

**Phi Sigma Iota International Foreign Language Society**

**Board Policy Handbook**

*Originally adopted September 2008*

## Policy Table of Contents

### Glossary of Terms

- 0.0 Mission
- 1.0 Ends
- 2.0 Global Board Process
  - 2.1 Relationship of the Board to the International Convention
  - 2.2 Relationship of Board to Society Ownership
  - 2.3 Accountability of Board to Society Ownership
  - 2.4 Priority Values
  - 2.5 Board Job Description
  - 2.6 Board Composition
  - 2.7 Governing Philosophy and Style
  - 2.8 Role of President
  - 2.9 Board Member's Code of Conduct
  - 2.10 Agenda Planning
  - 2.11 Board Committee and Task Force Principles
  - 2.12 Board Member Reimbursement
  - 2.13 Cost of Governance
- 3.0 Global Board-Administrative Director Connection
  - 3.1 Delegation to the Administrative Director
  - 3.2 Unity of Control
  - 3.3 Accountability of the Administrative Director
  - 3.4 Monitoring Administrative Director Performance
  - 3.5 Administrative Director Compensation
- 4.0 Global Executive Constraint
  - 4.1 Treatment of Members
  - 4.2 Communication & Support to the Board
  - 4.3 Treatment of Operational Staff
  - 4.4 Emergency Administrative Director Succession
  - 4.5 Asset Protection
  - 4.6 Financial Planning/Budgeting
  - 4.7 Financial Condition & Activities
  - 4.8 Compensation & Benefits
- 5.0 Board/Chapter Relationship
  - 5.1 Delegation to the Chapters
  - 5.2 Unity of Control
  - 5.3 Accountability of Chapters
- 6.0 Global Chapter Limitations
  - 6.1 Professional Conduct
  - 6.2 Chapter Management
  - 6.3 Chapter Support
- Appendix A Record Retention Schedule
- Appendix B Whistleblower Policy
- Appendix C Anti-Trust Protection Policy
- Appendix D Fiscal Management Practice
- Appendix E Supplier Contacts
- Appendix F Meeting Agenda Format
- Appendix G Policy Governance Executive Limitations Evaluation Form
- Appendix H Policy Monitoring Schedule
- Appendix I Perpetual Agenda by Month
- Appendix J History of Policy Changes

# Phi Sigma Iota Policy Handbook

## Glossary of Terms

1. **Ends** as a concept refers to priorities of the mission.
2. **Executive Committee** includes the officers of the Society, who are responsible for directing the affairs of Phi Sigma Iota and executing the decisions of the International Convention. Hereafter, the Executive Committee will be referred to as the Board.
3. Hereafter, Phi Sigma Iota will be referred to as the Society.

## 0.0 Mission

The mission of the Society is:

- ▶ the recognition of outstanding accomplishment in the study or teaching of a foreign language,
- ▶ an appreciation for diverse points of view, derived from the knowledge and use of a foreign language,
- ▶ the encouragement of a lifelong commitment to the study and promotion of foreign languages and cultures, and
- ▶ the pursuit of research in foreign languages and cultures.

## Section I: Ends

### 1.0 Ends

The Ends of the Society are:

A transformed way of seeing the world

- 1.1 Students willingly engage in the study of foreign languages and cultures.
- 1.2 Members are active ambassadors of inter-cultural awareness and appreciation to their campus and the greater community.
- 1.3 Members recognize the dynamic interdependence between self and others in viewing international realities.
- 1.4 To accomplish these Ends, the Society recognizes that quality advising, broad faculty support and administrative backing are essential.

These ends will enhance the ability of the organization and chapters to accomplish the mission of the Society.

## **Section II: Governance Process**

### **2.0 Global Board Process**

The Board represents all owners. The duty of the Board is to achieve its mission in a prudent, effective, ethical, and legal manner.

#### **2.1 Relationship of the International Convention to the Board and Administrative Director**

The Board has general supervision of the Society between meetings of the International Convention and is vested with full power to conduct all business of the Society between meetings of the Convention.

- 2.1.1 The Board has the responsibility to report to the International Convention on its supervisory and fiduciary responsibilities, to write the ends policies, and to monitor the values and perspectives of members—the owners of the Society.
- 2.1.2 The Board has the responsibility for providing the International Convention with the information to do its job. Delegates to the International Convention approve the budget and amend the constitution and bylaws as necessary.

#### **2.2 Relationship of Board to Society Ownership**

The ownership of the Society shall be perceived conceptually as all members of the society. The Board represents all the members, not specific groups among the membership.

- 2.2.1 Diversity is inherent in the membership of the Society and that diversity has many definitions. The Board is not a repository of diversity but serves as a channel for expression of the membership's diversity (breadth of experience, knowledge, culture, etc.). Therefore, the Board shall educate itself regarding the values held by the members it represents and shall act always under the influence of those values. The Board may facilitate its education by:
  - a. Reviewing reports prepared by chapters and advisors.
  - b. Studying responses to member surveys and comments by key informants.
  - c. Monitoring the demand for and utilization of services.

