. The Articles limit the organization's purposes to one or more exempt purposes and contain provision dedicating the organization's assets to an exempt purpose upon dissolution. The bylaws define the powers of the board of directors, the officers and lay out how the organization will operate.

Legislative and Political Activities

Limited legislative activities are allowable under 501(C)(3), however, RC&D nonprofits may not engage in *substantial* activities whose purpose is to attempt to influence legislation unless it has made a 501(h) election on IRS Form 5768. There is an absolute prohibition against participating in political campaigns for 501(C)(3) organizations. More information can be found on lobbying and political activities at www.independentsector.org

IRS Exemption Application

If you are tax exempt under IRS, Form 1023 was submitted as the application for tax-exempt status under IRS Code 501(C)(3). In this form, the nonprofit outlined the types of activities it would engage in as it carried out its educational and charitable mission. The RC&D nonprofit receives a Tax Exemption letter from IRS when the designation is approved. For 501(c)(3) tax exempt organizations contributions by individuals of cash are deductible up to 50% of adjusted gross income and contributions by individuals of appreciated property are deductible at their full fair market value up to 30% of adjusted gross income.

Tax-exempt corporations must make their annual tax information returns and their IRS exemption applications and related documentation and correspondence available for public inspection at their principal offices.

7. Financial Management

Nonprofit RC&D organizations depend on public funds to carry out their mission and have an obligation to practice excellent financial management with the funds entrusted to them. This includes maintaining records according to legal and generally accepted accounting principles. As recipients of federal funds, certain Office of Management and Budget (OMB) Circulars provide instruction on grant management, auditing requirements and direct and indirect costs.

The RC&D nonprofit should have written financial policies and a bookkeeping system that meets the needs of nonprofit accounting. Policies should address internal control procedures, investments, cash flow and reserves, and purchasing. As the RC&D grows it becomes increasingly important to monitor internal controls, financial reporting (especially grants), cash reserves and investments. Separation of duties is difficult, yet important for internal controls. Over time, the RC&D will likely need to hire a bookkeeper/accountant for financial management of the organization. Federal employees may not maintain the bookkeeping system of the RC&D.

Financial accountability and policies should consider many things. Some of the areas that need to be addressed are:

- Bookkeeping system
- Contract management
- Audits
- In-kind
- Budgeting
- Selecting an auditor
- Filing Requirements
- Internal controls
- OMB Circulars A-110, A-122, A-133
- Direct and Indirect Costs

There are many management tools that will be needed to manage a successful RC&D nonprofit.

- Annual report
- Area Plan
- Annual Plan of Work
- Budget
- Meeting Agendas
- Minutes
- Financial statements
- IRS 990 (\$25,000 threshold)
- Audit
- Fundraising plan

- Bylaws
- Insurance policies
- IRS 1023
- Financial policies
- Personnel policies
- Investments
- Cash flow/reserve analysis
- Bookkeeping system
- Board Member handbook
- Articles of Incorporation

OMB Circulars

Federal grants to RC&D Council require the organization to comply with certain OMB Circulars. There are three common circulars that directly impact the operations of the nonprofit that receives federal funds. RC&D Councils who receive federal grant funds should be in compliance with these circulars.

OMB A-110

Uniform Administrative Requirements for Grants and Agreements with Non-Profit Organizations
www.whitehouse.gov/omb/circulars/a110/a110.html

OMB A-122

Cost Principles for Non-Profit Organizations
www.whitehouse.gov/omb/circulars/a122/a122.html

OMB A-133

Audits for States, Local Governments, and Non-Profit Organizations
www.whitehouse.gov/omb/circulars/a133/a133.html

Budgeting

RC&D nonprofits should prepare an annual budget for anticipated expenses and revenues to be approved by the RC&D governing body. The budget should include restricted and unrestricted funds as well as grant funds under contract for the year. General and administrative costs should be delineated from program costs. The governing body should expect budget reports at least quarterly.

Unrelated Trade or Business Taxable Income (UBTI)

In order to generate UBTI, the organization must engage in an “unrelated trade or business”. The mere fact that an organization engages in a commercial, profit-making enterprise will not alone suffice to impose tax upon the income generated from the activity. The nonprofit is required to report unrelated business income and pay tax when the amount reaches more than an insubstantial level (\$1,000 per year). Unrelated activities are those activities that do not directly relate to those described in the IRS Form 1023.

Contributions

Individual contributions to a nonprofit may be tax deductible. There are IRS guidelines that govern the value and reporting of those contributions that the nonprofit must follow. If a donor receives an item of value in return for a contribution to a 501(C)(3) corporation, the IRS Code requires that the donor’s deduction be limited to the difference between the amount contributed and the fair market value of the goods or services received by the donor. The nonprofit has an obligation to inform the donor when the full amount is not deductible.

