

Inventory, Assess and Improve

A checklist for chamber operations

By Bob Harris, CAE

The operation of any not-for-profit corporation, including chambers of commerce, requires an understanding of regulatory and administrative requirements as well as a good set of operating documents, from a mission statement to a strategic plan.

Just as important, though, are finance, human resources, and risk management policies. Use the association audit list below to inventory, assess and make improvements to your Chamber's operations. It is an ideal tool for a new executive director, a start-up organization, staff cross-training and an exit plan for a retiring CEO.

This checklist is not meant to be all-inclusive and may not cover critical areas for your Chamber. Be sure to con-

tact legal, accounting and insurance counsel, and local, state and federal government officials, for assistance.

GETTING STARTED

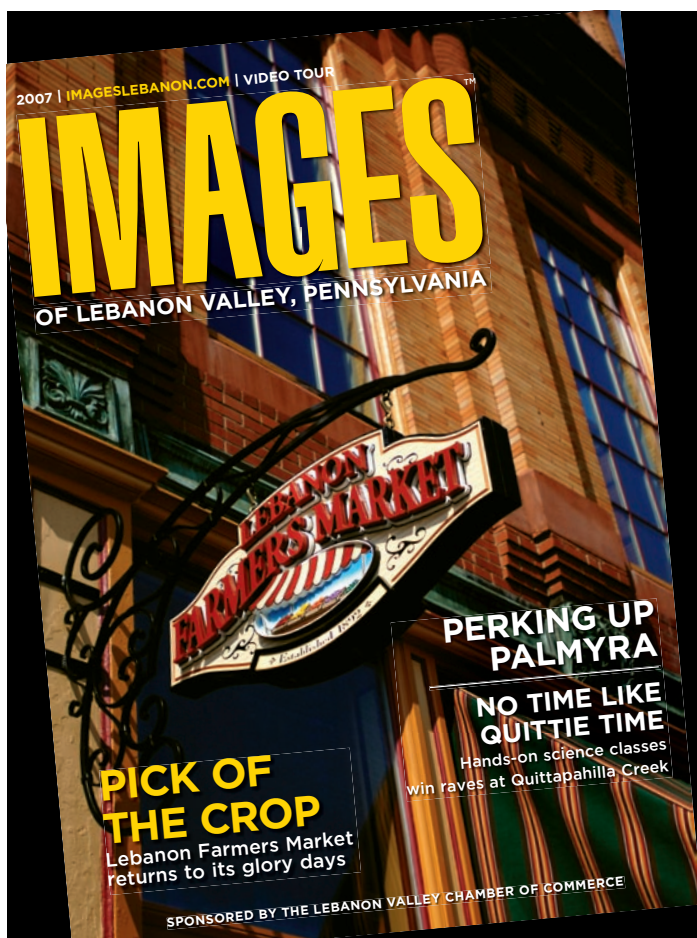
Proceed through the major categories by considering the condition of the identified documents and systems. Simply ask yourself, is the information a *model of excellence* or does it need attention? Then, use the scale below to note the condition of each document or system. Make notes if actions should be taken.

- 4—Document exists and is in good condition and use.
- 3—Document found and could use some improvement.
- 2—Document is outdated or in poor condition; needs attention soon.

- 1—Unknown, requires further study, research and action.
- 0—Does not apply to our organization, ever.

GOVERNING AND LEGAL DOCUMENTS

- Articles of Incorporation. Articles of incorporation are filed with the appropriate state agency to acquire legal standing and are needed to request exempt status from the IRS. Most states require annual renewal.
- Bylaws. Bylaws describe how the organization will operate and its relationship to stakeholders. Amendments to the bylaws generally require approval of the membership. [Note: The IRS requires notice of amendments to governing documents.]
- IRS Documents. Public records include the IRS Letter of Determination, Form 1023 and/or 1024 and Form 990 Information Return for the past three years. Keep copies readily



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accessible. [Be sure to know if the parent or chapter is filing an annual IRS return.]

- Letter of Determination. This document is returned from the IRS indicating that the organization is officially exempt from paying federal income tax. [Use IRS Form 1024 to apply for 501(c) status and specifically Form 1023 for 501(c)(3) status.]
- Sales Tax. A sales tax certificate may be required if the organization sells items such as coffee mugs, shirts, directories, books, etc. Or a certificate of sales tax exemption may be required to have on file.
- Annual Business Meeting. Most states' corporate laws require an annual business meeting of the members. Be sure to keep proof of the meeting by retaining agendas, minutes, attendance records, etc.
- Occupational License. Check with local municipality officials to determine if an occupational license is needed for a not-for-profit corporation.

RISK MANAGEMENT AND INSURANCE

- Insurance Coverages. Volunteer immunity may benefit the Board of Directors. An insurance advisor and attorney should determine if general liability, directors and officers' liability, a fidelity bond, host-liquor liability and/or meeting event cancellation insurance should be acquired.
- Antitrust Avoidance Statement. When similar businesses get together, there is some danger that prices or price fixing could occur. To avoid this, many organizations emphasize avoidance of antitrust violations by distributing a written precaution.
- Emergency Notebook. A notebook made up of key documents maintained outside the office or on an external computer server so that if the office were destroyed, all documents are easy to replace; i.e., budget, articles, bylaws, IRS documents.
- Apparent Authority. Proof of informing volunteer leaders and staff who are the official speakers for the organization and what the restrictions are for letterhead distribution.

ADMINISTRATION, STAFFING AND FINANCES

- Annual Budget. The annual budget accurately forecasts the income and expense for the fiscal year.
- Annual Audit. Most organizations require an independent accounting professional to conduct some level of internal audit of the finances. A policy may exist on issuing an RFP (Request for Proposal) for selecting a different auditor periodically.
- Financial Reports. Accurate financial reports detail income and expense information for comparison against the annual budget; provided on a consistent basis. Includes assets and liabilities.
- Procedures Manual. Procedures are the administrative responsibilities of the staff (or the volunteers if an entirely volunteer-run organization.) By documenting the work steps and requirements, and then assembling administrative responsibilities in a procedures manual, it serves to train new staff and promote customer service.
- Organization Chart. One or more organizational charts depict the relationship, hierarchy and information flow of the Board to staff, consultants, committees and subsidiaries.
- Job Descriptions for Staff. Written job descriptions detail each staff position. Many organizations also write job descriptions for volunteer officers, directors and committee chairs.
- Personnel Manual or Employee Handbook. An employee handbook describes expectations, rights and responsibilities for working in the association.
- Performance Review. A performance review is the document used to evaluate staff performance and for the board to evaluate the CEO's performance. [Note: Board does not evaluate staff other than the CEO.]

Visit www.rchcae.com and select *Association Checklist 7-06.pdf* from the "Association Self-Audit Process" category for the full checklist. ☐

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