### **2.3 Accountability of Board to Society Ownership**

The Board shall communicate periodically with the ownership on its stewardship. At least once each year, the Board shall disseminate a statement of its values and give an accounting of its financial resources and the extent to which these funds have been translated into services.

- 2.3.1 The schedule for linkage with the members shall include the following:
- a. Annual grassroots survey to advisors, chapter presidents, and/or alumni members.
  - b. Biennial input from upper level administrators of relevant institutions.

### **2.4 Priority Values**

The Board shall honor these prioritized values in its policy-making, decision-making and actions:

- The inherent and lasting value of the organization.
- Fulfillment of fiduciary responsibility
- Honesty and integrity
- Accountability
- Transparency and openness in all matters, of the Board to its members and within the chapters
- Appreciation for loyalty and honoring the values of the organization

Further, the Board shall protect the Society by having an Anti-Trust Protection Policy in force. (See Appendix C.)

### **2.5 Board Job Description**

In its governing role, the Board is accountable for the achievement of the Society mission. As such, the Board has a direct responsibility to:

- 2.5.1 Create and maintain connections between the organization and its members as owners.
- 2.5.2 Write and review governing policies that concern
- a. Ends defining what benefits, for whom, at what cost
  - b. Governance Process which defines how the Board carries out its tasks.
  - c. Board/Administrative Director Relations
  - d. Executive Limitations, defining operational prudence and ethical and legal limitations binding upon the Administrative Director
  - e. Board/Chapter Relations
  - f. Chapter Limitations defining operational prudence and ethical and legal limitations binding upon the chapters

- 2.5.3 Assure effective management and staff performance of the Society through guidance and evaluation of the Administrative Director.
- a. Each Board member will review Administrative Director Reports; if concerns are identified, communicate them to the President .
  - b. Each Board member is obligated to provide input for the annual review of the Administrative Director.
- 2.5.4 Address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing.

## 2.6 **Board Composition**

The Board must be comprised of visionary leaders in the field who offer diverse perspectives, expertise, and skills that further the mission of the Society. The Board will support the nominating committee in its search for potential visionary leaders.

## 2.7 **Governing Philosophy and Style**

The Board will approach its task in a way that emphasizes strategic leadership more than administrative detail, clear distinction of board and staff roles, a future-oriented focus, and proactivity rather than reactivity.

The central challenge of the Board is to reconcile divergent views. On any issue, the Board must consider as many points of view as possible to ensure that it is adequately weighing the full range of values held by the ownership. Yet divergent views must be resolved into a single organizational position, spoken with one voice.

In this spirit, the Board will:

- 2.7.1 Sustain its major focus on the intended long-term impact of the organization, not with the administrative or programmatic means of attaining those effects.
- 2.7.2 Inspire the organization through the careful deliberation and establishment of policies.
- 2.7.3 Enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to attendance, policy-making principles, respect for clarified roles, speaking with one voice, and self-policing of board tendencies to stray from the principles of governance expressed here.
- 2.7.4 Exercise restraint, in accordance with the Board's commitment to enforce upon itself whatever discipline is needed to govern with excellence. It is out of order for board members to talk about content until the following questions of appropriateness are adequately discussed and settled:
- a. Is this a shared concern of the Board?

- b. Whose issue is this? Is it the Board's issue or the Administrative Director's?
  - c. Has the Board dealt with this subject in a policy?
  - d. If so, what has the Board already said on this subject and how is this issue related? If the Board has already addressed the matter, does the Board wish to change what it has already said?
  - e. If the matter is several levels below board level, what is the broadest way to address this issue so that it is still under existing board policy? Does that policy suffice to deal with our concern?
- 2.7.5 Be accountable to the membership for competent, conscientious, and effective accomplishment of its obligations as a body.
- 2.7.6 Be an initiator of policy and responsible for its own performance.
- 2.7.7 Allow no officer, individual or committee of the board to hinder or be an excuse for not fulfilling its commitments.

## 2.8 **Role of President**

As the chief governing officer, the President ensures the integrity of the Board's process and, secondarily, occasionally represents the Board to outside parties. Accordingly:

- 2.8.1 The Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
- a. Only those issues that clearly belong to the Board to decide, not to the Administrative Director, are discussed at meetings.
  - b. Deliberation will be fair, open, and thorough, but also timely, orderly, and focused.
  - c. Official documents will be maintained according to the Record Retention Schedule in Appendix A.
- 2.8.2 The authority of the President consists in making decisions that fall within topics covered by board policies on Governance Process and Board/Administrative Director Linkage, with the exception of (a) employment or termination of an Administrative Director and (b) where the Board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies.
- a. The President is empowered to chair board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing).

- b. The President has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas.
  - c. The President may represent the Board to outside parties in announcing board-stated positions and in stating President decisions and interpretations within the area delegated.
  - d. The President may delegate authority, but remains accountable for its use.
- 2.8.3 With the concurrence of the full Board, the President shall issue all Society publicity releases and announcements of Society program of work, activities, and positions on matters of public concern.
- 2.8.4 The President shall promptly investigate and resolve all reported complaints and allegations concerning whistleblower activity.
- a. The President shall acknowledge receipt of reported or suspected violations within ten business days and so notify the Board.
  - b. The President shall keep the Board and Administrative Director advised of any compliance activity as appropriate.