Controls

Internal and external financial controls are important in safeguarding the integrity of the organizations. In general, one person should not make deposits, write checks and reconcile the bank accounts. Division of duties is not always possible in small nonprofits but every effort should be made when possible.

Financial Statements and Audits

Financial statements should be prepared at least quarterly and presented in comparison of actual to budgeted expenses and revenues. Audits are a valuable management tool for nonprofits. States have mandatory audit thresholds for nonprofits that vary from state to state. A nonprofit with more than \$300,000 in federal grant expenditures from all federal sources in a fiscal year is required to have an *independent single governmental audit*. The decision of when and to what extent to audit is a decision of the Board of Directors. There are considerations in selecting an auditor. One consideration is to request a copy of the audit firms peer review before engagement. Other questions to consider are found in the appendices section of this guidebook.

There are different levels of financial review and financial statement presentation.

A **compiled financial statement** states that the account balances presented are those provided by management. The auditor takes no responsibility for any of the numbers or for the adequacy of the footnotes or other disclosures.

An auditor's **review of financial statements** includes procedures that are not as comprehensive as a complete audit. A review report indicates that the testing performed is less than that of a full audit and that only analytical review procedures were applied. Corroborating evidence, including confirmations, is not part of the review procedures. A review provides only limited assurances that the financial statements are complete.

The most comprehensive **audit** includes procedures that test the organization's compliance with generally accepted accounting principles. An audit includes an opinion, a statement of financial position, a statement of activities, a statement of cash flows, footnotes, and sometimes a supplementary schedule reporting results by natural accounts, as well as by functional areas.

Federal Tax Returns

As a 501(C)(3) tax-exempt organization, the RC&D is required to complete an IRS 990 tax return when they reach the \$25,000 revenue threshold in a fiscal year. It is the nonprofit's responsibility to file the return and there may be penalties if this return is not filed timely. The 990 is due five months following the end of the fiscal year. There may also be state tax returns due as well.

Other Filing Requirements

Social Security Taxes
Form 940
Form 941
W-2

Obligations for Other Taxes

Payroll Taxes: W-2 and Form 1099. Nonprofits are liable for withholding tax on employees and for filing Forms 1099 with respect to payments for services to independent contractors where fees for any calendar year exceed \$600.

State Taxes. Income may or may not be exempt from state income/franchise taxes.

Sales and Use Taxes. Certain nonprofits may be exempt from payment of sales taxes on purchases by the organization but only rarely are nonprofits exempt from the collection of sales taxes on sales by the organization of personal property or services subject to tax.

Workers Compensation Insurance. Various states entitle employees to receive “worker’s compensation” for job-related injuries. The term “employee” is usually very broadly stated.

Unemployment Compensation Tax. An organization may be subject to state (or in some instances federal) unemployment tax based on wages paid.

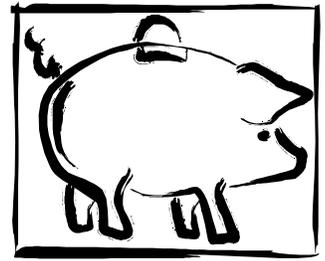
Personal Liability Potential. Failure to comply with certain of these requirements can create personal liability for directors and/or officers under state laws.

State and Local Property Taxes. States typically create several categories of property exempt from general property taxes.

Registering/Reporting for Solicitation. State or local laws often impose registration and reporting requirements before an organization may solicit funds

8. Funding

(As it relates to need of plan.....)



Direct and Indirect Costs

Expenses are divided into two categories - direct and indirect and should be accounted for separately in the bookkeeping system. Direct costs are those expenses associated with programs. Indirect costs are those costs that do not specifically relate to a program but benefit all programs or activities of the organization.

Sources of Revenue

There are many sources of revenues for RC&D nonprofits that fall into two categories – restricted and unrestricted. Restricted revenues are those revenues that have been given for a specific purpose such as a project. Unrestricted revenues are those revenues given or earned for the general use of the organization with no restriction placed on their use. RC&D nonprofits should strive for a healthy mix of restricted and unrestricted funds.

The most common sources of revenues for RC&D Councils are:

- Shared/partnerships
- Service Income
- Donations/Contributions
- Dues
- Sales
- Events
- Interest
- Reimbursed Expenses
- Rent/Lease
- Grants

Fundraising

Every RC&D Council should spend time deciding what it wants to be “when it grows up.” A high performance RC&D gathers information, analyzes assessments, considers the options and then makes a conscious decision about what role or niche they will fill in the community. Once that is done, it will begin to be clear what resources will be needed to fill that role. RC&D is not a one size fits all program and it would be a mistake to view it as such. Bigger is not necessarily better. Considering its potential position forces an RC&D to look forward, define problems and solutions and determine funding needed to reach the “position” desired.