## **2.9 Board Member's Code of Conduct**

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

- 2.9.1 Members must have loyalty to the ownership and avoid conflicts caused by loyalties to staff, other organizations, and any personal interests.
- 2.9.2 Members must avoid conflict of interest with respect to their fiduciary responsibility.
- a. There will be no self-dealing or business by a member with the organization. Members will annually disclose their involvement with other organizations, with vendors, or any associations that might be or might reasonably be seen as being in conflict.
  - b. When the Board is to decide upon an issue, about which a member has an unavoidable conflict of interest, that member shall abstain without comment not only from the vote but also from deliberation.
  - c. Board members will not use their board position to obtain employment in the organization for themselves, family members, or close associates. Any board member applying for employment must first resign from the Board.



- 2.9.3 Board members may not attempt to exercise individual authority over the organization.
- a. Members' interaction with the Administrative Director or with staff must recognize the lack of authority vested in individuals except when explicitly authorized by the Board.
  - b. Members' interaction with public, press or other entities must recognize the same limitation and the lack of authority of any board member to speak for the Board except to repeat explicitly stated board decisions.
  - c. Except for participation in board deliberation about whether reasonable interpretation of board policy has been achieved by the Administrative Director, members will not express individual judgments of performance of employees of the Administrative Director.
- 2.9.4 Members will respect the confidentiality appropriate to issues of a sensitive nature, including but not limited to whistleblower activity.
- 2.9.5 Members will be properly prepared for board deliberation.

## **2.10 Agenda Planning**

A perpetual agenda directs the Board's functioning from which the Board develops its annual and meeting agendas.

- 2.10.1 To fulfill its duties and obligations in a governance style consistent with board policies, the Board will follow an annual agenda which (a) completes a re-exploration of Ends policies and (b) continually improves board performance through board education and enriched input and deliberation.

The annual agenda for the upcoming year will be developed at the annual retreat meeting of the prior year.

- 2.10.2 Meetings will generally follow a standard format as presented in Appendix F.
- 2.10.3 Meeting agendas will be constructed by the board as a whole during the "next meeting agenda" section of a current meeting. Members may circulate other agenda items for possible inclusion in the next meeting's agenda electronically at least 60 days prior to the next meeting to allow time for supporting documents to be generated.
- 2.10.4 If policy violations have been identified through non-compliance by board members or Administrative Director, or policy criteria are to be discussed, the issue shall be included on the Board's meeting agenda.

2.10.5 Board materials will be compiled and disseminated at least 14 days in advance of a meeting by the Administrative Director.

### 2.11 **Board Member Committee And Task Forces Principles**

Board committees and task forces, when used, will be assigned so as to reinforce the wholeness of the Board's job and so as never to interfere with delegation from the Board to Administrative Director. Accordingly:

2.11.1 Board committees and task forces are to help the Board do its job, not to help or advise the staff. Committees ordinarily will assist the Board by preparing policy alternatives and implications for board deliberation. In keeping with the Board's broader focus, board committees and task forces will normally not have direct dealings with current staff operations.

2.11.2 Board committees and task forces may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the Administrative Director.

2.11.3 Board committees and task forces cannot exercise authority over staff.

2.11.4 Board committees and task forces are to avoid over-identification with organizational parts rather than the whole. Therefore, a board committee that has helped the Board create policy on some topic will not be used to monitor organizational performance on that same subject.

2.11.5 Committees and task forces will be used sparingly and ordinarily in an ad hoc capacity.

2.11.6 This policy applies to any group which is formed by board action, whether or not it is called a committee and regardless whether the group includes board members. It does not apply to committees formed under the authority of the Administrative Director.

### 2.12 **Board Member Reimbursement**

In order to represent the ownership, it is necessary for board members to travel and incur expenses. In conducting its work the Board will impose upon itself such written procedures to ensure that it is effectively using the Society funds. Only board expenses that have been budgeted will be reimbursed.

### 2.13 **Cost of Governance**

Because poor governance costs more than learning to govern well, the board will invest in its governance capacity.

Accordingly:

2.13.1. Board skills, methods, and supports will be sufficient to assure governing with excellence.

- a. Training and retraining will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings.
- b. Outside monitoring assistance will be arranged so that the board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit.
- c. Outreach mechanisms will be used as needed to ensure the board's ability to listen to owner viewpoints and values.

2.13.2. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability. The Board will develop its budget at the last teleconference meeting of the calendar year for the upcoming year to assure its inclusion in the overall budget and will include allowances for:

- a. training, including attendance at conferences and workshops.
- b. audit and other third-party monitoring of organizational performance.
- c. surveys, focus groups, opinion analyses, and meeting costs.

## **Section 3: Board/Administrative Director Relationship**

### **3.0 Global Board/Administrative Director Connection**

The Board's sole official connection to the operational organization, its achievements, and conduct will be through the Administrative Director.

### **3.1 Delegation to the Administrative Director**

To facilitate optimum effectiveness, the Board recognizes its responsibility as being generally confined to establishing governing policies, leaving implementation and any reasonable interpretation of policies, within executive limitations, to the Administrative Director.

- 3.1.1 Only the Board, by majority agreement, has authority over the Administrative Director.
- 3.1.2 Throughout the year, Board members will attend to requests from the Administrative Director as expeditiously as possible.
- 3.1.3. Policies about ends direct the Administrative Director to achieve certain results; executive limitations policies constrain the administrative director to act within acceptable boundaries of prudence, ethics, legality, and effectiveness. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies.
- 3.1.4. All Board authority delegated to staff is delegated through the Administrative Director who is accountable to the Board.
- 3.1.5 The Board will accept any reasonable interpretation by the Administrative Director of board policies to make decisions, take actions, and develop activities. The Board may, by extending its policies, "undelegate" areas of the Administrative Director's authority, but will respect the Administrative Director's choices so long as the delegation continues. Delegation does not prevent the Board from obtaining information about activities in the delegated areas.

### **3.2 Unity of Control**

Only officially passed motions of the Board are binding on the Administrative Director. Accordingly:

- 3.2.1 Decisions or instructions of individual board members, officers, or committees are not binding on the Administrative Director except in rare instances when the Board has specifically authorized such exercise of authority.

- 3.2.2 In the case of board members or committees requesting information or assistance without board authorization, the Administrative Director can refuse such requests that require, in the Administrative Director's opinion, a material amount of staff time or funds or are disruptive.

### 3.3 **Accountability of Administrative Director**

The Administrative Director is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the Administrative Director.

Accordingly:

- 3.3.1 The Board will never give instructions to persons who report directly or indirectly to the Administrative Director.
- 3.3.2 The Board will not evaluate, either formally or informally, any staff other than the Administrative Director.
- 3.3.3 The Board will view Administrative Director performance as identical to organizational performance, so that organizational accomplishment of Board stated Ends and avoidance of Board proscribed means will be viewed as successful Administrative Director performance.

### 3.4 **Monitoring Administrative Director Performance**

The Board will track Administrative Director performance by monitoring in such a way as to have systematic assurance of policy compliance, yet leave the Board free to concentrate most of its time focusing on the future rather than checking the past. To those ends, the Board's approach to monitoring will be based on its governance philosophy and carried out in a relative automatic way. Board meetings are not, in general, to be used for monitoring.

- 3.4.1 The Board will monitor the Administrative Director's performance in carrying out those the Society policies that have been expressed in explicit statements. The purpose of monitoring is to determine if board policies are being met and/or to confirm that a reasonable interpretation of the policies was used.
- 3.4.2 Monitoring will occur by:
- a. Internal reports: periodic reports from the Administrative Director to the Board,
  - b. External reports: periodic reports from auditors or other external experts for review by the Board, or
  - c. Direct Board Inspection, in which a designated member or members of the board assess compliance with the appropriate policy criteria.

- 3.4.3 Each policy of the Board in the Ends and Executive Limitations categories monitored according to the schedule published in Appendix H.
- 3.4.4 Annually the Board shall provide to the Administrative Director an oral and a written evaluation of the performance of the past year, specifying areas in which the Board is fully satisfied and any areas in which the Board has concerns. This evaluation will be based upon a summative examination of the previous regular monitoring data. Only the aspects of the organization that board policies address will be evaluated. This annual evaluation does not relieve the Board of the responsibility to provide the Administrative Director immediate feedback during the year should there be concerns about the Administrative Director's performance in a policy area.
- a. The written annual performance appraisal will be a collaborative effort of the Board, initiated by the President. The oral evaluation will be held with the full board and Administrative Director in a face-to-face setting.
  - b. The oral annual performance appraisal will be conducted in the month of January, evaluating the prior year, to coincide with the annual face-to-face meeting of the Board.

### **3.5 Administrative Director Compensation Policy**

The Board will pay its Administrative Director fair market value for services without discrimination and within the context of fiscal responsibility to the organization. The initial term of office (contract) is two years. Renewal is based upon satisfactory annual review, at which time the contract can be extended one year.

## **Section 4: Executive Limitations**

### **4.0 Global Executive Limitation**

The Administrative Director may neither cause nor allow any organizational practice that is imprudent, unethical, or unlawful.

### **4.1 Treatment of Members**

With respect to interactions with members or those applying to be members, the Administrative Director shall not cause or allow conditions, procedures, or decisions that are unprofessional, inappropriate, untimely or unresponsive.

### **4.2 Communication and Counsel to the Board**

The Administrative Director may not cause or allow the Board to be uninformed or misinformed.