An environmental scan is one important aspect of positioning. This involves determining what organizations and groups in the community provide similar services and/or target the same audiences. The next step is analyzing the similarities and differences and deciding if you are competing, duplicating or complementing groups. There are plenty of problems in every community. A wise RC&D finds its own niche to fill and does not compete or duplicate services that are being adequately provided by others.

Take time to consider what *human needs* you address. Some RC&Ds have a tendency to get so caught up in the conservation of resources that they can lose sight of the connection to the human condition. Remember, out of the general population few people would say that they care about soil erosion in and of itself. Yet the consequences of erosion can have major impacts, such as the farmer who is concerned about lost revenues from declining crop yields in the field. With careful “positioning” and focus on the human condition, you can meet the farmers needs as well as your own.

Consider these two possible news quotes:

1. “Soil erosion is a big problem and farmers must change farming practices,” says RC&D’s Jim Smith.

2. “Low input technology increased revenues, decreased costs and yielded more crops for hard-hit farmers,” says RC&D’s Jim Smith.

The first message has a negative connotation for the human condition while the second has a positive connotation. RC&D councils must position themselves to be working on the right things at the right time in the right way. Maneuvering into “position” is part of that effort.

Development Process

It is important for every RC&D to think about diversifying its funding mix. As an organization’s good works grow, so must the organization grow. A diversified funding base is important to protect your ability to accomplish your Plan of Work and Area Plan. The development process basically involves four stages:

- Marketing
- Public Relations
- Fundraising
- Records Management

Building a Case

Before beginning a fundraising campaign, the organization should spend some time planning and preparing to fundraise. One of the first steps is to build a case for your organization. The case should be summarized in a series of concise statements that answer the following questions.

1. What is the problem or social need that is central to your organization’s concern? Why do you exist?
2. What special service or programs do you offer to respond to these human needs?
3. Who should support your organization?
4. Why should any agency or individual offer gift support?
5. What benefit will the donor receive?

Fundraising Vehicles

Capital campaigns
Annual Giving
Endowments
Grants
Planned Giving

Grants and Management

Grants and management of those grant contracts is a responsibility of the RC&D nonprofit. Every grant has a budget that becomes part of the overall organization budget. The expenses for every grant must be accounted for separately. Every grant contract should be reviewed carefully for compliance because each may have different and specific requirements.

Keep documentation!!

Remember:

When the council signs a grant contract, the council is responsible for fulfilling that contract...

Monitor and Manage

9. Board Development

Assessment

No one likes a test, but written assessments are valuable tools. An RC&D should conduct a thorough assessment annually and use the information to make improvements in the coming year. Some types of assessments to consider are listed below

- Effectiveness of Board/Council/Committee
- Common Problems in Board/Council/Committee Functioning
- Committee/Team Evaluation Tool
- Board Member Self-Assessment

Diversified Resources

Diversified resources are essential and include both tangible and intangible elements. High performance RC&Ds possess multi-layers of support and tend to have the ability to move quickly to take advantage of opportunities, adapt to adverse impacts (loss of funding for example), have high respect and position in the community and are moving toward sustainability as an organization.

Organizational and Board Structure

Board Makeup

The single most important organizational element for a successful nonprofit organization is the Board of Directors. Collectively and individually, no decision is more important than filling Board vacancies. High performance RC&Ds carefully consider the skills, talents, connections and many other characteristics of potential board members. They pay special attention to recruiting board members who will bring passion, courage, finesse, strategy commitment and clout to the board. It is also important to think of the board as a whole and how a prospective member will impact the “chemistry”. Councils should give careful consideration to the long-term impacts both positive and negative to every board appointment.

WARNING: High performance RC&D Councils do not fill vacancies just because they think the person will come to meetings. We have too many seat warmers now. If likely attendance is the primary talent a potential board member brings to the RC&D, leave the seat vacant.

Recruitment

People want to be part of a winning effort. High performance RC&Ds have board members who know it is an honor to serve the RC&D and make it a priority. Because so many RC&Ds have sponsors who appoint representatives, recruiting and targeting board members you need can be a bit tricky. The RC&D Board of Directors has a “duty of loyalty” to the nonprofit RC&D organization. If the current structure of board membership and filling vacancies is not working for the good of the RC&D, then the council should consider making revisions and amendments as needed through changes in the bylaws.

Diversity on the board broadens the “thinking” and how well the public is represented. Diversity in its broadest terms is utilized here and will vary from place to place and time to time. It includes diversity of skills and talents as well as diversity of persons and diversity of thinking. Building a high performance board takes strategic thinking and planning.

Numerous methods of recruiting board members exist, however most boards and committees rely on limited approaches. **Because board member selection is one of the most important decision the Board makes, recruitment should be a thoughtful strategy that considers skills, interests, backgrounds, personal characteristics, and perspectives needed by the board.**

Every board or committee member should have a specific role to play – the key reason they are on the board. Board members must bring resources to the table of the organization. The old adage of Give It, Get It or Get Off is true. “It” may be money, time, connections, or clout, but EVERY board member should be expected to “pay up”.

Even if your board has slots for members appointed by a sponsoring agency, you can still influence who is appointed. You can suggest names of individuals that you know would be effective to the sponsor and request that the representative be chosen from that list. Conversely, you could ask the sponsoring agency to provide three names from which you can do interviews and make the final selection.

Another option is to provide a “job description” for the board vacancy to the sponsor and request that the sponsor ensures that the person selected will meet those requirements. The bottom line is to be proactive rather than passively accepting whoever shows up.

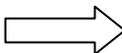
On the next page you will find a sample-recruiting matrix followed by a blank matrix for your use.

Questions to consider:

- What are skills needed on our Board of Directors?
- What are some strategies for recruiting high performing board members?
- What motivates people to join boards, committees or councils?

A Board Member Recruiting Matrix is a useful tool to analyze current skills as well as target new skills needed on the board.

Board Member Recruiting Matrix Sample for an Entire Council

(Skill examples - Your list will depend on your area plan) 	F	L	E	A	E	F	P	L	H	S	
Current Board Members	I	E	D	G	C	U	O	O	E	O	Occupation
	N	A	C	R	O	N	L	C	A	C	
	A	L	A	I	N	D	I	A	L	W	
	N	L	C	T	D	R	T	L	T	O	
	C		I	U	E	I	I	G	H	R	
	E		L	V	S	A	O		K		
	S		O	T		I	L	V			
			N	U		N					
			R	R		G					
Smith	x				x						Accountant
Jones			x								Teacher
Johnson		x									Attorney
Hackman			x	x							Farmer
Jeckel		x						x			Mayor
Prospective board members											
											
***Recruit for skill gaps in chart											

Gaining Board Member Commitment

Before accepting an appointment to the Board of Directors a couple of things should occur. First, a face-to-face interview with the prospective board member to determine if the candidate has the interest, time, talent and commitment needed by the organization. This interview will accomplish two things. First it allows the candidate to learn more about what is expected of him/her and second it allows the candidate to make a more informed decision on board membership.

A membership recruitment prospectus can be a valuable tool in recruitment and retention of board members. No one should accept an appointment without gaining some basic information about the organization operations.

Orientation

It is important for new board members to receive an orientation to the RC&D organization and their responsibilities as a board member. Ideally, orientation should be a one-on-one session where the new board member can receive training as well as feel free to ask questions. Proper orientation of board members will insure directors who can move into the organization, feel comfortable and be as productive as quickly as possible. A suggested orientation checklist follows in the Appendices.

Job Description and Training

Also important is a Job Description and on-going training. Periodic training can occur at board meetings, retreats or other venues. Part of the training process is to be sure board members get to know each other and become a team. An effective board of directors has a chemistry and atmosphere that encourages participation and enthusiasm for the work of the organization. Every voice counts and every voice is heard. Job Descriptions for board members helps both the member and the organization be accountable for the performance expected from board members. A sample Job Description is found in the Appendices.

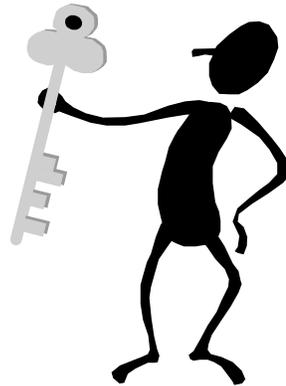
10. Effective Meetings

Meetings should never be held without a functional reason. They should have a clear agenda and start and end on time. Poor utilization of volunteers' time is a key reason for poor board attendance. Volunteers are valuable and so is their time. You must use it wisely.

Planning meeting agendas carefully is an important component of successful meetings and agendas should be mailed out in advance. A "rule of thirds" can help guide the development of the agenda for the highest performing board. The first one-third of the meeting time should be spent with routine and easy/non-controversial matters. The second one-third should be spent on moderately and challenging business and the last one-third should be spent on the easiest items, task assignments, program reports and discussion only items.

What to Consider When You Facilitate a Meeting

- Start on Time
- Warm up
- Share Agenda
- Important Items First
- Related Items Grouped
- Identify responsibility
- Identify Action Needed
- Set Next Agenda
- End on Time



Rules and Principles (the 5 basic rules behind parliamentary procedure)

- Only one subject can be considered at a time.
- Each proposal presented entitles every member to free and full debate.
- The will of the majority must be carried out; but the rights of the minority are protected.
- Every member has rights equal to every other member.
- The business and discussion should follow good rules of courtesy.