Accordingly, the Administrative Director shall not fail to:

- 4.2.1 Inform the Board about relevant trends, activities of the organization, material external and internal changes, particularly changes in the assumptions upon which any policy has previously been established.
- 4.2.2 Submit the required monitoring data in a timely, accurate, and understandable fashion directly addressing provisions of the policies being monitored. Refer to Monitoring Administrative Director Performance (policy 3.4 and Appendix H).
- 4.2.3 Advise the Board if, in the Administrative Director's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Administrative Director Linkage, particularly in the case of board behavior that is detrimental to the work relationship between the Board and the Administrative Director.
- 4.2.4 Advise the Board if, in the Administrative Director's opinion, the organization is not in compliance with the standards of the Association of College Honor Societies.
- 4.2.5 Provide a mechanism for official board, officer, or committee communications.
- 4.2.6 Deal with the Board as a whole except when fulfilling individual requests for information, and responding to officers or committees duly charged by the Board.
- 4.2.7 Report in a timely manner any actual or anticipated Administrative Director non-compliance with any policy of the Board.
- 4.2.8 Attend all meetings of the Board.

#### 4.3 **Treatment of Operational Staff**

The Administrative Director will not cause or allow conditions that are inhumane, unfair, or undignified for paid or unpaid staff.

Accordingly, the Administrative Director may not:

- 4.3.1 Operate without written personnel rules that clarify rules for staff, provide for effective handling of grievances, and protect against wrongful conditions, such as nepotism and grossly preferential treatment for personal reasons.
- 4.3.2 Discriminate against any staff member for non-disruptive expression of dissent.
- 4.3.3 Retaliate against any individual who has in good faith reported a violation of law or regulation in a "whistle blower" complaint.

#### 4.4 **Emergency Administrative Director Succession**

In order to protect the Board from sudden loss of Administrative Director services, the Administrative Director will have no fewer than two other individuals familiar with Board and Administrative Director issues and processes.

#### 4.5 **Protection of Assets**

The Administrative Director will not allow corporate assets to be unprotected, inadequately maintained, or placed unnecessarily at risk.

To prevent disrepair, excessive risks, untraceable transactions, or conflict of interest in the management of association resources, the Administrative Director will not:

- 4.5.1 Allow any one individual to have complete authority over a financial transaction. The person who writes the checks shall not sign them.
- 4.5.2 Permit any person who is not bonded to handle cash (commercial crime insurance policy is required)
- 4.5.3 Subject equipment to improper wear and tear or insufficient maintenance.
- 4.5.4 Fail to inventory association property or fail to assure a security system is in place to ensure adequate safeguards to prevent loss, damage, or theft of property.
- 4.5.5 Allow the Society, its Board or staff, to be unnecessarily exposed to claims of liability (D & O insurance is required).
- 4.5.6 Allow any purchase without a method to ensure quality acquisitions without conflict of interest; or allow any purchase without an initial written record of competitive prices, reviewed every 2-3 years for recurring services.
- 4.5.7 Allow an annual investment ratio that allows for more than 50% in equities for the restricted and unrestricted funds.
- 4.5.8 Allow any funds to be invested or held in instruments with an imprudent risk-to-return relationship.
- 4.5.9 Fail to protect intellectual property, information, and files from loss or significant damage.
- 4.5.10 Endanger the organization's public image or credibility, particularly in ways that would hinder its accomplishment of mission.
- 4.5.11 Conduct the affairs of the organization without having a written reserve policy, which will be conservative in nature.
- 4.5.12 Fail to retain official documents according to the record retention schedule in Appendix A.



#### **4.6 Financial Planning/Budgeting**

Budgeting for any fiscal period or the remaining part of any fiscal period shall not deviate significantly from Ends priorities, jeopardize fiscal integrity, fail to show a generally acceptable level of foresight, or fail to be derived from a multi-year plan. Accordingly, the Administrative Director may not:

- 4.6.1 Cause or allow budgeting that contains too little information to enable accurate projection of revenues and expenses, separation of capital and operation items, cash flow and subsequent audit trails, and disclosure of planning assumptions.
- 4.6.2 Cause or allow budgeting of expenditures that exceed conservatively projected revenue to be received in any fiscal year.
- 4.6.3 Provide less for board expenses than is set in the Board's budget as developed from the Cost of Governance policy.

#### **4.7 Financial Condition and Activities**

With respect to operating the Society in a sound and prudent fiscal manner, the Administrative Director may not jeopardize the long-term financial strength of PSI or disrupt programmatic integrity. Accordingly, the Administrative Director may not:

- 4.7.1 Allow actual allocations to deviate significantly from board priorities in Ends policies.
- 4.7.2 Fail to build up cash reserves on a gradual basis to 60% of the general operating budget.
- 4.7.3 Borrow from the donor restricted funds.
- 4.7.4 Expend more funds than have been received in the fiscal year to date unless the debt guideline (below) is met.
- 4.7.5 Obligate the organization for an amount greater than that which can be repaid by certain otherwise unencumbered revenues within 60 days.
- 4.7.6 Use any long-term reserves.
- 4.7.7 Fail to settle payroll and debts in a timely manner.
- 4.7.8 Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.

4.7.9 Acquire, encumber, or dispose of real property.

4.7.10 Fail to aggressively pursue receivables after a reasonable grace period.

#### 4.8 **Compensation and Benefits**

With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the Administrative Director shall not cause or allow jeopardy to the fiscal integrity or public image of the Society.