Minutes-remember that minutes from a meeting, written and /or recorded are considered legal.

11. Ethics, Conflicts of Interest and Code of Conduct

Fulfilling Board Responsibilities

Because directors do not actually manage the nonprofit organization, nonprofit statutes grant the boards of directors the authority to create committees and appoint officers, and to assign a broad range of duties and functions to both. The *Revised Model Nonprofit Corporation Act (RMNCA)* sets national standards for state law to copy, and explicitly states that corporate affairs are managed under board authority. In addition to the authority to delegate, boards also rely on outside experts to develop and evaluate information as the basis for board (or committee) decision-making. The board may also delegate and rely on the expertise of organization staff. A primary goal of the board is creating and maintaining a system that assures the regular flow of accurate, timely and complete information necessary for the board to fulfill its responsibilities on an informed basis.

How the Law Expects Board Members to Act

The law recognizes three duties of board members to the organizations they serve: the duties of care, loyalty, and obedience.

DUTY OF CARE The duty of care concerns the competence of the member to act in a way that an ordinarily prudent person would act in a like position and under similar circumstances. The duty of care does not require any special abilities of the board member.

DUTY OF LOYALTY: The duty of loyalty requires the board member to faithfully pursue the interests of the organization instead of self-interest or the interests of another person or organization.

DUTY OBEDIENCE: The duty of obedience requires the board member to act lawfully to further the purpose of the organization as expressed in the Articles of Incorporation and Bylaws.

What does duty of care mean?

The RMNCA duty of care provision states:

Section 8.30 GENERAL STANDARDS FOR DIRECTORS

(a) A director shall discharge his or her duties as a director, including his or her duties as a member of a committee:

- (1) In good faith;
- (2) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
- (3) In a manner the director reasonably believes to be in the best interests of the corporation.

Good faith: Directors must act in good faith. Good faith means in common language: honesty of intention, openness and fair dealing. Board member behavior, which is taken to indicate good faith, includes:

- ◆ Attending meetings regularly
- ◆ Keeping well informed about the issues
- ◆ Keeping informed about the operations of the organization
- ◆ Recording the actions of the board or committee
- ◆ Ensuring that the legal requirements are met
- ◆ Adopting sound policies and procedures

Best interests: Directors must act, not in their personal interest or even in the interest of others, but in the interest of the organization they are serving.

Ordinarily prudent person: Directors are expected to possess and exercise sound, practical judgment, to employ common sense, and to reach sound, informed conclusions.

Care: The concept of care requires directors to be diligent and attentive. Diligent means interested in the organization's activities as evidenced by attending meetings, reading pertinent materials, and being involved with its activities. Attentive means evaluating such areas as potential problems, their magnitude, the general situation of the organization at the time, and the extent to which the member relied upon staff, committees and experts.

A board member is entitled to rely on information, opinions, reports, or statements provided by staff that the director believes to be reliable and competent in the matter, technical expertise such as legal counsel or accountants, and committees set up by the board.

The BUSINESS JUDGEMENT RULE covers the nonprofit organization. The business judgment rule is a legal doctrine, which means that decisions by boards about business affairs are presumed correct and business functions best when those decisions remain inviolable except in cases of intentional misconduct. The business judgment rule is intended to protect honest, informed business judgments in order to allow risk-taking, innovation and other creative entrepreneurial activities that are at the heart of business. The business judgment rule protects the board members from liability, as long as they observe the duties of care, loyalty and obedience.

What does the duty of loyalty mean?

The basic duty of loyalty requires a board member to have an undivided allegiance to the organization's mission when using either the power of his position or information he possesses concerning the organization or its property. The duty of loyalty prevents a board member from acting in a way that benefits either himself, another person or another organization. A board member must always avoid an appearance or actual conflict of interest in making decisions.

A board member must always avoid self-dealing. Loans to directors are specifically banned.

What does the duty of obedience mean?

Nonprofits are organized to achieve some purpose, serve a specific constituency, to advocate for a cause, and other charitable purposes. For nonprofit organizations, the means and the mission are inseparable. A director is charged with carrying out the purposes of the organization, as expressed in the legal documents creating and defining its mission. Board members may not deviate in any substantial way from the duty to fulfill the specific purposes for which an organization was created. The duty of obedience also imposes on all board members an obligation to act in conformity with all laws generally affecting the organization. This obligation means that the organization must conduct its activities lawfully.

12. Appendices

Board of Directors Job Description SAMPLE



Purpose

The Board of Directors is the governing body of the organization, and as such, has the legal and fiduciary responsibilities for its actions and activities.