Accordingly, the Administrative Director shall not:

4.8.1 Change own compensation.

4.8.2 Promise or imply guaranteed employment.

4.8.3 Establish current compensation that deviates materially from the geographic or professional market for the skills employed.

4.8.4 Create obligations over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses in revenue.

## **Section 5: Board/Chapter Relationship**

### 5.0 **Global Board/Chapter Relationship**

The chapters are chartered by the Board to carry out the ends of the organization.

#### 5.1 **Delegation to the Chapters**

The Board recognizes its responsibility as being generally confined to communicating the constitutional standards and the ends of the organization, leaving implementation and any reasonable interpretation of the standards and ends to the chapters and charters.

5.1.1 Only the Board, by majority agreement, has authority over the chapter charters.

5.1.2 Policies about ends direct the chapters to achieve certain results; constitutional standards constrain the chapters to conduct the business of the organization within the limitations.

5.1.3 The Board delegates the authority to the Administrative Director to use any reasonable interpretation of constitutional standards and ends policies to make decisions and take actions when dealing with chapters.

## 5.2 **Unity of Control**

Ends policies of the Board and the Phi Sigma Iota Constitution are binding on the chapters. Accordingly, chapter bylaws will comply with the Constitution and the ends policies of the Board.

## 5.3 **Accountability of Chapters**

The chapter advisor is the Board's official link to operational achievement and conduct of the chapter; thus accountability of the chapter, as far as the Board is concerned, is situated in the advisor with appropriate linkage to chapter officers.

The Board delegates the authority to monitor activities of chapters to the Administrative Director. Monitoring will require

- a. Annual program reports
- b. Annual financial reports
- c. Periodic review of chapter bylaws

# **Section 6: Chapter Limitations**

## 6.0 **Global Chapter Limitations**

Because the Society recognizes the importance of chapters in the development of members, chapters shall not fail to self-monitor and be accountable for their activities.

## 6.1 **Professional Conduct**

Chapter leadership shall not fail to conduct themselves and the business of the organization in a manner that exhibits professional decorum and is lawful, ethical, prudent, socially responsible, and in compliance with the Society or institutional policy.

Accordingly, the chapter shall not fail to:

- 6.1.1 Be inclusive, extending invitations for membership to all qualified individuals.
- 6.1.2 Establish non-discriminatory criteria for member recognition at the chapter level.
- 6.1.3 Operate in compliance with the Society's written risk management policy that addresses alcohol and drug consumption, sexual harassment, whistleblower safety, health and safety, and abuse.
- 6.1.4 Institute programs and activities that demonstrate commitment to the mission of the organization.
- 6.1.5 Provide an orientation for new or prospective members.

## 6.2 **Chapter Management**

Chapter leadership has a specific responsibility to maintain written or electronic documentation as a function of effective management of the chapter.

Accordingly, the chapter shall not fail to:

- 6.2.1 Devise and adhere to a written plan of action for the chapter's activities in each academic year.
- 6.2.2 Maintain records of chapter membership, activities, income and allocation of funds.
- 6.2.3 Plan for income and expenditures and the long-term consequences to the financial security of the chapter.
- 6.2.4 Develop and maintain chapter bylaws, and other policies such as conflict of interest and whistleblower policies.

## 6.3 **Chapter Support**

To fulfill requirements for chapter oversight on a campus, a faculty advisor must be engaged to provide guidance.

Accordingly, the chapter shall not fail to:

- 6.3.1 Have an advisor to provide oversight of PSI and institutional policy compliance.
- 6.3.2 Establish criteria to identify exemplary advisors.
- 6.3.3 Provide for its continuity.

**Appendix A****Document Retention and Destruction Policy****I. Purpose**

In accordance with the Sarbanes-Oxley Act, which makes it a crime to alter, cover up, falsify, or destroy any document with the intent of impeding or obstructing any official proceeding, this policy provides for the systematic review, retention, and destruction of documents received or created by the Society in connection with the transaction of organization business. This policy covers all records and documents, regardless of physical form, contains guidelines for how long certain documents should be kept, and how records should be destroyed. The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records, and to facilitate the Society operations by promoting efficiency and freeing up valuable storage space.

**II. Document Retention**

The Society follows the document retention procedures outlined below. Documents that are not listed, but are substantially similar to those listed in the schedule will be retained for the appropriate length of time.

**III. Corporate Records**

Annual Reports to Secretary of State/Attorney General	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent
Bylaws	Permanent
Convention Minutes	Permanent
Fixed Asset Records	Permanent
IRS Application for Tax-Exempt Status (Form 1023)	Permanent
IRS Determination Letter	Permanent
State Sales Tax Exemption Letter	Permanent
Contracts (after expiration)	7 years
Correspondence (general)	3 years

**IV. Accounting and Corporate Tax Records**

Annual Audits and Financial Statements	Permanent
Depreciation Schedules	Permanent
General Ledgers	Permanent
IRS 990 Tax Returns	Permanent
Business Expense Records	7 years
IRS 1099s	7 years
Journal Entries	7 years
Invoices	7 years
Sales Records	5 years
Credit Card Receipts	3 years