Minimum Job Requirements

Members of the Board of Directors are expected to attend meetings and actively participate in decision-making. Members owe three basic fiduciary duties to the nonprofit organization: the duties of obedience, loyalty and due care.

Duties and Responsibilities

The Board of Directors, and therefore the director, is responsible for making and maintaining policies, strategic planning and setting the direction for the organization. They provide services and recruit members which reflect the true population of the area.

The Board approves and operates under a budget approved annually. The Board is responsible for maintaining the nonprofit status of the organization.

Board members play an important role in linking with key groups needed to carry out projects of the Council in the individual counties.

Board members must be willing to accept responsibility and function as a team member. Time requirements are estimated to be between 4 – 8 hours per month. Most importantly, directors need to be passionate about the vision and mission of the organization and committed to work toward the goals and objectives.

Meetings

The Board of Directors meet bi-monthly in February, April, June, August, October and December. The October meeting is the annual meeting. Meetings are held from 2-4 pm and rotate among the counties.

Training

Directors will receive training on many issues pertaining to the goals of the Council. Directors will be offered orientation and provided with a Board Member Handbook.

Attendance

Attendance at meetings is critical to the continued success and growth of our organization. Frequent absences of directors places an undue burden on the remaining Board members. Of

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course, circumstances will arise that will keep directors from meetings but we encourage you to make every effort to be present. We will make every effort to make the meeting worth your while and pledge to never have an unnecessary meeting. When you cannot attend a meeting, please give the office a call.

Committee Responsibilities

Directors will likely be asked to serve on standing committees, project committees or task forces that are of interest to them.

Terms of Office

The term of office is six years.



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QUESTIONS YOU MAY WANT TO ASK BEFORE CHOOSING AN AUDITOR

Do they regularly perform non-profit audits?

Are they familiar in dealing with OMB Circular A-122 (in-kind regulations, allocation requirements and more of internal bookkeeping/accounting type things) and Circular A-133 (currently determines if you are required to receive a Single Governmental Audit - \$300,000 in federal expenditures in the FY).

Will they supply a copy of their Peer Review? (Read it!)

Are they familiar with your Accounting software package?

Will they help you clean up your books BEFORE they start the audit?

What is their rate? By the hour or a job price? Do they discount for non-profit?

What is their timeframe? (It can drag on for months and months and you will need the audit BEFORE you prepare your IRS 990)

Will they audit on site or will you have to release your records?

Will they provide 3 nonprofit client references?

It is important to solicit from minority and female owned firms.

Meet with potential auditor to be sure personalities are compatible.

The auditor may want to look at various documents before bidding.

Be prepared for your audit expense to grow as your program grows.

Be sure to write the cost of audit into your programs and grants.

LEGAL CHECKLIST FOR NON-PROFITS --The requirements may vary from state to state.....

State Corporate Requirements

1. Do you have a current and legible copy of your
 - a. Charter
 - b. Bylaws
 - c. Federal Tax Exempt Recognition Letter
 - d. Sales Tax Exemption Form
 - e. Annual Report
2. Do you charter and bylaws accurately describe your current purposes, organization and procedures?
3. Is your charter (and any amendments) on file with the Register of Deeds for the county in which your office is located?
4. Is your registered agent still at the address filed with the Secretary of State?
5. Can you rely on your registered agent to give you mail that comes to the corporation?
6. Are you filing Annual Reports with the Secretary of State?
7. Is your charter active with the Secretary of State?

IRS Requirements

8. Does your IRS tax-exempt recognition letter say what you think it does? Do you have a final ruling?
9. Have your structure, purposes or activities changed significantly since you received your letter of recognition of tax-exempt status from the IRS? If so have you notified the IRS?
10. Are you filing any required Form 990 with the IRS?
11. Are your Form 1023 and Form 990 (for the past 3 years) available for public inspection at your principal place of business?

State Recordkeeping and Disclosure Requirements

12. Do you keep as permanent records minutes of all meetings of the board, your members, and committees, including resolutions and other formal actions?
13. Are the permanent records identified above, accounting records and membership list available to your members for inspection?
14. Do you have a current list of the names, addresses, and terms of office of your board members?
15. Do minutes reflect actions to elect or reelect current board members, and the resignation or termination of former board members?

16. Are you saving lists of members, annual reports and all correspondence with members for at least three years?
17. Do you prepare an annual financial statement of audit?
18. Do you provide a copy of your annual audit or financial statement to members upon request?
19. If the annual financial statement is not prepared by a public accountant, does the person who prepares it state whether the statements are prepared on the basis of generally accepted accounting principles and if not, the basis on which they were prepared?
20. Are you saving financial records for at least seven years?
21. Have you revoked the check-signing authority of former staff and board members?

Charitable Giving Requirements

22. Do you acknowledge in writing gifts over \$250?
23. Do you tell donors the value of any benefit they receive in return for contributions over \$75,000?
24. Are you registered with the State Division of Charitable Solicitations?
25. If you do not need to register with the Division of Charitable Solicitations, have you notified the agency and told it why? (more than \$30,000 in TN)

Miscellaneous

26. If you have employees, is the financial officer making timely deposits of all appropriate federal payroll taxes?
27. If you have employees,
 - a. Do you have an Employer Account Number from the State Department of Labor?
 - b. Are you making timely unemployment insurance payments to the state or have you notified the state that you are a reimbursing employer?
 - c. Whether or not you are making unemployment insurance payments, are making quarterly reports to the Department?
28. If you have staff who work overtime or have unusual hours, are you complying with federal wage and hour standards that govern overtime?
29. If you have workers whom you pay as independent contractors, are you complying with federal standards that govern how to distinguish between contractors and employees?
30. If you are classified as exempt under 501(C)(3), are you taking full advantage of your exemption from state sales and property tax?
31. Have you advised your volunteers and board members that they may deduct 14 cents per mile for un-reimbursed travel on behalf of the group?

####SAMPLE###

**RESOURCE CONSERVATION & DEVELOPMENT COUNCIL
NEW EMPLOYEE ORIENTATION CHECKLIST**

Employee Name: _____ SS # _____

Mailing Address: _____

Home Phone: _____

In Case of Emergency Notify: _____

Relationship: _____

Date of Birth: _____

The employee has received/completed:

Employment Papers

_____ W-4

_____ I-9

Organizational Overview

_____ History

_____ Mission

_____ Organizational Chart

_____ Program Overview

_____ Board of Directors

_____ Personnel Policy Manual

_____ Annual Report

_____ Organizational Chart

_____ Bylaws

_____ Probationary Period

_____ Leave accruals

_____ Holidays

_____ Work hours

_____ Use of postage meter and mail

_____ Fax machine

_____ Supplies

_____ Phone system

_____ Copier

_____ Office systems

_____ Timecard

_____ In-kind vouchers

_____ Vehicles

_____ Mileage

_____ Travel

#####SAMPLE#####

NEW BOARD MEMBER ORIENTATION CHECKLIST

Orientation of: _____

Date orientation began: _____

Describe the organization to the board member:

____ Who we serve

____ What we do

____ Other: _____

Explain and discuss with board member:

____ Meeting attendance – both full board and committee

____ Committee assignments

____ Board role and relation to administrator/staff

____ Other: _____

Conduct tours:

____ Administrative offices and board room

____ Other facilities: _____

Deliver important information to board member:

____ Letter of welcome from the chairperson

____ Mission statement

____ Bylaws

____ Board policies

____ Copies of the minutes of board meetings for the past year

____ Annual report and auditor's report for last three years

____ Current budget and other financial reports

____ Area Plan

____ Goals for the year.

____ List of board members with addresses/phone numbers

____ List of board officers

____ List of committee memberships, including chairpersons

____ Calendar of meetings for the year

____ Copies of the organization's newsletters for the past year

____ Other: _____

Introduce board member to:

____ Chairperson

____ Chairperson of committees to which member is assigned

____ Staff

____ Others: _____

Collect data:

____ Address

____ Telephone – home and office

____ Best time to contact

____ Best time for meetings

____ Other: _____

Role of the Federal Employee with the RC&D NPO¹

Handling Council Funds

The federal policy prohibiting NRCS employees from handling funds or financial records of other organizations has been well established. The policy relating to RC&D Council funds can be found in 440-V-CMP Part 513.44.

- NRCS and its employees are not to interfere in the internal affairs of other organizations. Handling funds or keeping official financial records for RC&D Council and/or Committees could be construed as interfering in the internal affairs of those organizations.
- NRCS employees are not to act outside of the scope of their employment. By handling the funds or official financial records of an RC&D Council and/or Committee, an NRCS employee is operating beyond the scope of his or her employment. Thus, NRCS would not be able to provide legal protection for the employee in the case of loss or misuse of RC&D Council and/or Committee funds.
- RC&D Council bylaws should provide clear direction that the financial recordkeeping and fund management responsibilities lie with the Council and/or in a specific Council position(s) (the Treasurer), not with an NRCS employee. The Council bylaws should also include provisions where neither the Coordinator or any Federally provided Office Assistant or Secretary shall be asked to commit the RC&D Council in its financial, planning, or employment affairs.

Exception to policy:

RC&D Coordinators need a working knowledge of Council and/or Committee grants and of progress toward successfully completing them. Coordinators should work with designated Council member(s) to gain needed knowledge, but the coordinator should not keep records that could be construed as official council financial recordkeeping.