## V. Bank Records

Check Registers	Permanent
Bank Deposit Slips	7 years
Bank Statements and Reconciliation	7 years
Electronic Fund Transfer Documents	7 years

## VI. Payroll and Employment Tax Records

Payroll Registers	Permanent
State Unemployment Tax Records	Permanent
Earnings Records	7 years
Payroll Tax returns	7 years
W-2 Statements	7 years

## VII. Employee Records

Employment and Termination Agreements	Permanent
Retirement and Pension Plan Documents	Permanent
Records Relating to Promotion, Demotion or Discharge	7 years after termination
Accident Reports and Worker's Compensation Records	5 years
Salary Schedules	5 years
Employment Applications	3 years
I-9 Forms	3 years after termination

## VIII. Donor Records and Acknowledgement Letters

Grant Applications and Contracts	7 years
	5 years after completion

## IX. Legal, Insurance and Safety Records

Copyright Registrations	Permanent
Insurance Policies	Permanent
Stock and Bond Records	Permanent
Trademark Registrations	Permanent
Leases	6 years after
expiration	
OSHA Documents	5 years
General Contracts	3 years after termination

## X. Electronic Documents and Records

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email

message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis.

#### V. Emergency Planning

The Society records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping the Society operating in an emergency will be duplicated or backed up at least every week and maintained off site.

#### VI. Document Destruction

The Society’s Administrative Director is responsible for the ongoing process of identifying its records, which have met the required retention period and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

#### VII. Compliance

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against the Society and its employees and possible disciplinary action against responsible individuals. The Administrative Director will periodically review these procedures with legal counsel or the organization’s certified public accountant to ensure that they are in compliance with new or revised regulations.

*Adapted from Volunteer Lawyers & Accountants for the Arts (VLAA) Sample Policy, [www.vlaa.org](http://www.vlaa.org).*

**Appendix B****Whistleblower Statement for Dissemination to Members****General**

The Phi Sigma Iota Board Policy Manual (“the Code”) requires directors, officers, and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Society, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

**Reporting Responsibility**

It is the responsibility of all officers and employees to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy.

**No Retaliation**

No officer or employee who in good faith reports a violation of the Code shall suffer harassment, retaliation, or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Society prior to seeking resolution outside the Society.

**Reporting Violations**

The Code addresses the Society’s open door policy and suggests that employees share their questions, concerns, suggestions, or complaints with someone who can address them properly. In most cases, the Administrative Director is in the best position to address an area of concern. However, if you are not comfortable speaking with the Administrative Director or you are not satisfied with the response, you are encouraged to speak with the President or anyone on the Executive Board whom you are comfortable in approaching. The Administrative Director is required to report suspected violations of the Code of Conduct to the President, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when you are not satisfied or uncomfortable with following the Society’s open door policy, individuals should contact the President directly.

**Compliance Officer**

The President is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code and, at his/her discretion, shall advise the Administrative Director and/or the Executive Board.



**Accounting and Auditing Matters**

The Executive Board shall address all reported concerns or complaints regarding corporate accounting practices, internal controls, or auditing.

**Acting in Good Faith**

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

**Confidentiality**

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

**Handling of Reported Violations**

The President will notify the sender and acknowledge receipt of the reported violation or suspected violation within ten business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

---

Copyright 2004, National Council of Nonprofit Associations, [www.ncna.org](http://www.ncna.org). Adapted with permission.

**Appendix C**

**Anti-Trust Protection Policy**

**(to be inserted)**

**Appendix D****The Society Fiscal Management Practice**

1. The fiscal year is April 1 – March 31.
2. General fund reserve is set at 60% of operating budget.
3. The investment strategy is balanced: asset allocation is 50% stocks, 45% bonds, and 5% cash.
4. The checking accounts are held by First National Bank. Two signatories are required for each account. Cash withdrawals are not permitted. The Administrative Director writes the checks and a member of the Board signs them.
5. Income accounting functions – Income documentation and deposit records must agree before income is posted in QuickBooks and deposited. After the bank deposit, the duplicate deposit record is attached to the Transaction Posting. Two files are maintained: income documentation and transaction posting. Monthly Fund Activity Reports are generated from QuickBooks.
6. Expense accounting functions – Bills are paid, and documentation is filed monthly.
7. QuickBooks financial reports are generated twice annually.
8. An independent financial review is conducted annually by an auditor selected by the Board.
9. Regular accounting functions are conducted annually by McGill, Power, Bell & Associates, LLP, 623 State Street, Meadville, PA 16335. The bank statements are reconciled monthly by this firm.