Ethics of Federal Employees

The following is guidance for RC&D employees on ethical conduct:

- Federal employees are accountable to conform to the high standards set for people in public service. Laws, regulations, and policies ensure the public that Federal employees will not engage in any actions that create or appear to create an impropriety. Violations of ethics laws or regulations may subject Federal employees to civil and/or criminal penalties as well as removal from office. Partnership arrangements, such as are found in the RC&D Program, can also result in conflicts with the requirements of appropriation laws.
- All USDA employees are encouraged to become familiar with the information found at the USDA ethics Website at <http://www.usda.gov/ethics/index.htm> and the NRCS ethics training website at <http://www.nhq.nrcs.usda.gov/ethics/>.

Council members are also encouraged to become familiar with this information.

¹ Information on the Role of the Federal Employee provided by the Natural Resource Conservation Service

Relationship to Council Employees

Councils may hire employees directly. These employees interact with NRCS and other USDA staff. Federal staff members do not directly supervise Council employees. The Council supervises the Council employees. The coordinator may provide day-to-day guidance regarding implementation of the Council's Area Plan. The coordinator may provide technical guidance to Council employees to ensure that projects are carried out according to grant guidelines. A Federal employee cannot directly hire, fire, or rate the performance of a non-Federal employee of the Council. As primary recipients of Federal assistance, Councils must comply with applicable Civil Rights laws related to hiring practices.

Responsibilities of Federal Coordinator

The RC&D Coordinator is the designated USDA representative under the administration of NRCS and serves as the liaison between USDA and the RC&D Council. The Coordinator is responsible for supervising all USDA staff assigned to the RC&D Office and ensuring that all Federally assisted activities are carried out in accordance with applicable statutes. The Coordinator maintains knowledge of and serves as the primary point of access to USDA programs that support the RC&D Council Plan. As such, the Coordinator serves as:

- Clarifier—ensuring that the appropriate division of responsibilities between USDA and the RC&D Council is clearly understood and observed.
- Motivator—encouraging and improving the capabilities of people in the RC&D Area to plan, develop, and carry out their programs for resource conservation and development.
- Innovator—developing feasible and practical ideas and methods to achieve Council goals and objectives.
- Facilitator—assisting designated RC&D Councils with the organization and successful implementation of RC&D projects by seeking assistance within USDA or other government and non-government sources.
- Communicator—informing RC&D Council of progress, problems, and opportunities associated with all aspects of the RC&D Program operation within the area.
- Advisor—assisting the Council in carrying out its vision, mission, objectives, and goals by providing guidance and advice to the RC&D Council. However, the Coordinator can not assume responsibilities reserved for local leaders serving voluntarily on RC&D Councils or related committees.
- Capacity builder—encouraging and helping Council members to improve their capacity (knowledge and skills) and in developing local leadership so that they can carry out the RC&D Program. This is accomplished by direct on-the-job training and by encouraging Council members and local leaders to attend training sessions at State, regional, and national RC&D meetings.

Since each Council is a unique group, working with it demands special skills to meet the Council's particular needs. However, there are other important requirements when working with any Council. Successful Coordinators need the following knowledge and skills in order to assist the Council effectively:

- Preparing Annual Plans of Work, project plans, and assisting the Council in revising and updating the Area Plan.
- Knowing members individually and getting them involved in the process.
- Listening to the Council and communicating its desires to the Program Manager and others as appropriate.
- Responding to the Council's direction and assisting it in working on its priorities, being careful not to make decisions for the Council.
- Helping the Council maintain the focus on working toward stated goals and objectives.
- Assisting the RC&D Council with board development.
- Encouraging the inclusion of all groups and individuals in the RC&D Program.
- Assisting the RC&D Council in understanding and implementing its EEO, civil rights, outreach and environmental justice responsibilities.
- Facilitating project coordination, including needs assessment, locating and securing resources, partnership development, public relations activities, and implementation, administration, and evaluation of projects.
- Reporting progress to USDA through NRCS reporting systems.

Responsibilities of Federal Office Assistant

The Office Assistant, Secretary, et al. plays a vital role and is a key to the success of the RC&D Program.

In general, this staff person does the following:

- Provide clerical and administrative support for the RC&D office.
- Assist the Council and Coordinator in carrying out the vision, mission, objectives, and goals of the Area Plan.
- Assist the Coordinator, Council and committees with project tasks.

The Office Assistant, Secretary, et al. may be a full-time or part-time employee of NRCS. If they are part-time NRCS employees, they may also work part-time for the RC&D Council. The Office Assistant, Secretary, et al. needs to be very careful in execution of duties and must be aware of relevant ethics rules. If these staff members are USDA employees, they are supervised and directed by the RC&D Coordinator, and subject to the responsibilities and limitations of Federal employees.



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