For further information about the Policy Handbook, contact:

Dr. Dorothy I. Mitstifer, Executive Director  
Association of College Honor Societies  
517.251.8335 – dmitstifer@achsnatl.org

**Appendix E****Supplier Contact Information****Internet Server and E-mail Provider****Printer****Financial Review****IT Contractor****Keys****Merchandise**

John Stevenson  
Custom Pin & Design  
1619 Periwinkle Way, Ste 105  
Sanibel, FL 33957  
239-395-4500  
[cutompin@aol.com](mailto:cutompin@aol.com)

Joseph Stablier  
The Trophy House  
1815 Dallas Dr.  
Baton Rouge, LA 70806  
225-927-7923  
[thetrophyhouse@aol.com](mailto:thetrophyhouse@aol.com)

**Cords**

Martin Silver  
Schoen Trimming & Cord Co  
151 W 25<sup>th</sup> St  
New York, NY 10001  
212-255-3949  
[schoentrims@aol.com](mailto:schoentrims@aol.com)

**Appendix F****Meeting Agenda**

(Meetings of the Board will generally follow this agenda format.)

- I. Approval of the Agenda
- II. Consent Agenda
  - A. Operational
  - B. Board
- III. Ownership Linkage
- IV. Board Education/Capacity Building
  - A. As defined by annual agenda
- V. Policy Discussion/Development
- VI. Assurance of Operational Performance
  - A. Monitoring Reports
    - 1. Challenges to Monitoring, if applicable
    - 2. Acceptance of Monitoring reports as reasonable and compliant
    - 3. New Operational Worries, if necessary
    - 4. Board Self-Assessment
- VII. Next Meeting Agenda-New Action Planning
- VIII. Announcements
- IX. Adjournment

## Appendix G

### Policy Governance Executive Limitations Evaluation Form

A tool to be used by individual board members *as they evaluate the internal monitoring reports designated in Section 3: Board-Administrative Director Linkage and Appendix H.*

Policy being monitored:  
(Insert actual policy)

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| 1. Was this report submitted when due?   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Did the report lay out the Administrative Director's interpretation or an operational definition of the policy? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. Is the interpretation justified or is proof provided to explain why the interpretation is reasonable?           | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. Was I convinced that the interpretation is justified and reasonable?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. Did the interpretation address all aspects of the policy?   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. Does the data show compliance with the Administrative Director's interpretation of our policy?                  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

---

Comments regarding further policy development:

1. Is there any area regarding this policy that you worry about that is not clearly addressed in existing policy? What is the value that drives your worry?

---

---

2. What policy language would you like to see incorporated to address your worry?

---

---

**Appendix H****Policy Monitoring Schedule**

Monitoring	Type	Frequency	By the 1 <sup>st</sup> of the Month of Indicated Month
1.0-1.4 Ends	Internal	Semi-Annually Annual report to ownership in September.	June/Nov
4.0 Global	Internal	Annual	October
4.1 Treatment of Members	Internal	Annual	July
4.2 Communication & Support to Board	Direct Inspection	Annual	January Board Mtg In conjunction w annual performance appraisal;
4.3 Treatment of Operational Staff	Internal	Annual	July
4.4 Emergency AD Succession	Internal	Annual	August (discussion if necessary in Sept)
4.5 Protection of Assets	Internal	Annual	July
4.6 Financial Planning/Budget	Internal	Annual	October (discussion if necessary in Nov)
4.7 Financial Condition and Activities	Internal	Annual	August (discussion if necessary in Sept)
	External	Annual – Compilation Annually review need for full audit.	July (discussion if necessary in Sept)
	Consider Full Audit – 2014		
4.8 Comp and Benefits	Internal	Biennial	July

**Appendix I****Perpetual Calendar**

January	<ul style="list-style-type: none"> <li>• 4.2 Communication &amp; Support to the Board – Monitoring by Direct Inspection</li> <li>• Administrative Director Annual Oral Performance Appraisal</li> <li>• Annual Disclosure of Conflicts of Interest</li> <li>• Annual Agenda Planning for coming year</li> <li>• Face-to-face Annual Retreat</li> </ul>
February	
March	
April	Board Mtg: Conference Call
May	
June	
July	<ul style="list-style-type: none"> <li>• 4.3 Treatment of Operational Staff Monitoring</li> <li>• 4.5 Protection of Assets Monitoring</li> <li>• 4.7 Financial Conditions &amp; Activities Compilation Audit</li> <li>• 4.8 Compensation and Benefits Monitoring</li> </ul>
August	<ul style="list-style-type: none"> <li>• 4.4 Emergency AD Succession</li> <li>• 4.7 Financial Conditions &amp; Activities Internal Monitoring</li> <li>• Chapter 990s Due (5 months after fiscal year close)</li> </ul>
September	<ul style="list-style-type: none"> <li>• Board Meeting Conference Call</li> <li>• Elections</li> </ul>
October	<ul style="list-style-type: none"> <li>• 4.6 Financial Planning/Budget Monitoring</li> <li>• Issue Annual Report to Members; Annual Statement of Values</li> </ul>
November	<ul style="list-style-type: none"> <li>• Board Meeting Conference Call</li> <li>• Annual Survey of Advisors, early in month</li> </ul>
December	<ul style="list-style-type: none"> <li>• Annual written AD Performance Appraisal</li> <li>• By 1st, write letter re: AD Performance Appraisal</li> <li>• By 15<sup>th</sup>, deliver letter re: AD Performance Appraisal</li> </ul>



**Appendix J**

**History of Policy Changes**

<b>Date</b>	<b>Policy #</b>	<b>Action Taken</b>